

Financial Results 1Q10 - Highlights

Income Statement and B/cce Sheet Review

Performance by geographic market

Group strategy and 2010 targets

Appendix 1: Detailed Financial Information

Financial Results for 1st Quarter 2010

26 May 2010

Disclaimer

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Financial Results 1st Quarter 2010 - Highlights

Financial Results 1Q09 - Highlights

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1st Quarter 2010 Financial Highlights

Amid challenging operating conditions, the Bank of Cyprus results reaffirm its successful planning policies and its chosen business model, allowing it to achieve increased profitability, maintain a strong balance sheet and remain on track to achieve its business and financial targets for 2010

Increased profitability

- 1Q10 Profit before provisions €165 mn (+46% y/y)
- 1Q10 Profit after tax €81 mn (+29% y/y)
- Positive contribution to profit from all markets
- Net Interest income €242 mn (+33% y/y)

Ample liquidity

- Group Loans to Deposits ratio at 90%
- Primarily deposit funded (74% of assets funded by customer deposits)
- Liquid assets €11,4 bn (29,1% of total assets)

1st Quarter 2010 Financial Highlights

Strong capital position

- Total capital adequacy ratio at 11,3%
- Tier 1 ratio at 10,2%
- Core Tier 1 ratio at 7,1% (+80 b.p. y/y)

Asset quality

- NPLs ratio at 6,0%
- NPLs provisioning coverage at 58%
- NPLs coverage at 122% taking into account tangible collateral

Key performance indicators

- Return on equity at 13,3%
- Cost to income ratio at 51,0%
- Net interest margin at 2,60%

Income Statement and Balance Sheet Review

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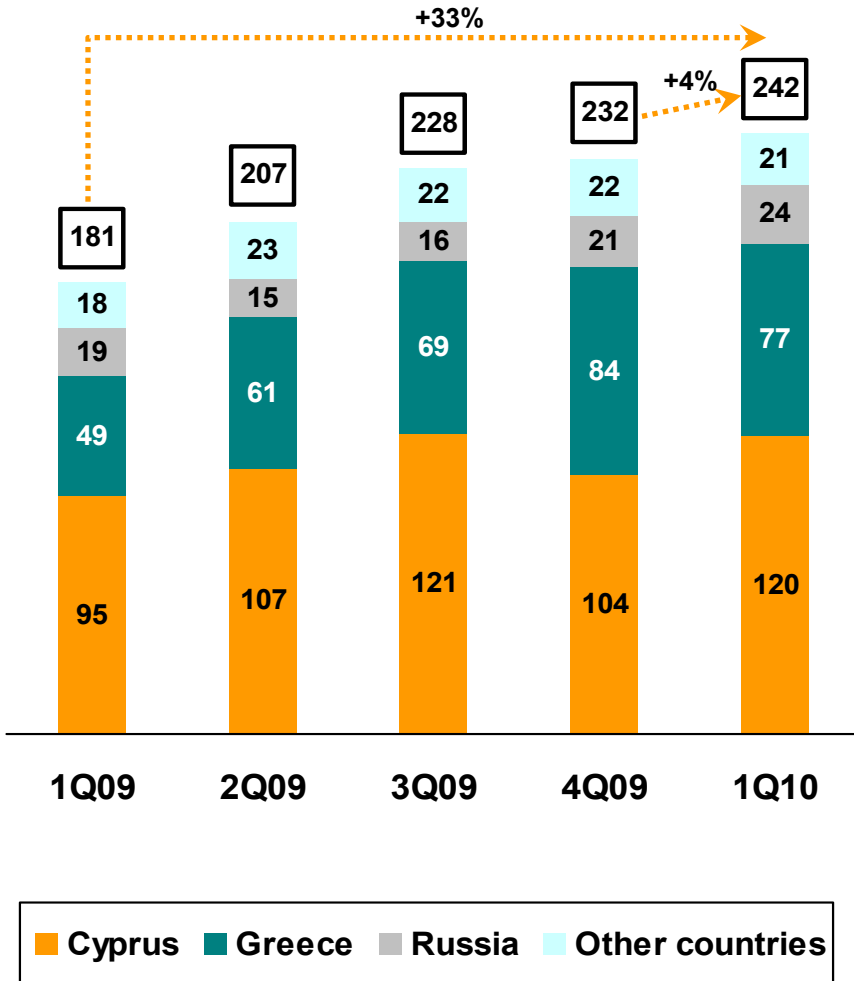
Group Profitability

GROUP

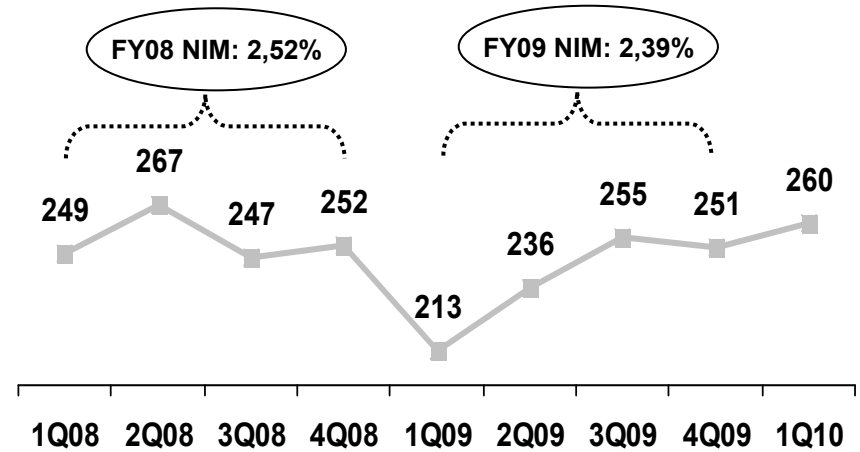
(€ mn)	1Q10	1Q09	y/y %	4Q09	1Qvs4Q
Net interest income	242	181	+33%	232	+4%
Net fee & commission income	52	54	-3%	71	-27%
Foreign exchange income and gains from financial instruments	27	17	+54%	11	+144%
Insurance operations income	15	15	-1%	17	-10%
Other income	2	2	+74%	6	-74%
Total income	338	269	+25%	337	0%
Total expenses	173	156	+10%	179	-4%
Profit before provisions	165	113	+46%	158	+4%
Provisions	73	35	+111%	92	-20%
Share of profit/(loss) of associate	-1	0	+196%	-1	-55%
Profit before tax	91	78	+17%	65	+39%
Tax	12	16	-25%	16	-27%
Non-controlling interest loss/(gain)	-2	-1	-108%	-1	+583%
Profit after tax	81	63	+29%	48	+67%
Cost to Income Ratio	51,0%	57,9%	-6,9 p.p.	53,0%	-2,0 p.p.
Return on Equity	13,3%	12,4%	+0,9 p.p.	8,1%	+5,2 p.p.

Improving Net Interest Income and Margin

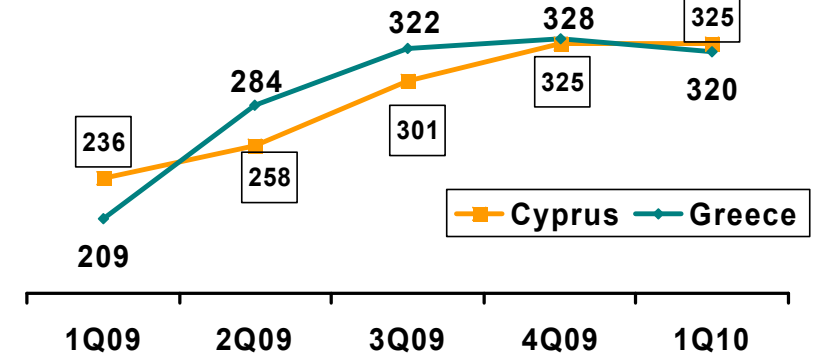
Net Interest Income (€ mn)



Evolution of Group Net Interest Margin (bp)

