

Financial Results 1Q09 - Highlights

Income Statement and B/cce Sheet Review

Performance by geographic market

Strategic Priorities

Appendix 1: Detailed Financial Information

Financial Results for 1st Quarter 2009

28 May 2009

Disclaimer

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2009: Year of safeguarding assets and building strong foundations for the future

Successful planning has protected the Group from the financial crisis

- Minimal exposure to high risk products
- Minimal reliance on wholesale funding
- Strong liquidity

Current Developments

- Strengthening capital through issue of Convertible Capital Securities
 - Issue of €645 mn of Convertible Capital Securities
- Strengthening liquidity through securitisation
 - Completed securitisation of mortgage book in Greece for €1 bn

First Quarter 2009 Financial highlights

Profitability

- Profit before provisions reached €114 mn
- Profit after tax reached €63 mn

Strong Liquidity

- Group Loans to Deposits ratio at 90%
 - Loans to Deposits ratio < 100% in Cyprus and Greece
- Limited reliance on wholesale funding (14% of total assets)
- Liquid assets €10 bn (28% of total assets)

Capital Adequacy

- Capital adequacy at 10,5%
- Tier 1 ratio at 6,8%
- Tier 1 ratio after issue of Convertible Capital Securities estimated at 10%

First Quarter 2009 Financial highlights

Healthy credit portfolio

- NPL ratio at 4,3%
- High NPL provisioning coverage at 65%
- Coverage of 112% including tangible collateral

Key performance indicators

- Return on equity at 12,4%
- Cost to income ratio at 57,7%

Convertible Capital Securities Issue (Hybrid Tier 1)

- **Issue size up to €645 mn**
- **Convertible Capital Securities will be offered via a priority right to all registered shareholders**
 - **€11 Convertible Capital Securities for every 10 shares held**
 - **Consideration paid in cash or in exchange of Convertible Bonds 2013/2018 at par**
- **Unsubscribed Capital Securities will be offered to other investors including the holders of existing Convertible Bonds 2013/2018**
 - **Holders of Convertible Bonds 2013/2018 will be given priority in the distribution of unsubscribed capital securities**

Convertible Capital Securities Issue (Hybrid Tier 1)

- **Subscription period**
20 May – 5 June 2009
- **Conversion price €5,50**
- **First conversion period**
15-30 September 2010
- **Last conversion period**
15-31 March 2014

Interest	
First five years (until 30 June 2014)	Fixed interest rate of 5,5%
1 July 2014 onwards	Floating interest rate – 6M Euribor (which will be set at the beginning of each period) plus 3,0%

Strengthening Tier 1 ratio:
2009 tier 1 ratio estimated at 10%

Income Statement and Balance Sheet Review

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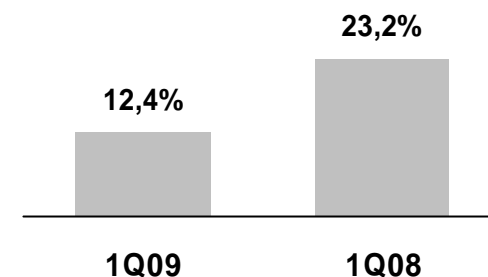
Profitability and performance indicators

GROUP

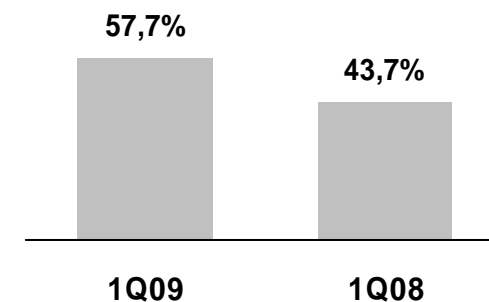
Income & Expense Analysis

(€mn)	1Q09	1Q08	Change
Net interest income	181	185	-2%
Fee & commission income	54	48	+13%
Foreign exchange income	20	8	+167%
Net operating income from insurance operations	15	16	-4%
(Losses)/gains from financial instruments and other income	0	15	
Total income	270	272	-1%
Total expenses	156	119	+31%
Profit before provisions	114	153	-26%
Provisions	35	15	+138%
Share of (loss)/profit of associate	0	(5)	-97%
Profit before tax	79	133	-41%
Tax	16	17	-8%
Profit after tax	63	116	-46%

Return on Equity



Cost / Income

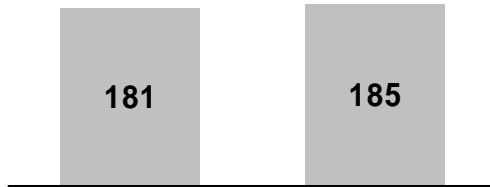


Net interest income

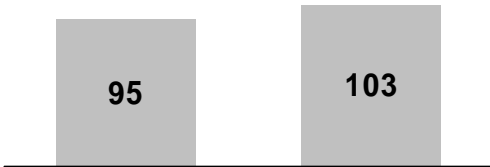
GROUP

Net interest income (€mn)

Group



Cyprus



Greece



Other markets



1Q09

1Q08

Net interest margin

	1Q08	FY08	4Q08	1Q09
Group	2,49%	2,52%	2,52%	2,13%
Cyprus	2,19%	2,19%	1,90%	1,87%
Greece	2,58%	2,35%	2,13%	1,54%
Other markets	2,02%	2,81%	4,71%	3,32%

Evolution of spreads

	1Q08	FY08	4Q08	1Q09
Cyprus				
Total spread	3,08%	3,18%	3,06%	2,36%
Greece				
Total spread	3,07%	2,71%	2,43%	2,09%

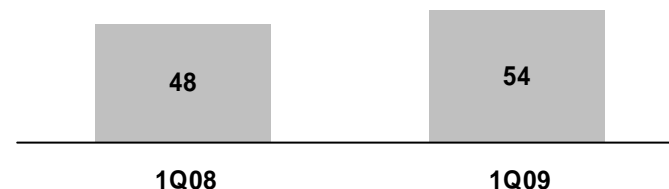
Successful planning processes delivered strong growth in non interest income

GROUP

- **Fees and commissions**

- Other countries contribute in the increase of fees and commissions whilst Cyprus and Greece operations maintain the income from fees and commissions

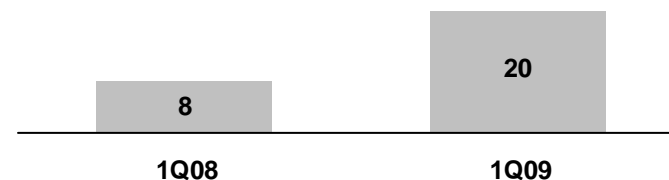
Fees and commissions (€mn)



