

Bank of Cyprus Group

Group Overview

Financial Results 2010 – Highlights

Income Statement and Balance Sheet Review

Strategic Priorities and 2011 Target

Appendices

Group presentation

March 2011

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Group overview

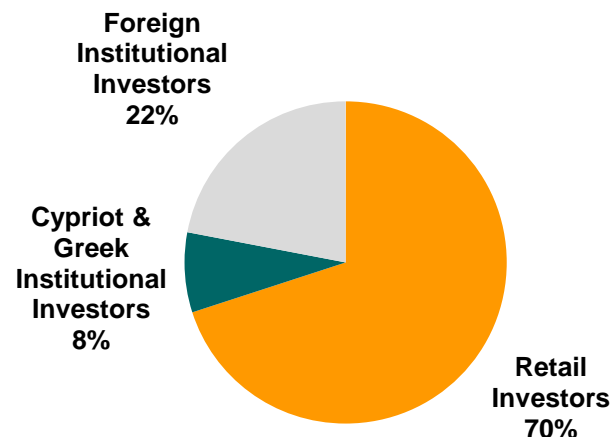
Group profile

Group profile

- Founded in 1989, Bank of Cyprus is the leading financial services group in Cyprus, with assets totaling €41,96 bn
 - Market shares of 31,4% and 27,5% in deposits and loans in Cyprus*
- A dynamic presence in Greece achieved through organic growth (185 branches)
 - Market shares of 4,2% and 3,8% in deposits and loans
- Operations in Eastern European countries with strong links with Cyprus
 - Russia: Uniastrum Bank operating through 211 branches
 - Romania: Greenfield investment with 12 branches
 - Ukraine: Acquisition of AvtoZAZBank in May 2008; 27 branches

*total system including commercial banks and credit cooperative institutions

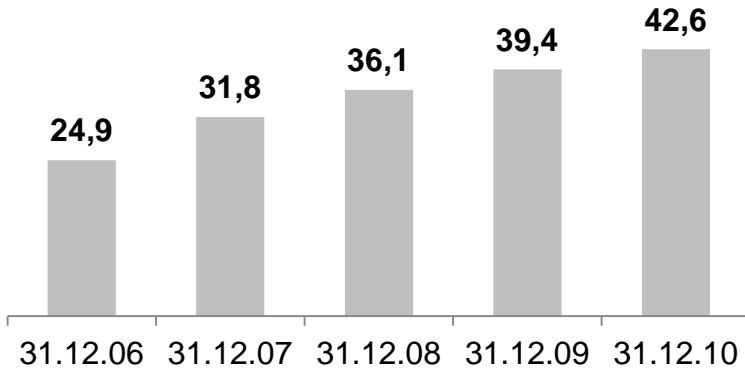
Shareholder structure



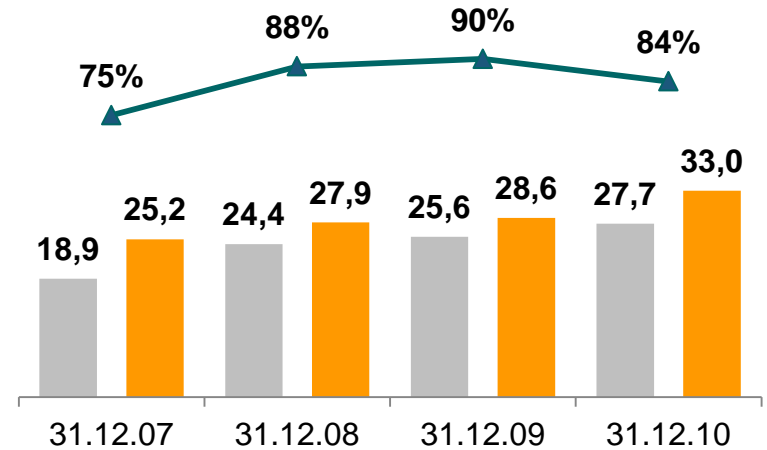
- Number of Shareholders (31.12.2010)
 - Retail investors 81.913
 - Institutional investors 1.431
- Shareholders with holding >5%
 - Odella Resources Ltd 9,99%