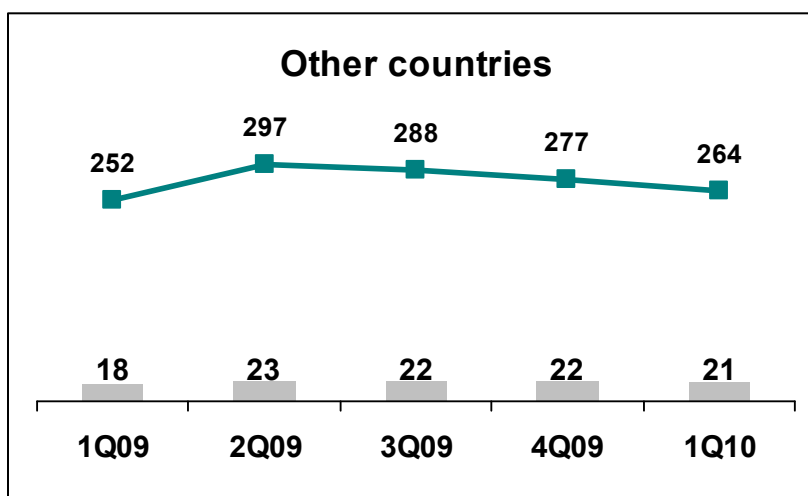
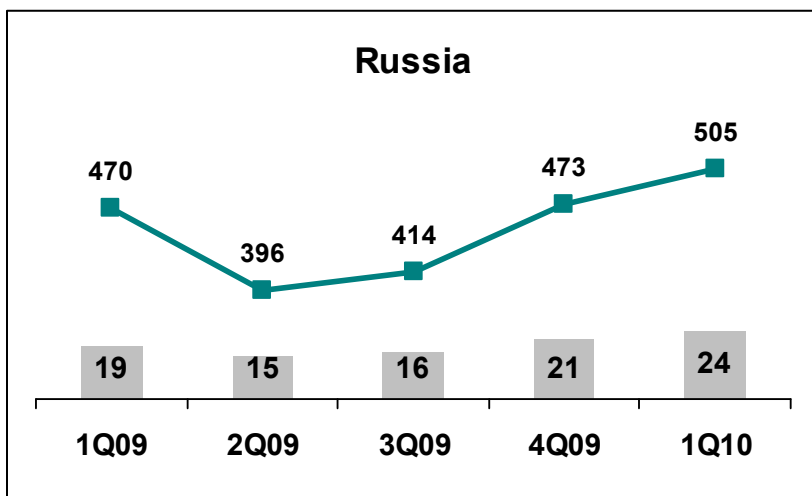
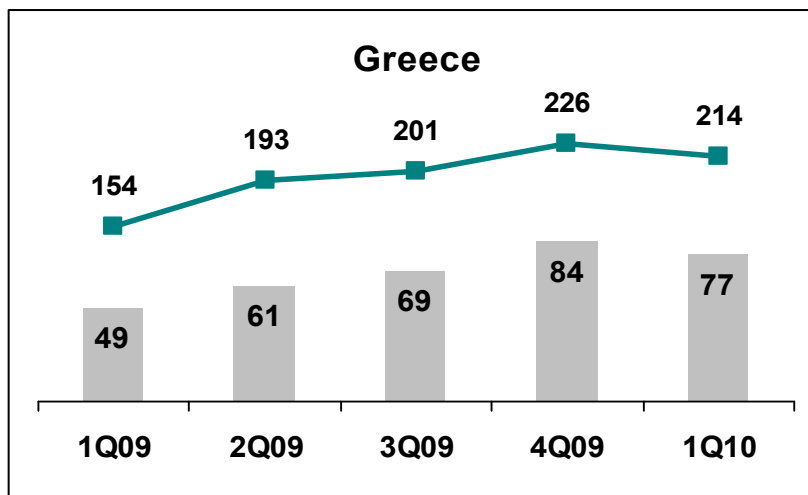
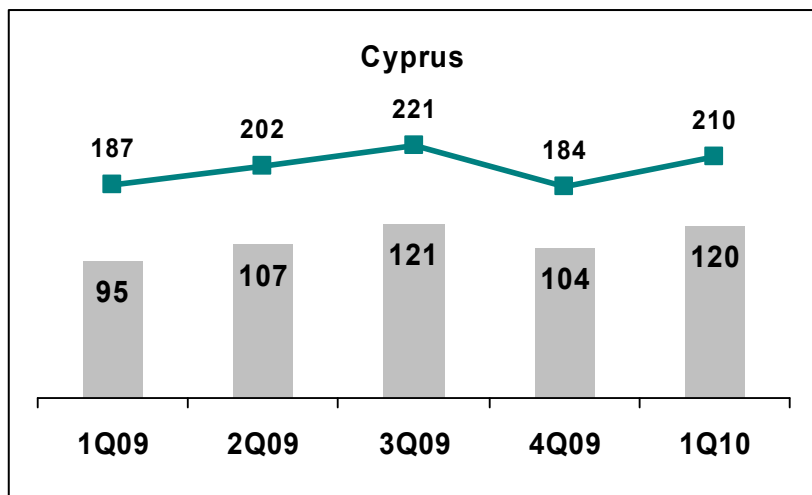


Evolution of Euro customer spread (bp)



Euro customer spread = Yield on Loans – Cost of deposits for Euro business

Net interest income and interest margin by geography



NII (€ mn)

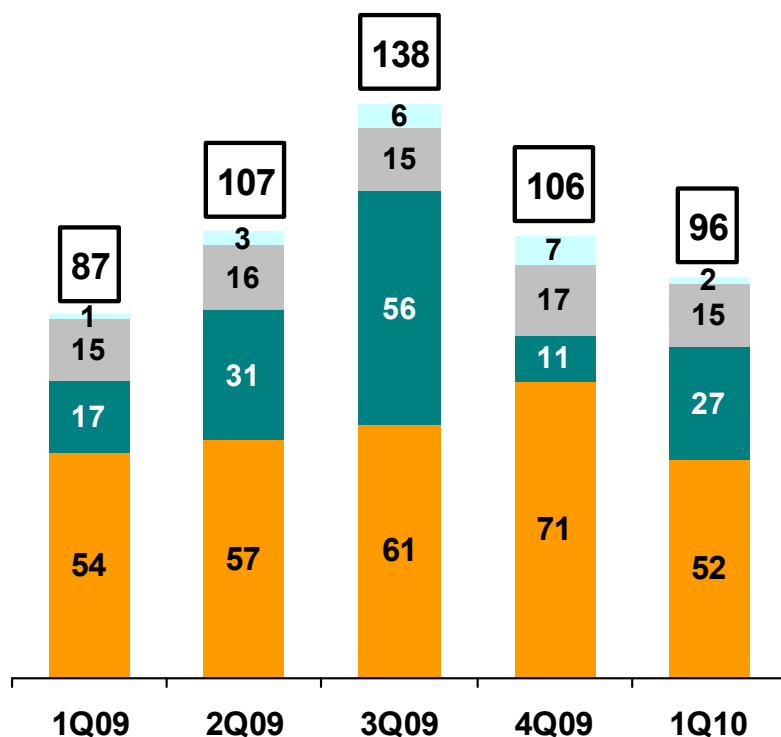
NIM (bp)

Other countries comprise of Romania, Ukraine, UK and Australia



High non interest income supports operating income

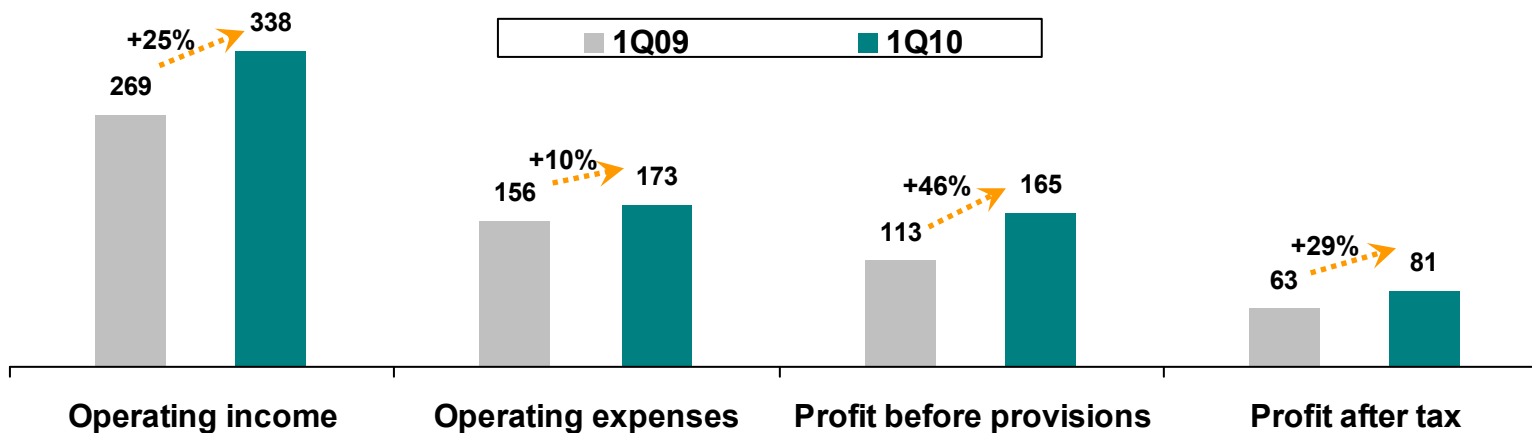
Composition of non interest income (€ mn)



- **Fee and commission income**
 - In line with 1Q09 income
 - Lower income compared to 4Q09 mainly due to lower business volumes and seasonality
- **FX Income**
 - €8 mn in 1Q10, compared to €20 mn in 1Q09
- **Gains from financial instruments**
 - €19 mn in 1Q10, compared to a loss of €3 mn in 1Q09 , mainly due to realised gains from bonds disposals

Improved pre-provision profitability and efficiency

Profit & Loss highlights (€ mn)

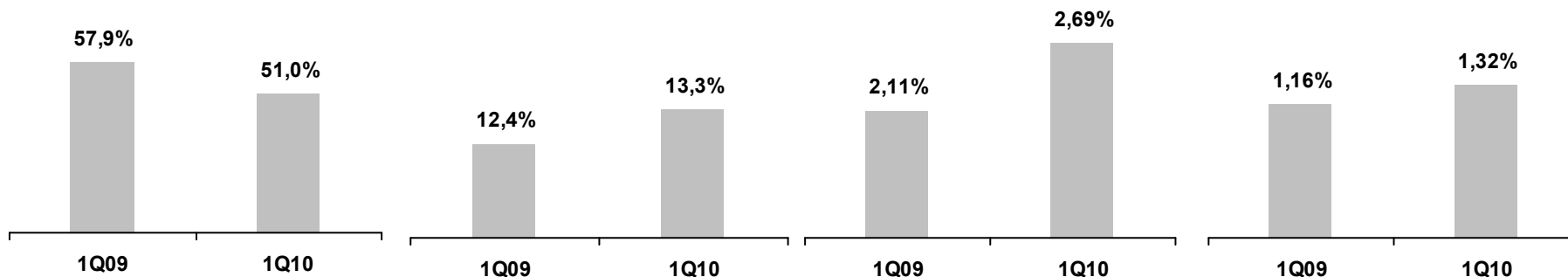


Cost to Income ratio (%)

Return on Equity (%)

Profit before provisions % RWA*

Net income % RWA*

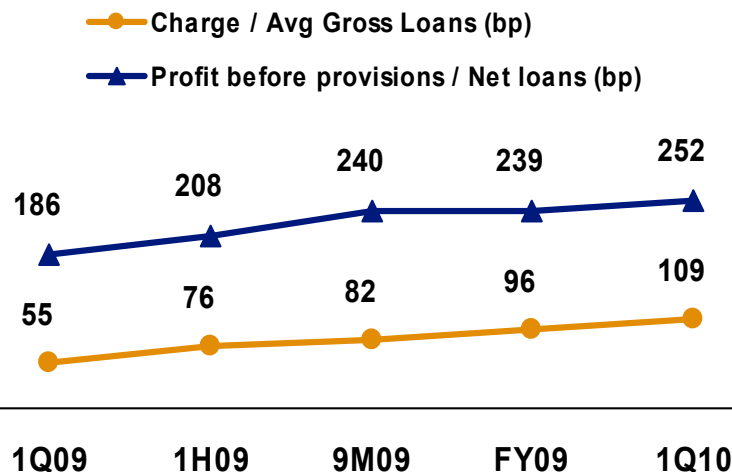


*RWA=Risk Weighted Assets



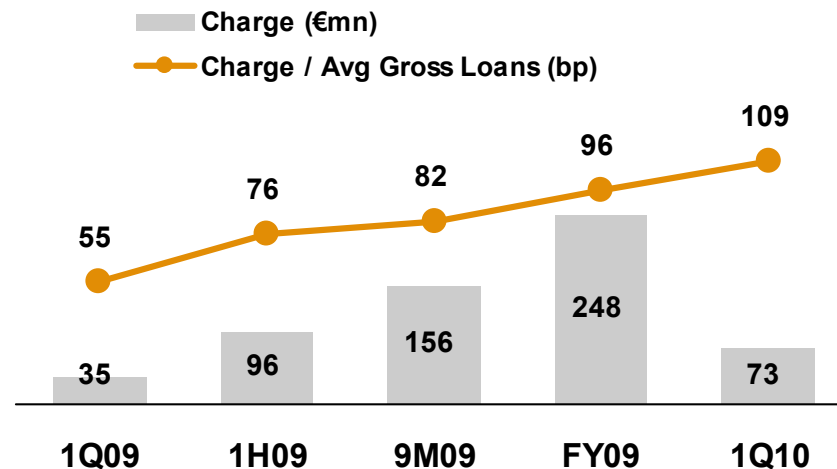
Improved pre-provision profit margin absorbs higher provision charges

