

Eurogroup Statement on Cyprus

The Eurogroup welcomes the staff-level agreement that has been reached between Cyprus and the Troika institutions on the policy conditionality underlying the macroeconomic adjustment programme. The agreement is fully in line with the parameters and key objectives set by the Eurogroup on 25 March.

The Eurogroup notes with satisfaction that the Cypriot authorities have implemented decisive bank resolution, restructuring and recapitalisation measures to address the fragile and unique situation of Cyprus' financial sector. The Eurogroup commends the authorities for their demonstrated resolve in implementing these important measures in a tight timeframe and reiterates its appreciation for the efforts made by the Cypriot citizens over the last weeks.

The Eurogroup is confident that determined action in line with the reform measures spelled out in the MoU will allow the Cypriot economy to return to a sustainable path based on sound public finances, balanced growth and financial stability.

The Eurogroup welcomes the progress with the AML audit by Moneyval and an independent auditor, together with the commitment in the MoU to further enhance AML measures following the audit report recommendations.

The Eurogroup considers that the necessary elements are now in place to launch the relevant national procedures required for the formal approval of the ESM financial assistance facility agreement for an amount of up to EUR 10 bn, subject to IMF's contribution. The Eurogroup takes note that the IMF's Board is expected to consider in early May Cyprus' request for a 3-year Extended Fund Facility of an amount of about EUR 1 bn. The ESM amount would then consequently be up to EUR 9 bn. The Eurogroup looks forward to the finalisation of the negotiations between the Cypriot and Russian authorities on the restructuring of the loan granted to Cyprus by the Russian Federation.

The Eurogroup expects that the ESM Board of Governors will be in a position to formally approve the proposal for a financial assistance facility agreement by 24 April 2013, subject to completion of national procedures. The first ESM disbursement is subsequently scheduled to take place by mid-May, by when the AML audit is expected to have been concluded.