Share Capital Increase

Management Presentation

July 2014

Bank of Cyprus

Presenters

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Overview

Transaction

c. €1.0bn capital raising through a private placement to new investors, with a clawback provision for existing investors

- Increases CET1 ratio (B-III fully loaded) to c.14%[1] - significantly ahead of European peers[2]
- Improves stakeholders' confidence in the Bank; enhances access to capital markets; provides a path to re-listing
- Pro-actively increases the Bank's ability to confidently meet regulatory tests and withstand potential exogenous shocks
- Enables acceleration of the Bank's restructuring by broadening the range of available solutions including funding and asset-side solutions
- Positions the Bank to stimulate and benefit from the recovery of the Cypriot economy

Investment highlights

Dominant position allows Bank of Cyprus to benefit from a recovering Cypriot economy

- The Bank has 40% market share of gross loans, 26% of deposits, 26% of insurance life premiums and 13% of insurance non-life premiums
- Faster economic recovery evidenced by improved rating and credit outlook and revised GDP forecasts

Well-capitalised entity

- Bank of Cyprus will become the best capitalised of the southern European banks that have issued capital since April 2013

Stabilising asset quality aided by a dedicated NPL management unit (Restructuring & Recoveries Division)

- 90+DPD[3] loans fully covered through provisions and conservatively valued collateral
- Upside potential from improving legislative framework

Unveiling of an attractive and profitable core business

- Resilient income generation with improving fee potential; streamlined cost base
- Core performance is far stronger than Group in Q1 2014

Strong and experienced management team delivering on strategy ahead of schedule

- Deleveraging actions taken since the end of 2013 have generated 70bps[4] of Group CET1 ratio and improved liquidity
- ELA (Emergency Liquidity Assistance) funding reduced by €2.6bn since peak – Eurosystem funding to comprise <25% of balance sheet in the medium term

Bank of Cyprus will benefit significantly from the economic recovery in Cyprus and vice versa

(1) Assumes a €1bn capital raise
(2) Selected Southern European banks that issued new capital since April 2013
(3) Loans with a specific provision (impaired loans) and loans past due for more than 90 days but not impaired
(4) Arising from disposals of assets - Ukraine, Banca Transilvania stake and Serbian loan exposure (30bps CET1 uplift) and repayment of sovereign bond (40bps CET1 uplift)

2013 events had a significant impact on the Bank's capital and funding

Macro triggers…

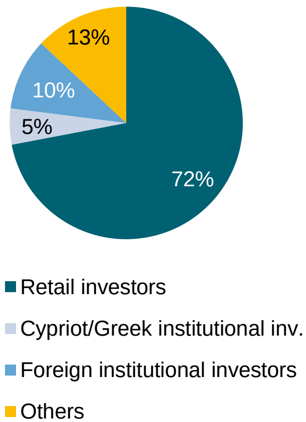
… with implications for the Bank

- Period of growth
- Greek debt crisis
- Recession & drop in property prices
- Cyprus bailout by IMF/EC
- Sale of Greek operations
- Bail-in of depositors & Laiki acquisition
- Resolution & shares suspension
- New Board & CEO

Pre-2009 | **2009-2013** | **2013**

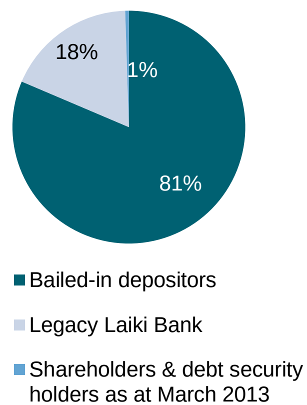
47.5% of uninsured depositors (>€100k) bailed-in

Pre bail-in[3]



Core Tier 1: (1.9%)[1]

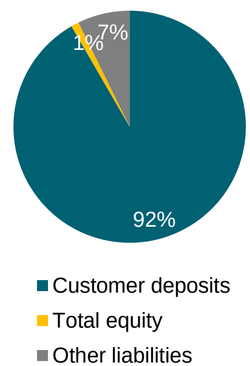
Current[4]



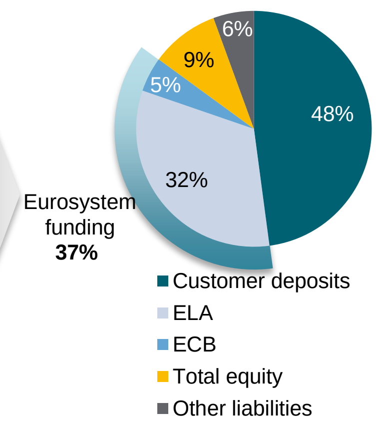
CET1: 9.7%[2]

Substantial ECB funding and ELA received

Pre bail-in[3]



Current[4]



2014: Management initiated a series of operational actions and transactions to stabilise the Bank

(1) As of December 2012, Basel II
(2) As of March 2014, CRD IV fully loaded
(3) As of December 2012
(4) As of March 2014

Transaction overview

Structure

Offering	New ordinary shares
Offer size	Approximately €1.0bn
Structure	Private placement of shares pursuant to Regulation S outside the US and under Rule 4(a)2 to certain investors in the US
Lock ups	None
Conditions	New investors expected to provide firm commitments ahead of public announcement regarding transaction details. Any placing is subject to: a) Shareholder approval to, inter alia, waive pre-emption rights and reduce the nominal value b) A clawback for 20% of the total number of newly issued shares, offered to existing shareholders to subscribe at the Placing Price for a total consideration of at least €100k per existing shareholder

Re-listing	Intention to relist on the Cyprus Stock Exchange and Athens Exchange in the short term Opportunity for existing shareholders to subscribe for up to €100m of newly issued shares at the Placing Price in any such listing Possibility of moving the secondary listing to another major European stock exchange in the medium term

Transaction milestones

- **4 Jul** – Information Memorandum made available
- **21-25 Jul** – Firm indications of interest received
- **Mid Aug** – EGM process
- **Sep** – Court approval for reduction of nominal value and settlement
- **H2 2014** – Relisting on Cyprus and Athens Exchanges
- **Medium term** – Considerations for moving the secondary listing to another major European exchange

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Rationale for capital raise

+ Increases CET1 ratio (B-III fully loaded) to c.14%[1] (Q1 2014 proforma , implying a €1.6bn buffer over minimum capital requirement) – significantly ahead of European peers[2]

+ Improves stakeholders' confidence in the Bank; enhances access to capital markets; provides a path to re-listing

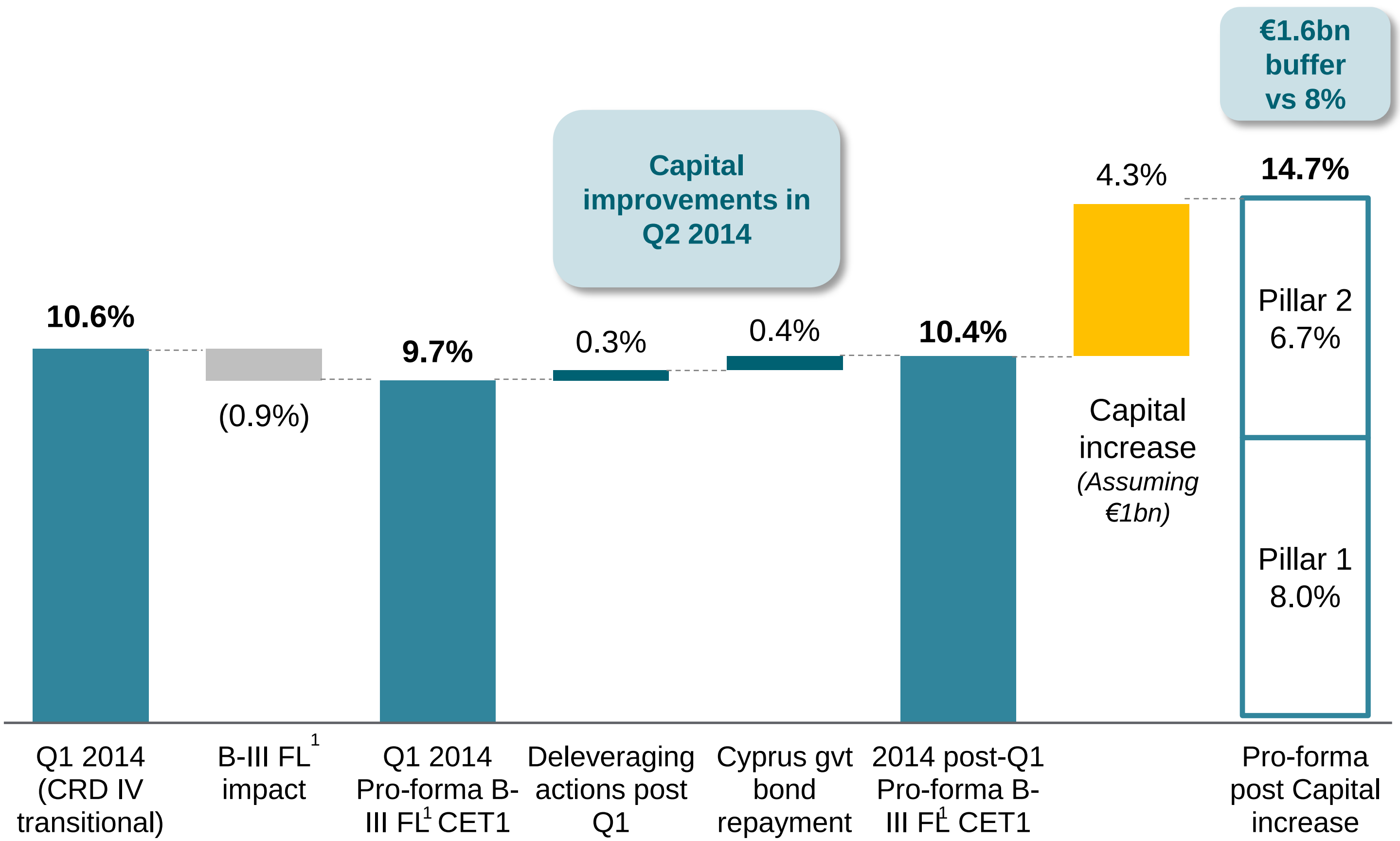
+ Pro-actively increases the Bank's ability to confidently meet regulatory tests and withstand potential exogenous shocks

+ Accelerates the execution of the Bank's restructuring by broadening the range of available solutions - including funding and asset-side solutions

+ Positions the Bank to stimulate and benefit from the recovery of the Cypriot economy and vice versa

(1) Assumes a €1bn capital raise; excludes impact of Q2 2014 deleveraging and Cyprus Government bond repayment
(2) Selected Southern European banks that issued new capital since April 2013

Results in a solid pro-forma Basel III capital position



In addition:

Potentially capital accretive measures identified - disposals of non core operations and businesses

A platform of confidence

(1) Fully Loaded – main capital deduction from CRD IV transitional to fully loaded is in relation to Deferred Tax Assets (DTAs) – DTA deductions will reduce post capital raise due to increased 10%/15% thresholds

The transaction facilitates our 'Shrink to core strength' strategy

Key metrics & objectives

Core

Core bank

- Consumer Banking
- SME Banking
- Corporate Banking
- International Banking Services
- Insurance and other

➢ Self funded but largely encumbered to fund the non-core balance sheet

➢ Already generating attractive returns

Key metrics (€bn)
➢ Gross loans: 10.5
➢ Deposits: 11.5

Medium-term objective
➢ Engine of growth for Cyprus
➢ Maintain strong profitability

Non-core

Restructuring & Recoveries Division

- Debt Recoveries Services
- Corporate Management Services
- Retail & SME Arrears Management

➢ Manages all exposures above €100m and problem loans

➢ Strong capital buffers: over €5bn in equity and provisions

➢ Decent cash flow generation

Key metrics (€bn)
➢ Gross loans: 11.4
➢ Deposits: 0.3

Medium-term objective
➢ Actively manage and collect
➢ Accelerate run-off where possible

Overseas & Disposal Group

- UK & Greek real estate
- Romania
- Other (Russia & UK bank)

➢ Break-even or negative returns

➢ Consumes capital and parent funding

Key metrics (€bn)
➢ Gross loans: 3.2
➢ Deposits: 2.1

Medium-term objective
➢ Exit as appropriate to repatriate capital and funding

Phase 1: Restructuring → **Phase 2: Today** → **Phase 3: Delivering returns**

Notes: Data as of 30 June 2014; as per unaudited management information

Key investment highlights

1. Dominant position in a recovering Cypriot economy
2. Well-capitalised entity post capital raise with reduced reliance on Eurosystem funding; improved access to wholesale funding
3. Stabilising asset quality aided by a dedicated NPL management unit and an improving legislative framework
4. Unveiling of an attractive and profitable core business
5. Strengthened management team with significant turn-around and restructuring experience

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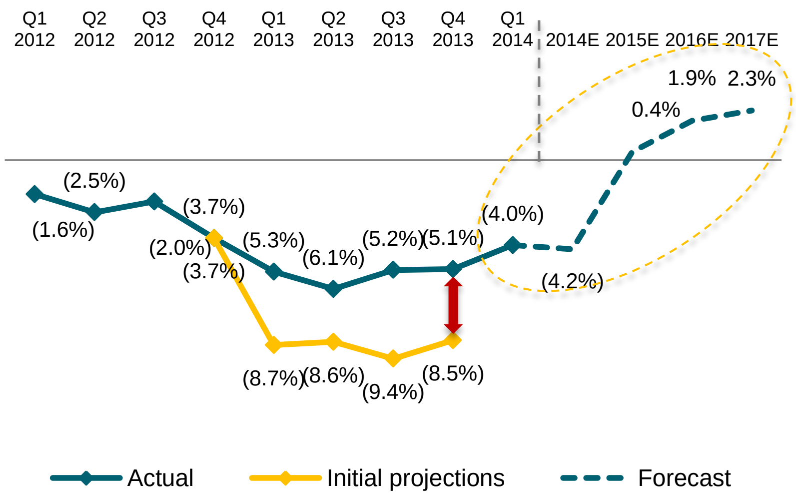
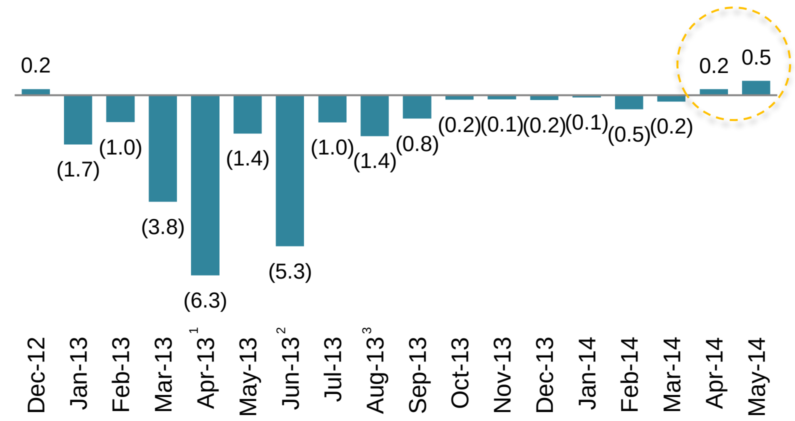
Recovering Cypriot economy

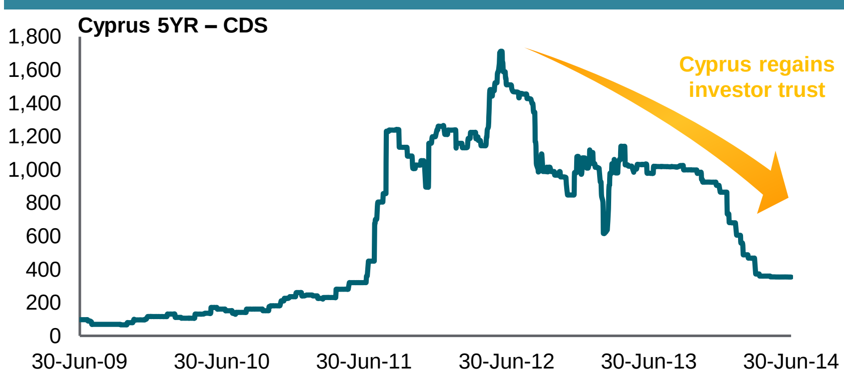
GDP growth expected to be positive from 2015E – faster recovery than other peripheral countries



Banking system deposits seeing net inflows (€bn)



Improved rating and credit outlook as demonstrated by benchmark bond issue



Agency	Rating	Last action	Outlook	Rating date	Previous rating
Moody's	Caa3	Affirmed	Positive	21-Mar-14	Caa3
S&P	B	Upgrade	Positive	25-Apr-14	B-
Fitch	B-	Affirmed	Stable	25-Apr-14	B-
DBRS	B (low)	Upgrade	Stable	27-Jun-14	CCC