Pre-provision profit margin



- **High pre-provision profitability allows the Group to remain profitable even with higher provisioning levels**

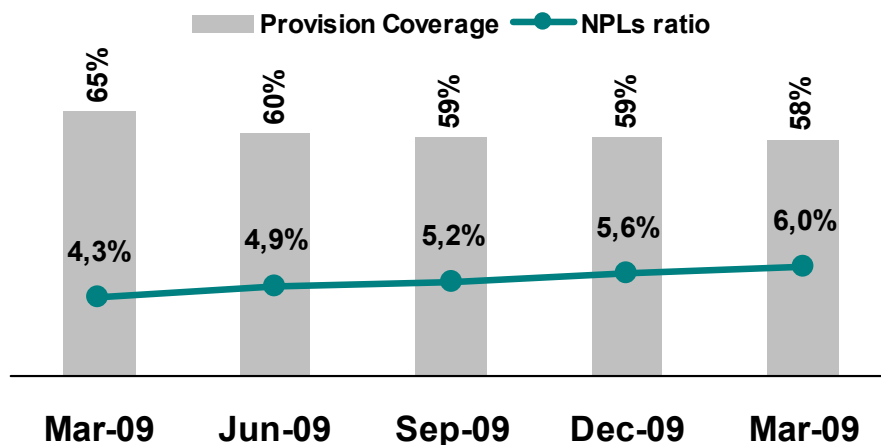
Provision charge



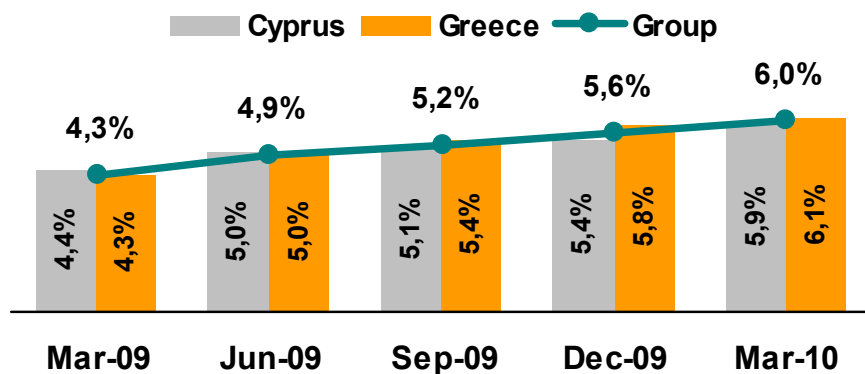
- **Credit costs remain high due to the challenging credit conditions**
 - **1Q10 provision charge of €73 mn (+111% y/y)**
 - **1Q10 credit costs 109 bp (compared to 55 bp in 1Q09 and 96 bp in FY09)**

Resilient loan portfolio

Group NPLs ratio and Provision coverage



NPLs ratio in main markets



- Resilient loan portfolio
 - Group NPLs ratio at 6,0% up by 40 bp from 4Q09
- Adequate provision coverage at 58%
 - Including collective provisioning of around 1% of total loans
- NPLs coverage increases to 122% taking into account tangible collateral (109% taking into account force sale value)
- NPLs ratio maintained at lower level than average for Greek and Cypriot banking systems

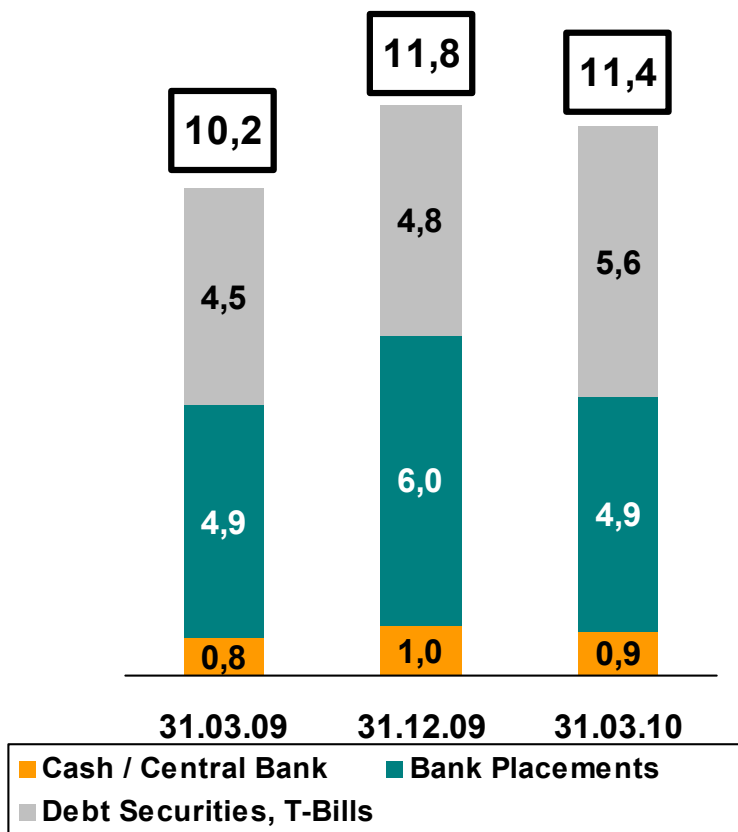
Balance Sheet overview

GROUP

€ mn	% y/y	31.03.10	31.03.09	31.12.09
Cash and balances with central banks	+17%	913	782	1.044
Placements with banks and reverse repurchase agreements	+1%	4,919	4.852	6.068
Debt securities, Treasury bills and equity investments	+27%	5.719	4.510	4.928
Net loans and advances to customers	+7%	26.266	24.525	25.636
Other assets	+15%	1.912	1.658	1.735
Total assets	+9%	39.729	36.327	39.411
Amounts due to banks and repurchase agreements	+58%	5.300	3.346	5.786
Customer deposits	+4%	29.203	28.055	28.585
Debt securities in issue	-44%	524	929	519
Other liabilities	+14%	1.193	1.041	1.089
Subordinated loan stock	+4%	956	919	947
Non-controlling interest	+349%	64	14	62
Shareholders' equity	+23%	2.489	2.023	2.423

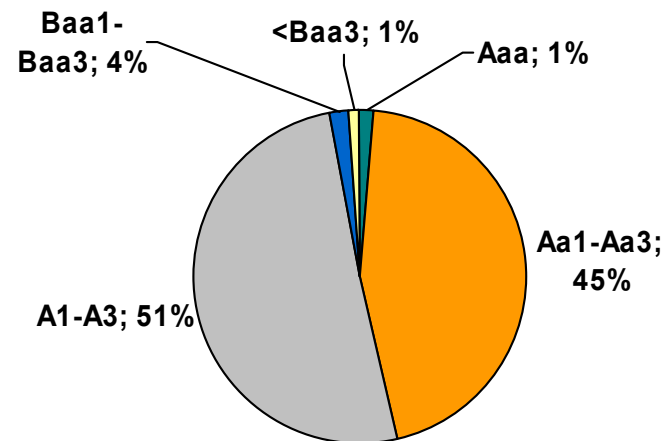
Highly liquid Balance Sheet

Liquid assets (€ bn)



- Liquid assets 29,1% of total assets at 31 March 2010

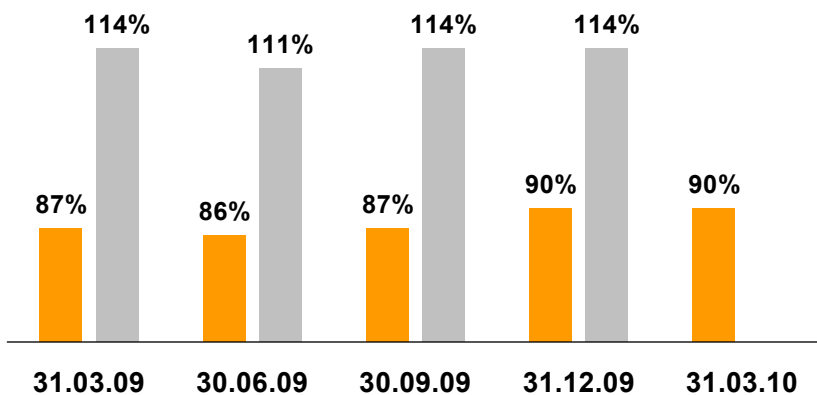
Securities portfolio



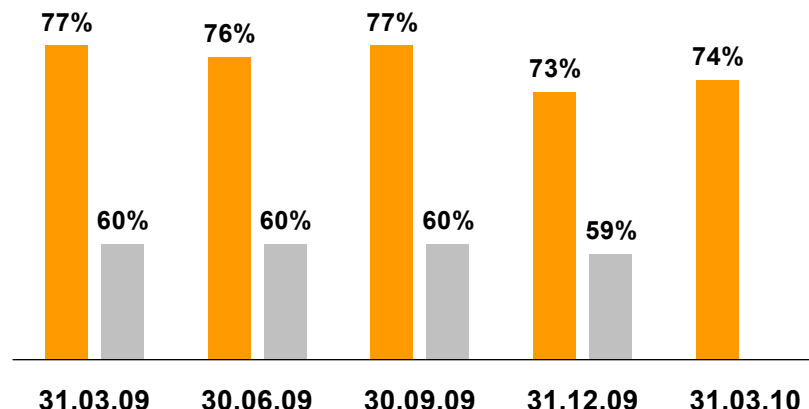
- Bond portfolio €5,6 bn
- Average rating of portfolio is A1
- Average life 6,6 years
- Breakdown by issuer:
 - 65,9% Government and Government guaranteed;
 - 32,4% Financial Institutions;
 - 1,3% Supnationals;
 - 0,4% Corporates;

