

5 May 2014

Dear customer,

Subject: **Transfer of customer bank accounts from the electronic systems of the former network of Cyprus Popular Bank Public Co Ltd ("Laiki Bank") to the electronic systems of the network of Bank of Cyprus Public Co Ltd ("Bank of Cyprus" or "Bank")**

Aiming at optimizing the service you enjoy, we are pleased to inform you that as part of the transfer of Laiki Bank customer accounts in accordance with the Sale of Certain Operations of Cyprus Popular Bank Public Co Ltd Decrees of 2013, **on the date written in the attached Appendix**, your bank accounts which are currently maintained in the systems of the former network of Laiki Bank shall automatically be transferred to the Bank of Cyprus electronic systems network.

Consequently, as of the date of the transfer of your accounts, you will be able to be fully serviced by any of the Bank of Cyprus branches, ATMs and electronic channels.

Please find in the attached **Appendix**, all details relating to **your new account numbers**.

For your convenience and easy reference, we have summarized below the most important information that we believe you need to be aware of with regards to the operation of your accounts after they are transferred to the electronic systems of Bank of Cyprus:

1. **Cheques and Chequebooks:**

In case you have a chequebook of the former network of Laiki Bank, please note that its cheques will be accepted until 31/12/14. You are, therefore, kindly advised to proceed with the timely ordering of a new chequebook, on which your new account number will be printed on.

2. **Interest rates – Charges:**

The current interest rates and table of commissions and charges in effect as from 1/12/13, remain unchanged.

Ensuring that the existing Annual Percentage Rate (APR) for all loans will remain the same, for certain loans depending on the existing interest calculation method, a small decrease of the interest rate will be applied.

3. **Loans – Interest Calculation – Instalment allocation:**

All loans and their corresponding balances as at the date of the transfer, will be transferred to the Bank of Cyprus electronic systems network. The 'interest for the period', for the period from 1/1/14 to 31/03/2014, will be subtracted from the loan balance, it will be added to the "accrued interest" calculated for the period from 1/4/14 to 9/6/14 and will be gradually decreasing when payments to the loan are made, as described below. In this way, the balance transferred, will reflect the capital owed.

From the date of transfer and onwards, the interest will be calculated on the daily balance of the loan, and as time passes, interest payments shall decrease, given that the loan capital decreases. The daily interest amount is calculated by multiplying the daily loan interest rate percentage by the daily capital loan balance.

Upon transfer of your accounts to the Bank of Cyprus electronic systems network and provided you have a loan, instalments paid against the loan will be allocated to first repay the interest charge for the period and the remainder of the instalment will be paid against the loan capital.

Since the interest for the period will initially be transferred as accrued interest from 01/01/2014 until the date of transfer to the Bank of Cyprus electronic systems network, the first instalments paid following that date, will be used to repay the accrued interest.

In case of instalments in arrears, any payments will initially be repaying the interest on deferred instalments (first against the interest and subsequently against the capital), followed by the overdue interest payments, the overdue capital payments, the interest for the period and lastly, the capital plus any charges on arrears. In case your loan has more than one instalment overdue, the deposit will be used to repay the interest on deferred instalments starting from the earliest date, followed by the interest on all overdue instalments and lastly, the capital relating to all overdue instalments, always starting from the earliest date of the arrears going forward.

For transparency purposes, your loan statement will include all details of the allocation of each payment made so that you know the exact amount of the capital owed on your loan.

Additionally, the account debited and used for the payment of the instalments will also be shown on your statement.

4. **Auto Debits – Direct Debits:**

Auto Debits and Direct Debits will be transferred automatically to the electronic systems network of Bank of Cyprus. Direct Debits regarding the repayment of loans, shall be converted into Auto Debits.

For all Auto Debits which relate to loan instalments, allocation of the instalment payment will apply as described under Section '3' above. Following this change, the Auto Debit will each time be executed with a minor fluctuation in the amount which represents the amount payable for the period. This fluctuation may be the result of past interest fluctuations, potential charges on overdue instalments still not paid, the number of days in a month (month duration), etc.

Furthermore, as from the date of transfer, the account from which funds are drawn to repay a loan through an Auto Debit, will be classified as the Loan Repayment account.

