

Financial Results 1H07 - Highlights

Income Statement Review

Balance Sheet Review

Appendix 1: Detailed Financial Information

Appendix 2: Financial Targets 2007-2009

Financial Results for 1st Half 2007

25 July 2007

Disclaimer

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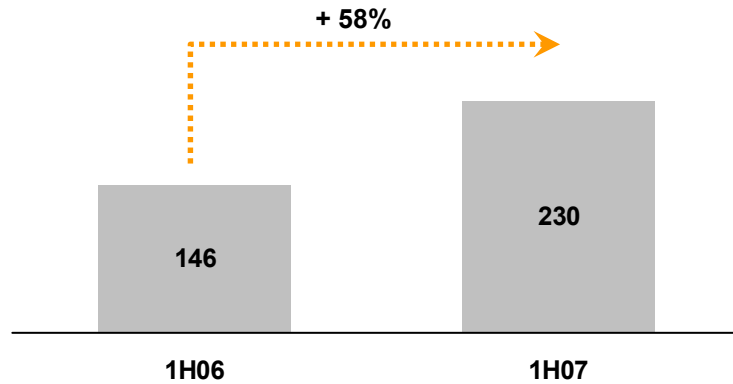
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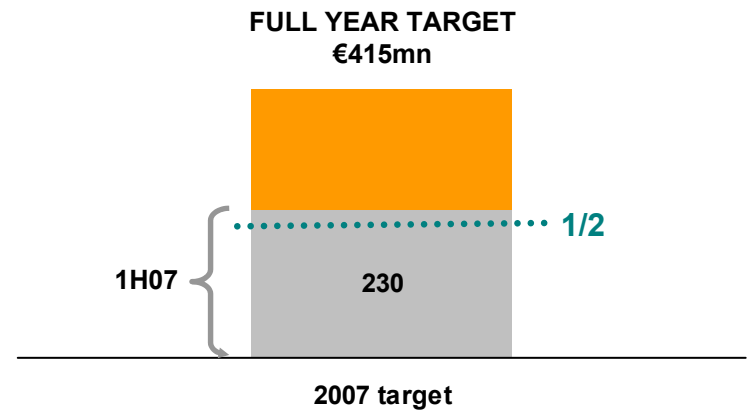
The base currency of all amounts included in the presentation is Cyprus Pounds. The conversion into Euro was made using the exchange rate prevailing on 30 June 2007 of €1=C£0,5837.

New record high levels in 1H07

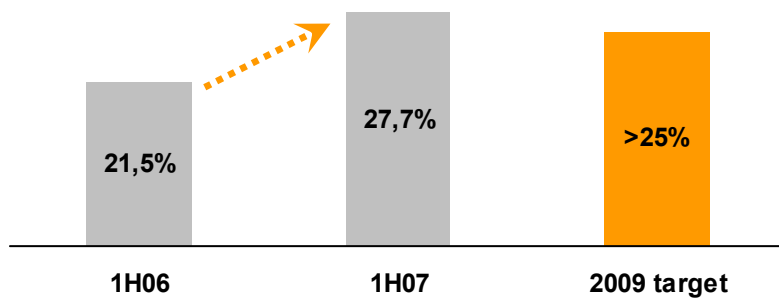
Profit after tax (€mn)



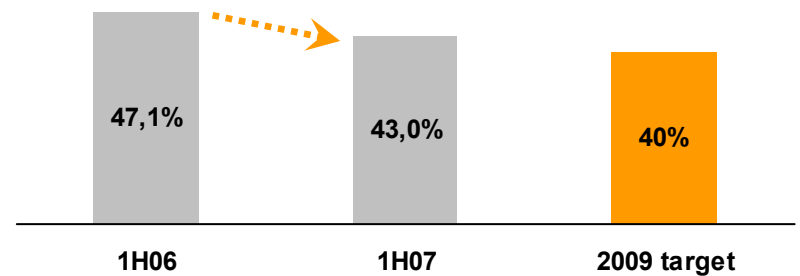
Profit after tax (€mn)



Return on equity

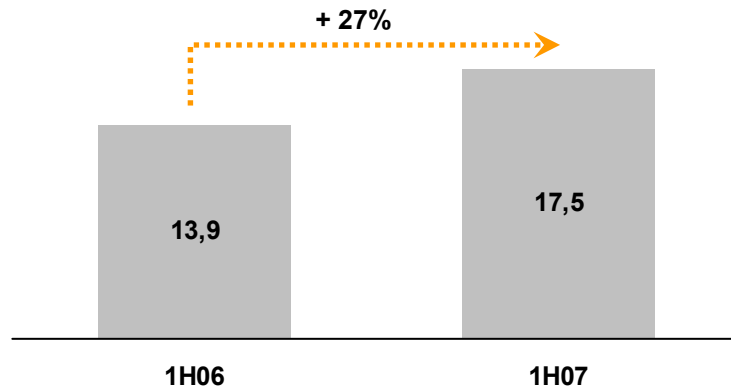


Cost to income ratio

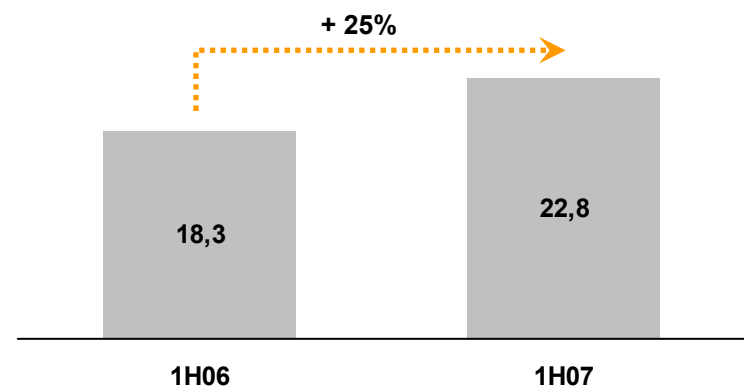


Spectacular growth...