Conservative funding profile: Strong deposit franchise and limited dependence on wholesale funding

Net loans % Customer Deposits



Customer deposits % Total assets



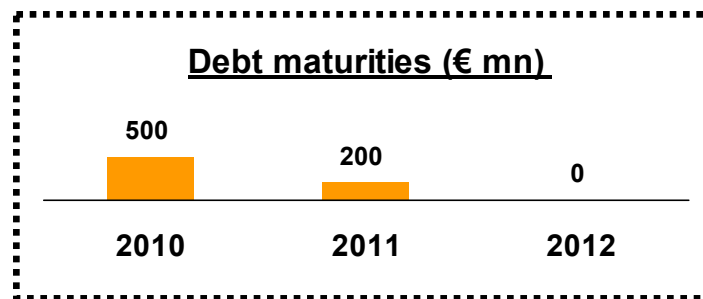
Bank of Cyprus

Peers*

- Strong customer deposit base
- High liquidity, with one of the lowest loans/deposits ratio among European banks
 - Group L/D ratio 90%
 - Cyprus L/D ratio 82%
 - Greece L/D ratio 89%
- Parallel growth of loans and deposits

- Primarily deposit funded: 74% of assets funded by customer deposits
- Limited reliance on wholesale funding
- Minimal refinancing maturities

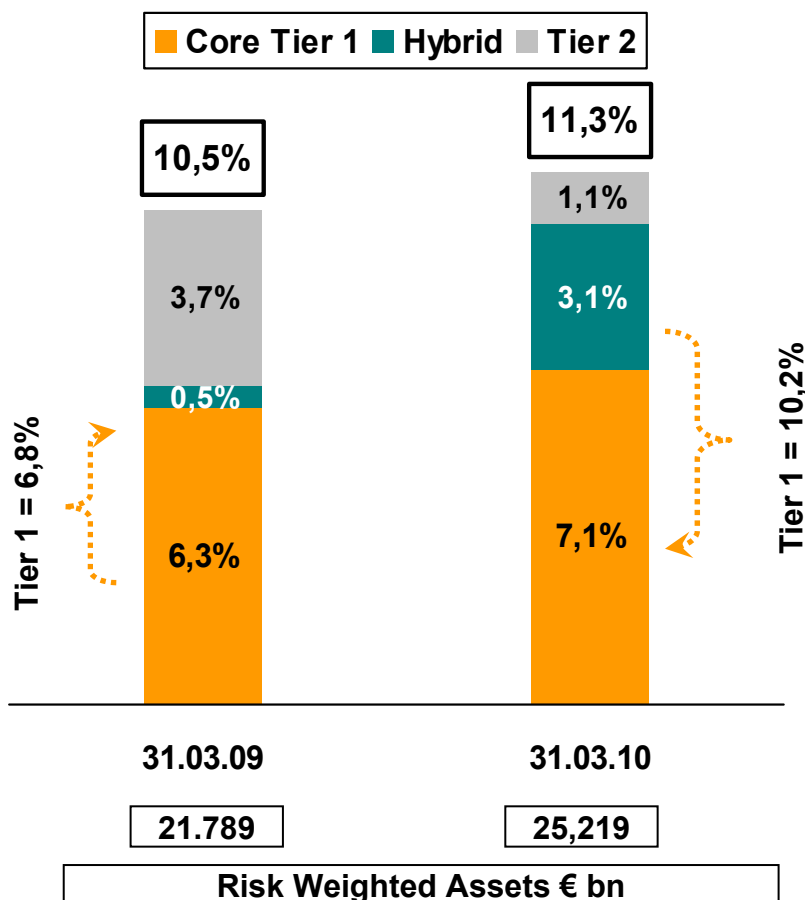
Debt maturities (€ mn)



* Peers: Weighted average of major Greek and Cypriot banks

Strong capital position

Capital adequacy ratios



- 7,1% Core Tier 1 ratio
- 10,2% Tier 1 ratio
- 11,3% Total capital ratio
- No government solvency assistance

(€ mn)	31.03.10	31.03.09
Shareholders' equity	2.489	2.023
Core Tier I Capital	1.800	1.371
Hybrid Capital (Tier I)	763	120
Tier I Capital	2.563	1.491
Tier II Capital	274	806
Total Regulatory Capital	2.837	2.297

Performance by geographic market

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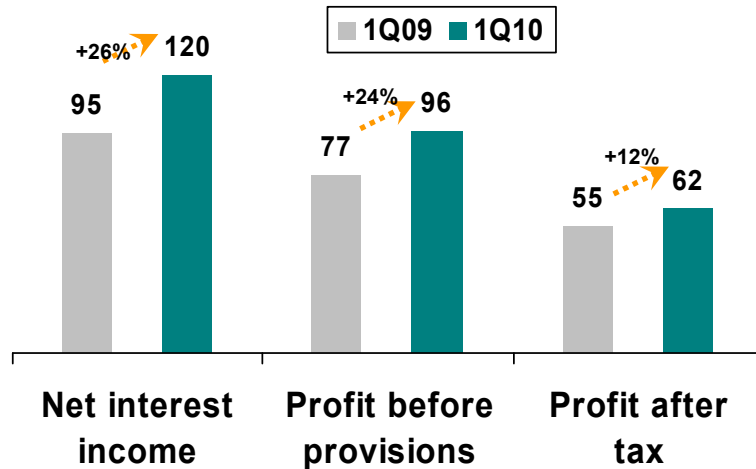
Performance by geographic market

Group strategy and 2010 targets

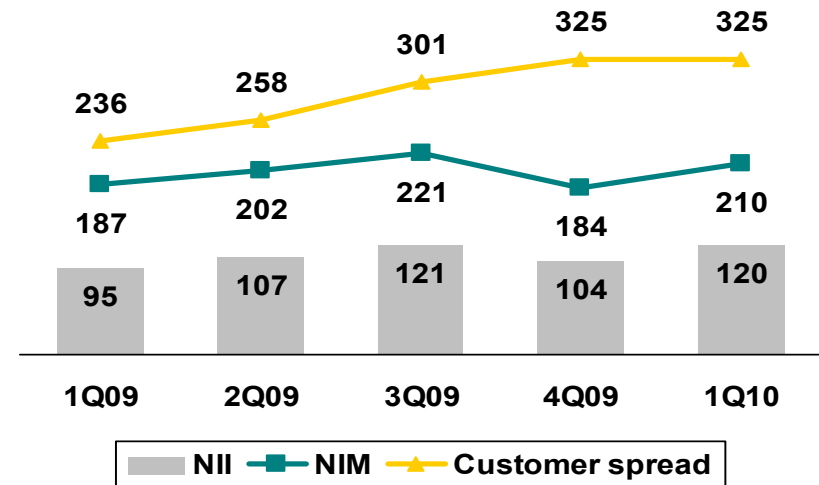
Appendix 1: Detailed Financial Information

Resilient Cypriot operations

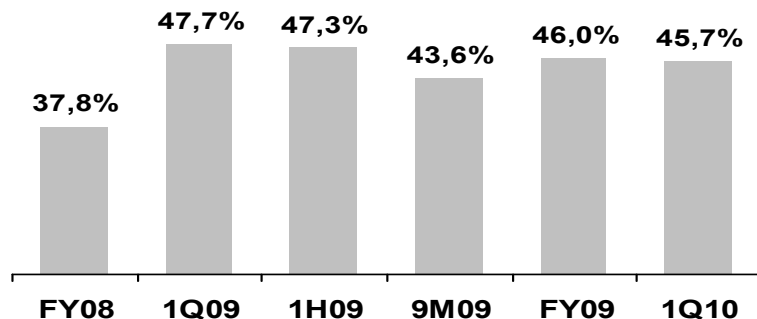
Profit & Loss highlights (€ mn)



Cyprus NII (€ mn), NIM and Spread (bp)



Cost to Income ratio (%)

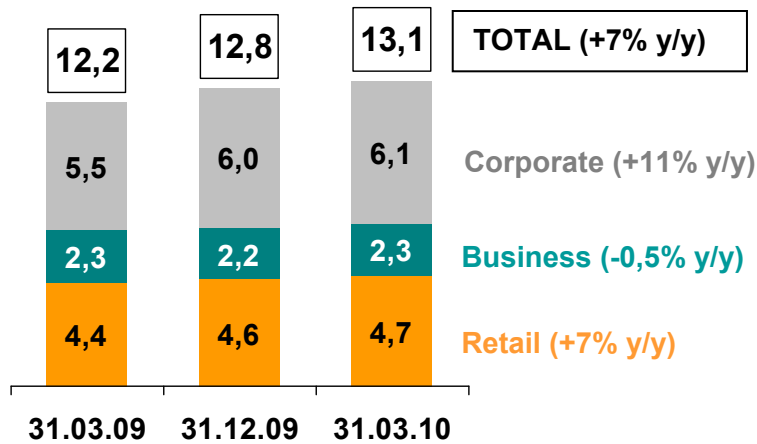


1Q10 Cyprus profitability affected by:

- Recovery of net interest income (+26% y/y)
- Higher fee income (+5% y/y)
- Significant increase in provisions (+96% y/y)

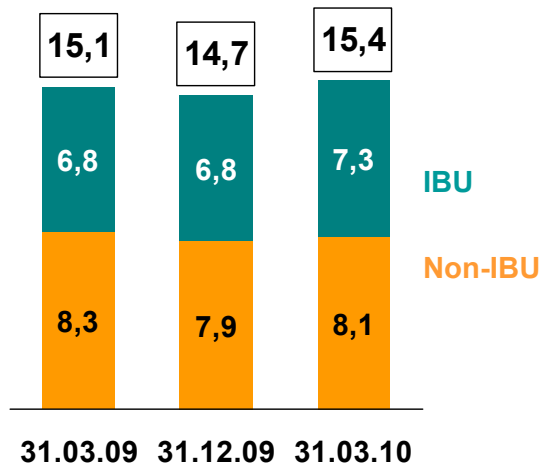
Leading financial institution in Cyprus

Loans (€ bn)

