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Other Announcements

BANK OF CYPRUS PUBLIC COMPANY LTD

BOCY

Shareholders' Circular

Shareholders' Circular

Attachment:

1. **Shareholders' Circular**

Non Regulated

Publication Date: 21/11/2016

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. PART VI OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 199 OF THE CYPRUS COMPANIES LAW.

If implemented, the scheme of arrangement set out in this document will result in the cancellation of the Existing Shares. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, lawyer, accountant or other independent financial adviser.

THIS DOCUMENT HAS NOT BEEN SUBMITTED TO THE APPROVAL PROCEDURE OF CYSEC PURSUANT TO THE PROSPECTUS LAW AND THE PROSPECTUS DIRECTIVE, AND, ACCORDINGLY, IT IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS LAW OR THE PROSPECTUS DIRECTIVE AND MAY NOT BE USED IN CONNECTION WITH ANY OFFER TO PURCHASE OR SELL ANY ORDINARY SHARES OR AS PART OF ANY FORM OF GENERAL SOLICITATION OR ADVERTISING IN CIRCUMSTANCES THAT WOULD CONSTITUTE AN OFFER TO THE PUBLIC IN CYPRUS. THIS DOCUMENT DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SELL OR EXCHANGE, OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY OR EXCHANGE, ANY SECURITY OR TO BECOME A MEMBER OF BOC HOLDINGS. NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED, EXCHANGED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF ANY APPLICABLE LAW.

The release, publication or distribution of this document in or into certain jurisdictions may be restricted by the laws of those jurisdictions and, therefore, persons into whose possession this document and the accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.



BANK OF CYPRUS PUBLIC COMPANY LIMITED

(Incorporated and registered in the Republic of Cyprus with the company number HE165)

Recommended proposals for the introduction of a new parent company by means of a scheme of arrangement under sections 198 to 200 of the Cyprus Companies Law

This document comprises a circular to shareholders of BOC in relation to the Scheme. In the event the Scheme is approved and implemented, applications will be made for the admission of all New Shares to the Official List of the FCA and to trading on the Main Market for listed securities of the LSE. The decision on admission of the New Shares to the Official List of the FCA and to trading on the Main Market for listed securities of the LSE is in the sole discretion of the FCA and the LSE, respectively. Application will also be made for the admission of all New Shares to listing and trading on the Main Market of the CSE. The decision on admission of the New Shares to listing and trading on the CSE is at the sole discretion of the council of the CSE.

Capitalised terms have the meanings given to them in Part II of this document.

THIS DOCUMENT HAS BEEN PREPARED IN ENGLISH AND HAS BEEN TRANSLATED INTO GREEK FOR THE BENEFIT OF THE SHAREHOLDERS. PLEASE NOTE, HOWEVER, THAT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE GREEK VERSION OF THIS DOCUMENT SHOULD BE TREATED AS BEING PROVIDED FOR INFORMATION PURPOSES ONLY AND, ACCORDINGLY, SHOULD THERE BE ANY CONFLICT BETWEEN THE INFORMATION AND PROVISIONS CONTAINED IN THE ENGLISH VERSION AND THE GREEK VERSION OF THIS DOCUMENT, THE ENGLISH VERSION SHALL, TO THE EXTENT PERMITTED BY APPLICABLE LAW, PREVAIL.

NOTICE TO OVERSEAS SHAREHOLDERS

The implications of the Scheme for Overseas Shareholders may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Unless otherwise determined by BOC Holdings, but subject always to applicable laws and regulations, the Scheme will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction. Accordingly, copies of this document and all other documents relating to the Scheme are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction, and persons receiving this document and all other documents relating to the Scheme (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from a Restricted Jurisdiction.

This document has been prepared in accordance with the requirements of Cypriot law and the information disclosed may be different from that which would have been disclosed if this document had been prepared in accordance with the laws of certain jurisdictions. Overseas Shareholders should consult their own legal, financial and tax advisers with regard to the potential of any legal, financial and/or tax consequences of the Scheme on their particular circumstances.

If, in respect of any Overseas Shareholders, BOC Holdings is advised that the issue of New Shares or Depositary Interests representing New Shares would or might infringe the laws and/or regulations of certain jurisdictions, or would or might require BOC Holdings to obtain any governmental or other consent or effect any registration, filing or other formality, the Scheme provides that BOC Holdings may determine that no New Shares or Depositary Interests representing New Shares shall be issued to such holder but that New Shares (or the underlying New Shares represented by such Depositary Interests that such Overseas Shareholder is entitled to receive) may instead be issued to a nominee appointed by BOC Holdings as trustee for such holder, on terms that the nominee shall, as soon as practicable following the Effective Date, sell the New Shares so issued at the best price which can reasonably be obtained and shall account for the net proceeds of such sale (after deduction of all related expenses and commissions) to the relevant Overseas Shareholder. Any remittance of the net proceeds of the sale referred to in this paragraph shall be at the risk of the relevant holder. Alternatively, BOC Holdings may determine that the New Shares (or the underlying New Shares represented by such Depositary Interests that such Overseas Shareholder is entitled to receive) shall be sold, with the net proceeds of sale being remitted to the Overseas Shareholder at the Overseas Shareholder's risk.

NOTICE TO US INVESTORS

The Scheme described in this document relates to the shares of a Cypriot company and is being implemented by means of a scheme of arrangement provided for under sections 198 to 200 of the Cyprus Companies Law. The Scheme is subject to the disclosure requirements and practices applicable in Cyprus to schemes of arrangement which differ from the disclosure and other requirements that would be applicable under US securities laws, including any requirements under the US proxy solicitation rules and US tender offer rules.

IN DECIDING WHETHER TO SUPPORT OR OPPOSE THE SANCTIONING BY THE COURT OF THE PROPOSED SCHEME, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF BOC HOLDINGS, BOC GROUP, BOC, NEW SHARES, DEPOSITARY INTERESTS REPRESENTING NEW SHARES, EXISTING SHARES AND THE TERMS OF THE SCHEME, INCLUDING THE MERITS AND RISKS INVOLVED.

This document is not an offer of securities for sale in the United States. Any New Shares that would be issued in connection with the Scheme have not been, will not be and are not required to be registered with the SEC under the US Securities Act or under the securities laws of any state, district or other jurisdiction of the United States, and may not be offered, sold, delivered or transferred except pursuant to an available exemption from, or in a transaction not subject to the registration requirements of the US Securities Act and applicable US state securities laws. It is expected that any New Shares and Depositary Interests representing New Shares will be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) of the US Securities Act. To qualify for the exemption from the registration requirements of the US Securities Act, BOC will advise the Court that BOC Holdings will rely on an exemption under Section 3(a)(10) of the US Securities Act based on the Court's sanctioning of the Scheme, which will be relied upon by BOC Holdings as an approval of the Scheme following a hearing upon the fairness of the Scheme terms and conditions at which hearing all such Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such Shareholders.

NEITHER THE SEC NOR ANY OTHER US FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE NEW SHARES OR THE DEPOSITARY INTERESTS REPRESENTING NEW SHARES OR

PASSED AN OPINION UPON THE FAIRNESS OR MERITS OF SUCH SECURITIES OR UPON THE ACCURACY OR ADEQUACY OF THE DISCLOSURES CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

BOC and BOC Holdings are both public companies incorporated outside the United States. Most of the directors and executive officers of both companies are citizens or residents of countries other than the United States. Substantially all of the assets of such citizens or residents of countries other than the United States, and substantially all of the assets of BOC and BOC Holdings, are located outside the United States. As a result, it may not be possible for Shareholders to effect service of process within the United States upon such persons, BOC or BOC Holdings, or to enforce against them judgments of US courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States.

NOTICE TO RUSSIAN INVESTORS

Information contained in this document is not 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. Information contained in this document is not intended for any persons in the Russian Federation who are not Russian QIs and must not be distributed or circulated or re-distributed into Russia or made available in Russia to any persons who are not Russian QIs, unless and to the extent they are otherwise permitted to access such information under Russian law. This document has been prepared in respect of the Scheme which is being effected outside the Russian Federation in accordance with Cypriot Companies Law and, if approved by the requisite shareholders' majority and the competent Cypriot court, shall be binding by operation of law on all Shareholders irrespective of whether or not they attended or voted at the EGM (and, if they attended and voted, whether or not they voted in favour). The New Shares, if any, will be delivered to shareholders' securities accounts opened and maintained outside the Russian Federation. In order to participate in the Scheme, a Shareholder should be incorporated, located, resident or otherwise act outside the Russian Federation in participating in the Scheme (including the submission of all relevant communications and acceptance of delivery of the New Shares).

PUBLICATION ON WEBSITE

A copy of this document will be available, subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions, for inspection on BOC's website at www.bankofcyprus.com (please select the Investor Relations link) but should not be forwarded or transmitted in or into or from any jurisdiction where local laws and/or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Scheme is sent or made available to Shareholders in that jurisdiction.

Neither the content of the website referred to above nor the content of any website accessible from hyperlinks on the website (or any other website) is incorporated into, or otherwise forms part of, this document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document includes certain forward-looking statements, which can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements relate to matters that are not historical facts and include statements regarding the BOC Group and the Directors' current intentions, beliefs or expectations concerning, amongst other things, the BOC Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the BOC Group operates.

Dated 21 November 2016

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PART I

LETTER FROM THE CHAIRMAN OF THE BANK OF CYPRUS PUBLIC COMPANY LIMITED

Directors:

Prof. Dr. Josef Ackermann, Chairman
Mr. Wilbur L. Ross, Jr., Vice-Chairman
Mr. Maksim Goldman, Vice-Chairman
Mr. Michael Spanos, Senior Independent Director
Mr. John Patrick Hourican, Chief Executive Officer
Dr. Christodoulos Patsalides, Deputy Chief Executive Officer &
Chief Operating Officer
Mr. Arne Berggren, Non-Executive Director
Dr. Michael Heger, Non-Executive Director
Mr. Marios Kalochoritis, Non-Executive Director
Mr. Ioannis Zographakis, Non-Executive Director

Registered office:

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21 November 2016

Dear Shareholder,

RECOMMENDED PROPOSALS FOR THE INTRODUCTION OF A NEW PARENT COMPANY

1. INTRODUCTION

On 15 November 2016, the Bank of Cyprus Public Company Limited ("**BOC**") announced that it is applying for a standard listing on the Official List of the Financial Conduct Authority ("**FCA**") and for admission to trading on the London Stock Exchange ("**LSE**") for shares in the Bank of Cyprus Group ("**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 we propose to introduce a new parent company of the BOC Group, by way of a scheme of arrangement ("**Scheme**"). In addition to the listing on the LSE, the shares of the new parent company (details of which are set out below) will also be listed on the Cyprus Stock Exchange ("**CSE**"). By adopting a new parent company now, we further pave the way towards inclusion in the FTSE UK index once we have attained elevation to a premium listing on the Official List of the FCA which we will continue to pursue.

After examining a number of potential jurisdictions, BOC 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. To facilitate the Scheme, a new company called Bank of Cyprus Holdings plc ("**BOC Holdings**") has been incorporated in Ireland. Current shareholders of BOC ("**Shareholders**") will continue to own 100 per cent. of BOC and will, depending on whether they wish to trade shares in BOC Holdings on the LSE or the CSE and on whether they possess any Blocked Shares (see below), either receive shares ("**New Shares**") or depositary interests ("**Depositary Interests**") representing New Shares in BOC Holdings at no cost, save for the cancellation of their existing shares in BOC ("**Existing Shares**").

The directors of BOC listed above are also the directors of BOC Holdings.

The Scheme will be presented for approval to Shareholders at an extraordinary general meeting of BOC (the "EGM"), where Shareholders will be given the opportunity to vote for or against the Scheme. We have prepared a Summary – Questions and Answers section in Part III of this document to help you understand what is involved. You should, nevertheless, read the whole of this document and not rely solely on the Summary – Questions and Answers section.

The purpose of this letter is to explain the business to be conducted at the EGM and to set out why the Board considers the Scheme to be on fair and reasonable terms and to be in the best interests of Shareholders as a whole.

2. SUMMARY OF TERMS AND STRUCTURE OF THE SCHEME

Under the Scheme, the share capital of BOC will be reduced by the cancellation of all the Existing Shares. The cancellation of the Existing Shares will result in a reserve arising in the books of accounts of BOC. This reserve will be used by BOC to issue fully paid-up shares in BOC to BOC Holdings. As a result, BOC will become a wholly-owned subsidiary of BOC Holdings.

Shareholders will receive either one New Share or one Depositary Interest representing one New Share (depending on where they elect to trade these New Shares and on whether they possess any Blocked Shares (see below)) for each individual holding of 20 Existing Shares (calculated in accordance with the consolidation basis (the "**Consolidation Basis**") set out in paragraph 3 of Part VI of this document) held by them at 5:30 p.m. on a specified date. That specified date is expected to be at least two business days after the announcement by BOC of the issuance of the order (the "**Court Order**") of the District Court of Nicosia, Cyprus (the "**Court**") sanctioning the Scheme (the "**Scheme Record Time**").

The Scheme will result in Shareholders owning 100 per cent. of the share capital of BOC Holdings. Shareholders' economic interest in the BOC Group will also remain the same (subject only to the minor rounding contemplated by the Consolidation Basis).

BOC Holdings will apply to: (a) the FCA for admission of the New Shares to listing on the Official List of the FCA and to trading on the LSE; and (b) to the CSE for the admission of the New Shares to listing and trading on the CSE. Subject to all necessary approvals being obtained, BOC Holdings will have a listing on the LSE and a listing on the CSE. As a result New Shares will be traded both on the LSE and on the CSE, save that any trades in respect of New Shares on the CSE will be settled through a transfer of Depositary Interests representing such New Shares.

As management and control of the BOC Group remains in Cyprus, BOC and BOC Holdings are, and will continue to be, tax resident in Cyprus.

The Scheme, once effective, will be binding on all Shareholders, irrespective of whether or not they attended or voted at the EGM (and, if they attended and voted, whether or not they voted in favour of the Scheme). Following the Effective Date, BOC will become a wholly-owned subsidiary of BOC Holdings and the Existing Shares held within the CSE and the Athens Exchange ("ATHEX") dematerialised securities systems will be cancelled.

The Scheme requires the sanction of the Court. If the Scheme does not become effective on or before 31 March 2017, it will lapse and the Scheme will not proceed. In that case, the current listings of the Existing Shares on the CSE and on ATHEX will continue and Shareholders will retain their current holdings of Existing Shares.

3. REASONS FOR LISTING ON THE LSE AND THE SCHEME

Rationale behind a dual listing on the LSE and the CSE

The London listing on the LSE is in line with BOC's long-term strategic commitment to list on a major European stock exchange and we believe all stakeholders will benefit from the greater profile and depth of market which a listing on the LSE offers. It is expected to improve the liquidity of the BOC Group's shares, which will enhance BOC's visibility and lead to a broader base of investors capable of supporting BOC in the long-term. A dual listing is expected to enhance interest in the BOC Group and draw attention to Cyprus' well performing economy. This will further enhance the confidence of all stakeholders in the BOC Group. Furthermore, a listing on the LSE will help position BOC amongst a broader group of international peers. Finally, upon the admission of the New Shares to listing and trading on the LSE, BOC Holdings will comply with the UK Corporate Governance Code, affirming its commitment to the highest standards of corporate governance and transparency.

A listing on the LSE is another significant milestone in BOC'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; 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). BOC continues to consider a listing on the premium segment of the LSE, and intends to apply for a step up to the premium segment of the LSE at a future date, in line with its objective of becoming eligible for inclusion in the FTSE UK Index series. Work is ongoing and a standard listing on the LSE is an intermediate step on this long-term path.

The FTSE UK Index Series gives a clear and independent benchmarking of stocks and creates the basis for portfolio trading by both active and passive investors. Accordingly, the directors of BOC (the "**Directors**") believe that any eventual inclusion of the New Shares in the FTSE UK Index Series should lead to a broader investor base and greater liquidity in the stock. The listing has been structured to enable BOC Holdings to consider an application to admit the New 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. Neither the application for a premium listing nor a subsequent inclusion in the FTSE UK Index Series is guaranteed.

Requirement to have a new holding company

Under the rules determining the eligibility for inclusion in the FTSE UK Index Series, only companies incorporated in certain jurisdictions whose securities are admitted to the premium listing segment of the Official List of the FCA are eligible for inclusion in the FTSE UK Index Series, subject to certain conditions being met. Cyprus is currently not one of the eligible jurisdictions. Accordingly, in order to position the BOC Group for a possible listing on the premium listing segment of the Official List of the FCA and future eligibility for FTSE indexation, it has been thought desirable now to establish a new holding company, incorporated in an eligible jurisdiction, as the ultimate holding company of the BOC Group and to apply for a standard listing for its shares on the Official List of the FCA. BOC Holdings has, after an analysis of potential Eurozone jurisdictions, been incorporated in Ireland and will become the parent company of BOC on the date that the Scheme becomes effective.

Effect of the Scheme

The Scheme is being proposed as part of the process which involves the BOC Group achieving a listing on the LSE. The listing will be achieved by inserting BOC Holdings as the parent company of BOC and by applying to the FCA for the admission of the share capital of BOC Holdings to the Official List of the FCA and to trading on the Main Market for listed securities of the LSE. BOC Holdings will

also apply for the admission of all New Shares to listing and trading on the Main Market of the CSE. BOC no longer intends to maintain a listing on ATHEX as it no longer conducts banking activities in Greece. The Scheme will ensure that Shareholders will be able to trade New Shares in Cyprus (and settle such trades through a transfer of Depositary Interests representing New Shares) through the listing on the CSE, as they currently do with their Existing Shares, while simultaneously benefitting from the greater profile and depth of market afforded by a listing on the LSE.

While there are differences, Shareholders should not in practice notice any significant difference between holding New Shares or Depositary Interests representing New Shares. Holders of New Shares and of Depositary Interests representing New Shares will each be able to exercise one vote at shareholder meetings of BOC Holdings for each New Share or Depositary Interest representing a New Share held. They will be entitled to attend shareholder meetings of BOC Holdings in person or by proxy. The time and manner of giving voting instructions and of appointing proxies will be the same. Holders of New Shares and of Depositary Interests representing New Shares will receive the same notices and information from BOC Holdings and will also receive any dividends declared and paid in the future by BOC Holdings.

Further information relating to Depositary Interests representing New Shares can be found in paragraph 2 of Part VII of this document.

4. HEAD OFFICE AND BOARD DECISIONS

BOC Group's head office will continue to remain in Cyprus following implementation of the Scheme. BOC will, therefore, continue to be tax resident in Cyprus and regulated by the ECB and the CBC. The central place of management and control and tax residency of BOC Holdings has already been established in Cyprus. There will be no change to the position of BOC's employees.

There will be no changes to the composition of the Board of BOC arising from the Scheme. The Directors are also the directors of BOC Holdings.

5. SHAREHOLDER SAFEGUARDS

BOC Holdings will, upon listing on the Official List of the FCA, comply with the: (a) applicable listing rules made by the FCA under the Financial Services and Markets Act 2000 of the United Kingdom; (b) UK Corporate Governance Code; (c) relevant institutional shareholder guidelines in the United Kingdom; and (d) the Transparency Regulations 2007 of Ireland (as amended). The provisions of the Cypriot Law to make provision for public takeover bids for the acquisition of securities of companies and related matters L. 41(I)/2007 (as amended) and the Irish Takeover Rules 2013 (as amended) will apply to acquisitions of shares in, or offers for shares of, BOC Holdings. Upon listing on the main market for listed securities of the CSE, BOC Holdings (as BOC currently does) will need to comply with the CSE laws and regulations including the CSE's Corporate Governance Code and Insider Dealing and Market Manipulation (Market Abuse) Law of 2005 (as amended) in Cyprus.

For details of certain differences between shareholder safeguards afforded by Irish law and Cypriot law, please refer to paragraph 4 of Part VII of this document.

6. KEY FEATURES OF THE SCHEME

The introduction of BOC Holdings as the new parent company of the BOC Group will be carried out by a formal procedure, known as a scheme of arrangement, under Cypriot company law. The key features of the Scheme are set out below.

Existing Shares

Under the Scheme:

- (a) all Existing Shares will be cancelled;
- (b) the resulting capital reserve in BOC's books of accounts will be applied towards paying up in full new ordinary shares in the capital of BOC which will be issued to BOC Holdings so that BOC will become a wholly-owned subsidiary of BOC Holdings; and
- (c) Shareholders will receive one New Share or one Depositary Interest representing one New Share for each individual holding of 20 Existing Shares cancelled under the Scheme (calculated in accordance with the Consolidation Basis).

The Scheme will not in any way impact BOC's compliance with the capital adequacy requirements currently imposed on it.

Suspension and cancellation of Existing Shares

Prior to the date on which the Scheme becomes effective (the "**Effective Date**"), applications will be made for the suspension of the trading of Existing Shares on the Main Market of the CSE and on ATHEX. The last day of trading of Existing Shares is expected to be at least two business days after the announcement by BOC of the issuance of the Court Order. Upon and conditional on the Scheme becoming effective, the Existing Shares will be cancelled.

Admission

An application will be made for the New Shares to be admitted to the Official List of the FCA and to trading on the Main Market for listed securities of the LSE. An application will also be made for the New Shares to be admitted to listing and trading on the Main Market of the CSE. Subject to the decision of the Court on the Scheme, it is expected that these applications will be approved in January 2017.

Allocation of New Shares and Depositary Interests representing New Shares

Shareholders will receive either New Shares or Depositary Interests representing New Shares depending on whether they wish to trade New Shares on the LSE or on the CSE.

Shareholders choosing to trade New Shares on the LSE will receive (other than in respect of Blocked Shares (see below)) New Shares in the CREST system, namely the computerised system for the paperless settlement of sales and purchases of securities and the holding of dematerialised securities operated by Euroclear UK & Ireland Limited ("**CREST**"). A Shareholder who wishes to trade New Shares on the LSE will need to provide details of his existing CREST account to the Shares & Loan Stock Department of BOC by completing and submitting a share election form, a copy of which is set out in Part XII of this document (the "**Share Election Form**") in the manner described in the Action to be Taken section in Part IV of this document.

Trades in respect of underlying New Shares on the CSE may only be settled through a transfer of the Depositary Interests representing such New Shares. Each Depositary Interest will represent an interest in one New Share. Therefore, Shareholders choosing to trade New Shares on the CSE will receive Depositary Interests representing New Shares. Such Shareholders, who currently have active investor share code and securities accounts opened in their name with the CSE ("**CSE ISCS accounts**"), will need to select the CSE option on the Share Election Form and follow the instructions set out in the Action to be Taken section in Part IV of this document.

Shareholders choosing to trade New Shares on the CSE who currently have investor share code and securities accounts opened in their name with ATHEX ("**ATHEX ISCS accounts**"), will need to select the CSE option on the Share Election Form and follow the instructions set out in the Action to be Taken section in Part IV of this document.

Shareholders who have been allocated their Existing Shares to inactive investor share codes must note that if they fail to complete and submit a Share Election Form in accordance with the instructions set out in the Action to be Taken section in Part IV of this document, such inactive investor share codes will be cancelled. Such Shareholders will be deemed to have elected to trade New Shares on the CSE and any Depositary Interests representing New Shares issued to them will be allocated under the control of the CDCR to newly created inactive investor share codes, opened in the name of each relevant Shareholder by the CSE.

Shareholders holding Existing Shares in a CSE ISCS account or an ATHEX ISCS account which are subject to any security arrangements and/or charges and in relation to which the Court orders the pledging and/or charging and/or the allocation by the Central Depository and Central Registry of the CSE (the "**CDCR**") into the special (blocked) account within such Shareholders' CSE ISCS accounts (or otherwise the registration under a 'blocked' status) of the Depositary Interests representing New Shares offered in consideration for their cancellation ("**Blocked Shares**") will receive, pursuant to such Court order (and in accordance with the Consolidation Basis), Depositary Interests representing New Shares subject to a pledge and/or charge and/or allocated by the CDCR to the special (blocked) account of their CSE ISCS accounts or otherwise registered under a 'blocked' status, irrespective of whether they have elected to trade their New Shares on the LSE or on the CSE.

If Shareholders fail to submit a validly completed Share Election Form by the business day following the Scheme Record Time, or do not correctly opt to trade New Shares either on the LSE (and receive New Shares) or on the CSE (and receive Depositary Interests representing New Shares), they will be deemed to have elected to trade New Shares on the CSE (and will receive Depositary Interests representing New Shares). BOC will conduct a search to check if such Shareholders maintain CSE ISCS accounts and, if so, will allocate Depositary Interests representing New Shares to such CSE ISCS accounts. This search will be based on the Shareholder data held by the Shares & Loan Stock Department. In the event that this search does not reveal a CSE ISCS account, the Depositary Interests representing New Shares will be allocated under the control of the CDCR to an inactive investor share code opened in the name of each relevant Shareholder by the CSE. As noted above, such Shareholders will need to activate the CSE ISCS account by following the procedure set out in the Action to be Taken section in Part IV of this document.

Unless otherwise indicated by a Shareholder in his Share Election Form, where a Shareholder has holdings of Existing Shares in a CSE ISCS account assigned to more than one Operator, any Depositary Interests in respect of New Shares issued to such Shareholder pursuant to the Scheme will be distributed pro-rata among such holdings within the Shareholder's CSE ISCS account. Where as a consequence of the Consolidation Basis, a pro-rata distribution of Depositary Interests representing New Shares among such holdings within a CSE ISCS account is not possible, BOC will have the discretion, acting reasonably, to allocate any Depositary Interests representing New Shares to a particular holding within that CSE ISCS account or to a holding within that CSE ISCS account under the control of the CDCR.

You are encouraged to read carefully the Action to be Taken section in Part IV of this document.

Further details on the allocation of New Shares and Depositary Interests representing New Shares and on dealings in respect of New Shares and Depositary Interests representing New Shares are set out in paragraphs 3 and 7 of Part VI of this document. Further information on Depositary Interests is provided in Paragraph 2 of Part VII of this document.

The EGM

The Scheme requires the approval of Shareholders at the EGM. The resolutions in the notice of the EGM cover the approval of the Scheme and various matters in relation to the implementation of the Scheme and are being proposed as ordinary and special resolutions.

The Scheme Resolutions provide for the approval, by way of ordinary resolution (requiring approval by simple majority of the Shareholders present and voting), of the Scheme and authorise the Directors of BOC to take all such actions as they consider necessary or appropriate for carrying the Scheme into effect. Shareholders will also be asked to approve a special resolution (requiring approval by not less than 75 per cent. of the Shareholders present and voting) covering the reduction of the share capital of BOC and subsequent issue of shares to BOC Holdings (together with the ordinary resolution approving the Scheme, the "**Scheme Resolutions**"). If the Scheme Resolutions are approved by the requisite majority at the EGM, an application will be made to the Court to sanction the Scheme on the date of the hearing by the Court of the application to sanction the Scheme and to confirm the reduction of share capital of BOC pursuant to the Scheme (the "**Court Hearing**").

7. TAXATION

Your attention is drawn to Part VIII of this document. If you are in any doubt about your tax position you are strongly advised to consult an appropriate independent professional tax adviser. **No statement in this document constitutes or shall be deemed to constitute taxation advice.**

8. ACTION TO BE TAKEN

Submission of proxy forms and voting at the EGM

The EGM will be held to seek approval for the Scheme Resolutions on 13 December 2016 at 10:00 a.m. The Notice of EGM is set out in Part X of this document. Shareholders will also find in Part XI of this document a form of proxy (the "**Form of Proxy**") for use in connection with the EGM. The EGM has been convened to enable Shareholders to consider and, if thought fit, approve the Scheme.

It is important that as many votes as possible are cast (whether in person or by proxy) at the EGM so that the Court may be satisfied that there is a fair and reasonable representation of Shareholder opinion. You are, therefore, strongly encouraged to submit your Form of Proxy. Please make every effort to vote at the EGM either in person or by completing and returning the Form of Proxy in accordance with the instructions printed on it. The completion and return of the Form of Proxy or the appointment of a proxy or proxies will not prevent Shareholders from attending the EGM and voting in person, if they so wish and are entitled to do so.

The completed Form of Proxy should be returned to BOC at the address stated therein by no later than 10:00 a.m. on 11 December 2016 or, if the EGM is adjourned, 48 hours before the day on which the EGM is re-convened. Completing and returning the Forms of Proxy will ensure that your votes can be counted at the EGM if you are unable to or choose not to attend personally.

Further details of how to participate in and vote at the EGM are set out in paragraph 1 of the Action to be Taken section and in paragraph 4 of Part VI of this document.

Please note that only those Shareholders registered in the register of members of BOC as at the record date for determining the right to vote at the EGM, being 5 December 2016 (the "**Record Date**") will be entitled to attend and vote in respect of the number of Existing Shares registered in

their name at such Record Date. Transactions involving Existing Shares taking place on 2 December 2016 and thereafter will not be considered in determining the right to vote at the EGM.

