

HAIRCUT

While a lot of publicity is being given to the exposure of the Greek Government bonds that the Cyprus Banks hold, and further to the announcement on the final haircut of 50 per cent loss, a lot of our clients and associates have asked us to publish information and commentaries on this matter.

- Basically the three main Cyprus banks have an exposure on Greek government bonds of 5 billions as follows:
 1. Marfin Laiki Popular Bank €2.9 billions
 2. Bank of Cyprus €2 billions
 3. Hellenic €110 million

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Marfin Laiki Bank

Marfin Popular Bank Ltd has participated in the capital exercise of the European Banking Authority (“EBA”) in cooperation with the Central Bank of Cyprus, for restoring stability and confidence in the markets. The capital exercise involves 70 European banks and its objective is to create an exceptional capital buffer for banks in order to build up their capital bases and reach a 9% Core Tier 1 ratio by the end of June 2012, through the simulation of extreme and immediate haircuts in sovereign exposures. The capital exercise was implemented according to June 2011 balance sheet data and market prices of sovereign exposures as of 30 September 2011. The estimated additional capital buffer for Marfin Popular Bank is €2,116m. This amount is a preliminary and indicative estimate subject to alterations based on end- September 2011 data and will be revised by Marfin Popular Bank and the Central Bank of Cyprus. The revised amount will present the base for the plans to strengthen the capital base until June 2012.

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BANK OF CYPRUS

Preliminary results of European Banking Authority Capital Exercise for addressing concerns over sovereign exposure.

Bank of Cyprus Public Company Ltd (the Bank) was subject to a Capital Exercise for addressing concerns over sovereign exposure (Capital Exercise) on its portfolio of sovereign bonds conducted by the European Banking Authority (EBA) in cooperation with the Central Bank of Cyprus.

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Hellenic Bank Group

Hellenic Bank Group: Prudent management and proactive measures in order to manage through the challenging economic environment

Hellenic Bank Group, having limited exposure to the Greek Government Bonds, amounting to only €110mln and acting proactively in June 2011, has already recognized impairment of €23mln, which represents 21% of all Greek Government bonds held. Hellenic Bank Group has the capacity to absorb any further impairment arising from the today EU decision.

Hellenic Bank Group closely monitors and carefully evaluates the developments and proactively takes all the necessary Measures

On 30 June 2011 following the recognition of 21% impairment on all Greek Government bonds, the Group's Capital Adequacy Ratio was 14% (June 2010: 14%) while the Tier I Capital Ratio was 11% (June 2010: 10%).

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GIN Blog

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News

GlobalServe Consultants organized a taxation conference which took place on the 25th of October, hours: 8:30am to 14:00pm in Warsaw Marriott Hotel.

The aim of the conference was to invite its members to learn about advantages offered to Polish international firms as well as potential investors who wish to allocate funds in Poland and to take advantage of Cyprus companies. Discussions were provided by specialists in the areas of tax law in Cyprus as well as specialists of tax law, from the practical standpoint from Poland.

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GIN Profile

Globalserve International Network (GIN) is an International Network of independent professionals, business consultants, accountants, lawyers, bankers, wealth asset and finance managers dealing with international tax issues and wealth asset management.

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