

Recovery Plan / Schedule of Contributions

Registration number: T.Σ. 3257

Date: July 2019

Recovery Plan

Introduction

This Recovery Plan has been prepared by the Trustees to satisfy the requirements of Article 34 of Law 208(I) 2012, after obtaining the advice of **Philippos Mannaris FCCA, AIA**, the Pension Fund Actuary, and after consultation with the Employer.

It follows the actuarial valuation of the Pension Fund as at **31 December 2018** which revealed a funding shortfall (technical provisions minus value of assets) of **€141.335.370**.

Steps to be taken to ensure the funding objective is met

To eliminate the funding shortfall above, the Trustees and the Employer have agreed that additional contributions (i.e. contributions over and above those needed to cover benefits being earned in the future) will be paid to the Pension Fund by the Employer as follows:

- **An one-off lump sum deficit contribution of €25 million to be paid, subject to the Parliament's approval of the supplementary budget submitted in September/October.**
- **An annual deficit contribution of €19,6 million over a period of 6,25 years for funding the past-service deficit**

Period in which the funding objective should be met

Under this Recovery Plan, if the assumptions made are borne out in practice, the funding shortfall will be eliminated in 6,25 years.

This assumes that future Pension Fund experience will be in line with the assumptions underlying the technical provisions. The assumptions are:

- technical provisions will continue to be calculated according to the method and assumptions set out in the Statement of Funding Principles dated 8 July 2019, with financial conditions unchanged from those at the valuation effective date;
- future Pension Fund experience will be in line with the assumptions underlying the technical provisions, except that the future investment return during the period will be equal to 4,70% per year, on future contributions held in respect of final salary liabilities.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 8 July 2019.

This Recovery Plan was agreed by the Trustees at their meeting on 2 July 2019.

Signed on behalf of the Pension Fund's Trustees

Signed on behalf of the Employer

Rena Rouvitha Panou

Andreas Neocleous

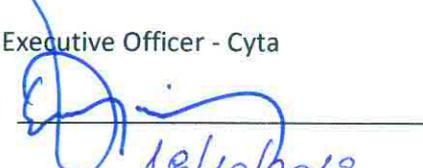
Chairman

Chief Executive Officer - Cyta

Date:


18/10/2019

Date:


18/10/2019

2/5

Schedule of Contributions

Status of this document

This schedule has been prepared by the Trustees of the Pension Fund after obtaining advice of **Philippos Mannaris FCAA**, the actuary to the Pension Fund, appointed by the Trustees.

After discussions between the Trustees and the Employer, this schedule of contributions has been agreed by the Employer, Cyprus Telecommunications Authority.

Contributions to be paid

- An one-off lump sum deficit contribution of €25 million to be paid, subject to the Parliament's approval of the supplementary budget submitted in September/October.
- €19,6 million payable annually over the next 6,25 years for funding the past-service deficit
- 9,0% of pensionable payroll payable annually from 1 January 2019 (€5,8 million for FY2019) for financing the cost of future service accrual

Dates of review of this schedule

This schedule of contributions will be reviewed by the Trustees and the Employer annually.

Signed on behalf of the Pension Fund's Trustees

Signed on behalf of the Employer

Rena Rouvitha Panou

Chairman

Date:

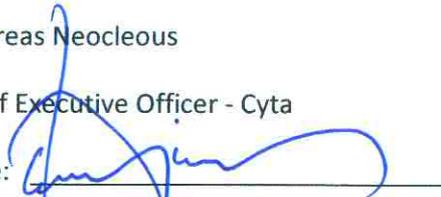


18/10/2019

Andreas Neocleous

Chief Executive Officer - Cyta

Date:



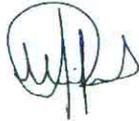
18/10/2019

**Adequacy of rates of
contributions**

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the funding objective can be expected to be met by the end of the period specified in the recovery plan.

The certification of the adequacy of the rates of contributions for the purpose of securing that the funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Pension Fund's liabilities, if the Pension Fund were to be wound up.

Signature:



Date: **8 July 2019**

Name: **Philippos Mannaris**

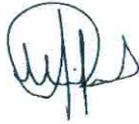
Employer: **Aon**

Certificate of Technical Provisions

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Pension Fund's technical provisions as at 31 December 2018 is made in accordance with the requirements of Law 208(I) 2012. The calculation uses a method and assumptions determined by the Trustees of the Pension Fund.

Signature:



Date: **8 July 2019**

Name: **Philippos Mannaris**

Employer: **Aon**