

## Announcement

# Notice of Annual General Meeting

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Nicosia, 2 November 2015

### **Group Profile**

*Founded in 1899, Bank of Cyprus Group is the leading banking and financial services group in Cyprus. The Group provides a wide range of financial products and services which include retail and commercial banking, finance, factoring, investment banking, brokerage, fund management, private banking, life and general insurance. The Group operates through a total of 135 branches, of which 129 operate in Cyprus, 1 in Romania, 4 in the United Kingdom and 1 in the Channel Islands. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 4.600 staff worldwide. At 30 June 2015, the Group's Total Assets amounted to €25,4 bn and Total Equity was €3,5 bn.*

## INVITATION TO THE ANNUAL GENERAL MEETING

The Annual General Meeting (“AGM”) of the Bank of Cyprus Public Company Ltd (“the Company” or “the Bank”) will be held at the Company’s Headquarters (51 Stassinos Street, Ayia Paraskevi, Strovolos, Nicosia, Cyprus) on **Tuesday, 24 November 2015 at 9:30 a.m.** to transact the following business:

### ORDINARY BUSINESS:

1. To receive and consider the Directors’ Report, the Auditors’ Report and the Consolidated Financial Statements for the year 2014.
2. To re-appoint the Auditors of the Company and authorise the Board of Directors to fix their remuneration.
3. To examine the Board of Directors’ Remuneration Report and to fix the remuneration of the Members of the Board.
4. To conduct the business set out in Articles 93 to 97 (both inclusive) and Article 99 of the Company’s Articles of Association regarding the rotation of the Company’s Directors.

### SPECIAL BUSINESS:

#### Long Term Incentive Plan

5. To examine and, if considered appropriate, adopt the following special resolutions, as proposed by the Company.
  - 5.1 THAT the Board of Directors be and is hereby authorised to establish and implement, determining all relevant parameters and criteria in its absolute discretion, but in a manner which shall be consistent with the provisions of the Directive on Governance and Management Arrangements in Credit Institutions issued by the Central Bank of Cyprus, as may be amended or replaced (“CBC Directive”), a Long Term Incentive Plan (the “Plan”) involving the granting of options for the acquisition of shares which shall be issued and allotted by the Bank (the “Options”) to a defined group of employees of the Bank and its subsidiaries. The total amount of shares that may be issued and allotted under the Options shall not exceed 178.458.891 ordinary shares of nominal value of €0,10 each and the exercise price shall be set at €0,25 per share. The Options may only be exercised after 31 March 2019. Any Options granted shall lapse no later than the 31 March 2026 and will not be listed in any organised market.
  - 5.2 THAT any pre-emptive and other rights the Company’s shareholders may have by operation of law and/or pursuant to the Articles of Association of the Company and/or otherwise in connection with the award of any Options under the Plan (as contemplated in Resolution 5.1 above) and/or the issue and allotment of any shares in the Company upon the exercise of such Options, be and are hereby irrevocably and unconditionally waived and that for the maximum period permitted by Law but, in any event, not later than the 31 March 2026, the Board of Directors be and is hereby authorised to issue and allot such number of ordinary shares in the Company as appropriate for discharging the Bank’s obligations upon the exercise of each Option.

#### Components of Remuneration

6. To examine and, if considered appropriate, adopt the following resolutions, as proposed by the Company, in accordance with Article 51(g)(ii) of the CBC Directive:

THAT for the purposes of Article 51(g)(ii) of the CBC Directive, the maximum level of the ratio between the fixed and variable components of remuneration provided to employees may reach but, in any event, shall not exceed, one hundred percent (100%) of the applicable fixed component of the total remuneration of such employees.