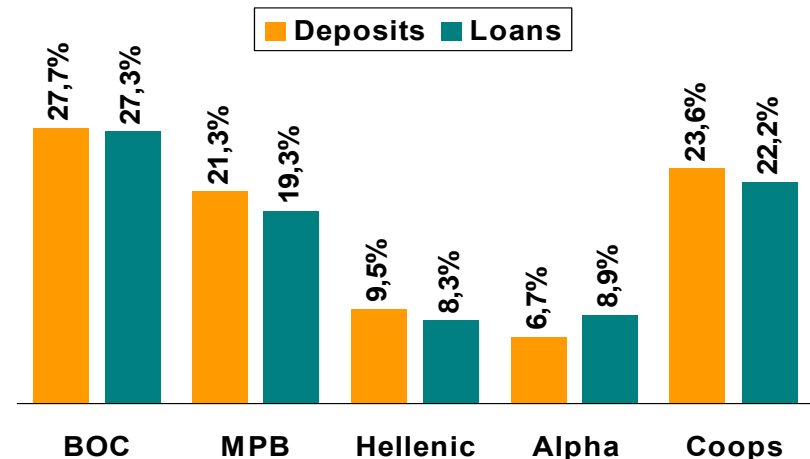


- Servicing
 - 500,000 Retail clients
 - 13,000 SMEs
 - 8,000 Corporates
 - 53,000 International companies

Deposits (€ bn)



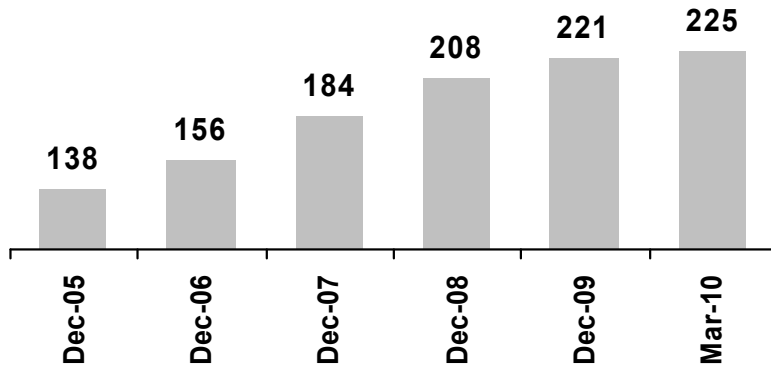
Market shares



Source: Central Bank of Cyprus (all market shares as of 31 March 2010)

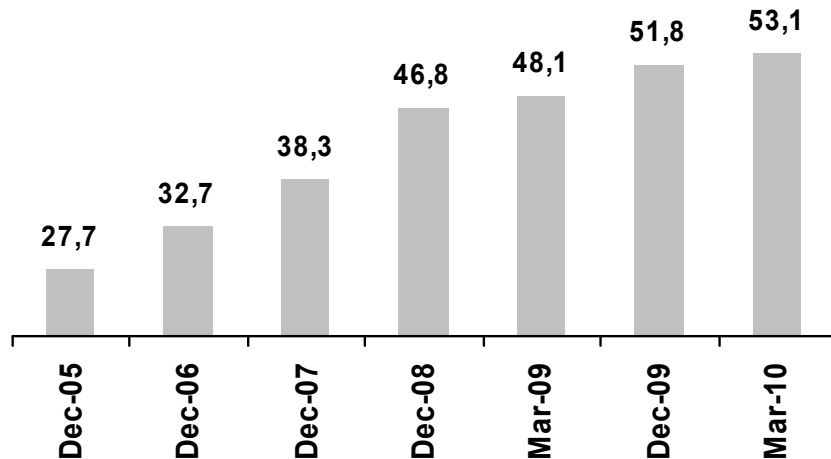
Market leader in international business sector

Companies registered in Cyprus ('000)



Source: Cyprus Registrar of Companies

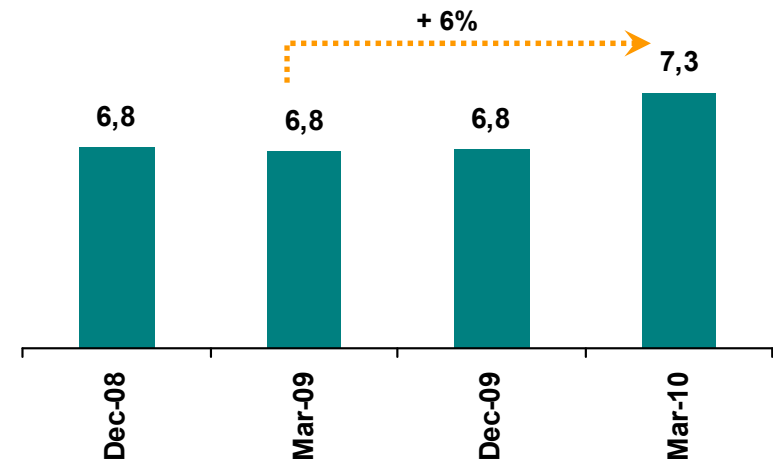
Number of active IBU customers ('000)



International Business Sector

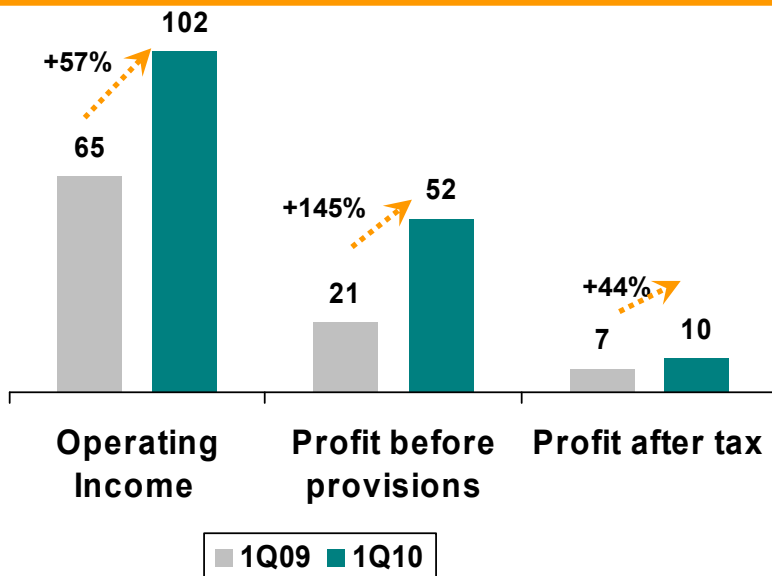
- Leading market share in foreign currency deposits 39,3%
- High quality service & skilled employees
- Presence in Eastern Europe to boost international business sector in Cyprus

Evolution of IBU deposits (€ bn)

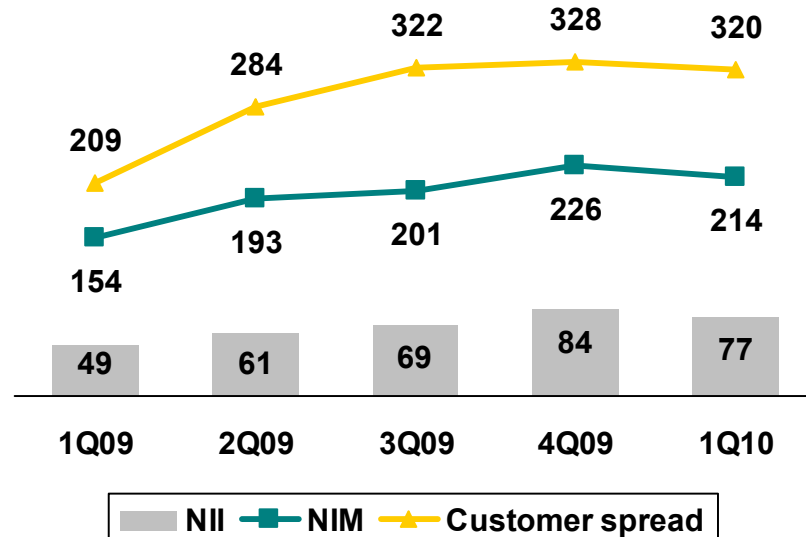


Increased profitability in a challenging market

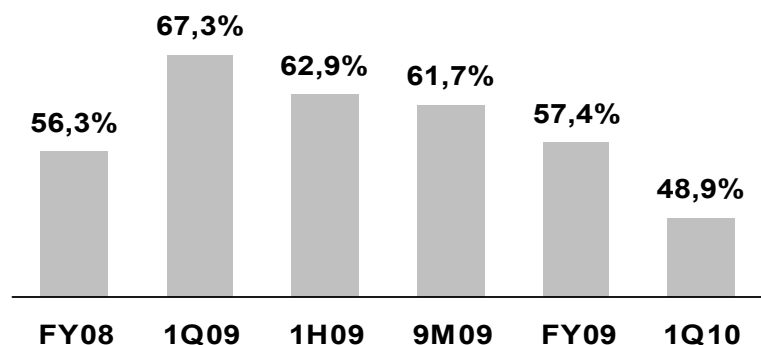
Profit & Loss highlights (€ mn)



Greece NII (€ mn), NIM and Spread (bp)



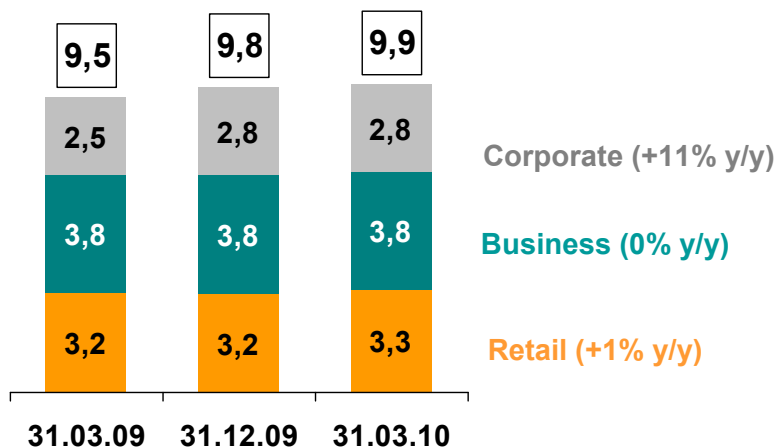
Cost to Income ratio (%)