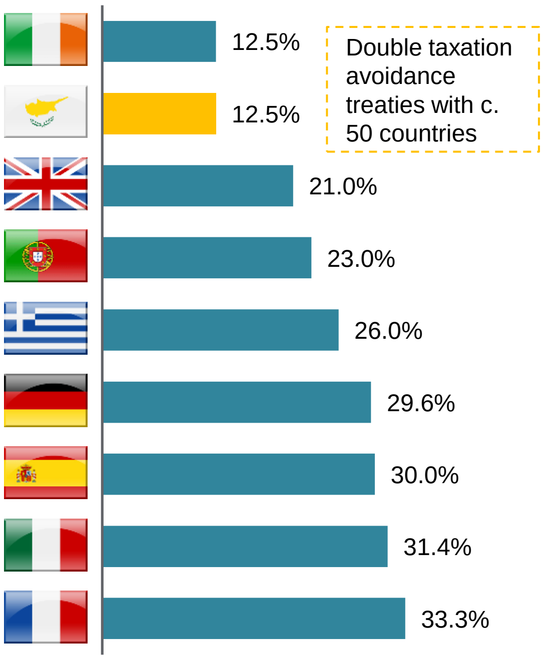
- **Successful return to public debt markets**
  - €750m 5-year benchmark bond to yield 4.85%
  - One of the fastest comeback to markets of any bailed-out euro zone country

Source: Statistical Service of Republic of Cyprus, IMF and company reports, Bloomberg as at 29 June 2014
(1) Includes impact of bail-in of BoC – 37.5% of uninsured deposits (>€100k) converted to equity
(2) Includes impact of Laiki resolution - €3.9bn
(3) Includes impact of bail-in of BoC – additional 10% of uninsured deposits converted to equity

1 Cyprus remains an attractive investment destination

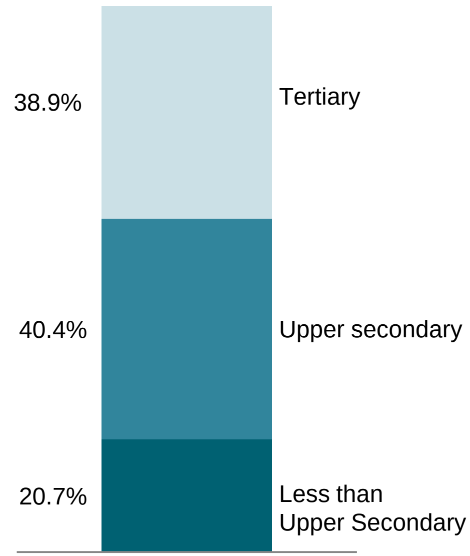
One of the lowest tax regimes in Europe

2014 corporate tax rates



+ Well educated workforce

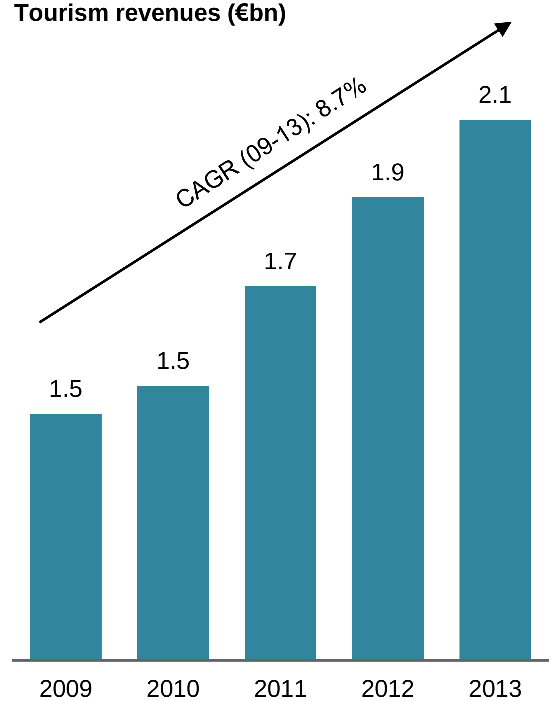
Age: 20-64 (2013)



Cyprus has the highest number of university graduates per capita in Europe

+ Resilient tourism sector

Tourism revenues (€bn)



Established international business centre and tourism destination supported by a well educated workforce

Source: KPMG, PwC, Statistical Service of Republic of Cyprus, research reports

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1 Cyprus well positioned for growth in the future

Short-term

- Key sectors of the economy are less dependent on credit provision and remain resilient
  - Tourism
  - Business services

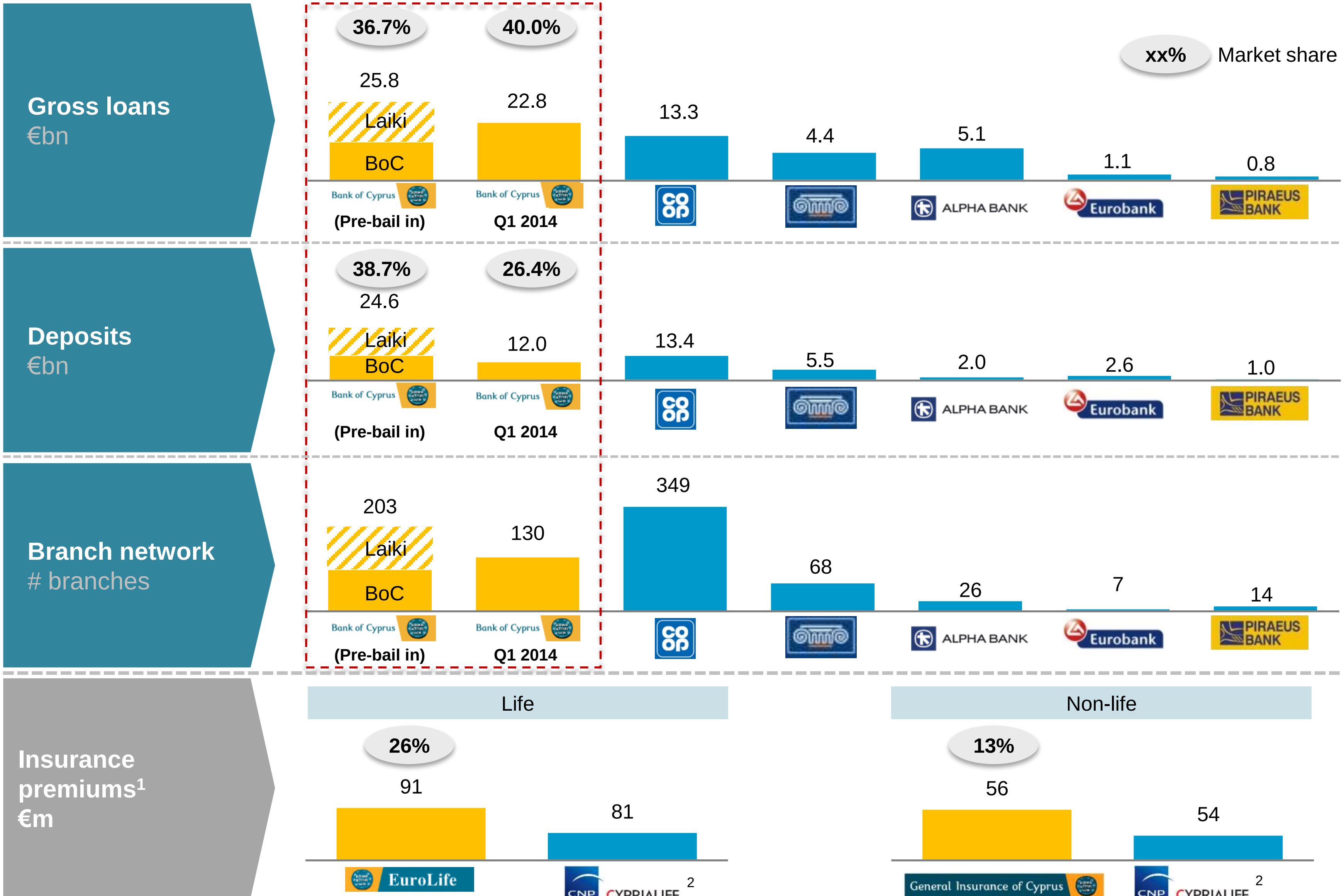
Medium-term

- Fiscal consolidation and structural reforms (labour, product and services markets)
- Investment opportunities from privatisation projects
- Expanded and value added services in tourism (e.g. new tourism sector business model)
- Double tax treaties

Long-term

- Hydrocarbon resources
- Development of energy infrastructure
- Centre of excellence for education and research

1 Bank of Cyprus has a privileged position in the Cypriot market



Source: CBC, IMF, company disclosure (Bank of Cyprus and competitors) as of March 2014

(1) FY2013

(2) 49.9% owned by the Bank

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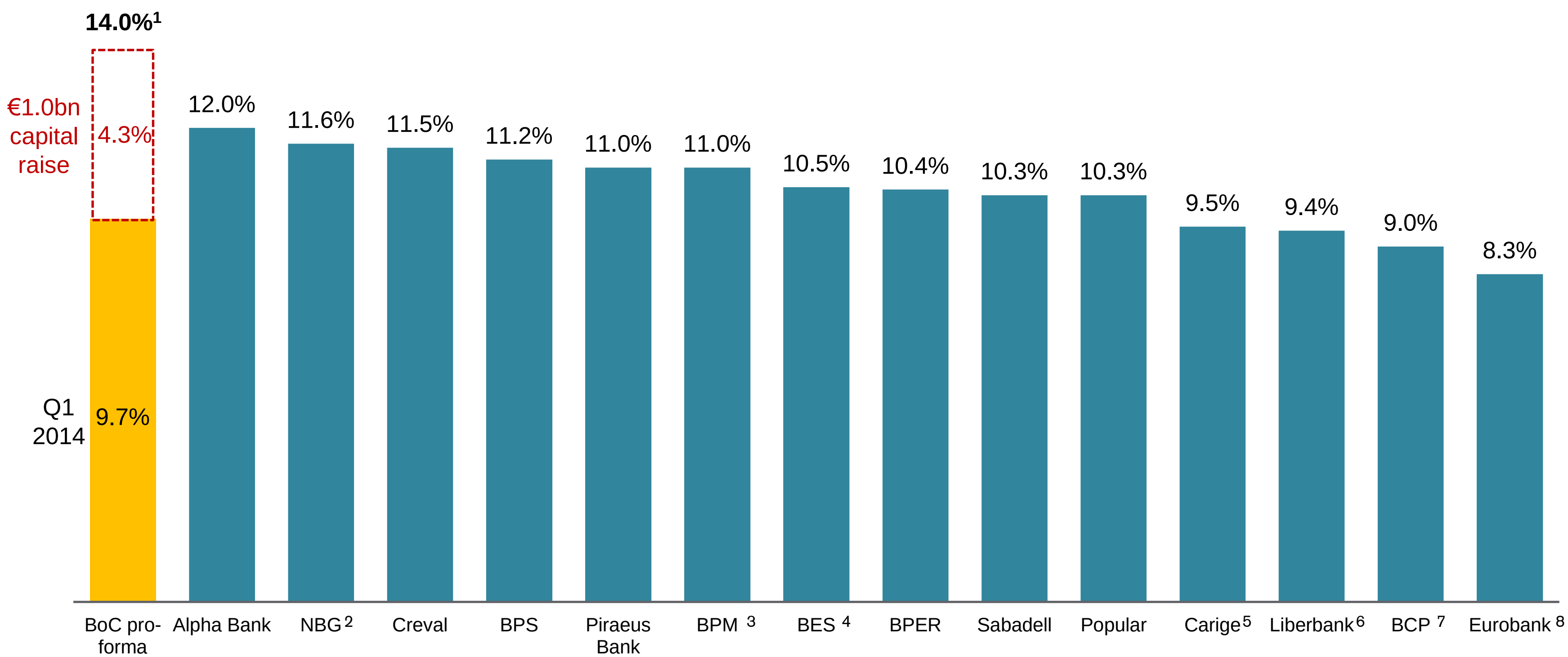
A solid pro-forma Basel III capital position

Basel III fully loaded CET1 as of Q1 2014 of Southern European banks that issued new capital since April 2013



The proposed capital raise will better position the Bank to meet the requirements of the EBA stress test and improve stakeholders' confidence in the Bank

Source: Company financials.
Note: Peer group includes banks that recently announced or conducted a capital increase. All capital ratios are for Q1 2014 (unless otherwise stated) and including the capital increase
(1) Excludes impact of Q2 2014 deleveraging and Cyprus Government bond repayment
(2) Includes €1,040m capital actions approved by the BoG, excluding pref. shares
(3) Banco Popolare di Milano reported as circa 11%
(4) Assuming DTA forbearance
(5) CET1 Basel 3 transitional
(6) Excl. CoCos FROB; FY 2013
(7) Pro-forma for €2.3bn capital increase assuming DTAs forbearance
(8) Estimate including €380m capital actions approved by BoG, excluding pref. shares

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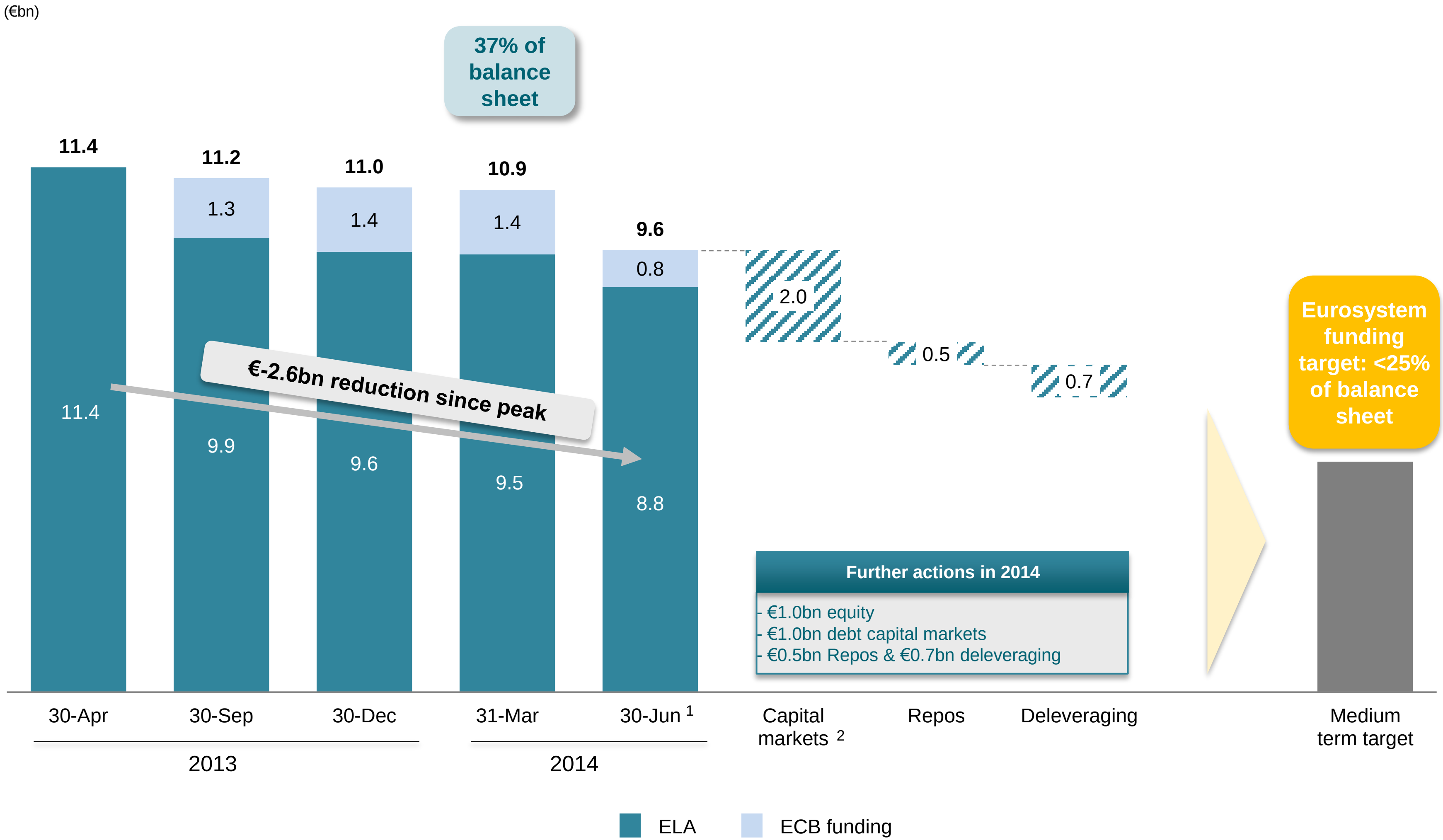
2 Reduction in reliance on Eurosystem funding