Group expansion

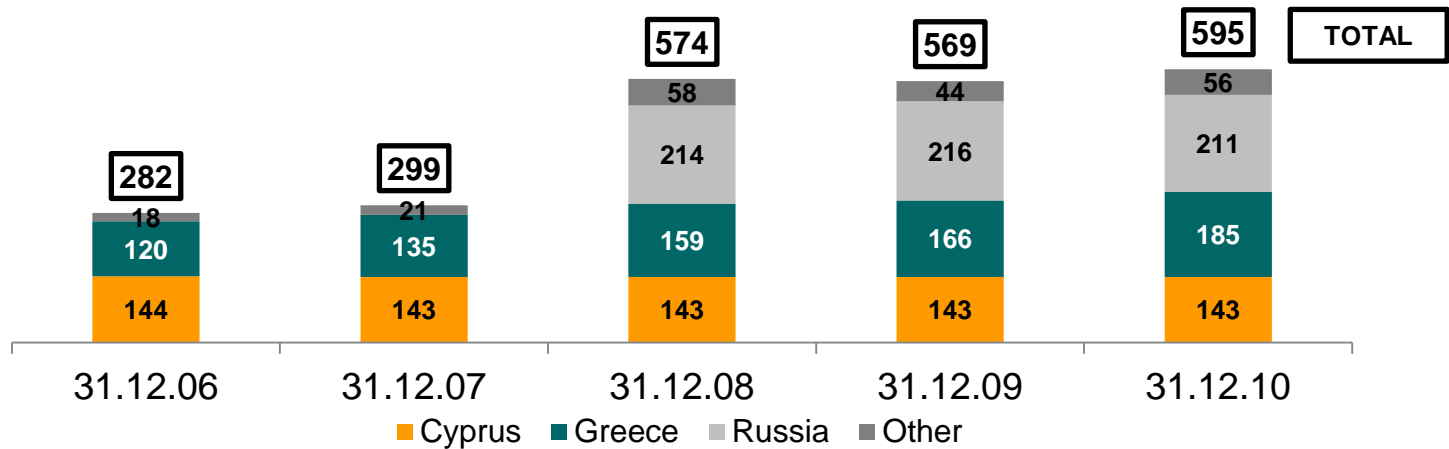
Total Assets (€bn)



Loans and Deposits development

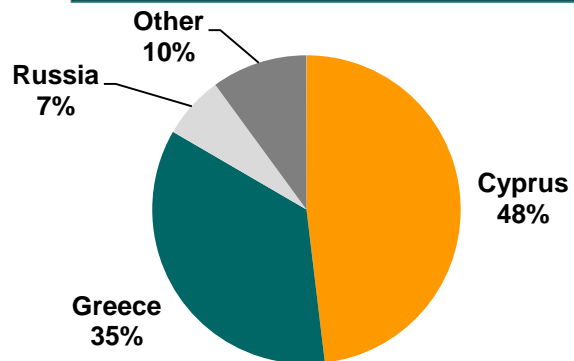


Branch network evolution

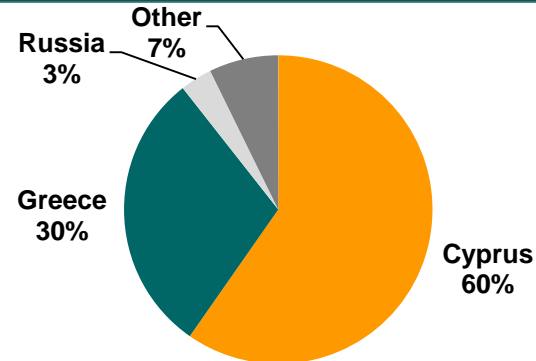


Geographical diversification

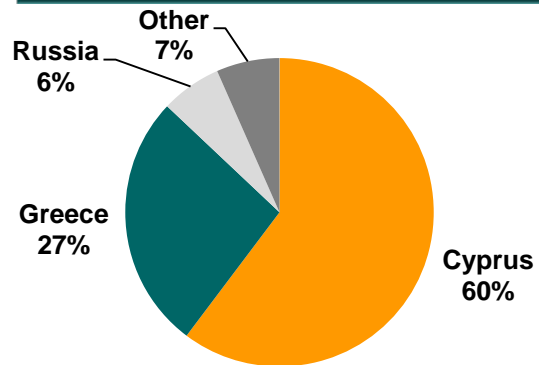
Gross Loans (€bn) - 31.12.10



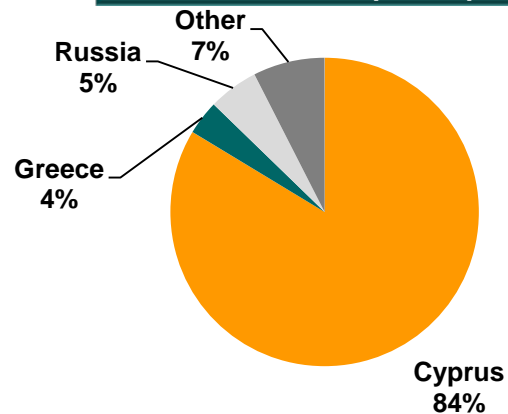
Customer Deposits (€bn) - 31.12.10



Profit before provisions (€mn) – FY10



Profit after tax (€mn) – FY10



Bank of Cyprus Credit ratings

- Moody's rates Bank of Cyprus at Baa2 for long term debt/deposits
 - 1-2 notches higher compared to other Cypriot banks
 - 2 notches higher compared to other Greek banks
- Fitch rates Bank of Cyprus BBB+ for long term Issuer Default Rating
 - 1 notch higher compared to other Cypriot banks
 - 3 notches higher compared to other Greek banks

