

PRESS RELEASE MINISTRY OF FINANCE

ROADMAP FOR THE GRADUAL RELAXATION OF THE RESTRICTIVE MEASURES

The Ministry of Finance announces that the strategy for the gradual and prudent relaxation of the restrictive measures has been agreed based on a roadmap. The restrictive measures were enforced on grounds of public interest and to ensure the stability of the financial system and to safeguard public order. The Cypriot authorities are committed in removing the restrictive measures and ensuring free movement of capital, as soon as conditions allow. In this regard, the above mentioned strategy has been agreed during the recent Troika visit, between the Ministry of Finance and the Central Bank of Cyprus and the Troika and is based on the following key principles:

- i. The restrictive measures shall remain in place only for as long as it is strictly necessary.
- ii. The restrictive measures will be gradually removed through careful and prudent steps, so as to safeguard financial stability.

The relaxations will take place in two main phases:

- i. firstly, the restrictive measures on transactions within the Republic will be abolished, and
- ii. subsequently the restrictive measures on transactions for the cross border movement of capital will be abolished.

The attached roadmap links the relaxation steps to specific key milestones related to the recapitalisation and restructuring of the Cypriot banking sector, as these are instrumental in rebuilding depositors' confidence in the Cypriot banking system and help economic recovery. The restrictive measures linked to the particular relaxation stage will be removed in a step by step process, having regard to the prevailing level of confidence in the banking system and to financial stability related indicators, including the liquidity situation of credit institutions. At the same time, the removal of the restrictive measures could also be accelerated if conditions allow. However, for as long as the restrictive measures are in place, all necessary actions will be taken to ensure that these are abided with.

8th August 2013