



Announcement

License to Bank of Cyprus for banking operations in Russia granted by the Central Bank of Russia

Nicosia, 7 June 2007

The Bank of Cyprus Group, consistently delivering on its strategic plan, announces the commencement of its operations in Russia. According to its official website, on 6 June 2007 the Central Bank of Russia granted Bank of Cyprus the license of banking operations in Russia. Bank of Cyprus is the first Greek or Cypriot banking institution to enter the Russian market.

A major pillar of the Group's strategy is its expansion to new dynamic markets with excellent prospects to increase size and profitability. The license to commence operations granted by the Central Bank of Russia constitutes a determining step towards the achievement of this important aspect of the Group's strategy.

Bank of Cyprus has a large number of client relationships with companies that operate in Russia, due to the international banking services it offers in Cyprus. The Group's strategy to penetrate the Russian banking market entails initially the development of a loan portfolio and the provision of services (guarantees, letters of credit, foreign exchange services, payment orders, liquidity management) to existing corporate clients of the Group, thus minimising credit risk and effectively deploying excess liquidity. It is noted that the license granted does not relate to the taking of deposits from physical persons, an excluded activity which applies to all banks in the first two years of their operation in Russia.

The Group has already recruited the key personnel for its operations in Russia, it has rented a building in Moscow which was adapted according to the Bank's operational needs and prepared the infrastructure to expand rapidly in this country.

Founded in 1899, the Bank of Cyprus Group is the leading Cypriot banking and financial services group. In 1991, the Group established its first branch in Greece where it has been expanding rapidly since 1999. It has an established banking presence in the United Kingdom and in 2001 it expanded to Australia through a wholly owned subsidiary bank. In addition to retail and commercial banking, the Group's activities include finance, factoring, investment banking, brokerage, fund management, life and general insurance. The Group currently operates through a total of 283 branches, of which 144 operate in Cyprus, 121 in Greece, 6 in the United Kingdom, 11 in Australia and 1 in the Channel Islands. Soon, the first branch of the Bank in Romania will start operations. Bank of Cyprus also has representation in the United States of America, Canada, South Africa and Russia. The Bank of Cyprus Group employs 6.351 staff worldwide.

At 31 March 2007, the Group's Total Assets reached C£15,22 bn (€26,21 bn) and the Shareholders' Funds were C£961 mn (€1,66 bn). The Bank of Cyprus shares are listed on the Cyprus and Athens Stock Exchanges. Additional information can be found at the Group's website www.bankofcyprus.com