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ESM receives €2 billion loan repayment from Greece

Luxembourg – The European Stability Mechanism on Monday received a loan repayment of €2 billion from the Greek government. The repayment was a contractual obligation with the ESM and follows the sale of an asset by one of the banks that took part in the 2015 banking recapitalisation, financed with ESM loans.

“The prompt payment shows Greece is a reliable contract partner. It is a sign that the restructuring of the Greek banking sector is progressing well. We will continue to work together with Greece during the remainder of the programme,” said Klaus Regling, ESM Managing Director.

As part of the third assistance programme for Greece, the ESM disbursed €5.4 billion to recapitalise Greek banks in 2015. Greece used the funds to recapitalise National Bank of Greece (NBG) and Piraeus Bank. This money was taken out of the €25 billion available to recapitalise the Greek banks as part of the third assistance programme.

One condition of the approval for recapitalising NBG was the sale of its subsidiary Finansbank, and to use the proceeds to repay part of the recapitalisation. Once NBG had done so, the ESM was entitled to request repayment of those proceeds from Greece, resulting in the early repayment of part of the ESM loans.

The repayment does not impact the ongoing implementation of the short-term debt measures for Greece.

About the ESM

The European Stability Mechanism (ESM) has the mandate to preserve financial stability in the euro area by providing financial assistance to Member States with severe financing problems. It is a permanent inter-governmental institution, inaugurated on 8 October 2012. ESM assistance may include loans, precautionary credit lines, the purchase of bonds of ESM Members in primary and secondary markets, and the recapitalisation of financial institutions directly and through loans to governments. All financial assistance to Member States is linked to appropriate conditionality. The ESM finances its assistance by issuing bonds and other debt instruments. The shareholders of the ESM are the 19 euro area Member States. It has a total subscribed capital of approximately €700 billion, which comprises €80 billion in paid-in capital and €620 billion in committed callable capital. The ESM’s maximum lending capacity is €500 billion.

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