Continuous reduction of ELA and ECB funding with further potential going forward



(1) Repayment of sovereign bond by Cyprus Government enabling reduction of Eurosystem funding – repaid as of 2 July 2014
(2) Including envisaged €1,000m debt and €1,000m equity capital markets initiatives

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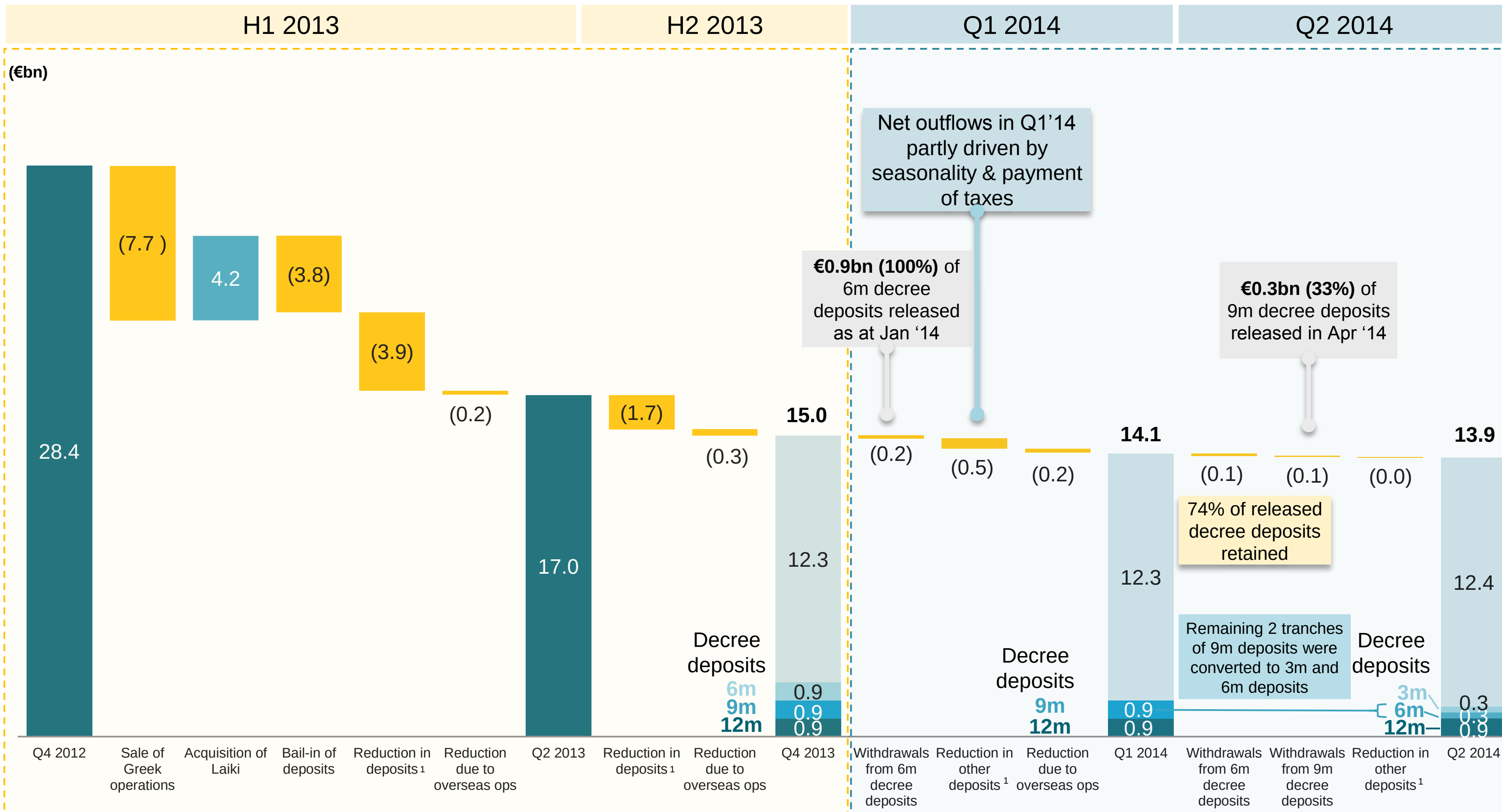
2 Resilient deposit base following lifting of domestic capital controls

Depositor base impacted by 2013 events – though largely stable in 2014 despite lifting of capital controls



Retention of deposits well above expectations; deposit retention and gathering programme to help future inflows

(1) Partially used by customers to repay loans

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2 Deleveraging actions provide additional balance sheet strength

	H1 2013 (Group under Resolution)		H2 2013	Apr-14		May-14	Jun-14	Pending actions
Asset	Greek operations	Romanian assets	Kyprou Asset Management	10% stake in Banca Transilvania	Ukrainian operations	Serbian loan exposure	Cyprus gvt bond repayment	"Fix or sell" strategy
Buyer	Piraeus Bank	Marfin Bank Romania	Alpha Trust	Un-disclosed	Alfa Group	Piraeus Bank	n/a	• Active processes in place on UK, Romanian, Greek and other assets • Advisers appointed • Processes advanced
Cash inflow/(outflow)	€(1.2)bn	Nil	€1.9m	€82m	€203m	€165m	€950m	

Combined impact of the 2014 transactions is an improvement on the Group's CET1 ratio by 0.7% and an immediate improvement in Group liquidity by €1.3bn post March 2014

Inertia overcome; increase in momentum to execute specific deleveraging / de-risking planned for forthcoming months

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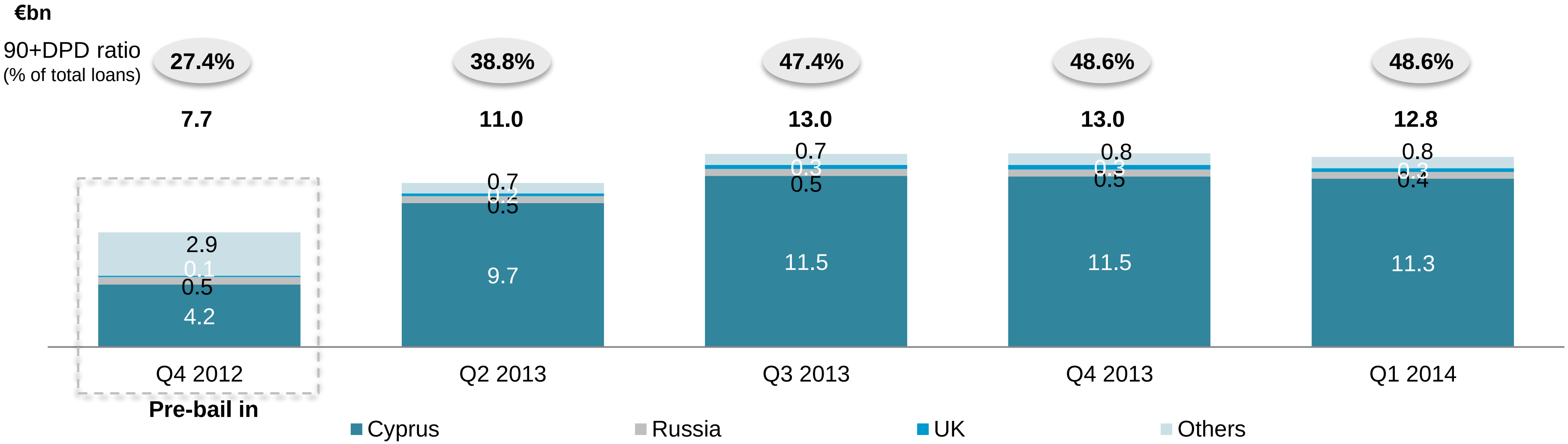
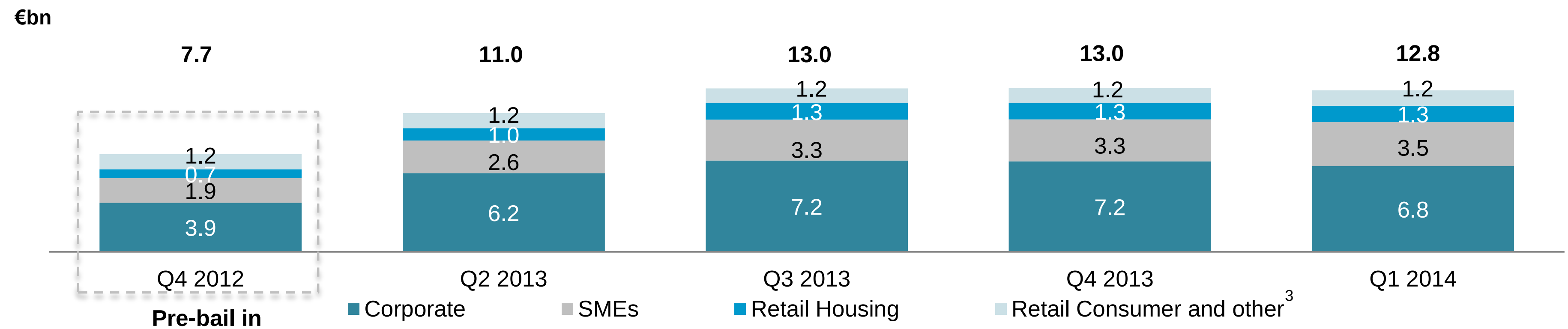
3 Asset quality stabilising

90+DPD² loans by geography¹



90+DPD² loans by segment¹



Focus is on delinquent loans (90+DPD²) as it is a better metric than the new NPL definition for risk management

(1) Information for Q1 2013 is not available as it has not been possible to publish the financial results for the three months ended 31 March 2013
(2) Loans with a specific provision (impaired loans) and loans past due for more than 90 days but not impaired
(3) Includes credit cards

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3 90+DPD fully covered by provisions and tangible collateral

	Consumer credit	Housing	Non-real estate	Real estate	Construction	Cyprus
% of total gross loans (Cyprus only)	11.3%	23.0%	36.3%	12.0%	17.4%	100.0%
Gross loans (€bn)	2.6	5.2	8.3	2.7	4.0	22.8
90+DPD loans by segment	41.4%	24.5%	53.1%	60.4%	73.8%	49.7%
LLR[1] coverage	42.0%	24.3%	38.7%	37.3%	33.4%	35.8%
Tangible coverage	48.2%	76.7%	66.6%	67.1%	75.8%	68.5%
Total coverage	90.2%	101.0%	105.3%	104.4%	109.2%	104.3%

Significant provision and collateral coverage, with additional comfort from personal guarantees

XX % of total gross loans (Cyprus only)

Notes: All data as of 31 March 2014
(1) Loan loss reserves

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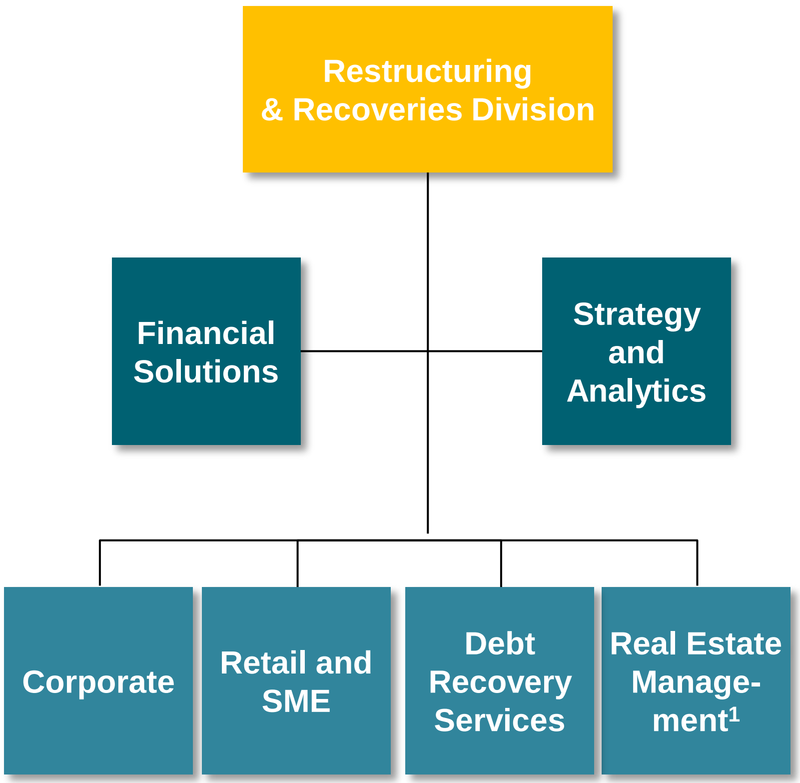
3 Dedicated NPL unit is fully operational and showing early successes

Restructuring & Recoveries Division (RRD) – structure



Responsible for managing all exposures greater than €100m and for restructuring, collection and recovery of NPLs across all customer segments in Cyprus

RRD – key statistics (March 2014)

- **450** – FTEs with clear roles and responsibilities dedicated to NPL management
- **€11.4bn** – Of delinquent portfolio managed by RRD separately from the business
- **€4.4bn[3]** – Focus on top 20 exposures (>€100m)
- **12K** – Customers called through the call centers in March 2014
- **8** – Dedicated BSUs[2] fully operational across Cyprus to manage delinquent SME customers
- **3** – Dedicated corporate centers fully operational to manage delinquent corporate customers
- **1** – Financial solutions team working on corporate finance, asset disposal projects etc

(1) Currently using the services of external property consultants
(2) Business Support Units
(3) Includes off balance sheet amounts

3 Dedicated NPL unit is fully operational and showing early successes

Highly detailed and specific action plans for each RRD segment

Corporate

- Dedicated client / workout teams
- Individual recovery plans for top 20 exposures; under various stages of execution
- Further prioritisation of work on-going for all exposures >€30m
- Workout specialists (9-member team) from KPMG UK to support major corporate recovery team

SME & Retail

- Range of restructuring and recovery targeted campaigns across the portfolio
- Continuously reviewed and amended to address real time portfolio changes

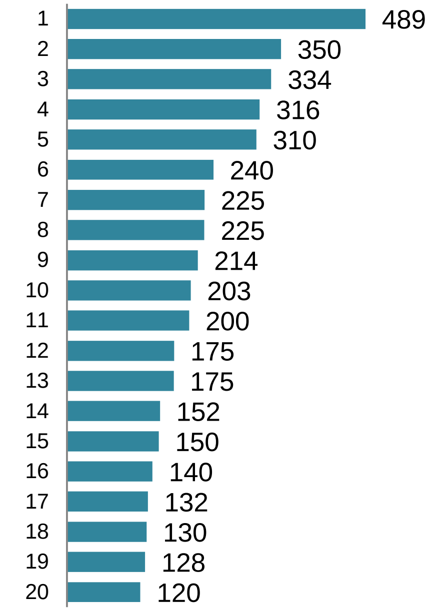
SME-specific

- Dedicated business support unit operations across Cyprus – face-to-face meetings with all clients
- Introducing range of "off the shelf " restructuring options

Retail-specific

- Call centre ramp up to drive rapid client contact coupled with introduction of single control process via new IT system
- Specialist retail arrears management unit being built to handle more sophisticated client restructuring needs; in collaboration with retail network

Top 20 corporate exposures (€m)[1,2]



Top 20 total: €4.4bn[3]

Large exposures are partly due to the joining of the two largest banks in Cyprus

(1) As of 31 March 2014
(2) Based on Central Bank of Cyprus grouping rules
(3) Includes off balance sheet amounts

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4 Managing to normalised Group returns…

	Q1 2014	Restructuring Plan[1]	Medium-term Guidance (3-5years)	
Net Interest Margin	4%	>2.5%	3%	Maintaining strong operating profitability
Fee and commission income/ total income	13%	n/a	Increase	
Cost to income ratio	36%	<45%	40%-45%	
90+DPD coverage ratio	39%	>50%	40%-50%	Normalising asset quality
Provisioning charge	2.2%	<1.5%	c.1.0%	
Eurosystem funding % total balance sheet	37%	n/a	<25%	Improving funding mix and strengthening capital
B-III CET1 ratio transitional (CRD IV)	10.6%	>10%	>12%	

(1) Restructuring Plan dated 31 October 2013. Additional RP targets include: 90+ DPD < €10bn, LDR <150%, Leverage ratio (assets/equity) <12, number of branches in Cyprus 125 and Group employees in Cyprus <4,100