The proposed Scheme Resolutions at the EGM will be decided by way of a poll so that Shareholders' views can be carefully recorded. On a poll, each Existing Shareholder present in person or by proxy will have one vote for each Existing Share held by such Shareholder at the Record Date.

Receiving New Shares or Depositary Interests representing New Shares

If the Scheme becomes effective, Shareholders will, depending on whether they wish to trade New Shares on the LSE or on the CSE, be entitled to receive, in respect of their holdings of Existing Shares at the Scheme Record Time, either one New Share (other than in respect of any Blocked Shares), or one Depositary Interest representing one New Share in exchange for each individual holding of 20 Existing Shares (calculated in accordance with the Consolidation Basis).

Please refer to paragraph 2 of the Action to be Taken section in Part IV of this document for more information on how to choose between trading New Shares on the LSE (and receiving New Shares) or trading New Shares on the CSE (and receiving Depositary Interests representing New Shares).

Additional information on Depositary Interests representing New Shares is provided in paragraph 2 of Part VII of this document.

Instructions to Shareholders whose Existing Shares are currently listed on ATHEX

New Shares issued under the Scheme will not be listed on ATHEX, and any Existing Shares held in an ATHEX ISCS account will be cancelled following the Effective Date. Shareholders holding Existing Shares that are listed on ATHEX are given the option of trading New Shares on the LSE or on the CSE in accordance with the procedure set out under paragraph 6 above.

Shareholders whose Existing Shares are listed on ATHEX, and who do not have a CSE ISCS account or a CREST account, will need to contact eligible brokerage firms/custodians in order to open a CREST account or a CSE ISCS account, depending on whether they wish to trade New Shares on the LSE or the CSE. Shareholders should note that only brokerage firms/custodians who are members of the CSE may open CSE ISCS accounts for their clients. Shareholders who do not take any action under this document will be deemed to have elected to trade their New Shares on the CSE and will receive Depositary Interests representing New Shares into an inactive investor share code opened in their name with the CSE as Operator.

Further information is set out in paragraph 10 of Part VI of this document.

9. OVERSEAS SHAREHOLDERS

The implications of the Scheme for holders of Existing Shares resident in, or citizens or nationals of jurisdictions other than Cyprus ("**Overseas Shareholders**") may be affected by the laws of the relevant jurisdiction to which such Overseas Shareholders are subject. Overseas Shareholders should inform themselves about and observe all applicable legal requirements. Please refer to paragraph 14 of Part VI of this document for further details.

10. CONDITIONS

The Scheme is subject to a number of conditions, including approval of the Shareholders at the EGM, approval of the Court and the approval of the ECB and the Central Bank of Cyprus ("**CBC**") (all of which are, as at the date of this document, still pending), as further detailed in paragraph 5 of Part VI

of this document. The Directors believe that none of the conditions will significantly delay the implementation of the Scheme.

Shareholders should note that, at any time prior to the Scheme being approved by the Court, the Directors reserve the right to choose not to proceed with the Scheme (notwithstanding the approval of the Shareholders being obtained) if they believe that it is in the interests of the Shareholders and BOC not to implement the Scheme.

11. FURTHER INFORMATION

The terms of the Scheme are set out in full in Part IX of this document. In addition, Part VI of this document contains an Explanatory Statement (required by Section 199 of the Cyprus Companies Law) which gives further details of the Scheme.

12. RECOMMENDATION

The Directors of BOC consider the Scheme to be fair and reasonable.

In addition, the Directors believe the Scheme to be in the best interests of BOC and the Shareholders as a whole and, accordingly, unanimously recommend that Shareholders vote in favour of the Scheme and the Scheme Resolutions at the EGM, as they intend to do in respect of their own beneficial shareholdings.

The Directors urge you to complete, sign and return the Form of Proxy for use at the EGM, as soon as possible and, in any event, by no later than 10:00 a.m. on 11 December 2016.

Yours faithfully,

Prof. Dr. Josef Ackermann
Chairman

PART II

DEFINITIONS

The following definitions apply throughout this document (except in those parts of this document containing the Chairman's letter, the Scheme, the Notice of the EGM (and the explanatory notes thereto), which contain separate definitions), unless the context requires otherwise.

"£", "pounds", "pound sterling"	the lawful currency of Great Britain;
"€" or "Euro"	the lawful currency of those participating member states of the European Union known as the Eurozone;
"Admission"	admission of the New Shares to listing on the Official List of the FCA and to trading on the Main Market for listed securities of the LSE in accordance with the Listing Rules and Prospectus Rules of the United Kingdom and the admission of the New Shares to listing and trading on the Main Market of the CSE;
"ATHEX"	the Athens Stock Exchange located in Athens, Greece;
"ATHEX DSS"	the electronic dematerialised securities system of the Hellenic Central Securities Depository;
"ATHEX ISCS account"	an investor share code and securities account with ATHEX;
"Blocked Shares"	those Existing Shares in a CSE ISCS account or an ATHEX ISCS account which are subject to any security arrangements and/or charges and in relation to which the Court will order either the pledging and/or charging and/or the allocation by the CDCR into the special (blocked) account within a CSE ISCS account or otherwise the registration by the CDCR under a 'blocked' status (as in each case described further in Clause 6 of the Scheme) of the Depository Interests representing New Shares offered in consideration for the cancellation of such Existing Shares;
"Board" or "Directors"	the Directors of BOC or BOC Holdings (as applicable), whose names are set out in Part XIII of this document;
"BOC"	Bank of Cyprus Public Company Limited, a public limited company incorporated and registered in Cyprus under registered number HE165;
"BOC Articles"	the articles of association of BOC;
"BOC Holdings"	Bank of Cyprus Holdings plc, a public limited company incorporated and registered in Ireland under registered number 585903;

"BOC Holdings Articles"	the articles of association of BOC Holdings that will be in force on the Effective Date;
"BOC Holdings Deed Poll"	the deed poll dated 15 November 2016, issued and executed by BOC Holdings in favour of the DI Holders granting certain rights to the DI Holders;
"BOC Holdings Shareholder"	a registered holder of New Shares or a registered holder of Depositary Interests representing New Shares;
"business day"	a day (excluding Saturday or Sunday) on which banks generally are open for business in Cyprus for the transaction of normal banking business;
"CBC"	the Central Bank of Cyprus;
"CDCR"	the Central Securities Depository and Central Registry of the CSE;
"CISCO"	the Cyprus Investment and Securities Corporation Ltd, a limited company incorporated in Cyprus with registered number HE18558 and CySEC licence number 003/03;
"Consolidation Basis"	the basis for consolidation of the Existing Shares set out in paragraph 3 of Part VI of this document;
"Court"	the District Court of Nicosia, Cyprus;
"Court Application"	the application to be submitted to the Court for the issuance of the Court Order;
"Court Hearing"	the hearing by the Court of the Court Application to sanction the Scheme and to confirm the Reduction of Capital pursuant to the Scheme under section 198 of the Cyprus Companies Law;
"Court Order"	an order of the Court approving the Scheme and the Reduction of Capital;
"CREST"	the computerised system for the paperless settlement of sales and purchases of securities on a dematerialised basis and the holding of securities in uncertificated form operated by Euroclear UK & Ireland under the CREST Regulations;
"CREST Regulations"	as appropriate, the Ireland Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (S.I. No. 68 of 1996) or the United Kingdom Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), each as amended from time to time;
"CSE"	the Cyprus Stock Exchange;
"CSE ISCS account"	an investor share code and securities account with the CSE;

"CSE Rules"	the Cyprus Stock Exchange Rules;
"Custodian"	the custodian or custodians or any nominee of such custodian appointed by the Depositary to hold the New Shares on the Depositary's behalf;
"Cypriot Credit Institution Law"	the Business of Credit Institutions Laws of 1997 to (No. 6) of 2015 of Cyprus;
"Cyprus"	the Republic of Cyprus;
"Cyprus Companies Law"	the Companies Law of the Republic of Cyprus (Cap. 113) as may be amended or replaced from time to time;
"CySEC"	the Cyprus Securities and Exchange Commission;
"Deed Poll"	the deed poll to be issued and executed by the Depositary in favour of the DI Holders creating the Depositary Interests representing New Shares and granting certain rights to the DI Holders;
"Depositary"	Capita IRG Trustees Limited, a company incorporated and registered in England under registered number 02729260;
"Depositary Agreement"	an agreement to be entered into between BOC Holdings and the Depositary prior to the Effective Date whereby BOC Holdings appoints the Depositary to constitute and issue from time to time, upon the terms of the Deed Poll, Depositary Interests representing New Shares;
"Depositary Interest"	the depositary interests issued by the Depositary pursuant to the terms of the Deed Poll;
"DI Holder"	a holder of Depositary Interests representing New Shares;
"DSS"	the central registry and computerised system for the settlement of sales and purchases of securities on a dematerialised basis and the holding of securities in uncertificated form operated by the CDCR;
"ECB"	the European Central Bank;
"EEA"	the European Economic Area;
"Effective Date"	the date on which the Scheme becomes effective in accordance with clause 7 of the Scheme as set out in Part IX of this document;
"EGM"	the extraordinary general meeting of the Shareholders convened on 13 December 2016 at 10:00 a.m. by order of the Court pursuant to sections 198 to 200 of the Cyprus Companies Law (notice of which is set out in Part X of this document) to consider and, if thought fit, approve the Scheme, the Reduction of Capital and certain other

	matters relating to the Scheme, and any adjournment thereof;
"Euroclear UK & Ireland"	Euroclear UK & Ireland Limited, the operator of CREST;
"Existing Shares"	all fully paid ordinary shares with a nominal value of €0.10 each comprising the issued share capital of BOC existing immediately prior to the Effective Date;
"FCA"	the Financial Conduct Authority of the United Kingdom;
"Form of Proxy"	the form of proxy for use in respect of the EGM to be held on 13 December 2016, a copy of which is set out in Part XI of this document;
"FTSE Ground Rules"	the ground rules for the FTSE UK Index Series, as amended;
"Group" or "BOC Group"	prior to the Effective Date, BOC and its subsidiary undertakings and, following the Effective Date, BOC Holdings and its subsidiary undertakings;
"HMRC"	Her Majesty's Revenue and Customs department of the United Kingdom;
"in certificated form"	in relation to a share or other security, means a share or other security, title to units of which is evidenced by a certificate, physical instrument or other document of title and is only capable of being transferred by written instrument;
"in uncertificated form"	in relation to a share or other security, means a share or other security, title to units of which is not in certificated form and is capable of being transferred on a dematerialised basis;
"Irish Companies Act"	the Companies Act 2014 of Ireland, as amended;
"Irish Takeover Panel"	the Irish statutory body established by the Irish Takeover Panel Act 1997, as amended and responsible for monitoring and supervising takeovers and other relevant transactions in relevant companies in Ireland;
"Irish Takeover Rules"	the Irish Takeover Panel Act, 1997 Takeover Rules 2013 (as amended);
"Irish Transparency Regulations"	the Transparency (Directive 2004/109/EC) Regulations 2007 of Ireland (SI No. 277 of 2007) (as amended);
"ISIN"	International Securities Identification Number;
"Listing Rules"	the listing rules made by the FCA under section 73A of the Financial Services and Markets Act 2000 of the United Kingdom;

"Long Stop Date"	31 March 2017, being the latest date by which the Scheme may become effective unless BOC and BOC Holdings agree a later date and (if appropriate) the Court so allows;
"LSE"	the London Stock Exchange plc;
"Main Market"	the main market for listed securities on the LSE or the CSE (as applicable);
"Market Abuse Law"	the law on insider dealing and market manipulation (market abuse) N.116(I)/2005 in Cyprus;
"New Shares"	fully paid ordinary shares with a nominal value of €0.10 each in the capital of BOC Holdings;
"Notice of EGM"	the notice contained in Part X of this document giving notice of the EGM;
"on a dematerialised basis"	in relation to a share or other security in uncertificated form, the transfer of title otherwise than by written instrument (for example, electronically through CREST or the DSS);
"Operator"	a broker/custodian authorised by the CSE;
"Overseas Shareholders"	holders of Existing Shares resident in, or citizens or nationals of, jurisdictions other than Cyprus;
"Prospectus Directive"	Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU;
"Prospectus Law"	the Public Offer and Prospectus Law of 2005, Law 114(I)/2005 of Cyprus, as amended;
"Prospectus Rules"	the prospectus rules made by the FCA under section 73A of the Financial Services and Markets Act 2000 of the United Kingdom;
"Record Date"	the record date for determining the right to vote at the EGM, being 5 December 2016;
"Reduction of Capital"	the reduction of the share capital of BOC by the cancellation of the Existing Shares, as described further in clause 2(a) of the Scheme;
"Registrar of Companies"	the Registrar of Companies and Official Receiver in Cyprus;
"Restricted Jurisdiction"	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Scheme is sent or made available to Shareholders in that jurisdiction;
"Russian QIs"	"qualified investors" within the meaning of Article 51.2 of the Russian Federal Law no. 39-FZ "On the Securities

	Market" dated 22 April 1996, as amended;
"Scheme" or "Scheme of Arrangement"	the scheme of arrangement proposed to be made under sections 198 to 200 of the Cyprus Companies Law between BOC and the holders of Existing Shares, as set out in Part IX of this document, with or subject to any modification, addition or condition approved or circulated by the Court;
"Scheme Record Time"	the record time for determining the entitlement to New Shares under the Scheme, likely, subject to the Court Order, to be 5:30 p.m. on the day falling at least two business days after the announcement by BOC of the issuance of the Court Order;
"Scheme Resolutions"	the resolutions set out in paragraphs (A) and (B) of the Notice of EGM;
"SDC"	has the meaning given to it in paragraph 1 of Part VIII of this document;
"SEC"	the United States Securities and Exchange Commission;
"Shareholder"	a holder of Existing Shares as appearing in the register of members of BOC at the Scheme Record Time;
"Share Election Form"	the form to be used to elect to trade New Shares on the LSE or on the CSE, a copy of which is set out in Part XII of this document;
"Share Option Plan"	the share option plan or plans to be implemented by BOC Holdings for the benefit of some or all of the employees of the BOC Group;
"Takeover Bids Law"	the Cypriot law to make provision for public takeover bids for the acquisition of securities of companies and related matters L. 41(I)/2007 (as amended from time to time);
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	the United States of America; and
"US Securities Act"	the United States Securities Act of 1933, as amended.

PART III

SUMMARY – QUESTIONS AND ANSWERS

Shareholders should read the whole of this document, and not just rely on this summary. Capitalised terms have the meanings given to them in Part II of this document.

1. Why are you proposing a listing on the LSE?

BOC believes that all stakeholders will benefit from the greater profile and depth of market which a listing on the LSE offers. The listing on the LSE is in line with BOC's long-term strategic commitment to list on another major European exchange. It is expected to improve the liquidity of BOC's shares, which will enhance BOC's visibility and lead to a broader base of investors capable of supporting BOC in the long-term. This will further enhance the confidence of all stakeholders in the Group. Finally, listing on the LSE will help position BOC amongst a broader group of international peers.

2. What are the main differences between the listings on the LSE and the CSE?

All New Shares will be listed on both the LSE and the CSE. We therefore expect that you will receive the benefits referred to in the response to question 1 above regardless of whether you wish to trade on the LSE or the CSE. However, trading in New Shares on the LSE will generally attract Irish stamp duty (please refer to the response to question 32 below for further details).

You may choose to trade New Shares on either the LSE or on the CSE, subject to validly submitting a Share Election Form in accordance with the provisions of the Scheme.

All trades on the CSE must be settled through the DSS, the central registry and computerised system in Cyprus for the settlement of trades on a dematerialised basis. However, New Shares cannot be held on a dematerialised basis in the DSS. Therefore, Shareholders wishing to trade on the CSE will receive Depositary Interests representing New Shares. The Depositary Interests representing New Shares will be capable of being settled in the DSS.

3. What are Depositary Interests?

Depositary Interests are a type of security that provides its holder with an interest in a separate security (in this case, the New Shares). They are often used to allow investors in one jurisdiction (in this case, Cyprus) to settle trades in shares of a company incorporated in a second jurisdiction (in this case, Ireland), where it is not possible or practicable to settle trades in those shares directly in the first jurisdiction (Cyprus). Under a typical depositary interest arrangement a depositary will hold legal title to the relevant underlying shares (here the New Shares) of a company incorporated in the second jurisdiction (Ireland) (often using a nominee custodian company) on trust for the benefit of the investors in the first jurisdiction (Cyprus) and issue depositary interests on a one-for-one basis to investors in the first jurisdiction (Cyprus).

4. Why is BOC Holdings entering into Depositary Interests arrangements?

Irish law does not currently permit the New Shares to be issued in uncertificated form and transferred on a dematerialised basis in the DSS. However, all trades on the CSE are required to be settled through the DSS. Accordingly, to facilitate trading and settlement of the New Shares on the CSE, BOC Holdings will enter into depositary arrangements with the Depositary to arrange for Depositary Interests representing the New Shares to be issued to Shareholders who wish to trade in New Shares on the CSE or otherwise hold their interest in the New Shares in Cyprus through the CDCR.

5. Do I have to receive Depositary Interests? What if I would prefer to receive the New Shares?

Shareholders may elect to trade New Shares on the LSE or CSE. They will therefore receive either New Shares (upon electing to trade on the LSE) or Depositary Interests representing New Shares (either upon electing to trade on the CSE or in exchange for any Blocked Shares) under the Scheme.

Any Shareholder who wishes to trade New Shares on the CSE will receive Depositary Interests representing New Shares (rather than the underlying New Shares). The Depositary Interests issued under the Scheme will be allotted to the existing or newly created CSE ISCS accounts opened and maintained in the name of each Shareholder. As with the New Shares, Depositary Interests representing New Shares will be issued free of charge to Shareholders under the Scheme.

Likewise, any Shareholder who wishes to trade New Shares on the LSE will receive New Shares within CREST except in respect of any Blocked Shares. The New Shares issued under the Scheme will be allotted to the existing or newly created CREST accounts opened and maintained in the name of such Shareholder's designated CREST participant.

For additional information on Depositary Interests representing New Shares, please see paragraph 2 of Part VII of this document.

6. What is the distinction between New Shares and Depositary Interests representing New Shares?

While there are legal differences, Shareholders should not in practice notice any significant difference between holding New Shares or Depositary Interests representing New Shares.

Holders of New Shares and of Depositary Interests representing New Shares will each be able to exercise one vote at shareholder meetings of BOC Holdings for each New Share or Depositary Interest representing a New Share held. They will be entitled to attend shareholder meetings of BOC Holdings in person or by proxy. The time and manner of giving voting instructions and of appointing proxies will be the same. Holders of New Shares and of Depositary Interests representing New Shares will receive the same notices and information from BOC Holdings and will also receive any dividends declared and paid in the future by BOC Holdings.

The New Shares and the Depositary Interests representing New Shares will bear the same ISIN. Therefore from a commercial perspective, a person holding Depositary Interests representing New Shares will always be trading the underlying New Shares represented by such Depositary Interests, even if his trades on the CSE are settled through the DSS using Depositary Interests representing New Shares.

More information on Depositary Interests representing New Shares can be found in paragraph 2 of Part VII of this document. Additional information on taxation of New Shares and Depositary Interests representing New Shares can be found in the response to question 32 below and in Part VIII of this document.

7. Can I convert my Depositary Interests representing New Shares into New Shares and vice versa?

Yes. You may choose to trade on either the LSE or the CSE. A person holding Depositary Interests representing New Shares (a DI Holder) may elect (subject to any security arrangements over his Depositary Interests representing New Shares) at any time to trade New Shares on the LSE and convert his Depositary Interests representing New Shares into the underlying New Shares by

notifying the CDCR or his CSE eligible Operator. Similarly, a holder of New Shares wishing to trade New Shares on the CSE instead may elect at any time to convert his New Shares to Depositary Interests representing such New Shares by notifying either the relevant CREST participant (where such New Shares are uncertificated) or submitting a written cross-border share transfer request to the Depositary (in respect of certificated New Shares). The Depositary will then arrange for the necessary transfers to take place. Contact details for the Depositary can be found by contacting the Shares & Loan Stock Department of BOC at the address and telephone number set out on page 32 of this document.

Please refer to paragraph 7 of Part VI of this document for further details.

8. What do I need to do to access my New Shares or Depositary Interests?

In order to access New Shares or Depositary Interests representing New Shares, please follow the instructions set out in paragraph 2 of the Action to be Taken section in Part IV of this document.

9. Why are you proposing the Scheme?

The Scheme is being proposed as part of the process involving the BOC Group achieving a listing on the LSE. By adopting a new parent company now, BOC further paves the way towards inclusion in the FTSE UK index once it attained elevation to a premium London listing which BOC will continue to pursue. BOC Holdings will also apply for the admission of the New Shares to listing on the Main Market of the CSE. All New Shares will therefore be listed on both the LSE and the CSE.

The simplest and most equitable procedure to insert a new parent company into the BOC Group's current corporate structure without the need for any transfers of the Existing Shares is by way of a "scheme of arrangement". It is a consultative process and requires the approval of the Shareholders and of the Court. Once effective, a scheme of arrangement will be binding on all Shareholders, regardless of how (or whether) they have voted.

10. What is a scheme of arrangement?

A scheme of arrangement is a formal procedure under the Cyprus Companies Law commonly used to carry out corporate re-organisations. The Scheme requires the approval of Shareholders and sanctioning by the Court following a hearing upon the fairness of the terms and conditions of the Scheme.

11. Why do we need a new holding company?

Under the FTSE Ground Rules, only companies incorporated in certain jurisdictions whose securities are admitted to the premium listing segment of the Official List of the FCA are eligible for FTSE index inclusion, subject to certain conditions being met. Cyprus is currently not one of the eligible jurisdictions. Accordingly, in order to be in a position to apply for FTSE indexation in addition to a possible future application for admission to the premium listing segment of the Official List of the FCA, it has been thought desirable now to establish a new holding company, incorporated in an eligible jurisdiction, as the ultimate holding company of the BOC Group. After examining a number of potential jurisdictions, BOC 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. BOC Holdings was incorporated in Ireland earlier this year for this purpose.

12. Will there be a change to the location of the head office or operations of BOC?

No. BOC will remain a Cypriot bank with a Cypriot banking licence and operations. There will be no change to the day to day banking business, operations or the position of the employees of BOC or the Group as a result of the Scheme. BOC will remain tax resident in Cyprus.

While BOC Holdings is incorporated and registered in Ireland, its central place of management and control is in Cyprus and, therefore, BOC Holdings will also be tax resident in Cyprus.

The head office of the BOC Group will also remain unchanged and will continue to be located at 51 Stassinou Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus.

13. What will I have after the Scheme comes into effect?

If the Scheme becomes effective you will be entitled to receive one New Share or one Depositary Interest representing one New Share (depending on whether you have elected to trade on the LSE or on the CSE) in exchange for each individual holding of 20 Existing Shares (calculated in accordance with the Consolidation Basis provided in paragraph 3 of Part VI of this document) held by you at the Scheme Record Time. If you hold any Blocked Shares, you will receive (in accordance with the Consolidation Basis) Depositary Interests representing New Shares subject to a pledge and/or charge and/or allocated by the CDCR to the special (blocked) account within your CSE ISCS account or otherwise registered by the CDCR under a 'blocked status', irrespective of whether you have elected to trade New Shares on the LSE or on the CSE. All Existing Shares will be cancelled.

14. What is a share consolidation and why is it being proposed?

BOC currently has 8,922,944,533 ordinary shares in issue. As each share is of a small trading value, BOC believes that it is better to have fewer shares in issue without any loss in the aggregate value of such shares.

The share consolidation is the most commonly adopted method to exchange the relatively large number of Existing Shares in issue for a smaller number of New Shares. The consolidation will be achieved on the basis of an exchange ratio of one New Share (or one Depositary Interest representing one New Share) for each individual holding of 20 Existing Shares, calculated in accordance with the Consolidation Basis set out in paragraph 3 of Part VI of this document. On this basis those Shareholders with fewer than 20 shares, or with a holding that is not divisible by 20, at the Scheme Record Time will have their holding notionally rounded up to the nearest multiple of 20 and will receive, in accordance with the Consolidation Basis, the appropriate number of New Shares or Depositary Interests representing New Shares, depending on the election made by them in their Share Election Form.

Upon the Scheme becoming effective, Shareholders will hold New Shares or Depositary Interests representing New Shares in the same proportion as the number of Existing Shares held by them prior to the implementation of the Scheme (save for minor differences in respect of additional New Shares or Depositary Interests representing New Shares issued to compensate for fractional entitlements). Existing Shareholders will continue to own 100 per cent. of BOC and their economic interest in the BOC Group will remain the same (subject only to the minor rounding contemplated by the Consolidation Basis).

15. What is a reduction of capital and why is it being proposed?

The Reduction of Capital refers to the proposed reduction of the share capital of BOC to be carried out as part of the Scheme. The Reduction of Capital will be accomplished by the cancellation of all of the Existing Shares and is required to create a capital reduction reserve in the accounts of BOC.

The capital reduction reserve will then be used by BOC to issue shares to BOC Holdings. BOC will then become a wholly-owned subsidiary of BOC Holdings. In turn BOC Holdings will issue the New Shares (and, as appropriate, procure the issuance of Depositary Interests representing the New Shares) to the Shareholders.

The Reduction of Capital will require the approval of the Shareholders during the EGM. The Reduction of Capital will also require confirmation by the Court and will not be effective until such confirmation has been received and registered with the Registrar of Companies in Cyprus. It is an integral part of the Scheme and will not in any way impact BOC's compliance with any capital adequacy requirements currently imposed on it.

16. What happens to my Existing Shares?

The Existing Shares are currently admitted to listing and trading on the CSE and on ATHEX. As part of the Scheme, these shares will be cancelled (pursuant to the Reduction of Capital) and as a result will cease to be listed and traded on the CSE and on ATHEX. Following such cancellation, the Shareholders will receive (depending on where they elect to trade their New Shares and on whether they possess any Blocked Shares) either New Shares or Depositary Interests representing New Shares at no cost in accordance with the Consolidation Basis. These New Shares will, subject to the approval of the FCA and CSE, be listed and traded on the LSE and the CSE.

17. Where will the New Shares be listed?

Immediately following the Effective Date, BOC Holdings will apply for all of the New Shares to be admitted to the Official List of the FCA and to trading on the Main Market for listed securities of the LSE. BOC Holdings will also apply for all of the New Shares to be admitted to listing and trading on the Main Market of the CSE. The New Shares will be traded in Euro both on the LSE and on the CSE. BOC Holdings Shareholders will have the option of trading their New Shares on the LSE or on the CSE. The New Shares will not be listed on ATHEX.

18. Why will the New Shares not be listed on ATHEX?

Following the Effective Date, BOC Holdings will not apply for the New Shares to be admitted to listing on ATHEX. This is consistent with BOC's disposal of its Greek operations in March 2013. Given BOC no longer has any operations in Greece and its growing international shareholder base, a listing on ATHEX is no longer considered appropriate to BOC.

For additional information, please refer to paragraph 8 of Part VI of this document.

19. Why should I read this document?

The Scheme requires Shareholders to approve or reject the terms of the Scheme and vote on certain other related matters at the EGM. This document contains information to assist you in your voting decision in relation to the Scheme. The Form of Proxy contained in Part XI of this document is for your use in the voting process at the EGM. Please see paragraph 1 of the Action to be Taken section in Part IV of this document for more information on attending the EGM.

20. Do I need to vote?

It is important that as many Shareholders as possible cast their votes in person or by proxy at the EGM. **In particular, it is important that a considerable number of votes are cast at the EGM so as to demonstrate that there is a fair representation of Shareholder opinion.**

The proposed resolutions at the EGM will be decided by way of a poll. The resolutions proposed at the EGM would ordinarily be voted on by a show of hands. However, the chairman of the EGM will require them to be put to a poll so that Shareholders' views can be carefully recorded and the same procedure can be used for all the resolutions under consideration. On a poll, each Shareholder present in person or by proxy will have one vote for each Existing Share held at the Record Date. The proposed ordinary resolution at the EGM will need to be passed by a simple majority of votes, and the special resolution will need to be passed by 75 per cent. of the votes, of the Shareholders present and voting. **Your vote counts.**

If you do not wish, or are unable, to attend the EGM you may appoint any person (known as a "**proxy**") to act on your behalf and vote on the poll. Such person does not need to be a member of BOC. You may appoint your proxy by completing the Form of Proxy and returning it in accordance with the instructions set out in response to question 21 below, in paragraph 1 of the Action to be Taken Section in Part IV of this document and on the Form of Proxy.

You are, therefore, strongly encouraged to complete, sign and return your Form of Proxy as soon as possible, but no later than 10:00 a.m. on 11 December 2016 (or in the case of any adjournment of the EGM, no later than 48 hours before the time fixed for the adjourned EGM). The Form of Proxy has been appended to this document.

