

Cyprus Bank Pass Stress Test

Cyprus' three main banks, Bank of Cyprus (BoC), Marfin Laiki and Hellenic Bank passed the EU-wide bank stress tests coordinated by the European Banking Authority (EBA) in collaboration with the European Central Bank (ECB). The test results were published in mid July.

Reuters reported that eight European banks failed a test of their ability to withstand a prolonged recession which did not build in the impact of a Greek default, the EBA said.

The watchdog's "stress test", which made 90 lenders reveal for the first time their profit forecasts, a breakdown of their sovereign bond holdings and funding costs, showed the failed banks would need €2.5 billion in fresh capital, way below what most analysts had expected.

Five banks in Spain, two in Greece and one in Austria flunked the test. Expectations were for five to 15 banks to fall short and need to raise €10 billion or more in capital.

In Nicosia the Finance Ministry issued a statement saying: "The measures which the banks are taking or planning to take will further increase solvency."

The statement also referred to a "removed possibility" of having to support the banks, stating the government was ready to "immediately take any necessary measures to maintain financial stability."

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