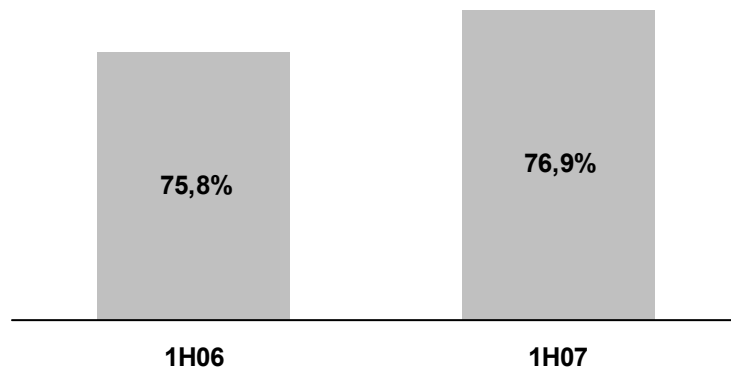
Loans (€bn)



Deposits (€bn)



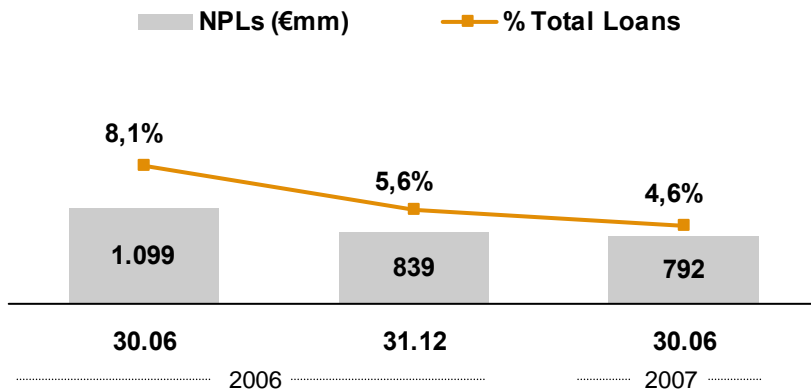
Loans/deposits ratio



- **Lending growth in all geographic markets**
 - 42.000 new clients in Greece in 1H07
 - 18.000 new clients in Cyprus in 1H07
- **Particularly high growth in the mortgage sector**
- **Deposit growth remains strong**

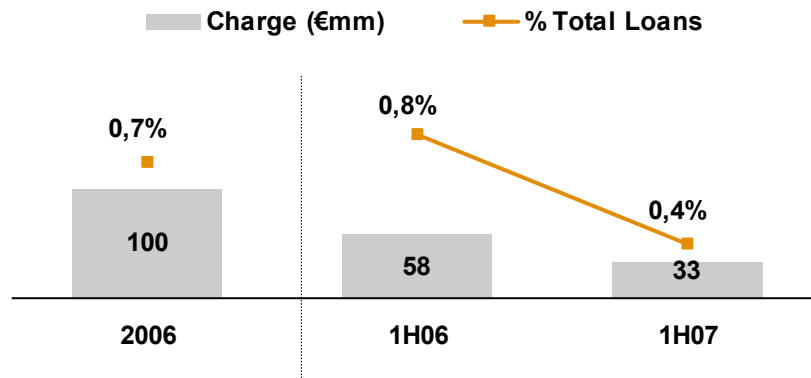
Continuing improvement in loan quality

NPLs development (1)

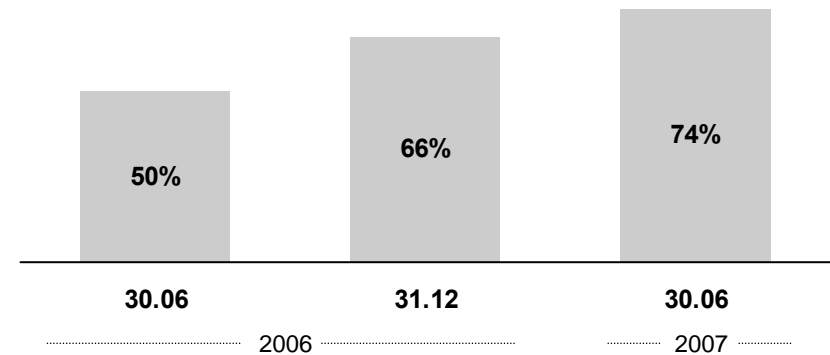


- Further absolute NPL reduction
- Increased provision coverage

Provision charge



Provision coverage (2)



- (1) Stringent NPL classification criteria (3 months)
 (2) The remainder of the NPLs is fully covered by tangible collateral

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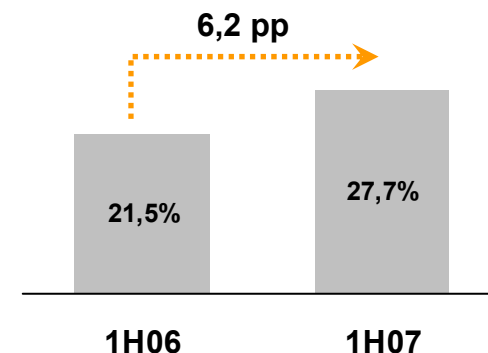
Appendix 2: Financial Targets 2007-2009

A spectacular improvement in profitability and efficiency driven by core profits...

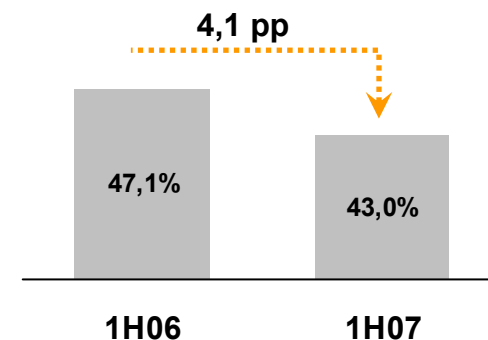
Income & Expense Analysis (€mm)

	1H07	1H06	Change
Net interest income	363	280	+30%
Fee & commission income	93	84	+10%
Net income from insurance	27	22	+19%
Other operating income	51	51	+1%
Total income	534	437	+22%
Total expenses	-230	-206	+11%
Provisions	-33	-58	-44%
Share of profit of associate	7	-	
Profit before tax	278	173	+61%
Tax	-45	-27	+61%
Minority interest	-3	-	
Profit after tax	230	146	+58%

Return on equity

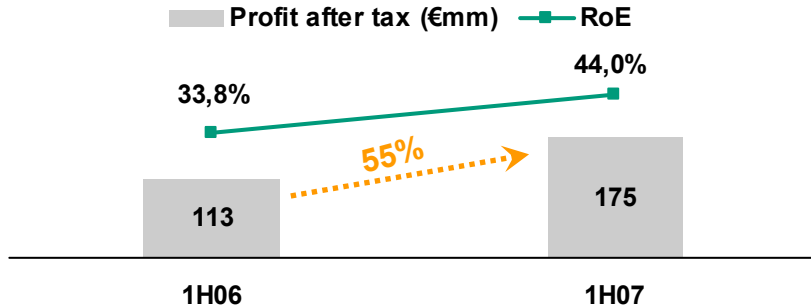


Cost/income



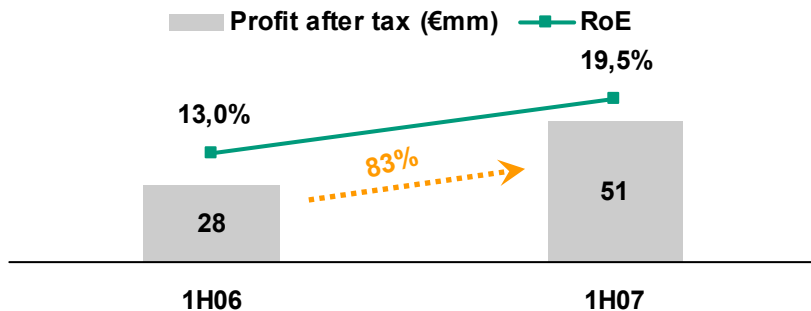
... underpinned by strong performance across BOC's diversified business