Moody's		FITCH	
A3		A-	
Baa1		BBB+	Bank of Cyprus
Baa2	Bank of Cyprus	BBB	Other Cypriot banks
Baa3	Cypriot Bank	BBB-	
Ba1	Cypriot Bank, Other Greek Banks	BB+	Other Greek Banks

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FY10 Financial Highlights

FY10 results reaffirm the resilience of the Group's business model, which with solid execution allows the Group to achieve increasing recurring profitability, maintain a healthy balance sheet and grow selectively its business in the main markets in line with stated targets for 2010

Increasing recurring profitability

- FY10 Net Interest Income €1.041m (+23% yoy)
- FY10 Profit before provisions €725m (+18% yoy)
- FY10 Profit after tax €306m – within 2010 targets
- Profitable in all markets

Healthy liquidity

- Group loans to deposits ratio at 84% (peers** at 118%)
- Primarily deposit funded (77% of assets funded by customer deposits versus 55% for peers**)
- Liquid assets of €13 bn* (30% of total assets)

Solid capital position

- Tier 1 ratio at 11,0% and Core Tier 1 ratio at 8,1%
- Proposed issue of Convertible Enhanced Capital Securities of €1.342 mn to further strengthen capital base
- Pro-forma total capital adequacy ratio and Tier 1 ratio at 14,0% and 12,7%

*€2,2bn are pledged as collateral for repo transactions

** Weighted average of major Greek and Cypriot banks using 30 September 2010 data

FY10 Financial Highlights

Asset quality

- NPLs ratio at 7,3%
- NPLs provisioning coverage at 55%
- NPLs coverage at 118% taking into account tangible collateral

Business expansion

- Strong deposit growth at 15% yoy benefiting from higher credit ratings than peers and leading position in the IBU market in Cyprus
- Lending growth at 9% yoy, with high liquidity allowing selective expansion at attractive pricing

Key performance indicators

- Return on equity at 11,9%
- Cost to income ratio improved to 50,0%
- FY10 Net Interest Margin at 2,66% (27bps higher than FY09)

Issue of Convertible Enhanced Capital Securities (CECSs)

- Issue of **€1.342 mn** of CECSs (direct, unsecured subordinated securities, perpetual with no maturity)
- Offered to registered shareholders in the ratio of **€3 CECSs per every 2 shares**
- Subscription in cash or by exchanging existing Tier 1 and Tier 2 instruments (about €818 mn; comprising Convertible Bonds 2013/18, Convertible Capital Securities and Capital Securities 12/2007)
- **Interest rate: fixed 6,5%** till 30 June 2016 and **floating 6M-Euribor + 3,00%** thereafter
- Conversion: at option of holder at **Conversion Price €3,30** per ordinary share during **Conversion periods**
- **Mandatory Conversion at Mandatory Conversion Price** in case of **Contingency Event** or **Viability Event**
 - **Contingency Event:** (a) **Core Tier 1 ratio (as per BII) or Common Equity Tier 1 ratio (after BIII regulatory adoption) falls below 5%**; or (b) Central Bank of Cyprus determines that Bank of Cyprus will be non-compliant with required regulatory limits of Total Capital Ratio thresholds
 - **Viability Event:** (a) Central Bank of Cyprus determines that conversion of CECSs is required to improve capital adequacy to prevent insolvency; or (b) Central Bank of Cyprus determines that Bank of Cyprus requires public sector support to prevent insolvency

Continued commitment to dividend policy

- Final cash dividend of €0,03 per share
- Total cash dividend of €0,09 per share
 - (Including interim dividend of €0,06 already paid)
- Important dates
 - Annual General Meeting 24th May 2011
 - Ex-dividend date 31st May 2011
- Dividend reinvestment plan at 10% discount
- Continued dividend policy despite challenging conditions

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Income Statement and Balance Sheet Review