Should you later change your mind and decide to attend the EGM in person, then completing and returning the Form of Proxy will not preclude you from doing so.

21. What do I do with the Form of Proxy?

Whether or not you plan to attend the EGM, **PLEASE COMPLETE, SIGN AND RETURN THE FORM OF PROXY** in accordance with the instructions printed on it as soon as possible, but in any event so as to be received by BOC no later than 10:00 a.m. on 11 December 2016 (or in the case of any adjournment of the EGM, no later than 48 hours before the time fixed for the adjourned EGM). This will enable your votes to be counted at the EGM in the event of your absence.

The completion and return of the Form of Proxy or the appointment of a proxy or proxies will not prevent you from attending and voting in person at the EGM if you so wish and are entitled to do so.

22. What if I have fewer than 20 Existing Shares?

Following the Effective Date, Shareholders holding fewer than 20 Existing Shares at the Scheme Record Time will be allotted one New Share (or one Depository Interest representing one New Share) depending on the election made by them in their Share Election Form.

Please refer to the Consolidation Basis set out in paragraph 3 of Part VI of this document for further details.

23. What if I have a holding of Existing Shares that is not divisible by 20?

Following the Effective Date, Shareholders with a holding of Existing Shares that is not divisible by 20 at the Scheme Record Time will have such holding notionally rounded up to the nearest multiple of

20, and will receive, in accordance with the Consolidation Basis, the appropriate number of New Shares or Depositary Interests representing New Shares, depending on the election made by them in their Share Election Forms.

Please refer to the Consolidation Basis set out in paragraph 3 of Part VI of this document for further details.

24. Do I have to pay anything to BOC or BOC Holdings under the Scheme?

No. All New Shares and Depositary Interests representing New Shares arising as a result of the Scheme are being issued to Shareholders in return for the cancellation of their Existing Shares. No additional payment by you to BOC or BOC Holdings will be required. We are effectively swapping your Existing Shares for a proportional number of New Shares (or Depositary Interests representing New Shares). Your economic interest in the BOC Group will remain the same (subject only to the minor rounding contemplated by the Consolidation Basis set out in paragraph 3 of Part VI of this document).

25. Will there be any change to the value or the percentage of my shareholding?

While it is expected that the market price of each New Share following the Scheme becoming effective would be higher than the market price of each Existing Share (as a result of the Share Consolidation), each Shareholder will receive the same proportion of New Shares (or Depositary Interests representing New Shares) under the Scheme when compared to their current respective holdings of Existing Shares (subject only to the minor rounding contemplated in paragraph 3 of Part VI of this document). Consequently, the percentage shareholding (including your percentage of the voting rights) will not change as a result of the Scheme. As of the Effective Date, Shareholders will own 100 per cent. of BOC Holdings.

26. Will it be more expensive to settle trades on the CSE?

We do not expect that the cost of settling trades in New Shares on the CSE through Depositary Interests representing New Shares will be any higher than the current cost of settling trades in Existing Shares. Neither BOC Holdings nor the Depositary will charge a DI Holder for settling its trades in New Shares on the CSE through Depositary Interests representing New Shares.

27. What are the implications for Shareholders holding Existing Shares listed on ATHEX?

New Shares issued under the Scheme will not be listed on ATHEX, and all Existing Shares in an ATHEX ISCS account will be cancelled following the Effective Date. Shareholders holding Existing Shares on an ATHEX ISCS account will need to follow the instructions set out in the Action to be Taken section in Part IV of this document. BOC does not expect any Greek capital controls to affect the implementation of the Scheme, or the ability of Greek shareholders to trade New Shares or Depositary Interests representing the New Shares.

28. What if I do not take any of the actions required by this document?

If you take no action or fail to submit a valid Share Election Form electing to trade New Shares either on the LSE or the CSE by the business day following the Scheme Record Time, you will be deemed to have elected to trade on the CSE and will receive Depositary Interests representing New Shares.

In that case, the Shares & Loan Stock Department of BOC will conduct a search to check if you maintain a CSE ISCS account. If you do, Depositary Interests representing New Shares will be allocated to such CSE ISCS account. This search will be based on the Shareholder data held by the

Shares & Loan Stock Department. In the event that this search does not reveal a CSE ISCS account, any Depository Interests representing New Shares issued to you will be allocated to an inactive investor share code opened in your name with the CSE as Operator. In order to be able to trade on the CSE, you will need to activate this inactive investor share code by following the procedure set out in the Action to be Taken section in Part IV of this document.

Please refer to the Action to be Taken Section set out in Part IV of this document for further details.

29. What if I do not have a CREST account or an active CSE ISCS account?

Shareholders are required by the business day following the Scheme Record Time to have either: (i) a CREST account in order to receive New Shares to be traded on the LSE; or (ii) an active CSE ISCS account in order to receive Depository Interests representing New Shares which shall be used to settle trades in the underlying New Shares on the CSE. BOC encourages all Shareholders that do not have a CREST account or an active CSE ISCS account to proceed with the opening of such an account and provide the relevant details to BOC in the manner set out in the Action to be Taken section in Part IV of this document. If you take no action, please refer to the response to question 28 for further details.

30. What if there is a pledge and/or charge over my Existing Shares?

If, as at the Scheme Record Time, any Existing Shares allocated to a CSE ISCS account or an ATHEX ISCS account are subject to any security arrangements, the Court shall be requested (as part of the Court Application) to order the registration by the CSE, of an analogous pledge and/or charge on the Depository Interests representing New Shares which shall be issued in consideration of the cancellation of such Existing Shares.

It is possible that the Court may not issue the order referred to in the previous paragraph. Consequently any New Shares or Depository Interests representing New Shares issued pursuant to the Scheme would be issued free from any existing pledges and/or charges.

BOC therefore strongly recommends that Shareholders consider their own positions in relation to any existing security arrangements over their Existing Shares, the possibility that such security arrangement may not be extended to the Depository Interests representing New Shares and the impact this might have on the relationship between the Shareholder and the beneficiary of the security arrangement.

Please refer to paragraph 10 of Part VI of this document for further details.

31. What if my Existing Shares have been allocated to the special (blocked) account within my CSE ISCS account or are otherwise registered under a 'blocked' status by the CDCR?

If, pursuant to any court order, any Existing Shares have been caused by the CDCR to appear in the special (blocked) account within a CSE ISCS account or are otherwise registered by the CDCR under a 'blocked' status as at the Scheme Record Time, the Court shall be requested (as part of the Court Application) to order the registration by the CSE of the Depository Interests representing New Shares issued in consideration for the cancellation of such Existing Shares pursuant to the Scheme, into the special (blocked) account within such CSE ISCS account or otherwise under an analogous 'blocked' status, as the case may be.

It is possible that the Court may not issue the order referred to in the previous paragraph. Consequently any New Shares or Depository Interests representing New Shares issued pursuant to the Scheme will not be subject to an analogous 'blocked' status.

Please refer to paragraph 10 of Part VI of this document for further details.

32. Will I have to pay any tax as a result of the Scheme?

There will be no tax liabilities arising in Cyprus for Cyprus resident Shareholders arising from the Scheme on the basis that the Scheme will constitute a scheme of reconstruction within the meaning of Cypriot legislation. Therefore, Cyprus resident Shareholders will be treated as exchanging their Existing Shares for New Shares (or Depositary Interests representing New Shares) in a re-organisation of capital. Certain aspects of the tax treatment of certain other Shareholders arising under the Scheme are set out in Part VIII of this document.

Should any BOC Holdings Shareholders decide to settle a trade in New Shares on the CSE through the disposal of their Depositary Interests representing New Shares, a transfer of such Depositary Interests representing New Shares will be free of Irish stamp duty (traditionally payable by the buyer). However, a transfer of New Shares in respect of the settlement of a trade on the LSE will generally be subject to Irish stamp duty (traditionally payable by the buyer) at 1 per cent. calculated on the total consideration amount paid by the buyer for the New Shares or the market value, whichever is higher.

If you are in any doubt about your tax position, you should consult a professional adviser.

33. Will I be exposed to any currency exchange risk?

New Shares will be listed and traded both on the LSE and on the CSE in Euro. However, in the future BOC Holdings intends to apply for the New Shares to be admitted to the premium listing segment of the Official List of the FCA. If this is achieved, the New Shares traded on the LSE would then, however, be listed and traded in pounds sterling. In that case holders of New Shares based outside the UK would then possibly face some exposure to currency exchange rates if they were to choose to trade their New Shares on the LSE.

34. What if I am not resident in Cyprus?

You should refer to paragraph 14 of Part VI of this document concerning Overseas Shareholders.

35. What if I still have questions?

If you have read this document and still have questions, you should contact the Shareholder Helpline provided on page 32 of this document. In the event you are unable to use the Shareholder Helpline, you may submit your questions by email to listinginfo@bankofcyprus.com or in writing to Bank of Cyprus Public Company Limited, 4 Evrou Street, EuroLife Building, Strovolos, 2003 Nicosia, Cyprus (for the attention of Shares & Loan Stock Department). Please note that, for legal reasons, responses to questions will only be able to provide practical information and will not provide advice on the merits of the Scheme or give any financial or taxation advice. For specific legal, financial or taxation advice, you will need to consult your own independent advisers.

PART IV

ACTION TO BE TAKEN

Shareholders should read the whole of this document, and not just rely on this section. Capitalised terms have the meanings given to them in Part II of this document.

IT IS IMPORTANT THAT, for the EGM, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Shareholders. Whether or not you plan to attend the EGM, you are therefore strongly encouraged to sign and submit your Form of Proxy in accordance with the instructions thereon, as soon as possible, but no later than 10:00 a.m. on 11 December 2016.

This document informs you about the EGM to be held at the registered office of BOC at 51 Stassinou Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus on 13 December 2016 at 10:00 a.m. It also informs you about the proposal for a re-organisation of the BOC Group which will result in a new Irish incorporated company becoming the parent company of the BOC Group (referred to throughout this document as the "**Scheme**"). Immediately following the Effective Date, BOC Holdings will own all the shares of BOC. It is intended that shares in the capital of BOC Holdings will be listed in London and in Cyprus. This document also contains the formal notice of the EGM which is also separately available on BOC's website at www.bankofcyprus.com (please select the Investor Relations link).

You will need to take the following actions:

- read the Chairman's letter in Part I of this document. This letter informs you about the Scheme, the EGM, and also explains the reasons for the Scheme and why the BOC Board recommends that you should vote in favour of the Scheme;
- review the Summary – Questions and Answers in Part III of this document and the remainder of this document; and
- follow the instructions set out in this document in relation to the submission of proxy forms and voting at the EGM (see paragraph 1 below) and opting between trading New Shares on the LSE (and receiving New Shares) or on the CSE (and receiving Depositary Interests representing New Shares) (see paragraphs 2, 3 and 4 below).

1. Submission of proxy forms and voting at the EGM

The Scheme will require approval at the EGM. The Notice of the EGM is set out at Part X of this document.

At Part XI of this document you will find the Form of Proxy for use in respect of the EGM. If you do not plan to personally attend the EGM, you are requested to return a completed Form of Proxy to the registered office of BOC at the address indicated therein before 10:00 a.m. on 11 December 2016. If the EGM is adjourned, the Form of Proxy must be returned not later than 48 hours before the time fixed for the holding of the adjourned EGM. The Form of Proxy is also separately available on BOC's website at www.bankofcyprus.com (please select the Investor Relations Link). If you have any difficulties accessing the Form of Proxy, please contact the Shareholder Helpline set out in the box on page 32 below.

Further information on the voting process at the EGM is contained in Part III of this document and also in paragraph 4 of Part VI of this document.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, lawyer, accountant or other independent financial adviser.

2. Choosing to trade New Shares on the LSE or on the CSE

You can elect to trade New Shares on the LSE or CSE and therefore receive either New Shares or Depositary Interests representing New Shares pursuant to the Scheme. At Part XII of this document, you will find the Share Election Form which you will need to complete in order to make an election between trading on the LSE or on the CSE. If the Scheme becomes effective, you will be entitled (based on the election you have made in your Share Election Form and on whether you possess any Blocked Shares) to receive, in respect of your holding of Existing Shares at the Scheme Record Time, one New Share or one Depositary Interest representing one New Share in exchange for each individual holding of 20 Existing Shares (calculated in accordance with the Consolidation Basis). You can choose from any of the options set out below.

- **If you choose to trade New Shares on the LSE**, you will receive (other than in relation to any Blocked Shares) New Shares pursuant to the Scheme. To do this you will need to select the LSE option in the Share Election Form, insert your CREST account details in the space provided on the Share Election Form, and submit the completed Share Election Form to any branch of BOC in Cyprus or to the Shares & Loan Stock Department of BOC by the business day following the Scheme Record Time. Contact details for the Shares & Loan Stock Department are set out in the box on page 32. If you do not have a CREST account, you will need to contact an eligible brokerage firm/custodian to take the necessary steps to open a CREST account before submitting a Share Election Form.
- **If you choose to trade New Shares on the CSE and have an active CSE ISCS account**, you will receive Depositary Interests representing New Shares pursuant to the Scheme. To do this you will need to select the CSE option in the Share Election Form, insert your CSE ISCS account details and details of the relevant Operator in the space provided (if any of these details are different from the information already held by the CDCR), and submit your completed Share Election Form to any branch of BOC in Cyprus or to the Shares & Loan Stock Department of BOC by the business day following the Scheme Record Time. Contact details for the Shares & Loan Stock Department are set out in the box on page 32. Depositary Interests representing New Shares issued by the Depositary will be allocated to such CSE ISCS account.
- **If you wish to trade New Shares on the CSE and do not have an active CSE ISCS account**, you will need to open a CSE ISCS account. To do this you should contact an Operator. A full list of Operators is available on the CSE's website www.cse.com.cy. Once you have arranged for a CSE ISCS account to be opened and have paid the relevant fees, you will need to select the CSE option in the Share Election Form, insert the details of the CSE ISCS account and details of the relevant Operator in the space provided, and submit your completed Share Election form to any branch of BOC in Cyprus or to the Shares & Loan Stock Department of BOC by the business day following the Scheme Record Time. In the event your Existing Shares have been credited to an **inactive investor share code**, this **inactive investor share code will be cancelled** and, if you fail to submit a Share Election Form validly selecting one of the above options, any Depositary Interests representing New Shares will be allocated **under the control of the CDCR to a new inactive investor share code opened in your name by the CSE**.

If you fail to submit a Share Election Form validly selecting one of the options set out above, you will be deemed to have elected to trade on the CSE and will therefore receive Depositary Interests representing New Shares pursuant to the Scheme. In that case, the Shares & Loan Stock Department of BOC will conduct a search to check if you maintain an active CSE ISCS account. If you do, Depositary Interests representing New Shares will be allocated to such CSE ISCS account. This search will be based on the Shareholder's data held by the Shares & Loan Stock Department. In the event that this search does not reveal a CSE ISCS account, the Depositary Interests representing New Shares will be allocated under the control of the CDCR to an inactive investor share code opened in your name by the CSE.

In order to be able to trade on the CSE, you will need to activate an inactive investor share code opened in your name. To do this, you will need to open a CSE ISCS account through an Operator and pay the relevant fee required by the CSE. You will then need to provide the CSE ISCS account details to the Shares & Loan Stock Department by completing and submitting the relevant form.

3. Instructions to Shareholders whose Existing Shares are currently listed on ATHEX

New Shares issued under the Scheme will not be listed on ATHEX, and any Existing Shares in an ATHEX ISCS account with ATHEX will be cancelled following the Effective Date. Shareholders holding Existing Shares that are listed on ATHEX are given the option of electing to trade New Shares on the LSE or on the CSE and will therefore receive New Shares (other than in respect of any Blocked Shares) or Depositary Interests representing New Shares in accordance with the procedure set out in paragraph 2 above.

4. Instructions to Shareholders whose Existing Shares are subject to any security arrangements

If you hold any Blocked Shares, you will receive, subject to and in accordance with the instructions of the Court Order, Depositary Interests representing New Shares in exchange for such Blocked Shares (in accordance with the Consolidation Basis) irrespective of whether you have elected to trade on the LSE or on the CSE. Such Depositary Interests representing New Shares will be issued to you subject to a pledge and/or charge and/or allocated by the CDCR to the special (blocked) account within your CSE ISCS account or otherwise registered by the CDCR under a 'blocked' status in accordance with the procedure set out in paragraphs 2 and 3 above.

BOC strongly recommends that Shareholders consider their own positions in relation to any existing security arrangements over their Existing Shares. Please refer to paragraph 10 of Part VI of this document for further details.

5. Further Information

For further information you may contact:

SHAREHOLDER HELPLINE

If you have any further questions, please contact the Shareholder Helpline on the number or at the email address set out below. This helpline is available from 8.30 a.m. to 5:30 p.m. (Cyprus time) Monday to Friday and will remain open until the Scheme Record Time.

Shareholder Helpline telephone number:

+357 80000890/+357 22129460

Shareholder Helpline email address:

listinginfo@bankofcyprus.com

Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Scheme or to provide financial, tax or investment advice.

SHARES & LOAN STOCK DEPARTMENT

The Shares & Loan Stock Department of BOC can be contacted at 4 Evrou Street, EuroLife Building, Strovolos, 2003 Nicosia, Cyprus or on the telephone or fax numbers set out below.

Shares & Loan Stock Department telephone and fax numbers:

Tel: +357 22126055

Fax: +357 22336258 / 22336261

PART V

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable sets out expected dates for the implementation of the Scheme. These times and dates are indicative only and will depend on, among other things, the date upon which the Court sanctions the Scheme and confirms the associated Reduction of Capital. BOC will give notice of any change(s) by issuing an announcement on its website at www.bankofcyprus.com (please select the Investor Relations Link).

<i>Event</i>	<i>Time (Cyprus time) and/or date</i>
Date of publication of this document	21 November 2016
Record Date for the EGM	5 December 2016 ⁽¹⁾
Latest time for return of the Form of Proxy	10:00 a.m. on 11 December 2016
EGM	10:00 a.m. on 13 December 2016 ⁽²⁾
Court Hearing	9:00 a.m. on 21 December 2016 ⁽³⁾

The following dates are indicative only and remain subject to the decision of the Court, and will be announced by BOC

Announcement made by BOC of the issuance of the Court Order	Upon Court Order being issued
Last day of trading of Existing Shares	D (being at least 2 business days after announcement by BOC of the Court Order)
Scheme Record Time	5:30 p.m. on D ⁽⁴⁾
Last day to return the Share Election Form	D+1 business day
Effective Date of the Scheme (including issue of New Shares)	D+7 business days
Commencement of trading in New Shares on the Main Market of the LSE	D+8 business days
Commencement of trading in New Shares on the Main Market of the CSE	D+8 business days
Long Stop Date	31 March 2017 ⁽⁵⁾

Notes:

- (1) The Record Date for determining the right to vote at the EGM is 5 December 2016. Transactions involving Existing Shares taking place on 2 December 2016 and thereafter will not be considered in determining the right to vote at the EGM.
- (2) The EGM will be held at the registered office of BOC, being 51 Stassinos Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus.

- (3) The Court Hearing will take place at the District Court of Nicosia in Cyprus at the Courts of Justice Complex, Charalambos Mouskos Street 1405 Nicosia, Cyprus.
- (4) This is the record time for determining the entitlement to New Shares under the Scheme.
- (5) This is the latest date by which the Scheme may become effective unless BOC and BOC Holdings agree a later date and (if appropriate) the Court so allows.

PART VI

EXPLANATORY STATEMENT

(In compliance with section 199 of the Cyprus Companies Law)

RECOMMENDED SCHEME OF ARRANGEMENT

1. INTRODUCTION

On 15 November 2016, BOC announced its intention to change its corporate structure by introducing a new parent company, BOC Holdings. BOC Holdings is a newly incorporated public limited company incorporated in Ireland. The introduction of BOC Holdings to the BOC Group is to be effected by way of a scheme of arrangement under sections 198 to 200 of the Cyprus Companies Law.

The Scheme is subject to various conditions. If these conditions are satisfied and the Scheme is approved and implemented, BOC Holdings will own the entire issued share capital of BOC.

Your attention is drawn to the letter from the Chairman of BOC in Part I of this document, setting out the reasons for the Scheme and including the unanimous recommendation of the Directors of BOC to Shareholders to vote in favour of the Scheme and the resolutions relating to the Scheme to be proposed at the EGM.

The terms of the Scheme are set out in full in Part IX of this document. The Notice of EGM in respect of the EGM (at which approval for the Scheme and the Scheme Resolutions will be sought) is set out in Part VII of this document.

This Explanatory Statement contains a summary of the provisions of the Scheme. Your attention is also drawn to the other parts of this document, which are deemed to form part of this Explanatory Statement, including the additional information set out in Part VII of this document.

Capitalised terms contained in this Explanatory Statement shall have the meanings given to them in Part II of this document.

2. REASONS FOR THE SCHEME

The reasons for the Scheme are described in paragraph 3 of the Chairman's letter in Part I of this document.

3. SUMMARY OF THE SCHEME

Under the Scheme, subject to the satisfaction of the conditions set out in paragraph 5 of this Part VI, all Existing Shares will be cancelled on the Effective Date. In consideration for the cancellation, Shareholders will be entitled to receive:

One New Share or one Depositary Interest representing one New Share for each individual holding of 20 Existing Shares (calculated in accordance with the Consolidation Basis).

The exchange ratio will be calculated on the following basis (the "**Consolidation Basis**"):

- (a) subject to paragraphs 3(b) to 3(d) below, each Shareholder's holding of Existing Shares in a CSE ISCS account or an ATHEX ISCS account at the Scheme Record Time will be notionally

rounded up to the nearest multiple of 20 (e.g. where a Shareholder holds 29 Existing Shares at the Scheme Record Time, such shareholding will be notionally rounded up to 40 Existing Shares and, following the Effective Date, such Shareholder will receive two New Shares or two Depositary Interests each representing one New Share);

- (b) if a Shareholder has holdings of Existing Shares within a CSE ISCS account assigned to more than one Operator, then such holdings of Existing Shares in that CSE ISCS account will be notionally aggregated before the rounding described in paragraph (a) above is to occur;
- (c) if a Shareholder has holdings of Existing Shares within an ATHEX ISCS account assigned to more than one Operator, then such holdings of Existing Shares in that ATHEX ISCS account will be notionally aggregated before the rounding described in paragraph (a) above is to occur; and
- (d) if a Shareholder holds Existing Shares in both a CSE ISCS account and an ATHEX ISCS account there will be no notional aggregation of the Existing Shares held in the CSE ISCS account with those held in the ATHEX ISCS account.

New Shares will be issued in accordance with the Consolidation Basis to Shareholders (other than in relation to any Blocked Shares) who have validly elected, by properly completing and submitting the Share Election Form, to trade on the LSE. Depositary Interests representing New Shares will be issued in accordance with the Consolidation Basis to: (i) Shareholders who have validly elected, by properly completing and submitting the Share Election Form, to trade on the CSE; (ii) Shareholders holding Blocked Shares; and (iii) those Shareholders who have not submitted a properly completed Share Election Form and are therefore deemed to have made an election to trade on the CSE.

Unless otherwise indicated by a Shareholder in his Share Election Form, where a Shareholder has holdings of Existing Shares in a CSE ISCS account assigned to more than one Operator, any Depositary Interests representing New Shares issued to such Shareholder pursuant to the Scheme will be distributed pro-rata among such holdings within the Shareholder's CSE ISCS account. Where as a consequence of the Consolidation Basis, a pro-rata distribution of Depositary Interests representing New Shares among such holdings within a CSE ISCS account is not possible, BOC will have the discretion, acting reasonably, to allocate any Depositary Interests representing New Shares to a particular holding within that CSE ISCS account or to a holding within that CSE ISCS account under the control of CDCR. The pro-rata distribution referred to in this paragraph is not applicable to holdings of Existing Shares in ATHEX ISCS accounts as no New Shares or Depositary Interests representing New Shares will be allocated to such ATHEX ISCS accounts pursuant to the Scheme.

Following the cancellation of the Existing Shares, the capital reduction reserve arising in the accounts of BOC as a result of the Reduction of Capital will be applied in paying up in full, at par, 8,922,944,533 new ordinary shares with a nominal value of €0.10 each in the capital of BOC and allotting such new ordinary shares to BOC Holdings (or its nominees). BOC Holdings will, as a result, become the parent company of BOC and the BOC Group. As a result of the Scheme, Shareholders will own 100 per cent. of the share capital of BOC Holdings (either via New Shares or Depositary Interests representing New Shares).

The Scheme will become effective upon the delivery to the Registrar of Companies of an official copy of the Court Order and registration by the Registrar of Companies of the Reduction of Capital.

Upon the Scheme becoming effective, it will be binding on all Shareholders, irrespective of whether or not they attended or voted at the EGM (and, if they attended and voted, whether or not they voted in favour of the Scheme). Following the Effective Date, BOC will become a wholly-

owned subsidiary of BOC Holdings and the Existing Shares held within the CDCR and ATHEX DSS will be cancelled.

If the Scheme does not become effective on or before the Long Stop Date, it will lapse and the Scheme will not proceed.

4. STRUCTURE OF THE SCHEME

(a) Introduction

The introduction of a new parent company to the Group will be effected by means of a scheme of arrangement between BOC and the Shareholders under sections 198 to 200 of the Cyprus Companies Law involving a reduction of capital under section 64 of the Cyprus Companies Law. The terms of the Scheme are set out in full in Part IX of this document. The implementation of the Scheme will enable BOC Holdings to become the owner of the entire issued share capital of BOC. This is to be achieved by the cancellation of the Existing Shares held by Shareholders. The capital reduction reserve arising from such cancellation will be used for paying up in full 8,922,944,533 new shares with a nominal value of €0.10 each in BOC and allotting them to BOC Holdings (or its nominees). Shareholders will then be entitled to receive from BOC Holdings one New Share or one Depositary Interest representing one New Share for each individual holding of 20 Existing Shares held by them at the Scheme Record Time (calculated in accordance with the Consolidation Basis described in paragraph 3 above).

Upon the Scheme becoming effective, BOC Holdings will own the entire issued share capital of BOC. At least six shares in BOC will be held by nominees of BOC Holdings to ensure that BOC retains at least seven shareholders in order to preserve its status as a public limited company under Cypriot law. Each of these nominees will hold such shares on trust for BOC Holdings.

The implementation of the Scheme is subject to the conditions, which are set out in paragraph 5 below, and which include, amongst others, the approval of the Scheme by the Shareholders at the EGM, the sanction of the Scheme and the sanction of the Reduction of Capital by the Court and certain regulatory approvals.

The Scheme must be approved by a majority of those Shareholders present and voting either in person or by proxy at the EGM. The Reduction of Capital requires the approval of 75 per cent. of those Shareholders present and voting either in person or by proxy at the EGM. Both the Scheme and the Capital Reduction require the subsequent confirmation and approval of the Court at the Court Hearing.

If for any reason the Scheme does not become Effective, the transactions described above will not take effect and Shareholders will retain their existing holdings of Existing Shares which will remain listed on the CSE and on ATHEX.

(b) The EGM

Before the Court's approval can be sought to sanction the Scheme, the Scheme and the Scheme Resolutions will need to be approved by the Shareholders at the EGM. The EGM will be held at the registered office of BOC.

The Notice of EGM is set out in Part X of this document and will also be published separately on BOC's website www.bankofcyprus.com (please select the Investor Relations link).

Entitlement to attend and vote at the EGM and the number of votes which may be cast thereat will be determined by reference to the register of members of BOC at the Record Date. All Shareholders whose names appear on the register of members of BOC on the Record Date shall be entitled to attend and vote at the EGM in respect of the number of Existing Shares registered in their name at the relevant time.

Whether or not you vote in favour of the Scheme Resolutions to be tabled at the EGM, if the Scheme becomes effective, all Existing Shares will be cancelled at the Scheme Record Time and their holders will be entitled to receive New Shares or Depositary Interests representing New Shares in accordance with the Consolidation Basis set out in paragraph 3 of Part VI of this document.

As soon as practicable BOC will make a public announcement stating whether or not the Scheme Resolutions were passed by the requisite majorities (and, if not, whether or not the Scheme has lapsed) and giving voting results in relation to the EGM.

Resolutions to be passed at the EGM

The EGM has been convened for 10:00 a.m. on 13 December 2016 to consider and, if thought fit, pass the Scheme Resolutions (set out as resolutions (A) and (B) in the EGM Notice).

Resolution (A) is being proposed at the EGM to obtain Shareholder approval for the Scheme and in order to enable the Directors of BOC to implement the Scheme in the manner and on the terms and conditions set out or referred to in this document.

Resolution (B) is being proposed at the EGM in order to implement the Reduction of Capital of BOC which will result in: (i) the Existing Shares being cancelled; (ii) the increase of the authorised share capital of BOC to its current amount; (iii) the reserves created pursuant to the cancellation of the Existing Shares being applied towards the issue of fully paid-up shares in BOC to BOC Holdings (or to its nominees). This will result in BOC becoming the wholly-owned subsidiary of BOC Holdings.

