

Joint CBC/MOF Press Release

Significant progress at Bank of Cyprus with the completion of the recapitalisation and the exit from resolution

The Ministry of Finance and the Central Bank of Cyprus announce that the Bank of Cyprus (BoC) has been fully recapitalised today by the overall conversion of 47,5% of uninsured deposits into shares in the bank, thus putting an end to a period of uncertainty. This is the final stage of the bank's resolution process and there will be no further measures under the Resolution Law.

The recapitalisation ensures that the BoC well exceeds its minimum capital adequacy ratio. Based on the latest financial information, BoC's Common Equity Tier 1 ratio is estimated to stand at around 12%.

The Central Bank of Cyprus, in its capacity as the Resolution Authority, will notify the BoC today that it is no longer in resolution as of today's date and that the duties of the Board of Directors are henceforth exercised by the transitional Board of Directors until the bank holds its Annual General Meeting.

Following the recapitalisation, 12% of deposits that were previously blocked will be released (5% in total).

The balance will be split evenly into three separate time deposits of six, nine and twelve months, respectively. BoC will have the option to renew the time deposits once for the same time duration. These deposits will receive a rate of interest which will be higher than the corresponding market rates offered by the BoC.

The share structure of BoC will be amended so that all shareholders hold ordinary shares. The new structure will be compliant with the European Capital Requirements Regulation.

Legacy Laiki depositors will be compensated through shares in BoC, amounting to around 18% of share capital in the combined group.

The recapitalisation of BoC and its exit from resolution are key milestones in the rejuvenation of BoC's financial standing which will underpin its resilience and ability to support the Cyprus economy and thus assist in stabilizing the financial sector in Cyprus.

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