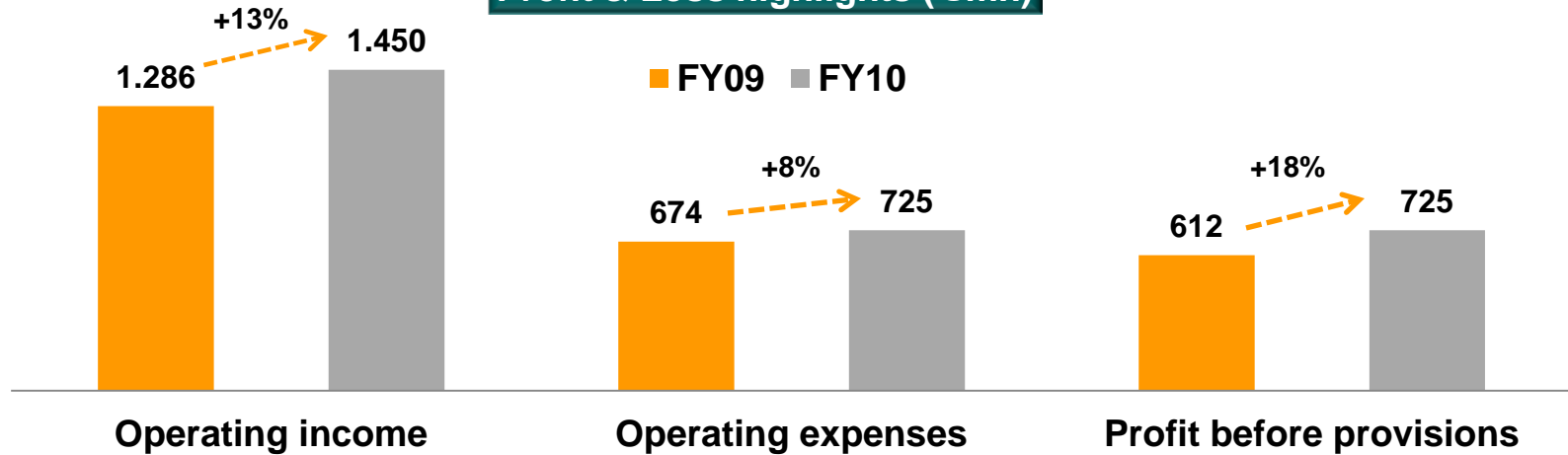
Profit and Loss Highlights

(€mn)	FY10	FY09	yoy %	4Q10	3Q10	qoq %
Net interest income	1.041	848	+23%	273	271	+1%
Net fee & commission income	231	243	-5%	61	59	+3%
Foreign exchange income and net gains from financial instruments	110	116	-5%	55	17	+221%
Insurance income net of insurance claims	59	63	-6%	14	15	-11%
Other income	9	16	-47%	4	0	
Total income	1.450	1.286	+13%	407	362	+12%
Total expenses	725	674	+8%	194	178	+8%
Profit before provisions	725	612	+18%	213	184	+16%
Provisions	375	248	+51%	145	83	+74%
Share of (loss)/profit of associates	(2)	1		0	0	
Profit before tax	348	365	-5%	68	101	-33%
Taxation	46	43	+6%	9	14	-34%
Non-controlling interest loss/(profit)	4	(9)		(1)	2	
Profit after tax	306	313	-2%	58	85	-31%
Cost to Income Ratio	50,0%	52,4%	-2,4 p.p.	47,5%	49,3%	-1,8 p.p.
Return on Equity	11,9%	14,0%	-2,1 p.p.	9,1%	14,3%	-5,2 p.p.

Increased Pre-provision Profitability and Improved Efficiency

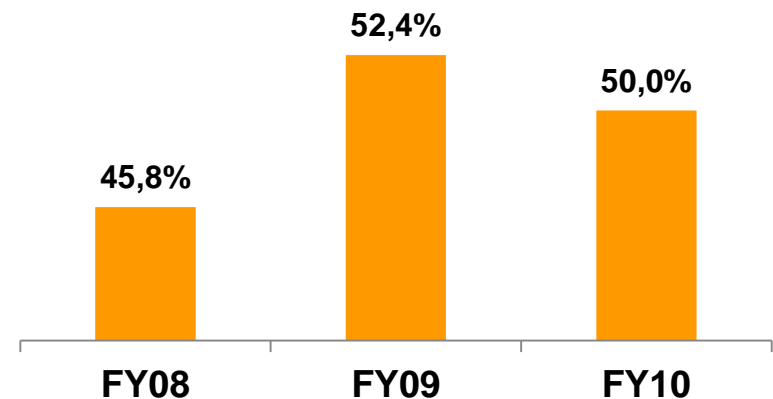
Group

Profit & Loss highlights (€mn)



- Higher recurring income and contained cost growth lead to increased pre-provision profitability and improved efficiency
 - FY10 Pre-provision income at €725 mn (+18% yoy)
 - FY10 Cost-to-income ratio at 50,0% (an improvement of 240 basis points yoy)

Cost to Income ratio (%)