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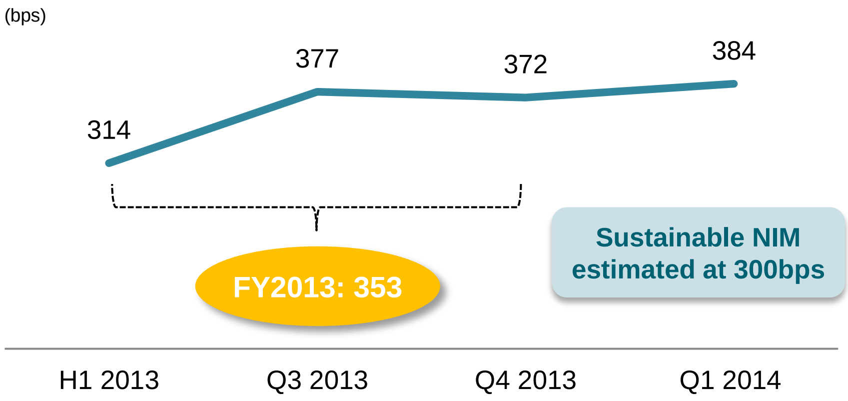
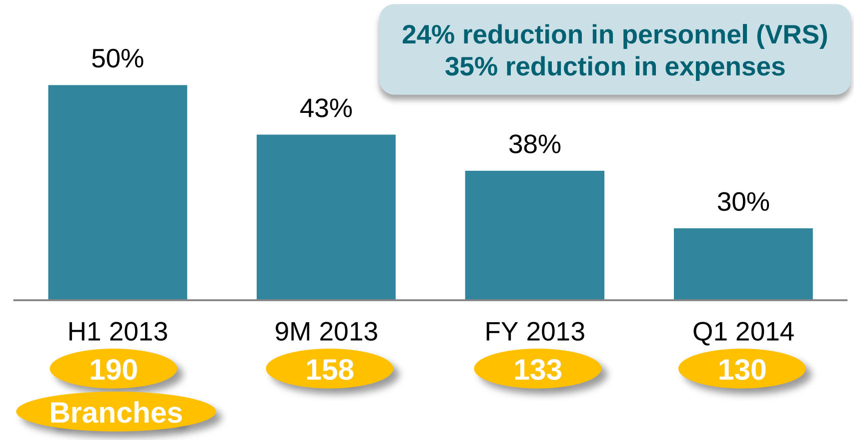
4 … driven by streamlined and profitable Cypriot operations…

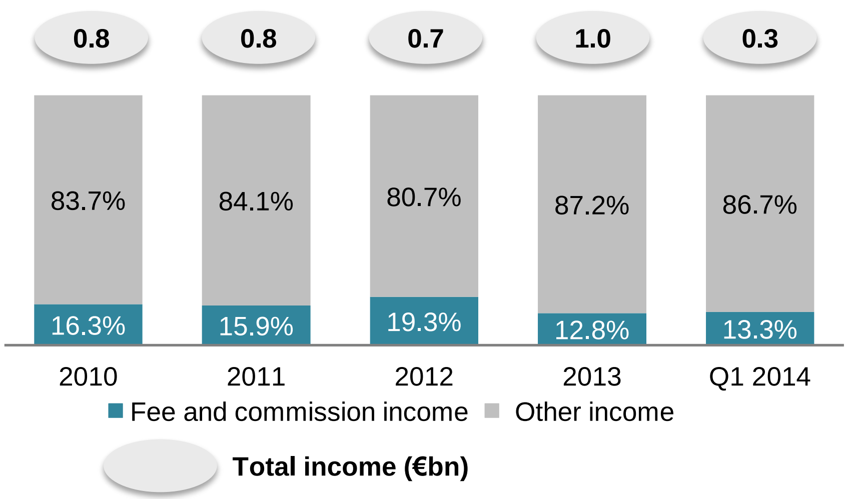
High net interest margins for Cyprus– supported by cheap Eurosystem funding



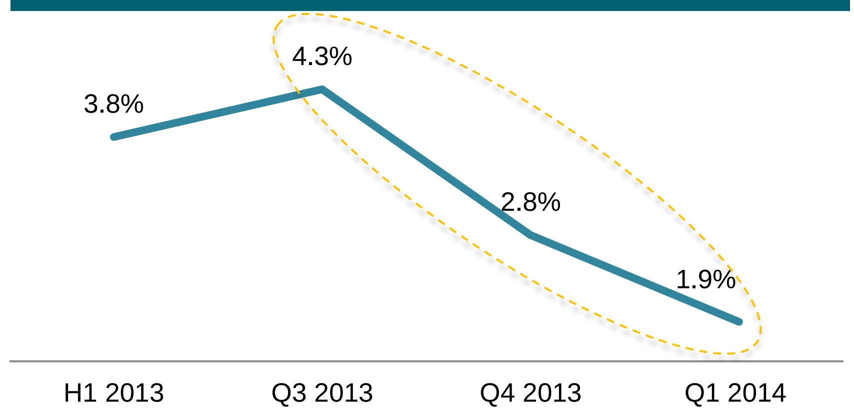
Lower CIR for Cyprus driven by Laiki integration / streamlining



Historical fee and commission income / total income for Cyprus



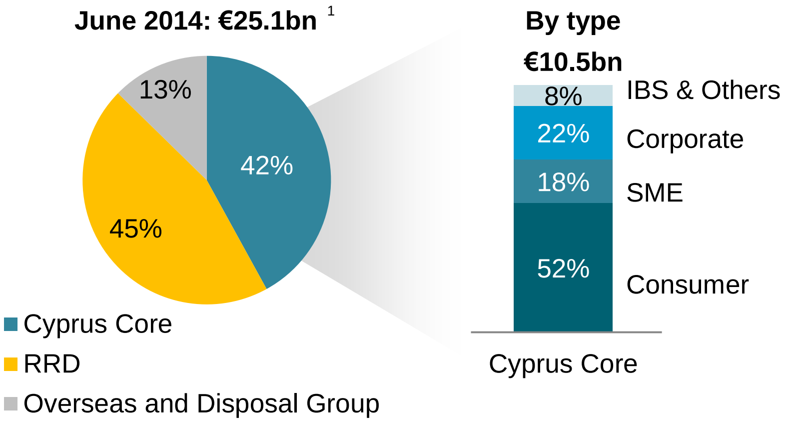
Improvement in cost of risk[1] for Cyprus



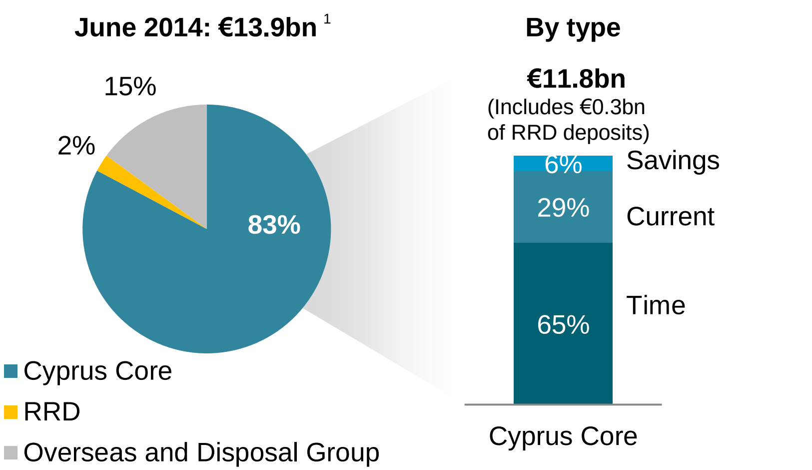
(1) Cost of risk for the Cyprus operations has been calculated as provisions for impairment of loans and advances / gross loans

… unveiling a strong Core Bank in the medium term

Cyprus Core forms 42% of Group loans…



… and 83% of Group deposits



Core Bank: a broad portfolio of sizeable businesses

(€bn)	Gross loans	Deposits
Consumer banking	5.5	6.4
Corporate banking	2.3	0.7
SME banking	1.8	0.4
IBS[4] & Other	0.9	3.9
Total	10.5	11.5

P&L focus

Focus on increased fee income to offset likely higher funding costs:

- Transactions for international customer base
- Transaction banking and cash management for large corporates
- Reactivating clients
- Cross-selling to ex-Laiki customers
- Corporate finance

Other

Wealth, Brokerage, Asset Management	AuM[2]	€1.0bn
Insurance[3] (Life and non-life)	Premiums	€147m
	# of policies	214K

Potential for Core Bank to be highly profitable as "RRD drag" reduced over time

Source: Company reports
(1) June 2014 is unaudited and is as per management accounts
(2) Only off balance sheet items
(3) FY 2013
(4) International Banking Services

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5 Key challenges

External challenges – limited influence		Action plan
Macro and geo-political factors	• Slower economic recovery or regress into recession • Failure to comply with the conditions of MoU – implications for further release of funds from ESM / IMF	• Stronger Bank is better able to stimulate the economy
	• Sanctions against Russia following Crimea accession • Proposed tax reform in other jurisdictions (e.g. Russia double-taxation)	• No Bank's customers on sanctions list • Diversification of business model away from Russia / Ukraine geographies
Legislative changes	• Delays in proposed reforms such as collateral repossession • Proposed laws relating to debt moratorium	• Influence political / legislative agenda

Internal challenges – able to mitigate		Action plan
Asset quality	• Credit risk concentration – esp. large corporate exposures • High concentration of collaterals in real estate	• Dedicated RRD unit to manage NPLs • Recent success in disposal of largest single name exposure and other assets in Cyprus
Funding & Capital	• Lifting of capital controls • Continued reliance on Eurosystem funding	• Deposits stabilising with launch of active deposit retention / gathering programme • ELA funding reduced through deleveraging • Available contingent liquidity of €2.9bn of government guaranteed bonds • Gradual return to wholesale funding markets (e.g. covered bond)
Off-balance sheet exposures	• Q1 2014 off-balance sheet exposure €3.8bn (comprising of c.30% guarantees and c.70% undrawn facilities)	• Continual review and reduction of higher-risk exposures
Litigation	• Pending legal claims including CySEC investigations and bail-in related litigations among others	• Appropriate provisions have been made in respect of pending legal proceedings

5 A strong and experienced Management team

Executive management

John Hourican

Chief Executive Officer
- Joined in October 2013
- Formerly Chief Executive of RBS's investment bank division

Dr. Chris Patsalides

Finance Director
- Joined 1996
- Strong financial markets experience and longevity with the Bank
- Former executive at CBC; familiar with local regulations and government policy making

Eliza Livadiotou

Group Chief Financial Officer
- Joined 1999
- Robust financial knowledge and longevity with the Bank
- Chartered Accountant, formerly at Arthur Andersen

Michalis Athanasiou

Group Chief Risk Officer
- Joined Laiki in 1995
- Extensive local and international experience including the disposal of 2 banking subsidiaries
- Formerly Treasurer and Director of International Operations of Cyprus Popular Bank

RRD (NPL management and large exposures >€100m)

Euan Hamilton

Head of Restructuring & Recoveries Division
- Joined in December 2013
- Oversaw the run-down of c.£75bn of non-core assets at RBS

Business segments (origination of new business)

Dr. Charis Pouangare

Consumer & SME banking
- Joined in 1991
- Significant experience with the bank in all local sectors, Retail, SME and Corporate
- Excellent knowledge of customer needs and market dynamics

Nicolas Sparsis

Corporate banking
- Joined in 1983
- Significant knowledge of the local business market and extensive experience in customer relationship management

Louis Pochanis

International Banking Services
- Joined in 1993
- Set up Private Banking and Wealth Management in Cyprus and then Greece

- **Wealth/Brokerage/AM:** Costas Argyrides
- **International Operations:** Miltiades Michaelas
- **Eurolife:** Artemis Pantelidou
- **General Insurance:** Stelios Christodoulou
- **Human Resources**: Solonas Matsias

- Blend of extensive restructuring experience and long standing local market knowledge and client relationships
- Clearly defined separation among business lines, particularly NPL management

Bank of Cyprus

Appendix

Appendices

> Financials	29 - 33
> Business overview	34 - 36
> Asset quality	37 - 48
> Capital	49
> Funding	50 - 52

Bank of Cyprus

Consolidated balance sheet

€m	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q4 2013/Q1 2014 Change	Q4 2013/Q1 2014 Change %
Cash & bank placements	3,012	2,578	2,530	2,105	-425	-16.8%
Investments	3,413	3,505	3,433	3,475	+42	+1.2%
Net Loans	23,769	22,575	21,764	21,234	-530	-2.4%
Other assets	2,762	2,739	2,622	2,564	-58	-2.2%
Total assets	**32,956**	**31,397**	**30,349**	**29,378**	**-971**	**-3.2%**
Customer deposits	16,970	15,468	14,971	14,066	-905	-6.0%
ECB funding	-	1,301	1,400	1,400	-	-
ELA	11,107	9,856	9,556	9,506	-50	-0.5%
Interbank funding	961	1,038	790	753	-37	-4.7%
Other liabilities	998	944	895	894	-1	-
Total equity	2,920	2,790	2,737	2,759	+22	+1%
Total Liabilities and Equity	**32,956**	**31,397**	**30,349**	**29,378**	**-971**	**-3.2%**
CET1 capital ratio (CRD IV)	*n/a*	*n/a*	*10.5%*	*10.6%*		*+0.1%*
Leverage ratio (Assets/Equity)	*11.3x*	*11.2x*	*11.1x*	*10.6x*		*-0.5*

Reduction of cash and bank placements by €425m during Q1 2014; Disposal of Ukrainian operations, of investment in Banca Transilvania and of loans in Serbia enhances cash position during Q2 2014

Reduction of net loans by €530m due to deleveraging process, loan repayments and provisions

Deposit reduction reflecting Q1 2014 seasonality, payment of taxes, release of 6m decree deposits and relaxation of restrictive measures

Reduction of ELA by €50m during Q1 2014. An additional reduction by €720m on 2 July 2014

Interbank funding reduction by €37m

Enhancement of CET1 ratio by 0.1%

Improvement of Leverage ratio by 0.5x

Income statement review

Selected lines from income statement (€m)	Q3 2013	Q4 2013	Q1 2014	Q4 vs Q1 change %
Net Interest income	290	268	267	-
Net fee & commission income	41	43	45	+5%
Other income	24	(1)	28	n/a
Total income	**355**	**310**	**340**	**+10%**
Total expenses	**(134)**	**(126)**	**(124)**	**-2%**
Profit before impairments, restructuring costs and discontinued operations	**221**	**184**	**216**	**+17%**
Provisions for impairment of loans and advances	(258)	(229)	(146)	-36%
Share of profit/(loss) from associates	(5)	-	2	-
Profit/(loss) before tax, restructuring costs and discontinued operations	**(42)**	**(45)**	**72**	**n/a**
Tax	1	2	(2)	-
Loss attributable to non-controlling interests	2	5	2	-
Profit/(loss) after tax and before restructuring costs and discontinued operations	**(39)**	**(38)**	**72**	**n/a**
Restructuring costs	(107)	(15)	(5)	-
Loss from discontinued operations	-	(50)	(36)	-
Profit/(loss) after tax	**(146)**	**(103)**	**31**	**n/a**
Net interest margin	**3.94%**	**3.80%**	**3.99%**	**+19 b.p.**
Cost-to-Income	**38%**	**41%**	**36%**	**-5 p.p.**

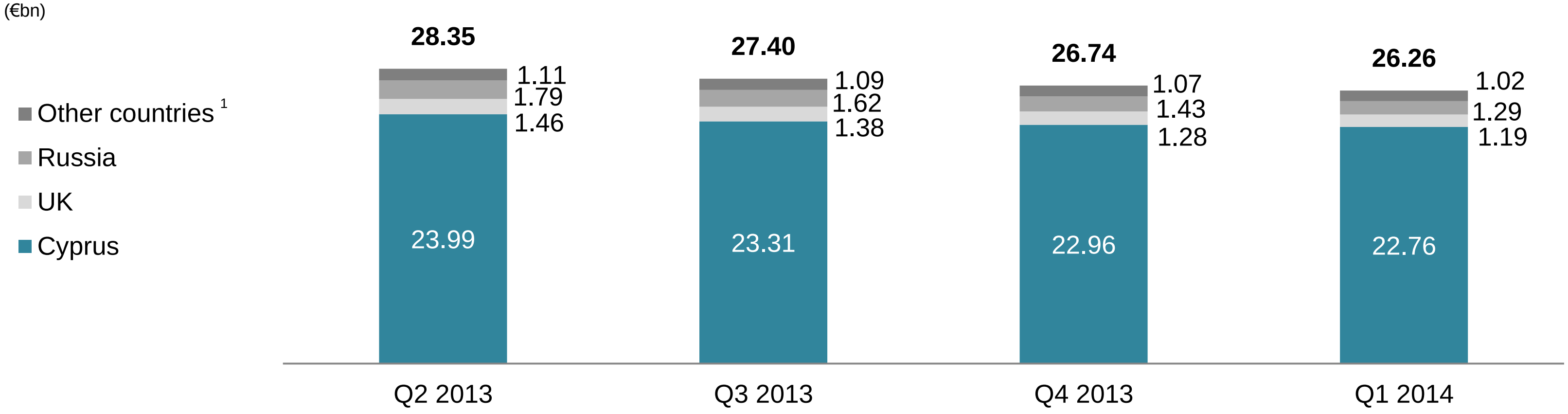
b.p. = basis points, p.p. = percentage points ; 100 b.p. = 1 p.p.