The approval required for the approval of Scheme Resolution (A) is a majority in number of those Shareholders present and voting, either in person or by proxy at the EGM. Scheme Resolution (B) will require votes in favour of not less than 75 per cent. of the votes cast by Shareholders voting in person or by proxy at the EGM in order to be passed.

For the EGM it is important that as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Shareholder opinion. Therefore, whether or not you intend to attend the EGM, you are strongly urged to sign and return your Form of Proxy for the EGM in accordance with the instructions set out therein.

Registered Shareholders and Proxies

Entitlement to attend and vote at the EGM and the number of votes which may be cast thereat will be determined by reference to the register of members of BOC at the Record Date. All Shareholders whose names appear on the register of members of BOC at the Record Date shall be entitled to attend and vote at the EGM in respect of the number of Existing Shares registered in their name at the relevant time.

A Shareholder is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a Shareholder of BOC. A Form of Proxy for the

EGM has been included in Part XI of this document. To be valid, the Form of Proxy must reach the registered office of BOC, or the fax number set out in the Form of Proxy by 10:00 a.m. on 11 December 2016. Whether or not you intend to attend the EGM, you are requested to complete and sign the Form of Proxy and return it to BOC in accordance with the instructions printed on it.

Shareholders who return completed Forms of Proxy may still attend the EGM instead of their proxies and vote in person if they wish and are entitled to do so.

Shareholders are entitled to appoint a proxy in respect of all or a part of their Existing Shares (the total of which should not exceed the total number of shares held by the Shareholder in a CSE ISCS account or an ATHEX ISCS account). Shareholders who appoint a proxy to vote on their behalf, but wish to specify how their votes are cast, should indicate accordingly in the relevant boxes on the Form of Proxy. Shareholders who have their shares registered on an ATHEX ISCS account do not need to block their shares in order to vote and/or be represented at the EGM.

(c) Sanction of the Scheme and confirmation of the Reduction of Capital by the Court

Under the Cyprus Companies Law, the Scheme requires the sanction of the Court and the Reduction of Capital requires the confirmation of the Court. BOC Holdings has confirmed that it has consented to being represented by BOC's counsel at the Court Hearing so as to consent to the Scheme and to undertake to the Court to be bound thereby. The Scheme (and associated Reduction of Capital) will become effective in accordance with its terms on delivery of a copy of the Court Order to the Registrar of Companies and the registration of the Reduction of Capital by the Registrar of Companies.

If the Scheme becomes effective, it will be binding on all Shareholders irrespective of whether or not, being entitled to do so, they attended or voted in favour of the Scheme or in favour of the Scheme Resolutions at the EGM.

If the Scheme does not become effective on or before the Long Stop Date the Scheme will lapse and Shareholders will retain their respective holdings of Existing Shares which will remain listed on CSE and ATHEX.

(d) Effective Date

The Scheme will become effective upon: (i) the delivery of a copy of the Court Order, as approved by the Court, to the Registrar of Companies; and (ii) the registration of the Reduction of Capital by the Registrar of Companies.

(e) Modification of the Scheme

The Scheme contains a provision for BOC and BOC Holdings jointly to consent, on behalf of all persons affected, to any modification of, or addition to, this Scheme, as approved by the Court, or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or additions to, or to impose a condition to, the Scheme which might be material to the interests of the Shareholders unless Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Shareholders should be held in these circumstances. Similarly, if a modification, addition or condition is put forward which, in the opinion of the Directors, is of such a nature or importance that it requires the consent of

Shareholders, the Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

5. CONDITIONS TO IMPLEMENTATION OF THE SCHEME

The implementation of the Scheme is conditional on the following having occurred:

- (a) the Scheme being approved by a majority of the Shareholders who are on the register of members of BOC at the Record Date who are present and voting at the EGM (or at any adjournment of that EGM) either in person or by proxy;
- (b) the Reduction of Capital and subsequent issue of shares in BOC to BOC Holdings being duly passed at the EGM by a majority of not less than 75 per cent. of the votes cast;
- (c) the sanction of the Scheme by the Court with or without modification (but subject to any such modification being acceptable to BOC and BOC Holdings) and the confirmation of the Reduction of Capital by the Court and:
 - (i) the delivery of an official copy of the Court Order to the Registrar of Companies; and
 - (ii) the registration of the Reduction of Capital by the Registrar of Companies;
- (d) the FCA having acknowledged to BOC Holdings or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Shares to the Official List of the FCA and admission to trading on the Main Market for listed securities of the LSE has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective as soon as the UK Listing Authority's decision to admit the New Shares is announced in accordance with Rule 3.2.7G of the FCA's Listing Rules;
- (e) the LSE having acknowledged to BOC Holdings or its agent (and such acknowledgement not having been withdrawn) that all the New Shares will be admitted to trading on the Main Market for listed securities of the LSE;
- (f) the CSE having acknowledged to BOC Holdings or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Shares to the Main Market for listed securities of the CSE has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective as soon as the CSE's decision to admit the New Shares is announced in accordance with the CSE listing rules;
- (g) the CSE having acknowledged to BOC Holdings or its agent (and such acknowledgement not having been withdrawn) that all the New Shares will be admitted to trading on the Main Market for listed securities of the CSE;
- (h) the prior approval of ECB and the CBC having been obtained in respect of any change in control requirements with respect to the insertion of BOC Holdings as the ultimate parent undertaking of the BOC Group;
- (i) all other necessary regulatory approvals, consents or notifications (if any) in all relevant jurisdictions having been obtained or made with respect to the insertion of BOC Holdings as the ultimate parent undertaking of the BOC Group; and

(j) other than in respect of or in connection with the matters referred to in conditions (d), (h) and (i) above, no central bank, government or governmental, quasi-governmental, supranational, statutory, administrative or regulatory body or association, institution or agency (including any trade agency) or any court, employee representative body or any other body (including without limitation any professional, environmental or investigative body or authority) or person whatsoever in any jurisdiction (each a "**Third Party**") having given notice of a decision to institute or implement, or having instituted, implemented or threatened in writing, any action, proceeding, suit, investigation, enquiry or reference (and, in each case, not having expressly withdrawn the same) or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, order or decision (and, in each case, not having expressly withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to (in any case which is material in the context of the Scheme):

- (i) make the Scheme or its implementation, or control or management of, BOC by BOC Holdings, void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, prevent or prohibit, restrict, restrain, or materially delay the same or otherwise interfere, or impose additional conditions or obligations with respect to, or otherwise challenge, impede, interfere or require amendment of the Scheme or control or management of BOC by BOC Holdings to an extent which is material in the context of the Scheme;
- (ii) impose any limitation on, or result in any delay in, the ability of BOC Holdings, directly or indirectly, to hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in BOC or the ability of any member of the BOC Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the BOC Group to an extent which is material in the context of the BOC Group taken as a whole;
- (iii) require, prevent or delay the divestiture by any member of the BOC Group of any shares, securities (or equivalent) or other interests in any member of the BOC Group or any asset to an extent which is material in the context of the BOC Group taken as a whole; or
- (iv) otherwise adversely affect any or all of the business, assets, financial or trading position, profits or prospects of any member of the BOC Group to an extent which is material in the context of the BOC Group taken as a whole,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference under the laws of any applicable jurisdiction in respect of the Scheme having expired, lapsed or been terminated.

BOC and BOC Holdings reserve the right to jointly waive, in whole or in part, any of the above conditions, so far as they relate to the BOC Group or any part thereof, provided that any such waivers would not contravene any applicable law.

The Scheme will not be effective unless the above conditions have been satisfied or (if capable of waiver) waived or, where appropriate, having been jointly determined by BOC and BOC Holdings to be or remain satisfied by no later than the Effective Date (or such later date as BOC and BOC

Holdings may jointly agree and (if required) the Court may allow) and, at the relevant time, they consider that it continues to be in BOC's and the Shareholders' best interests that the Scheme should be implemented.

BOC and BOC Holdings shall not be under any obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the conditions capable of waiver by them by a date earlier than the latest date for the fulfilment of that condition notwithstanding that the other conditions of the Scheme may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.

The Scheme contains a provision for BOC and BOC Holdings jointly to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme, or to any condition that the Court may think fit to approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Shareholders unless Shareholders were informed of any such modification, addition or condition. It will be a matter for the Court to decide, in its discretion, whether or not the consent of Shareholders should be sought at a further meeting. Similarly, if a modification, addition or condition is put forward which, in the opinion of the Directors, is of such a nature or importance as to require the consent of the Shareholders at a further meeting, the Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

If the Scheme is sanctioned at the Court Hearing and the other conditions to the Scheme have been satisfied or waived, the Scheme is expected to become effective, and dealings in New Shares are expected, subject to the Court Order, to commence approximately eight business days after the Scheme Record Time. If the Scheme has not become effective on or before the Long Stop Date, it will lapse, in which event there will not be a new parent company of BOC, Shareholders will remain shareholders of BOC and the Existing Shares will continue to be admitted to listing and trading on the CSE and ATHEX.

6. EFFECTS OF THE SCHEME

Under the Scheme, Shareholders will have their Existing Shares replaced by New Shares or Depositary Interests representing New Shares whose number will be determined in accordance with the Consolidation Basis. Shareholders' proportionate entitlement to participate in the BOC Group's capital and income will not be affected by reason of the implementation of the Scheme. Shareholders will not receive any amount in cash pursuant to the terms of the Scheme (other than in certain limited circumstances referred to in Clause 5 of the Scheme contained in Part IX of this document).

Immediately upon the Scheme becoming effective, BOC Holdings will own no assets other than:

- (a) the shares comprising the entire share capital of BOC; and
- (b) nominal cash balances.

Details of certain aspects of the tax treatment of the Scheme for certain Shareholders are set out in the section entitled "**Taxation**" in Part VIII of this document.

BOC have been informed that BOC Holdings currently intends that general meetings of BOC Holdings will be held in Cyprus following the Scheme coming into effect. It is intended that shareholder information will continue to be communicated via the BOC Group's website, which will remain www.bankofcyprus.com.

7. ADMISSION, DEALINGS, SETTLEMENT AND DEPOSITARY INTERESTS

(a) Listing and trading in Existing Shares

Prior to the Scheme becoming effective, applications will be made to the CSE and to ATHEX for the suspension of the trading of the Existing Shares on the CSE and on ATHEX respectively. The last day of trading in Existing Shares on the CSE and on ATHEX is expected, subject to the Court Order, to be at least two business days after the announcement by BOC of the issuance of the Court Order. Upon and conditional on the Scheme becoming effective, the Existing Shares will be cancelled.

(b) Listing and dealings in New Shares

Applications will be made to the FCA for the admission of the New Shares to the Official List of the FCA and to the LSE for admission to trading on its Main Market for listed securities. The decision to admit the New Shares to listing on the Official List of the FCA and to trading on the Main Market for listed securities of the LSE is at the sole discretion of the FCA and the LSE, respectively.

Application will also be made to the CSE for the New Shares to be admitted to listing and trading on the CSE's Main Market. The decision to admit the New Shares to listing on the Main Market for listed securities of the CSE is at the sole discretion of the council of the CSE.

The expected timetable (set out in Part V of this document) may be changed if it is necessary to adjourn any meetings required to approve the arrangements described in this document or if there is any delay in obtaining the Court's sanction of the Scheme. In the event of a delay, the cancellation of the Existing Shares will be deferred and the Existing Shares will continue to be listed and traded on the Main Market of the CSE and on ATHEX.

(c) Settlement

Subject to the Scheme becoming effective, settlement of transactions in New Shares will be effected in the manner set out below.

Settlement of trades on the LSE

BOC Holdings will, prior to Admission, arrange for New Shares to be allotted and issued (other than in relation to any shareholdings of Blocked Shares) in uncertificated form to the CREST accounts of those Shareholders who have validly opted to receive New Shares via the Share Election Forms. CREST is a paperless settlement system operated by Euroclear UK & Ireland enabling securities to be evidenced otherwise than by a certificate (i.e. in uncertificated form) and transferred otherwise than by written instrument (i.e. on a dematerialised basis). It is proposed that New Shares be made eligible for settlement in CREST.

Settlement of trades on the CSE

BOC Holdings will, prior to Admission, enter into depositary arrangements to enable Shareholders and other future investors to settle trades in the New Shares through the DSS. The DSS is the paperless settlement system operated by the CDCR. The DSS is a direct holding system, providing a record of legal title and any changes to securities admitted to the CSE, and all securities listed on the CSE and recorded in the DSS are in uncertificated

form. The DSS facilitates the transfer of securities listed on the CSE from one person to another without the need to use any written instrument (i.e. on a dematerialised basis).

To allow settlement within the DSS, BOC Holdings will enter into depositary arrangements which will enable Shareholders who wish to trade New Shares listed on the CSE to receive Depositary Interests representing New Shares. Each Depositary Interest will represent an entitlement to one New Share. Under these arrangements, the New Shares will be issued to the Custodian, rather than to Shareholders directly and legal title to the New Shares listed on the CSE will be held by the Custodian for the Depositary. In turn, the Depositary will hold its interest in the New Shares on trust for the Depositary Interest holders (each a DI Holder). The Depositary Interests will be independent securities bearing the same ISIN as the underlying New Shares and will be capable of being held in uncertificated form only through the CDCR and transferred on a dematerialised basis only through the DSS.

Further details regarding the terms on which the Depositary Interests representing New Shares will be issued to DI Holders are included at paragraph 2 of Part VII of this document.

BOC Holdings reserves the right to deliver any New Shares in certificated form. However, this right is only likely to be exercised in the event of any interruption, failure or breakdown of: (i) CREST (or any part of CREST); (ii) the DSS; or (iii) the facilities and/or systems operated by the Registrars to BOC Holdings in connection with CREST or the CDCR.

Exchanging New Shares for Depositary Interests representing New Shares and vice versa

If a DI Holder wishes instead to hold legal title to the New Shares represented by his Depositary Interests or otherwise hold New Shares in CREST, he may (subject to any pledges and/or charges existing over his Depositary Interests representing New Shares, and/or his Depositary Interests representing New Shares being allocated by the CDCR to the special (blocked) account within his CSE ISCS account or are otherwise registered by the CDCR under a 'blocked' status) elect at any time to convert his Depositary Interests into the underlying New Shares by notifying the CDCR or his Operator responsible for the DI Holder's CSE ISCS account and by providing the necessary information (including CREST account details). Once the Depositary is notified of the election and has received the relevant information, it will procure the cancellation and removal of the relevant Depositary Interests from the DSS and transfer the New Shares to the CREST account designated by the former DI Holder.

If a holder of New Shares wishes instead to hold Depositary Interests representing such New Shares in DSS, he may elect at any time to convert his New Shares into Depositary Interests by notifying the relevant CREST participant and providing the necessary information (including CSE ISCS account details). Once the Depositary is notified of the election and has received the relevant information, it will arrange for the transfer of the New Shares (from the relevant CREST participant's account) to the Custodian and the issuance of Depositary Interests into the DSS (to the CSE ISCS account designated by the former holder of New Shares).

(d) Transfers of New Shares and Depositary Interests

A trade in New Shares made on the CSE and settled through a transfer of Depositary Interests representing such New Shares in the DSS will be free of Irish stamp duty. However, a trade in New Shares made on the LSE and settled through CREST will generally be subject to stamp duty at 1 per cent. calculated on the total consideration amount paid by the buyer for the New Shares or the market value, whichever is higher. A transfer of New Shares or

Depository Interests representing the New Shares by a BOC Holdings Shareholder between the DSS and CREST will not be subject to the payment of any Irish stamp duty provided there is no change in the beneficial ownership of the underlying New Shares and the transfer is not effected in contemplation of a sale of such shares by a beneficial owner to a third party.

(e) **General**

All documents and cheques (in the case of Overseas Shareholders), if any, sent by or to Shareholders, or as such persons shall direct, will be sent at their own risk and will be sent by post either to the Shareholder's address as set out on BOC's register of members at the Scheme Record Time and, in the case of joint Shareholders, in the names of all joint Shareholders to the address provided in BOC's register of members.

(f) **BOC Share Options**

BOC Holdings intends to put in place the Share Option Plan for eligible BOC Group employees and senior executives. The purpose of the Share Option Plan is to provide eligible employees of the BOC Group with an opportunity to obtain a one-off grant of options, and to benefit from any possible appreciation in the value of shares in BOC Holdings.

The Share Option Plan to be implemented by BOC Holdings will replace the long term incentive plan of BOC approved by the Shareholders at the annual general meeting of BOC on 24 November 2015 and will be identical to such long term incentive plan, except that:

- (i) the number of shares in BOC Holdings to be issued pursuant to an exercise of options under the Share Option Plan will not exceed 8,922,945 ordinary shares (reduced from 178,458,891 ordinary shares in accordance with the Consolidation Basis) of a nominal value of €0.10 each; and
- (ii) the exercise price will be set consequently higher at €5.00 per share.

The Share Option plan will be subject to the same performance conditions set out in the announcement dated 6 November 2015. Furthermore, although the delay to the date of the grant will result in a delay to the exercise schedule originally proposed to the Shareholders, it continues to be the case that any options granted pursuant to the Share Option Plan may only be exercised at the earliest on the fourth anniversary (and shall lapse no later than the tenth anniversary) of the date they are granted.

The implementation of the Share Option Plan will be subject to the approval of the ECB and will be carried out in a manner consistent with the provisions of the Directive on Governance and Management Arrangements in Credit Institutions issued by the CBC, as may be amended or replaced from time to time.

In order for the necessary shareholder approvals (required for the implementation of the Share Option Plan) to be in place on the Effective Date, resolutions that are similar to and, subject to adjustments required pursuant to Irish law, have the same effect as the resolutions approved by the Shareholders at the annual general meeting of BOC on 24 November 2015, shall be approved by the shareholders of BOC Holdings prior to the Scheme becoming effective. A short description of these resolutions can be found in Paragraph 1 of Part VII of this document.

The Share Option Plan will assist BOC Holdings in aligning the interests of the BOC Group's employees with the interests of BOC Group to deliver sustainable value. The operation of

the Share Option Plan will be supervised by the Human Resources and Remuneration Committee of BOC Holdings.

Further communication regarding the Share Option Plan will be sent directly to each option holder in due course.

8. NO LISTING ON ATHEX

As soon as reasonably practicable after the EGM, BOC will submit an official notification to ATHEX requesting that the trading of Existing Shares on ATHEX be suspended from the business day following the Scheme Record Time. The notification shall specify that no transfer of Existing Shares between ATHEX and the CSE and no OTC transfers or any other transactions involving Existing Shares shall take place after the suspension date. The cancellation of Existing Shares pursuant to the Reduction of Capital will be treated by ATHEX as the delisting of the Existing Shares from ATHEX.

BOC exited banking operations in Greece in 2013 through the disposal of loans, fixed assets and leasing operations to Piraeus Bank, as part of the Bank's restructuring plan and repositioning towards Cyprus. The Greek economy remains challenging, with an ongoing economic adjustment programme, the imposition of capital controls in 2015, a high level of unemployment, which stood at 23.5 per cent. in May 2016, and negative economic growth of 0.7 per cent. in the first half of 2016. The Bank's remaining exposures in Greece are being managed with an intention to run down all Greek exposures as soon as possible.

On the basis that the Bank is focusing on its core market of Cyprus, the ongoing challenges associated with Greece and the Bank's increasingly international investor base, a listing on ATHEX is no longer considered suitable. Consequently BOC Holdings will not apply for the admission of the New Shares to listing and trading on ATHEX.

9. TAKEOVER LAWS

As a public limited company registered in Cyprus and with its registered office in Cyprus, BOC is currently subject to the provisions of the Takeover Bids Law which is the main source of regulation of takeovers in Cyprus and implements Directive 2004/25/EC on takeover bids. Upon the Scheme becoming effective, Shareholders will become shareholders in BOC Holdings, a company incorporated in Ireland.

As a public limited company incorporated in Ireland with securities to be admitted to trading on the LSE and the CSE, BOC Holdings intends to notify CySEC that CySEC will be its main takeover regulator. Therefore, BOC Holdings will be subject to the provisions of both the Takeover Bids Law and the Irish Takeover Rules, both of which will apply to any offers made to BOC Holdings Shareholders to acquire their shares.

In practice, CySEC would have responsibility for regulating matters in relation to bid procedure (e.g. timetable and procedure, fixing of bid price, share offer documents and announcement obligations generally) in accordance with the Takeover Bids Law. The Irish Takeover Panel, which administers the Irish Takeover Rules, would have responsibility for regulating matters relating to Irish company law (e.g. determining the appropriate threshold for "squeeze-out" provisions relating to the compulsory purchase of a dissenting minority in an offer).

10. PLEDGES OVER EXISTING SHARES IN CSE ISCS ACCOUNTS OR ATHEX ISCS ACCOUNTS

If any pledge or other charge which, as at the Scheme Record Time, is registered with the CDCR (pursuant to the provisions of applicable law) on any Existing Shares, the Court shall be requested (as part of the Court Application) to issue an order as follows. The CSE shall be required to register a pledge or charge on the Depositary Interests representing New Shares which shall be issued in consideration for the cancellation of the Existing Shares concerned pursuant to the Scheme, as if documentation analogous to that submitted for the registration of the pledges and/or charges on the Existing Shares was submitted to the CSE on the Effective Date and/or circumstances analogous to those allowing the registration of the pledge or other charge on the Existing Shares are in place for the pledging and/or charging of the Depositary Interests representing New Shares issued in exchange for such Existing Shares, and such pledges and/or charges will be valid and effective and subject to the applicable laws and regulations of the CSE.

If any pledge or other charge which, as at the Scheme Record Time, is registered with the ATHEX DSS (pursuant to the provisions of applicable law) on any Existing Shares, the Court shall be requested (as part of the Court Application) to issue an order as follows. The CSE shall be required to register a pledge or charge on the Depositary Interests representing New Shares which shall be issued in consideration for the cancellation of the Existing Shares concerned pursuant to the Scheme, as if documentation analogous to that submitted for the registration of the pledges and/or charges on the Existing Shares, was submitted to the CSE on the Effective Date and/or circumstances analogous to those allowing the registration of the pledge or other charge on the Existing Shares are in place for the pledging and/or charging of the Depositary Interests representing New Shares issued in exchange for such Existing Shares, and such pledges and/or charges will be valid and effective and subject to the applicable laws and regulations of the CSE.

It is possible that the Court may not issue the order referred to in the above paragraphs. BOC therefore strongly recommends that Shareholders consider their own positions in relation to any existing security arrangements over their Existing Shares, the possibility that such security arrangement may not be extended to the Depositary Interests representing New Shares and the impact this might have on the relationship between the Shareholder and the beneficiary of the security arrangement.

BOC will not be liable for any expenses, liabilities, losses or damage caused to a Shareholder or its counterparty in relation to any security arrangements (or security arrangements ceasing to exist), directly or indirectly, as a result of the implementation of the Scheme.

11. EXISTING SHARES ALLOCATED TO THE SPECIAL (BLOCKED) ACCOUNT OR OTHERWISE REGISTERED UNDER A 'BLOCKED' STATUS BY THE CDCR

If, pursuant to any court order, any Existing Shares have been caused by the CDCR to appear in the special (blocked) account within a CSE ISCS account or are otherwise registered by the CDCR under a 'blocked' status as at the Scheme Record Time, the Court shall be requested (as part of the Court Application) to issue an order as follows. The CSE shall be required to register the Depositary Interests representing New Shares which shall be issued in consideration of the cancellation of the Existing Shares pursuant to the Scheme, into the special (blocked) account within such CSE ISCS account or otherwise under an analogous 'blocked' status (as the case may be), as if the court order requiring such Existing Shares to appear in the special (blocked) account within the CSE ISCS account or otherwise under a 'blocked' status encompassed the Depositary Interests representing New Shares issued in consideration for the cancellation of such Existing Shares pursuant to the Scheme. In addition an order passed by the Court pursuant to the Court Application (or any court order which originally caused the Existing Shares registered in the CDCR to appear in the special (blocked)

account within a CSE ISCS account or otherwise registered under a 'blocked' status) be considered as valid and effective against such Depository Interests representing New Shares.

It is possible that the Court may not issue the order referred to in the above paragraph. Consequently any New Shares or Depository Interests representing New Shares issued pursuant to the Scheme will not be subject to an analogous 'blocked' status.

12. TAXATION

A summary of certain aspects of the taxation consequences of the Scheme and the holding and disposing of New Shares or Depository Interests representing New Shares is set out at Part VIII of this document.

Any holder of New Shares or Depository Interests representing New Shares who is in doubt as to its taxation position should consult an appropriate professional adviser immediately.

13. DIRECTORS' AND OTHER INTERESTS

(a) Existing Shares

The interests of the Directors in Existing Shares (which are beneficial unless stated otherwise) are set out below. Directors not referred to in the table below are not holders of Existing Shares. The interests are calculated as at 30 September 2016. In the event that the Scheme becomes effective, the Directors will have corresponding interests in New Shares by virtue of the effect of the Scheme on their existing holdings of Existing Shares, as set out below.

	Direct Shareholding	Number of Shares Indirect Shareholding	Total	Percentage of Issued Share Capital (per cent.)
Josef Ackermann	3,000,000	-	3,000,000	0.034
Wilbur L. Ross Jr.	-	145,253,859	145,253,859	1.628
Maksim Goldman	143,821	-	143,821	0.002
Arne Berggren	500,000	-	500,000	0.006
Marios Kalochoritis	100,000	-	100,000	0.001
Michalis Spanos	1,228,595	-	1,228,595	0.014
Ioannis Zographakis	60,240	32	60,272	0.001
Christodoulos Patsalides	3,390	-	3,390	0.000

The interests disclosed above are based upon the interests of the Directors in the ordinary share capital of BOC which: (a) have been notified by each Director to BOC pursuant to the Securities and Cyprus Stock Exchange Laws as at 30 September 2016; or (b) are interests of a specified person (within the meaning of the term under the Cyprus Stock Exchange Listing Rules) of a Director which would, if the specified person were a Director, be required to be disclosed under (a), and the existence of which is known to or could with reasonable diligence be ascertained by that Director.

(b) **Loans and other Transactions**

	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	Number of Directors		€000	€000
Loans and advances to members of the Board and connected persons:				
- to members of the Board (less than 1 per cent. of the Group's net assets per Director)	10	9	331	369
Loans and advances to other key management personnel and connected persons			2,964	3,871
Total loans and advances			3,295	4,240
Loans and advances:				
- to members of the Board and other key management personnel			2,866	3,354
- to connected persons			429	886
			3,295	4,240
Deposits:				
- members of the Board and other key management personnel			2,730	3,366
- connected persons			3,108	3,147
			5,838	6,513

The table above does not include balances for Directors and their connected persons who resigned during the relevant period/year. Except where otherwise indicated, the financial information presented in this paragraph 13(b) consists of amounts rounded to the nearest thousand.

Interest income and expense of Directors (and their connected persons) and other key management personnel (and their connected persons) from loans and advances and deposits for the nine months ended 30 September 2016 amounted to €75 thousand and €54 thousand respectively. The interest income and expense are disclosed from the date of their appointment.

In addition to loans and advances, as at 30 September 2016 there were contingent liabilities and commitments of Directors and their connected persons, mainly in the form of documentary credits, guarantees and commitments to lend, amounting to €47 thousand (€135 thousand as of 31 December 2015). As at 30 September 2016 and 31 December 2015, none of the Directors or their connected persons had total loans and advances which exceeded 1 per cent. of the net assets of the Group per Director. There were also contingent liabilities and commitments of other key management personnel and their connected persons amounting to €382 thousand as at 30 September 2016 (€856 thousand as of 31 December 2015).

The total unsecured amount of the loans and advances and contingent liabilities and commitments to Directors, key management personnel and other connected persons (using forced-sale values for

tangible collaterals and assigning no value to other types of collaterals) as at 30 September 2016 amounted to €663 thousand (31 December 2015: €1,094 thousand).

At 30 September 2016 the Group had an investment in the Invesco Euro Short Term Bond Fund, in which Mr. Wilbur L. Ross Jr. is an executive director, the fair value of which amounted to €4,050 thousand.

At 30 September 2016 the BOC Group had a deposit of €534 thousand with Piraeus Bank SA, of which Mr. Arne Berggren is a non-executive director.

There were no other transactions during the nine months ended 30 September 2016 with the Directors and any connected persons of the Directors or with any Directors who resigned during the period.

Connected persons include spouses, minor children and companies in which Directors/other key management personnel hold, directly or indirectly, at least 20 per cent. of the voting shares in a general meeting, or act as executive director or exercise control of the entities in any way.

All transactions with Directors and their connected persons are made on normal business terms as for comparable transactions with customers of a similar credit standing. A number of loans and advances have been extended to other key management personnel and their connected persons on the same terms as those applicable to the rest of the Group's employees.

