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ESM disburses the first tranche of financial assistance to Cyprus

Luxembourg – The Board of Directors of the European Stability Mechanism (ESM) approved the Financial Assistance Facility Agreement and the disbursement of the first tranche of financial assistance to the Republic of Cyprus. The first tranche is transferred in two separate disbursements: the first – of €2 billion has been transferred today, and the second – of up to €1 billion to be transferred before 30 June 2013. Both disbursements will be made in cash, and will be used for the general financing needs of the public sector (roll-over of maturing debt) and fiscal needs.

“The loans granted by the ESM help to maintain financial stability in the euro area and buy time for Cyprus”, Klaus Regling, Managing Director of the ESM said. “This time enables Cyprus to undertake the reforms necessary to rebuild its economy on a sustainable basis.”

In accordance with the decisions taken by the Eurogroup on 25 March 2013, Cyprus will receive assistance of up to €10 billion during the next three years. The ESM is expected to provide up to €9 billion and the International Monetary Fund is to contribute around €1 billion, subject to approval by its Executive Board.

There is an online information package on the Cyprus programme at www.esm.europa.eu.

About ESM

The European Stability Mechanism (ESM) is an inter-governmental institution which was inaugurated on 8 October 2012. Its mandate is to preserve financial stability of Europe's Economic and Monetary Union by providing financial assistance to euro area Member States in difficulty. In order to fulfil its mission, the ESM is authorised to issue bonds or other debt instruments on the market to raise funds needed to provide loans to countries in financial difficulties, intervene in the debt primary and secondary markets, act on the basis of a precautionary programme and finance recapitalisations of financial institutions through loans to governments including in non-programme countries. All financial assistance to Member States is linked to appropriate conditionality.

The shareholders of the ESM are the 17 euro area Member States. It has a total subscribed capital of €700 billion which comprises €80 billion in paid-in capital and €620 billion in committed callable capital. The ESM's effective lending capacity is €500 billion.

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Further information is also available on the ESM website www.esm.europa.eu