Cyprus

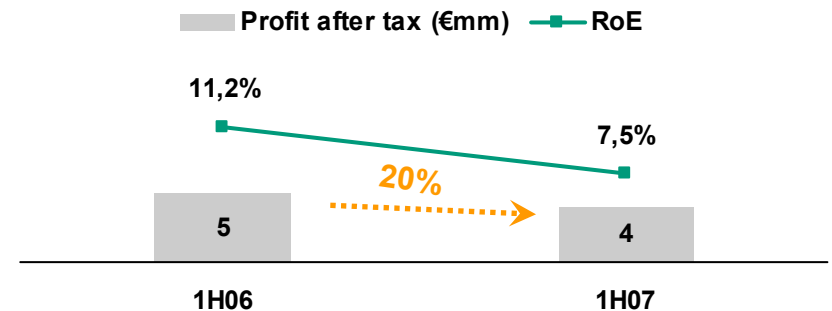


- **Cyprus**
 - High volumes
 - Reduction of credit costs
- **Greece**
 - High volumes
 - Maturing branch network and client relationships
 - Preparing new branch openings
 - Reduction of credit costs

Greece



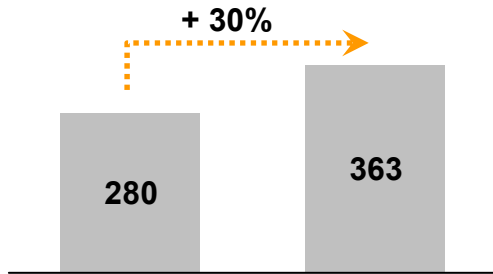
Other countries



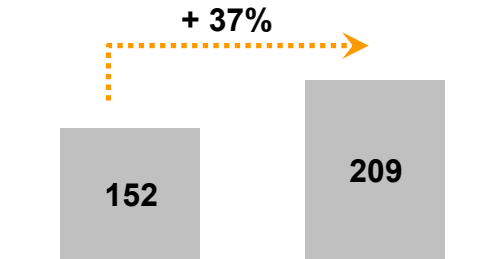
Strong increase in net interest income

Net interest income (€mm)

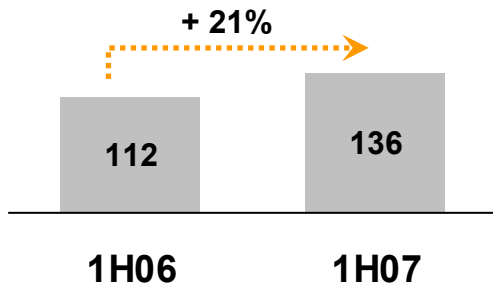
Group



Cyprus



Greece



Net interest margin

Group

2,81%



2,70%



2,91%



Cyprus

2,38%



2,21%



2,60%



Greece

3,14%



3,11%



3,00%



1H06

1H07

FY06

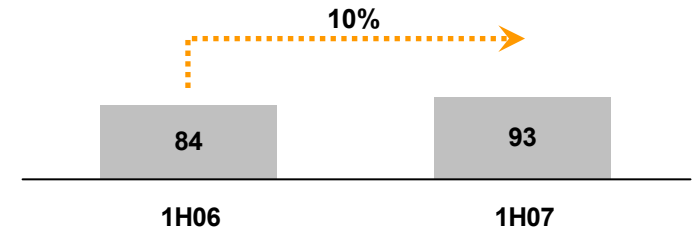
1H06

1H07

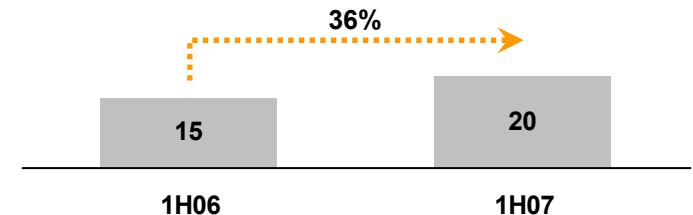
High double digit growth in non interest income sources

- Fees and commissions growth mainly driven by:
 - Volume growth
- Foreign exchange income increase mainly driven by:
 - Volume growth in Cyprus, especially in international banking activities
 - Volume growth in Greece
- Growth in income from insurance business mainly driven by:
 - Good growth rates in Cyprus
 - Increased bancassurance penetration in Greece

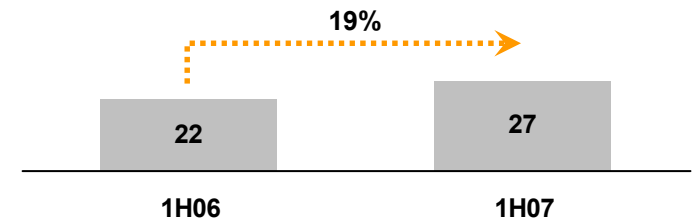
Fees and commissions (€mm)



Foreign exchange income (€mm)

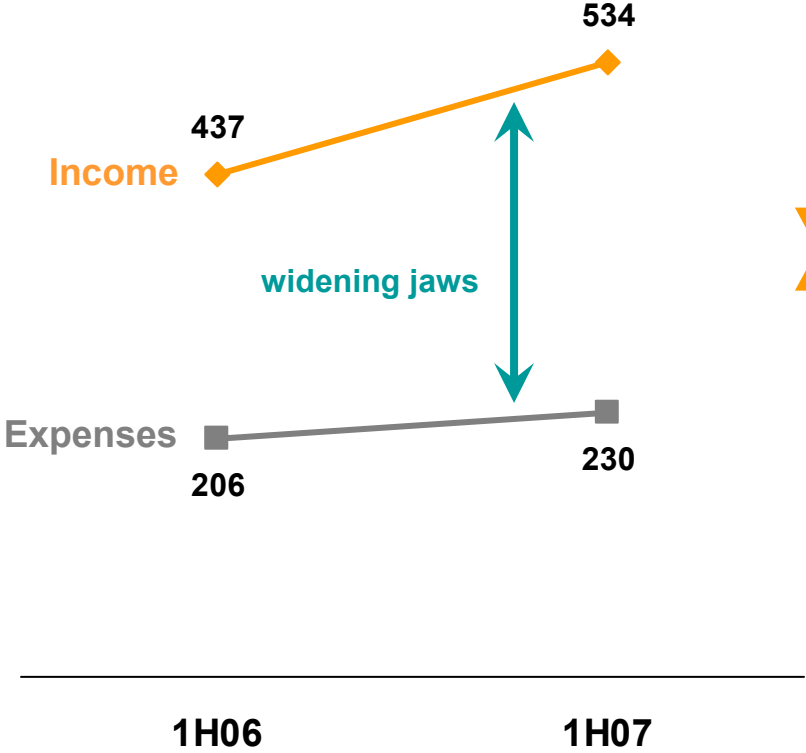


Income from insurance business (€mm)