(c) New Shares

The New Shares which Shareholders are entitled to receive under the terms of the Scheme are ordinary shares in the capital of the BOC Holdings having a nominal value of €0.10 each. The New Shares to be issued pursuant to the Scheme will represent 100 per cent. of the issued share capital of BOC Holdings (subject to the next paragraph).

The issued share capital of BOC Holdings at the date of this document comprises (a) ten New Shares of €0.10 each, currently held by Christodoulos Patsalides and (b) 25,000 deferred ordinary shares of €1.00 each held by Enceladus Holding Limited, an Irish nominee company of Arthur Cox, BOC Holdings' legal advisers in Ireland, for the purposes of capitalising BOC Holdings to the level required by Irish company law. To facilitate implementation of the Scheme, Mr Patsalides has (in order to take into account the ten New Shares already held by him) agreed with BOC and BOC Holdings that on completion of the Scheme the New Shares to which he will be entitled, when aggregated with the New Shares already held by him, will amount to the number of New Shares to which he would have been entitled pursuant to the terms of the Scheme, had he not been the current holder of ten New Shares. In other words, he has agreed to receive ten fewer New Shares under the Scheme. The existing 25,000 deferred ordinary shares will be repurchased and cancelled by BOC Holdings for nil consideration concurrently with the issue of the New Shares pursuant to the Scheme becomes effective.

Save as otherwise disclosed in this paragraph 13(c), the interests of any Director in Existing Shares will be subject to the same treatment under the Scheme as the interests of the other Shareholders and the effect of the Scheme on the interests of the Directors will not be different from the effect of the Scheme on the interests of other Shareholders.

14. OVERSEAS SHAREHOLDERS

It is the responsibility of Overseas Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction to which they belong in connection with the issue of New Shares and Depositary Interests representing New Shares, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

If, in respect of any Overseas Shareholder, BOC Holdings is advised that the issue of New Shares or Depositary Interests representing New Shares would or might infringe the laws of certain jurisdictions, or would or might require BOC Holdings to obtain or comply with any governmental or other consent or any registration, filing or other formality or condition with which, in the opinion of BOC Holdings, it would be unable to comply or which it regards as unduly onerous, then BOC Holdings may in its sole discretion determine that no New Shares or as the case may be, Depositary Interests representing New Shares, shall be issued to such Overseas Shareholder, but that instead those New Shares (or the underlying New Shares represented by such Depositary Interests that such Overseas Shareholder is entitled to receive):

- (a) shall be issued to a nominee appointed by BOC Holdings, as trustee for such Overseas Shareholder, on terms that the nominee shall, as soon as reasonably practicable following the Effective Date, sell those New Shares (or the underlying New Shares represented by such Depositary Interests) so issued at the best price which can reasonably be obtained at the time of sale and shall account for the net proceeds of sale (after deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) to the Overseas Shareholder concerned, as soon as reasonably practicable after the sale, by sending a cheque in euro (at the risk of such Overseas Shareholder); or
- (b) shall be sold, in which event BOC Holdings shall appoint a person to act pursuant to this paragraph 14(b) and such person shall be authorised on behalf of the Overseas Shareholder to procure that such New Shares (or the underlying New Shares represented by such Depositary Interests that such Overseas Shareholder is entitled to receive) in respect of which BOC Holdings has made such a determination shall, as soon as practicable following the Effective Date, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) shall be paid to the Overseas Shareholder by sending a cheque to such Overseas Shareholder in euro (at the risk of such Overseas Shareholder). To give effect to any such sale, the person so appointed shall be authorised on behalf of the Overseas Shareholder to execute and deliver a form of transfer in respect of such New Shares and to give such instructions and do all such things which he may consider necessary or expedient in connection with such sale.

For the avoidance of doubt, no direct sale of Depositary Interests representing New Shares shall take place in accordance with this paragraph 14, and any Depositary Interests representing New Shares that an Overseas Shareholder may be entitled to pursuant to the Scheme shall be withdrawn and converted into the underlying New Shares, with such New Shares being sold in accordance with this paragraph 14.

In the absence of bad faith or wilful default, none of BOC, BOC Holdings, or their respective nominees or directors and officers or any broker or agent appointed by any of them shall have any liability for any loss or damage arising as a result of any decision to sell New Shares or the underlying New Shares represented by Depositary Interests or of the timing or terms of such sale.

The document has been prepared in accordance with the requirements of the Cyprus Companies Law and the information disclosed may not be the same as that which would have been disclosed if the document had been prepared in accordance with the laws of jurisdictions outside Cyprus.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

15. UNITED STATES SHAREHOLDERS

The New Shares and Depositary Interests representing New Shares which will be issued in connection with the Scheme have not been, will not be and are not required to be registered with the SEC under the US Securities Act or under the securities laws of any state, district or other jurisdiction of the United States, and may not be offered, sold, delivered or transferred except pursuant to an available exemption from or in a transaction not subject to the registration requirements of the US Securities Act and applicable US state securities laws. It is expected that the New Shares will be issued in reliance on the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) of the US Securities Act (the "Section 3(a)(10) Exemption").

In order to qualify for the Section 3(a)(10) Exemption with respect to the New Shares and Depositary Interests representing New Shares issued pursuant to the Scheme, BOC will advise the Court that BOC Holdings will rely on the Section 3(a)(10) Exemption based on the Court's sanctioning of the Scheme, which will be relied upon by BOC Holdings as an approval of the Scheme following a hearing upon the fairness of the terms and conditions of the Scheme at which hearing all such Shareholders will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been or will be given to all such Shareholders.

The New Shares and Depositary Interests representing New Shares to be issued under the Scheme should not be "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, and persons who receive New Shares or Depositary Interests representing New Shares in connection with the Scheme (other than "affiliates", as described below) may resell such New Shares or the underlying New Shares represented by Depositary Interests without restriction under the US Securities Act. Whether a person is an affiliate of a company for purposes of the US Securities Act depends on the circumstances, but affiliates can include certain officers, directors and significant shareholders. Persons who believe they may be affiliates of BOC, BOC Group or BOC Holdings should consult their own legal advisers prior to any sale of New Shares or the underlying New Shares represented by Depositary Interests issued under the Scheme.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed an opinion upon the fairness or merits of such securities or upon the accuracy or adequacy of the disclosures contained in this document. Any representation to the contrary is a criminal offence in the United States.

The Scheme is subject to the disclosure requirements and practices applicable in Cyprus to schemes of arrangement, which differ from the disclosure and other requirements that would be applicable under US federal securities laws.

The New Shares and Depositary Interests representing New Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the United States. BOC Holdings does not intend to take any action to facilitate a market in New Shares or Depositary Interests representing New Shares in the United States. Consequently, BOC Holdings

believes that it is unlikely that an active trading market in the United States will develop for the New Shares or underlying New Shares represented by Depositary Interests.

16. RUSSIAN SHAREHOLDERS

Information contained in this document is not 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. Information contained in this document is not intended for any persons in the Russian Federation who are not Russian QIs and must not be distributed or circulated or re-distributed into Russia or made available in Russia to any persons who are not Russian QIs, unless and to the extent they are otherwise permitted to access such information under Russian law.

This document has been prepared in respect of the Scheme which is being effected outside the Russian Federation in accordance with Cypriot Companies Law and, if approved by the requisite shareholders' majority and the competent Cypriot court, shall be binding by operation of law on all Shareholders irrespective of whether or not they attended or voted at the EGM (and, if they attended and voted, whether or not they voted in favour). The New Shares, if any, will be delivered to shareholders' securities accounts opened and maintained outside the Russian Federation. In order to participate in the Scheme, a Shareholder should be incorporated, located, resident or otherwise act outside the Russian Federation in participating in the Scheme (including the submission of all relevant communications and acceptance of delivery of the New Shares).

17. ACTION TO BE TAKEN

Please refer to the section titled Action to be Taken in Part IV of this document.

18. FURTHER INFORMATION

Your attention is drawn to the letter from the Chairman set out in Part I of this document, the Scheme (which is set out in full in Part IX of this document) and the additional information set out in Part VII of this document.

PART VII

ADDITIONAL INFORMATION

1. INCORPORATION AND ACTIVITY OF BOC HOLDINGS

- (a) BOC Holdings was incorporated as a public limited company on 11 July 2016 in Ireland under the Irish Companies Act under registered number 585903.
- (b) The registered address of BOC Holdings is Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland and its principal place of business will continue to be 51 Stassinos Street, Ayia Paraskevi, Strovolos, 2002, Nicosia, Cyprus. BOC Holdings website address is the same as BOC's website address which is www.bankofcyprus.com.
- (c) BOC Holdings has not traded since incorporation and undertakes not to trade or undertake any activities up and until the Effective Date, other than any activities associated with its administration, the Scheme and Admission.
- (d) On 4 August 2016, 9 August 2016 and 15 November 2016 shareholder resolutions of BOC Holdings were passed to:
 - (i) approve a change of name of BOC Holdings from "Aion Cyprus plc" to "Bank of Cyprus Holdings plc";
 - (ii) increase the authorised share capital of BOC Holdings from €1,000,000,000 to €1,000,025,000 by the creation of 25,000 deferred ordinary shares of €1.00 each;
 - (iii) authorise the BOC Holdings Directors to allot deferred ordinary shares in BOC Holdings, free of any pre-emption rights, up to an aggregate nominal amount of €25,000 for the purposes of capitalising BOC Holdings to the level required by the Irish Companies Act;
 - (iv) authorise the BOC Holdings Directors to establish, subject to the approval of the ECB and in a manner consistent with the provisions of the Directive on Governance and Management Arrangements in Credit Institutions (as may be amended or replaced from time to time) issued by the CBC, the Share Option Plan on terms identical to the long term incentive plan of BOC approved by the shareholders on 24 November 2015;
 - (v) authorise the BOC Holdings Directors to allot, conditional on the Share Option Plan being established, ordinary shares in BOC Holdings, free of any pre-emption rights, up to 8,922,945 ordinary shares of nominal value of €0.10 each pursuant to the exercise of any options under the Share Option Plan;
 - (vi) authorise the BOC Holdings Directors to allot, conditional on the Scheme being approved by the Court, ordinary shares in BOC Holdings, free of any pre-emption rights, up to an aggregate nominal amount of €1,000,000,000 under the Scheme;
 - (vii) authorise, conditional upon the Scheme becoming effective, and conditional on the acquisition and cancellation of all of the deferred ordinary shares in the share capital of BOC Holdings, a reduction of the authorised share capital of BOC Holdings from €1,000,025,000 divided into 10,000,000,000 ordinary shares of €0.10 each and

25,000 deferred ordinary shares of €1.00 each to €1,000,000,000 divided into 10,000,000,000 ordinary shares of €0.10 each;

- (viii) approve the adoption of new interim articles of association suitable for a public limited company with shares listed on the Main Market of the LSE and the CSE, including the rights attaching to the deferred ordinary shares referred to in paragraph 1(d)(iii) above, and the amendment of those articles by the removal of such rights immediately after the repurchase and cancellation of such deferred ordinary shares; and
- (ix) approve and fix the remuneration of the BOC Holdings Directors on identical terms mutatis mutandis as BOC's board of directors remuneration report for 2015.

2. DEPOSITARY INTERESTS

(a) Rights attaching to Depositary Interests

Depositary Interests are a type of security that provides its holder with an interest in a separate security (in this case, the New Shares). They are often used to allow investors in one jurisdiction (in this case, Cyprus) to settle trades in shares of a company incorporated in a second jurisdiction (in this case, Ireland), where it is not possible or practicable to settle trades in those shares directly in the first jurisdiction (Cyprus). Under a typical depositary interest arrangement, a depositary will hold legal title to the relevant underlying shares (here the New Shares) of a company incorporated in the second jurisdiction (Ireland) (often using a nominee custodian company) on trust for the benefit of the investors in the first jurisdiction (Cyprus) and issue depositary interests on a one-for-one basis to investors in the first jurisdiction (Cyprus).

BOC Holdings will appoint the Depositary to act in relation to the Depositary Interests representing New Shares. The Depositary will hold (through the Custodian) New Shares (and all rights attributable to those New Shares) that are related to the Depositary Interests for the benefit of each person holding a Depositary Interest (each a DI Holder). DI Holders will have an interest in the New Shares to which they are entitled under the Scheme but will not be the registered holders of the relevant New Shares. DI Holders will not exercise directly the rights and entitlements which Irish law and the BOC Holdings Articles confer on holders of the New Shares. However, DI Holders will be able to enforce and exercise the rights relating to the New Shares in accordance with the arrangements described below.

Capita IRG Trustees Limited will act as the Depositary and enter into depositary arrangements with BOC Holdings. Capita IRG Trustees Limited is a wholly owned subsidiary of Capita plc (together with its subsidiaries "Capita Group"), Capita Group is a leading UK provider of technology enabled customer and business process services and integrated professional support services with 75,000 people at over 500 sites, including 94 business centres across the UK, Europe, India and South Africa. Capita is quoted on the London Stock Exchange (CPI.L), and is a constituent of the FTSE 100 with 2015 underlying revenue of £4.7 billion. Further information on Capita can be found at: <http://www.capita.com>.

Capita IRG Trustees Limited is registered in England and Wales (company number 2729260) and in addition to providing depositary interest services to international companies admitted to trading in the United Kingdom it also provides share dealing, nominee and trustee services. Capita IRG Trustees Limited is authorised and regulated by the FCA with registered number 184113. The Depositary will pass on to the DI Holders all rights and

entitlements in respect of the New Shares received by the Depositary (directly or through the Custodian) so far as it is reasonably able. Therefore, all DI Holders will:

- (i) receive notices of all shareholders' meetings of BOC Holdings (at the same time and in the same manner as holders of New Shares);
- (ii) be able to give instructions as to voting at all shareholders' meetings of BOC Holdings (at the same time and in the same manner as holders of New Shares);
- (iii) be able to attend and vote (as the proxy of the Custodian) at all shareholders' meetings of BOC Holdings (at the same time and in the same manner as holders of New Shares);
- (iv) have made available to them and be sent at their request, copies of the annual report and accounts of BOC Holdings and of all of the documents issued by BOC Holdings to its shareholders (in each case, in English/Greek); and
- (v) receive any dividends declared and paid in the future by BOC Holdings in respect of New Shares.

The Depositary Interests issued in respect of the New Shares will have the same ISIN as the underlying New Shares and will not have a separate listing on the Main Market of the CSE. Depositary Interests are capable of being credited to the same account as all other investments held in the CSE ISCS account of any particular investor. This means that, from a practical point of view, Depositary Interests representing New Shares will be held and transferred in the same way as other companies' shares admitted to the CDCR.

If arrangements are made which allow a DI Holder to take up rights in New Shares that require payment, the DI Holder must ensure that the Depositary has the necessary funds available to it before the relevant payment date or other date notified by the Depositary, if such DI Holder wishes the Depositary to effect the exercise of such rights. No payment will be required to allow the DI Holders to exercise the rights in paragraphs 2(a)(i) to 2(a)(v) above.

The Depositary will not charge holders of New Shares and DI Holders any fees in relation to the exchange of New Shares for Depositary Interests and vice versa. However the CDCR and Euroclear UK & Ireland may charge such fees in connection with an exchange as would be customary for the transfer of holdings and the communication of instructions within or through the DSS and CREST, respectively.

As already noted, those DI Holders who wish to use the voting rights attached to the New Shares represented by their Depositary Interests will be permitted to attend shareholders' meetings of BOC Holdings and exercise the voting rights attached to the New Shares represented by their Depositary Interests as if they were holders of New Shares. Alternatively, DI Holders will be permitted to nominate a proxy in respect of the New Shares to which their Depositary Interests representing New Shares relate.

All arrangements concerning the issue of (and the exercise by any DI Holders of their rights in respect of) the Depositary Interests representing New Shares will be subject to any regulations governing the issue of depositary interests that may be implemented and amended by the CDCR from time to time.

(b) **Depositary Agreement**

Under the Depositary Agreement, BOC Holdings will appoint the Depositary to provide depositary and certain other services, upon the terms of the Deed Poll, in connection with the Depositary Interests representing New Shares. These services will include the issue of Depositary Interests to holders of CSE ISCS accounts, on an uncertificated basis into the DSS and to effect transactions relating to the Depositary Interests and the underlying New Shares to which they relate on behalf of holders of CSE ISCS accounts directly and/or through the Custodian.

The Depositary will also provide custody services by arranging for the Custodian to hold legal title to the New Shares, in respect of which the Depositary will issue the Depositary Interests. The Depositary will agree to provide the various services in good faith and will exercise all due skill and care and diligence while performing these services.

In addition to the above, the Depositary Agreement will set out the procedures to be followed where BOC Holdings is to pay or make a dividend or other distribution. It will also provide that the Depositary will consult with BOC Holdings before taking certain steps under the Deed Poll, including in relation to obtaining additional warranties or certifications from DI Holders, handling fractional entitlements, charging fees or expenses to DI Holders, seeking to enforce any indemnity or making amendments to the Deed Poll.

BOC Holdings will agree to provide such assistance, information and documentation to the Depositary as is reasonably required by the Depositary for the purposes of performing the services under the Depositary Agreement.

BOC Holdings will indemnify the Depositary against any loss which it may incur as a result of, amongst other things, any act performed by the Depositary in relation to the Deed Poll except to the extent that any losses result from the Depositary's negligence, wilful default or fraud. The Depositary will provide a limited indemnity to BOC Holdings against any loss it may incur as a result of any breach of the terms of the Deed Poll for an amount up to £500,000. The appointment of the Depositary will be for a minimum initial period of 3 years (which may be extended to 5 years at the option of BOC Holdings) and then for successive periods of 12 months thereafter.

The Depositary Agreement will be capable of being terminated with limited or no notice in certain limited circumstances, such as where either the Depositary or BOC Holdings have committed a material breach that is irremediable or otherwise not remedied. Additionally, either party will be able to terminate the agreement by giving 180 days notice, not to expire earlier than the initial 3 or 5 year period or the relevant 12 month period thereafter.

BOC Holdings will be required to pay certain fees and charges to the Depositary. The Depositary will also be entitled to recover any reasonable out-of-pocket expenses it incurs while performing its duties under the Depositary Agreement and the Deed Poll.

(c) **Deed Poll**

Those Shareholders who: (i) have validly elected, by properly completing and submitting the Share Election Form, to receive Depositary Interests representing New Shares in a CSE ISCS account; (ii) hold any Blocked Shares; or (iii) are deemed to have made an election to receive Depositary Interests representing New Shares, will be deemed to be bound by the terms of the Deed Poll as soon as the Depositary Interests representing New Shares are issued to the CSE ISCS accounts opened in their name. A copy of the Deed Poll is available for inspection

as described in paragraph 6 of this Part VII and will also be made available to the Shareholders at the EGM.

The Depositary will issue and constitute the Depositary Interests representing New Shares on the terms of the Deed Poll. Each Depositary Interest will be treated by the Depositary as one New Share for the purposes of determining, for example, eligibility for dividends and voting rights. The Deed Poll will include provisions commonly addressed in custody and depositary agreements and which are otherwise similar to those that an Operator would require before operating on behalf of an investor a CSE ISCS account. Such provisions would be binding upon all DI Holders and will include the following.

- (i) Each DI Holder will be bound to give warranties and certifications to the Depositary as the Depositary may reasonably deem necessary or appropriate in order to comply with any applicable law or regulation for the administration or implementation of the Deed Poll or the administration of the Depositary Interest facility. However, in any event, DI Holders will be taken to warrant to the Depositary that each New Share credited to the Depositary's CREST account for the account of the DI Holder are credited free and clear of all liens, charges, encumbrances or third party interests and that the transfer is not in contravention of the BOC Holdings Articles or any contractual obligation, law or regulation binding on the DI Holders.
- (ii) The Depositary will be entitled to charge DI Holders fees and expenses as may be separately notified from time to time provided that: (i) any fees or expenses charged by the Depositary relate to the particular circumstances of the relevant DI Holder and are not applied to all DI Holders generally; and (ii) such fees or expenses are of a type which would be charged by a reasonable depositary providing services similar to those provided by the Depositary in relation to the Depositary Interests representing New Shares. However, no fees will be charged to DI Holders in relation to the matters listed in paragraphs 2(a)(i) to 2(a)(v) above or on the exchange of New Shares for Depositary Interests representing New Shares and vice versa and, as described in paragraph 2(b) above, the Company will agree with the Depositary that the Depositary will consult with the Company prior to seeking to charge any fees or expenses to a DI Holder under the Deed Poll.
- (iii) Each DI Holder will be liable to indemnify the Depositary and any Custodian (and their respective agents, officers and employees) against any and all liabilities, arising from or incurred in connection with, any breach of the provisions of the Deed Poll by that DI Holder (including where any confirmation or certification given or deemed to be given by the DI Holder are not true and accurate). The indemnity will not extend to those liabilities resulting from the wilful default, negligence or fraud of the Depositary, or the Custodian or any agent, if such Custodian or agent is a member of the Depositary's group, or, if not being a member of the same group, the Depositary shall have failed to exercise all due skill, care and diligence in the selection, the appointment and continued use and supervision of such Custodian or agent.
- (iv) The Depositary will be entitled to cancel Depositary Interests and treat the DI Holder as having requested a withdrawal of the New Shares in certain circumstances, including where the Depositary is exposed to any increased liability to taxation or additional regulatory requirements or where a DI Holder fails to provide the Depositary with material information, including the DI Holder's identity or the identity of any ultimate beneficial owners of the Depositary Interests held by it. After such deemed request, the DI Holder will be required, on request of the

Depositary, to specify an account within CREST to which the underlying New Shares should be transferred. After cancellation, the Depositary will continue to hold the underlying New Shares on trust for the relevant DI Holder until the relevant New Shares are transferred to the DI Holder's designated CREST account.

- (v) The Deed Poll will also contain provisions excluding and limiting the Depositary's liability. For example, the Depositary will not be liable to any DI Holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll (except for negligence or wilful default or fraud by the Depositary or any person for whom the Depositary is vicariously liable). Furthermore, the Depositary's liability to a DI Holder will be limited to the lesser of: (i) the value of the New Shares that would have been attributable to the Depositary Interests to which the liability relates (such value calculated at the date of the act, omission or other event giving rise to the liability is discovered and as if such act, omission or other event had not occurred); and (ii) that proportion of £10 million which corresponds to the proportion which the amount the Depositary would otherwise be liable to pay to the DI Holder bears to the aggregate of the amounts that the Depositary would otherwise be liable to pay to all or any DI Holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £10 million.
- (vi) If and to the extent any stamp duty or other transfer tax is payable on the deposit, transfer or withdrawal of any Depositary Interests, it will be the responsibility of the relevant DI Holder, and not the Depositary, to pay such stamp duty or other tax. Further information in relation to stamp duty can be found in the response to question 32 of Part II and in Part VIII of this document.
- (vii) The Depositary will be able to terminate the Deed Poll by giving 30 days' notice. During such notice period DI Holders will be obliged to cancel their Depositary Interests and obtain New Shares. If any Depositary Interests remain outstanding after termination, the Depositary will be required, among other things, to deliver the New Shares represented by the Depositary Interests to the relevant DI Holders or, at the Depositary's discretion, to sell all or part of such New Shares. The Depositary will then deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll, to DI Holders proportionately.
- (viii) The Depositary or the Custodian will be able to require from any DI Holder information as to the capacity in which Depositary Interests are or were owned and the identity of any other person who has held an interest in such Depositary Interest and the nature of such interest, along with any necessary evidence. The DI Holders will be obliged to provide such information requested and consent to the disclosure of such information by the Depositary or Custodian if the disclosure is necessary to comply with their legal or regulatory obligations.
- (ix) As noted earlier, a copy of the Deed Poll is available for inspection as described in paragraph 6 of this Part VII and will also be made available to the Shareholders at the EGM. A copy can also be obtained at the request of a BOC Holdings Shareholder in writing to BOC, marked for the attention of the Shares & Loan Stock Department.
- (x) The Deed Poll and the Depositary Interests will be governed by English law, and, for the benefit of the Depositary, each DI Holder will irrevocably submit to the courts

of England to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the Deed Poll.

(d) **BOC Holdings Articles and BOC Holdings Deed Poll**

The BOC Holdings Articles provide that DI Holders shall:

- (i) be entitled to receive notice of and to attend general meetings of BOC Holdings in the same manner as a holder of New Shares;
- (ii) be entitled to vote at general meetings of BOC Holdings pursuant to: (A) a proxy issued by the Custodian appointing a DI Holder (or such other person(s) as a DI Holder may nominate in writing to BOC Holdings) as its proxy entitled to cast the votes in respect of underlying New Shares represented by a DI Holder's Depository Interests; or (B) a deemed appointment as corporate representative of the Depository in respect of the underlying New Shares represented by their Depository Interests; and
- (iii) receive, at the direction of the Custodian, any dividend or other moneys payable in respect of any New Shares represented by such DI Holders' Depository Interests.

The BOC Holdings Articles also specify that BOC Holdings may make additional regulations or adopt bye-laws from time to time (including by way of a deed poll executed by BOC Holdings) pursuant to which BOC Holdings may: (i) grant in whole or in part entitlements or rights to DI Holders that are equivalent or analogous to those of a holder of New Shares and facilitate DI Holders to exercise rights equivalent or analogous to those of a holder of New Shares; and (ii) undertake to the DI Holders to comply with any corresponding provisions set out in the BOC Holdings Articles.

BOC Holdings has therefore extended the scope of the above provisions of the BOC Holdings Articles directly to the DI Holders through the BOC Holdings Deed Poll such that DI Holders may enforce such provisions as set out in the BOC Holdings Articles directly against BOC Holdings. The BOC Holdings Deed Poll also provides that upon the receipt from a DI Holder of a requisition calling for a general meeting of BOC Holdings which had such requisition been received from one or more holders of New Shares would have entitled such holders of New Shares to validly issue a requisition requiring the Board of BOC Holdings to convene a general meeting of BOC Holdings (or otherwise give rise to a right to convene a general meeting of BOC Holdings directly), in each case, in accordance with the Irish Companies Act and the BOC Holdings Articles, BOC Holdings shall use its reasonable endeavours to procure the Custodian's consent to such requisition and shall, subject to such consent being given, treat such requisition as equivalent or analogous to that made by one or more holders of New Shares.

A copy of the BOC Holdings Deed Poll is available for inspection as described in paragraph 6 of this Part VII and will also be made available to the Shareholders at the EGM.

The BOC Holdings Deed Poll is governed by Irish law. BOC Holdings and each DI Holder irrevocably submit to the courts of Ireland to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the BOC Holdings Deed Poll.

3. DIRECTORS OF BOC HOLDINGS

The Directors listed in Part XIII of this document are also the Directors of BOC Holdings as at the date of this document.

4. CERTAIN LEGAL DIFFERENCES BETWEEN THE RIGHTS OF SHAREHOLDERS AND BOC HOLDINGS SHAREHOLDERS

The following is a summary comparison of material differences between the rights of a Shareholder and a BOC Holdings Shareholder arising from the differences between the corporate laws of Cyprus and the company law of Ireland, and the constitutional documents of BOC and BOC Holdings. This summary is not a complete description of the laws of Cyprus or of Irish law, the other rules or laws referred to in this summary, the BOC Articles or the BOC Holdings Articles.

The laws, regulations, policies and procedures summarised in this section are subject to change from time to time. The summaries of the BOC and BOC Holdings constitutional documents are qualified by reference to the actual documents.

SHAREHOLDER PROPOSALS AND SHAREHOLDER NOMINATIONS OF DIRECTORS

Provisions currently applicable to Shareholders

One or more members holding 5 per cent of the issued share capital, representing at least 5 per cent of the total voting rights of all members, shall have the right to table a draft resolution by electronic or postal means at an address specified by the company.

Provisions that will be applicable to BOC Holdings Shareholders

Under the Irish Companies Act, one or more members holding 3 per cent of the issued share capital, representing at least 3 per cent of the total voting rights of all members, shall have the right to table a draft resolution by electronic or postal means at an address specified by the company.

RIGHTS OF PURCHASE AND REDEMPTION

Provisions currently applicable to Shareholders

Under Cypriot law, only a special resolution of the shareholders can grant authority for the company to buy-back its shares.

Provisions that will be applicable to BOC Holdings Shareholders

Under Irish law a company may buy back its own shares by an open market purchase if authority has been given by an ordinary resolution of the shareholders (although consistent with the market practice for Irish companies listed on the LSE, BOC Holdings Articles require this authority to be given by a special resolution of shareholders). In all other cases, the purchase must first be approved by a special resolution of the shareholders on such terms and subject to such conditions as the directors see fit.