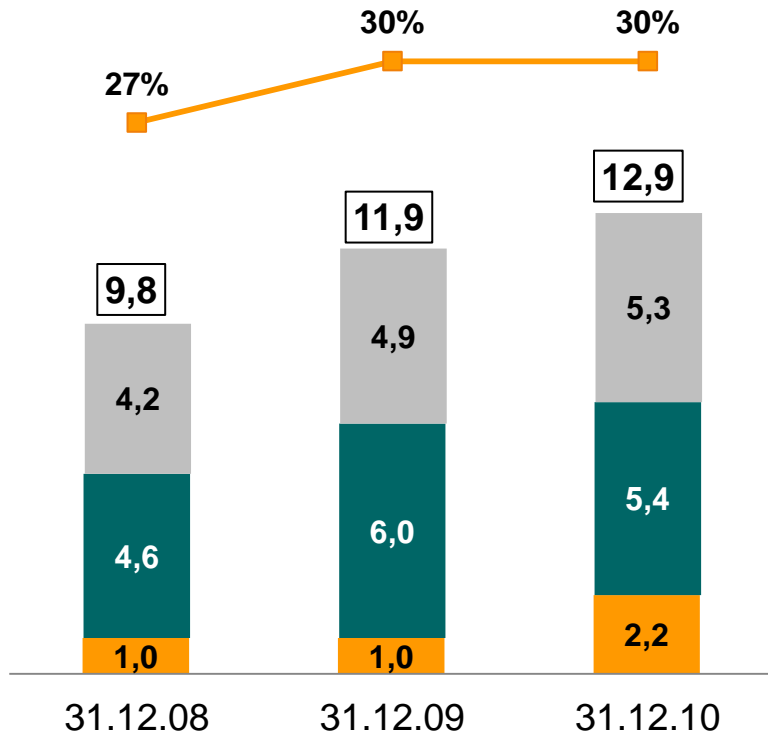


Balance Sheet Overview

€mn	% yoy	31.12.10	31.12.09
Cash and balances with central banks	+115%	2.242	1.044
Placements with banks and reverse repurchase agreements	-11%	5.385	6.068
Debt securities, Treasury bills and equity investments	+8%	5.346	4.928
Net loans and advances to customers	+8%	27.725	25.636
Other assets	+12%	1.940	1.735
Total assets	+8%	42.638	39.411
Amounts due to banks and repurchase agreements	-20%	4.620	5.786
Customer deposits	+15%	32.953	28.585
Debt securities in issue	-84%	84	519
Other liabilities	+12%	1.222	1.089
Subordinated loan stock	-2%	931	947
Non-controlling interests	+46%	91	62
Shareholders' equity	+13%	2.737	2.423

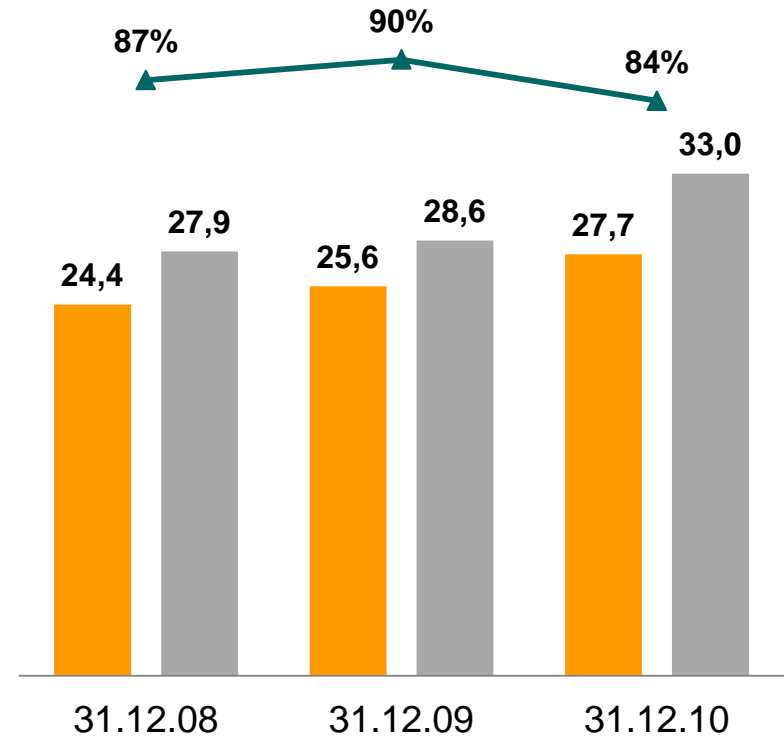
Solid Balance Sheet Structure: Healthy Liquidity and Balanced Business Expansion

Liquid Assets ** (€bn)



- Debt Securities, T-Bills
- Bank Placements
- Cash/Central Bank
- Liquid Assets % Total Assets

