

**Unofficial translation of the Sale of Certain Operations of Cyprus Popular Bank Public Co Ltd Decree of 2013**

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[Regulatory Administrative Act] 104/2013

No 104

The Resolution of Credit and Other Institutions Law of 2013

**Decree by virtue of articles 5(12)(a), 7(1) and 9**

17(I) of 2013.	The Resolution Authority, in the exercise of its powers vested in it under Section 5(1) and (12)(a), 7(1) and 9 of the Resolution of Credit and other Institutions Law of 2013, and following the joint decision with the Minister of Finance for the adoption of resolution measures by virtue of Section 3 of the Law, and having taken into consideration the opinion of the Minister of Finance, the report of the competent resolution authority regarding the current financial condition of the institution subject to resolution and the resolution plan prepared by the Resolution Authority, and having established that the conditions in Section 6(1) of the Law are fulfilled and that compelling reasons in the public interest exist, issues the following Decree with the aim of best achieving the purposes of Section 3 of the Law.
Short Title.	1. This Decree shall be referred to as the Sale of Certain Operations of Cyprus Popular Bank Public Co Ltd Decree of 2013.
Interpretation.	2. (1) In this Decree, unless a different meaning results from the text:-  “Acquiring Entity” means the Bank of Cyprus Public Company Limited with registration number HE 165;  “Resolution Authority” means the Central Bank of Cyprus;  “Transfer Date” means the 29 <sup>th</sup> of March 2013 at 06:10 a.m.;  “Law” means the Resolution of Credit and other Institutions Law of 2013;

	<p>“Laiki Bank” means the Cyprus Popular Bank Public Co Ltd with registration number C1.</p> <p>(2) Terms not defined in this Decree have the meaning attributed thereto by the Law.</p>
Purpose.	3. The purpose of this Decree is to impose by virtue of Section 9 of the Law the sale of certain operations of Laiki Bank, under the provisions of paragraph 5 of this Decree, to the Acquiring Entity.
<p>Reorganisation measures.</p> <p>66(I) of 1997 74(I) of 1999 94(I) of 2000 119(I) of 2003 4(I) of 2004 151(I) of 2004 231(I) of 2004 235(I) of 2004 20(I) of 2005 80(I) of 2008 100(I) of 2009 123(I) of 2009 27(I) of 2011 104(I) of 2011 107(I) of 2012 14(I) of 2013</p> <p>EU L125 of 5.5.2001 p. 15.</p>	4. The measures set out in this Decree are intended as measures falling within the scope of application of Section 33(1) of the Banking Business Laws of 1997 to 2013 and Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions.
<p>Object of transfer.</p> <p>Annex I</p> <p>[Official Gazette] 4637, 22.3.2013</p> <p>Annex II</p>	<p>5. (1) Laiki Bank transfers to the Acquiring Entity all assets, title deeds and rights other than those specified in Annex I, on the terms and subject to the conditions [set out] in this Decree.</p> <p>(2) Laiki Bank transfers to the Acquiring Entity only the following liabilities on the terms and subject to the conditions [set out] in this Decree:</p> <p>(a) the liabilities of Laiki Bank in respect of emergency liquidity assistance provided to Laiki Bank by the Central Bank of Cyprus via the emergency liquidity assistance mechanism;</p> <p>(b) the liabilities of Laiki Bank to each person, who falls in the scope of application of paragraph 8 of Operation of Deposit Protection and Resolution of Credit and Other Institutions Scheme Regulations of 2013 (other than any deposit with a branch of Laiki Bank in the United Kingdom) save to the extent that such liability exceeds the amount of one hundred thousand (100,000) euro; for deposits in the name of a trustee or nominee the person falling in the scope of application of the aforementioned paragraph 8 is the person on behalf of whom the deposits in question are held;</p>