Katia Santis  
Secretary  
2 November 2015

## EXPLANATIONS FOR THE MATTERS TO BE CONSIDERED BY THE ANNUAL GENERAL MEETING

### Item 1

**To consider the Directors' Report, the Auditors' Report and the Consolidated Financial Statements for the year 2014.**

The Directors' Report, the Auditors' Report and the Consolidated Financial Statements for the year 2014 are available on the Company's website [www.bankofcyprus.com](http://www.bankofcyprus.com) (select *Investor Relations / Financial Information / Annual Reports*).

### Item 2a

**Re-appointment of Ernst & Young as Auditors for 2015.**

In accordance with Section 153 (2) of the Companies Law Cap.113, and in view of the fact that no resolution was received by the Company for the appointment of another auditor or requesting the removal of the Auditors, and the fact that Ernst & Young Cyprus remain qualified and wish to be re-appointed, Ernst & Young are automatically re-appointed as Auditors of the Company for 2015.

### Item 2b

**Authorisation of the Board of Directors to fix the Auditors' remuneration.**

With regard to the remuneration of the Auditors, the Board of Directors proposes the following resolution for approval:

**Resolution 1:** To authorise the Board of Directors to fix the Auditors' remuneration.

### Item 3a

**To approve the Directors' Remuneration Report.**

The Board of Directors' Remuneration Report for 2014 is available on the Company's website at [www.bankofcyprus.com](http://www.bankofcyprus.com) (select *Corporate Governance / Annual Corporate Governance Report*).

**Resolution 2:** To approve the Directors' Remuneration Report.

### Item 3b

**To fix the remuneration of the Members of the Board of Directors.**

The Board of Directors proposes the following Resolution for approval:

**Resolution 3:** To fix the remuneration of the members of the Board of Directors as follows:

Position	Annual Remuneration (€000's)
Chairman	120
Vice Chairman	80
Senior Independent Director	70
Non-Executive Members	45
Audit Committee Chairperson	45
Audit Committee Members	25
Risk Committee Chairperson	45
Risk Committee Members	25
Human Resources & Remuneration Committee Chairperson	30
Human Resources & Remuneration Committee Members	20
Nominations & Corporate Governance Committee Chairperson	30
Nominations & Corporate Governance Committee Members	15

#### **Item 4**

**Resolution 4:** To re-elect the members of the Board of Directors.

**Explanation for Resolution 4:** All the Directors below have been members of the Board since the previous Annual General Meeting of the Company:

Josef Ackermann (Chairman), Wilbur Ross (Vice Chairman), Maksim Goldman (Vice Chairman), Michael Spanos (Senior Independent Director), John Patrick Hourican (Executive Member), Christodoulos Patsalides (Executive Member), Arne Berggren, Marios Kalochoritis and Ioannis Zographakis.

Furthermore, in accordance with the Company's Articles of Association the following Directors retire and, being eligible, offer themselves for re-election:

1. Mr Ioannis Zographakis
2. Mr Marios Kalochoritis
3. Dr Christodoulos Patsalides

The curriculum vitae (CVs) of the Directors who offer themselves for re-election are available on the website of the Company at [www.bankofcyprus.com](http://www.bankofcyprus.com) (select Corporate Governance / Board of Directors / BoD Composition).

According to Article 97 of the Articles of Association of the Company no person other than a Director retiring at the meeting shall unless recommended by the Directors be eligible for election to the office of Director at any general meeting unless not less than six nor more than twenty-one days before the date appointed for the meeting there shall have been left at the registered office of the Company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

On 18 November 2015 the names of any nominees for election to the Board of Directors of the Company will be announced. On the same day the CVs that will have been received by the Company will be uploaded on the Company's website [www.bankofcyprus.com](http://www.bankofcyprus.com) (select Investor Relations / Annual General Meeting).

It is noted that the nominees for election to the Board of Directors of the Company must satisfy the criteria included in the Central Bank of Cyprus Directive on the Assessment of the Fitness and Probity of the Members of the Management Body and Managers of Authorised Credit Institutions of 2014 ([http://www.centralbank.gov.cy/nqcontent.cfm?a\\_id=14506&lang=en](http://www.centralbank.gov.cy/nqcontent.cfm?a_id=14506&lang=en)).