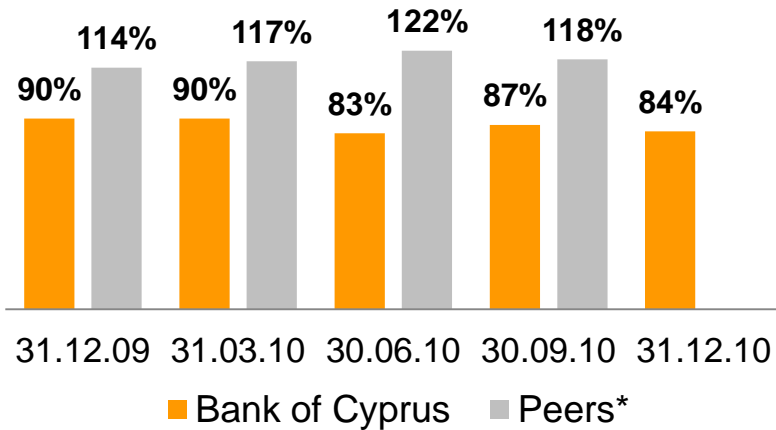
Balanced business expansion



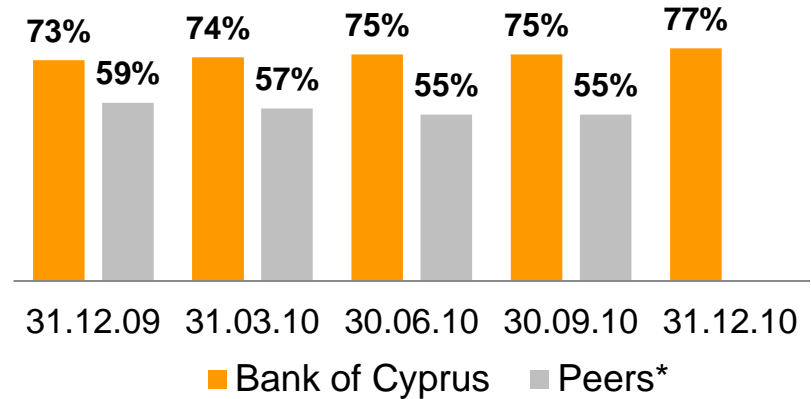
- Net Loans (€bn)
- Customer Deposits (€bn)
- ▲ Net Loans % Customer Deposits

Solid Funding Structure: Strong Deposit Franchise and Limited Dependence on Wholesale Funding

