

# EFSF approves waiver that allows Portugal's early repayment of EFSM loans

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The Board of Directors of the European Financial Stability Facility (EFSF) today decided to waive Portugal's mandatory proportional repayment obligation of EFSF loans to facilitate an early repayment of its loan provided by the EU under the European Financial Stabilisation Mechanism (EFSM).

The EFSF loan agreements signed with Portugal specify that, upon early repayment of the EFSM loan, 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.

"Portugal's request to make an early repayment of its EFSM loan highlights the country's strong economic and fiscal performance in recent years. The repayment will smooth Portugal's debt maturity profile and send a positive signal to financial markets. These encouraging developments allow the EFSF to extend its support through this waiver," said Pierre Gramegna, CEO of the EFSF.

The waiver was granted in response to a formal request from the Portuguese government, which intends to repay €2.5 billion of its EFSM loan ahead of schedule by the end of 2025.

The financial assistance package provided to Portugal by the EFSF, the EFSM, and the International Monetary Fund (IMF) in 2011-2014 amounted to €78 billion. Each official creditor provided a third of the total amount. Portugal completed the early repayment of its IMF loans in December 2018. In September 2019, Portugal also made an early repayment of €2 billion to the EFSF.

The EFSM is a mechanism created by the European Commission in 2010 to provide financial assistance to EU countries experiencing or threatened by severe financial difficulties. The EFSM was used to provide financial assistance to Ireland and Portugal between 2011 and 2014, and to provide a short-term bridge loan to Greece in July 2015. Today, euro area countries in need of financial assistance are expected to turn to the ESM.

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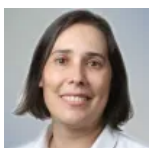


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