The election of any new members requires the approval of the Central Bank of Cyprus.

#### **Items 5 & 6**

**Resolutions 5.1, 5.2 & 6:** To examine and, if considered appropriate, adopt the following special resolutions, as proposed by the Company.

**Explanation for Resolutions 5.1, 5.2 & 6:** See the Directors' Report/Recommendation below:

### **DIRECTORS' REPORT / RECOMMENDATION TO ACCOMPANY SPECIAL RESOLUTIONS**

#### **For resolutions 5.1-5-2: Long Term Incentive Plan**

The Board of Directors has decided, subject to regulatory approval, to introduce a Share Option Plan ("the Plan") for certain employees. The Plan will assist the Bank to achieve its business objectives through aligning employee objectives with the interests of the Bank's shareholders to deliver sustainable value, especially in the absence of any other short, medium or long term performance and incentive-based remuneration. The introduction of the Plan is a critical step in building a performance-based remuneration structure and company culture.

Based on the Directive on Governance and Management Arrangements in Credit Institutions issued by the Central Bank of Cyprus (the “CBC Directive”), at least 50% of any long term incentive plan should consist of equity or equity linked instruments. The proposed Share Option Plan meets these criteria. The introduction of a long-term incentive plan is in line with the Bank’s remuneration policy and applicable regulation and is a prevalent tool in the European banking sector.

The Plan will be designed to vest only if certain key performance conditions are met. The exercise price for the option grant will be set at €0,25, which provides an inherent linkage with these performance conditions and also reflects a price of €0,01 higher than the pricing of shares for the latest capital increase of the Bank.

Awards will be made subject to the discretion of the Board, and malus and claw-back provisions for up to 100% of the awards will be a feature of the Plan.

At inception of the Plan, no material impact is expected to arise on the Bank’s capital. On exercise of the Options, the Bank’s capital base will be enhanced in line with the proceeds received upon this exercise.

### **For resolution 6: Components of Remuneration**

The Board of Directors is seeking the shareholders’ approval in accordance with the provisions of Article 51(g)(ii) of the CBC Directive, in order for the Bank to have the flexibility to increase the ratio of variable remuneration relative to fixed remuneration to up to a maximum of 100% of fixed remuneration for members of the Bank’s Senior Management (potentially up to 30 employees). These individuals are employed across all functional accountabilities, including Support, Control, Front Line and Restructuring & Recoveries.

Increasing this flexibility is very important to the Bank as it will enable it to increase its pay competitiveness levels (and minimise any disadvantages in its ability to attract and retain key employees) without increasing its fixed remuneration costs as well as to defer a larger quantum of the award that is subject to malus criteria than would otherwise be the case.

The requested flexibility aims at increasing the stability, pay competitiveness and motivation of the Bank’s Senior Management team, as well as aligning them with the interests of the Bank’s shareholders, ultimately delivering sustainable value and maintaining a sound capital base. The impact of increasing the ratio between fixed and variable remuneration, as aforesaid, on the Bank’s capital base is expected to be insignificant.

The voting thresholds in relation to this resolution are specified in the CBC Directive. For it to be passed, the resolution must be approved by at least 66 per cent of the shareholders who vote on the resolution (in person or by proxy), provided shareholders representing not less than 50 per cent of the total voting rights are represented at the meeting (in person or by proxy). If shareholders representing less than 50 per cent of the total voting rights are represented at the meeting (in person or by proxy), then the resolution must be approved by not less than 75 per cent of the shareholders who vote on the resolution (in person or by proxy).

Employees with an interest in the proposed higher ratio (100%) and who hold shares in the Bank (either directly or indirectly through a nominee or other arrangement) shall not be allowed to vote on this resolution.

## NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING:

### A. ENTITLEMENT TO PARTICIPATE IN THE ANNUAL GENERAL MEETING

- (1) Any person appearing as a shareholder in the Register of Members of the Company on the Record Date is entitled to participate in the Annual General Meeting. Each ordinary share is entitled to one vote. The Record Date for determining the right to vote at the Annual General Meeting is 16 November 2015. Transactions which will be taking place on the 13 November 2015 and thereafter will not be considered in determining the right to vote at the Annual General Meeting. Shareholders who have their shares registered on the Dematerialised Securities System of the Hellenic Exchanges do not need to block their shares in order to vote and/or be represented at the Annual General Meeting.
- (2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Shareholders may appoint any person as their proxy. Such proxy does not need to be a shareholder of the Company. If a shareholder owns shares in the Company that are held in more than one Investor Share Code, then that shareholder may, in respect of the Annual General Meeting, appoint separate proxy holders for the shares appearing in each Investor Share Code. A proxy holder holding proxies from several shareholders may cast votes differently for each shareholder.
- (3) The instrument appointing a proxy, which is hereto attached, has been posted on the Group's website [www.bankofcyprus.com](http://www.bankofcyprus.com) (select Investor Relations / Annual General Meetings) and is available in hard copy at the Company's Shares and Loan Stock Department, 4 Evrou Street, Eurolife House, Strovolos, Nicosia, Cyprus. The proxy must be deposited at the registered office of the Company (51 Stassinos Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus, fax +357 22 336258 or +357 22 336261) **at least 48 hours before the time of the Meeting**. Shareholders may confirm that the form of proxy has been successfully received by the Company by calling the Shares and Loan Stock Department at +357 22 126055.
- (4) Shareholders and/or their proxies who will attend the Meeting must provide their identity card or other proof of identification.**
- (5) Any corporation which is a shareholder of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company. In the case of joint shareholders, the Form of Proxy can only be signed by the person whose name appears first in the Register of Members.
- (6) The Articles of Association of the Company do not provide for participation in the General Meeting by electronic means without the Shareholder attending the Meeting in person at the place where the Meeting is held. Similarly, the Articles of Association do not provide for participation in voting by distance voting.

## B. VOTING PROCEDURES AT GENERAL MEETINGS

- (7) At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded (a) by the Chairman, or (b) by at least ten members present in person or by proxy, or (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting, or (d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

If a poll is demanded in the manner aforesaid, it shall be taken at such time (within fourteen days) and place, and in such manner, as the Chairman shall direct, and the result of the poll shall be deemed to be resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

- (8) Any decision regarding the normal business of the Annual General Meeting will be reached (unless otherwise provided in the Articles of Association) with an Ordinary Resolution. An Ordinary Resolution is a resolution passed at a general meeting by a simple majority (50%+1) of members of the Company entitled to vote and vote at the meeting either in person or by proxy.
- (9) A special resolution by a company shall be a resolution passed at a general meeting by a majority of not less than three-fourths of such members of the company as, being entitled so to do, vote in person or by proxy, at the meeting for which relevant notice of at least twenty one days has been given pursuant to Section 135 of the Companies Law, Cap 113 specifying the intention to propose the resolution as a special resolution.
- (10) In the event that a shareholder does not vote on a particular resolution, then it is considered as abstention (it is not calculated) for counting the votes for the specific resolution.
- (11) In relation to the resolutions for the election of members of the Board of Directors, in the event the number of candidates who obtain more positive than negative votes is greater than the maximum number of directors allowed by the Articles of Association of the Company, then, subject to the compliance with the relevant obligations and requirements (resulting from the Corporate Governance Code of the Cyprus Stock Exchange and the relevant Directives issued by the Central Bank of Cyprus regarding the composition of the Board of Directors<sup>1</sup>), such candidates will be ranked based on the number of positive votes received in relation to them.

