



EXTRAORDINARY GENERAL MEETING

13 December 2016

BOC Headquarters

Remarks by John Patrick Hourican,
Group Chief Executive Officer

COVER SLIDE

OPENING REMARKS

Good morning ladies and gentlemen, distinguished guests and colleagues.

My remarks will be in English and there is a real-time translation facility available for anyone who wishes to hear these remarks in Greek.

A copy of my remarks will also be placed on the Group's website in a few minutes.

The very fact that we are gathered here today to discuss and vote on resolutions in relation to the process that will facilitate a London listing is a reflection on the progress we are making in delivering a financially sound, trusted and safer organisation for our customers and shareholders.

I would like to cover four areas with you today.

- First of all the London listing, another significant milestone in the Bank's turnaround.
- Second, the scheme of arrangement required to introduce Bank of Cyprus Holdings plc as the new parent of the Bank.
- Third, the Board's recommendation to approve the scheme, and
- Finally, the Group's financial performance for the nine months ended 30 September 2016.

SLIDE 2

It has been our long-term objective to list Bank of Cyprus' shares on a liquid, index-driven European stock exchange and we made it clear that, after a full analysis, the

London Stock Exchange (LSE) was our target destination. On 15 November, we announced that we are applying for a standard listing in London, while retaining our listing in Cyprus, and not in Athens as we no longer maintain operations in Greece.

The proposed London listing is a significant milestone in the Bank's journey back to strength. It will increase the visibility of the Bank, will lead to greater liquidity in the shares and should make it easier for shareholders to trade, and increase the Bank's access to capital.

All shares will be listed on both the London Stock Exchange and the Cyprus Stock Exchange and will continue to trade in euro, as they do now. We have designed the listing so that you, our shareholders will receive the benefits that a listing on the LSE offers irrespective of where you choose to trade your shares.

The effort does not stop here. We continue to work towards a premium listing on the LSE. We intend to become eligible for inclusion in the FTSE UK Index Series in time. Companies included in the FTSE indices attract the interest of both active and passive investors and we believe that an eventual inclusion will lead to greater liquidity in our stock. Our standard listing is an intermediate step on this path.

SLIDE 3

A new holding company has been incorporated in Ireland. After examining a number of FTSE eligible eurozone jurisdictions, the Bank determined that an Irish incorporated holding company would be appropriate. Bank of Cyprus Holdings plc was incorporated in Ireland earlier this year for this purpose. The establishment of an Irish Holding Company is entirely procedural and it is important to note that our group's activities will remain entirely focused on Cyprus, tax resident in Cyprus and managed in Cyprus. The main purpose of the Irish Holding Company is simply to facilitate FTSE UK inclusion down the line.

SLIDE 4

The new holding company will own all of the existing shares of the Bank, and existing shareholders of the Bank will receive shares in the new holding company, or depositary interests representing shares in the new holding company, depending on where they elect to trade, in proportion to their current ownership. This will be

effected by means of a scheme of arrangement, which is the legal process by which, if approved, the new holding company will become the new parent of the Bank.

SLIDE 5

There are a number of special resolutions to be approved at today's meeting in order to give effect to the scheme. First, the Bank's current share capital is reduced to nil, thereby creating a capital reserve in the accounts of the Bank. This capital reserve is then used to create shares to be issued to BOC Holdings. In a final step, BOC Holdings then issues new shares to existing shareholders of the Bank, in a proportion of 20 to 1. Upon the issue of shares to BOC Holdings, the authorised and the issued share capital of the Bank will be exactly the same as they are today.

SLIDE 6

The Bank will remain a Cypriot bank with a Cypriot banking licence and operations. There will be no change in the day-to-day banking business and operations as a result of the scheme. The Bank will continue to be regulated by the ECB and the CBC and will remain tax resident in Cyprus. While BOC Holdings will be incorporated and registered in Ireland, its central place of management and control will be in Cyprus and BOC Holdings will be tax resident in Cyprus.

The head office of the Group will remain unchanged and will continue to be located in Cyprus. There will be no changes to the composition of the Board of the Bank arising from the scheme. The Directors of the Bank are also the directors of BOC Holdings.

SLIDE 7

Alongside the legal scheme of arrangement we are proposing to undertake a consolidation of shares, exchanging 20 shares in Bank of Cyprus for 1 share in Bank of Cyprus Holdings. This will reduce the large stock of shares in issue while, at the same time, maintaining shareholders' existing ownership of the Bank. In order to ensure that shareholders with fewer than 20 shares, or with a holding that is not divisible by 20, are not disadvantaged by the consolidation, we propose rounding up these shareholdings to the nearest multiple of 20 shares before undertaking the consolidation.

The primary reason for the share consolidation is to prevent the shares from being viewed and traded as a “penny stock”, which typically have negative associations. We believe that the share consolidation will help to develop liquidity in the shares.

Our shareholders’ economic interest in the Bank will not change and you will continue to own 100% of Bank of Cyprus.

SLIDE 8

My fellow Directors and I believe that the scheme is in the best interests of the Bank and its shareholders as a whole. We unanimously recommend that you vote in favour of the scheme and the scheme resolutions today.

If the resolutions are approved at today’s EGM and the District Court of Nicosia approves the scheme we would expect the shares to begin trading in London and Cyprus before the end of February 2017.

We are confident that the London listing and the scheme of arrangement, which would allow us, in time, to be considered for inclusion in the FTSE UK Index Series, would be beneficial for our Bank, our shareholders and our country.

The London listing will provide greater visibility, access to capital and encourage price discovery for our stock on a deep, highly liquid international capital market.

The Bank will act as a flag carrier for Cyprus in international capital markets, raising the country’s profile as a destination for foreign investment.

We are ready for the London listing. We have good momentum in the Bank’s recovery and we believe that our story is compelling to equity investors. The Bank posted an after tax profit of €62 mn for the first nine months of 2016 and the Group’s capital ratios have been strengthened by 60 basis points during the nine month period to 30 September 2016. Capital stood at 14,6% at 30 September 2016.

Deposits grew by €1,5 bn, a 10% increase during the first nine months. We further paid down significant amounts of ELA, which currently stands at €0,4 bn. We now carry significantly more cash than ELA - the near term prospect of eliminating ELA is real. We reduced the stock of non-performing loans for a sixth consecutive quarter and by €2,6 bn or 23% during the nine month period to 30 September 2016.

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As the Bank continues to get stronger, generating more capital, reducing its reliance on ELA and reducing the stock of problem loans we will become increasingly well positioned for a step up to a premium listing in London and inclusion in the FTSE UK Index Series.

As I have said before, our long-term outlook is bright, and I am increasingly more convinced of this with every additional step we take. We are confident in the Group's prospects and in our ability to deliver sustainable returns to our shareholders over the medium-term.

I would like to thank our customers for their loyalty, my colleagues for their commitment to success and the patience and faith shown by you, our shareholders.

Thank you. Back to you Mr. Chairman