

## EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

13 December 2016

BOC Headquarters

Speech by the Chairman of the Board of Directors,  
Dr Josef Ackermann

Dear Shareholders,

Once again, I would like to extend to all of you a warm welcome to today's EGM.

As I mentioned in my opening remarks, today is a special day for the Bank of Cyprus, its shareholders and all stakeholders. The Bank's Board of Directors and Executive Management are delighted to inform our shareholders that the process of achieving a listing in a major European stock exchange has advanced to the last critical stage. With your support today it can become a reality. The dialogue and consultation process with all our regulators in Cyprus, Frankfurt and London have come to almost the final stage. In addition, a number of supportive documents and explanations have been prepared and submitted to the appropriate authorities for their consideration or approval. All significant legal, regulatory and administrative procedures have been successfully completed. We are before you today to brief you on the results and to seek your support. You hold the key to the way forward.

All major issues are summarized in the Shareholders' Circular and the Notice of the EGM already made available to you. The Circular explains in detail the proposed restructuring of the ownership structure of the Bank of Cyprus Group. This fundamental change is to be achieved through a Scheme of Arrangement, in line with the Cyprus Companies Law, and the exchange of Existing shares for New Shares in the proposed holding company, Bank of Cyprus Holdings Public Limited Company ("Bank of Cyprus Holdings"). With your support, this change is to be effected through the adoption of one ordinary resolution and one special resolution by today's shareholders' meeting with a majority of at least 50% and 75% of all votes cast, respectively.

The purpose of the change in the ownership structure is simply to make the Bank of Cyprus Group eligible for inclusion in the FTSE UK Index Series, which will likely boost further both the liquidity and visibility of the Bank. A FTSE UK Index Series inclusion necessitates the establishment of a new holding company (Bank of Cyprus Holdings) in a FTSE eligible jurisdiction. Upon the implementation of the proposed Scheme of Arrangement, the new holding company (Bank of Cyprus Holdings), shall have a standard listing on the Official List of the Financial Conduct Authority ("FCA") for admission to trading on the London Stock Exchange ("LSE") with a view to applying for a premium listing on the Official List of the FCA at a future date and with a view to becoming eligible for inclusion in the FTSE UK Index Series.



Key approvals have already been received from the Bank's regulatory bodies, including from the European Central Bank and the Central Bank of Cyprus, for the change in the ownership structure. Provisional approval for eligibility has also been received from the UK Listing Authority of the Financial Conduct Authority. In addition, an Investor Prospectus for the trading of the New Shares and the related Depository Interests has been approved by the Cyprus Securities and Exchange Commission, and is available on the Bank's website.

The listing of the Bank of Cyprus on the London Stock Exchange would allow us to fulfil a long-standing commitment to shareholders to achieve a listing on a major European Stock Exchange. This will constitute an additional major milestone in the development of the Bank and its strategy to enhance its financial strength and attain the highest standards in corporate governance and transparency.

The key to achieving this milestone is approval of the two resolutions at the EGM today and confirmation of these endorsements by the Cypriot courts. If all goes well, as we very much hope it will, trading on the London Stock Exchange and on the Cyprus Stock Exchange ("CSE") will be possible before the end of February of 2017.

This is obviously a very complex operation. We have tried to anticipate the questions you may have and the documents made available to you include a detailed explanation of all the technical modalities for the issuance and trading of the New Shares on the LSE and the CSE, the settlement of the New Shares in the Cyprus Securities Depository using Depository Interests and the related tax treatment and shareholders rights. Additionally, the Shareholders' Circular includes a detailed description of the likely benefits and a lengthy Q&A section that covers a comprehensive list of potential questions that may arise.

The Bank of Cyprus CEO, John Hourican, will offer some more explanations about these issues. He and the Bank's Director of Finance, Eliza Livadiotou, will also, together with our legal advisors, be happy to address any additional questions you may have.

Against this background, please allow me to make some general comments.