## C. MINORITY RIGHTS AT THE ANNUAL GENERAL MEETING

- (12) Pursuant to Section 127B of Companies Law Cap. 113, shareholders of the Company had the right (i) to put an item on the agenda of the annual general meeting, provided that the item is accompanied by a written explanation justifying the inclusion of the item or a proposed resolution for approval at the general meeting, and (ii) to table a draft resolution for inclusion in the agenda of a general meeting provided that:
- the shareholder or group of shareholders hold at least 5% of the issued share capital of the Company, representing at least 5% of the voting rights of shareholders entitled to vote at the meeting for which an item has been added on the agenda, and
  - the shareholders' request to put an item on the agenda or resolution (as described above) is received by the Bank's Secretary in hard copy or electronically at the addresses indicated below at least 42 days prior to the relevant meeting.

Delivery Address for Hard Copy:

Secretary

Bank of Cyprus Public Company Limited

51 Stasinou Steet, Ayia Paraskevi, Strovolos 2002, Nicosia, Cyprus

or by fax at +357 22 378456

Electronic address: [investors@bankofcyprus.com](mailto:investors@bankofcyprus.com)

<sup>1</sup> In accordance with the Directive to Credit Institutions on Governance and Management Arrangements in Credit Institutions (July 2014).



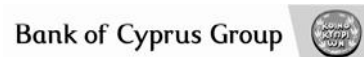
- (13) Pursuant to Section 128C of the Companies Law Cap. 113, shareholders have a right to ask questions related to items on the agenda and to have such questions answered by the Board of Directors of the Company subject to any reasonable measures the Company may take to ensure the identification of shareholders. An answer is not required if (a) it would interfere unduly with preparation for the meeting or the confidentiality or business interests of the Company, or (b) an answer has already been given on the Company's website in the form of a "Q&A", or (c) the Chairman deems that it is undesirable in the interests of good order of the meeting that the question be answered. Before the Annual General Meeting, shareholders may submit questions in writing by sending a letter, together with evidence of their shareholding, at least four days before the meeting (i.e. by 20 November 2015) to the Company Secretary at Bank of Cyprus, 51 Stassinos Street, Ayia Paraskevi, Strovolos 2002, Nicosia, Cyprus or by fax at +357 22 378456 or by email to [investors@bankofcyprus.com](mailto:investors@bankofcyprus.com).

#### **D. OTHER INFORMATION**

- (14) As at the date of this Notice, the outstanding issued share capital of the Company is €892.294.453,30 divided into 8.922.944.533 ordinary shares of the Bank of nominal value €0,10 each.



**FORM OF PROXY**



Shares & Loan Stock Department  
51 Stassinos Street, Ayia Paraskevi, Strovolos  
P.O. Box 24884, 1398 Nicosia, Cyprus  
Tel: +357 22 126055  
Fax: +357 22 336258 / +357 22 336261

**FORM OF PROXY**

I/We.....from.....

with ID /Passport /Company Registration number/Investor Share Code.....

being a member/members of Bank of Cyprus Public Company Ltd (“the Company” or “the Bank”), hereby appoint

Mr/Ms.....from.....

with ID number.....or failing him/her, Mr/Ms.....

from..... with ID number .....

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Bank, to be held on Tuesday, 24 November 2015, at 9.30 a.m. at the Company’s Headquarters (51 Stassinos Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus), and at any adjournment thereof.

My/our proxy is authorised to vote as he/she thinks fit, unless the manner of voting is indicated in the boxes below:

<b>RESOLUTIONS</b>	
1.	To authorise the Board of Directors to fix the Auditors’ remuneration. <p align="right">APPROVED <input type="checkbox"/> NOT APPROVED <input type="checkbox"/></p>
2.	To approve the Directors’ Remuneration Report. <p align="right">APPROVED <input type="checkbox"/> NOT APPROVED <input type="checkbox"/></p>
3.	To fix the remuneration of the members of the Board of Directors. <p align="right">APPROVED <input type="checkbox"/> NOT APPROVED <input type="checkbox"/></p>
4.	To re-elect the members of the Board of Directors: 1. Mr. Ioannis Zographakis <b>RE-ELECTION APPROVED</b> <input type="checkbox"/> <b>RE-ELECTION NOT APPROVED</b> <input type="checkbox"/> 2. Mr. Marios Kalochoritis <b>RE-ELECTION APPROVED</b> <input type="checkbox"/> <b>RE-ELECTION NOT APPROVED</b> <input type="checkbox"/> 3. Dr. Christodoulos Patsalides <b>RE-ELECTION APPROVED</b> <input type="checkbox"/> <b>RE-ELECTION NOT APPROVED</b> <input type="checkbox"/>

**SPECIAL RESOLUTIONS AS PROPOSED BY THE COMPANY**

<b>Long Term Incentive Plan</b>	
5.1	<p>THAT the Board of Directors be and is hereby authorised to establish and implement, determining all relevant parameters and criteria in its absolute discretion, but in a manner which shall be consistent with the provisions of the Directive on Governance and Management Arrangements in Credit Institutions, issued by the Central Bank of Cyprus, as may be amended or replaced (“CBC Directive”), a Long Term Incentive Plan (the “Plan”) involving the granting of options for the acquisition of shares which shall be issued and allotted by the Bank (the “Options”) to a defined group of employees of the Bank and its subsidiaries. The total amount of shares that may be issued and allotted under the Options shall not exceed 178.458.891 ordinary shares of nominal value of €0,10 each and the exercise price shall be set at €0,25 per share. The Options may only be exercised after 31 March 2019. Any Options granted shall lapse no later than 31 March 2026 and will not be listed in any organised market.</p> <p align="right">APPROVED <input type="checkbox"/> NOT APPROVED <input type="checkbox"/></p>

5.2	<p>THAT any pre-emptive and other rights the Company's shareholders may have by operation of law and/or pursuant to the Articles of Association of the Company and/or otherwise in connection with the award of any Options under the Plan (as contemplated in Resolution 5.1 above) and/or the issue and allotment of any shares in the Company upon the exercise of such Options, be and are hereby irrevocably and unconditionally waived and that for the maximum period permitted by Law but, in any event, not later than 31 March 2026, the Board of Directors be and is hereby authorised to issue and allot such number of ordinary shares in the Company as appropriate for discharging the Bank's obligations upon the exercise of each Option.</p> <p style="text-align: right;">APPROVED <input type="checkbox"/> NOT APPROVED <input type="checkbox"/></p>
<p><b>Components of Remuneration</b></p>	
6	<p>THAT for the purposes of Article 51(g)(ii) of the CBC Directive, the maximum level of the ratio between the fixed and variable components of remuneration provided to employees may reach but, in any event, shall not exceed, one hundred per cent (100%) of the applicable fixed component of the total remuneration of such employees.</p> <p style="text-align: right;">APPROVED <input type="checkbox"/> NOT APPROVED <input type="checkbox"/></p>

Date \_\_\_\_\_ Signature \_\_\_\_\_

Contact details: \_\_\_\_\_ Telephone \_\_\_\_\_ Fax \_\_\_\_\_

**Notes:**

1. The Record Date for determining the right to vote at the Annual General Meeting is 16 November 2015. Transactions which will be taking place on the 13 November 2015 and thereafter will not be considered in determining the right to vote at the Annual General Meeting. Shareholders who have their shares registered on the Dematerialised Securities System of the Hellenic Exchanges, do not need to block their shares in order to vote and/or be represented at the Annual General Meeting.
2. This Form of Proxy must be deposited at the registered office of the Company (as per the above address and fax number), **at least 48 hours before the time appointed for holding the Meeting.**
3. If such appointor is a company, the Form of Proxy must bear the name of the company, and be signed by its duly authorised officer/s.
4. In the case of joint shareholders, the Form of Proxy can only be signed by the person whose name appears first in the Register of Members.