

21 November 2016

Dear Shareholder,

### **Shareholder Circular concerning the Scheme of Arrangement and London Stock Exchange Listing**

On 15 November 2016, the Bank of Cyprus Public Company Limited ("**BOC**", and together with its subsidiaries, the "**BOC Group**") announced that it is applying for a standard listing on the Official List of the Financial Conduct Authority (the "**FCA**") and for admission to trading on the Main Market of the London Stock Exchange (the "**LSE**") for shares in the BOC Group with a view to applying for a premium listing on the Official List of the FCA at a future date. Achieving a listing on the LSE is the first step towards BOC's objective of becoming eligible for inclusion in the FTSE UK Index Series.

In furtherance of this objective BOC proposes to introduce a new Irish incorporated company, namely Bank of Cyprus Holdings plc ("**BOC Holdings**"), as the parent company of the BOC Group, by way of a scheme of arrangement (the "**Scheme**"). The listing on the LSE has been structured to enable BOC Holdings to consider an application to admit its shares to the premium listing segment of the Official List of the FCA at a future date in order to be considered for inclusion in the FTSE UK Index Series. In addition to the listing on the LSE, BOC Holdings' shares will also be listed in Cyprus on the Main Market of the Cyprus Stock Exchange (the "**CSE**"), both listings subject to all necessary approvals being obtained. BOC does not intend to maintain a listing on the Athens Exchange as it no longer conducts banking activities in Greece.

Pursuant to the Scheme, BOC Holdings shall become the sole shareholder of BOC and the current shareholders of BOC will become the 100 per cent. owners of BOC Holdings and, in this respect, will receive shares in BOC Holdings (the "**New Shares**"), or depositary interests representing New Shares (the "**Depositary Interests**"), at no cost, save for the cancellation of their existing shares in BOC.

The current directors of BOC are also the directors of BOC Holdings.

A scheme of arrangement is a formal procedure under Cypriot law commonly used to carry out corporate re-organisations. The implementation of the Scheme requires: (i) the approval of the Scheme by a simple majority of the votes cast by BOC's shareholders at an extraordinary general meeting to be held at the registered office of BOC (51 Stassinos Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus) on 13 December 2016 at 10.00 a.m. (the "**EGM**"); (ii) the approval of the capital reduction entailed in the Scheme by at least 75 per cent. of the votes cast at the EGM; and (iii) the sanctioning of the Scheme by the District Court of Nicosia in Cyprus following a hearing upon the fairness of the terms and conditions of the Scheme.

The notice of the EGM and a shareholder circular dated 21 November 2016 (which includes the Scheme, additional explanatory information regarding the Scheme and the relevant form of proxy for the EGM) (the "**Shareholder Circular**") have been posted on BOC's website [www.bankofcyprus.com](http://www.bankofcyprus.com) (please select the Investor Relations link). You are kindly requested to read

the Shareholder Circular carefully and take the necessary steps set out therein. A hard copy of the Shareholder Circular may also be obtained, upon the request of a shareholder, through the shareholder helpline telephone number specified therein.

As a shareholder, and provided that you appear on the register of members of BOC as at 5 December 2016, you are entitled to attend and vote on the Scheme at the EGM or appoint a proxy to attend in your place and vote on your behalf. Further details about the EGM and the voting process at the EGM are contained in the Shareholder Circular.

Provided that the Scheme is approved by the shareholders of BOC and sanctioned by the District Court, all shares held by you in BOC at the record time for determining the entitlement to New Shares under the Scheme will be cancelled and in exchange you will receive a proportionate number of New Shares or Depositary Interests. You will be given the option to either (i) trade your New Shares on the LSE and agree to receive New Shares registered in CREST (the computerised system used by the LSE for the paperless settlement of sales and purchases of dematerialised securities) or (ii) trade your New Shares on the CSE and agree to receive Depositary Interests registered in the Central Depository and Central Registry of the CSE, subject to all necessary approvals in respect of both listings being obtained. In order to exercise this choice you will need to follow the instructions set out in the Shareholder Circular. Your percentage shareholding (including your percentage of the voting rights) will not change as a result of the Scheme (subject only to the minor rounding as further explained in the Shareholder Circular).

BOC believes these proposals to be in the best interests of BOC and its shareholders. You are therefore strongly encouraged to read the Shareholder Circular carefully and take the necessary actions set out therein. If you are in any doubt as to what action you should take, you are recommended to seek your own personal legal or financial advice immediately from your stockbroker, lawyer, accountant or other independent financial adviser.

This communication is not an offer of securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling security holder and that will contain detailed information about the company and management, as well as financial statements.

This communication is made in respect of the Scheme which is not, nor is the information contained therein, an offer, or an invitation to make offers, to sell, purchase, exchange or otherwise transfer securities in the Russian Federation and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. The New Shares have not been and will not be registered in Russia and are not intended for "offering", "placement" or "circulation" in Russia (each as defined in Russian securities laws) unless and to the extent otherwise permitted under Russian law. Each Shareholder will be deemed to represent, confirm and agree that it is not incorporated, located or resident in the Russian Federation or, if it is incorporated, located or resident in the Russian Federation, it otherwise acts outside the Russian Federation in participating in the Scheme.

**Katia Santis**  
*Secretary*