

**AGM OF SHAREHOLDERS
OF BANK OF CYPRUS HOLDINGS PUBLIC LIMITED COMPANY
25 MAY 2021**

**Speech by Mr Efstratios-Georgios Arapoglou
Chairman of the Board of Directors**

Dear Shareholders,

I hope you and your families are all well and that you managed to stay safe and healthy throughout last year.

The world is slowly but surely beginning to learn how to better cope with the COVID-19 pandemic. Science, in an unprecedented race, has succeeded in providing vaccines in record time. The crisis had a huge negative effect on the global economy but at the same time, it accelerated and enhanced existing global social and economic undercurrents already in progress in the pre-pandemic period, such as the advent of innovation, technology and digitalisation, rising unemployment, steady decline in productivity, widening of the inequality gap and the new definition of work, among many other. These disruptive developments will lead the world to a new post Covid-19 economic and social era, to a new normal towards which we all must adapt early.

Governments will continue for the foreseeable future to try and strike a balance between controlling public health and closing down the economy. As public health gets more under control, multi-trillion-dollar programmes are being introduced by governments around the world to kick-start the economies. No one really knows though if these initiatives are too little or too much. Equally, although in the old economy these measures would have surely resulted in strong inflationary pressures, no one knows how inflation will behave in the new economy, no one knows how quickly, if at all, people will go

back to their old spending habits. Developments are clearly not obvious.

It is with all this in mind, that we at the Bank of Cyprus focus on continuing the work of our predecessors to complete the final stages of a long de-risking plan and at the same time transform the Bank to sustainably compete in this new world, for the benefit of you the shareholders, our employees and the Cypriot economy, which has successfully managed to suffer a much smaller contraction due to the pandemic, than originally anticipated.

During the course of 2020, despite the pandemic, the leadership of our new CEO in his first full year of service and his management team, resulted in (among many others):

- Accelerating the reduction of the NPE stock in a capital accretive way,
- Improving operating efficiency through bold cost reduction measures,
- Increasing further the Bank's capital base
- Adding a fourth U.S. Dollar correspondent bank
- Raising the Bank's rating by ISS (on compliance and governance) by one notch
- Placing our Digitalisation initiative at the centre of the plate.

Above all, the Bank managed to successfully communicate these and other major achievements to analysts and shareholders, the result of which was the doubling of our share price since November 2020 outperforming most of our peers. The message is clear: Bank of Cyprus has now turned the corner and this reality has taken the place of the previous negative legacy perception, created by the unfortunate events of earlier years. The progress made has allowed us to communicate concise medium-term performance guidance targets, immediately appreciated by the market. There is still more remedial work to be done and legacy issues to deal with. However, these are insignificant in number and size compared to what the management team had originally inherited.

Moving forward, during 2021, we expect to continue the NPE reduction with a target to achieve a single digit NPE ratio by the end of 2022 and start a bottom-up bank-wide transformation programme to further optimise our operating model. Key accompanying tool to the latter will be Technology and Digitalisation, for customer-facing, support and regulatory related functions. We are leaders in technology in Cyprus and at a level which is in line or better to most of our European peers. It is clear that the global banking industry will be severely disrupted by technology in the years to come and we should be prepared for this. Traditional banking models will be marginalised, as investment funds and online platforms are already gaining market share across the globe at an accelerating pace.

In addition to our strict business priorities, we consider ESG as a top priority for us. Historically, our contribution to society on this front has been very high and diverse, supporting the communities we operate in and Cyprus as a whole. The Board decided that going forward, we will pursue and regularly report progress in this initiative in a more structured and visible way.

On behalf of all my fellow Board members I wish to congratulate management and all employees of the Bank for their achievements and efforts throughout 2020. We are all very proud for their commitment and performance in executing the agreed strategy. We are very sorry that we are still unable to properly compensate them in recognition of their hard work all these years. We hope that as we gradually complete our restructuring work and return to profitability, we will be able to do so.

The same comment applies to the Bank being able to restart paying you, our shareholders, dividends. This is clearly our primary target and is also related to profitability.

In closing, I would like to express my sincere thanks to all my fellow Board members for their leadership and valuable contribution in both their Board and Board Committee responsibilities, always aiming toward creating value to our shareholders.

May you all have a safe and healthy year and we sincerely hope that we'll be back with more good news and further progress in our next communication through this forum.