	<p>(c) other liabilities of Laiki Bank as specified in Annex II.</p> <p>(3) The transfer by virtue of this Decree subject to the provisions of subparagraphs (1) and (2), shall enter into force, have legal effect and be enforceable against third parties from the Transfer Date.</p>
Compensation.	<p>6. (1) Following the conclusion of the valuation process [in relation to] the assets, title deeds, rights and liabilities of Laiki Bank under the provisions of Section 22 of the Law, the Resolution Authority shall determine whether, and if so by how much, the final value of the transferred assets, title deeds, rights exceeds the final value of the transferred liabilities.</p> <p>(2) In case the final value of the transferred assets, title deeds and rights exceeds the final value of the transferred liabilities, the Resolution Authority shall, by further decree, require the Acquiring Entity to issue to Laiki Bank such amount of Class A shares, as these are defined in the Bailing-in of Bank of Cyprus Public Company Limited Decree of 2013, [as is required] to fairly compensate Laiki Bank with no right of further compensation.</p>
[Validity] of the transfer.	<p>7. (1) As from the Transfer Date, and save as otherwise provided in this Decree and the Law, the transfer of assets, title deeds, rights and liabilities by virtue of [this Decree] shall be deemed valid, have the intended [-via this transfer-] legal effect and be enforceable against third parties, irrespective of:</p> <p>(a) the provisions of any other law;</p> <p>(b) the consent of the Board of Directors, the shareholders or [any and all] creditors of Laiki Bank or the Acquiring Entity, including the depositors;</p> <p>(c) the existence of any restriction imposed under provisions of law or contract terms or otherwise, in relation to the transferred assets, including the compliance with legal or other procedures or formalities,</p> <p>within the meaning of sections 9(3)(b) and 13(2) of the Law.</p> <p>(2) Without prejudice to subparagraph (1), the Acquiring Entity shall be regarded as being the same person as Laiki Bank with respect to assets, titles, rights and liabilities that are transferred.</p>
Subrogation to	<p>8. (1) As from the Transfer Date The Acquiring Entity is</p>

<p>corporate rights and obligations.</p> <p>Cap. 113. 9 of 1968 76 of 1977 17 of 1979 105 of 1985 198 of 1986 19 of 1990 41(I) of 1994 15(I) of 1995 21(I) of 1997 82(I) of 1999 149(I) of 1999 2(I) of 2000 135(I) of 2000 151(I) of 2000 76(I) of 2001 70(I) of 2003 167(I) of 2003 92(I) of 2004 24(I) of 2005 129(I) of 2005 130(I) of 2005 98(I) of 2006 124(I) of 2006 70(I) of 2007 71(I) of 2007 131(I) of 2007 186(I) of 2007 87(I) of 2008 49(I) of 2009 99(I) of 2009 42(I) of 2010 60(I) of 2010 88(I) of 2010 53(I) of 2011 117(I) of 2011 145(I) of 2011 157(I) of 2011 198(I) of 2011 64(I) of 2012 98(I) of 2012 6(1) of 2013.</p>	<p>subrogated to all the rights, benefits, privileges and obligations that result from the participation of Laiki Bank in any company, which forms part of the transferred assets pursuant to paragraph 5(1).</p> <p>(2) The Acquiring Entity shall enjoy [automatically] the entitlement [conferred by] sub-paragraph (1) notwithstanding the provision of the Companies Law of 1985 to 2013 or also [the provisions of] any other law or regulation.</p>
<p>Contracts of employment.</p>	<p>9. (1) Subject to Sections 13 and 34 of the Law, contracts of employment of employees of Laiki Bank other than contracts of employment entered into in connection with the branch of Laiki Bank in the United Kingdom, are transferred at the Transfer Date to the Acquiring Entity, subject to the provisions of subsection (8) of Section 5.</p> <p>(2) The imposition by virtue of this Decree of the sale of certain operations of Laiki Bank is not subject to negotiation with the representatives of the employees representatives or also the employees themselves.</p>
<p>Assets subject to foreign law.</p>	<p>10. The Acquiring Entity and Laiki Bank are obliged to take any necessary action to complete the transfer of the title deeds, the assets rights and liabilities, which are the object of this</p>

