

CBC ANNOUNCEMENT

Tuesday, 26 March 2013

On the occasion of today's media reports about the resolution of Laiki Bank and its absorption by the Bank of Cyprus, and in order to avoid any misunderstanding and misconception, the CBC states the following with regard to the Eurogroup's decisions on 25 March 2013 and their implementation:

1. The resolution of Laiki Bank involves its separation into a "good" and a "bad" bank, with full protection of insured depositors (up to €100.000 per depositor). This arrangement also covers joint accounts.
2. The "good" Laiki Bank will be absorbed by the Bank of Cyprus, in the framework of the resolution and restructuring of the two banks.
3. The Governing Council of the ECB has committed to provide immediate liquidity to the Bank of Cyprus, in accordance with the Rules of the Eurosystem, so that the liquidity of the Bank of Cyprus is not affected by the transfer of the amount of the Emergency Liquidity Assistance (ELA) of Laiki Bank.
4. The Bank of Cyprus will be recapitalised so that account holders with deposits up to €100.000 will be fully protected, in line with the relevant EU legislation.
5. The appointment of a temporary Special Administrator in both banks aims to facilitate and complete the process of resolution and restructuring of Laiki Bank and the Bank of Cyprus. Regarding the Bank of Cyprus, the mission of the Special Administrator is primarily for the process of its recapitalisation. In other words, the resolution process is not synonymous with the liquidation process.
6. The resolution process applies only to the two banks. The rest of the Cypriot banking system is not affected by the resolution process nor by the decisions of the Eurogroup.