In case the Loan Repayment account has a credit balance and, therefore, available funds, whereas the loan has overdue instalments (arrears) or unpaid interest payments, upon the transfer of the accounts to the electronic systems of the Bank of Cyprus network, the

available funds will be transferred from the Loan Repayment account to the loan in order to repay overdue instalments and/or unpaid interest payments. As a result, the amount paid for the period will be higher than the regular loan instalment amount.

In order to avoid having to pay a higher amount for your loan instalment within the month of the transfer, you are kindly advised to settle any overdue instalments (arrears) on your loan, prior to the date of the transfer of your accounts.

In cases where the Loan Repayment account lacks sufficient funds to repay the whole of the instalment amount, then a partial payment will be made to the Loan Account using any amount that is available in the Loan Repayment account. As mentioned above, the same will apply in case of overdue instalments, which will be transferred (and prioritized according to the same process described above), whenever available funds exist in the Loan Repayment account.

As Auto Debits are run on a daily basis, the Loan Repayment account will be debited whenever there are available funds, as many times as necessary until full repayment of the loan instalment.

5. **Finance Contracts:**

Finance Contracts remain in force in their current form and no changes will be made regarding their terms. There will merely be a change in their account number (see details at the end of this letter).

6. **Cards:**

Debit and Credit cards of the former network of Laiki Bank which are already in your possession will continue to be valid using the same personal identification number (PIN).

Following the account transfer date, you will be able to use the ATMs of Bank of Cyprus for ALL transactions offered through ATMs.

The cards of the former network of Laiki Bank will gradually be replaced with Bank of Cyprus cards in the weeks following the date of the transfer of the accounts.

Additional information regarding the use of your cards will be sent in a separate letter by the Card Centre.

7. **Electronic Banking services: transfer from 'eBank' of the former network of Laiki Bank' to '1bank' of the Bank of Cyprus network**

Electronic banking services through the internet will continue to be available through '1bank' of the Bank of Cyprus network.

In case you are a retail eBank subscriber and at the same time a retail 1bank subscriber, the accounts which were accessible through eBank will be added to your 1bank subscription.

In case you are an eBank subscriber for legal entities or if you are not a retail 1bank subscriber, you will have to login as previously in eBank of the former network of Laiki Bank, where, following the instructions on the screen, you will be asked to re-enter your subscriber number and PIN at a designated login page of 1bank. Upon completion, you will automatically be provided with a new User ID and you will be asked to submit a new pass code for 1bank. Alternatively, you may visit the designated login page of 1bank at www.bankofcyprus.com.cy and subsequently click on the 'Login' icon and then the link available for eBank subscribers of the former network of Laiki Bank.

In order to complete the above procedure you will need to tick and accept the Terms and Conditions of 1bank. The security device digipass/token in your possession for transfers through eBank, will continue operating normally for transfers through 1bank and need not be replaced.

Additional information will be sent to you through the internet, emails and letters.

8. **Money orders:**

Inward payment orders that will have your old account number will be automatically credited into your new account. You are kindly requested to inform your associates who make inward money payments to you, of the change in the IBAN and the SWIFT/BIC code of Bank of Cyprus (BCYPCY2N).

As far as outward payment orders are concerned, their execution will be effected centrally. You will receive further information upon your first visit at your servicing Branch/Unit.

In cases where there is an existing established procedure for receiving money orders (e.g. salary transfers, pensions, allowances etc), there is no need for any further action by you.

9. **Communication:**

For any additional information you may require in relation to the transfer of your accounts to the Bank of Cyprus electronic systems network, please contact your Corporate/Business Centre or the officer responsible for your accounts or 1bank by calling 800 00 800 (if calling from abroad, please dial 00357 22128000).

You may also visit the Bank of Cyprus website at www.bankofcyprus.com.cy where a special Q&A (questions and answers in relation to the transfer of your accounts) has been posted.

Yours sincerely

Bank of Cyprus Public Company Ltd

Notes:

1. In the unlikely event that the date of transfer of your accounts will need to be changed the Bank will notify you accordingly
2. Για να δείτε την παρούσα επιστολή στα Ελληνικά ή Ρωσικά, παρακαλούμε όπως επισκεφθείτε το www.bankofcyprus.com.cy
3. Данную информацию на английском и русском языках можно найти на сайте www.bankofcyprus.com.cy