

EFSF approves fifth successive 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 and 17 June 2021, as part of the medium-term debt relief measures agreed for the country in 2018. The value of this fifth successive reduction amounts to €103.3 million, and will be reimbursed to Greece by the EFSF.

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 of €644.42 million, equivalent to the income earned on SMP/ANFA holdings.

“Greece has made progress with reform implementation in the challenging circumstances of the Covid-19 pandemic. The government has carried out a major reform of the insolvency framework to provide banks the right tools to reduce significantly the ratio of non-performing loans. The European institutions delivered a positive assessment regarding the completion of Greece’s reform commitments in

the second half of 2020. This cleared the way for the next tranche of debt relief measures tied to those commitments,” said ESM Managing Director and EFSF CEO Klaus Regling.

He added: “Greece’s reform progress and projected GDP growth this year are encouraging signs of the country’s economic recovery and long-term outlook. Further efforts should continue, particularly with regard to financial sector reforms and the implementation of an arrears clearance plan.”

The step-up margin of 2% relates to the €11.3 billion EFSF loan for Greece (part of 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 the step-up margin to zero, starting with the year 2018. Such a reduction is possible by Board decision every six months until 2022, based on a positive assessment of Greece’s continued implementation of key reforms 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 depends on the country’s compliance with its policy commitments. This 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 fifth tranche of policy-contingent debt relief measures for Greece. The total amount of debt relief applied in all tranches exceeds €4.2 billion.

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