The BOC Holdings Articles also provide that, unless the Board specifically elects to treat such an acquisition as a purchase for the purposes of the Irish Companies Act, any ordinary share which BOC Holdings has acquired or agreed to acquire shall be deemed to be a redeemable

share. Accordingly, for Irish company law purposes, the repurchase of ordinary shares by BOC Holdings will technically be effected as a redemption of those shares. No shareholder authority is required for BOC Holdings to redeem an ordinary share.

AMENDMENT OF GOVERNING INSTRUMENTS

Provisions currently applicable to Shareholders

Under Cypriot law, amending the objects is possible by special resolution, but the amendment will not take effect until it is confirmed on petition by the court.

Provisions that will be applicable to BOC Holdings Shareholders

Under Irish law, a company's powers are restricted by the objects clause of its constitution. The objects clause can be amended by special resolution of the shareholders.

RIGHTS OF INSPECTION

Provisions currently applicable to Shareholders

The register and index of names of shareholders of BOC may be inspected for a fee by any Shareholder at the CSE.

Provisions that will be applicable to BOC Holdings Shareholders

Except when closed pursuant to the Irish Companies Act, the (a) register and index of names of shareholders, (b) register of directors and secretaries and (c) register of directors and secretaries interests in shares in BOC Holdings may be inspected for no charge, by its shareholders.

SHAREHOLDERS' SUITS

Provisions currently applicable to Shareholders

Cypriot law permits actions on behalf of the company or on behalf of other shareholders in circumstances where there is an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by a director, provided that certain conditions for bringing such an action can be satisfied.

Provisions that will be applicable to BOC Holdings Shareholders

Under Irish law the duties of a director are generally owed to the company rather than to the shareholders directly. A shareholder may only take an action on behalf of the company for breach of directors duties in limited circumstances, if:

- (a) an act has been committed by the company outside the scope of its objects;*
- (b) a purported action by the company was based on an ordinary resolution when a special resolution was required; or*
- (c) a majority in control of the company perpetrates a fraud on the minority.*

There is no minimum shareholding required to take such an action, however according to the most recent Irish case law, before such proceedings can be brought, the applicant is required to show a realistic prospect of success based on evidence presented at a preliminary

hearing.

Shareholders may also bring direct claims against the company on the grounds of oppression (meaning burdensome, harsh or wrongful acts) or disregard of the shareholder's interests.

DISCLOSURE OF INTERESTS

Provisions currently applicable to Shareholders

Subject to certain exemptions, the Transparency Law and the CSE Law require a shareholder, in the case of acquisition or disposal as result of which the percentage of voting rights reaches or falls below or exceeds (as the case may be) five per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. or 75 per cent. of the total voting rights of the company, to notify the company and CySEC (and, in the case of the CSE Law, notify the CSE) accordingly.

Stricter provisions exist in the Market Abuse Law of Cyprus which require shareholders to disclose any acquisition/disposal of shares that amounts to five per cent. or more (and to disclose thereafter any increase/disposal of every one per cent. or more) of the total share capital of a public company.

Provisions that will be applicable to BOC Holdings Shareholders

The Irish Transparency Regulations provide that where any person acquires a relevant interest in shares in a company so that the percentage of voting rights held by that person, directly or indirectly, reaches, exceeds or falls below three per cent. (and each one per cent. threshold thereafter) that person must notify the issuer and the Central Bank of Ireland of the percentage of voting rights he holds as soon as possible and at the latest within two trading days.

In addition, the Irish Companies Act and BOC Holdings Articles provide that BOC holdings may, by notice in writing, require a person whom the company knows is, or has cause to believe to be, or to have been within the three preceding years, interested in the company's issued voting share capital to: (1) confirm whether this is or is not the case; and (2) if this is the case, to give further information that the company requires relating to his interest or any other interest in the company's shares of which he is aware. Alternatively, BOC Holdings may be required to carry out such an investigation if requested to do so by members of the company holding not less than ten per cent of the paid-up capital carrying voting rights at general meetings.

When the notice is served by a company on a person who is or was interested in shares of the company and that person fails to give the company any information required by the notice within the time specified in the notice, the company may apply to the Irish High Court for an order directing that the shares in question be subject to restrictions prohibiting, among other things:

- (1) any transfer of the shares;*
- (2) the exercise of voting rights;*

(3) *the issue of further shares; and*

(4) *dividends and other payments.*

Subject to exceptions in limited circumstances, any agreement to transfer shares which are subject to restriction (1) above is void.

5. REGULATORY APPROVALS AND SUPERVISORY MATTERS

Change in Control – BOC Holdings

The acquisition or disposition of a "qualifying holding" in an EEA credit institution requires prior notification and/or approval under Articles 4(1)(c) and 15 of the Single Supervisory Mechanism Regulation (EU) No 1024/2013 and "qualifying holding" for these purposes is defined to include a direct or indirect holding of 10 per cent. or more of the capital or of the voting rights of an undertaking (the "**Change in Control Requirements**").

Therefore, the Scheme under which BOC Holdings will acquire 100 per cent. of the share capital of BOC would trigger the Change in Control Requirements. Accordingly, prior approval from the ECB and the CBC will be required before BOC Holdings can become the parent company of BOC as contemplated by the Scheme. Application has been made to the ECB and the CBC for the relevant consents.

BOC has a regulated presence (either branches or subsidiaries engaging in regulated businesses) in Greece, Guernsey, Romania and the United Kingdom. The Scheme could also trigger similar Change in Control Requirements under the relevant regulatory regime in each of these jurisdictions with respect to BOC Holdings' (indirect) holding in the relevant local BOC entity. As a result, BOC Holdings is in the process of notifying/obtaining approval from the competent authorities in these jurisdictions before it can become the parent company of the BOC Group.

Change in Control – BOC Holdings Shareholders

Given the definition of "qualifying holding", subject to the implementation of the Scheme, any person who intends to acquire 10 per cent. or more of the capital or voting rights in BOC Holdings would also be subject to the Change in Control Requirements, since that person would have an "indirect" holding of 10 per cent. or more in BOC by virtue of BOC Holdings' ownership of BOC.

In addition to new controller approval requirements, Article 17 of the Cypriot Credit Institution Law provides that, where an existing shareholder further increases its (direct or indirect) holding in BOC as a result of which its holding would reach or exceed 10 per cent., 20 per cent., 30 per cent. or 50 per cent. of the voting rights or capital of BOC or the shareholder would become a parent undertaking of BOC, any such increases would also need prior approval from the CBC.

Furthermore, Article 17C of the Cypriot Credit Institution Law provides that where an existing shareholder disposes of or reduces its (direct or indirect) holding in BOC so that its holding falls below any of these thresholds (i.e. 10 per cent., 20 per cent., 30 per cent. and 50 per cent. of the voting rights or capital of BOC), the shareholder is required to notify the CBC in advance of the disposition or reduction, as the case may be.

It is not anticipated that any existing shareholders of BOC would be subject to the Change in Control Requirements as part of the Scheme, given that BOC does not currently have any shareholders that hold 10 per cent. or more of its shares or voting rights.

Therefore, as a means of ensuring observance by the shareholders of BOC Holdings of the Change in Control Requirements or any similar requirements, the following restrictions are in the BOC Holdings Articles:

- (a) BOC Holdings will have the ability to impose restrictions on the exercise of a shareholder's voting rights in the event that its holding reaches or exceeds 10 per cent., 20 per cent., 30 per cent. or 50 per cent. of the voting rights or capital of BOC; and
- (b) any such restrictions will only be disapplied after the shareholder has complied with any applicable regulatory requirements in relation to that acquisition. A BOC Holdings Shareholder who owns, directly or indirectly, more than five per cent. of the share capital or the voting rights of BOC Holdings, should also observe any notification/publication obligations applicable under the Market Abuse Law in relation to any acquisition or disposal which, as a result of such acquisition or disposal, its percentage reaches or exceeds, as the case may be, the thresholds of six per cent., seven per cent., eight per cent., nine per cent. or 10 per cent., and every one per cent. following that, of the share capital or the voting rights of BOC Holdings, or any other applicable thresholds under any other Cypriot law in relation to market abuse that may be enacted in place of the Market Abuse Law.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection upon request at the registered office of BOC (being 51 Stassinos Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus) during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the Scheme becomes effective or lapses and will also be available for inspection at the EGM:

- (a) the memorandum of association of BOC;
- (b) the BOC Articles;
- (c) the BOC Holdings Articles;
- (d) a copy of this document;
- (e) an execution copy of the Deed Poll; and
- (f) an execution copy of the BOC Holdings Deed Poll.

Copies of all the above documents will also be available on BOC's website www.bankofcyprus.com (please select the Investor Relations link).

PART VIII

TAXATION

Shareholders should consult their own tax advisers in relation to the tax consequences for them from the Scheme. No representations are made in this document regarding the tax consequences of the Scheme for any particular Shareholder.

1. CYPRIOT TAXATION

(a) BOC Holdings

It is intended that the affairs of BOC Holdings will be managed in such a way that it will be treated as being solely resident for tax purposes in Cyprus. Accordingly, BOC Holdings will be subject to corporate income tax in Cyprus on its worldwide income resulting from its business activities. The current rate of corporate income tax in Cyprus is 12.5 per cent.

BOC Holdings will not be subject to corporate income tax in Cyprus on any dividends received from BOC nor on any proceeds arising from a disposal of shares in BOC. However, BOC Holdings will be subject to capital gains tax in Cyprus on any proceeds arising from a disposal of shares in BOC where those shares remain unlisted on a recognised stock exchange at the time of disposal.

Cyprus will not levy any withholding tax on dividends paid by BOC to BOC Holdings.

The Special Contribution for the Defence of the Republic ("**SDC**") law will not apply to dividends paid by BOC to BOC Holdings.

The SDC law will, however, apply to dividends paid by BOC Holdings to individual Shareholders who hold New Shares or Depositary Interests representing New Shares and who are domiciled (for the purposes of the SDC) in Cyprus. The SDC law will not apply to dividends paid to Cypriot resident corporate Shareholders who hold New Shares or Depositary Interests representing New Shares.

Cyprus does not withhold SDC on dividends paid to non-Cyprus tax resident persons or to individuals who are not considered (for the purposes of the SDC) to be domiciled in Cyprus on the assumption that the relevant declaration for exemption from SDC forms are fully completed and submitted to BOC Holdings.

(b) Cypriot stamp duty

No stamp duty will be due on the cancellation of the Existing Shares on the assumption that there is no written transfer agreement. On the basis that the New Shares are in a non-Cypriot company (i.e., Irish shares), no stamp duty will be payable on the issue or on a transfer of New Shares or Depositary Interests representing New Shares.

(c) Taxation of capital gains

(i) Receipt of New Shares

A Cypriot resident Shareholder should not suffer any adverse Cypriot tax implications on implementation of the Scheme.

(ii) Disposals of New Shares

On the basis that the New Shares are listed on a recognised stock exchange, a Cypriot resident Shareholder will not be required to pay either Cypriot capital gains tax or corporate income tax on a disposal of New Shares.

(d) Taxation of dividends

(i) Individuals

A Cypriot domiciled Shareholder will not be subject to Cypriot personal income tax on dividends received from BOC Holdings. Such dividend payments will, however, be subject to SDC (please see above).

(ii) Corporate shareholders

A Cypriot resident Shareholder will not be subject to Cypriot corporate income tax on dividends received from BOC Holdings. Such dividend payments will not be subject to SDC (please see above).

There will not be any change to the tax implications described in paragraphs 1(b) to 1(d) above in the case of Shareholders who receive Depositary Interests representing New Shares. An advance tax ruling has been obtained from the Cypriot tax authorities which confirms this position.

2. UNITED KINGDOM TAXATION

The comments set out below are of a general nature and are based on current United Kingdom tax law and published HMRC practice (which may not be binding on HMRC) at the date of this document (both of which are subject to change at any time, possibly with retrospective effect) and are not intended to be exhaustive. They relate only to the UK corporation tax position of BOC Holdings and the position of persons who are, and will be, the absolute beneficial owners of their Existing Shares, New Shares and Depositary Interests representing New Shares, and do not apply to certain classes of persons such as dealers, certain professional investors, or persons connected with BOC. Any Shareholders who are in doubt as to their own tax position should consult their professional advisers.

(a) BOC Holdings

The directors of BOC Holdings intend that the affairs of BOC Holdings will be managed in such a way that it will not be resident, nor considered to conduct any trading activities, in the UK for UK tax purposes. Accordingly, BOC Holdings should not be subject to UK taxation on its profits and gains (other than withholding tax on any interest or certain other income which has a UK source).

(b) Taxation of Capital Gains

Receipt of New Shares or Depositary Interests representing New Shares

A UK resident Shareholder who does not hold (either alone or together with connected persons) more than 5 per cent. of, or of any class of, shares in or debentures of BOC should not be treated as having made a disposal or part disposal of Existing Shares for the purposes of taxation of chargeable gains on implementation of the Scheme. Instead any chargeable gain or allowable loss which would otherwise have arisen on a disposal of such Shareholder's Existing Shares should be "rolled over" into their New Shares or Depositary Interests representing New Shares (as the case may be). As a result, the New Shares or Depositary

Interests representing New Shares should be treated as the same asset and as having been acquired at the same time and for the same consideration as the Existing Shares from which they derived.

Shareholders who hold (either alone, or together with connected persons) more than 5 per cent of, or of any class of, shares in or debentures of BOC will be eligible for the above treatment only if the Scheme is effected for bona fide commercial reasons and does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is avoidance of a liability to capital gains tax or corporation tax.

Clearance has been given by HMRC under section 138 of the Taxation of Chargeable Gains Act 1992 that the Scheme will be effected for bona fide commercial reasons and not for the purposes of avoiding liability to capital gains tax or corporation tax.

Shareholders should note that clearances have also been given by HMRC under section 701 of the Income Tax Act 2007 and section 748 of the Corporation Tax Act 2010 that HMRC will not issue a counteracting tax assessment under the transactions in securities rules in respect of the Scheme.

Disposals of New Shares or Depositary Interests representing New Shares

A disposal of New Shares or Depositary Interests representing New Shares by a BOC Holdings Shareholder who is resident in the United Kingdom may, subject to the BOC Holdings Shareholder's circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

A BOC Holdings Shareholder who is not resident for tax purposes in the United Kingdom will not generally be liable to UK taxation on chargeable gains on a disposal of New Shares or Depositary Interests representing New Shares unless they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder through a permanent establishment) in connection with which the New Shares or Depositary Interests representing New Shares are used, held or acquired.

(i) Individuals

For UK resident BOC Holdings Shareholders who are individuals subject to capital gains tax an annual exemption is available, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £11,100 for individuals for the tax year 2016-2017. Capital gains tax chargeable will be at the rate of 10 per cent. (for basic rate taxpayers) and 20 per cent. (for higher and additional rate taxpayers) during the tax year 2016-2017.

(ii) Corporate shareholders

Shareholders within the charge to UK corporation tax on chargeable gains will be subject to UK corporation tax (currently at 20 per cent. for companies paying the main rate of UK corporation tax) but indexation allowance or other reliefs may be available to reduce the amount of chargeable gain realised on a disposal of New Shares or Depositary Interests representing New Shares.

(c) **Taxation of Dividends**

(i) Individuals

From 6 April 2016 an annual tax-free dividend allowance of £5,000 will be available for individuals. Dividend income in excess of the dividend allowance will be taxed at 7.5 per cent. for an individual UK resident holder of New Shares or Depositary Interests representing New Shares who is subject to income tax at the basic rate, 32.5 per cent. for an individual UK resident holder of New Shares or Depositary Interests representing New Shares who is subject to income tax at the higher rate and 38.1 per cent. for an individual UK resident holder of New Shares or Depositary Interests who is subject to income tax at the additional rate.

(ii) Corporate shareholders

Shareholders who are within the charge to UK corporation tax will be subject to UK corporation tax on dividends paid by BOC Holdings, unless (subject to special rules for such holder of New Shares or Depositary Interests representing New Shares that are small companies) the dividends fall within an exempt class and certain other conditions are met. The position of each holder of New Shares or Depositary Interests representing New Shares will depend on its own individual circumstances, although it would normally be expected that the dividends paid by BOC Holdings would fall within an exempt class. Shareholders are advised to seek specific tax advice on this when completing UK corporation tax returns.

(d) **Stamp duty and stamp duty reserve tax (SDRT)**

No UK stamp duty or SDRT should be payable on the issue of the New Shares or Depositary Interests representing New Shares. In practice, UK stamp duty should generally not need to be paid on an instrument transferring the New Shares or Depositary Interests representing New Shares, provided that such instrument is executed and retained outside of the UK. No UK SDRT will be payable in respect of any agreement to transfer Depositary Interests representing New Shares. No UK SDRT will be payable in respect of any agreement to transfer New Shares provided that the New Shares are not registered in any register of BOC Holdings kept in the UK.

3. GREECE TAXATION

(a) **Taxation of capital gains**

Receipt of New Shares or Depositary Interests representing New Shares

(i) Individuals

A Greek resident Shareholder who is an individual should not suffer any adverse Greek personal income tax implications on implementation of the Scheme, provided that the shares cancelled were acquired before January 1st 2009. In any case, a Greek resident Shareholder who is an individual and holds less than 0.5 per cent. of the share capital of BOC should not suffer any adverse Greek capital gains tax implications on implementation of the Scheme irrespective of the initial acquisition date. However, where a Greek resident Shareholder does not qualify for any of the above exemptions, any capital gains arising from the implementation of the Scheme will be taxed at 15 per cent., plus Greek solidarity tax.

(ii) Corporate Shareholders

A Greek resident Shareholder that is a corporation may, subject to its particular circumstances, suffer adverse Greek corporate income tax implications on implementation of the Scheme. This is on the basis that any profit arising to such Shareholder on implementation of the Scheme will be considered as business income for the purposes of Greek taxation and will be subject to Greek corporate income tax, at the current rate of 29 per cent.

Disposals of New Shares or Depositary Interests representing New Shares

(iii) Individuals

A Greek resident Shareholder who is an individual who holds New Shares representing less than 0.5 per cent. of the share capital of BOC Holdings should not be liable to Greek capital gains tax on a disposal of New Shares. However, where a Greek resident BOC Holdings Shareholder who is an individual holds more than 0.5 per cent of the share capital of BOC Holdings, any gain arising from a disposal of the New Shares will be taxed at 15 per cent., plus Greek solidarity tax.

A Greek resident BOC Holdings Shareholder who is an individual and who disposes of Depositary Interests representing New Shares would in principle be taxable on any gain arising. In the absence of any specific provision in the Greek tax laws, this gain would be considered as a gain from a derivative and thus capital gains tax would apply at 15 per cent., plus Greek solidarity tax.

(iv) Corporate shareholders

A Greek resident BOC Holdings Shareholder may, subject to its particular circumstances, be liable to Greek corporate income on a disposal of New Shares or Depositary Interests representing New Shares. This is on the basis that any profit arising to such Shareholder on a disposal of New Shares or Depositary Interests representing New Shares will be considered as business income for the purposes of Greek taxation and will be subject to Greek corporate income tax, at the current rate of 29 per cent.

(b) **Taxation of dividends**

(i) Individuals

A Greek resident BOC Holdings Shareholder who is an individual will be subject to Greek income tax in respect of dividends received from BOC Holdings. Where such dividend income has been subject to foreign tax, such foreign tax may potentially be offset against the Greek income tax due. Such a tax credit (to the extent available) may not exceed the amount of the Greek income tax due.

A Greek resident BOC Holdings Shareholder who is an individual will also be subject to Greek solidarity tax in respect of dividends received from BOC Holdings.

(ii) Corporate shareholders

A Greek resident BOC Holdings Shareholder that is a corporation will be subject to Greek corporate income tax (at the current rate of 29 per cent.) in respect of dividends received from BOC Holdings.

(c) **Transaction tax**

Greece imposes a transaction tax on the transfer of listed shares (whether or not listed in Athens). The tax is levied at a rate of 0.2 per cent. of the value of the transaction and is payable by the transferor. No tax, however, is due by a Greek tax resident (individual or corporate) where the following two conditions are satisfied: (a) the shares transferred are listed on a stock exchange outside of Greece, and a common electronic trading system exists between that exchange and the Athens Exchange SA, and (b) non-Greek tax is due on the transfer.

An initial ruling was obtained from the Greek Tax authorities that the Scheme would not give rise to adverse transaction tax consequences. However that ruling referred to a UK (and not an Irish) incorporated holding company for BOC and there was no reference to the potential receipt of Depositary Interests representing New Shares. Therefore, a new clarification ruling has now been obtained from the Greek Tax Authorities which updates the previous ruling. The new ruling provides confirmation that neither the use of an Irish incorporated holding company nor the Depositary Interest alternative will give rise to any adverse transaction tax consequences upon the implementation of the Scheme.

It is expected that Greek transfer taxes will be payable on a further transfer of New Shares. This is on the basis that the exemption conditions referenced above are not expected to be satisfied.

4. UNITED STATES TAXATION

(a) **General**

The following is a discussion of the material US federal income tax consequences of the Scheme to US holders (as defined below) as well as of the subsequent ownership and the disposition of New Shares or Depositary Interests representing New Shares to US holders (as defined below). This discussion:

- (i) assumes you hold your Existing Shares as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986 (the "Code") (that is, for investment purposes);
- (ii) is based upon the Code, Treasury regulations promulgated under the Code ("Treasury Regulations"), judicial decisions and published administrative rulings, all as currently in effect and all of which are subject to change, possibly with retroactive effect (and no Internal Revenue Service ("IRS") private letter ruling has been sought by BOC in respect of any US federal tax consequences of the Scheme);
- (iii) does not address: (A) US federal taxes other than income taxes; (B) the 3.8 per cent. Medicare tax; (C) state, local or non-US taxes; or (D) tax reporting requirements, in each case, as applicable to the Scheme; and

- (iv) does not address US federal income tax considerations applicable to US holders of shares of Existing Shares that are subject to special treatment under US federal income tax law, including, for example, financial institutions; pass-through entities (such as entities treated as partnerships for US federal income tax purposes); insurance companies; broker-dealers; tax-exempt organizations; dealers in securities or currencies; traders in securities that elect to use a mark to market method of accounting; persons that hold Existing Shares as part of a straddle, hedge, constructive sale, conversion transaction, or other integrated transaction for US federal income tax purposes; regulated investment companies; certain US expatriates; US holders whose "functional currency" is not the US dollar; persons who are subject to the alternative minimum tax; or persons who acquired their Existing Shares of BOC through the exercise of an employee stock option or otherwise as compensation.

This discussion is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this discussion.

For purposes of this discussion, you are a "US holder" if you beneficially own Existing Shares and you are:

- (i) an individual who is a citizen or resident of the United States for US federal income tax purposes;
- (ii) a corporation (or other entity taxable as a corporation for US federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;
- (iii) an estate the income of which is subject to US federal income taxation regardless of its source; or
- (iv) a trust that: (A) is subject to the supervision of a court within the United States and the control of one or more US persons; or (B) has a valid election in place under the Treasury Regulations to be treated as a US person.

For purposes of this discussion, you are a "non-US holder" if you are a beneficial owner of Existing Shares and you are not a US holder.

If a partnership (or other entity or arrangement treated as a partnership for US federal income tax purposes) holds Existing Shares, then the tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. Any partnership or other entity or arrangement treated as a partnership for US federal income tax purposes that holds Existing Shares and the partners in such partnership (as determined for US federal income tax purposes), should consult their own tax advisors.

Holders of Depositary Interests representing New Shares will generally be treated for US federal income tax purposes as holding the underlying New Shares represented by such Depositary Interests. No gain or loss will be recognized on an exchange of New Shares for Depositary Interests representing New Shares or an exchange of Depositary Interests representing New Shares for New Shares, provided the Depositary has not taken any action inconsistent with either the material terms of the Depositary Agreement or the US Holder's ownership of New Shares. Upon an exchange of Depositary Interests representing New Shares for New Shares, the tax basis and holding period of New Shares would be the same as the tax basis and holding period of Depositary Interests representing such New Shares.

The US federal income tax rules applicable to the Scheme are complex. You should consult your own tax advisors regarding the specific tax consequences to you of the Scheme as well as the subsequent ownership and disposition of New Shares or Depositary Interests representing New Shares, including the applicability and effect of US federal, state, local and non-US income and other tax laws, and potential changes in applicable tax laws, in light of your particular circumstances.

(b) Tax Status of BOC and BOC Holdings for US Tax Purposes

Based on a review of its method of operation, its organizational structure, and its available information about its shareholder basis, BOC believes that it has not been a "controlled foreign corporation" (or "CFC") or "passive foreign investment corporation" (or "PFIC") for US federal income tax purposes. A "CFC" is any non-US corporation if it has one or more "10 per cent. US shareholders" and those "10 per cent. US shareholders" own, directly, indirectly or constructively, in the aggregate more than 50 per cent. (by vote or value) of the shares of such non-US corporation. For this purpose, a "10 per cent. US shareholder" is defined as a US person who owns, directly, indirectly, or constructively, 10 per cent. (by vote) of the shares of such non-US corporation. A PFIC is any non-US corporation if either 75 per cent. of its gross income is passive income (e.g., interest, dividends, gains from the sale of bonds and shares, currency gains, and similar types of income) or at least 50 per cent. of its assets (determined on the basis of a quarterly average) are assets that are held for the production of passive income.

As noted above, the determination of BOC's CFC status depends on the composition of its direct and indirect Overseas Shareholders who are US persons for US federal income tax purposes. Because of the limitations of the shareholder disclosure regimes and the public trading of the Existing Shares, BOC's information about its shareholder basis is limited, and, as a result, there can be no assurance that BOC has not been a CFC.

In addition, BOC's PFIC status depends on the application of the 25 per cent. look through rule (i.e., BOC may, for purposes of the PFIC asset and income tests, look through subsidiaries if it owns at least 25 per cent. of the shares of such subsidiary) and the so-called banking exception which exempts certain non-US banking operations from the application of the PFIC rules if certain requirements (such as banking license, substantial deposit taking, lending activities, etc.) are met. The scope and the details of that PFIC banking exception are not always clear due to a lack of guidance. Accordingly, there can be no assurance that BOC has not been a PFIC.

For purposes of the following discussion, it is assumed that BOC has neither been a CFC nor a PFIC at any time. In addition, based on that foregoing assumption, it is also assumed that, after the Effective Date, BOC Holdings will neither be a CFC nor a PFIC.

(c) Tax Treatment of the Scheme

Although not entirely free from doubt given the corporate mechanics of the Scheme, the Scheme should qualify for non-recognition treatment either under Section 368(a)(1)(B) or Section 351 of the Code, in either case, in conjunction with Section 367 of the Code. Accordingly, you should not recognise any gain or loss in connection with the Scheme. Your tax basis in your Existing Shares should carry over to your New Shares or Depositary Interests representing New Shares, and your holding period in respect of your Existing Shares should be included in your holding period of your New Shares or Depositary Interests representing New Shares.

If you are a 5 per cent. shareholder of BOC, then the foregoing tax-free treatment will apply to you only if you enter into a gain recognition agreement under Section 367(a) of Code. If you do not enter such a gain recognition agreement, you will recognise gain equal to the difference, if any, between the fair market value of the New Shares or Depositary Interests representing New Shares you receive in the Scheme and your tax basis in your Existing Shares. Such gain will generally be capital gain and will be long-term capital gain or loss if you have held your Existing Shares for more than one year. **You should consult your own tax advisors in respect of the advisability of entering into a gain recognition agreement.**

(d) **Treatment of Dividends on New Shares Paid by BOC Holdings**

Dividends on New Shares or Depositary Interests representing New Shares that you will receive from after the completion of the Scheme will be ordinary income unless such dividends qualify for treatment as "qualified dividend income". Such dividends will be qualified dividend income only if certain holding requirements are met and if BOC is a qualified non-US corporation. BOC is a qualified non-US corporation only if: (i) it is not a PFIC; (ii) it is treated as resident in Cyprus for purposes of the income tax treaty between the United States and Cyprus (the "US-Cyprus Tax Treaty"); and (iii) it is entitled to the benefits of the US-Cyprus Tax Treaty. A corporation will be treated as a resident of Cyprus for purposes of the US-Cyprus Tax Treaty if it is a body corporate for tax purposes under the laws of Cyprus, which is resident in Cyprus for purposes of Cypriot tax. The US-Cyprus Tax Treaty sets forth several alternative means by which a corporation can be treated as entitled to the benefits of the US-Cyprus Tax Treaty. Under one such alternative, a corporation resident in Cyprus will not be denied the benefits of the United States under the US-Cyprus Tax Treaty if it is determined that the establishment, acquisition and maintenance of such corporation and the conduct of its operations did not have as a principal purpose obtaining benefits under the US-Cyprus Tax Treaty. Given that: (i) BOC Holdings is not expected to be a PFIC; (ii) BOC Holdings is expected to be a resident of Cyprus for purposes of the US-Cyprus Tax Treaty; and (iii) BOC Holdings is expected to be entitled to the benefits of the US-Cyprus Tax Treaty, it is expected that dividends on New Shares will qualify as "qualified dividend income". Accordingly, if you are a non-corporate US holder (including an individual), then you will be entitled to the long-term capital gains tax rate that is applicable to such "qualified dividend income" if you otherwise satisfy the holding period requirements.

