

MINISTRY OF FINANCE

PRESS RELEASE

Cypriot Banking System

The banking system in Cyprus is at a critical turning point and facing the challenge of covering of the capital deficit created by the possession of Greek Government Bonds.

The Government is addressing the issue with the due attention and has prepared a comprehensive plan to effectively tackle the challenges in the banking sector.

The policy of the Government, which is in a continuous consultation with the Central Bank of Cyprus, is based on three pillars:

(a) to monitor and support the initiatives and efforts of banks to raise private funds, and

(b) stands ready, as has repeatedly been stated, to intervene, if necessary.

(c) Any state intervention will be undertaken with a view to enhance financial stability and confidence and also to minimize the overall cost to the economy.