- Higher profitability in a challenging market
- Strong increase in operating income due to higher net interest income and increased gains from financial instruments
- Higher efficiency indicators

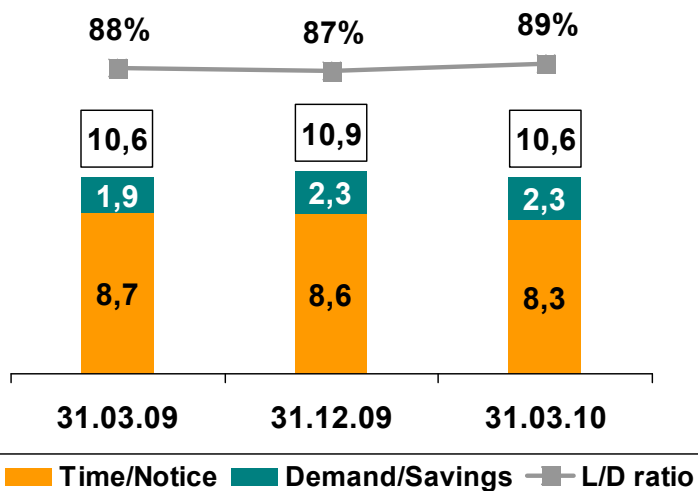
High liquidity allows cautious business expansion

Loans (€ bn)

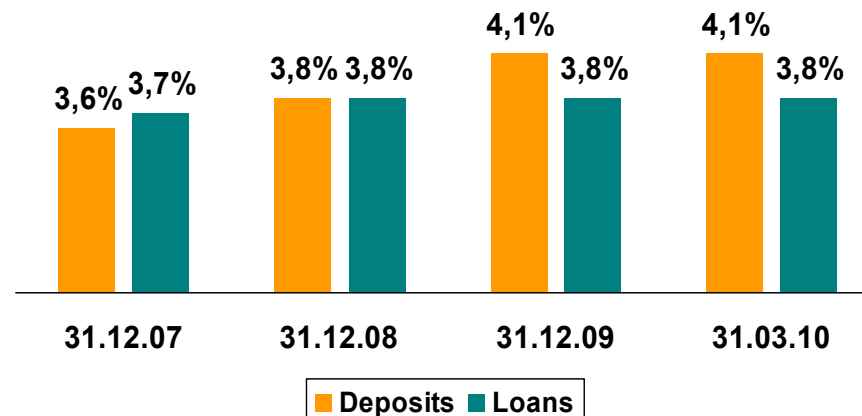


- High liquidity
 - Loans to deposits ratio 89%
- Increasing branch network
 - 167 branches compared to 159 branches in Dec-08

Deposits (€ bn) and L/D ratio (%)

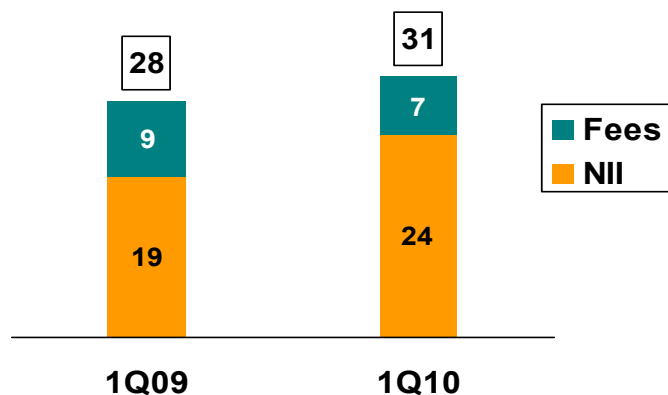


Market shares

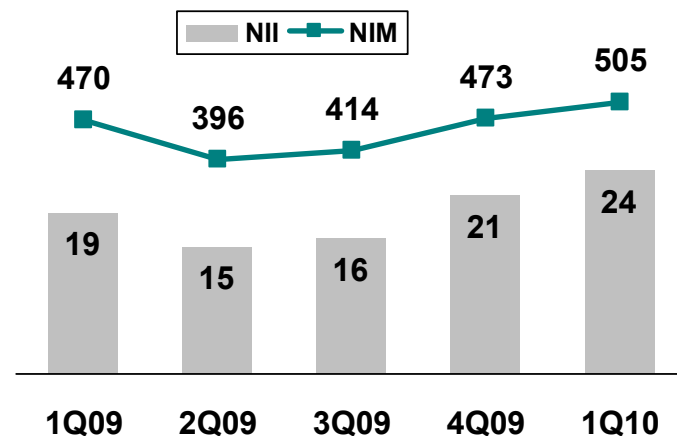


Performance to benefit from recent business expansion

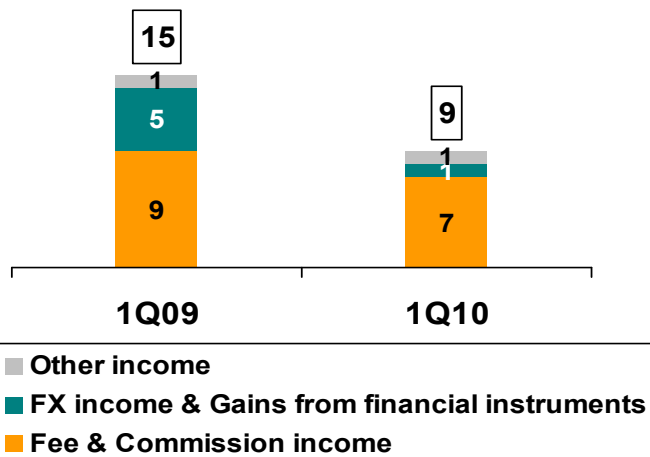
Net interest income and Fees (€ mn)



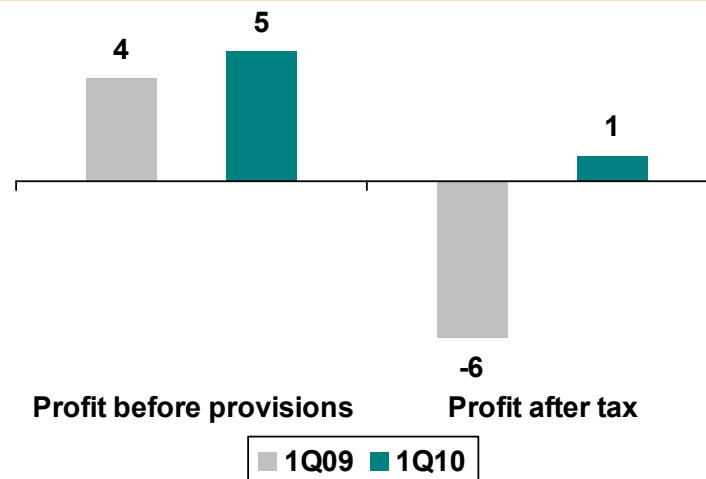
Russia NII (€ mn) and NIM (bp)



Non interest income (€ mn)

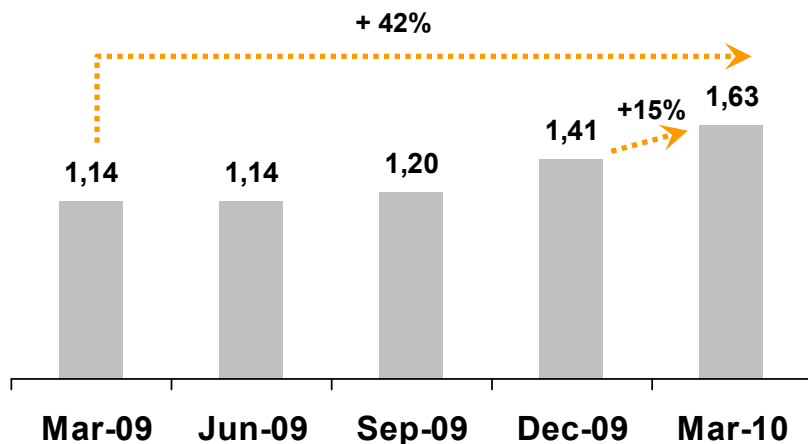


Profit before provisions and Profit after tax (€ mn)

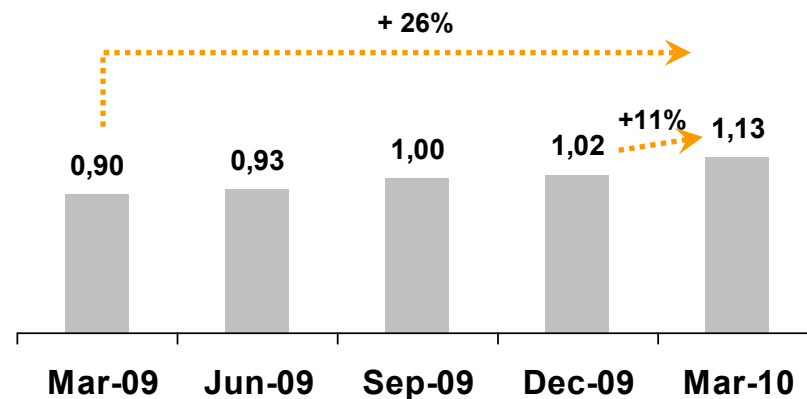


Strong business expansion

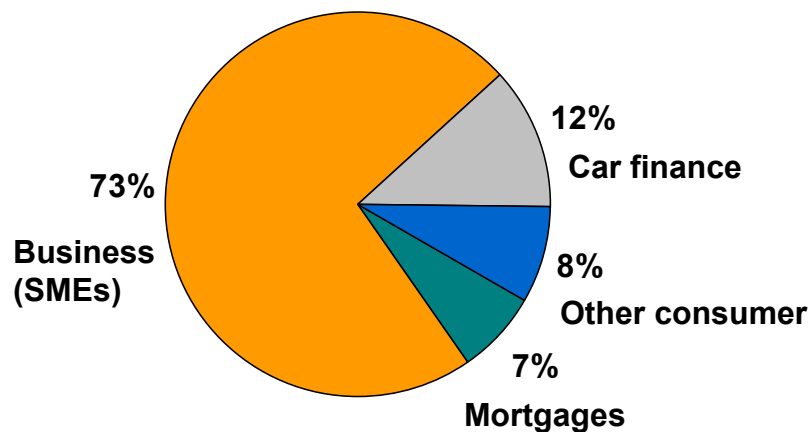
Loans (€ bn)