Net Loans % Customer deposits

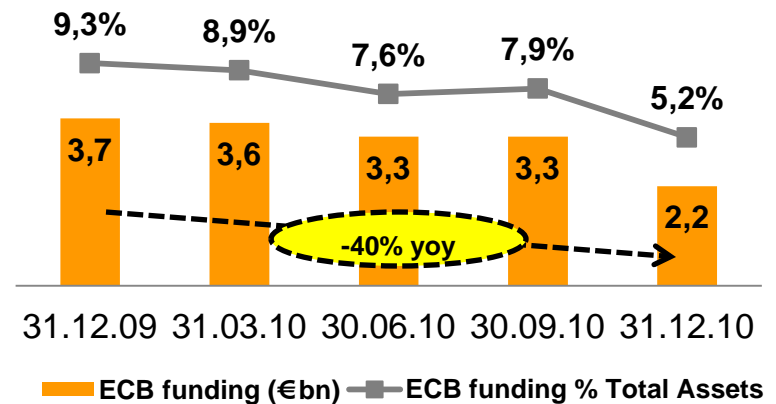


Customer deposits % Total Assets



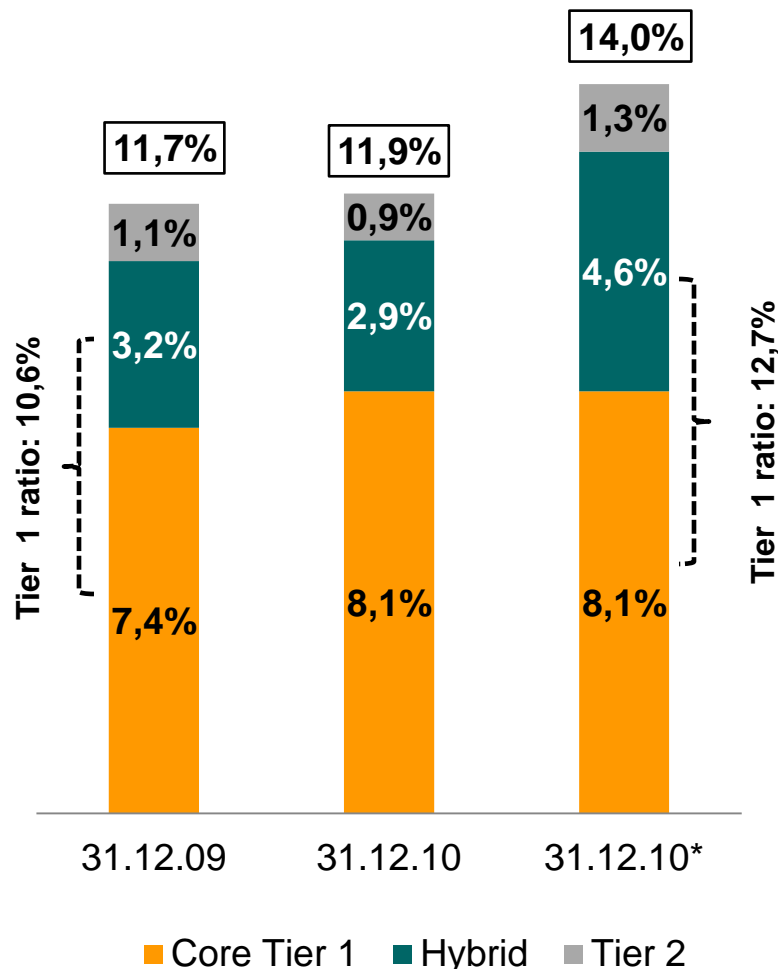
- **Healthy liquidity; one of the best loans/deposits ratios in Europe at 84%**
 - Cyprus L/D ratio 68%, Greece L/D ratio 99%
- **Primarily deposit funded: 77% of assets funded by customer deposits**
- **Limited reliance on wholesale funding and minimal refinancing maturities: €200 mn in 2011 and none in 2012**
- **ECB funding reduced by 40% during 2010**

ECB Funding



Strong capital position

Capital adequacy ratios



- No government solvency assistance
- Post successful capital increase of €345 mn
 - 8,1% Core Tier 1 ratio
 - 11,0% Tier 1 ratio
 - 11,9% Total capital ratio
- Capital position to be strengthened with the issue of Convertible Enhanced Capital Securities
 - 12,7% pro-forma Tier 1 ratio
 - 14,0% pro-forma Total capital ratio

(€mn)	31.12.09	31.12.10	31.12.10*
Shareholder's equity	2.423	2.737	2.737
Core Tier I capital	1.781	2.134	2.134
Hybrid capital (Tier I)	753	752	1.212
Tier I capital	2.534	2.886	3.346
Tier II capital	271	243	332
Total regulatory capital	2.805	3.129	3.678
Risk weighted assets	24.065	26.277	26.277

* Pro-forma figures taking into account the issue of Convertible Enhanced Capital Securities and assuming that all 'Eligible Securities' (as defined in the terms of the issue) (€18 mn) are exchanged for the new Convertible Enhanced Capital Securities.

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Strategic priorities and 2011 Target

Strategic priorities for 2011

Balance sheet strength

Safeguard healthy liquidity

Maintain strong capital adequacy

Achieve satisfactory profitability

Manage risks effectively

Business expansion

Selective lending expansion at appropriate pricing

Enhance presence in new markets with growth potential

2011: A challenging year ahead

- **Continue conservative policy and maintain provisions at high levels**
- **Robust increase in pre-provision and pre-tax profitability**
- **2011 Profit after tax expected to remain at similar levels as 2010**
- **Profitable in all markets**

Key information and contact details

Credit Ratings:

Moody's : Baa2 / P-2 (stable outlook)

Fitch: BBB+ / F2 (negative outlook)

Listing:

ATHEX – BOC

CSE – BOCY

ISIN CY0000100111

Participation in indices:

CSE General Index , FTSE/CySE 20

FTSE/ATHEX Top 20

FTSE Med 100, MSCI Greece Index,

FTSE New EU

DJ STOXX EU Enlarged TMI

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Cyprus: Summary profit & loss and key indicators

(€mn)	2010	2009	yoy%	4Q10	3Q10	qoq%
Net interest income	523	428	+22%	136	138	-2%
Net fee & commission income	127	123	+4%	33	33	-2%
FX income & net gains from financial instruments	76	87	-13%	43	12	+253%
Insurance income	48	52	-9%	11	13	-18%
Other income	5	8	-34%	2	2	--
Total income	779	698	+12%	225	198	+14%
Personnel expenses	225	224	+0%	57	57	+1%
Other operating expenses	117	97	+21%	36	28	+29%
Total expenses	342	321	+7%	93	85	+9%
Profit before provisions	437	377	+16%	132	113	+17%
Provisions	145	78	+85%	44	40	+10%
Share of (loss)/profit of associates	(2)	1		0	0	
Profit before tax	290	300	-3%	88	73	+20%
Taxation	39	13	+193%	18	8	+132%
Non-controlling interest loss/(profit)	5	(5)		1	--	
Profit after tax	256	282	-9%	71	65	+10%
Net Interest Margin (NIM)	2,12%	1,98%	+14 b.p.	2,13%	2,10%	+3 b.p.
Cost to Income Ratio	44,0%	46,0%	-2,0 p.p.	41,4%	43,0%	-1,6 p.p.
Return on Equity (ROE)	22,8%	26,4%	-3,6 p.p.			