- **Foreign exchange income**

- Gains from transactions for hedging foreign exchange risk

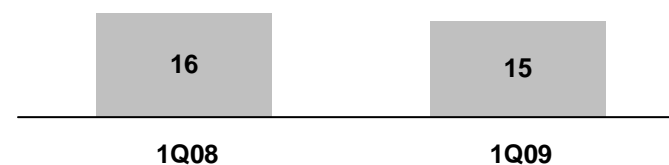
Foreign exchange income (€mn)



- **Income from insurance business**

- Good production volumes

Income from insurance business (€mn)

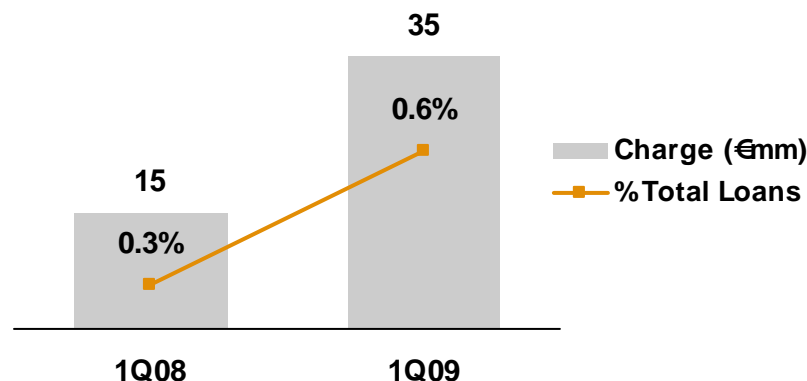


Provision charges reflect good quality of loan portfolio

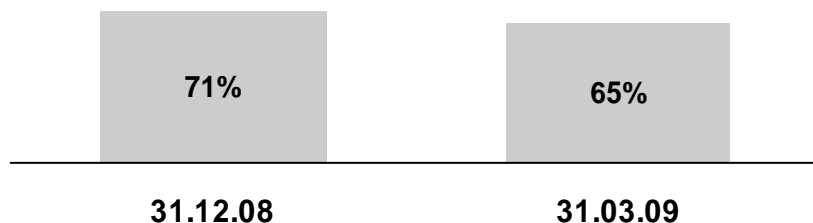
GROUP

Provision charge

- Provision charges increased to €35 mn (annual increase 138%)



Provision coverage



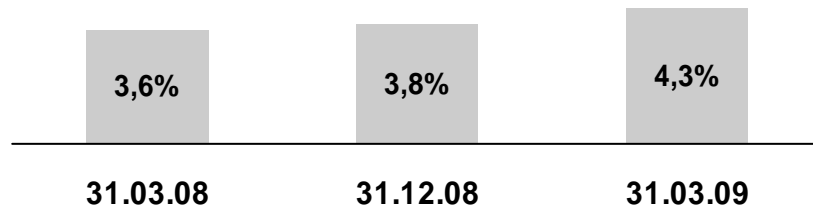
- High provision coverage at 65%
 - Collective provisioning of 1% of total loans
- NPL coverage increases to 112%, taking into account tangible collateral (valued at forced sale values)

Safeguarding the quality of the loan portfolio

GROUP

NPLs development

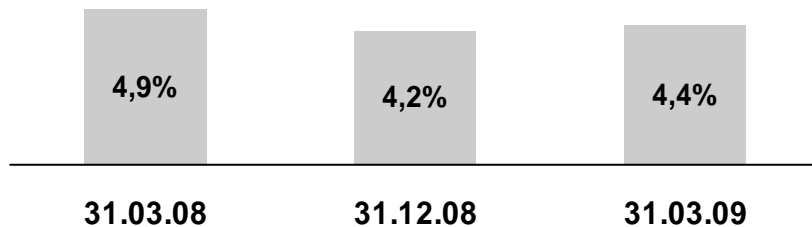
■ % Total Loans



- Containment of NPLs in adverse economic conditions
- Greek NPL ratio maintained at lower level than average for Greek banking system

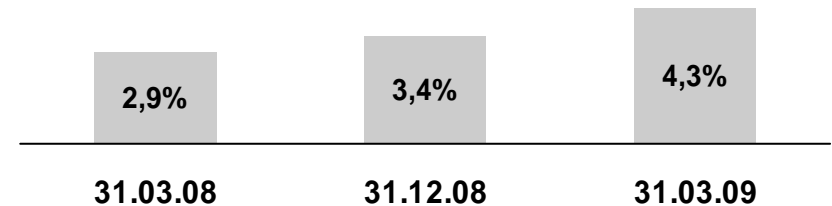
Cyprus NPLs development

■ % Total Loans

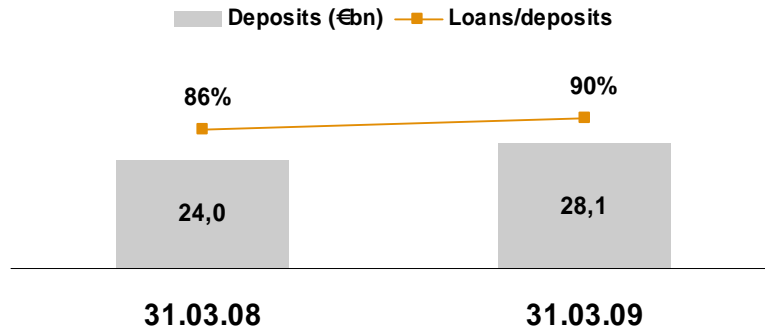


Greece NPLs development

■ % Total Loans

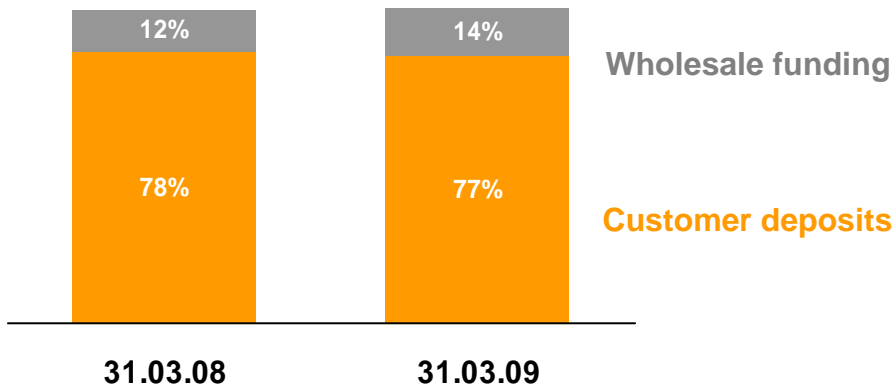


Loans/Deposits ratio



- Strong deposit base and flows
- High liquidity with loans/deposits ratio at 90%