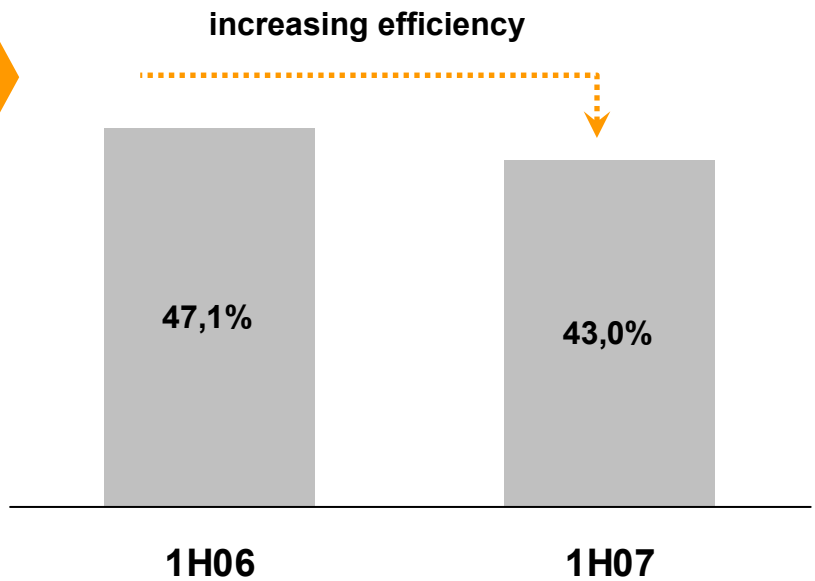


Spectacular efficiency improvement

Income vs. expense growth (€mm)



Cost to income ratio



Cost containment ...

Cost/income

Group

46,7%

47,1%

43,0%

Cyprus

44,3%

44,6%

38,2%

Greece

47,7%

49,0%

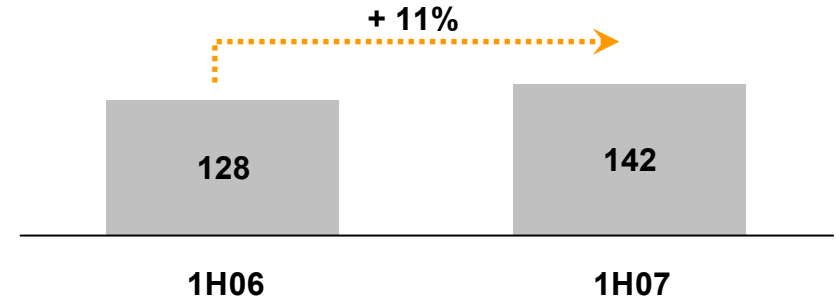
47,6%

FY06

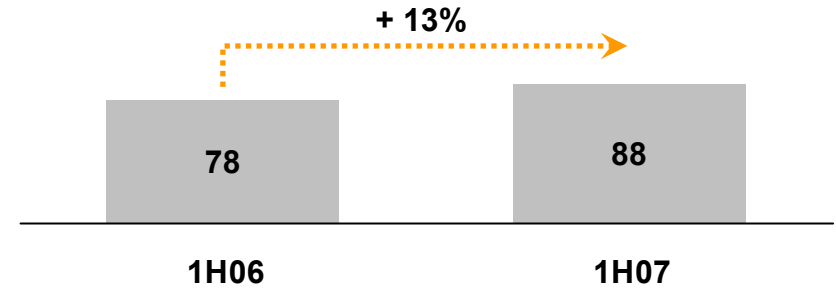
1H06

1H07

Staff costs (€mm)



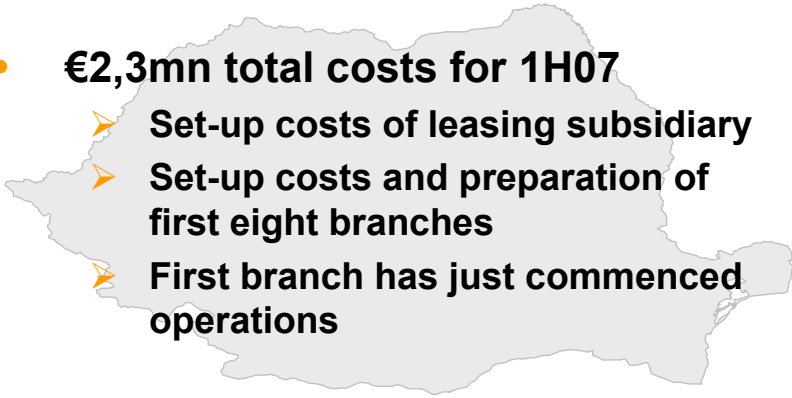
Other operating expenses (€mm)



... with parallel network expansion in New Countries and Greece

Romania

- **€2,3mn total costs for 1H07**
 - Set-up costs of leasing subsidiary
 - Set-up costs and preparation of first eight branches
 - First branch has just commenced operations

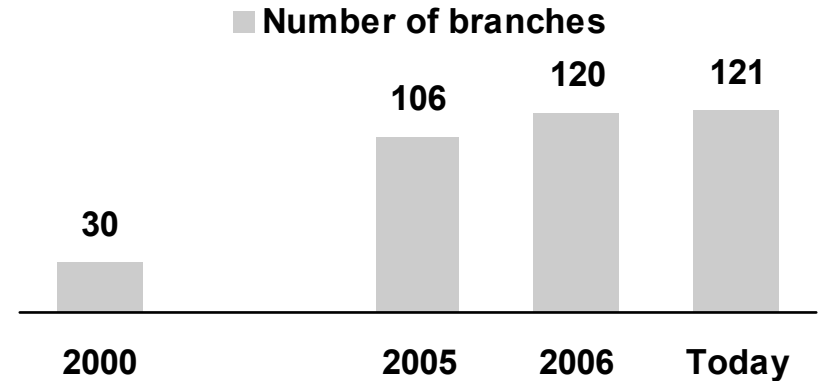


Russia

- **€1,6mn total costs for 1H07**
 - Set-up costs of corporate branch in Moscow
 - Final approval granted in June 07
 - Operations to commence next month



Greece



- **6 new branches in last 12 months**
- **Another 11 branches in the pipeline**
 - Renovation work has started on recently rented properties



