

Announcement

Bank of Cyprus to apply for a listing on the London Stock Exchange and the Cyprus Stock Exchange using a Holding Company structure

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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 129 branches, of which 123 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 4.229 staff worldwide. At 30 September 2016, the Group's Total Assets amounted to €22,4 bn and Total Equity was €3,1 bn.



Bank of Cyprus
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Commenting on the London listing, Dr. Josef Ackermann, Chairman of the Bank of Cyprus Public Company Limited (the “Bank” or together with its subsidiaries, the “Group”) said: “We are delighted to be applying for a listing on the London Stock Exchange, which marks another significant step in the Bank’s transformation. We believe that the Bank, and its stakeholders, will benefit from the greater profile, liquidity and access to capital that a London listing offers. The London listing will also enhance the Group’s ability, as the largest banking and financial services group in Cyprus, to play a key role in supporting the growth of the Cypriot economy.”

The Bank today announces that it is applying for a standard listing on the London Stock Exchange (“LSE”). The Group intends to maintain a listing on the Cyprus Stock Exchange and will no longer be listed on the Athens Exchange.

The London listing is in line with the Bank’s long-term strategic commitment to list on a major European stock exchange. It is expected to improve the liquidity of the Bank’s stock, which will enhance the Bank’s visibility and lead to a broader base of investors capable of supporting the Bank in the long-term. This will further enhance the confidence of all stakeholders in the Group. Finally, the London listing will help position the Bank amongst a broader group of international peers.

This is another significant milestone in the Bank’s rapid journey back to strength since 2013, which includes: a €1 billion equity raising; the appointment of a new and highly experienced Board of Directors led by Chairman, Dr. Josef Ackermann; extensive deleveraging of non-core operations; increasing market share in Cyprus; significant reductions in problem loans (down by €4.23 billion since December 2013) and Emergency Liquidity Assistance (down by €10.6 billion since April 2013 to €0.8 billion as of today).

The Bank continues to work towards a premium listing on the LSE, and intends to apply for a step up to the premium segment of the LSE at a future date, with the intention of becoming eligible for inclusion in the FTSE UK Index series. Work is ongoing and the standard listing is an intermediate step on this long-term path. In order to facilitate this process, a new holding company has been incorporated in Ireland, which is intended to become the new holding company of the Group.

Change to the Bank’s structure

In order to be considered eligible for future inclusion in the FTSE UK index series following a step up to a premium listing, the Bank has decided to incorporate a new holding company in an eligible jurisdiction. After examining a number of potential jurisdictions, the Bank has determined that an Irish incorporated holding company would be appropriate. Ireland is a FTSE eligible Eurozone country, has a common law legal system similar to that of Cyprus and is a commonly adopted jurisdiction for companies wishing to apply for a listing on the LSE. Bank of Cyprus Holdings plc was incorporated in Ireland earlier this year for this purpose.

It is intended that 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 in proportion to their current ownership. This will be effected by means of a Scheme of Arrangement (details below under “Shareholder and regulatory approvals”).

The Bank remains fully committed to Cyprus and there will be no change to the Bank’s day-to-day operations or business strategy as a result of the change of the Group’s structure. The Bank’s headquarters, management and operations will all remain in Cyprus and the new holding company will be, and the Bank will remain, tax resident in Cyprus. The Bank will continue to be regulated by the European Central Bank (the “ECB”) and the Central Bank of Cyprus (the “CBC”). The Bank intends to comply with the UK Corporate Governance Code

on a voluntary basis, affirming its commitment to the highest level of corporate governance and transparency.

Shareholder and regulatory approvals

The change in the Group's structure will be implemented by means of a Cypriot law scheme of arrangement (the "Scheme") and is therefore subject, amongst other things, to the approval of the Scheme by the shareholders at an extraordinary general meeting, the approval of the Scheme by the Bank's regulators (including the ECB and the CBC) and the sanctioning of the Scheme by the Courts of Cyprus following a hearing upon the fairness of the Scheme terms. It is intended that a circular setting out full details of the Scheme will be made available to the Bank's shareholders in the coming days (the "Circular") and a prospectus in relation to the shares in the new holding company is intended to be published thereafter. Both documents will be available on the Group's website from their respective publication dates.

Further details on the change in corporate structure and the Scheme will be made available at the time of publication of the Circular.

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The actions proposed to be taken by the Bank that are described in this announcement are subject to approval from the regulators of the Bank, as well as the decision of the Bank to proceed with such actions. The Bank may decide not to proceed with, or to amend these actions at its absolute discretion.

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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. Any shares in the new holding company will not be registered in Russia and will not be 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 of existing shares 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 should it participate in the Scheme.