The Ukrainian operations sold in April 2014 have been classified as discontinued operations in Q12014.
Relevant reclassification made in previous quarters for comparison purposes.

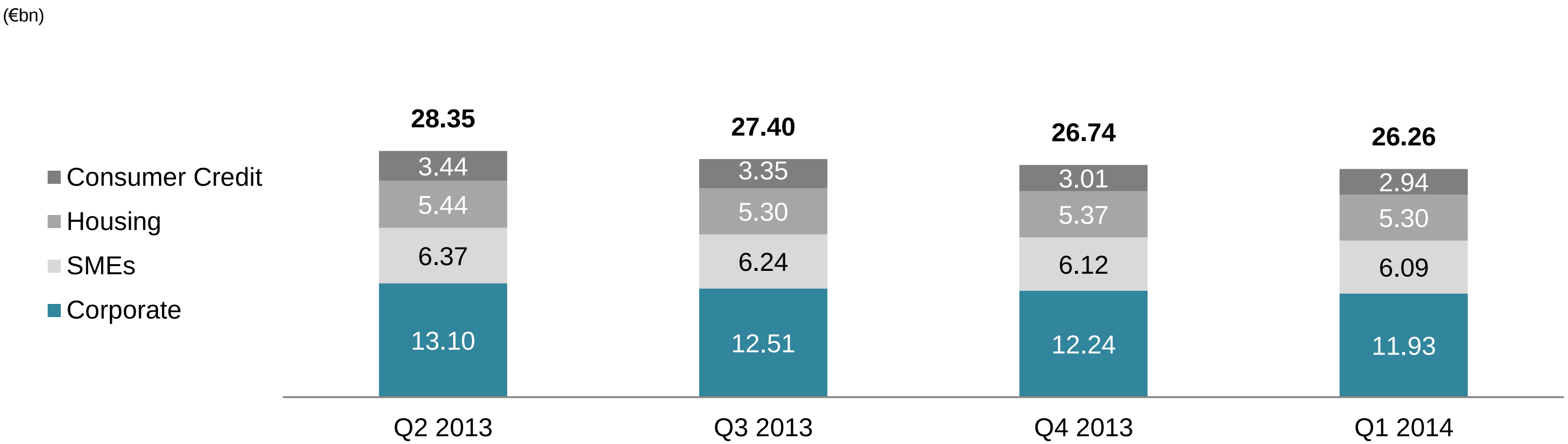
Bank of Cyprus

Analysis of gross loans by geography and customer type

Gross loans[2] by geography



Gross loans[2] by customer type

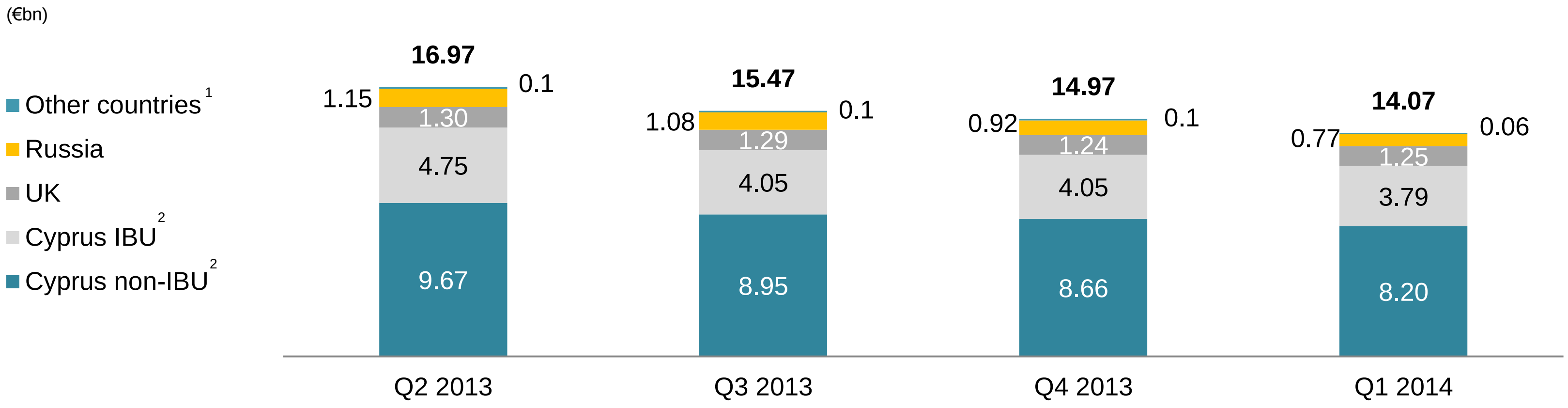


(1) Other countries: Greece, Romania and Ukraine
(2) Before fair value adjustments

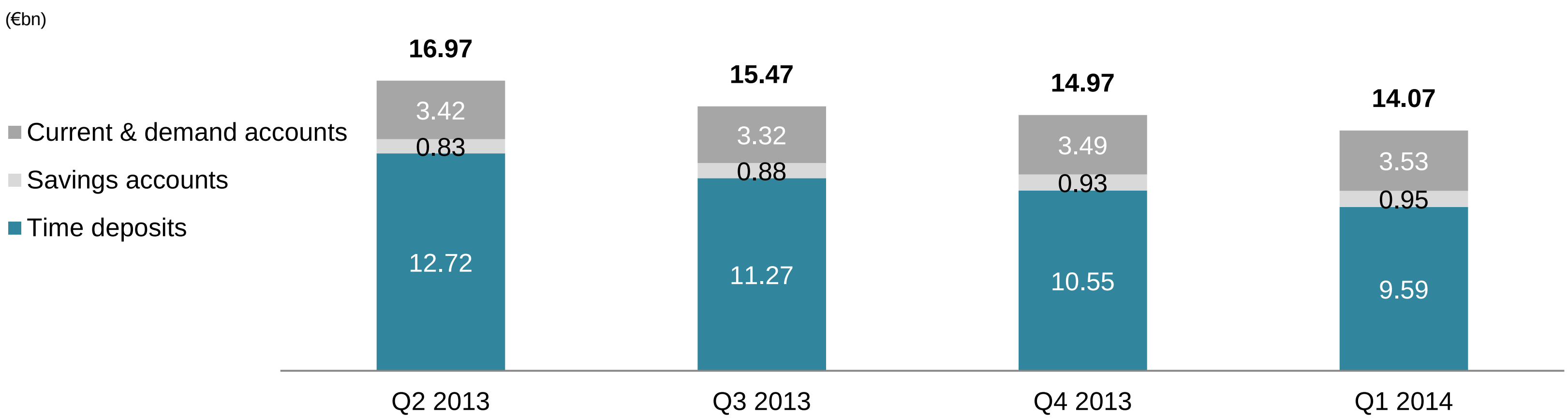
Bank of Cyprus

Analysis of deposits by geography and by type

Deposits by geography



Deposits by type of deposit



(1) Other countries: Romania and Ukraine (until March 2014)
(2) IBU = International business unit

Bank of Cyprus

Cyprus vs. other operations

(€m)		Q3 2013	Q4 2013	Q1 2014	Q4 vs Q1 change
Cyprus	**Profit before impairments, restructuring costs and discontinued operations**	**206**	**220**	**209**	**(5%)**
	Profit/(loss) after tax and before restructuring costs and discontinued operations	(38)	59	101	71%
	Profit/(loss) after tax	**(145)**	**34**	**96**	**182%**
	Cost to income ratio	33%	28%	30%	2pp
Other operations	**Profit/(loss) before impairments, restructuring costs and discontinued operations**	**15**	**(36)**	**7**	**n.m.**
	Loss after tax and before restructuring costs and discontinued operations	(1)	(97)	(29)	(81%)
	Loss after tax	**(1)**	**(137)**	**(65)**	**(47%)**
Group	**Profit before impairments, restructuring costs and discontinued operations**	**221**	**184**	**216**	**17%**
	Profit/(loss) after tax and before restructuring costs and discontinued operations	(39)	(38)	72	n.m.
	Profit/(loss) after tax	**(146)**	**(103)**	**31**	**n.m.**
	Cost to income ratio	38%	41%	36%	(5pp)

Key period in Bank of Cyprus's history; election of new BoD and appointment of new CEO marks a new era

1899
Establishment and operation of the "Nicosia Savings Bank"

1912
Nicosia Savings Bank renamed Bank of Cyprus and recognised as a public company

1943
Bank of Cyprus merges with banking institutions in other towns and expands throughout Cyprus

1951
Establishment of general insurance of Cyprus

1955
Establishment of Bank of Cyprus (London)

1964
Establishment of Bank of Cyprus factoring division

1980
Acquisition of Chartered Bank in Cyprus

1982
Establishment of the Cyprus Investment and Securities Corporation

1989
Establishment of life insurance company

1991
Bank of Cyprus opens its first branch in Greece

1992
Establishment of Bank of Cyprus Factors

2000
Establishment of Bank of Cyprus Australia

2007
Banking services commenced in Romania and Russia

2008
Acquisition of AvtoZAZ Bank in Ukraine and 80% of Uniastrum Bank in Russia

2011
Sale of the subsidiary in Australia

2012
Request to the state for temporary capital support of about € 500m

2013 March
- Bail-in of BoC depositors
- Sale of the Bank's Greek operations
- Acquisition by BoC of insured deposits, ELA funding and selected assets of Laiki

2013 April
Resolution Authority appoints new Board of Directors

2013 May
Appointment of Interim Chief Executive Officer

2013 July
Completion of bail-in of depositors and exit from resolution status

2013 August
Completion of VRS for c.1,370 people in the Cyprus Bank (25%)

2013 September
AGM of new shareholders and election of new Board of Directors

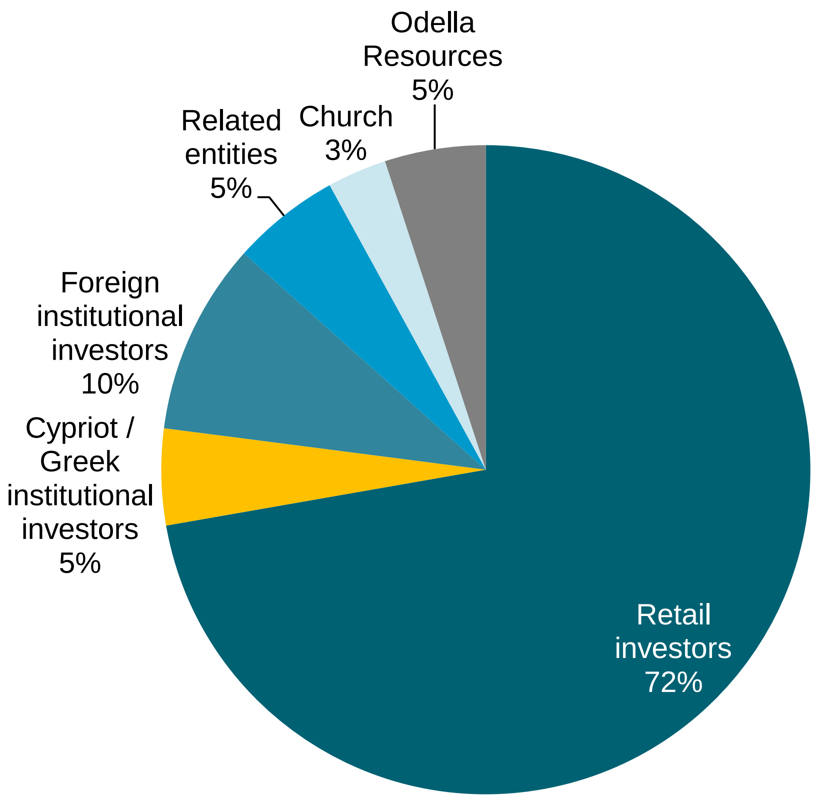
2013 October
Appointment of new CEO

2014 April/May
- Sale of 10% stake in Banca Transilvania
- Sale of Ukrainian business
- Sale of Serbian loan exposure

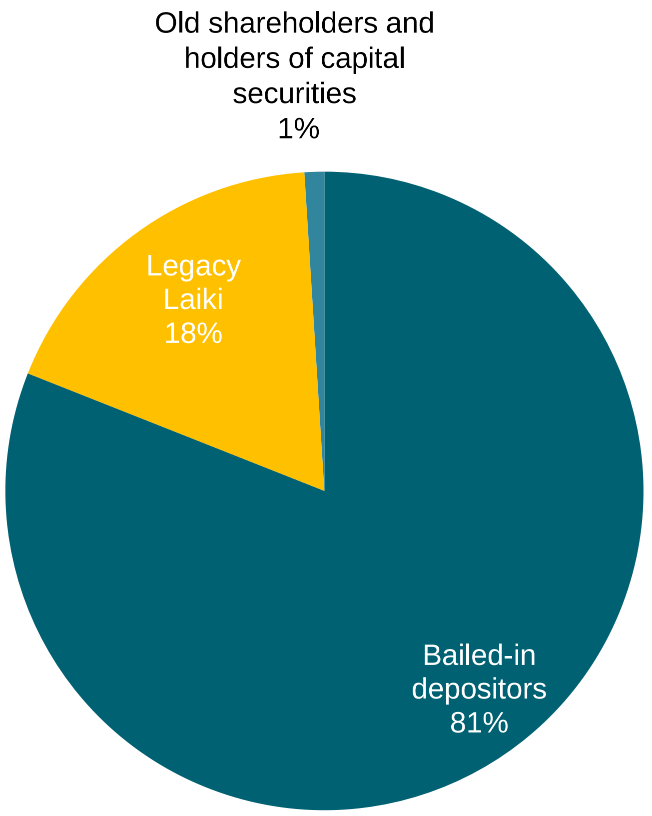
2014 June
Government pays BoC €950m as partial repayment of Laiki recapitalisation bond

Shareholder structure significantly different post bail-in

Bank of Cyprus shareholding structure (pre-bail in)
Percent of holding



Bank of Cyprus shareholding structure (post bail-in)
Percent of holding



Strong distribution network in Cyprus

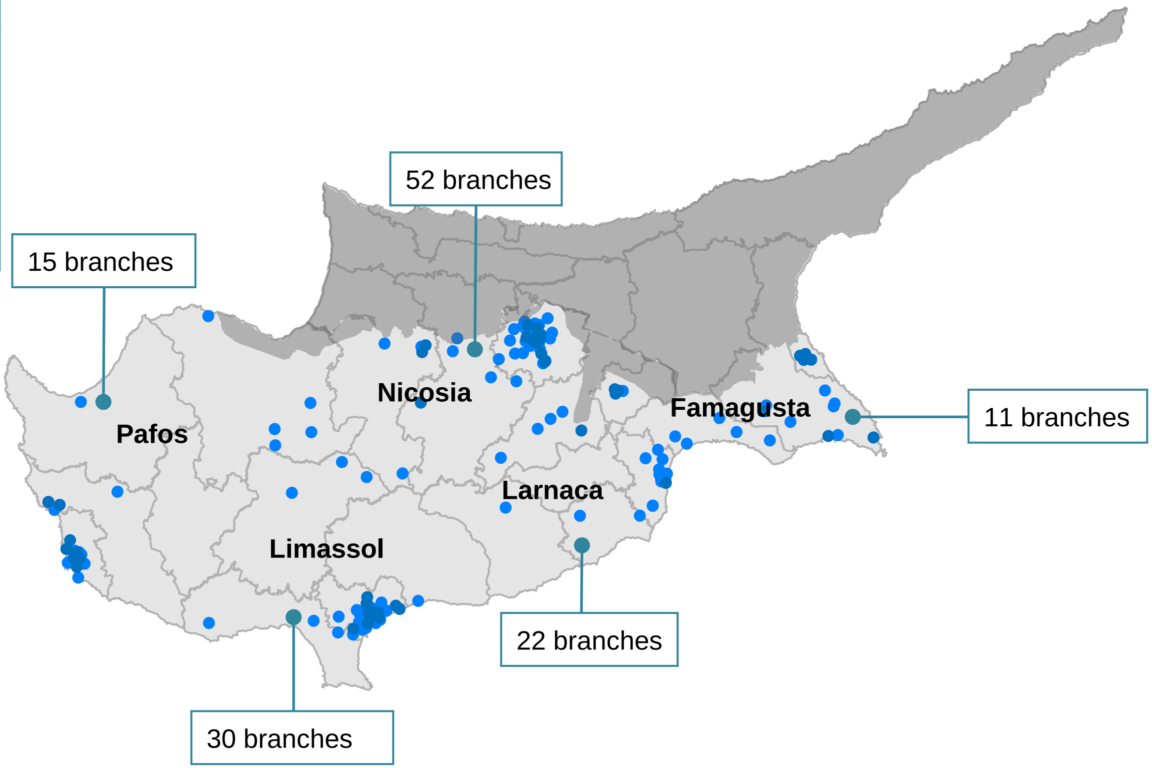
Retail and Corporate customers can complete cash and cheques transactions in 130 branches across Cyprus

