

# ESM and EFSF approve merger of HFSF with HCAP

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The Boards of Directors of the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) gave their consent today to the merger of the Hellenic Financial Stability Fund (HFSF) with the Hellenic Corporation of Assets and Participations (HCAP).

This follows the request of the Greek government of 5 November 2024, seeking approval for the merger by the ESM and EFSF, as the prior consent of both institutions is required for any transfer or assignment of HFSF's rights or obligations under the relevant loan agreements.

The Greek government's merger plan also includes the merger of Hellenic Republic Asset Development Fund (HRADF) with HCAP, which does not require consent by the

ESM or EFSF.

Before the merger becomes effective under Greek law, the ESM, EFSF and HCAP will sign an implementation agreement. It will clarify the operational aspect of the transfer of HFSF rights and obligations under the loan agreements to HCAP and preserve the creditor status of ESM and EFSF so that it is unaffected by the resulting succession.

“The planned merger of HFSF with HCAP will strengthen HCAP’s operational capacity, optimise its resources, and allow it to manage state assets more efficiently. Consequently, the consolidation will be beneficial for Greece’s economy and thus aligns with the ESM’s and EFSF’s strategy to support Greece's efforts in enhancing long-term economic growth,” said ESM Managing Director and EFSF CEO Pierre Gramegna.

HFSF is a fund established in July 2010 to maintain the stability of the Greek banking sector. It has recapitalised several systemic Greek banks, using loans provided to the Greek government by the EFSF and ESM. It subsequently developed a strategy for the sale of its stakes in these banks. Following this year’s partial divestment and monetisation in National Bank of Greece, the HFSF has now effectively completed its main purpose and role.

HCAP is a Greek state-owned holding company, which was established in 2016 and operates in an independent manner for the public interest. It manages Greek state assets, enhancing their value and contributing to the country’s economic development and debt reduction.

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