EFSF Board of Directors approves reduction of step-up interest margin for Greece

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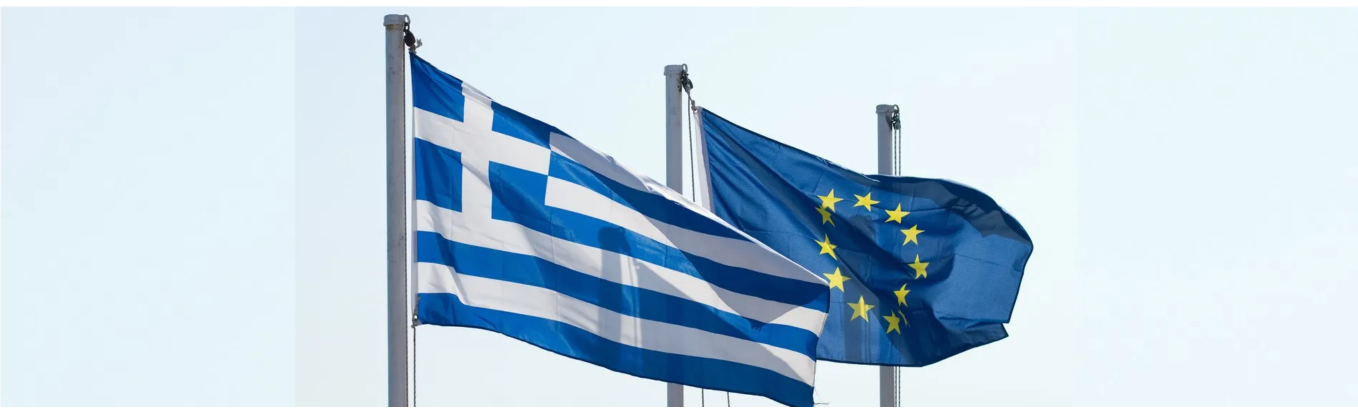

(Luxembourg) - The Board of Directors of the European Financial Stability Facility (EFSF) decided today to reduce to zero the step-up margin accrued by Greece for the period between 1 January 2020 and 17 June 2020, as part of the medium-term debt relief measures agreed for the country in 2018. The value of the reduction amounts to €103.64 million.

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

“In the assessment of the European institutions, confirmed by the Eurogroup in June 2020, the Greek government has taken the necessary actions to achieve its specific reform commitments. This clears the way for the release of the funds tied to those commitments. Greece, as all other EU Member States, has been adversely affected by the Covid-19 pandemic. The Greek government swiftly reacted with a decisive and effective policy response, both in containing the outbreak of the virus and in taking the necessary economic and fiscal support measures," said ESM Managing Director and EFSF CEO Klaus Regling.

He added: "It will be crucial for Greece to maintain its reform efforts and intensify them in areas such as financial sector reforms. This is necessary to further support the economic recovery, improve the resilience of the economy and improve the country's long-term economic potential."

The step-up margin of 2% relates to the €11.3 billion EFSF loan 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 loan 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. 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, which depends on the country's compliance with its 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 third tranche of policy-contingent debt relief measures for Greece. These are non-repayable transfers to Greece. The first tranche, with debt relief amounting to nearly €1 billion, was approved and released in May 2019. The second tranche of €766 million in debt relief was approved and released in December 2019 and January 2020.

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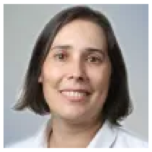

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