



An Roinn Airgeadais
Department of Finance

Twenty-second Report under Section 4 of the Euro Area Loan Facility Act 2010 (No. 7 of 2010)

Reporting period: 1 January 2023
to 30 June 2023

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1 Introduction

In accordance with Section 4 of the Euro Area Loan Facility Act 2010, as amended by Section 6 of the European Financial Stability Facility Act 2010, the Minister for Finance is obliged to lay before Dáil Éireann a report containing the information set out at Section 2.1.

1.1 Background

The purpose of the Euro Area Loan Facility Act 2010 is to give effect to the Loan Facility Agreement (LFA), agreed by and between certain Euro Area Member States of the European Union and Greece in May 2010, in order to support the financial stability of the euro area as a whole.

The Act enabled Ireland to participate in the Pooled Bilateral Loans to Greece, and entrusted the European Commission to represent the lenders and manage the loans on their behalf. Participating Member States authorised a Euro Area Loan Facility totalling approximately €77.3 billion. This Facility was provided under the first Greek programme, in conjunction with addition IMF support.

Two agreements, the Intercreditor Agreement and the Loan Facility Agreement, are included in the Schedules to the Act. A Memorandum of Understanding was also laid before Dáil Éireann.

The Intercreditor Agreement, under which the Commission manages the Pooled Bilateral Loans for the benefit of Greece, is an agreement between the lenders (the participating Euro Area Member States, aside from Greece) in relation to the implementation of the loan facility.

The Loan Facility Agreement, agreed by and between certain euro area Member States and Greece, outlines the terms of the loan and the conditions precedent for drawing down the loan over three years. This document was signed by the European Commission on behalf of the Lenders, and by Greece.

In late 2010, Ireland stepped out of the Greek Loan Facility upon entering into the EU/IMF Programme for External Assistance, and did not participate in further financial support to Greece. In total, Ireland contributed €347,439,121.03 of the €1,310,046,500.93 original commitment.

As Ireland is an original signatory to the Greek Loan Facility, its consent is still required to implement any amendment to the Greek Loan Facility.

Three amendments to the Loan Facility Agreement have taken place and were adopted by Ireland by means of primary legislation in the:

- European Financial Stability Facility and Euro Area Loan Facility (Amendment) Act 2011;
- Euro Area Loan Facility (Amendment) Act 2012; and
- Euro Area Loan Facility (Amendment) Act 2013.

Under the third amendment to the Euro Area Loan Facility, which reduced the interest rate payable by Greece to non-Programme countries with effect from 15 December 2012, Greece did not make any quarterly interest payments in September and December 2013 in order to recover the excess interest it had paid in the first two quarters of 2013. The amounts owed to Programme countries, including Ireland, in respect of the third and fourth quarters of 2013 were subsequently paid in the first two quarters of 2014. As Ireland exited our programme in December 2013, the rate paid to Ireland has now fallen in line with the third amendment.

The GLF was disbursed to Greece in six tranches, and therefore Greece actually has six corresponding loans in the Greek Loan Facility Agreement. Each of the loans is repaid over a number of years, with capital repayments scheduled on a quarterly basis for each of these six Loans. Each of these scheduled capital repayments represents partial prepayments of each of these six Loans.

The first capital repayment to Ireland, amounting to €2,998,730.51 took place on 15 June 2020. Thereafter, capital repayments of €4,342,989.01 each are scheduled to be take place at three-monthly intervals. The final capital repayment to Ireland is formally scheduled to take place on 15 June 2040, to the amount of € 1,344,258.73.

The Euro Area Loan Facility Agreement also provides that, with the approval of the lenders and subject to certain conditions, the Hellenic Republic may make early repayments of the whole or part of the Loan Facility. On 15 December 2022, with the approval of the lenders, Greece made a partial prepayment of the loans under this Facility, corresponding to the four principal payments due in 2023, with a view to having a positive impact on Greece's public finances. This prepayment was in addition to the scheduled quarterly principal payment in Q4 2022.

