

# ESM Board of Directors approves first loan tranche of €26 bn for Greece

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Press releases

ESM

Luxembourg – The European Stability Mechanism (ESM) approved the first tranche of financial assistance for Greece of €26 billion. This decision follows the ESM Board of Directors' approval of the Financial Assistance Facility Agreement (FFA), specifying the terms of financial assistance for Greece. The Board also decided to immediately disburse €13 billion to Greece. Today's disbursement is the first part of a sub-tranche of €16 billion, to be used for budget financing and debt servicing needs. The remaining €3 billion of this sub-tranche will be disbursed at the latest by the end of November, once Greece has completed additional prior actions.

The second sub-tranche of €10 billion, provided in ESM floating rate notes, is destined for potential bank recapitalisation or resolution. The ESM will hold the notes in a segregated account. They can be disbursed provided, among other things, that Greece makes such a request and that the competent recapitalisation/resolution authority confirms the amount. The ESM Board of Directors must also give final approval.

ESM Managing Director Klaus Regling said: "Today's ESM disbursement will allow Greece to meet its urgent financial obligations to the International Monetary Fund and the European Central Bank, and other budgetary needs. The second sub-tranche of €10 billion will contribute to stabilising the banking sector, whose situation deteriorated sharply after the imposition of capital controls in June. I am relieved that after intense negotiations with the Greek government and approval by our Members, all conditions are now in place to make this disbursement in time."

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