Deposits (€ bn)



Loan diversification



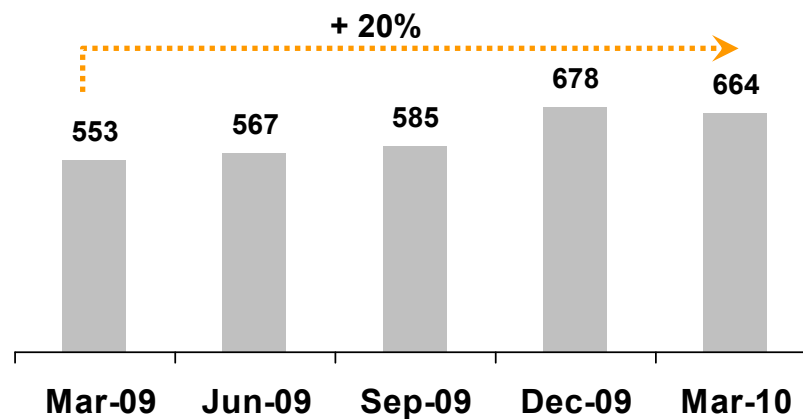
- Strong business expansion during 1Q10
- High increase in loans:
 - +15% in 1Q10 and +42% y/y
- Significant increase in deposits (+26% y/y)
- Diversified deposit base
 - Of which 73% are retail deposits

Increased profitability

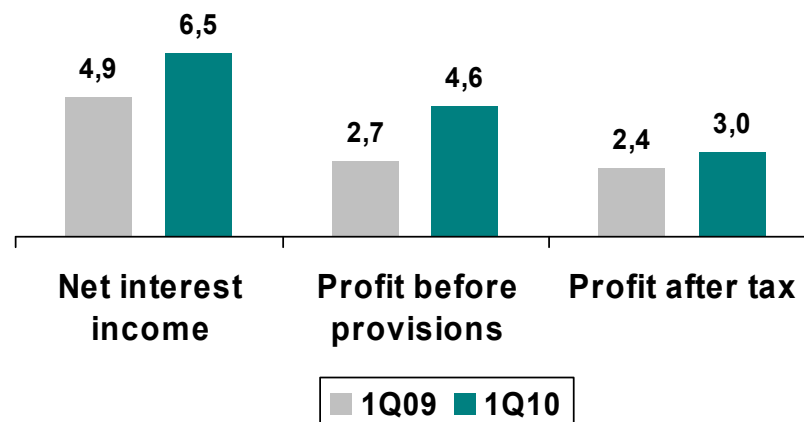
Romania

- Start up of operations in Romania in 2007
- 1Q10 Profit after tax of €3,0 mn
- Loans: €664 mn
- 12 branches
- Opportunities for growth in a normalised environment with competitive advantage:
 - Existing customer base in Greece and Cyprus
 - Operational synergies with Greece and Cyprus

Loans (€ mn)



Profit & Loss highlights (€ mn)

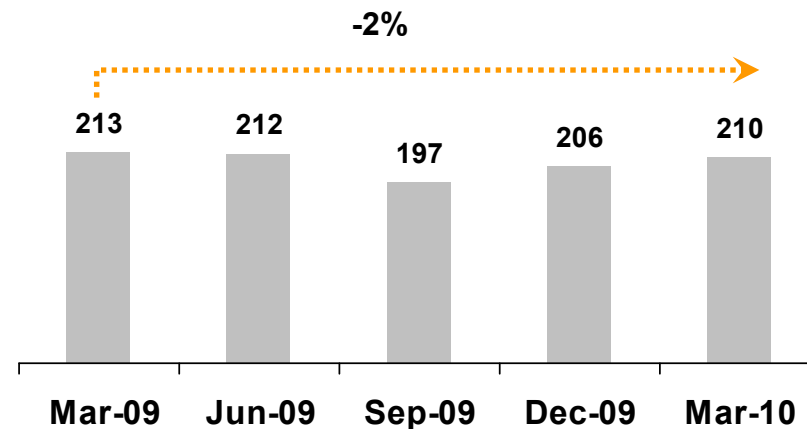


Profitable in a challenging environment

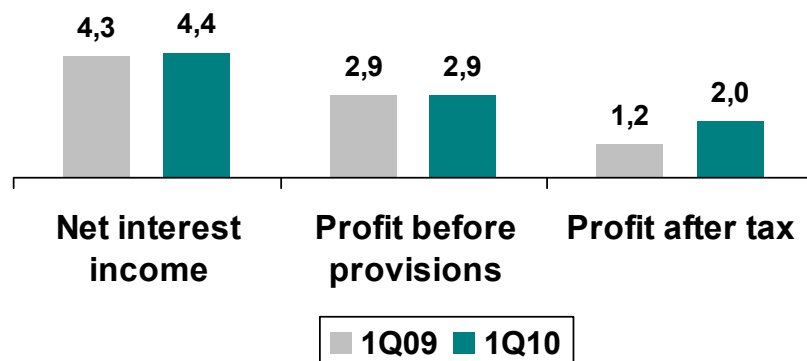
Small exposure to the Ukrainian market through Bank of Cyprus Ukraine
 ~ less that 1% of the Group's total loan book

- Acquisition of AvtoZazbank in May 2008 (renamed Bank of Cyprus Ukraine)
- Loans: €210 mn
 - 40% of loans to existing IBU clients
- 1Q10 Profit after tax of €2,0 mn
- 18 branches; rationalisation of network
- Opportunities for growth in a normalised environment with competitive advantage:
 - Existing international business customer base in Cyprus

Loans (€ mn)



Profit & Loss highlights (€ mn)



Group strategy and 2010 Targets

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2010 Targets

2010: Another challenging year

Strategic priorities

Maintain strong capital position

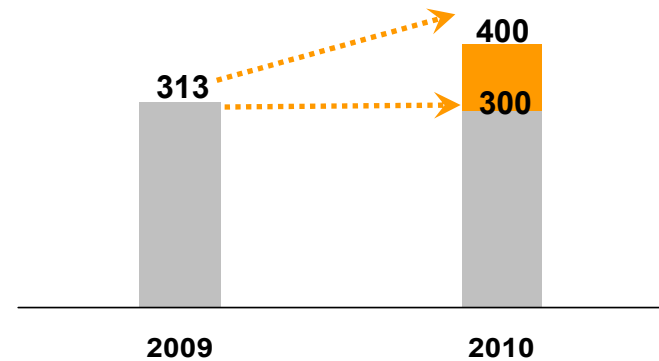
Safeguard strong liquidity

Satisfactory profitability

Manage risk effectively

Group profit after tax estimated at
€300 - €400 mn

Profit after tax (€ mn)



Summary

- **2010: Bank of Cyprus is well prepared for another challenging year**
 - **to meet the business and financial targets for 2010**
 - **to maintain its robust balance sheet**
 - **to selectively expand in existing markets offering growth potential**
- **1Q10: Strong quarter in line with targets for 2010**
 - **Healthy balance sheet**
 - **Ample liquidity, strong capital position and adequate asset quality**
 - **Increasing profitability**
 - **Improving interest margins, higher efficiency**
 - **Satisfactory business volumes in all markets**
 - **High return on equity**

Ratings: Moody's : A2 (Stable) / P-1

Fitch: BBB+ (Negative) / F2

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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Financial Results 1Q10 - Highlights

Income Statement and B/cce Sheet Review

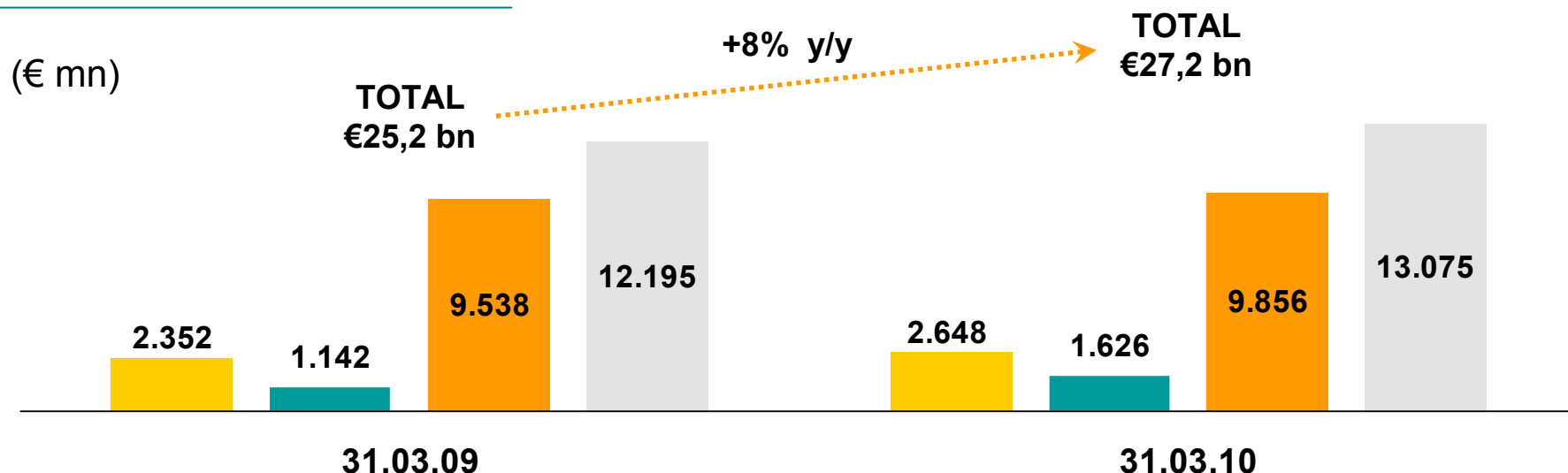
Performance by geographic market

Group strategy and 2010 targets

Appendix 1: Detailed Financial Information

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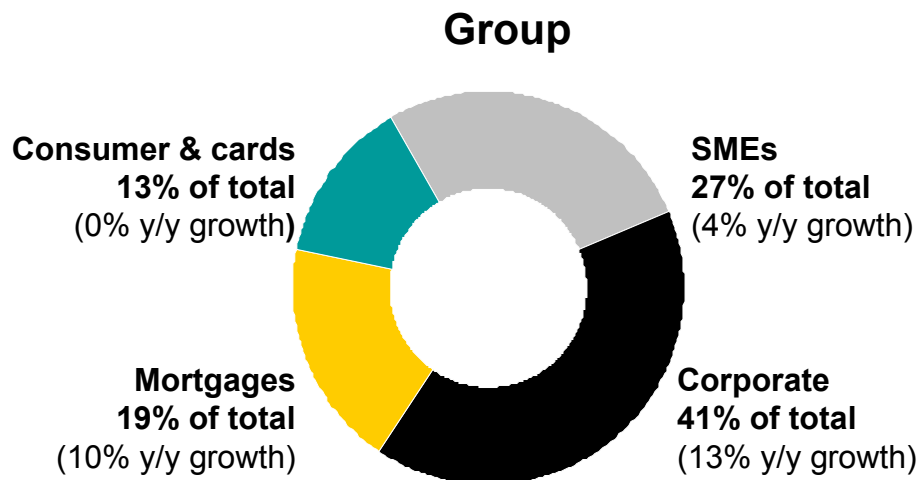
Loans by geographic sector