Interest, calculated at 3M-Euribor plus a margin of 0.5 percent, is payable on a quarterly basis and repayments of the principal commenced in 2020. The payments of principal and interest are credited to the Exchequer and form part of the Central Fund.

1.2 Legislation

Section 4 of the Euro Area Loan Facility Act 2010, as amended by Section 6 of the European Financial Stability Facility Act 2010 reads as follows:

“4. – (1) In respect of each reporting period the Minister shall, as soon as is practicable after the end of the period, cause a report to be laid before Dáil Éireann that includes the following information:

- (a) the aggregate amount of monies advanced by the State under Section 2 during the reporting period,*
- (b) the aggregate amount of monies received by the State under Section 3 during the reporting period,*
- (c) the aggregate amount of monies advanced by the State under Section 2 up to the end of the reporting period,*
- (d) the aggregate amount of monies received by the State under Section 3 up to the end of the reporting period, and*
- (e) the aggregate amount of monies outstanding and owed to the State under the loan facility at the end of the reporting period.*

(2) In subsection (1) “reporting period” means –

- (a) each of the following periods –*
 - (i) the period from 20 May 2010 to 31 December 2010,*
 - (ii) the period in any year after 2010 from 1 January to 30 June,*
 - (iii) the period in any year after 2010 from 1 July to 31 December,*

or

- (b) within each period to which paragraph (a) relates, such shorter periods as the Minister may from time to time consider appropriate in the circumstances.”*

Section 2

Report covering the period 1 January 2023 to 30 June 2023

This chapter provides the report as required in accordance with Section 4 of the Euro Area Loan Facility Act 2010, as amended by Section 6 of the European Financial Stability Facility Act.

This report is the twenty – second report under this legislation and covers the reporting period 1 January 2023 to 30 June 2023. Each previous report has been laid before Dáil Éireann.

Reporting Period: 1 January 2023 to 30 June 2023

<i>a. the aggregate amount of monies advanced by the State under Section 2 during this reporting period is:</i>	<i>a. zero</i>
<i>b. the aggregate amount of monies received by the State under Section 3 during this reporting period is:</i>	<i>b. €4,311,179.81¹</i>
<i>c. the aggregate amount of monies advanced by the State under Section 2 up to the end of this reporting period is:</i>	<i>c. €347,439,121.03²</i>
<i>d. the aggregate amount of monies received by the State under Section 3 up to the end of this reporting period is:</i>	<i>d. €106,421,799.62</i>
<i>e. the aggregate amount of monies outstanding and owed to the State under the loan facility at the end of this reporting period is:</i>	<i>e. €283,638,544.38³</i>

¹ Representing capital and interest repayments made during this reporting period. No capital repayments were received during this reporting period as the capital amounts scheduled for payment quarterly in 2023 (four equal tranches of €4.343 million each) were prepaid with the agreement of the lenders on 15 December 2022. Two quarterly interest repayments totalling €4,311,179.81 were made during this reporting period; one payment for Q1 2023 on 15 March 2023 of €1,805,359.33 and a second for Q2 2023 on 15 June 2023 of €2,505,820.48.

² Representing the full amount repayable; the net amount paid out of the Exchequer was €345,701,925.42 as a 50 basis point service fee was applied to the full loan amount and deducted upfront on disbursement of the loan.

³ Representing the net amount paid out of the Exchequer (€345,701,925.42) less the aggregate of capital repayments received as of 30 June 2023



An Roinn Airgeadais
Department of Finance

Tithe an Rialtas. Sráid Mhuirfean Uacht,
Baile Átha Cliath 2, D02 R583, Éire
Government Buildings, Upper Merrion Street,
Dublin 2, D02 R583, Ireland

T:+353 1 676 7571
@IRLDeptFinance
www.gov.ie/finance