Key distribution metrics (Cyprus)

130 branches

169 ATMs

3 corporate banking centres

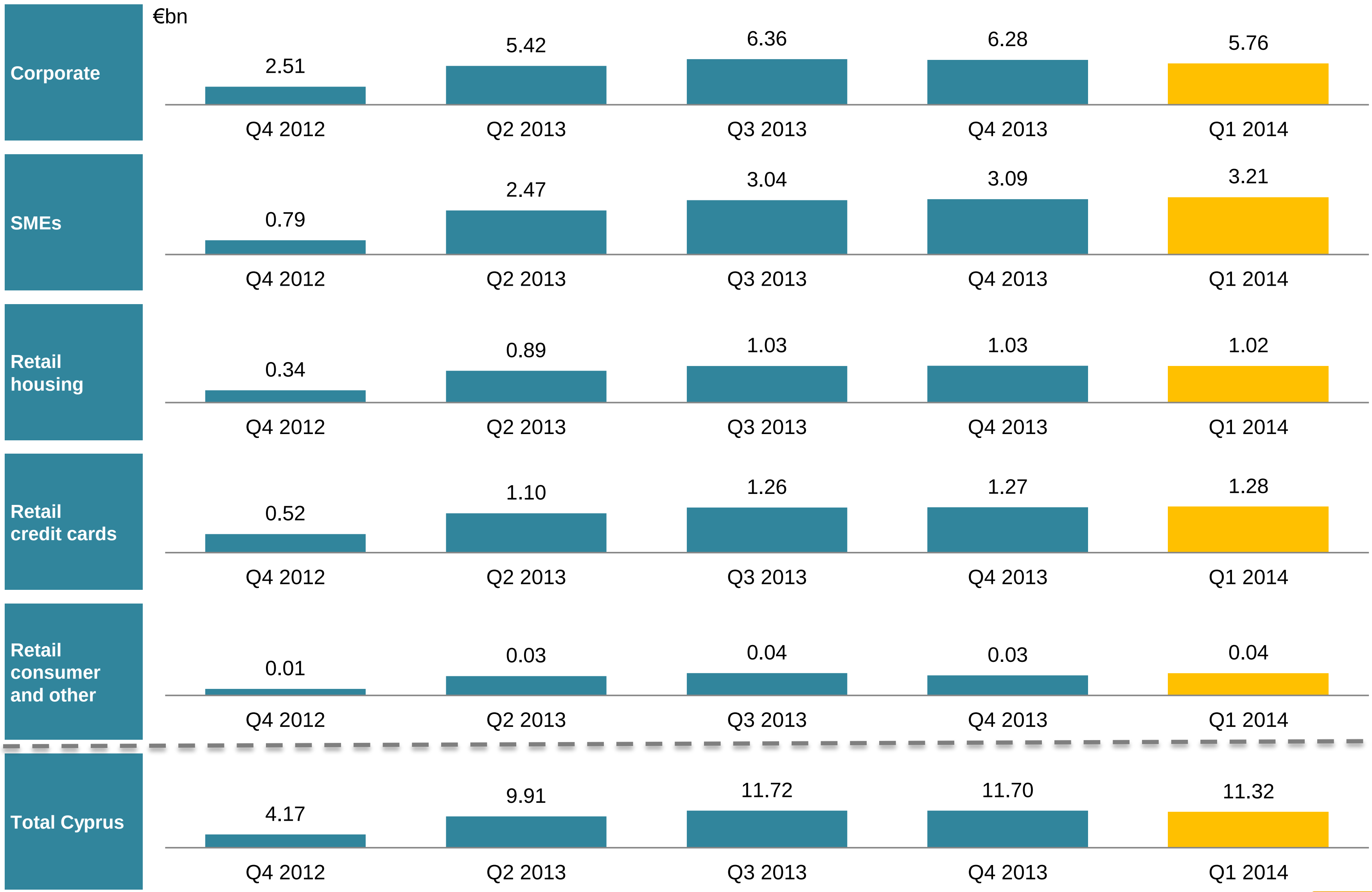


130 branches

Pan Cyprus presence

Bank of Cyprus

90+ DPD loans[1] stabilising across business lines

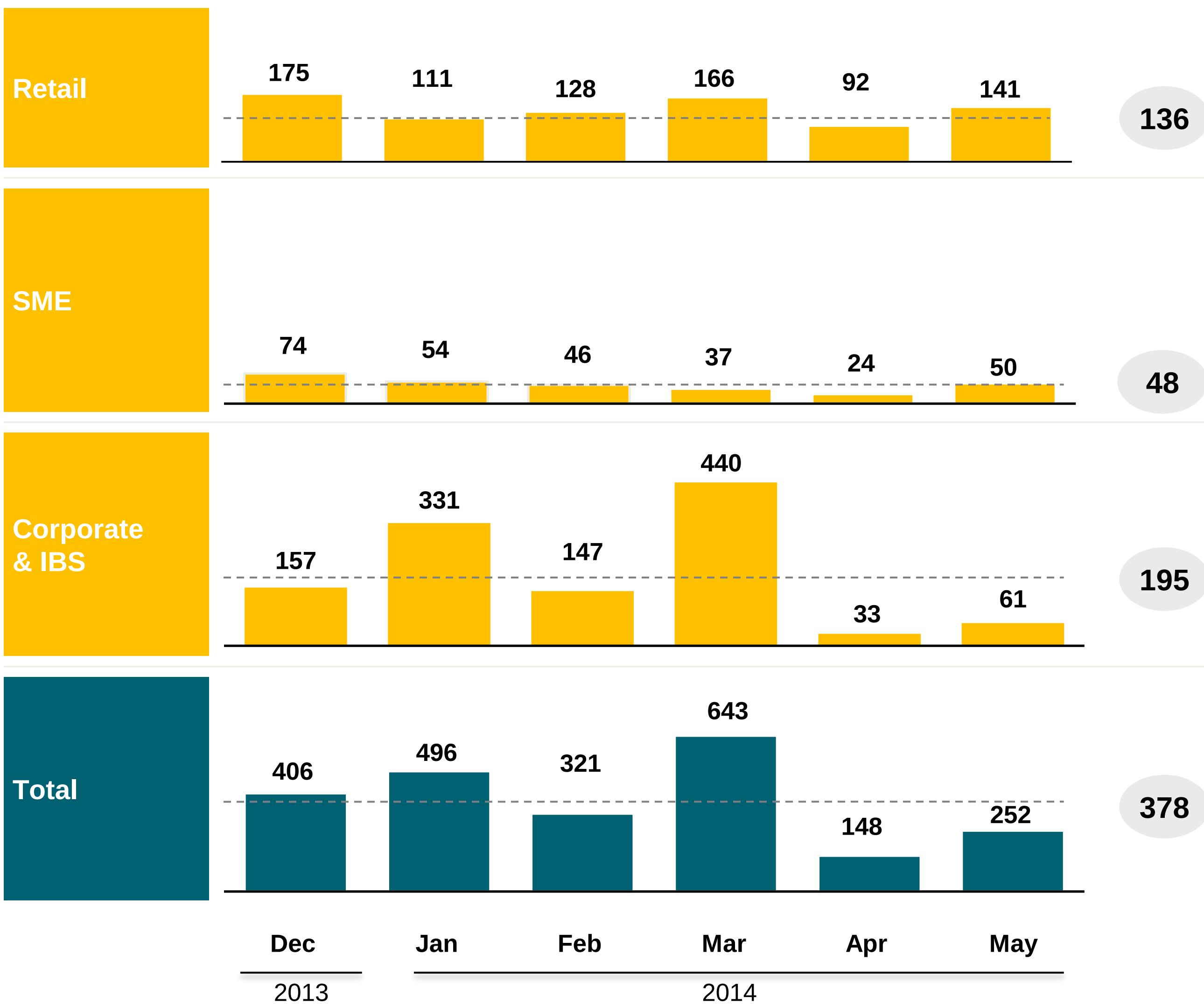


(1) Loans with a specific provision (impaired loans) and loans past due for more than 90 days but not impaired

Bank of Cyprus

Restructuring activity steps-up after the transition to the new model

Restructured loans, €m



xx 6-month average

Restructuring activity is ramping up after the low April figures

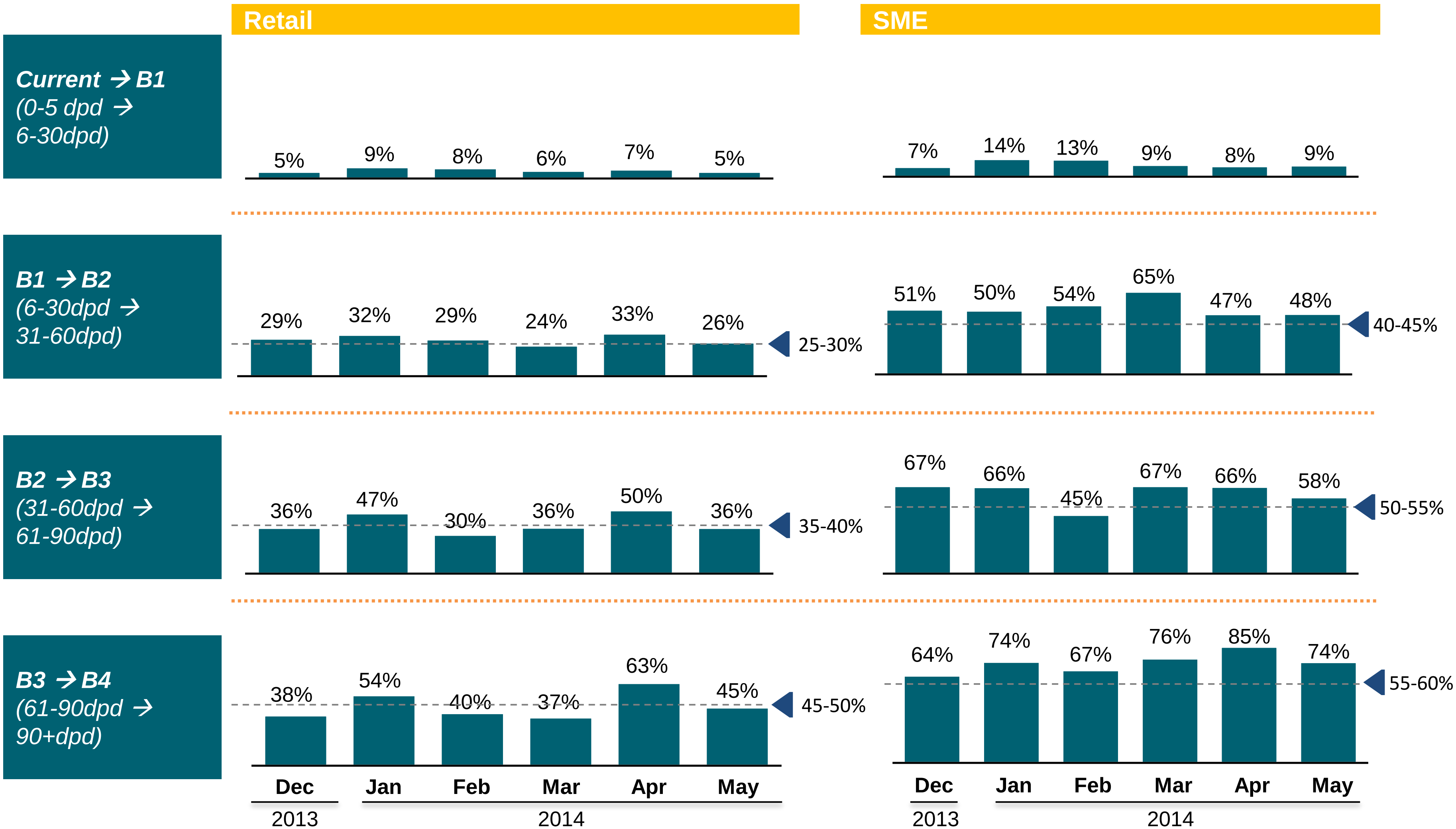
In the next months, the following is expected:

- Near completion of AQR exercise
- Completion and maturity of RRD operating model
- Restructuring activity will pick-up

Bank of Cyprus

Collection effectiveness has stabilised, after the seasonal effect of December and January, with exception of SME

Monthly Roll-rates: % of month/bucket balance transferred to next month's destination bucket