Balance Sheet Review

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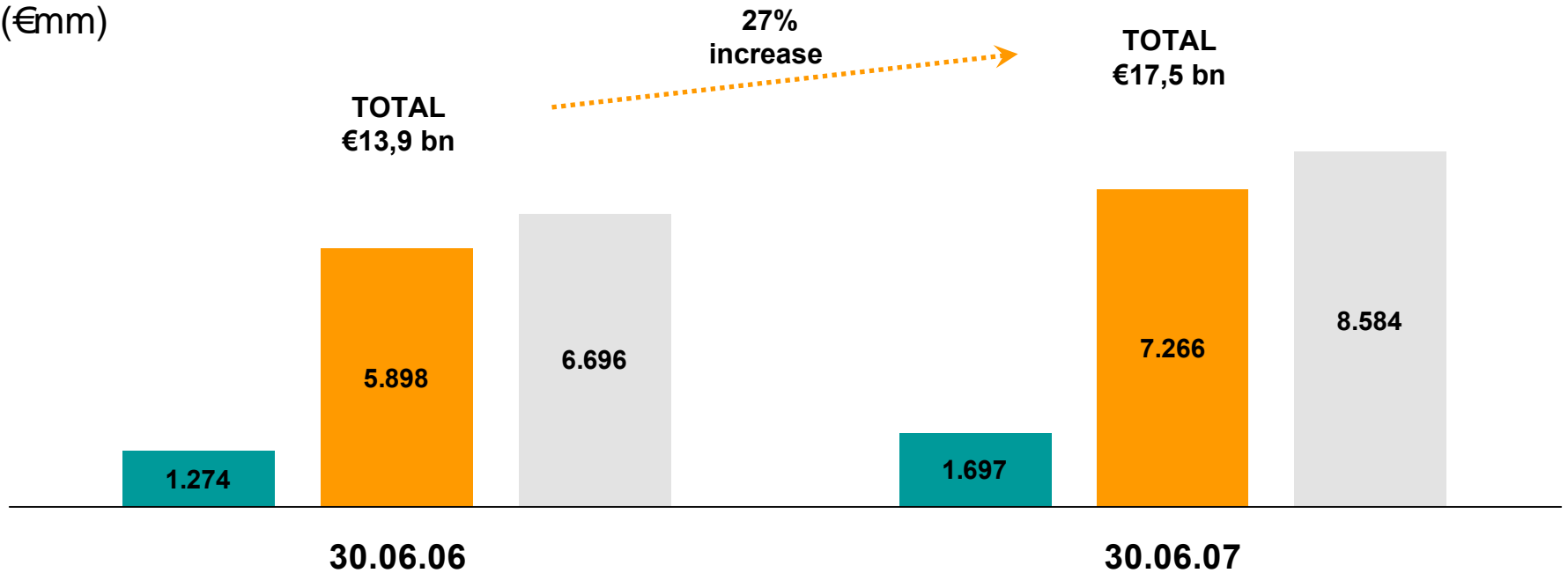
Appendix 2: Financial Targets 2007-2009

Balance Sheet overview

€mm	30.6.2007	30.06.2006	% growth
Cash and balances with central banks	1.278	1.022	+25%
Placements with banks	4.900	3.830	+28%
Debt securities, T-bills, equity investments	4.368	3.637	+20%
Net loans to customers	16.719	13.091	+28%
Other assets	1.358	1.074	+26%
Total assets	28.623	22.654	+26%
Amounts due to banks	781	611	+28%
Customer deposits	22.815	18.286	+25%
Debt securities in issue	1.562	960	+63%
Other liabilities	1.093	849	+29%
Subordinated loan stock	559	546	+2%
Minority interest	38	0	-
Shareholders' equity	1.775	1.402	+27%

Loans by geographic sector

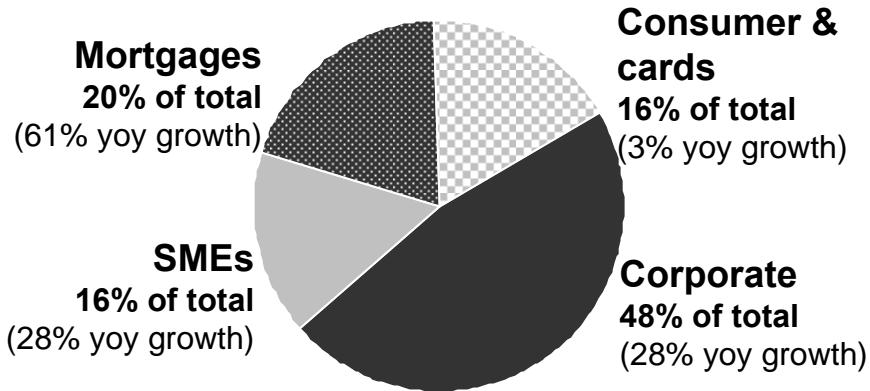
(€mm)



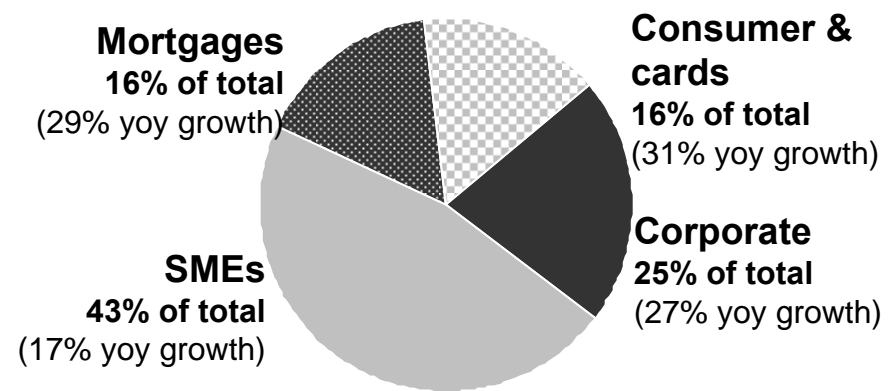
	Share in the Group total % 30.06.06	Share in the Group total % 30.06.07	Annual increase %	Market share
■ Cyprus	48%	49%	28%	27,8%
■ Greece	43%	41%	23%	3,7%
■ Other countries	9%	10%	33%	