Funding: primarily deposit funded



- Minimal reliance on wholesale funding
 - 14% wholesale funding
- 77% of assets funded by customer deposits
- No major redemptions
 - Debt securities maturing by end of 2009 total €269 mn

Balance Sheet overview

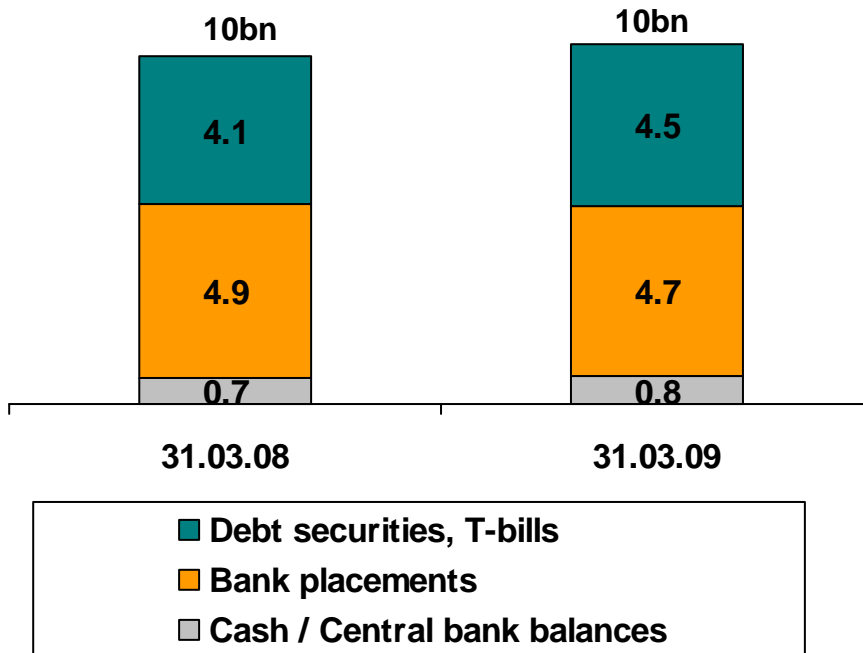
GROUP

€mn	31.03.2009	31.03.2008	% growth	31.12.2008
Cash and balances with central banks	782	704	+11%	1.017
Placements with banks and reverse repos	4.732	4.895	-3%	4.582
Debt securities, T-bills, equity investments	4.510	4.134	+9%	4.241
Net loans to customers	24.525	19.941	+23%	24.449
Other assets	1.778	1.180	+51%	1.818
Total assets	36.327	30.854	+18%	36.107
Amounts due to banks & repos	3.346	1.850	+81%	3.137
Customer deposits	28.055	23.983	+17%	27.936
Debt securities in issue	929	1.359	-32%	959
Other liabilities	1.041	1.028	+1%	1.085
Subordinated loan stock	919	574	+60%	934
Minority interest	14	27	-47%	15
Shareholders' equity	2.023	2.033	-1%	2.041

High level of liquid, high-quality assets

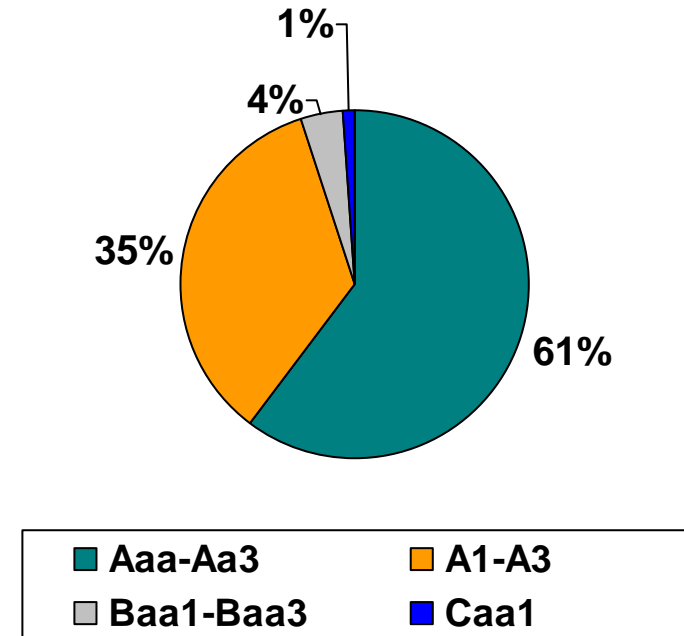
GROUP

High liquid assets



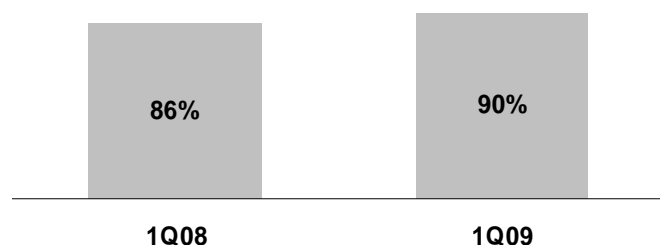
- Liquid assets 28% of total assets

High quality securities portfolio



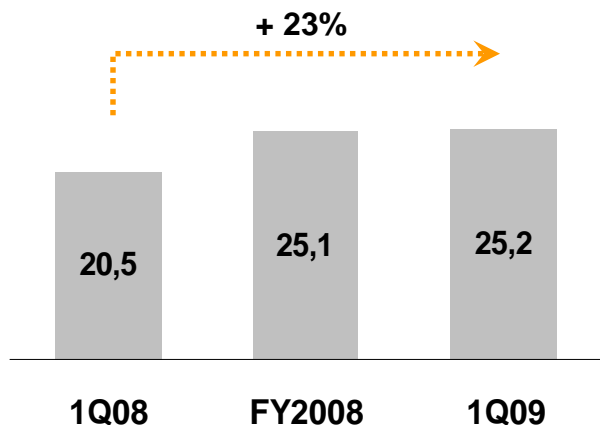
- Average rating of portfolio is Aa3
- Issued by governments and banks
 - 50% issued by sovereigns
 - 50% issued by European banks and other organizations
- Average life 3,6 years