Firstly, we believe strongly that the London Listing will be in the best interests of all shareholders, both resident and non-resident in Cyprus, the Bank itself, and the Cypriot economy in general. The listing is expected to increase the liquidity and visibility of the Bank's shares and would expose the Bank to a broader base of institutional and other informed investors. The dual listing would also draw attention to Cyprus' well performing economy and the opportunities offered by the Cyprus Stock Exchange. These benefits would be further enhanced by a potential eventual premium listing that would make possible an inclusion in the FTSE UK index and the associated greater interest by passive index-linked institutional and other major investors. It should be noted, however, that at this stage neither the application for a premium listing nor a subsequent inclusion in the FTSE UK Index Series is guaranteed.

Secondly, I would like to underscore that the likely higher scrutiny of the Bank's financial performance by analysts and investors would keep the BOC Group's Board and senior

management under constant pressure to perform and to be transparent and accountable. This would help preserve and add further to shareholder value.

Thirdly, the London listing would strengthen shareholder safeguards. As explained in the Shareholders Circular, Bank of Cyprus Holdings will be required to adhere fully to the highest standards of corporate governance and ethics in the financial industry, as they are codified in the UK Corporate Governance Code. I am very pleased to note that the Bank has already achieved full compliance with all these corporate governance requirements. In addition, Bank of Cyprus Holdings will be required to comply, as the Bank currently does, with the requirements of the CSE laws and regulations, including the CSE's Corporate Governance Code, and with Cyprus' law on Insider Dealing and Market Manipulation (the Market Abuse Law).

Moreover, as regards the jurisdiction for takeover laws, Bank of Cyprus Holdings, as a public limited liability company incorporated in Ireland with securities to be admitted to trading on the LSE and the CSE, intends to notify the Cyprus Securities and Exchange Commission that the Commission will be its main takeover regulator. Therefore, Bank of Cyprus Holdings will be subject to the provisions of both the Cyprus' Takeover Bids Law and the Irish Takeover Rules, both of which will apply to any offers made to Bank of Cyprus Holdings' shareholders to acquire their shares. Furthermore, as a regulated bank group, anyone intending to acquire 10% or more in Bank of Cyprus Holdings would be required to seek and obtain the prior approval of the Central Bank of Cyprus and the European Central Bank. This requirement is further reinforced by the Articles of Association of Bank of Cyprus Holdings which will require the suspension of voting rights for anyone who does not comply with this regulatory requirement. As a result, Cyprus and the Bank's regulators would retain the legal safeguards on any potential major change of ownership of the Bank of Cyprus.

As an additional safeguard of shareholders' rights, the Articles of Association of the Bank of Cyprus Holdings have been changed to include a prohibition on the disposal of the Bank without first obtaining the approval of shareholders in a General Meeting.

Dear Shareholders,

As you can well imagine, a lot of hard work has been done over the past year at least to reach this stage and make it possible for shareholders to consider the option of a dual listing in the London and Cyprus Stock Exchanges. This work has been carried out successfully by the Investor Relations Department, the Group Finance and other sections of the Finance Division and by the Bank's Legal Department, under the general guidance and direction of the Finance Director, Eliza Livadiotou and her predecessor Chris Patsalides, and the CEO, John Hourican. The staff team has very ably been supported and assisted by our external legal and financial advisors. On behalf of the whole Board of Directors, I would like to extend to all staff and advisors involved our sincere thanks and appreciation for their sustained efforts, hard work and perseverance, quite often at the cost of family life. As Board Chairman, I would also like to thank my colleagues at the Board for their dedication and hard work to review and approve the flow of documents and reports that have been necessary to secure the regulatory approvals and assurances.



Finally, I would like to thank all of you, our shareholders, for your patience and for the strong encouragement and support several of you have extended to the Bank over the past year as the London listing project has been taking shape and final form.

Dear Shareholders,

In conclusion, I would like to ask for your support in approving the two proposed resolutions in order to complete the last major step towards making a listing of our shares in a major European Stock Exchange a reality. The Bank's staff and the Board have done their part. The ball is now in your court. We look forward to a successful conclusion of today's business.

Thank you very much.