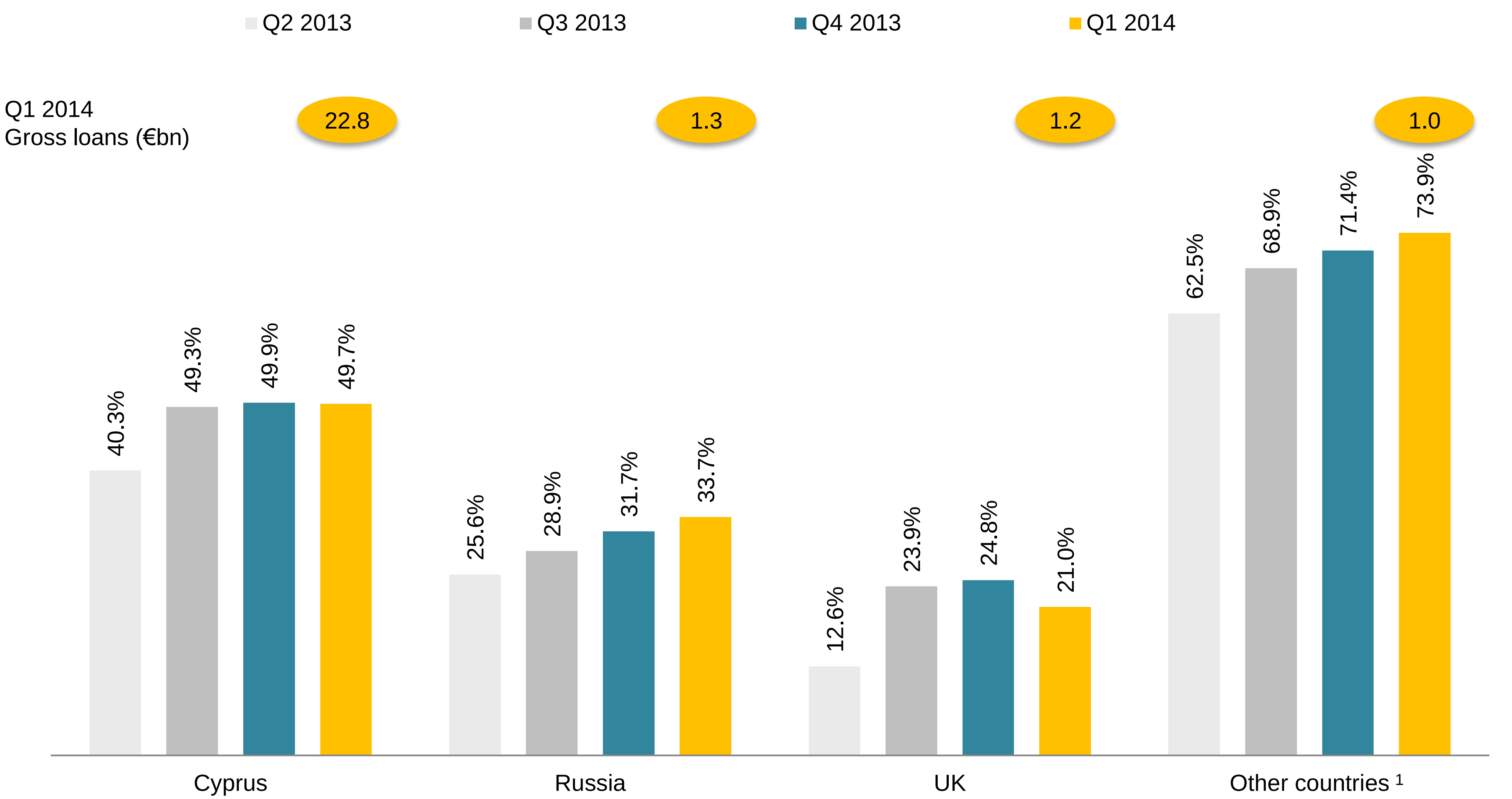


Benchmark based on distressed SEE economies

Bank of Cyprus

90+DPD by geography

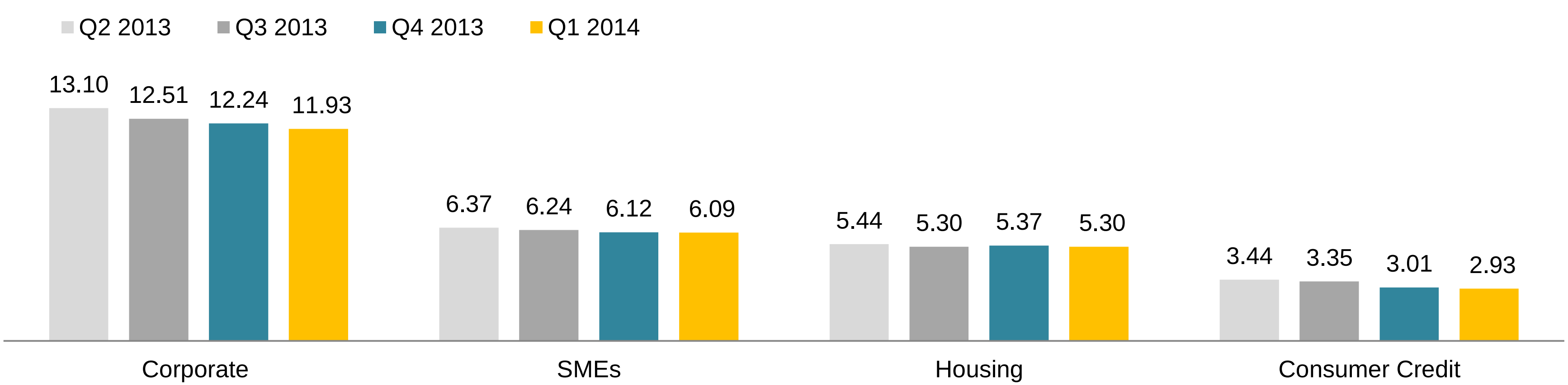
90+DPD ratios by Geography



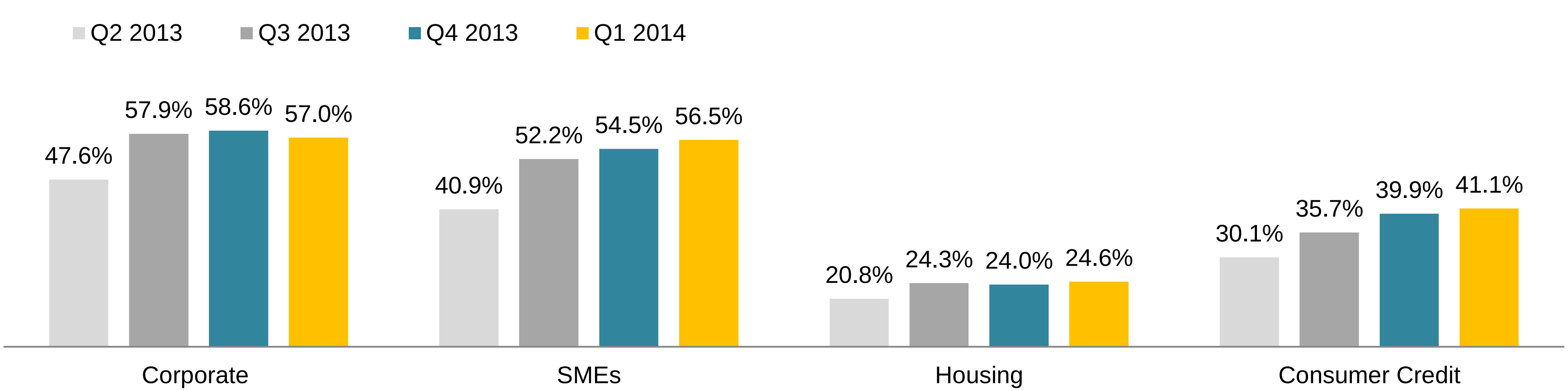
(1) Other countries: Romania, Ukraine and Greece

Analysis of loans and 90+DPD by customer type

Gross loans by customer type (€bn)

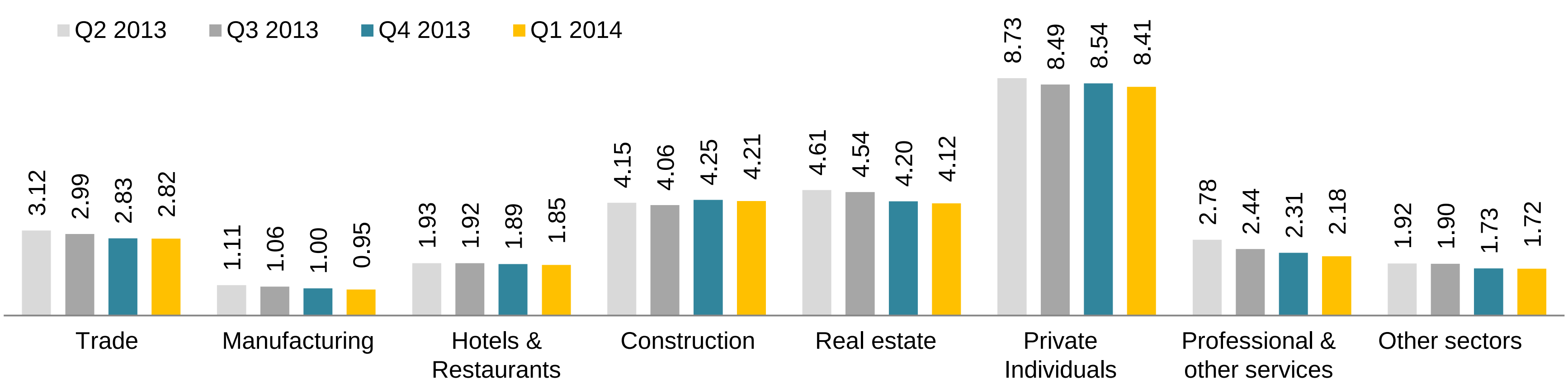


90+DPD ratios by customer type

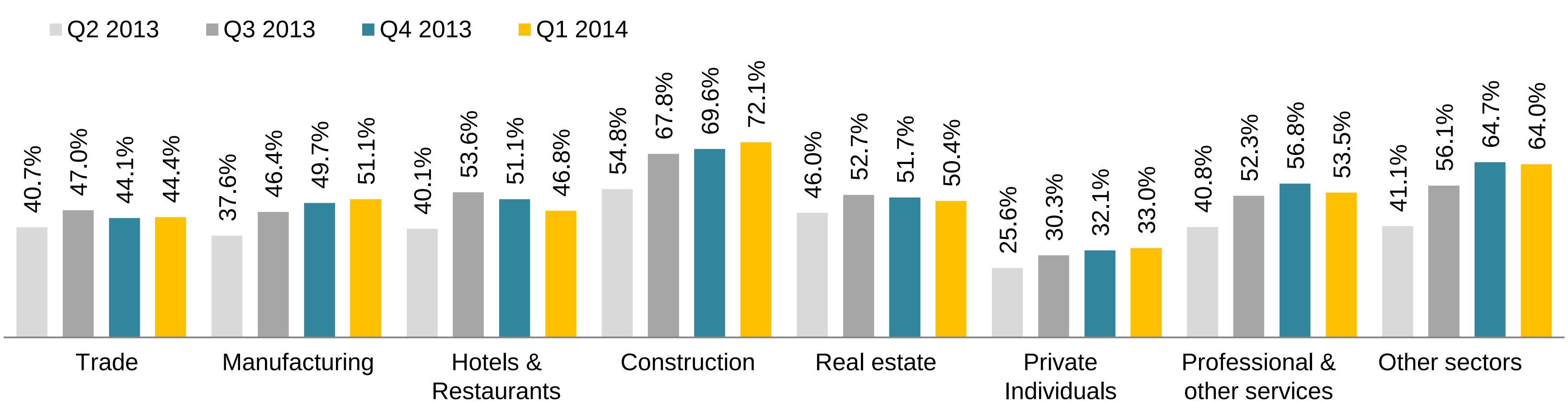


Analysis of loans and 90+DPD by economic activity

Gross loans by economic activity (€bn)



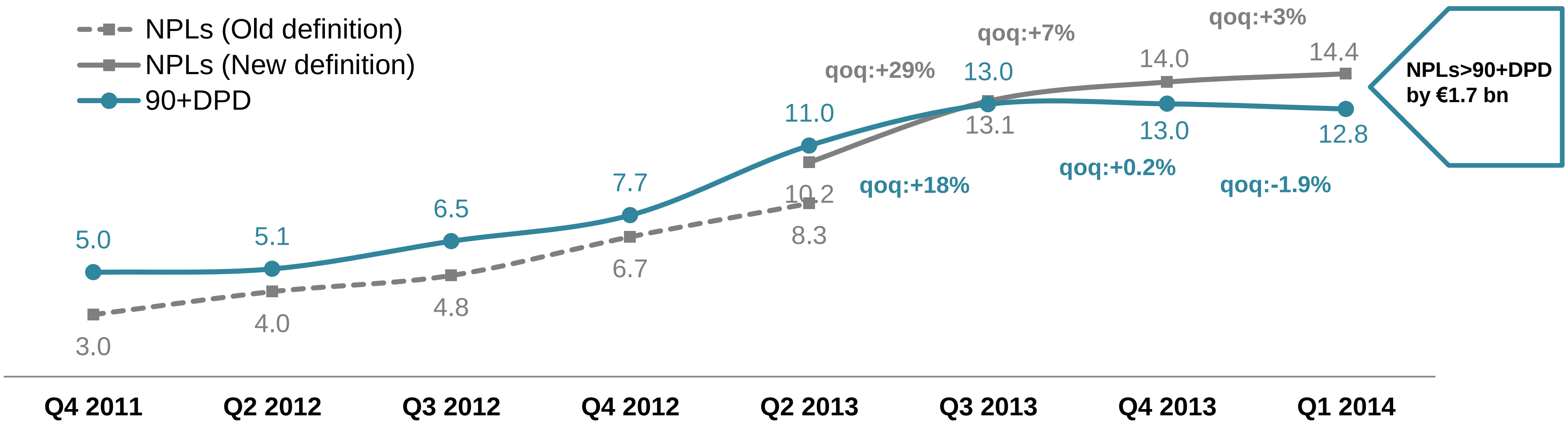
90+DPD ratios by economic activity



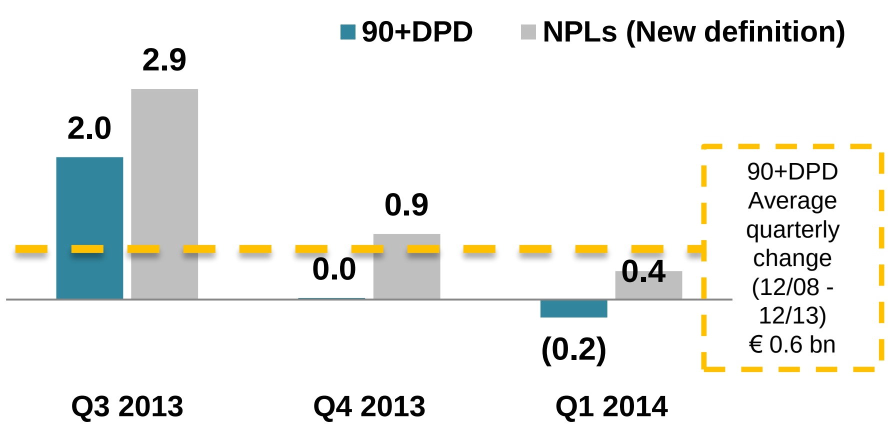
Bank of Cyprus

Loan quality

Problem loans[1] (€ bn)



Quarterly change in problem loans (€ bn)



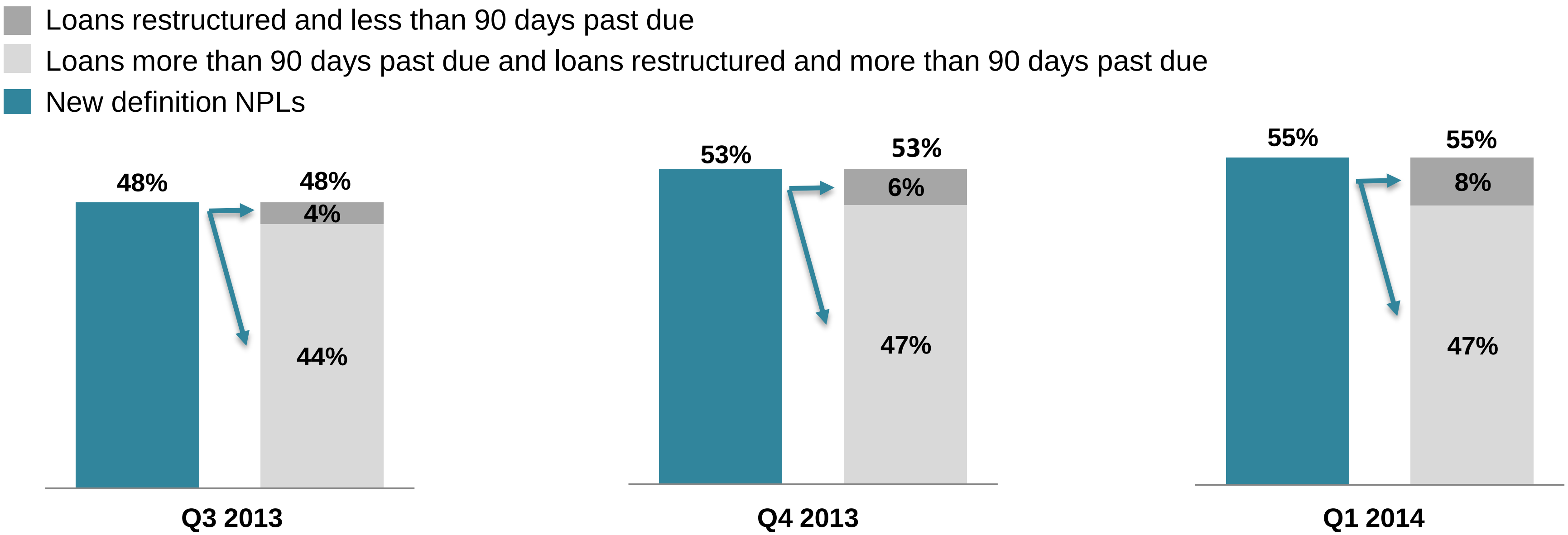
- 90+DPD[2] reduced by €247m during Q1 2014; first quarterly reduction after sixteen consecutive quarterly increases
- New-definition NPLs continue to rise as restructured loans remain classified as NPLs for longer
- NPLs growth rate decelerated to 3% for Q1 2014 (vs. Q4 2013 growth rate of 7%)

(1) Information for Q1 2013 is not available as it has not been possible to publish the financial results for the three months ended 31 March 2013
(2) 90+ DPD are loans with a specific provision (i.e. impaired loans) and loans past-due for more than 90 days as per IFRS

Bank of Cyprus

Loan quality

New definition non-performing loans formation



- New definition of NPLs as from 1 July 2013; new definition NPLs ratio at 55% at 31 March 2014
- With restructured loans remaining classified as NPLs for a longer period, there will be a growing difference between 90+ DPD and NPLs in the future
- NPLs provisioning coverage ratio at 35% at 31 March 2014; taking into account tangible collateral, NPLs are fully covered
- At 31 March 2014, the NPLs ratio comprises **loans restructured and less than 90 days past due** (8% of gross loans) and **loans more than 90 days past due and loans restructured and more than 90 days past due** (47% of gross loans)

Loan book coverage analysis (1/2)