Loans/deposits ratio

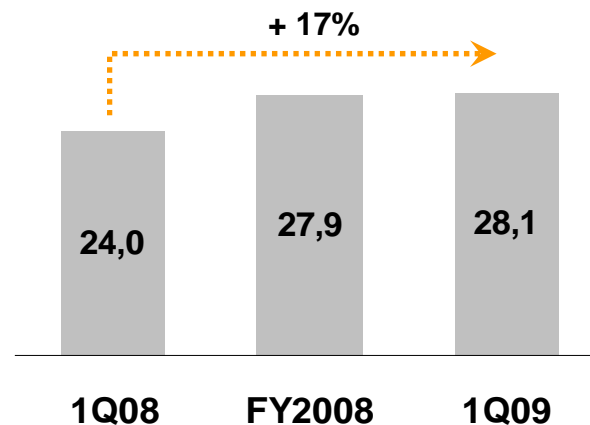


- High liquidity
 - Loans/deposit ratio 90%
 - Loans/deposit ratio < 100% in Cyprus and Greece
- Parallel growth of loans and deposits
- Focus on SME and retail sectors

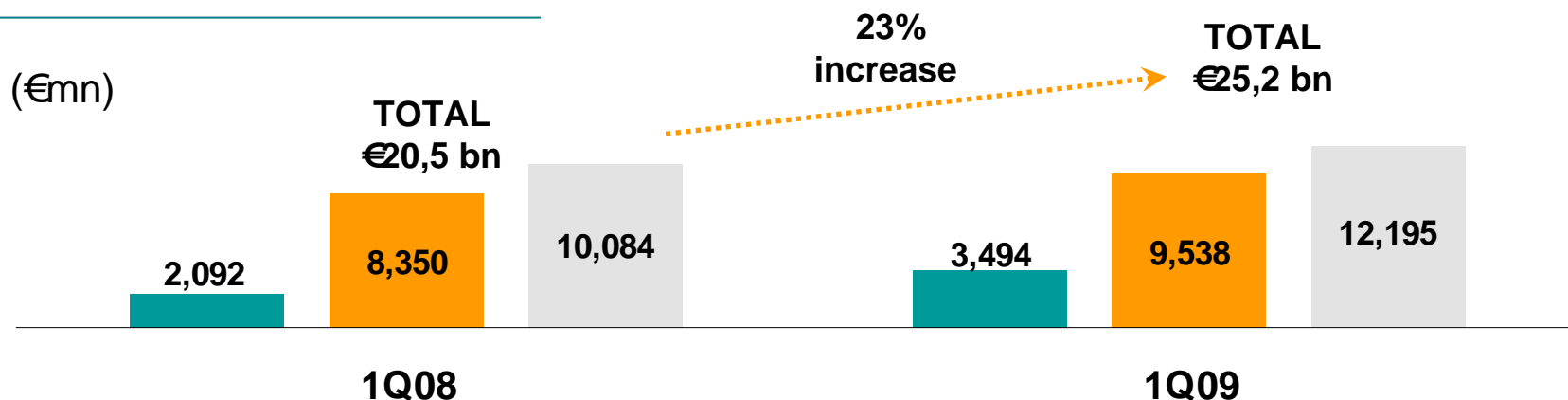
Group Loans (€bn)



Group Deposits (€bn)



Loans by geographic sector

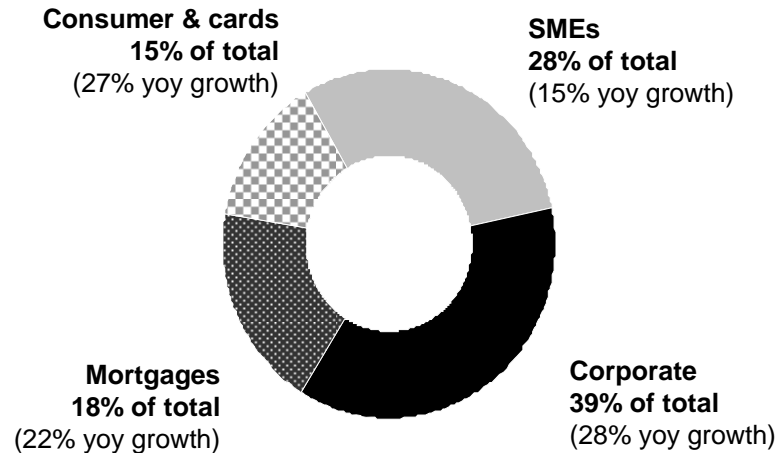


	Share in the Group total		Annual Increase	Market share
	31.03.08	31.03.09		
■ Cyprus	49%	48%	21%	28,2%
■ Greece	41%	38%	14%	3,8%
■ Other countries	10%	14%	67%	
- United Kingdom	€1.216 mn	€1.133 mn		
- Australia	€395 mn	€452 mn		
- Romania	€349 mn	€553 mn		
- Russia	€131 mn	€1.143 mn		
- Ukraine	-	€213 mn		

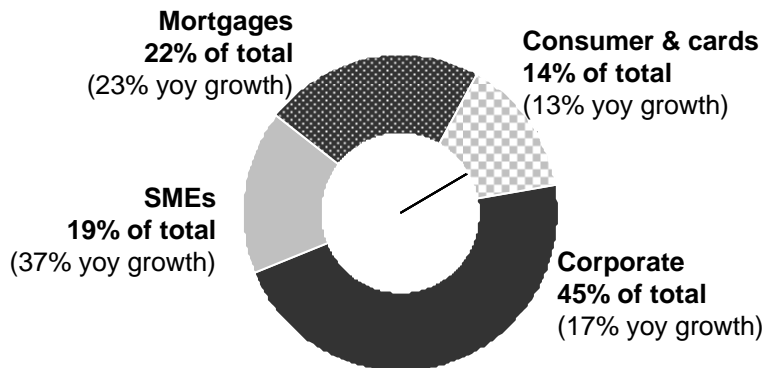
Loan portfolio segmental diversification