Well diversified loan portfolio

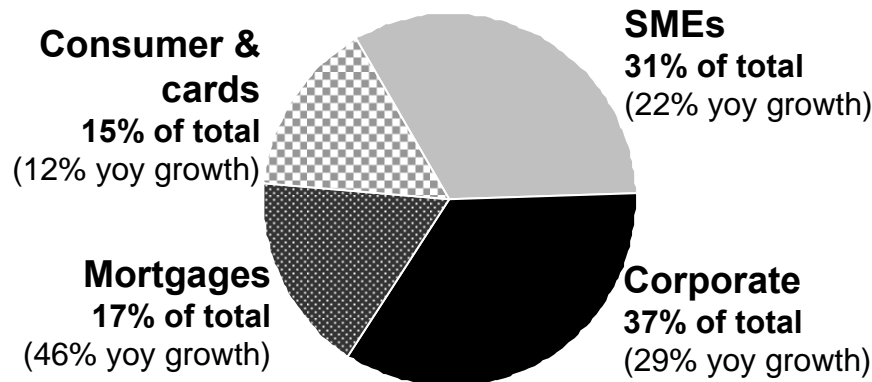
Cyprus



Greece



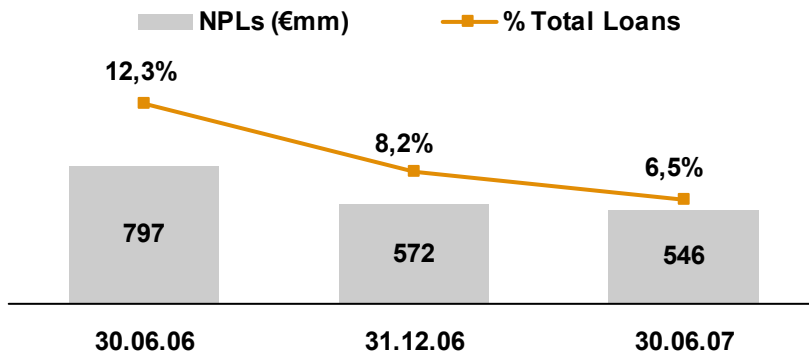
Group



Loan quality improved across the board

Group NPL ratio improved to 4,6% (against 8,1% a year ago)

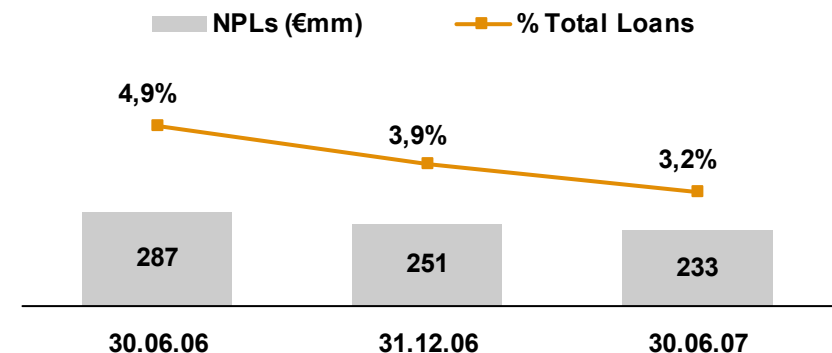
Cyprus NPLs development



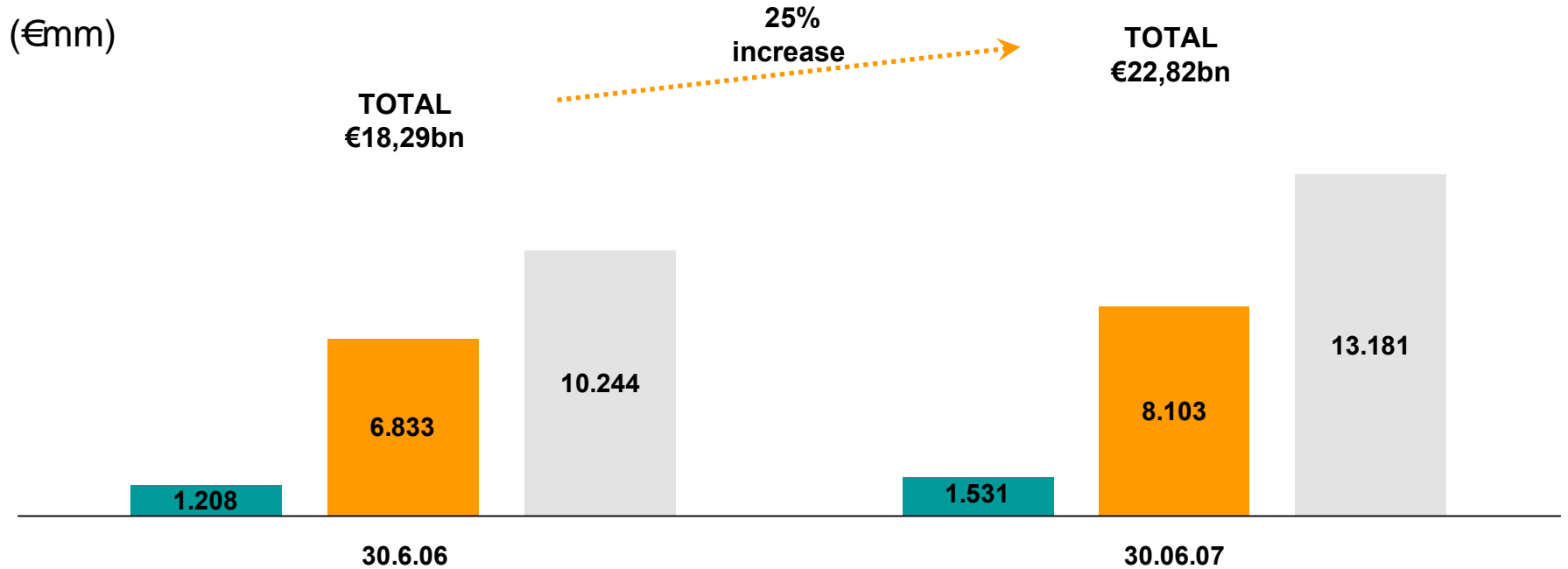
- Best NPL ratio of all Cypriot banks
- High ratio by international standards
 - Prolonged period for recovery of collateral

- NPL ratio better than average of banking system in Greece (5,3% at 31 March 2007)
- NPL improvement despite high growth rates

Greece NPLs development



Deposits by geographic sector



	Share in the Group total % 30.06.06	Share in the Group total % 30.06.07	Annual increase %	Market share
■ Cyprus	56%	58%	29%	30,1%
■ Greece	37%	35%	19%	3,7%
■ Other countries	7%	7%	27%	

New markets: Romania and Russia

Romania

- **Leasing subsidiary fully operational since April 2007**
- **First branch in Bucharest to started operations in July 2007**
- **€74mn of loans at end-June 2007**
- **High inflow of loan applications**

Russia

- **Final licence granted in June 2007**
- **Expected to be fully operational in August 2007**
- **Successful pre-marketing**
 - **High quality customers**
 - **Attractive spreads**
 - **Prospects for high volumes**

We will update you as we progress throughout the year

Our strategy creates added value to our shareholders

Financial targets 07-09

	Targets		
	07-09	1H07	FY06
Profit after tax growth	>25%	58%	153%
ROE	>25%	27,7%	21,7%
Cost to income ratio	40%	43,0%	46,7%
NPLs/Total loans	<4%	4,6%	5,6%
NPL provision coverage	80%	74%	66%
70% of loans outside Cyprus in 2011			