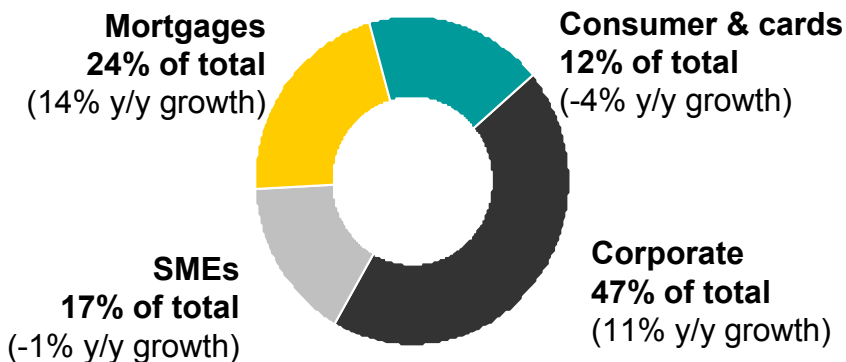
	Share in the Group total		Annual Increase	Market share
	31.03.09	31.03.10		
■ Cyprus	48,3%	48,1%	7%	27,3%
■ Greece	37,8%	36,2%	3%	3,8%
■ Russia	4,5%	6,0%	42%	
■ Other countries	9,4%	9,7%	13%	
- United Kingdom	€1.133 mn	€1.060 mn		
- Australia	€452 mn	€714 mn		
- Romania	€553 mn	€664 mn		
- Ukraine	€213 mn	€210 mn		

Other countries comprise Romania, Ukraine, UK and Australia

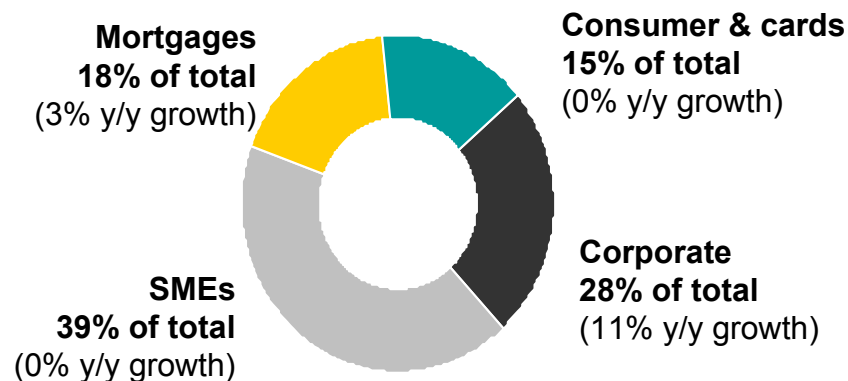
Loan portfolio segmental diversification



Cyprus

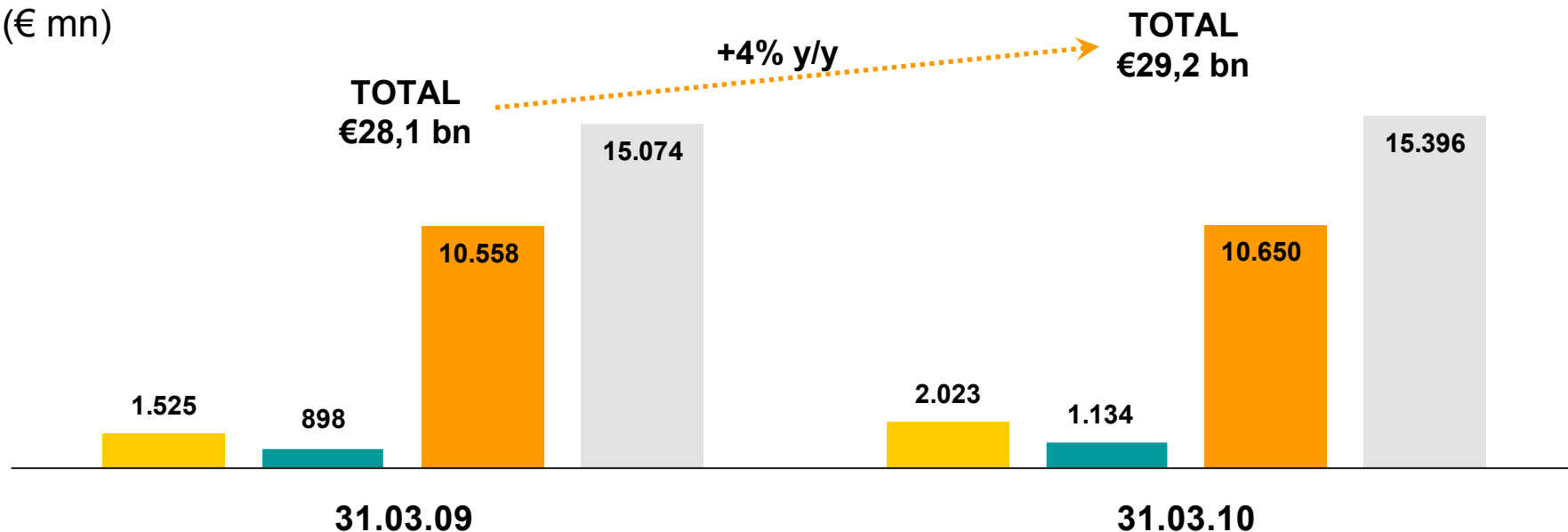


Greece



Deposits by geographic sector

(€ mn)



	Share in the Group total 31.03.09	Share in the Group total 31.03.10	Annual increase	Market share
■ Cyprus	53,7%	52,7%	2%	27,7%
■ Greece	37,6%	36,5%	1%	4,1%
■ Russia	3,2%	3,9%	26%	
■ Other countries	5,5%	6,9%	33%	

Other countries comprise Romania, Ukraine, UK and Australia

Cyprus operations: Summary profit & loss and key indicators

(€ mn)	1Q10	1Q09	y/y %
Net interest income	120	95	+26%
Fee & commission income	31	29	+5%
Foreign exchange income and gains from financial instruments	14	11	+30%
Net operating income from insurance operations	12	13	-5%
Other income	0	0	-141%
Total income	177	148	+19%
Personnel expenses	56	51	+9%
Other operating expenses	25	20	+27%
Total expenses	81	71	+14%
Profit before provisions	96	77	+24%
Provisions	29	15	+96%
Loss of associate	1	0	+196%
Profit before tax	66	62	+6%
Tax	5	8	-34%
Non-controlling interest (gain)/loss	1	1	+46%
Profit after tax	62	55	+12%
Net Interest Margin	2,10%	1,87%	+23 b.p.
Return on Equity	22,1%	22,5%	-4 b.p.
Cost/Income	45,7%	47,7%	-2,0 p.p.

Greek operations: Summary profit & loss and key indicators

(€ mn)	1Q10	1Q09	y/y %
Net interest income	77	49	+58%
Fee & commission income	11	13	-9%
Foreign exchange income and gains from financial instruments	11	1	+751
Net operating income from insurance operations	3	2	+17%
Other income	0	0	+6%
Total income	102	65	+57%
Personnel expenses	30	25	+18%
Other operating expenses	20	19	+9%
Total expenses	50	44	+14%
Profit before provisions	52	21	+145%
Provisions	38	12	+213%
Profit before tax	14	9	+58%
Tax	4	2	+103%
Profit after tax	10	7	+44%
Net Interest Margin	2,14%	1,54%	+60 b.p.
Return on Equity	5,7%	4,4%	+1,3 p.p.
Cost/Income	48,9%	67,3%	-18,4 p.p.

Russia: Summary profit & loss and key indicators

(€ mn)	1Q10	1Q09	y/y %
Net interest income	24	19	+23%
Fees and commissions	7	9	-22%
Foreign exchange income and gains from financial instruments	2	5	-66%
Other income	1	1	+152%
Total income	34	34	-
Personnel expenses	16	16	-1%
Other operating expenses	13	14	-5%
Total expenses	29	30	-3%
Profit before provisions	5	4	+20%
Provisions	3	6	-46%
Profit/(loss) before tax	2	-2	+189%
Tax	1	4	-66%
Non-controlling interest (gain)/loss	0	0	
Profit after tax	1	-6	+116%
Net Interest Margin	5,05%	4,70%	+35 b.p.
Return on Equity	11,6%	---	---
Cost/Income	85,4%	87,8%	-2,4 p.p.

Other countries: Summary profit & loss and key indicators

(€ mn)	1Q10	1Q09	y/y %
Net interest income	21	18	+16%
Fees and commissions	2	3	-2%
Foreign exchange income and gains from financial instruments	1	1	-17%
Other income	0	0	0
Total income	24	22	+14%
Personnel expenses	6	6	+4%
Other operating expenses	6	5	+13%
Total expenses	12	11	+8%
Profit before provisions	12	11	+20%
Provisions	3	2	+70%
Profit before tax	9	9	+8%
Tax	1	2	+55%
Non-controlling interest (gain)/loss	-	-	-5%
Profit after tax	8	7	+26%
Net Interest Margin	2,64%	2,52%	+12 b.p.
Return on Equity	19,5%	14,2%	+5,3 p.p.
Cost/Income	50,4%	53,1%	-2,7 p.p.

Other countries comprise of Australia, Romania, Ukraine and UK

b.p. = basis points

p.p. = percentage points

