

# EFSF approves waiver of Portugal's mandatory repayment of EFSF loans

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Press releases

EFSF

The Board of Directors of the European Financial Stability Facility (EFSF) today decided to waive the mandatory repayment obligation of EFSF loans, allowing Portugal to proceed with the early repayment of its International Monetary Fund (IMF) loan.

The EFSF loan agreements signed with Portugal specify that, upon early repayment to the IMF, a proportional amount of the financial assistance provided under EFSF facilities becomes immediately due and payable. The EFSF may however decide to waive that obligation, thus allowing for payments to be made in accordance with the current repayment schedule.

"The early repayment of the IMF will generate a financial benefit for Portugal by replacing its IMF debt with capital markets borrowings at lower costs," Klaus Regling, CEO of the EFSF said. "These savings along with the strong economic performance have been regarded as a positive signal to markets and are an opportunity to further extend and smoothen the repayment profile."

As part of this effort, Portugal has also committed to early repaying the EFSF up to 2 billion euros in the period between 2020 and 2023, after the full repayment of the IMF loans. This commitment, however, is subject to market conditions and the impact on debt sustainability as assessed at that moment in time.

The official creditors made 78 billion euros available to Portugal over a period of three years. The EFSF, the EU and the IMF each provided a third of the total amount. While IMF's debt maturities are concentrated between 2021 and 2023, the redemption profile for the EFSF and the EU loans extends until 2042. Portugal ended its programme in 2014.

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