90+DPD analysis

	Gross Loans (before FV adjustment on initial recognition)	IFRS 90+DPD Loans		Provisions (including FV adjustment on initial recognition)		Total value of collateral		Total coverage
	(€m)	(€m)	% of gross loans	(€m)	% of 90DPD+	(€m)	% of 90DPD+	
Group								
Consumer credit	2,567	1,062	41%	447	42%	512	48%	90%
Housing	5,227	1,283	25%	311	24%	985	77%	101%
Non-real estate	8,266	4,391	53%	1,698	39%	2,926	67%	105%
Real estate	2,736	1,654	60%	617	37%	1,109	67%	104%
Construction	3,967	2,929	74%	977	33%	2,219	76%	109%
Total Cyprus	**22,763**	**11,319**	**50%**	**4,050**	**36%**	**7,751**	**68%**	**104%**
Other countries	3,500	1,437	41%					
Total Group	**26,263**	**12,756**	**49%**					

Note: Data as at Q1 2014
(1) Q1 2014 collateral have been indexed based on Q4 2013 index value

Bank of Cyprus

Loan book coverage analysis (2/2)

NPL analysis

	Gross loans (before FV adjustment on initial recognition)	NPLs		Provisions (including FV adjustment on initial recognition)		Total value of Collateral		Total coverage
	(€m)	(€m)	% of gross loans	(€m)	% of NPLs	(€m)	% of NPLs	
Group								
Consumer credit	2,567	1,261	49%	444	35%	650	52%	87%
Housing	5,227	1,833	35%	321	18%	1,479	81%	98%
Non-real estate	8,266	4,812	58%	1,667	35%	3,230	67%	102%
Real estate	2,736	1,915	70%	620	32%	1,359	71%	103%
Construction	3,967	3,159	80%	981	31%	2,428	77%	108%
Total Cyprus	**22,763**	**12,980**	**57%**	**4,033**	**31%**	**9,146**	**70%**	**102%**
Other countries	3,500	1,457	42%					
Total Group	**26,263**	**14,437**	**55%**					

Restructured loans analysis

	Gross loans (before FV adjustment on initial recognition)	Restructured loans		Provisions (including FV adjustment on initial recognition)		Total value of collateral		Total coverage
	(€m)	(€m)	% of gross loans	(€m)	% of restructures	(€m)	% of restructured loans	
Group								
Consumer credit	2,567	411	16%	35	9%	304	74%	83%
Housing	5,227	1,489	28%	50	3%	1,355	91%	94%
Non-real estate	8,266	1,853	22%	367	20%	1,509	81%	101%
Real estate	2,736	742	27%	83	11%	691	93%	104%
Construction	3,967	1,138	29%	225	20%	997	88%	107%
Total Cyprus	**22,763**	**5,633**	**25%**	**760**	**13%**	**4,856**	**86%**	**100%**
Other countries	3,500	482	14%					
Total Group	**26,263**	**6,116**	**23%**					

In addition to the above, the loans acquired from Laiki Bank include rescheduled loans of a gross amount on 31 March 2014 of €1.605m which were rescheduled prior to the acquisition date (29 March 2013)

Note: Data as at Q1 2014

(1) Q1 2014 collateral have been indexed based on Q4 2013 index value

Bank of Cyprus

Loan book by number of days past due

Asset quality

(€m)	Total Cyprus gross loans (before FV adjustment on initial recognition)	Consumer credit	Housing	Non-real estate	Real estate	Construction
Performing	9,669	1,257	3,331	3,304	935	842
< 30 days past due	707	109	316	189	36	57
31 - 90 days past due	1,068	126	297	364	125	156
91 - 180 days past due	599	82	169	161	53	134
> 180 days past due	3,020	364	494	1,172	336	654
Impaired Loans	7,700	629	620	3,076	1,251	2,124
Total Cyprus	**22,763**	**2,567**	**5,227**	**8,266**	**2,736**	**3,967**

90+DPD: €11,319m

Note: Data as at Q1 2014

Bank of Cyprus

Loan book maturity analysis

Remaining maturity of loans

(€m)	Total Cyprus gross loans	One year or less	One to five years	Over five years	Expired[1]	On demand
Consumer credit	2,567	58	420	842	668	579
Housing	5,227	23	127	4,428	649	-
Non-real estate	8,266	325	954	3,388	1,900	1,699
Real estate	2,736	244	479	673	1,210	130
Construction	3,967	452	948	493	1,722	352
Total Cyprus	**22,763**	**1,102**	**2,928**	**9,824**	**6,149**	**2,760**

Note: Data as at Q1 2014

(1) Expired loans are loans whose repayment schedule has lapsed and has not been formally extended by the Bank. These loans are usually handled by the Debt Recovery Division f RRD.

Transition from CRD III to CRD IV/CRR

Provisional Capital base and Risk Weighted Assets from CRD III to CRD IV/CRR		
€ m		
Core Tier 1 at 31.12.2013	**2,282**	**10.2%**
Add back: deductions (mainly investments in FSEs[1] within 15% of CET1)	135	
Other (mainly revaluation reserve available to cover risks or losses)	79	
CET1 at 31.12.2013	**2,496**	**10.5%**

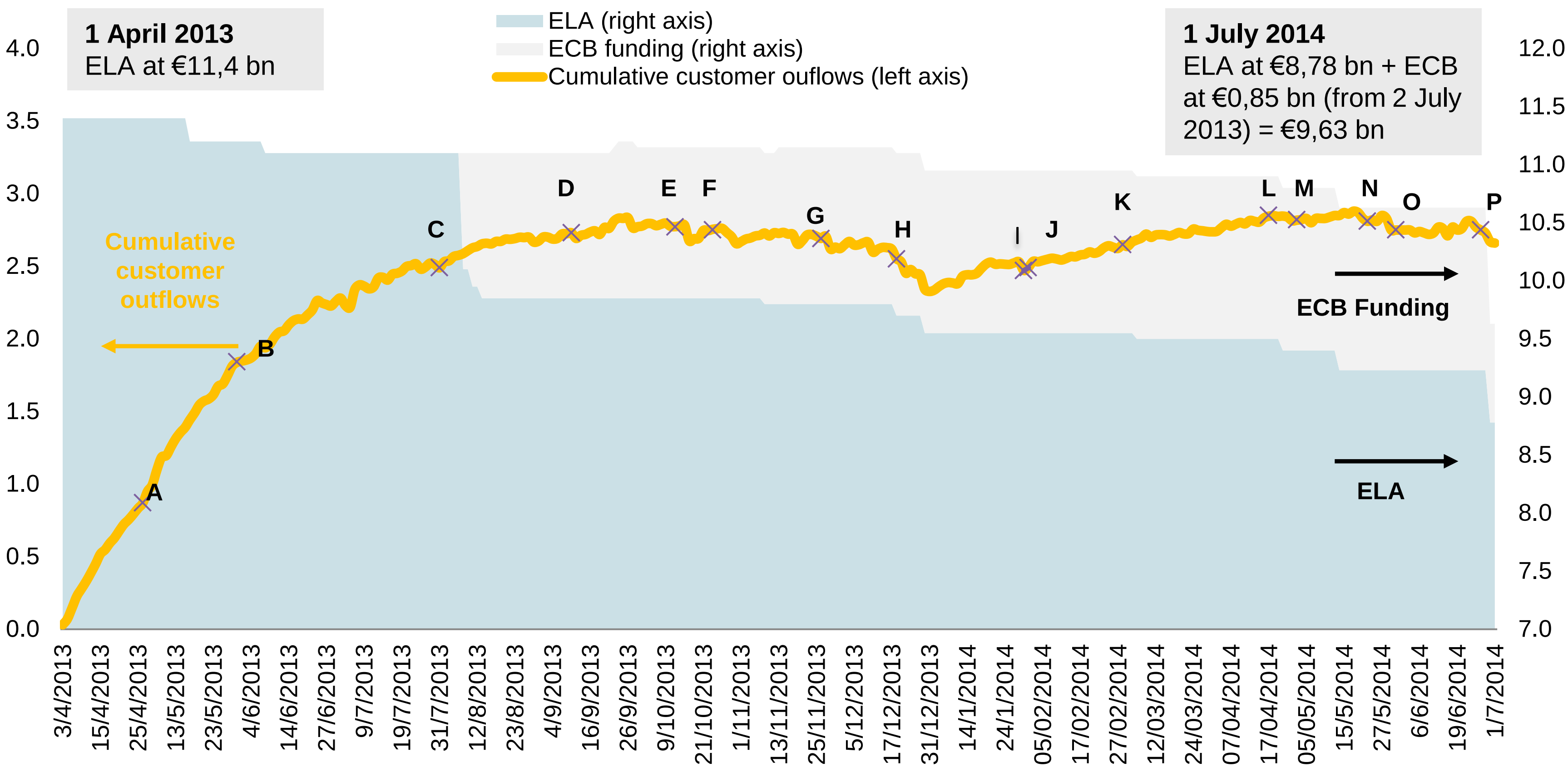
Risk weighted assets per CRD III at 31.12.2013	22,441
Less: deferred tax asset	(461)
Add: deferred tax asset and investments in FSEs up to 15% of CET1	936
Other credit risk increases of RWAs	933
Risk weighted assets per CRDIV/CRR 31.12.2013	**23,849**

Data as at Q1 2014
(1) FSE = Financial sector entities

Bank of Cyprus

Evolution of ELA and ECB funding

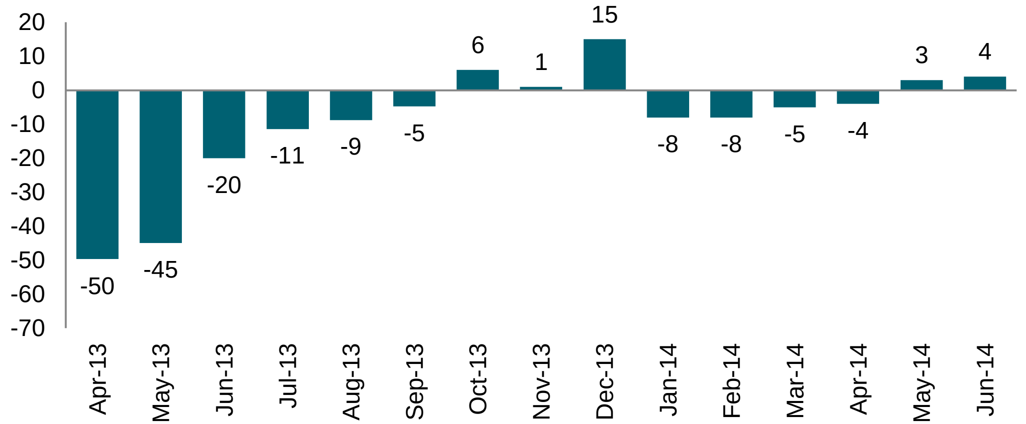
Cumulative customer outflows, ELA and ECB Funding (€bn)



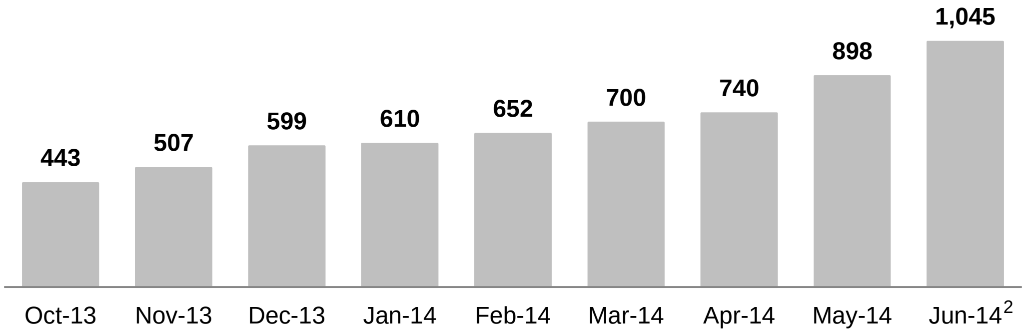
(A)	Interim BoD	(B) Interim CEO
(C)	Recapitalisation and Resolution Exit	(D) New BoD
(E)	FY2012 results	(F) New CEO
(G)	6M2013 results	(H) 9M2013 results
(I)	Release of six-month time deposits	(J) Agreement for the sale of Ukrainian business
(K)	FY2013 preliminary results	(L) Completion sale of Ukrainian business and Sale of investment in BT
(M)	Partial release of nine-month time deposits	(N) Sale of Loans in Serbia
(O)	Q12014 results	(P) Republic of Cyprus repays sovereign bond held by Bank of Cyprus

Reversal in customer outflows during Q2 2014

Average daily customer flows per month (€m)



Increasing fresh funds balances[1] (€m)

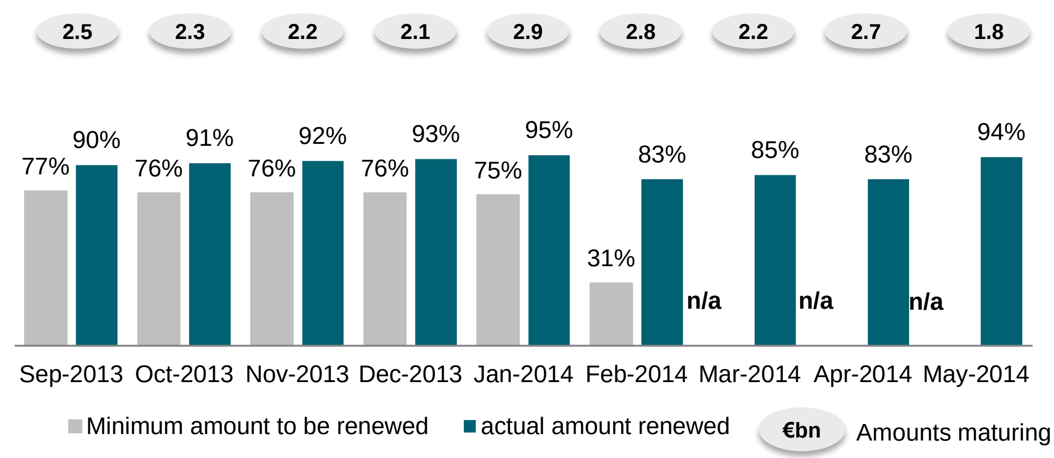


- Customer outflows significantly abated during H1 2014 and the deposit base showed signs of stabilisation
- Customer outflows during Q1 2014 reflect one off items and seasonality factors such as payments of taxes, dividends by international companies and the impact from the release of the 6m decree deposits as well as the relaxation of restrictive measures
- During Q2 2014 the Bank experienced customer inflows despite the gradual release of the 9m decree deposits and the abolition of internal controls at 30 May 2014
- Fresh funds balance[1] increased to €1,045m. The amount of fresh money is approximately 9.3% of total customer deposits

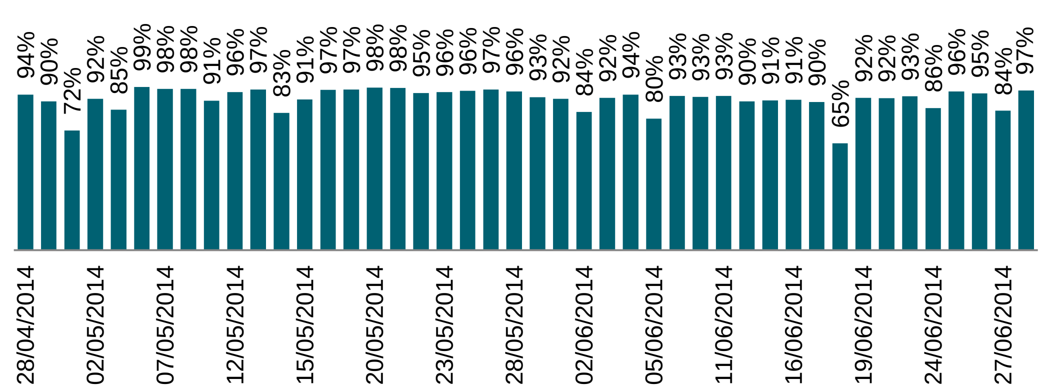
(1) Funds received from abroad minus funds sent abroad per customer, post March 2013 and not subject to restrictive measures
(2) Post the IT migration this includes amounts from ex-Laiki accounts

Renewal of maturing fixed term deposits

Renewal of maturing fixed term deposits – monthly data



Renewal of maturing fixed term deposits – daily data



- Actual renewals of maturing Fixed Term deposits have remained significantly higher than minimum required under restrictive measures (averaging higher than 90% compared to a minimum required of around 75%)
- Post relaxation of restrictive measures, actual renewals dropped to around 86% for the period February to May 2014, as they include the 6m and 9m decree deposits that were released, increasing to more than 90% in May 2014
- During June 2014, following the full relaxation of internal controls, renewals have remained at very high levels

Bank of Cyprus

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