Dividends paid in a currency other than US dollars will be includable in your income as a US dollar amount based on the exchange rate in effect on the date such dividend is received whether or not the currency is converted into US dollars at that time. If the dividend is converted to US dollars on the date of receipt, you generally will not recognise a foreign currency gain or loss. However, if you convert the currency into US dollars on a later date, you must include in income any gain or loss resulting from any exchange rate fluctuations during the period from the date you included the dividend in income to the date such holder converts the currency into US dollars (or otherwise disposes of the currency). Generally, any gain or loss resulting from currency exchange rate fluctuations will be ordinary income or loss and will be treated as being from sources within the United States for foreign tax credit limitation purposes. You should consult your tax advisors regarding the tax consequences to you if BOC Holdings pays dividends in a non-US currency.

(e) **Sale, Exchange, Redemption or Other Disposition of New Shares or Depositary Interests representing New Shares**

If you sell, exchange, redeem or otherwise dispose of your New Shares or Depositary Interests representing New Shares in a taxable transaction, then you will recognise gain or loss in an amount equal to the difference, if any, between the amount realized from such sale or other disposition and your tax basis in those New Shares or Depositary Interests representing New Shares. Such gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if you have held your New Shares or Depositary Interests representing New Shares for a period exceeding one year at the time of the disposition (your holding period will include your holding period in the Existing Shares surrendered in the Scheme, assuming the Scheme of the Arrangement qualifies as a non-recognition transaction, as described above). The deductibility of capital losses against ordinary income is subject to limitations. Any gain or loss recognised by you will be treated as US source gain or loss.

If you receive currency other than US dollars upon the sale or other disposition of your New Shares or Depositary Interests representing New Shares, you will realise an amount equal to the US dollar value of the foreign currency at the spot rate on the date of sale or other disposition. You will have a tax basis in the foreign currency received equal to the US dollar amount realized. Generally, any gain or loss realized by you on a subsequent conversion or disposition of such foreign currency will be United States source ordinary income or loss.

(f) **Required Disclosure with Respect to Foreign Financial Assets**

Certain US holders are required to report information relating to an interest in BOC Holdings, subject to certain exceptions, by attaching a completed IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold an interest in BOC Holdings. You should consult your own tax advisors regarding information reporting requirements relating to your ownership of New Shares.

5. RUSSIAN TAXATION

(a) **Taxation of capital gains**

Receipt of New Shares or Depositary Interests representing New Shares

(i) **Individuals**

The implementation of the Scheme is expected to be treated as a share exchange for Russian tax purposes, giving rise to a sale of the Existing Shares and an acquisition of New Shares or Depositary Interests representing New Shares.

On the basis of the above, a Russian resident Shareholder who is an individual will be obliged to file a Russian personal income tax return in connection with the implementation of the Scheme declaring the sale proceeds arising from the disposal of the Existing Shares and any relevant documented expenses applicable to the initial acquisition of the Existing Shares, holding of the Existing Shares and sale of the Existing Shares.

There is a risk that the Russian tax authorities may consider that the New Shares or Depositary Interests representing New Shares have been acquired below their fair market value ("**FMV**"). Where such a view is adopted, income in the form of a

"material benefit" may arise to the individual shareholders assessed as the difference between the FMV of the New Shares or Depositary Interests representing New Shares and the individual's historical acquisition cost of the Existing Shares or the latest FMV of the Existing Shares.

Given the above, and depending on the applicable facts and circumstances, there may be Russian personal income tax implications arising in respect of the Scheme. Russian resident Shareholders who are individuals are advised to seek guidance from their professional advisers.

(ii) Corporate shareholders

A Shareholder which is a corporation participating in the Scheme will be subject to a Russian corporate profits tax charged at a rate of up to 20 per cent. on the amount of any taxable gain. The amount of any such taxable gain shall be calculated based on the disposal value of the Existing Shares less the cost of their acquisition, including any expenses connected with the acquisition or disposal of the Existing Shares. The disposal value of the Existing Shares should be determined taking into account Russian transfer pricing rules. The application of those rules may result in an upward adjustment of the disposal value of the Existing Shares.

Due to the complex Russian tax rules relating to the determination of the disposal value of the Existing Shares which may arise in connection with the implementation of the Scheme, Russian resident Shareholders that are corporations are advised to seek guidance from their professional advisers.

Disposals of New Shares or Depositary Interests representing New Shares

(i) Individuals

A disposal of New Shares or Depositary Interests representing New Shares by a Russian resident BOC Holdings Shareholder will generally be liable to tax in Russia. Upon such disposal, the documented acquisition cost and the cost of any relevant expenses related to holding the New Shares (or Depositary Interests representing New Shares) and sale of New Shares (or Depositary Interests representing New Shares) could be deducted from the sale proceeds.

Depending on the applicable facts and circumstances, as well as the basis on which the Russian tax authorities view the transaction, there may be Russian personal income tax implications arising in respect of a disposal of New Shares or Depositary Interests representing New Shares. Depending on the documentation that Russian resident Shareholders who are individuals have in their possession upon implementation of the Scheme, the Russian tax authorities may try to reject the cost basis for the purchase of New Shares or Depositary Interests representing New Shares. Russian resident Shareholders are advised to seek guidance from their professional advisers.

(ii) Corporate shareholders

A disposal of New Shares or Depositary Interests representing New Shares by a Russian resident BOC Holdings Shareholder that is a corporation will generally be liable to Russian corporate profits tax at a tax rate of up to 20 per cent. The amount of any gain subject to Russian corporate profits tax is calculated as the disposal value

of the New Shares or Depositary Interests representing New Shares less the value of their acquisition, including any expenses connected with their acquisition or disposal to the extent they represent justified and documented costs. The disposal value may be adjusted upwards pursuant to the Russian transfer pricing rules, should those apply to the sale of the New Shares or Depositary Interests representing New Shares. Due to the complex Russian tax rules governing such a disposal, specifically in respect of the determination of the purchase value of the New Shares or Depositary Interests representing New Shares received as a result of the Scheme, Russian resident Shareholders that are corporations are advised to seek guidance from their professional advisers.

(b) Taxation of dividends

(i) Individuals

BOC Holdings Shareholders that are individuals and at the time of receipt, are resident in Russia for Russian tax purposes will be subject to Russian personal income tax on dividends received from BOC Holdings at the rate of 13 per cent.

(ii) Corporate shareholders

As a general rule, Russian resident BOC Holdings Shareholders that are corporations will be subject to Russian corporate profits tax on dividends received from BOC Holdings at the rate of 13 per cent.

6. IRISH TAXATION

The paragraphs set out below summarise the Irish corporation tax treatment of BOC Holdings and the Irish tax treatment of Shareholders under the Scheme. They are based on current Irish legislation and an understanding of current Revenue Commissioners' practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect).

The paragraphs are intended as a general guide, are not intended to be exhaustive and, except where express reference is made to the position of non-Irish residents or non-Irish domiciled shareholders, apply only to Shareholders who are resident and, if individuals, ordinarily resident and domiciled in Ireland for tax purposes. They relate only to such Shareholders who hold their Existing Shares or their New Shares or Depositary Interests representing New Shares as an investment and who are absolute beneficial owners of those shares. These paragraphs do not deal with certain types of shareholders, such as dealers in securities, trusts, collective investment schemes, insurance companies, persons connected with BOC, or persons holding or acquiring Existing Shares or New Shares or Depositary Interests representing New Shares in the course of a trade or by reason of employment.

If you are in any doubt as to your taxation position, you should consult an appropriate professional adviser immediately.

(a) Tax Treatment of BOC Holdings

The directors of BOC Holdings intend that the affairs of BOC Holdings will be managed in such a way that it will not be resident, nor considered to conduct any trading activities, in Ireland for Irish tax purposes. Accordingly, BOC Holdings should not be subject to Irish taxation on its profits and gains (other than tax on any interest or certain other income which has an Irish source and gains on Irish land, mineral rights and exploration rights).

(b) **Tax Treatment of Shareholders**

Tax on chargeable gains

Liability to Irish tax on chargeable gains ("CGT") will depend on the individual circumstances of Shareholders.

(i) Irish resident or ordinarily resident Shareholders

Shareholders that are resident or ordinarily resident in Ireland for Irish tax purposes, or Shareholders who hold their Existing Shares in connection with a trade carried on by such persons through an Irish branch or agency, will, subject to the availability of any exemptions and reliefs, generally be within the charge to CGT arising on the cancellation of their Existing Shares pursuant to the Scheme.

On the basis that the Scheme is effected for bona fide commercial reasons and does not form part of an arrangement or scheme of which the main purpose, or one of the main purposes is avoidance of liability to Irish tax, the receipt by a Shareholder of the New Shares or the Depositary Interests representing New Shares in exchange for Existing Shares should not be treated as a disposal of Existing Shares but instead the New Shares or the Depositary Interests representing New Shares should be treated as the same asset as those Existing Shares acquired at the same time and for the same consideration as those Existing Shares. As a result, any chargeable gain or allowable loss which would otherwise have arisen on a disposal of such Shareholder's Existing Shares should be "rolled over" into their New Shares or the Depositary Interests representing New Shares.

A subsequent disposal of New Shares or Depositary Interests representing New Shares by a shareholder who is resident or ordinarily resident in Ireland will, depending on individual circumstances and subject to the availability of exemptions and reliefs, generally be within the charge to CGT.

A shareholder of BOC Holdings who is an individual and who is temporarily not resident in Ireland may, under Irish anti-avoidance legislation, still be liable for Irish tax on any chargeable gain realised upon subsequent disposal of New Shares or Depositary Interests representing New Shares during the period in which such individual is a non-resident.

On the basis of the treatment described above, a holder's base cost in the New Shares or Depositary Interests representing New Shares for the purposes of CGT will be its base cost in the Existing Shares and, consequently, any chargeable gain or allowable loss on a disposal or part disposal of either the New Shares or Depositary Interests representing New Shares should be calculated by reference to this allocated base cost.

For the purposes of calculating a chargeable gain but not an allowable loss arising on any disposal or part disposal of New Shares or Depositary Interests representing New Shares, indexation relief on the relevant proportion of the original allowable cost should be taken into account to the extent that such cost was incurred prior to 1 January 2003 in respect of the Existing Shares.

(ii) **Non-Irish Resident Shareholders**

Shareholders holding New Shares or Depositary Interests representing New Shares who are not resident or, in the case of individuals, not ordinarily resident for tax purposes in Ireland and, in the case of temporary Irish non-residents, who do not return to Ireland within five full years of assessment of the disposal will not be liable for CGT on gains realised on a subsequent disposal of their New Shares or Depositary Interests representing New Shares unless such shares derive the greater part of their value from land, mineral rights or exploration rights in Ireland, or are used, held or acquired for the purposes of a trade, profession or vocation carried on in Ireland through a branch or agency.

(c) **Dividend Withholding Tax**

On the basis that BOC Holdings is not and will not become resident for tax purposes in Ireland, Irish dividend withholding tax will not apply to distributions made by BOC Holdings.

(d) **Taxation of Dividends**

(i) **New Shares or Depositary Interests representing New Shares**

An individual shareholder holding New Shares or Depositary Interests representing New Shares who is resident or ordinarily resident in Ireland will be taxed on dividends received at his or her marginal rate of tax, plus social insurance (PRSI) contributions, and the universal social charge (subject to applicable credits and reliefs from double taxation).

(ii) **Corporate Shareholders**

A corporate shareholder holding New Shares or Depositary Interests representing New Shares which is resident in Ireland will be subject to Irish corporation tax at the rate of 25 per cent. or, subject to specific rules applying to dividends derived from foreign trading activities, or corporate shareholders whose dividend income would be considered trading income, 12.5 per cent. (subject to applicable credits and reliefs from double taxation).

(e) **Encashment Tax**

Irish encashment tax will be required to be withheld at the standard rate of income tax (currently 20 percent) from any dividends paid by BOC Holdings, where such dividends are entrusted to a bank or encashment agent in Ireland (i.e. a paying agent) for payment to any BOC Holdings Shareholder who is Irish resident, and paid over to the Irish Revenue Commissioners. It is the intention of BOC to use an Irish paying agent function and as such, the above withholding tax treatment should apply.

Any tax withheld and paid in such circumstances in respect of a dividend payment to a BOC Holdings Shareholder who is Irish resident would be available for credit against the income or corporation tax liability of such BOC Holdings Shareholder.

(f) **Stamp duty**

(i) General

The rate of stamp duty (where applicable) on transfers of shares of Irish incorporated companies is 1 per cent. of the price paid or the market value of the shares acquired, whichever is greater. Where Irish stamp duty arises it is generally a liability of the transferee. No stamp duty should be payable on the cancellation of the Existing Shares or the issue of New Shares or Depositary Interests representing New Shares pursuant to the Scheme.

Transfers of New Shares will generally be subject to Irish stamp duty.

(ii) Depositary Interests

Transfers of Depositary Interests representing New Shares through the DSS will not be subject to Irish stamp duty.

(iii) New Shares held outside of the DSS/transferred into or out of the DSS

Transfers of New Shares where any party to the transfer holds such shares outside the DSS will generally be subject to Irish stamp duty. Shareholders wishing to transfer their New Shares into (or out of) the DSS may do so without giving rise to Irish stamp duty provided that: (A) there is no change in the beneficial ownership of such shares as a result of the transfer; and (B) the transfer into (or out of) the DSS is not effected in contemplation of a sale of such shares by a beneficial owner to a third party.

Due to the potential Irish stamp charge on transfers of New Shares held outside of the DSS, Existing Shareholders may wish to consult their own tax advisor in respect of the election to be made by them in the Share Election Form.

PART IX

THE SCHEME OF ARRANGEMENT

IN THE DISTRICT COURT OF NICOSIA, CYPRUS

No. 1009/2016

IN THE MATTER OF BANK OF CYPRUS PUBLIC COMPANY LIMITED

and

IN THE MATTER OF THE CYPRUS COMPANIES LAW

SCHEME OF ARRANGEMENT

(under sections 198 to 200 of the Cyprus Companies Law)

between

BANK OF CYPRUS PUBLIC COMPANY LIMITED

and

BANK OF CYPRUS HOLDINGS PLC

and

THE HOLDERS OF THE EXISTING SHARES

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme of Arrangement, unless the context otherwise requires, the following expressions shall bear the following meanings:

"Act"	the Companies Law of Cyprus (Cap.113) as may be amended or replaced from time to time;
"ATHEX DSS"	the electronic dematerialised securities system of the Hellenic Central Securities Depository;
"ATHEX ISCS account"	an investor share code and securities account with the Athens Exchange located in Athens, Greece;
"Blocked Shares"	those Existing Shares in a CSE ISCS account or an ATHEX ISCS account which are subject to any security arrangements and/or charges and in relation to which the Court will order either the pledging and/or charging and/or the allocation by the CDCR into the special (blocked) account within a CSE ISCS account or otherwise the registration by the CDCR under a 'blocked' status (in each case pursuant to Clause 6) of the Depository Interests representing New Shares offered in consideration for the cancellation of such Existing Shares;

"BOC"	Bank of Cyprus Public Company Limited, a public limited company incorporated and registered in Cyprus under registered number HE165;
"BOC Holdings"	Bank of Cyprus Holdings plc, a public limited company incorporated and registered in Ireland under registered number 585903;
"BOC Holdings Deed Poll"	the deed poll dated 15 November 2016, issued and executed by BOC Holdings in favour of the DI Holders granting certain rights to the DI Holders;
"business day"	a day (excluding Saturday or Sunday) on which banks generally are open for business in Cyprus for the transaction of normal banking business;
"CDCR"	the Central Securities Depository and Central Registry of the CSE;
"Consolidation Basis"	has the meaning given in Clause 3(b);
"Court"	the District Court of Nicosia, Cyprus;
"Court Application"	the application to be submitted to the Court for the issuance of the Court Order;
"Court Hearing"	the hearing by the Court of the application to sanction the Scheme and the Reduction of Capital;
"Court Order"	the order of the Court sanctioning the Scheme and confirming the Reduction of Capital;
"CREST"	the computerised system for the paperless settlement of sales and purchases of securities on a dematerialised basis and the holding of securities in uncertificated form operated by Euroclear UK & Ireland under the CREST Regulations;
"CREST Regulations"	as appropriate, the Ireland Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (S.I. No. 68 of 1996) or the United Kingdom Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), each as amended from time to time;
"CSE"	the Cyprus Stock Exchange;
"CSE ISCS account"	an investor share code and securities account with the CSE;
"Custodian"	the custodian or custodians or any nominee of such custodian appointed by the Depository to hold the New Shares on the Depository's behalf;
"Deed Poll"	the deed poll to be issued and executed by the Depository in favour of the DI Holders creating the Depository Interests representing New Shares and granting certain rights to the DI Holders, an execution copy of which has been made available to the Shareholders;

"Depository"	Capita IRG Trustees Limited, a company incorporated and registered in England under registered number 02729260;
"DI Holder"	a holder of Depository Interests representing New Shares;
"DSS"	the central registry and computerised system for the settlement of sales and purchases of securities on a dematerialised basis and the holding of securities in uncertificated form operated by the CDCR;
"Effective Date"	the date on which this Scheme becomes effective in accordance with Clause 7;
"EGM"	the extraordinary general meeting of the holders of Existing Shares convened by order of the Court pursuant to sections 198 to 200 of the Act (notice of which is set out in Part X of this document) to consider and, if thought fit, approve the Scheme, the Reduction of Capital and certain other matters relating to the Scheme, and any adjournment thereof;
"Euro" or "€"	the basic unit of currency in those participating member states of the European Union known as the Eurozone;
"Euroclear UK & Ireland"	Euroclear UK & Ireland Limited, the operator of CREST;
"Existing Shares"	all fully paid ordinary shares with a nominal value of €0.10 each comprising the issued share capital of BOC existing immediately prior to the Effective Date;
"in certificated form"	in relation to a share or other security, means a share or other security, title to units of which is evidenced by a certificate, physical instrument or other document of title and is only capable of being transferred by written instrument;
"in uncertificated form"	in relation to a share or other security, means a share or other security, title to units of which is not in certificated form and is capable of being transferred on a dematerialised basis;
"LSE"	the London Stock Exchange plc;
"New Shares"	ordinary shares with a nominal value of €0.10 each in the capital of BOC Holdings to be issued credited as fully paid pursuant to the Scheme;
"on a dematerialised basis"	in relation to a share or other security in uncertificated form, the transfer of title otherwise than by written instrument (for example, electronically through CREST or the DSS);
"Operator"	a broker/custodian authorised by the CSE;
"Overseas Shareholder"	has the meaning given in Clause 8;

"Record Date"	the record date for determining the right to vote at the EGM, being 5 December 2016;
"Reduction of Capital"	has the meaning given in Clause 2(a);
"Registrar of Companies"	the Registrar of Companies and Official Receiver in Cyprus;
"Scheme"	this scheme of arrangement proposed to be made under sections 198 to 200 of the Act with or subject to any modification, addition or condition approved or imposed by the Court;
"Scheme Record Time"	the record time for determining the entitlement to New Shares under the Scheme, likely, subject to the Court Order, to be 5:30 p.m. on the day falling at least two business days after the announcement by BOC of the issuance of the Court Order;
"Shareholder"	a holder of Existing Shares as appearing on the register of members of BOC at the Scheme Record Time; and
"Share Election Form"	the form to be used to elect to trade New Shares on the LSE or the CSE, a copy of which is set out in Part XII of the document dated 21 November 2016.

- (B) References to "Clauses" are to Clauses of this Scheme and references to time are to Cyprus time. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.
- (C) The Board of Directors of BOC Holdings and the Board of Directors of BOC have unanimously approved the content of this Scheme.
- (D) BOC Holdings has executed a declaration pursuant to which it agrees to be bound by the terms of this Scheme and undertakes to the Court to be bound thereby and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme.
- (E) BOC Holdings has also executed a power of attorney appointing BOC's counsel Chryssafinis & Polyviou LLC as its attorney to represent BOC Holdings at the Court Hearing and to consent, for and on its behalf, to the Scheme.
- (F) The provisions of this Scheme are subject to the Court sanctioning the Scheme and confirming the Reduction of Capital and, accordingly, such provisions may not be implemented until a certified copy of the Court Order has been delivered to, and registered by, the Registrar of Companies.
- (G) The authorised share capital of BOC Holdings at the date of this Scheme is €1,000,025,000 divided into 10,000,000,000 ordinary shares of €0.10 each and 25,000 deferred ordinary shares of €1.00 each. The issued share capital of BOC Holdings at the date of this Scheme is €25,001, divided into (a) ten New Shares of €0.10 each, all of which are credited as fully paid, and (b) 25,000 deferred ordinary shares of €1.00 each, all of which are credited as fully paid.

- (H) The issued share capital of BOC at the date of this Scheme is €892,294,453.30 divided into 8,922,944,533 ordinary shares of a nominal value of €0.10 each, all of which are credited as fully paid.
- (I) BOC Holdings was incorporated in Ireland under the Irish Companies Act 2014 with registered number 585903 on 11 July 2016 as a public limited company.

THE SCHEME

1. Conditions

The Scheme is subject to the satisfaction of the conditions set out in paragraph 5 of Part VI of the document dated 21 November 2016 and made available to all Shareholders.

2. Cancellation of Existing Shares

- (a) The share capital of BOC shall be reduced by cancelling the Existing Shares resulting in the creation of a capital reduction reserve in the accounts of BOC, equal to the aggregate nominal value of the Existing Shares so cancelled, and which shall be retained as a non-distributable capital reserve in accordance with the provisions of subsection (e) of section 64 of the Act (the "**Reduction of Capital**").
- (b) Subject to and immediately upon the Reduction of Capital taking effect, the authorised share capital of BOC shall be increased to its former amount of €4,767,759,272.00 by the creation of 8,922,944,533 ordinary shares of €0.10 each which shall have the same rights as the Existing Shares.
- (c) Subject to and immediately upon the Reduction of Capital taking effect, the capital reduction reserve referred to in Clause 2(a) shall be applied in paying up in full at par 8,922,944,533 new ordinary shares of €0.10 each in BOC, and such new ordinary shares in BOC shall be allotted and issued credited as fully paid to BOC Holdings (or its nominees notified in writing to BOC).

3. Consideration for cancellation of the Existing Shares

- (a) In consideration for the cancellation of the Existing Shares and the issue of the new ordinary shares in BOC to BOC Holdings pursuant to Clause 2, BOC Holdings shall on the Effective Date (subject to the remaining provisions of this Clause 3 and also to the provisions of Clauses 4 to 8), allot and issue (credited as fully paid) New Shares, or procure the issue of Depositary Interests representing New Shares (free from all liens, charges, equitable interests and encumbrances, except as otherwise decided by the Court pursuant to Clause 6), to the Shareholders (as appearing in the register of members of BOC at the Scheme Record Time) on the basis of the following exchange ratio:

One New Share or one Depositary Interest representing one New Share for each individual holding of 20 Existing Shares (calculated in accordance with the Consolidation Basis).

- (b) The exchange ratio is to be calculated on the following basis (the "**Consolidation Basis**"):
 - (i) subject to paragraphs 3(b)(ii), 3(b)(iii) and 3(b)(iv) below, each Shareholder's holding of Existing Shares in a CSE ISCS account or an ATHEX ISCS account at the Scheme Record Time will be notionally rounded up to the nearest multiple of 20;

- (ii) holdings of Existing Shares held by a Shareholder within a CSE ISCS account and assigned to more than one Operator will be notionally aggregated before applying the procedure in paragraph 3(b)(i) above;
 - (iii) holdings of Existing Shares held by a Shareholder within an ATHEX ISCS account and assigned to more than one Operator will be notionally aggregated before applying the procedure in paragraph 3(b)(i) above; and
 - (iv) Existing Shares held by a Shareholder in a CSE ISCS account and in an ATHEX ISCS account will not be notionally aggregated before applying the procedure set out in paragraph 3(b)(i) above.
- (c) New Shares will be allotted and issued in accordance with the Consolidation Basis to Shareholders (other than in relation to shareholdings of Blocked Shares) who have validly elected, by properly completing and submitting the Share Election Form, to trade New Shares on the LSE. Depositary Interests representing New Shares will be issued in accordance with the Consolidation Basis to: (i) Shareholders who have validly elected, by properly completing and submitting the Share Election Form, to trade New Shares on the CSE; (ii) Shareholders holding Blocked Shares; and (iii) those Shareholders who have not submitted a properly completed Share Election Form and are therefore deemed to have made an election to trade New Shares on the CSE. Unless otherwise indicated by a Shareholder in his Share Election Form, where a Shareholder has holdings of Existing Shares in a CSE ISCS account assigned to more than one Operator, any Depositary Interests representing New Shares issued to such Shareholder pursuant to the Scheme will be distributed pro-rata among such holdings within the Shareholder's CSE ISCS account. Where as a consequence of the Consolidation Basis, a pro-rata distribution of Depositary Interests representing New Shares among such holdings within a CSE ISCS account is not possible, BOC will have the discretion, acting reasonably, to allocate any Depositary Interests representing New Shares to a particular holding within that CSE ISCS account or to a holding within that CSE ISCS account under the control of CDCR. The pro-rata distribution referred to in this Clause 3(c) will not be applicable to Shareholders holding their Existing Shares in ATHEX ISCS accounts as no New Shares or Depositary Interests representing New Shares will be allocated to ATHEX ISCS accounts pursuant to the Scheme.
- (d) The New Shares shall rank *pari passu* with all other New Shares in issue on the date on which the New Shares are allotted and issued and shall have the right to receive all dividends, distributions and other entitlements made or paid on the New Shares for which the record date occurs after the date of issue.
- (e) BOC Holdings will procure that the Depositary will pass on to the DI Holders all rights and entitlements in respect of the New Shares received by the Depositary (directly or through the Custodian), as far as it is reasonably able to do so. BOC Holdings will, in order to allow DI Holders to exercise rights relating to the New Shares, enter into arrangements with the Depositary pursuant to which BOC Holdings will procure that, with effect from the Effective Date, all DI Holders will:
 - (i) receive notices of all shareholders' meetings of BOC Holdings;
 - (ii) attend and be able to give instructions as to voting at all shareholders' meetings of BOC Holdings;

- (iii) have made available to them and be sent at their request, copies of the annual report and accounts of BOC Holdings and of all of the documents issued by BOC Holdings to its shareholders (in each case, in English/Greek); and
 - (iv) so far as is reasonably practicable taking into account the nature of their rights as DI Holders, be treated in the same manner as BOC Holdings' registered shareholders in respect of all other rights attaching to New Shares, in each case, so far as possible in accordance with the Deed Poll, applicable regulations and applicable law.
- (f) BOC Holdings will also procure that any rights and entitlements of a DI Holder under the articles of association of BOC Holdings, including the rights and entitlements to:
- (i) receive notice of and to attend general meetings of BOC Holdings in the same manner as a holder of the New Shares;
 - (ii) vote at general meetings of BOC Holdings pursuant to: (A) a proxy issued by the Custodian appointing a DI Holder (or such other person(s) as a DI Holder may nominate in writing to BOC Holdings) as its proxy entitled to cast the votes in respect of underlying New Shares represented by a DI Holder's Depositary Interests; or (B) a deemed appointment as corporate representative of the Depositary in respect of the underlying New Shares represented by their Depositary Interests; and
 - (iii) receive, at the direction of the Custodian, any dividend or other moneys payable in respect of any New Shares represented by such DI Holder's Depositary Interests,
- are passed on to the DI Holders pursuant to the terms of the BOC Holdings Deed Poll.
- (g) The Shareholders (other than in relation to shareholdings of Blocked Shares) have been given the option to trade New Shares on the Main Market of the LSE and receive New Shares, or to trade New Shares on the Main Market of the CSE and receive Depositary Interests representing New Shares which will be used to settle electronically trades in New Shares on the Main Market of the CSE. If no valid election is made, the Shareholders will be deemed to have elected to trade New Shares on the CSE and will receive Depositary Interests representing New Shares.
- (h) The provisions of this Clause 3 of the Scheme shall be subject to any prohibition or condition imposed by law.

4. Cancellation of entitlement to Existing Shares

- (a) With effect from and including the Effective Date, BOC's Company Secretary shall be instructed to cancel Shareholders' entitlements to the Existing Shares.
- (b) Appropriate entries will be made in BOC's register of members with effect from the Effective Date to reflect the cancellation of Existing Shares.
- (c) Subject to and immediately upon the issue of New Shares taking effect pursuant to Clause 3, BOC Holding's Company Secretary shall be instructed to execute on behalf of the holder of the 25,000 deferred ordinary shares such documents as are necessary for BOC Holdings to acquire and cancel for nil consideration the 25,000 deferred ordinary shares of €1.00 each in BOC Holdings. Appropriate entries will be made in BOC Holdings' register of members with

effect from the Effective Date to reflect the acquisition and cancellation of the aforementioned deferred ordinary shares.

