

The Cyprus Deposit Protection and Resolution of Credit and Other Institutions Scheme

The Deposit Protection and Resolution of Credit and Other Institutions Scheme (DP&RCOIS) has been in operation in Cyprus since March 2013, in accordance with section 34 of the Business of Credit Institutions Laws of 1997 to 2013, the Laws on the Establishment and Operation of Deposit Protection and Resolution of Credit and Other Institutions Scheme of 2013 and the Establishment and Operation of the Deposit Protection and Resolution of Credit and Other Institutions Scheme Regulations of 2013. Under these Laws, a Management Committee composed of representatives from the Central Bank of Cyprus and the Ministry of Finance has been established, which is responsible for the management and administration of the three funds that constitute the Scheme, i.e. the Deposit Protection Fund (DPF) for banks, the Deposit Protection Fund for Cooperative Credit Institutions (DPF for CCI) and the Resolution of Credit and Other Institutions Fund.

The purpose of the DP&RCOIS is on the one hand the payment through the DPF for banks or DPF for CCI, as the case may be, in order to compensate the depositors of covered institutions which pay contributions to the respective deposit protection funds, in the event that a covered institution is unable to repay its deposits; on the other hand, it is the funding of the implementation of resolution measures.

The DP&RCOIS covers all types of deposits (demand, savings or time deposits), belonging to physical or legal persons, denominated in all currencies. Participation in the DP&RCOIS is compulsory for all banks and credit institutions, including CCI, ("covered institutions") which are licensed by the Central Bank of Cyprus to operate in Cyprus and accept deposits from the public. Members of the DP&RCOIS are, therefore, all credit institutions incorporated in Cyprus, including their branches operating in other member states of the European Union as well as all branches of foreign banks incorporated in countries other than European Union member states. The branches of banks and credit institutions incorporated in other European Union member states that operate in Cyprus, are covered by corresponding deposit protection funds in their country of incorporation. The Management Committee may, at its discretion, exempt from the DP&RCOIS a branch of a foreign bank or licensed credit institution incorporated in a country other than a European Union member state, provided that it is adequately covered by a corresponding deposit protection scheme in the country in which it was established or in the country in which it operates, respectively.

In accordance with the above, *Open joint stock company AVTOVAZBANK, Cyprus Branch* participates in the Cyprus DP&RCOIS.

What should a credit institution's depositor be aware of?

1. The DP&RCOIS is activated if it is determined that a particular credit institution is unable to repay its deposits. Such a determination is effected either by the Central Bank of Cyprus or through an order issued by a Court of the Republic or by the judicial authority of the country where the member is established, for special liquidation of the covered or affected institution.
2. The maximum amount of compensation, per depositor per covered institution, under the DP&RCOIS is €100.000 (one hundred thousand euro). In the case of deposits denominated in a currency other than the euro, the conversion rate of the relevant currency against the euro as

specified by the European Central Bank at the close of business of the date on which the deposits were rendered unavailable, will be used for the purpose of calculating the amount of compensation.

3. For the purposes of calculating the compensation payable to each depositor, the amounts of each depositor's existing deposits will be set off against any loans or other credit facilities granted by the covered institution to the depositor, as well as any other counterclaim of the bank in respect of which a right to set off exists.
4. In case two or more persons are jointly entitled to a deposit, for the purposes of compensation, each of them shall be treated as having a separate deposit of an amount calculated by dividing the credit amount in the account to which they are jointly entitled by the number of persons so entitled, unless special contractual terms, determining the particular amount belonging to each of the beneficiaries of the joint account, exist between the joint depositors and the covered institution concerned.
5. The payment of compensation by the DPF for banks or the DPF for CCI, as the case may be, will be effected within twenty working days from the date the deposits were rendered unavailable. In exceptional cases, the Management Committee of the DP&RCOIS may approve an extension of the repayment period, which may not exceed ten working days.
6. The following categories of deposits are **exempted** from the payment of compensation:
 - (a) deposits by banks or deposits by cooperative credit institutions held for own account;
 - (b) deposits by credit institutions established in other countries which are licensed to carry on banking business under the relevant legislation of a country other than the Republic of Cyprus;
 - (c) deposits by persons against which criminal proceedings have been instigated or for which a confiscation order has been made, under the Prevention and Suppression of Money Laundering Activities Law or of a corresponding law of another country;
 - (d) deposits by government departments, semi-government organisations and local authorities;
 - (e) deposits by financial institutions, as these are defined in the Business of Credit Institutions Law, as this is amended or replaced;
 - (f) deposits by insurance companies either in their own name or in the name of trustees;
 - (g) deposits by collective investment companies;
 - (h) deposits belonging to persons who, in the opinion of the Management Committee, are responsible for the covered institution's bankruptcy or have profited out of circumstances which led to its bankruptcy or any other similar situation, so that the credit institution is unable to repay its deposits.
7. In case of **activation of the DP&RCOIS**, an announcement is made in the Official Gazette of the Republic of Cyprus and in the local press stating the inability of the covered institution to repay its depositors. In the announcement, the manner in which claims should be submitted and the necessary documentary evidence that must accompany each claim should also be included.
8. For any further information you may contact our office at (see overleaf)



INFORMATIVE LEAFLET
ON THE PROTECTION AFFORDED TO THE COVERED INSTITUTION'S
DEPOSITORS BY THE CYPRUS DEPOSIT PROTECTION AND RESOLUTION OF
CREDIT AND OTHER INSTITUTIONS SCHEME

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