GROUP

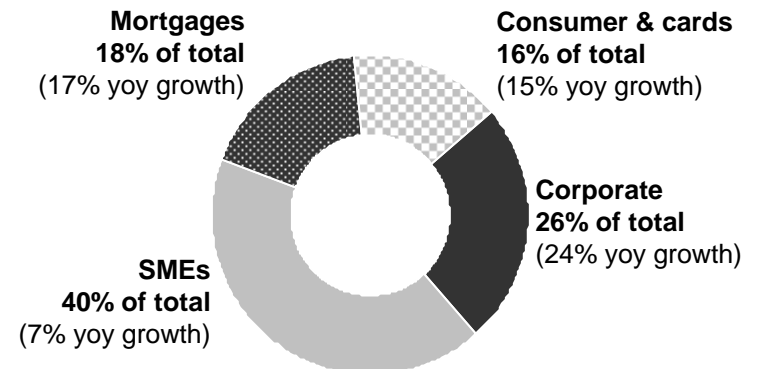
Group



Cyprus



Greece



Performance by geographic market

Financial Results 1Q09 - Highlights

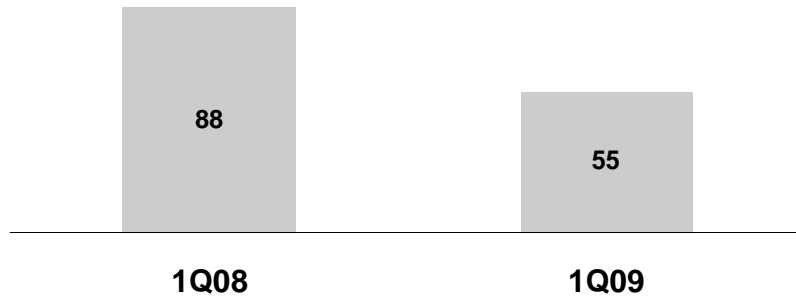
Income Statement and B/c Sheet Review

Performance by geographic market

Strategic Priorities

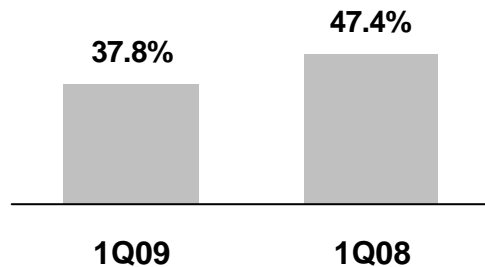
Appendix 1: Detailed Financial Information

Profit after tax (€mn)

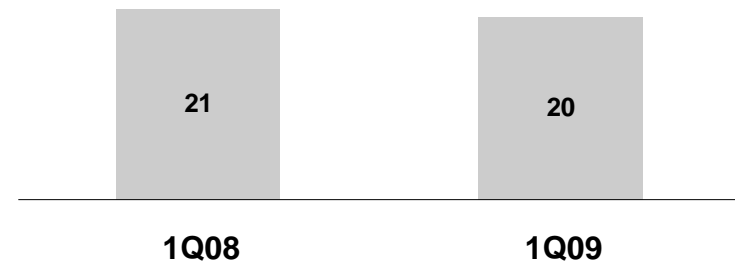


- High profitability (€55 mn)
- Outstanding key performance indicators
 - Return on equity 22,5%
 - Cost/Income ratio at 47,4%
- Improved quality of loan portfolio despite adverse economic conditions

Cost to income



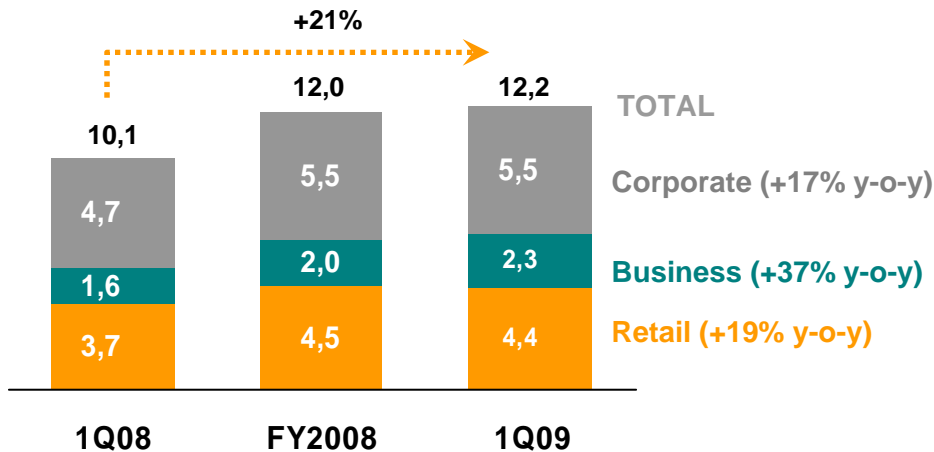
Containment of operating costs (€mn)



Leading financial institution in Cyprus

CYPRUS

Cypriot loan book (€bn)

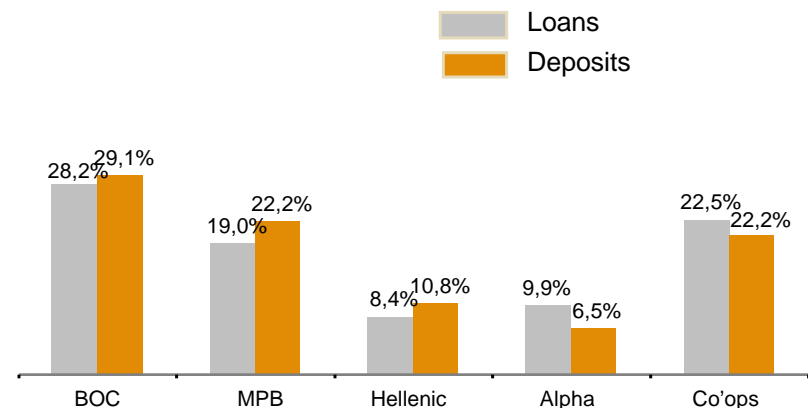


- Servicing
 - 487,975 Retail clients
 - 12,550 SMEs
 - 7,444 Corporates
 - 45,356 International companies

Cyprus deposits (€bn)



Leading market share

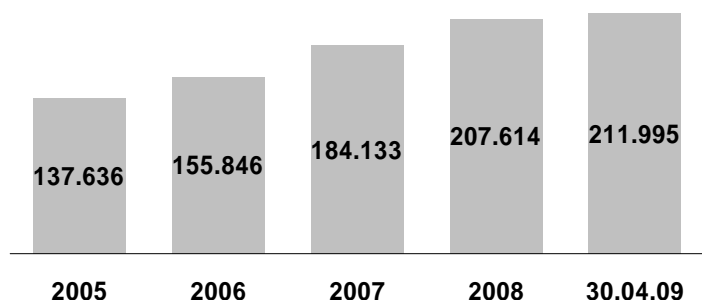


Source: Central Bank of Cyprus (all market shares as of 31 March 2009)