New markets

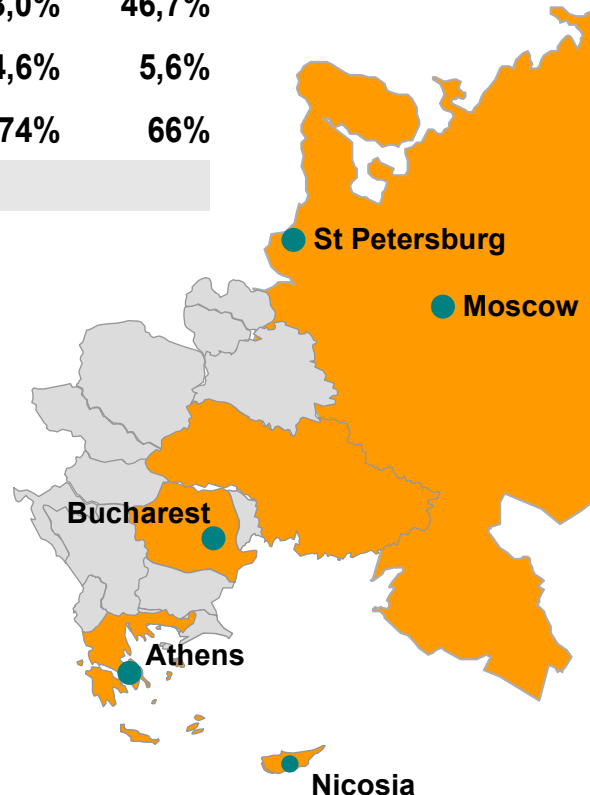
- Expansion in large countries with existing client relationships and brand recognition
- Ongoing branch roll-out in Romania
- Branch in Moscow leveraging on existing client relationships

Greece

- 190 branches by 2009
- Cross-selling and improved pricing to maturing 810.000 client relationships

Cyprus

- Leading brand and distribution network registering systemic market share gains
- Leading offshore banking services provider to Eastern European corporates



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Cyprus operations delivered strong financial performance

(€mm)	1H07	1H06	% growth	FY06
Net interest income	209	152	+37%	342
Fees and commissions	63	58	+10%	121
Income from insurance operations	22	20	+11%	40
Net gains on sale and change in fair value of financial instruments	13	30	-56%	30
Foreign exchange and other income	30	16	+84%	46
Total income	337	276	+22%	579
Staff costs	(88)	(84)	+4%	(177)
Other operating expenses	(41)	(39)	+6%	(80)
Total expenses	(129)	(123)	+5%	(257)
Provision for bad debts	(10)	(26)	-61%	(44)
Profit from associate	7	0		
Profit before tax	205	127	+61%	278
Tax	(27)	(14)	+82%	(36)
Minority interest	(3)	0		
Profit after tax	175	113	+55%	242
Net Interest Margin	2,60%	2,21%	+39 b.p.	2,38%
Return on Equity	44,0%	33,8%	+11,2 p.p.	35,5%
Cost/Income	38,2%	44,6%	-6,4 p.p.	44,3%

Greek operations experienced improved profitability

(€mm)	1H07	1H06	% growth	FY06
Net interest income	136	112	+21%	238
Fees and commissions	23	22	+7%	42
Income from insurance operations	4	1	+77%	5
Net gains on sale and change in fair value of financial instruments	6	2	+120%	2
Foreign exchange and other income	2	3		4
Total income	171	140	+22%	291
Staff costs	(44)	(36)	+24%	(72)
Other operating expenses	(37)	(32)	+12%	(66)
Total expenses	(81)	(68)	+18%	(138)
Provision for bad debts	(23)	(32)	-28%	(58)
Profit before tax	67	40	+67%	95
Tax	(16)	(12)	+30%	(31)
Profit after tax	51	28	+83%	64
Net Interest Margin	3,00%	3,11%	-11 b.p.	3,14%
Return on Equity	19,5%	13,0%	+6,5 p.p.	14,0%
Cost/Income	47,6%	49,0%	-1,4 p.p.	47,7%

Operations in other countries

(€mm)	1H07	1H06	% growth	FY06
Net interest income	19	16	+18%	35
Fees and commissions	6	5	+24%	10
Net gains on sale and change in fair value of financial instruments	1	0		(7)
Foreign exchange and other income	0	0		1
Total income	26	21	+21%	39
Staff costs	(11)	(9)	+20%	(18)
Other operating expenses	(9)	(5)	+70%	(11)
Total expenses	(20)	(14)	+27%	(29)
Provision for bad debts	0	(1)	-105%	2
Profit before tax	6	6	+2%	12
Tax	(2)	(1)	+114%	(4)
Profit after tax	4	5	-20%	8
Net Interest Margin	1,87%	2,00%	-13 b.p.	1,97%
Return on Equity	7,5%	11,2%	-3,7 p.p.	8,6%
Cost/Income	70,4%	67,2%	+3,2 p.p.	74,7%

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Key strategic directions 2007-2009

Cyprus

Domestic banking

- Benefit from strong economic growth and European Monetary Union entry
- Market share gains in targeted product areas
- Further efficiencies realisation

International banking

- Deepening product set
- Benefit from fast expanding market

Greece

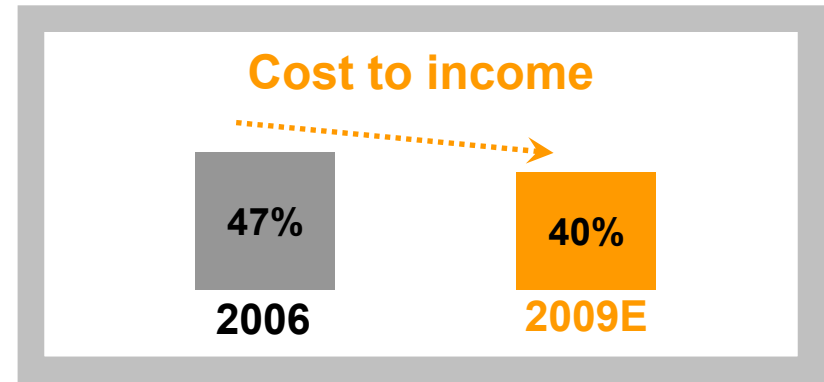
- Further increase of network to 190 branches by 2009 to enhance penetration
- Improved revenue generation through maturing of client relationships
- Enhanced cross-selling

New markets

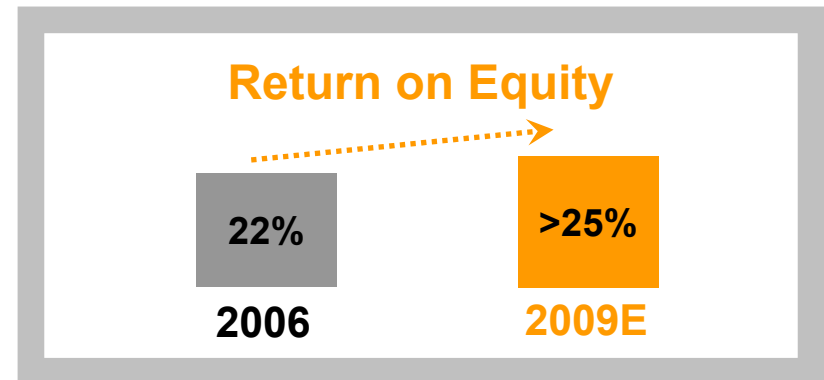
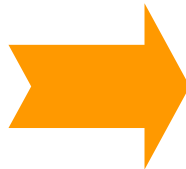
- Market with:
 - Solid macroeconomic fundamentals
 - Positive banking sector prospects
 - Large population
 - Brand recognition of Bank of Cyprus
- Accelerated market entry may also be supported by acquisitions (if they add value)
- Aim to repeat Greek success story

