

Dear Customer,

Key European Central Bank interest rates, EURIBOR, and foreign currency lending reference rates

This letter constitutes an update for the change in market interest rates.

Key European Central Bank interest rates

The soaring energy and food prices, demand pressures and supply bottlenecks have driven up inflation to very high levels. To ensure the timely return of inflation to lower levels the Governing Council of the European Central Bank (ECB) decided to raise the three key ECB interest rates as follows:

Key ECB interest rates				
Date (with effect from)	18 Sept 2019	27 July 2022	14 Sept 2022	2 Nov 2022
Marginal Lending Facility	0.25%	0.75%	1.50%	2.25%
Main Refinancing Operations (MRO)	0.0%	0.50%	1.25%	2.00%
Deposit Facility	-0.50%	0%	0.75%	1.50%

According to the ECB, as inflation remains far too high and is likely to stay above the ECB's target for an extended period the Governing Council of the ECB expects to raise interest rates further. Once current drivers of inflation fade over time and the normalisation of ECB's monetary policy works its way through to the economy and price-setting, inflation is expected to come down, in which case the ECB may decide, if deemed appropriate, to lower interest rates.

The key ECB interest rates applicable from time to time are published on the website of the ECB¹ and may increase or decrease from time to time.

The above changes have an impact on the instalment of credit facilities linked to the ECB base rate (Main Refinancing Operations rate/ECB MRO rate) depending on the provisions of the relevant agreement.

Euro Interbank Offered Rate (EURIBOR)

In line with the above, EURIBOR rates for different tenors have also been steadily rising in recent months.

EURIBOR rates are provided by the administrator of EURIBOR which is the European Money Markets Institute (EMMI²) and may increase or decrease from time to time.

Changes in Euribor rates have an impact on the instalment of credit facilities linked to EURIBOR depending on the provisions of the relevant agreement.

Lending reference rates for foreign currency credit facilities

The lending reference rates linked to credit facilities in other main foreign currencies (such as US Dollar (USD), Sterling (GBP), Swiss Franc (CHF), etc.) have also been rising in recent months.

Changes in the aforementioned lending reference rates have an impact on the instalment of credit facilities linked to the lending reference rates for foreign currency credit facilities, depending on the provisions of the relevant agreement.

Yours faithfully,

Bank of Cyprus Public Company Ltd

¹ https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html

² EURIBOR: www.emmi-benchmarks.eu