

Statement by the European Commission and the IMF on Cyprus

We welcome today's announcement by the Cypriot authorities to launch a voluntary debt exchange of Cypriot sovereign bonds with a total nominal value of €1,0 billion and maturing within the economic adjustment programme period (2013-Q1 2016), for new bonds with the same coupon rates and 5–10 year maturities.

The objective of this liability management operation is to facilitate cash-flow management for the government and to ensure adequate funding at terms that support long-term public debt sustainability, an essential step towards Cyprus's economic recovery. The transaction is fully in line with the country's previously announced commitment to roll over €1 billion of government debt held by domestic investors at existing coupon rates and extended maturities. Once this transaction is completed, the refinancing commitment undertaken by the Cypriot authorities in support of the adjustment programme would be fulfilled.

We reiterate our commitment to stand by Cyprus in partnership and to support its return to growth and prosperity.