Financial targets 2007-2009

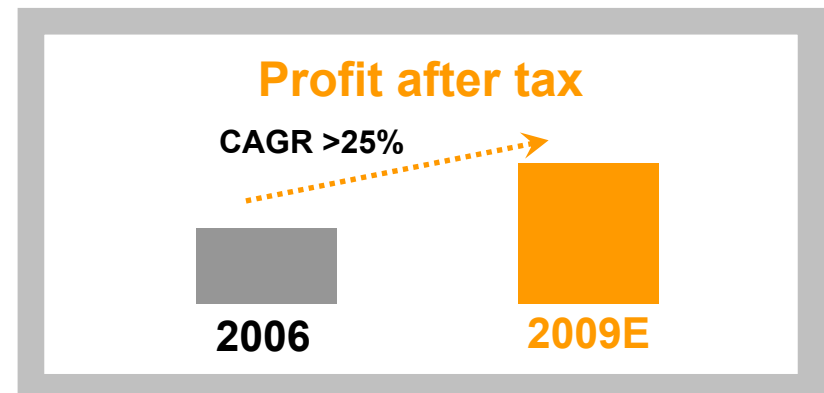
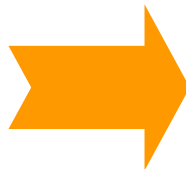
- Widen “jaws”



- Improve profitability

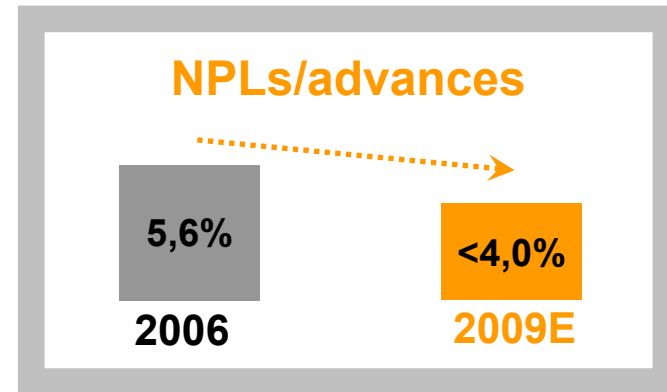
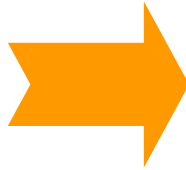


- Increase shareholder value

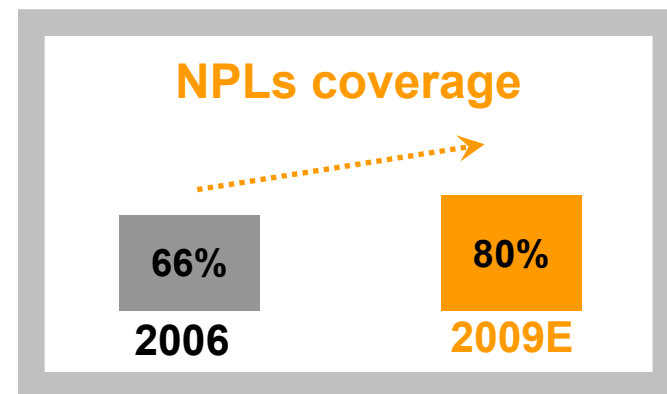


Financial targets 2007-2009 for loan quality

- Quality lending
- Efficient monitoring of advances

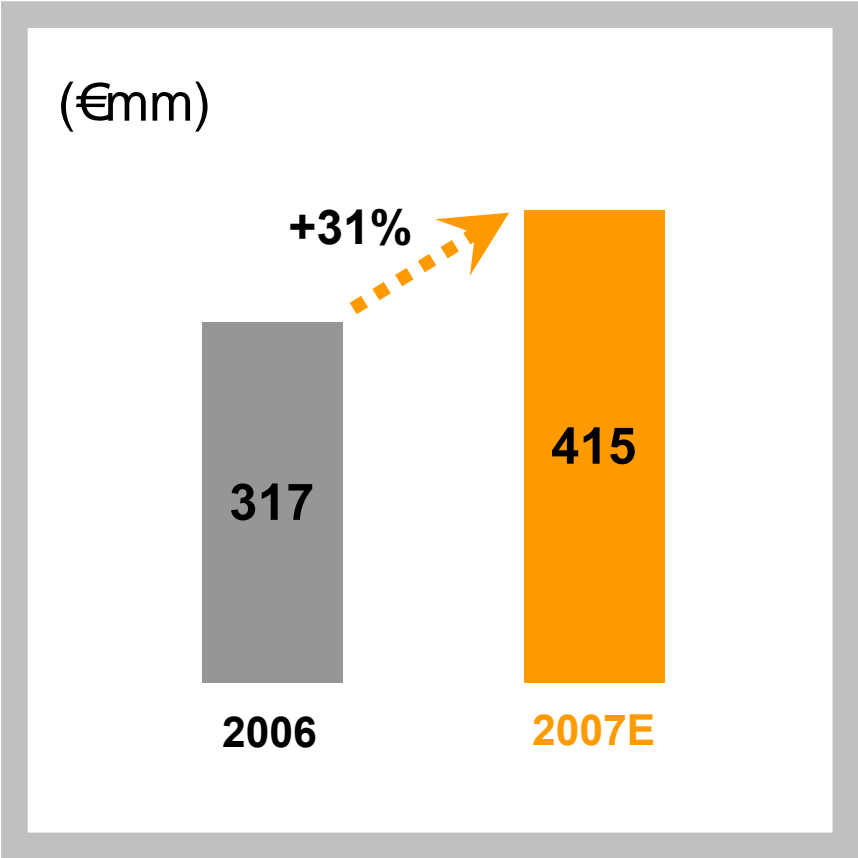


- Increased provision coverage



Profit target for 2007

**Profit After Tax
to increase by
31%**



Main assumptions of 2007-2009 financial plan

2007-2009 CAGR

Growth

- Loans 21%
- Deposits 15%
- Risk weighted assets 21%

Income

- Net interest income 18%
- Total income 16%

Expenses

- Total expenses 9%

Increase the loans to deposits ratio by 12 percentage points

No issue of new shares

Increase in net interest margin

- Greece through increase in deposit spread
- Entry into new higher margin geographies

Expansion into markets other than Cyprus and Greece: Group loan portfolio in 2011

