

ESM and EFSF waive Greece's repayment obligation, enabling early repayment of GLF loans

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The Boards of Directors of the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) agreed today to waive the mandatory repayment obligation of ESM/EFSF loans in connection with an early repayment to Greek Loan Facility (GLF) lenders.

Under the ESM and EFSF loan agreements with Greece, upon early repayment to other creditors, a proportional amount of the financial assistance provided under ESM and EFSF facilities becomes immediately due and payable. Thanks to the waivers granted today by the ESM and EFSF, Greece will not be required to make an early repayment to either institution.

“Greece continues to make significant strides in its economic development. It is one of the fastest growing economies in the EU and has returned to investment grade. The planned early repayment of GLF loans is another positive signal for financial markets and demonstrates Greece's improving fiscal position. The repayment will generate some savings for the Greek budget and will also enhance its liquidity management. These are notable developments for the ESM and EFSF, who hold around 54% of Greece’s public debt. Our interests are aligned, and we will continue to support the Greek authorities in their efforts to enhance long-term growth and debt sustainability,” said ESM Managing Director and EFSF CEO Pierre Gramegna.

The waivers were granted in response to a formal request from the Greek government, proposing an early repayment of principal payments originally due in 2026-2028 to GLF lenders in an amount of €7.935 billion. The Greek Loan Facility was part of the first financial support programme for Greece, agreed in May 2010. It consisted of bilateral loans from 14 euro area countries, amounting to €52.9 billion, of which €39.5 billion remains outstanding.

Greece completed the repayment of its IMF loans two years ahead of schedule in 2022 and made a first early repayment of GLF loans in 2023.

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