Market leader in profitable international business sector

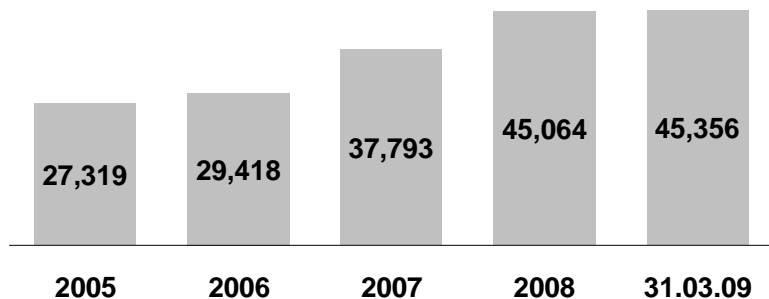
CYPRUS

Companies registered in Cyprus



Source: Cyprus Registrar of Companies

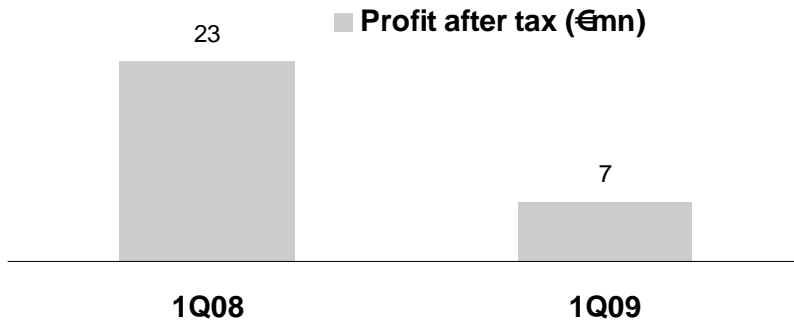
Bank of Cyprus Number of IBU customers



International Business Sector

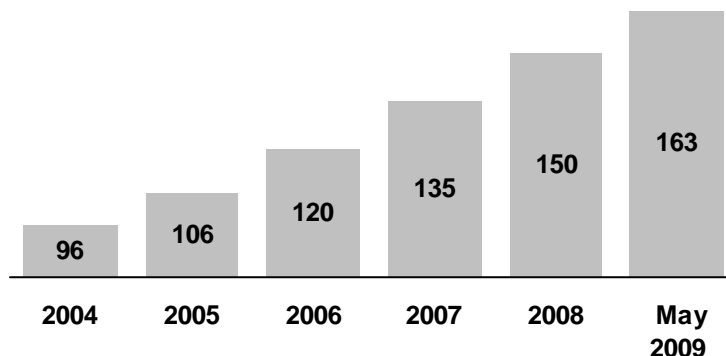
- **Leading market share in foreign currency 41,7%**
- **High quality standard of service & skilled employees coupled with continued sponsorship of introducers**
- **Presence in Eastern Europe to boost international business sector in Cyprus**
 - **8,359 new IBU clients (+23% yoy)**
- **Sources of income**
 - Fees on inbound and outbound payments
 - Foreign exchange income
 - Service fees
 - Liquidity management and foreign exchange services
 - Low-cost deposits

Greek profitability

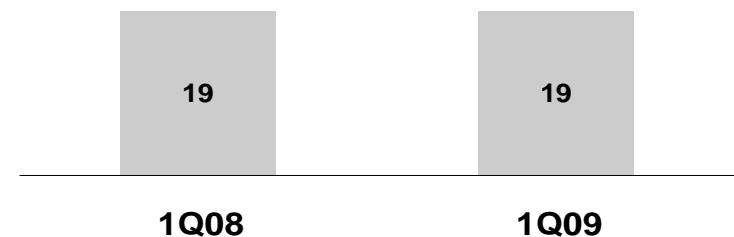


- Reduced profitability due to market pressure on interest margins
- Effective cost containment despite the opening of 28 new branches since January 2008

Branch network evolution

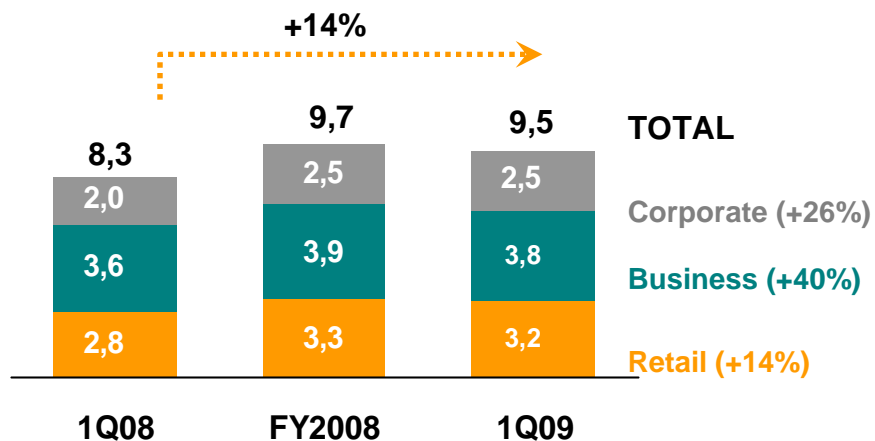


Containment of operating costs (€mn)



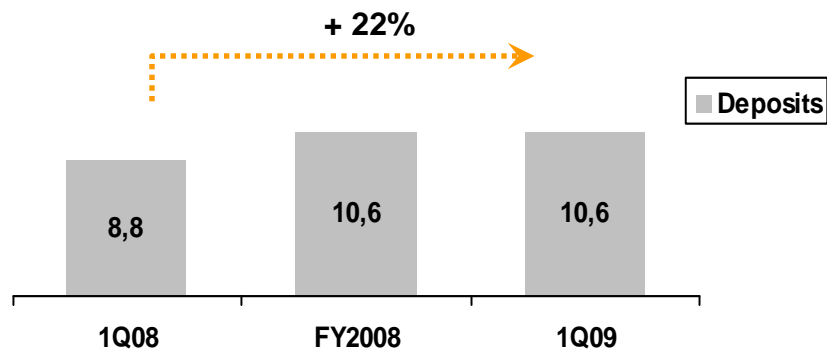
Well performing Greek operations

Greek loan book (€bn)



- High liquidity
 - Loans/deposit ratio 90%
- Parallel growth of loans and deposits
- Increase more than market growth

Greek deposits (€bn)



Increasing market share

	March 09	2008	2007
Loans	3,8%	3,8%	3,7%
Deposits	3,9%	3,8%	3,6%

Strategy

- **Managing credit risk**
 - Unification of credit policies
 - Rising provisioning level
- **Strengthening liquidity**
- **Strengthening infrastructure**
- **Improving efficiency by**
 - Re-engineering of operations
 - Merging of Russian operations and achieving economies of scale

Financial Highlights

Conservative approach:

