

EFSF approves reduction of step-up interest margin for Greece

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The Board of Directors of the European Financial Stability Facility (EFSF) decided today to reduce to zero the step-up margin due from Greece for the period between 17 June 2019 and 31 December 2019, as part of the [medium-term debt relief measures](#) agreed for the country. The value of the reduction amounts to €122.15 million.

Additionally, as part of the debt relief measures, on 20 December 2019 the European Stability Mechanism (ESM), acting as an agent for the euro area member states and after their approval, had made a transfer to Greece amounting to €644.42 million, equivalent to the income earned on SMP/ANFA holdings.

“After the end of the ESM programme in August 2018, Greece committed to continuing the implementation of key reforms. The reduction of the step-up interest margin, as well as the release of the SMP/ANFA profits, shows that the Greek government has lived up to its reform commitments,” said ESM Managing Director and EFSF CEO Klaus Regling. He added: “The continued progress in carrying out reforms has contributed to Greece’s economic recovery. With over €190 billion in

outstanding loans, the EFSF and ESM are Greece's largest creditor and it is in our mutual interest for Greece to become a successful and thriving economy.”

The step-up margin of 2% relates to the €11.3 billion loan instalment of EFSF financial assistance for Greece (the second Greek programme), which was used to fund a debt buy-back in 2012. The margin had originally been foreseen to apply to this instalment from 2017 onwards. Under the [short-term debt-relief measures](#), the step-up interest margin was reduced to zero for the year 2017. As part of the subsequent medium-term debt relief measures for Greece, the EFSF Board of Directors agreed to a conditional mechanism to reduce to zero the step-up margin starting with the year 2018. For the period until 2022, the margin can be reduced to zero by Board decision every half-year, in respect of the following half-year period. Each half-yearly decision to reduce the margin to zero is based on a positive assessment of Greece's continued implementation of key reforms adopted under the ESM programme and compliance with its post-programme policy commitments.

The transfer of SMP/ANFA income equivalent amounts to Greece on a semi-annual basis until June 2022, subject to compliance with policy commitments, was one of the medium-term debt relief measures for Greece listed in the [Eurogroup statement of 22 June 2018](#).

The reduction of the step-up margin and transfer of SMP/ANFA income equivalent amounts represent the second tranche of policy-contingent debt relief measures for Greece. The first tranche, with debt relief amounting to nearly €1 billion, was [approved and released in May 2019](#).

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