

ANNOUNCEMENT BY THE MINSITRY OF FINANCE

BANKS TO RE-OPEN

- The Minister of Finance and the Governor of the Central Bank of Cyprus have today announced that banks will re-open for business tomorrow, 28th March.
- Taking into consideration the exceptional circumstances, the financial sector faces, temporary measures will be applied to regulate the flow of capital in Cyprus. They apply to all banks and are necessary, proportionate and non-discriminatory. The introduction of these measures aims to safeguard the stability of the system.
- Under the measures, all payments and transactions which were permitted during the recent bank holiday will continue to be permitted. In addition, each customer will be able to withdraw €300 in cash per day from each bank in which they have an account. Businesses will be able to carry out transactions up to €5.000 per day, per account and pay staff salaries. Payments and or transfers outside the Republic, via debit and or credit and or prepaid cards are permitted up to €5.000 per month, per person in each credit institution.
- These measures are temporary. The Central Bank of Cyprus and the Government of Cyprus will review them each day, with a view to progressive lifting of the measures as soon as circumstances allow.
- In addition, the Governor of the Central Bank has announced that Laiki Bank has been placed into administration. Most of the business, including all insured deposits, has been transferred to the Bank of Cyprus, and the staff will become employees of the Bank of Cyprus. Branches of the bank will open as normal for business tomorrow and customers will be able to access their accounts through their branch and continue to use credit and debit cards.
- The Bank of Cyprus will re-open as normal for business tomorrow. Customers will access their accounts and continue to use credit and debit cards.
- To restore the Bank of Cyprus to robustness, the bank has been recapitalised to 9% based on the adverse scenario by PIMCO. Insured deposits have been fully protected. Uninsured deposits will be partly converted into shares in the Bank of

Cyprus, and partly retained as cash. It is noted that the bank will be fully owned by its big depositors. Thus, the bank will be held in private hands.

- With these measures, the banking sector has been restored to viability, with the biggest part of banking operations of Laiki Bank being merged with the Bank of Cyprus, and the Bank of Cyprus will be recapitalised immediately creating a powerful credit institution worth to regain the trust of the Cypriot depositor and businessman. The credit institutions will re-open with the certainty of the support granted by our European partners and the IMF, to serve the needs of customers and the Cypriot economy.