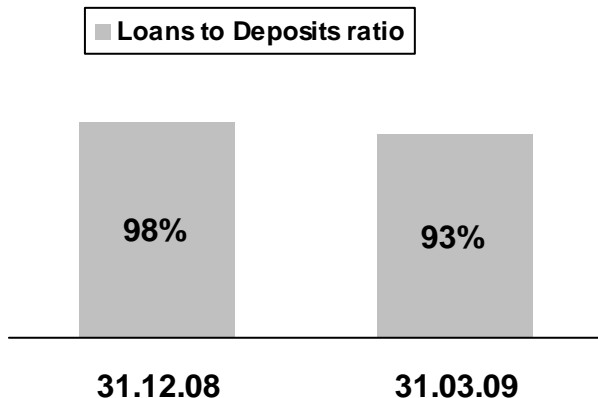
- **Containment of loan book**
 - NII €19 mn
- **Provisions of €6 mn**
- **Profit before provisions €4 mn**
- **Net loss after tax €6 mn**

Prospects

- **Parallel growth of loans and deposits once the systems are put in place**
- **Expectation for positive contribution to Group profit for the year 2009**

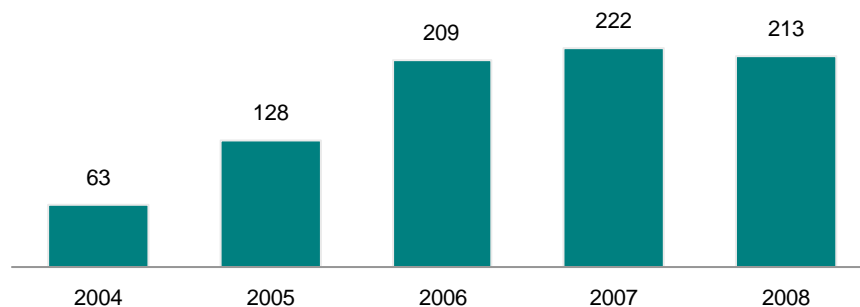
Strong liquidity

- Loans to Deposits 93%



- Strong liquidity
 - Loans/Deposits 93% in Mar-09
- Strong Capital
 - Capital adequacy 17%
- Significant potential for further growth
 - 9th largest network in the country
 - Infrastructure to support accelerated growth

Branch network development

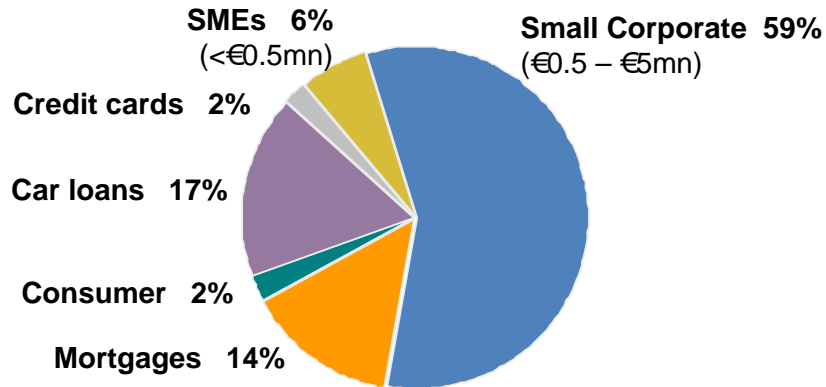


Young branch network = significant potential

- Network is significantly under-penetrated compared to banks with similar sized networks
- Significant scope to leverage Uniastrum's branch network and transform it into a much larger bank in Russia in terms of market share

A dynamic retail bank

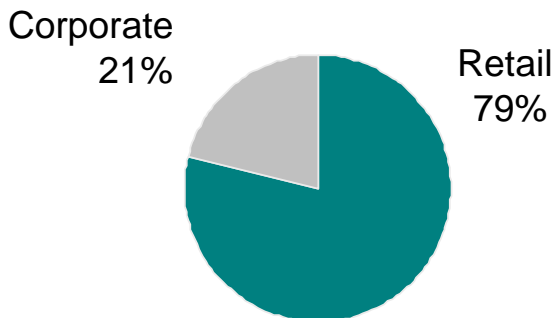
Loans: Diversified portfolio



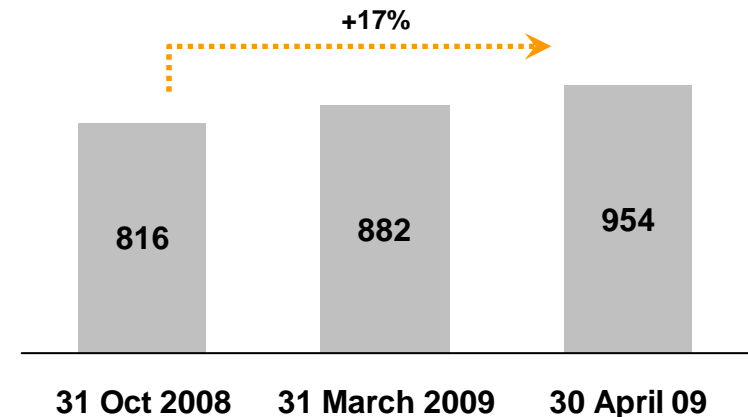
Source: Company accounts

- A systemic bank with good retail deposit gathering capability, supported by high brand awareness
- Increased customer confidence since acquisition by Bank of Cyprus
 - 17% increase in deposits since acquisition
- Diversified portfolio

Deposit base: majority retail



Deposit growth since acquisition



Strategic Priorities

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Strategic priorities going forward

Solid foundations



Strategic priorities

Safeguard strong liquidity position

Improve capital adequacy

Disciplined expansion

Manage risk effectively

Maximise value for our shareholders

Analysis of Strategic priorities for 2009

Safeguard strong liquidity position

- **Healthy loans/deposits ratio**
 - **Emphasis on balanced growth to maintain healthy position**
- **Low reliance on wholesale funding**
- **Enhance liquidity via securitisation**
 - **€1 bn of mortgage loans in Greece**
 - **Plans for securitisation of leasing assets**

Improve capital adequacy

- **Strong capital ratios given**
 - **Healthy balance sheet**
 - **Risk profile of the Group**
- **Strengthen capital ratio**
 - **Tier 1 ratio to 10% after issue of €645 mn of Convertible Capital Securities**

Analysis of Strategic priorities for 2009

Manage risk effectively

- **Continuous monitoring of**
 - Credit risk
 - Market risk
 - Liquidity risk
- **Uniform adoption of Group credit policy criteria and procedures**
 - Ensure high quality of loan portfolio
- **Continuous monitoring of the developments in the economic environment**
 - Recent performance reaffirms that the Group has managed to guard itself and limit the impact of the economic crisis on its financial performance through sound planning