5. Settlement of consideration

- (a) BOC Holdings will procure that the New Shares and Depositary Interests representing New Shares will be credited to the appropriate CREST account or CSE ISCS account, as applicable, in the name of each Shareholder as represents their due entitlement to New Shares. In the case of Shareholders who elect (or who are deemed to have elected) to trade New Shares on the CSE and therefore receive Depositary Interests representing New Shares, such New Shares will be credited to the CREST Account of the Custodian and the Depositary will issue the relevant number of Depositary Interests representing New Shares to the CSE ISCS account of the Shareholder. If such Shareholder does not have an active CSE ISCS account, such Depositary Interests representing New Shares shall be issued under the control of the CDCR to an inactive investor share code opened in the name of the Shareholder by the CSE. The crediting of such accounts shall be a complete discharge of BOC Holdings' obligations under this Scheme.
- (b) If New Shares are consolidated or subdivided or if the nominal value of New Shares is reduced before the giving of any instructions in accordance with this Clause 5, the certificates or instructions shall relate to such New Shares as so consolidated, subdivided and/or reduced.
- (c) None of BOC, BOC Holdings, any nominee referred to in Clause 8(a)(i), such person appointed to act under Clause 8(a)(ii) or any agent of any of them shall be responsible for any loss or delay in the transmission of certificates sent in accordance with this Clause 5 or for any loss or delay in the transmission of cheques sent in accordance with Clause 8.
- (d) This Clause 5 shall be subject to any prohibition or condition imposed by applicable law.

6. Pledged and/or charged shares, shares allocated to the special (blocked) account or otherwise registered under a 'blocked' status by the CDCR, mandates and other instructions

Pledged Shares

- (a) In relation to any pledge and/or other charge which, as at the Scheme Record Time, is registered with the CDCR (pursuant to the provisions of applicable law) on any Existing Shares, the Court shall be requested (as part of the Court Application) to issue an order as follows. The CSE shall be required to register a pledge and/or charge on the Depositary Interests representing New Shares which shall be issued in consideration of the cancellation of the Existing Shares concerned pursuant to Clause 3, as if documentation analogous to that submitted for the registration of the pledges and/or charges on the Existing Shares was submitted to the CSE on the Effective Date and/or circumstances analogous to those allowing the registration of the pledge or other charge on the Existing Shares are in place for the pledging and/or charging of the Depositary Interests representing New Shares issued in exchange for such Existing Shares, and that such pledges and/or charges be valid and effective and subject to the applicable laws and regulations of the CSE.
- (b) In relation to any pledge and/or other charge which, as at the Scheme Record Time, shall be registered with the ATHEX DSS (pursuant to the provisions of applicable law) on any Existing Shares, the Court shall be requested (as part of the Court Application) to issue an order as

follows. The CSE shall be required to register a pledge and/or charge on the Depositary Interests representing New Shares which shall be issued in consideration of the cancellation of the Existing Shares concerned pursuant Clause 3, as if documentation analogous to that submitted for the registration of the pledges and/or charges on the Existing Shares was submitted to the CSE on the Effective Date and/or circumstances analogous to those allowing the registration of the pledge or other charge on the Existing Shares are in place for the pledging and/or charging of the Depositary Interests representing New Shares issued in exchange for such Existing Shares, and that such pledges and/or charges be valid and effective and subject to the applicable laws and regulations of the CSE.

Shares allocated to the special (blocked) account or otherwise registered under a 'blocked' status by the CDCR

- (c) In relation to any court order, pursuant to which any Existing Shares have been caused by the CDCR to appear in the special (blocked) account within a CSE ISCS account or are otherwise registered by the CDCR under a 'blocked' status as at the Scheme Record Time, the Court shall be requested (as part of the Court Application) to issue an order as follows. The CSE shall be required to register the Depositary Interests representing New Shares which shall be issued in consideration of the cancellation of the Existing Shares pursuant to Clause 3, into the special (blocked) account within such CSE ISCS account or otherwise under an analogous 'blocked' status (as the case may be), as if the court order requiring such Existing Shares to appear in the special (blocked) account within the CSE ISCS account or otherwise under a 'blocked' status encompasses the Depositary Interests representing New Shares issued in consideration for the cancellation of such Existing Shares pursuant to Clause 3. In addition, an order passed by the Court pursuant to the Court Application (or any court order which originally caused the Existing Shares registered in the CDCR to appear in the special (blocked) account within a CSE ISCS account or otherwise be registered by the CDCR under a 'blocked' status) be considered as valid and effective against the said Depositary Interests representing New Shares.

Mandates and other instructions

- (d) All authorisations, powers, mandates and instructions of a Shareholder to Operators in respect of Existing Shares maintained with the CDCR shall, to the extent legally possible, unless and until revoked or amended by the Shareholder concerned, be deemed as from the Effective Date to be valid and effective authorisations, powers, mandates and instructions to the aforementioned Operators in relation to the corresponding Depositary Interests representing New Shares to be allotted and issued pursuant to this Scheme.

7. Effective Date

- (a) This Scheme and the Reduction of Capital, which it includes, shall become effective in accordance with its terms as soon as the following shall have occurred, in the following order, that:
- (i) a copy of the Court Order shall have been duly delivered to the Registrar of Companies for registration; and
 - (ii) the Reduction of Capital has been registered by the Registrar of Companies.
- (b) Unless this Scheme shall have become effective on or before 31 March 2017 or such later date, if any, as BOC and BOC Holdings may agree and the Court may allow, it shall lapse.

8. Overseas Shareholders

- (a) Without prejudice to the generality of the foregoing, if, in respect of any Shareholder who is a citizen, resident or national of any jurisdiction other than Cyprus (an "**Overseas Shareholder**"), BOC Holdings is advised that the allotment and issue of New Shares or any Depositary Interests representing New Shares pursuant to Clause 3 would or might infringe the laws of any jurisdiction or would or might require BOC Holdings to obtain any governmental or other consent or effect any registration or filing or observe any other formality with which, in the opinion of BOC Holdings, it would be unable to comply or which it regards as unduly onerous, then BOC Holdings may in its sole discretion either:
- (i) determine that no such New Shares or Depositary Interests representing New Shares shall be allotted and issued to the Overseas Shareholder under Clause 3 but instead such New Shares or (or the underlying New Shares represented by such Depositary Interests that such Overseas Shareholder is entitled to receive) shall be allotted and issued to a nominee appointed by BOC Holdings as trustee for such Overseas Shareholder, on terms that they shall, as soon as practicable following the Effective Date, be sold on behalf of the Overseas Shareholder at the best price which can reasonably be obtained and the net proceeds of such sale shall (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to the Overseas Shareholder by sending a cheque to such Overseas Shareholder in accordance with the provisions of Clauses 8(b) , 8(c) and 8(d) below. In the absence of bad faith or wilful default, none of BOC, BOC Holdings, their respective nominees or directors and officers or any broker or agent shall have any liability for any loss or damage arising as a result of any decision to sell or of the timing or terms of any such sale; or
 - (ii) determine that such New Shares or the underlying New Shares represented by the Depositary Interests shall be sold, in which event BOC Holdings shall appoint a person to act pursuant to this Clause 8(a)(ii) and such person shall be authorised on behalf of the Overseas Shareholder to procure that any New Shares (or the underlying New Shares represented by such Depositary Interests that such Overseas Shareholder is entitled to receive) in respect of which BOC Holdings has made such a determination shall, as soon as practicable following the Effective Date, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) shall be paid to the Overseas Shareholder by sending a cheque to such Overseas Shareholder in accordance with the provisions of Clauses 8(b), 8(c) and 8(d) below. To give effect to any such sale, the person so appointed shall be authorised on behalf of the Overseas Shareholder to execute and deliver a form of transfer and to give such instructions and do all such things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of BOC, BOC Holdings, their respective nominees or directors and officers or any broker or agent appointed by any of them shall have any liability for any loss or damage arising as a result of any decision to sell or of the timing or terms of any such sale.
- (b) Not later than 15 days following the sale of any relevant New Shares or Depositary Interests representing New Shares pursuant to Clause 8(a), BOC Holdings shall procure that the nominee referred to in Clause 8(a)(i) or such person appointed to act under Clause 8(a)(ii) shall account for the cash payable by despatching to the persons respectively entitled thereto cheques by post.

- (c) All cheques required to be sent pursuant to Clause 8(b) shall be sent through the post in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses appearing in the register of members of BOC at the Scheme Record Time (or, in the case of joint Shareholders, in the names of all joint Shareholders and to the address provided in BOC's register of members).
- (d) All cheques shall be made payable to the Shareholder or, in the case of joint holders, to all joint holders in respect of the Existing Shares concerned in euro drawn down on a Cyprus clearing bank and the encashment of any such cheque shall be a complete discharge to BOC Holdings for the monies represented thereby.
- (e) For the avoidance of doubt, no direct sale of Depositary Interests representing New Shares shall take place under Clause 8(a) and any Depositary Interests representing New Shares that an Overseas Shareholder may be entitled to under the Scheme shall be withdrawn and converted into the underlying New Shares, with such New Shares being sold in accordance with the terms of Clause 8(a).
- (f) The Scheme is not an offer of securities for sale in the United States and the New Shares and Depositary Interests representing New Shares which will be issued in connection with the Scheme have not been, will not be, and are not required to be registered under the US Securities Act or under the securities law of any state, district or other jurisdiction of the United States. The New Shares and Depositary Interests representing New Shares may not be offered or sold in the United States absent registration under the US Securities Act or an exemption from registration.
- (g) It is expected that the New Shares and Depositary Interests representing New Shares will be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof and only to the extent that corresponding exemptions from the registration or qualification requirements of state "blue sky" securities laws are available. This expectation would be based on the Court's sanctioning of the Scheme, following a hearing upon the fairness of the terms and conditions of the Scheme at which hearing all Shareholders would be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification was given to all such Shareholders.

9. Modification

BOC and BOC Holdings may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may think fit to approve or impose.

10. Costs

BOC is authorised to and permitted to pay all its and BOC Holdings' costs and expenses relating to the preparation and implementation of the Scheme.

Dated: 21 November 2016

PART X

NOTICE OF EXTRAORDINARY GENERAL MEETING

Bank of Cyprus Public Company Limited

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of Bank of Cyprus Public Company Limited (the "**Company**") will be held at the Company's headquarters (51 Stassinou Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus) **on Tuesday, 13 December 2016 at 10:00 a.m.** (Cyprus time) (the "**EGM**") for the purpose of considering and, if thought fit, passing the following resolutions.

ORDINARY RESOLUTION

- (A) THAT the scheme of arrangement dated 21 November 2016 between the Company, Bank of Cyprus Holdings plc and the holders of shares in the Company, a copy of which has been produced to this meeting and, for the purposes of identification, signed by the chairman hereof in its original form or with or subject to any modification, addition or condition approved or imposed by the Court (the "**Scheme**"), be approved and the directors of the Company be authorised to take all such actions as they consider necessary or appropriate for carrying the Scheme into effect.

SPECIAL RESOLUTION

- (B) THAT for the purposes of giving effect to the Scheme and contingent upon the Scheme becoming effective:
- (i) the issued share capital of the Company be reduced from €892,294,453.30 divided into 8,922,944,533 ordinary shares of a nominal value of €0.10 each to nil by cancelling all the shares comprising the issued share capital of the Company (the "**Existing Shares**") held at the Scheme Record Time (as defined in the Scheme) resulting in the creation of a capital reduction reserve in the accounts of the Company, equal to the aggregate nominal value of the Existing Shares so cancelled, and which shall be retained as a non-distributable capital reserve in accordance with the provisions of subsection (e) of section 64 of the Companies Law, Cap. 113 (the "**Reduction of Capital**");
 - (ii) forthwith and contingent upon the Reduction of Capital taking effect, the authorised share capital of the Company be increased to €4,767,759,272.00 divided into 47,677,592,720 ordinary shares with a nominal value of €0.10 each through the creation of 8,922,944,533 new but unissued ordinary shares with a nominal value of €0.10 each, each of which shall have the same rights and shall rank pari passu with the existing ordinary shares of the Company;
 - (iii) forthwith and contingent upon the Reduction of Capital taking effect, and notwithstanding anything to the contrary in the articles of association of the Company, the reserve arising in the books of account of the Company as a result of the cancellation of the Existing Shares be applied in paying up in full at par 8,922,944,533 new ordinary shares with a nominal value of €0.10 each in the capital of the Company, which shall be issued and allotted, credited as fully paid, to Bank of Cyprus Holdings plc or its nominee(s) in accordance with the Scheme; and

- (iv) the directors of the Company be authorised to give effect to this special resolution and, accordingly, to effect the allotment of the new ordinary shares in the capital of the Company, provided that: (a) the maximum aggregate nominal amount of the shares which may be allotted under this authority shall be the nominal value of the new shares created pursuant to paragraph B(iii) above; and (b) this authority shall be in addition and without prejudice to any other authority under (or deemed to be given) under section 60B of the Cyprus Companies Law, previously granted and in force on the date on which this resolution is passed.

Katia Santis

Secretary

21 November 2016

NOTES TO THE NOTICE OF THE EGM

Capitalised terms defined in the Scheme shall, to the extent not otherwise defined in this Notice of EGM, have the meanings given to them in the Scheme.

ENTITLEMENT TO PARTICIPATE IN THE EGM

- (1) Only those members registered on BOC's register of members at 5 December 2016 (the "**Record Date**") shall be entitled to attend and vote at the EGM. Transactions involving Existing Shares taking place on 2 December 2016 and thereafter will not be considered in determining the right to vote at the EGM. Shareholders whose Existing Shares are 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 EGM.
- (2) A member entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his behalf. Shareholders may appoint the Chairman of the EGM or any other person as their proxy. Such proxy does not need to be a Shareholder of the Company. A proxy holder holding proxies from several shareholders may cast votes differently for each shareholder. Shareholders who appoint the chairman or any other person as a proxy to vote on their behalf, but wish to specify how their votes be cast, should indicate accordingly in the relevant boxes on the form of proxy.
- (3) The form of proxy ("**Form of Proxy**"), which is attached to the back of this document, has been posted on the BOC Group's website www.bankofcyprus.com (please select the Investor Relations link), and is also available in hard copy, upon request, from the Company's Shares & Loan Stock Department, 4 Evrou Street, EuroLife House, 2003 Strovolos, Nicosia, Cyprus. The Form of Proxy must be returned to the registered office of BOC (51 Stassinos Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus, fax: +357 22336258 / 22336261) **at least 48 hours before the time of the EGM**. Shareholders may confirm that the Form of Proxy has been successfully received by BOC by calling the Shares & Loan Stock Department at +357 22126055.
- (4) **Shareholders and/or their proxies who will attend the EGM are requested to carry with them their identity card or other proof of identification.**
- (5) Alternatively a legal entity which is a shareholder 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 BOC or any class of members of BOC, and the person so authorised shall be entitled to exercise the same powers on behalf of the legal entity which he represents as that legal entity could exercise if it were an individual member of BOC.
- (6) In the case of joint shareholders, the Form of Proxy can only be signed by the person whose name appears first on BOC's register of members.
- (7) The articles of association of BOC do not provide for participation in a general meeting by electronic means without the shareholder (or relevant proxy) attending the meeting in person at the place where the meeting is held. Similarly, the articles of association of BOC do not provide for participation by distance voting.

VOTING PROCEDURES AT THE EGM

- (8) The proposed resolutions at the EGM will be decided by way of a poll. The resolutions proposed at a general meeting would ordinarily be voted on by a show of hands. However, the chairman of the EGM will require the resolutions to be put to a poll so that Shareholders' views can be carefully recorded. On a poll, each Shareholder present in person or by proxy will have one vote for each Existing Share held. The proposed ordinary resolution at the EGM will need to be passed by a simple majority of votes (50 per cent. + 1) of the shareholders entitled to vote and who vote at the EGM 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-quarters of such number of members of the company who (being entitled to do so) vote in person or by proxy at the general meeting for which relevant notice of at least 21 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 (not calculated) in counting the votes for the specific resolution.

RIGHTS AT GENERAL MEETINGS

- (11) Pursuant to section 128C of the Companies Law, Cap 113, shareholders have the right to ask questions related to items on the agenda and to have such questions answered by the directors of BOC subject to any reasonable measures BOC 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 BOC; or
 - b. an answer has already been given in the document of which this notice forms part or, which has been published on BOC's website; or
 - c. the Chairman deems that it is undesirable in the interests of good order of the meeting that the question be answered.

(12) Shareholders may submit questions in writing before the EGM by sending a letter, together with evidence of their shareholding, at least four days before the EGM (i.e. by 9 December 2016) to the Company Secretary at Bank of Cyprus Public Company Ltd, 51 Stassinos Street, Ayia Paraskevi, Strovolos, 2002 Nicosia, Cyprus or by fax at +357 22378456 or by email to investors@bankofcyprus.com.

OTHER INFORMATION AND AVAILABLE DOCUMENTS

(13) The document (which includes, inter alia, the Scheme, the Explanatory Statement, the notice of the EGM and the Form of Proxy) shall be made available in electronic form on the website of BOC www.bankofcyprus.com (please select the Investor Relations link) and in hard copy upon request by a shareholder through the Shareholder Helpline number set out on page 32 of the document of which this Notice of EGM forms part.

PART XI

FORM OF PROXY



51 Stassinou Street, Ayia Paraskevi, Strovolos
P.O. Box 24884, 1398 Nicosia, Cyprus
Tel: +357 22126055
Fax: +357 22336258 / 22336261

FORM OF PROXY

I/We _____ from _____

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

(in CSE in ATHEX) being a member/members of Bank of Cyprus Public Company Ltd (the "Company" or the "Bank"), hereby appoint:

- 1. The Chairman of the Extraordinary General Meeting
- 2. 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 Extraordinary General Meeting of the Bank, to be held on 13 December 2016, at 10:00 a.m. (Cyprus time) at the Company's Headquarters (51 Stassinou 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:

RESOLUTIONS	
A.	<p>ORDINARY RESOLUTION</p> <p>THAT the scheme of arrangement dated 21 November 2016 between the Company, Bank of Cyprus Holdings plc and the holders of shares in the Company, a copy of which has been produced to this meeting and, for the purposes of identification, signed by the chairman hereof in its original form or with or subject to any modification, addition or condition approved or imposed by the Court (the "Scheme"), be approved and the directors of the Company be authorised to take all such actions as they consider necessary or appropriate for carrying the Scheme into effect.</p> <p style="text-align: right;">APPROVED <input type="checkbox"/> NOT APPROVED <input type="checkbox"/></p>
B.	<p>SPECIAL RESOLUTION</p> <p>THAT for the purposes of giving effect to the Scheme and contingent upon the Scheme becoming effective:</p> <ul style="list-style-type: none"> (i) the issued share capital of the Company be reduced from €892,294,453.30 divided into 8,922,944,533 ordinary shares of a nominal value of €0.10 each to nil by cancelling all the shares comprising the issued share capital of the Company (the "Existing Shares") held at the Scheme Record Time (as defined in the Scheme) resulting in the creation of a capital reduction reserve in the accounts of the Company, equal to the aggregate nominal value of the Existing Shares so cancelled, and which shall be retained as a non-distributable capital reserve in accordance with the provisions of subsection (e) of section 64 of the Companies Law, Cap. 113 (the "Reduction of Capital"); (ii) forthwith and contingent upon the Reduction of Capital taking effect, the authorised share capital of the Company be increased to €4,767,759,272.00 divided into 47,677,592,720 ordinary shares with a nominal value of €0.10 each through the creation of 8,922,944,533 new but unissued ordinary shares with a nominal value of €0.10 each, each of which shall have the same rights and shall rank pari passu with the existing ordinary shares of the Company; (iii) forthwith and contingent upon the Reduction of Capital taking effect, and notwithstanding anything to the contrary in the articles of association of the Company, the reserve arising in the books of account of the Company as a result of the cancellation of the Existing Shares be applied in paying up in full at par 8,922,944,533 new ordinary shares of €0.10 each in the capital of the Company, which shall be allotted and issued, credited as fully paid, to Bank of Cyprus Holdings plc or its nominee(s) in accordance with the Scheme;

	<p>and</p> <p>(iv) the directors of the Company be authorised to give effect to this special resolution and, accordingly, to effect the allotment of the new ordinary shares in the capital of the Company, provided that: (a) the maximum aggregate nominal amount of the shares which may be allotted under this authority shall be the nominal value of the new shares created pursuant to paragraph B(iii) above; and (b) this authority shall be in addition and without prejudice to any other authority under (or deemed to be given under) section 60B of the Cyprus Companies Law, previously granted and in force on the date on which this resolution is passed.</p> <p style="text-align: right;">APPROVED <input type="checkbox"/> NOT APPROVED <input type="checkbox"/></p>
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Date _____ Signature _____

Contact details: Telephone _____ Fax _____

Notes:

- (1) Capitalised terms defined in the Scheme shall, to the extent not otherwise defined in this Form of Proxy, have the meanings given to them in the Scheme.
- (2) The Record Date for determining the right to vote at the Extraordinary General Meeting is 5 December 2016. Transactions involving Existing Shares taking place on 2 December 2016 and thereafter will not be considered in determining the right to vote at the Extraordinary 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 Extraordinary General Meeting.
- (3) 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.**
- (4) If such appointor is a company/legal entity, the Form of Proxy must bear the name of the company/legal entity, and be signed by its duly authorised officer/s.
- (5) 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 of the Company.
- (6) 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.

PART XII

SHARE ELECTION FORM



Shares & Loan Stock Department
4 Evrou Street, EuroLife Building, Strovolos
P.O. Box 24884, 1398 Nicosia, Cyprus
Tel: +357 22126055
Fax: +357 22336258 / 22336261

Shareholder's Details:

Name(s)

Number on Identification Document

(ID number / Passport Number / Registration Number / Other)

Investor's Share Code (in CSE / in ATHEX)

To the Secretary of Bank of Cyprus Public Company Limited ("BOC")

I/We hereby make the following election in respect of my/our interest in Bank of Cyprus Holdings plc ("BOC Holdings") which I/we will receive pursuant to the proposed scheme of arrangement dated 21 November 2016 (the "Scheme") in consideration of the cancellation of my/our shares in BOC which I/we will hold within the above Investor's Share Code at the Scheme Record Time:

I wish to trade my New Shares on the London Stock Exchange ("LSE") and agree to receive New Shares registered in CREST

I wish to trade my New Shares on the Cyprus Stock Exchange ("CSE") and agree to receive Depository Interests representing New Shares registered in the CDCR

(Please tick one of the boxes above)

LONDON STOCK EXCHANGE

Please complete this section only if you have elected to trade New Shares on the LSE and have agreed to receive New Shares registered in CREST

CREST account details under which the New Shares shall be registered:

CREST Participant Name

CREST Participant ID Member Account

CREST participant's contact details:

Contact Name:

Contact Telephone Number: Contact E-mail address:.....

CYPRUS STOCK EXCHANGE

Please complete this section only if you have elected to trade New Shares on the CSE and have agreed to receive Depository Interests representing New Shares registered in the CDCR

Investor Share Code details under which the Depository Interests representing New Shares shall be registered:

Please choose one of the following two options to the extent applicable:

- My/our Investor's Share Code set out above is a CSE Investor's Share Code and I/we wish my/our Depository Interests representing New Shares to be registered under the same Operator(s) under whom my/our shares in BOC are currently registered. I/we acknowledge and accept that in the event I/we have holdings of BOC shares within my/our CSE ISCS account assigned to more than one Operator, my/our Depository Interests representing

New Shares will, to the extent possible, be distributed pro-rata among the Operators of such holdings in accordance with the provisions of the Scheme.

OR

2. I/we wish my/our Depository Interests representing New Shares to be registered under my/our CSE ISCS account as shown below:

Investor Share Code	<table border="1"><tr><td>2</td><td>0</td><td>0</td><td>4</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	2	0	0	4							Securities A/C	<table border="1"><tr><td>C</td><td>Y</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	C	Y								
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C	Y																						
Operator's Code	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>											Operator's Name										

CSE ISCS account Name(s)

The CSE ISCS account and the existing CSE/ATHEX ISCS account must bear the same name.

Signature(s):

Date:

Contact Details:

Telephone Number: Fax Number:

E-mail address:

Notes:

- (1) Capitalised terms defined in the Scheme shall, to the extent not otherwise defined in this Share Election Form, have the meanings given to them in the Scheme.
- (2) In case a Shareholder does not have an active CSE ISCS account, such Shareholder may open a CSE ISCS account by contacting an Operator. A full list of CSE members is available on the CSE's website www.cse.com.cy.
- (3) Where Shareholders fail to submit a completed Share Election Form by the business day following the Scheme Record Time, or if such Share Election Form is incorrectly completed or any of the details provided therein are incorrect, they will be deemed to have elected to trade New Shares on the CSE and will receive Depository Interests representing New Shares registered in the CDCR and the following actions will be taken:
 - (a) BOC will conduct a search to check if such Shareholders maintain CSE ISCS accounts and, if such CSE ISCS accounts exist, will allocate Depository Interests representing New Shares to those CSE ISCS accounts.
 - (b) Unless otherwise indicated by a Shareholder in his Share Election Form, where a Shareholder has multiple holdings of Existing Shares in a CSE ISCS account assigned to more than one Operator, any Depository Interests in respect of New Shares issued to such Shareholder pursuant to the Scheme will, to the extent possible, be distributed pro-rata among such multiple holdings within the Shareholder's CSE ISCS account. Where as a consequence of the Consolidation Basis, a pro-rata distribution of Depository Interests representing New Shares among multiple such holdings within a CSE ISCS account is not possible, BOC will have the discretion, acting reasonably, to allocate any Depository Interests representing New Shares to a particular holding within that CSE ISCS account.
 - (c) In the event that a Shareholder does not maintain a CSE ISCS account, the Depository Interests representing New Shares will be allocated to an inactive investor share code opened in such Shareholder's name with the CSE as Operator. Shareholders will be responsible for the activation of such inactive investor share code.
- (4) If the shareholder is a legal entity, the Share Election Form must bear the name of the legal entity and be signed by its duly authorised officer/s.
- (5) If the shareholder is a Minor, both parents must sign the Share Election Form.
- (6) In case of joint shareholders all account holders must sign the Share Election Form.
- (7) The Share Election Form must be returned to the Shares & Loan Stock Department (4 Evrou Street, EuroLife Building, Strovolos, P.O. Box 24884, 1398 Nicosia, Cyprus (Tel: +357 22126055, Fax: +357 22336258 / 22336261) or through any branch of BOC in Cyprus by the business day following the Scheme Record Time.
- (8) 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.
- (9) The Share Election Form shall be made available in electronic form on the website of BOC www.bankofcyprus.com (please select the Investor Relations link) and in hard copy upon request by a Shareholder through the Shareholder Helpline number set out on page 32 of the document of which this Share Election Form forms part.

PART XIII

DIRECTORS, SECRETARY AND ADVISERS

Directors of BOC and BOC Holdings	Prof. Dr. Josef Ackermann, Chairman Mr. Wilbur L. Ross, Jr., Vice-Chairman Mr. Maksim Goldman, Vice-Chairman Mr. Michael Spanos, Senior Independent Director Mr. John Patrick Hourican, Chief Executive Officer Dr. Christodoulos Patsalides, Deputy Chief Executive Officer & Chief Operating Officer Mr. Arne Berggren, Non-Executive Director Dr. Michael Heger, Non-Executive Director Mr. Marios Kalochoritis, Non-Executive Director Mr. Ioannis Zographakis, Non-Executive Director
Company Secretary of BOC and BOC Holdings	Ms. Katia Santis
Registered Office, Principal Place of Business and Business Address of each of the Directors of BOC	51 Stassinou Street Ayia Paraskevi Strovolos 2002 Nicosia Cyprus
Website	www.bankofcyprus.com
Legal advisers to BOC and BOC Holdings as to matters of English and US Law	Sidley Austin LLP Woolgate Exchange 25 Basinghall Street London EC2V 5HA United Kingdom
Legal advisers to BOC and BOC Holdings as to matters of Cypriot Law	Chryssafinis & Polyviou LLC 37 Metochiou Street Agios Andreas 1101 Nicosia Cyprus
Legal advisers to BOC and BOC Holdings as to matters of Irish Law	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland
Auditors to the BOC Group	Ernst & Young Cyprus Ltd Jean Nouvel Tower 6 Stasinou Avenue P.O. Box 21656 1511 Nicosia Cyprus

Auditors to BOC Holdings

Ernst & Young LLP
EY Building
Harcourt Place
Harcourt Street
2 Dublin
Ireland

Registrars to BOC Holdings

Capita Registrars (Ireland) Limited
2 Grand Canal Square
Dublin 2
D02 A342
Ireland