	Decree and which are subject to the law of another member state or a third country.
Deposit Protection Funds.	11. Deposits which are not transferred from Laiki Bank to the Acquiring Entity by virtue of this Decree shall not be considered to be non-available deposits pursuant to the provisions of section 12(1)(a) of the Establishment and Operation of the Deposit Protection and Resolution of Credit and Other Institutions Scheme Law of 2013 and shall not activate the procedure for the payment of compensation to depositors pursuant to the said law or also the Regulations issued thereunder.
Transitional provisions.	12. Any services that were being provided by Laiki Bank immediately before the Transfer Date in relation to the assets, title deeds, rights and liabilities, that are not being transferred, shall be provided by the Acquiring Entity to Laiki Bank on the same terms and with the same standards as those applying immediately prior to the Transfer Date, for such period and on such terms as shall be notified by the Resolution Authority to Laiki Bank and the Acquiring Entity.
Transfer results.	13. At the Transfer Date:  (a) the Acquiring Entity takes over all rights and obligations related to the transferred assets or title deeds, rights and liabilities;  (b) the Acquiring Entity is substituted for Laiki Bank in relation to any legal or other proceedings, related to titles assets, rights or liabilities which are transferred.
Continuity of contracts.	14. (1) As from the Transfer Date, unless otherwise provided in this Decree or in the Law, contracts which are entered into by or in relation to Laiki Bank and which concern the transferred assets, title deeds, rights and liabilities shall be treated as being entered into by or in relation to the Acquiring Entity.
Non activation of contractual clauses.  43(I) of 2004 100(I) of 2011.	15. The subjection of Laiki Bank to the resolution measure of section 9 of the Law as set out in this Decree, shall not activate any contractual clause which would be activated in the event of liquidation or insolvency or other event which may be considered [to be] a credit event or equivalent to insolvency including a close-out netting provision, within the meaning of section 9 of the Financial Collateral Laws of 2004 and 2011.
Provision of	16. For the purposes of applying this Decree, the Acquiring Entity and the Laiki Bank shall cooperate in the exchange

information.	information and providing each other the necessary support.
Amendments to this Decree.	17. The Resolution Authority may, by further decree, amend the terms of this Decree, and order the reversal of the transfer of assets, title deeds, rights and liabilities, which have been transferred by virtue of this Decree.
Entry into force.	18. This Decree shall enter into force on the date of its publication in the Official Gazette of the Republic and shall start applying from the Transfer Date.

**Annex I****Assets, title deeds and rights excluded from the transfer according to paragraph 5(1)**

1. Shares in subsidiaries of Laiki Bank incorporated in a jurisdiction other than the Republic of Cyprus.
2. All assets of the branch of Laiki Bank in the United Kingdom, other than the rights of Laiki Bank in respect of loans originated by the branch in question or in respect of any loans for which the branch in question acts as creditor.
3. All assets of Laiki Bank which have been sold pursuant to the sale and purchase agreement entered into between Laiki Bank and Piraeus Bank S.A. dated 26 March 2013 and pursuant to the Sale of Operations of the Operations in Greece of Cyprus Popular Bank Public Co Decree of 2013, [Regulatory Administrative Act No] 97/2013 and all other assets booked on the financial accounts and [operational] systems of the branches of Laiki Bank in the Hellenic Republic.
4. In respect of each person holding a deposit with Laiki Bank (save for any deposits with a branch of Laiki Bank in the United Kingdom) against whom Laiki Bank has credit claims, the amount of these credit claims equal to the amount by which the deposit with Laiki Bank at 22:00 on 26 March 2013 exceeds the amount of the deposit transferred by this Decree.
5. In respect of any person holding a deposit with a branch of Laiki Bank in the United Kingdom, against whom Laiki Bank has credit claims, the amount of this credit claim, which is necessary so that the appropriate protection of [set-off/netting] agreements in relation to that person is ensured, as provided for in section 24(2) of the Law.
6. Deferred tax claims of Laiki Bank.

**Annex II**

**Liabilities transferred by virtue of paragraph 5(2)(c) of this Decree**

- A. Deposit categories per institutional sector under the European System of national and regional accounts (ESA 95)
  - 1. Credit institutions
  - 2. Insurance Companies
  - 3. General Government
  - 4. Domestic Financial Auxiliaries (S124) not registered in the Registrar of Companies
- B. Obligations out of Financial Instrument Repurchase Agreements (repo transactions).
- C. Deposits held by JCC Payment Systems Ltd.
- D. Charity institutions
- E. Schools and educational institutions

Panicos Demetriades  
Central Bank of Cyprus  
as Resolution Authority