

EFSF approves reimbursement and reduction of step-up interest margin for Greece

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Press releases

EFSF

The Board of Directors of the European Financial Stability Facility (EFSF) decided today to reimburse the €103 million step-up margin paid by Greece for the period between 1 January and 17 June 2018.

The EFSF also decided, for the period between 17 June 2018 and 17 June 2019, to reduce to zero the 2% step-up margin that would otherwise be payable on certain EFSF loans. This will save Greece €226 million, while Greece's total benefit related to these decisions will amount to €329 million.

In parallel, the European Stability Mechanism (ESM), acting as an agent for the euro area member states, will make a transfer of amounts equivalent to the income earned on SMP/ANFA holdings, amounting to €644.42 million. This follows approval of the transfer by the concerned member states, communicated to the ESM by the Eurogroup Working Group (EWG) President on 26 April 2019.

"After the end of the ESM programme, Greece took the commitment to continue implementing all key reforms adopted under the programme. Today's decision by the EFSF not to charge the step-up margin shows that the Greek government is abiding by its reform commitments. This is of particular importance for the EFSF/ESM, as we have disbursed more than €200 billion in loans to Greece. Continuing on the reform path will enhance Greece's growth potential, strengthen the country's economy, and will also make it easier for Greece to repay its loans", said ESM Managing Director and EFSF CEO Klaus Regling. "The transfer of the

SMP/ANFA income equivalent amounts is a grant, not a loan. Together with the margin reductions and current reimbursement, this package represents close to €1 billion for Greece.”

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](#), 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 release of the first tranche of policy-contingent medium-term debt measures, as described above, was endorsed by the Eurogroup in its [statement](#) of 5 April 2019. This was based on an assessment by the European institutions that Greece had taken the necessary actions to achieve all specific reform commitments for end-2018.

More information on [EFSF](#) and [ESM](#) programmes for Greece

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