Greece: Summary profit & loss and key indicators

(€mn)	2010	2009	yoy%	4Q10	3Q10	qoq%
Net interest income	310	263	+18%	80	76	+5%
Net fee & commission income	51	55	-7%	14	11	+32%
FX income & net gains from financial instruments	22	10	+126%	6	3	+132%
Insurance income	11	10	+10%	3	2	+21%
Other income	1	2	-56%	0	0	--
Total income	395	340	+16%	103	92	+12%
Personnel expenses	113	110	+3%	27	26	+5%
Other operating expenses	88	85	+2%	24	22	+9%
Total expenses	201	195	+3%	51	48	+6%
Profit before provisions	194	145	+34%	52	44	+18%
Provisions	184	120	+54%	83	31	+164%
Share of (loss)/profit of associates	--	--				
Profit before tax	10	25	-61%	(31)	13	-346%
Taxation	(1)	22	-107%	(8)	4	-326%
Non-controlling interest loss/(profit)	--	--				
Profit after tax	11	3	+268%	(23)	9	-355%
Net Interest Margin (NIM)	2,23%	1,94%	+29 b.p.	2,39%	2,22%	+17 b.p.
Cost to Income Ratio	50,8%	57,4%	-6,6 p.p.	49,7%	52,2%	-2,5 p.p.
Return on Equity (ROE)	1,6%	0,5%	+1,1 p.p.			

Russia: Summary profit & loss and key indicators

(€mn)	2010	2009	yoy%	4Q10	3Q10	qoq%
Net interest income	119	72	+66%	34	32	+4%
Net fee & commission income	41	55	-26%	10	11	-10%
FX income & net gains from financial instruments	9	18	-46%	4	1	+209%
Insurance income	--	--	--	--	--	--
Other income	2	6	-75%	0	1	--
Total income	171	151	+14%	48	45	+7%
Personnel expenses	63	55	+14%	14	16	-6%
Other operating expenses	62	55	+15%	18	15	+15%
Total expenses	125	110	+14%	32	31	+4%
Profit before provisions	46	41	+12%	16	14	+14%
Provisions	25	28	-11%	8	7	+3%
Share of (loss)/profit of associates	--	--	--	--	--	--
Profit before tax	21	13	+61%	8	7	+26%
Taxation	4	2	+134%	(1)	2	--
Non-controlling interest loss/(profit)	(1)	(4)	--	(1)	(1)	--
Profit after tax	16	7	+116%	8	4	+79%
Net Interest Margin (NIM)	5,85%	4,31%	+154 b.p.	6,31%	6,30%	+1 b.p.
Cost to Income Ratio	73,3%	72,9%	+0,4 p.p.	66,8%	68,7%	-1,9 p.p.
Return on Equity (ROE)	9,4%	6,1%	+3,3 p.p.			

Other countries: Summary profit & loss and key indicators

(€mn)	2010	2009	yoy%	4Q10	3Q10	qoq%
Net interest income	89	85	+4%	23	24	-4%
Net fee & commission income	12	10	+18%	3	3	-3%
FX income & net gains from financial instruments	3	1	+151%	1	1	+42%
Insurance income	--	--	--	--	--	--
Other income	1	1	-	2	-2	--
Total income	105	97	+7%	29	26	+12%
Personnel expenses	29	25	+16%	7	7	--
Other operating expenses	28	23	+17%	9	7	+37%
Total expenses	57	48	+17%	16	14	+17%
Profit before provisions	48	49	-2%	13	12	+5%
Provisions	21	22	-7%	10	4	+152%
Share of (loss)/profit of associates	--	--	--	--	--	--
Profit before tax	27	27	+1%	3	8	-67%
Taxation	4	6	-33%	1	1	-41%
Non-controlling interest loss/(profit)	--	--	--	--	--	--
Profit after tax	23	21	+12%	2	7	-72%
Net Interest Margin (NIM)	2,56%	2,80%	-24 b.p.	2,53%	2,64%	-11 b.p.
Cost to Income Ratio	53,7%	49,4%	+4,3 p.p.	55,7%	53,0%	+2,7 p.p.
Return on Equity (ROE)	12,9%	13,2%	-0,3 p.p.			