

Cyprus successfully exits ESM programme

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Press releases

ESM

Luxembourg – Cyprus successfully concludes its three-year ESM financial assistance programme today. The ESM disbursed €6.3 billion, in addition to around €1 billion in loans from the IMF, out of a loan package of up to €10 billion. The Cypriot authorities did not need the remaining €2.7 billion.

ESM Managing Director Klaus Regling said: “I congratulate the government and people of Cyprus for their achievements over the last three years. The country has managed to restore economic growth and repair public finances much faster than expected. Cyprus’s financial sector – which was the main source of the crisis – was restructured, recapitalised and downsized, and the legal and supervisory framework was modernised. The country regained the trust of investors and returned to the bond market, where it continues to finance its debt at sustainable rates. The end of the programme is not the end of the reform agenda in Cyprus. More efforts are needed to reduce the non-performing loan ratio, continue labour market reforms, and maintain fiscal discipline.”

Euro area Member States agreed the financial assistance package in April 2013. The ESM disbursed nine loan tranches from May 2013 to October 2015. The loans will be repaid from 2025 to 2031, with a weighted average maturity of nearly 15 years.

“Cyprus is the fourth country, following Ireland, Spain, and Portugal to exit an EFSF or an ESM programme, without requesting further financial assistance,” Mr Regling added. “ESM loans gave Cyprus the time needed to carry out extensive reforms and regain a sound economic footing. Cyprus is the euro area’s latest success story, which confirms again that the principle of providing loans on favourable terms in exchange for reforms works well.”

The ESM will continue to cooperate with the Cypriot authorities under the ESM's Early Warning System, designed to ensure that beneficiary countries are able to honour their debts in a timely manner. For that purpose, the ESM will receive regular reporting from Cyprus and will join the European Commission twice a year for its post-programme surveillance missions.

An information package on Cyprus's exit from ESM assistance is available [here](#).

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