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PRESS RELEASE

CySEC announces decision on financial penalties on seven Directors and the Group Chief Financial Officer of the former Cyprus Popular Bank Public Co, amounting to fines of €1.14 million

They are fined for failure to adequately provide for doubtful debt during the period 2010 - 2011

NICOSIA – The Cyprus Securities and Exchange Commission (“CySEC”) today announces a series of financial penalties imposed on seven Directors and the Group Chief Financial Officer of the former Cyprus Popular Bank Public Co Ltd (“the Company”), following CySEC’s investigation into the Company’s malpractices during the period 2010-2011. A total of €1.14 million of fines have been imposed on them for inadequate provision for the doubtful debt provision, under the Transparency Requirements Law of 2007 and the Insider Dealing and Market Manipulation Law of 2005.

This decision is based on the findings of CySEC’s investigation into the activities of the Company in the run up to the financial crisis and subsequent bail in of the Company in 2013. CySEC informs the public that it has conducted a thorough investigation of the compliance of:

- **The Company, its Board of Directors’ Members and its Group Chief Financial Officer** with the *Transparency Requirements (Transferable Securities Admitted to Trading on a Regulated Market) Law of 2007, as amended;*
- **The Company** with the *Insider Dealing and Market Manipulation (Market Abuse) Law of 2005, as amended, regarding the adequacy for the doubtful debt provision in:*
 - the Annual Financial Report of the Company for the year ended 31.12.2010,
 - the Quarterly Financial Report of the Company for the period ended 31.3.2011,
 - the Half-Yearly Financial Report of the Company for the period ended 30.6.2011,
 - the Quarterly Financial Report of the Company for the period ended 30.9.2011,

A collective sum of €1.14 million has been imposed on the Company’s:

- Chief Executive Officer (CEO), Mr. Efthimios Mbouloutas (€200,000)
- Deputy CEO and Member of Risk Management Committee of the Company, Mr. Christos Stylianides (€200,000)
- Deputy CEO, Mr. Panayiotis Kounnis (€140,000)

- Non-executive Vice-Chairman, President of the Risk Management Committee of the Company and Member of the Audit Committee of the Company, Mr. Neoklis Lysandrou (€160,000)
- Executive Director, Mr. Eleftherios Chiliadakis (€140,000)
- Non-executive Director, Member of Risk Management Committee of the Company and Member of the Audit Committee of the Company, Mr. Markos Foros (€120,000)
- Non-executive Director and President of the Audit Committee of the Company Mr. Constantinos Mylonas (€100,000)
- Group Chief Financial Officer, Mrs Annita Philippidou (€ 80,000)

CySEC is committed to enforcing the highest standards of transparency on all companies listed on the Cyprus Stock Exchange. The fines imposed are based on the Directors' statement which is part of the Company's financial reports (for periods ending 31.12.2010 and 30.6.2011 respectively) which confirmed that the consolidated financial statements therein provided a true and fair view.

For the purposes of determining the amount of the administrative fine, CySEC has taken into account, inter alia, the seriousness attributed by the legislator to such infringements and the central importance of the declaration contained in the financial statements by the Members of the Issuer's Board of Directors, the Chief Executive Officer and the Chief Financial Officer, which they are personally responsible for compiling the financial information regarding the Company.

There was no imposition of administrative fines on non-executive Chairman of the Company, Andreas Vgenopoulos, who is deceased. Further, there was no imposition of administrative fines on the non-executive Vice-Chairman Mr. Vasilios Theocharakis, and the following non-executive Directors of the Company, Mr. Platonas Lanitis, Mr. Stelios Stylianou, Mr. Hesham Al Quassin, Mr. Fadel Al Ali and Mr. Abdulrazaq Al Jassim, due to their non-executive status and the fact that they did not participate in the Company's Committees whose work was related to the infringement.

The Company itself will not face administrative fines. The relevant Central Bank Decrees, the appointment of a special administrator to the bank in 2013, and given its liquidation under Law 17(I)/2013 mean that any administrative fine imposed on the Company will further burden depositors, bondholders and its shareholders.

Demetra Kalogerou, Chair of the CySEC, said: *"This announcement follows a deep-rooted, thorough investigation by CySEC into management actions taken at Cyprus Popular Bank in the period leading up to the Cyprus banking crisis."*

"The fines conclude a lengthy process of investigation into Cyprus Popular Bank which is linked to its role in the banking crisis. The conclusion of another investigation relating to

the banking crisis, would allow for renewed commitment and resources to the many other regulated industries and entities under CySEC's supervision."

CySEC concluded that:

- An amount of €326,500,000 should have been recognized as a provision for impairment of the book value of MIGO-Loans ("MIGO-Loans" refers to the loans granted by the Company for the participation in the MIG share capital increase), which would result in the profit of €89,228,000 being converted to a loss of €237,272,000 *(for the year ended 31.12.2010)*.
- An amount of €335,100,000 should have been recognized as a provision for impairment of the book value of MIGO-Loans, which would result in the profit of €73,465,000 being converted to a loss of approximately €261,635,000 *(for the period Expired on 31.03.2011)*.
- An amount of €734,000,000 should have been recognized as a provision for impairment of the book value of the Greek loan portfolio, which would have resulted in an increase of the loss of €196,859,000 to a loss of €930,859,000 *(for the period ended 30.6.2011)*.
- An amount of € 996,575,000 should have been recognized as a provision for impairment of loans, which would have resulted in an increase of the loss from €284,137,000 to a loss of approximately € 1,280,712,000 *(for the period ended 30.9.2011)*.

Further details of CySEC's decision is available on its website, in Greek.

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