

ANSWERS TO QUESTIONS RAISED BY SHAREHOLDER

Laiki Capital Public Co Ltd (the "Company"), on January 27, 2015 in the afternoon, received a letter from a shareholder which cited questions on issues concerning the forthcoming Extraordinary General Meeting of the Shareholders.

We present below the positions and opinions of the Board of Directors:

1. Why the acquisition issue wasn't remitted at a later stage when the conditions of the CSE stock market improve?

The Board of Directors received on November 14, 2014 an acquisition proposal of Laiki Financial Services ("LFS") by Bank of Cyprus Public Company Ltd ("BOC"). As it should, this proposal was examined in the timeframe set and according to the duration of its validity (ie until January 30, 2015).

2. What is the procedure followed in the acquisition proposal for the alienation of the Company's asset?

The Board of Directors, in view of the fact that the specific proposal stemmed from the major shareholder of the Company, had it assessed with objectivity and transparency. Therefore, it assigned to two (2) independent houses, Deloitte Limited and Grant Thornton Limited, the preparation of the assessment report of LFS. The Board of Directors, evaluating the conclusions of these reports, but also pondering the difficult economic environment and the loss-making course of LFS, decided to recommend to the General Meeting of the Shareholders to accept the proposal and proceed with its sale. It is additionally noted that the two (2) Directors of the Company related to the Bank of Cyprus, declared their relationship with it.

3. Has the Board of Directors of Bank of Cyprus and the parties (Company, LFS) secured the approval of the Commission for the Protection of Competition for the upcoming market control arising after the acquisition (estimate for more than 45%)?

The Board of Directors of the Company as well as that of LFS has examined the issue with their lawyers. LFS is already considered - for purposes of the legislation on the protection of competition – that it is controlled by the Bank of Cyprus, through the shareholding held by it in Laiki Capital Public Co Ltd, which amounts to over 65%. Therefore, there is no issue of requiring the approval of the Commission for the Protection of Competition.

4. Why the Boards of Directors of the Company and LFS seem not to have taken note that for the Bank of Cyprus the fair value of LFS is far higher than for someone else since it absorbs only income without the corresponding operating costs (synergies presented since it already has the same activity and infrastructure)?

The Board of Directors, at a meeting held for the assessment of the proposal, decided to appoint the two (2) independent agencies of recognized prestige mentioned above to carry out a fair value evaluation of LFS. At a meeting held later, the Board evaluated the results of the two (2) agencies, which showed that the price offered by Bank of Cyprus exceeds the estimated fair valuation.

In addition, the Board of Directors, in order to take the decision to recommend to all shareholders the acceptance of the proposal of the Bank of Cyprus, took seriously into account the data and factors relating to the operational framework of LFS, as well as the special relationship that emerged from the transfer of operations of Cyprus Popular Bank Public Co Ltd to Bank of Cyprus.

5. Why didn't the major shareholder make an acquisition proposal of the Company's small shareholders since the price is about the same as the proposal for the purchase of LFS trapping the small shareholder in a company with no operations or only owner of some property by changing the investment profile?

The Board of Directors is unable to answer this question.

6. According to simple calculations based on the 9-month results 2014 of the Company, the €3 million offered by Bank of Cyprus are only €760.000 for the investor compensation fund and € 2.2 million existing cash that is deposited in a bank. Put simply, the cash offer is simply an exchange of cash with the bank. Where is the calculation in the value of the existing sales network and the value that the existing portfolios currently making use of the LFS systems can create?

The Board of Directors is of the opinion that the above reasoning cannot form the basis of proper valuation of LFS, as important parameters that would normally be taken into account in any assessment are completely ignored, such as the continuous loss-making course of the company. As a Board we believe that the two (2) independent agencies appointed have examined all of LFS data in detail and according to them have come in their estimates.

7. Has it exhausted all possible solutions both in form and time to maximize the LFS value?

The Company has exhausted all the time limit for acceptance that has been given by the interested buyer. We note that from 14 November 2014 until today, no other potentially interested buyer has contacted the company for the acquisition of LFS.

8. Has the General Meeting taken account all information related to the issue that board members of the Company and the LFS may hold?

The Board of Directors is convinced that all essential information in relation to the sale of LFS is to the knowledge of the Members. The Board of Directors has not found any additional essential information in relation to the sale / use of LFS which should be brought before the General Meeting of the Shareholders. In case of such interest, the shareholders will be informed.

9. Four key assumptions for assessing the value of LFS are

A.) The trading volume on the CSE and ASE in the years 2015-2017 at least B.) The market share in these markets by the Company today C.) The capital under management today

D.) The capital of customers who are in the LFS system for conducting transactions (cash and securities) today

Please explain these assumptions from the agencies appointed.

The independent rating agencies were given by LFS the estimates regarding the course of operations for the years 2015-2017, where the assumptions mentioned above were taken into account, with the great uncertainty that exists today.

Questions by shareholders concerning the assumptions and methodology used by the two (2) independent agencies will be answered during the EGM.