Disciplined expansion

- **Selective and targeted growth in new markets**
- **Uniastrum**
 - Loan portfolio diversification
 - Strict lending criteria
 - Leverage on existing network
 - 9th largest distribution network
 - Small balance sheet
- **Emphasis on improving efficiency**
 - Re-engineering of operations
 - Merging of Russian operations and achieving economies of scale

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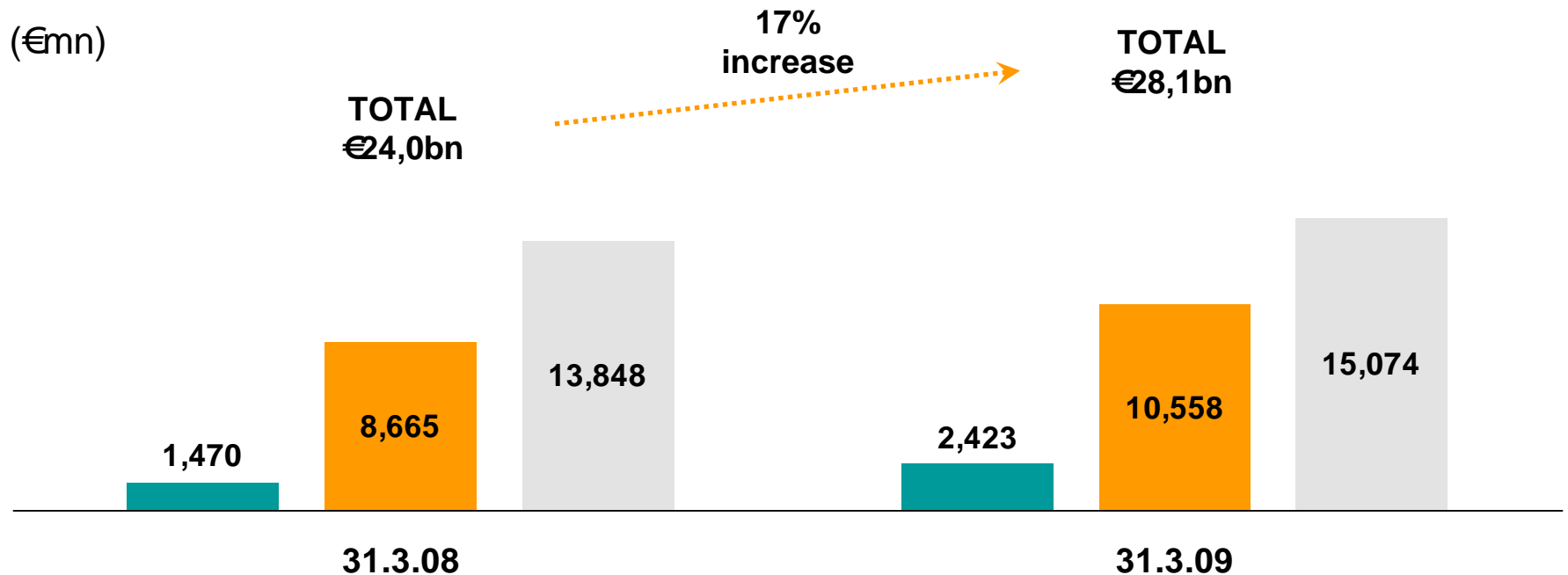
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Deposits by geographic sector



	Share in the Group total		Annual increase	Market share
	31.03.08	31.03.09		
■ Cyprus	58%	54%	9%	29,1%
■ Greece	36%	38%	22%	3,9%
■ Other countries	6%	8%	65%	

Cyprus operations profitability

(€mm)	1Q09	1Q08	% growth	FY08
Net interest income	95	103	-7%	425
Fees and commissions	29	31	-7%	132
Income from insurance operations	13	14	-6%	142
Net (losses)/gains on sale and change in fair value of financial instruments attributable to shareholders	(2)	6	-140%	51
Foreign exchange and other income	14	18	-22%	19
Total income	149	172	-13%	769
Staff costs	(51)	(44)	+16%	(185)
Other operating expenses	(20)	(21)	-7%	(97)
Total expenses	(71)	(65)	+8%	(282)
Provisions for impairment of loans and advances	(15)	(6)	+160%	(12)
Share of loss of associate	(0)	(5)		(10)
Profit before tax	63	96	-34%	465
Tax	(8)	(8)	-7%	(64)
Profit after tax	55	88	-37%	401
Net Interest Margin	1,87%	2,19%	-37 b.p.	2,19%
Return on Equity	22,5%	39,9%	-17,5 p.p.	42,6%
Cost/Income	47,4%	37,8%	+9,6 p.p.	36,6%

Greek operations profitability

(€mm)	1Q09	1Q08	% growth	FY08
Net interest income	49	70	-30%	272
Fees and commissions	13	13	-3%	58
Income from insurance operations	2	2	+8%	10
Net gains/(losses) on sale and change in fair value of financial instruments attributable to shareholders	1	(3)		-17
Foreign exchange and other income	0	1		4
Total income	65	83	-21%	327
Staff costs	(25)	(24)	+4%	(105)
Other operating expenses	(19)	(19)	0%	(79)
Total expenses	(44)	(43)	+2%	(184)
Provisions for impairment of loans and advances	(12)	(9)	+32%	(65)
Profit before tax	9	31	-70%	78
Tax	(2)	(8)	-71%	(4)
Profit after tax	7	23	-69%	74
Net Interest Margin	1,54%	2,58%	-1,04 p.p.	2,35%
Return on Equity	4,4%	16,0%	-11,6 p.p.	12,5%
Cost/Income	67,3%	51,8%	+15,5 p.p.	56,3%

Other countries

(€mm)	1Q09	1Q08	% growth	FY08
Net interest income	37	13	+186%	95
Fees and commissions	12	3	+259%	27
Net gains/(losses) on sale and change in fair value of financial instruments attributable to shareholders	0	0		-5
Foreign exchange and other income	7	1	+1002%	15
Total income	56	17	+228%	132
Staff costs	(22)	(6)	+264%	(41)
Other operating expenses	(19)	(5)	+307%	(45)
Total expenses	(41)	(11)	+283%	(86)
Provisions for impairment of loans and advances	(8)	0		(14)
Profit before tax	7	6	0%	32
Tax	(6)	(1)	+481%	(5)
Profit after tax	1	5	-88%	27
Net Interest Margin	3,32%	2,02%	+1,30 p.p.	2,81%
Return on Equity	1,0%	16,5%	-15,5 p.p.	14,7%
Cost/Income	74,2%	63,6%	+10,6 p.p.	64,7%