



Greece: Medium-Term Debt Relief Measures



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After April 5th (Eurogroup) and 15th 2019 (ESM announcement) the implementation of the EFSF medium-term debt relief measures is enforced, being conditional on:

- ✓ the continued implementation of key reforms under the ESM programme and
- ✓ Greece's compliance with the agreed reform measures and policy commitments during the post-programme surveillance period.

EFSF Medium-term debt relief measures consist of:

- ❑ A further deferral of EFSF interest and amortisation by 10 years on €96.4 bn of EFSF loans to Greece. Debt repayment schedule now stretches all way to 2070 and €61.8 bn are transferred from 2023-2056, after 2057.
(activated April 15th)
- ❑ An extension of the maximum weighted average maturity on the above-mentioned portion of EFSF loans by 10 years by 32.5 years to 42.5 years.
(activated April 15th)
- ❑ A mechanism for the conditional abolition of the step-up interest rate margin related to the debt buy-back tranche of the second Greek programme from 2018 onwards. A total grant of €330 mn (€110 mn from the second semester of 2018 and €220 bn for 2019) was approved.
(activated April 5th)
- ❑ The use of 2014 SMP profits from the ESM segregated account and the restoration of the transfer of ANFA and SMP income equivalent amount to Greece (as of budget year 2017). The €640 mn of the second semester of 2018 (out of a total amount €5.76 bn until 2022) were transferred.
(activated April 5th)

Moreover, the Greek Ministry of Finance has requested for an early IMF loans repayment. This consists of a circa €3.7 bn expected to mature until 2020, out of a total €9.2 bn loan pending to mature until 2024.



- i. a further deferral of EFSF interest and amortisation by 10 years on €96.4 billion of EFSF loans to Greece

“The current interest deferral period, ending on 12 December 2022, was extended by 10 years. Thus, until December 2032, interest accruing on the Master Financial Facility Agreement (MFFA), i.e. €96.4 bn of EFSF loans to Greece is not due and payable but deferred.

The start of amortisation (principal repayments) on the aforementioned loan amount will also be deferred by 10 years, from 2023 to 2033.”

(ESM Explainer on EFSF medium-term debt relief measures for Greece)

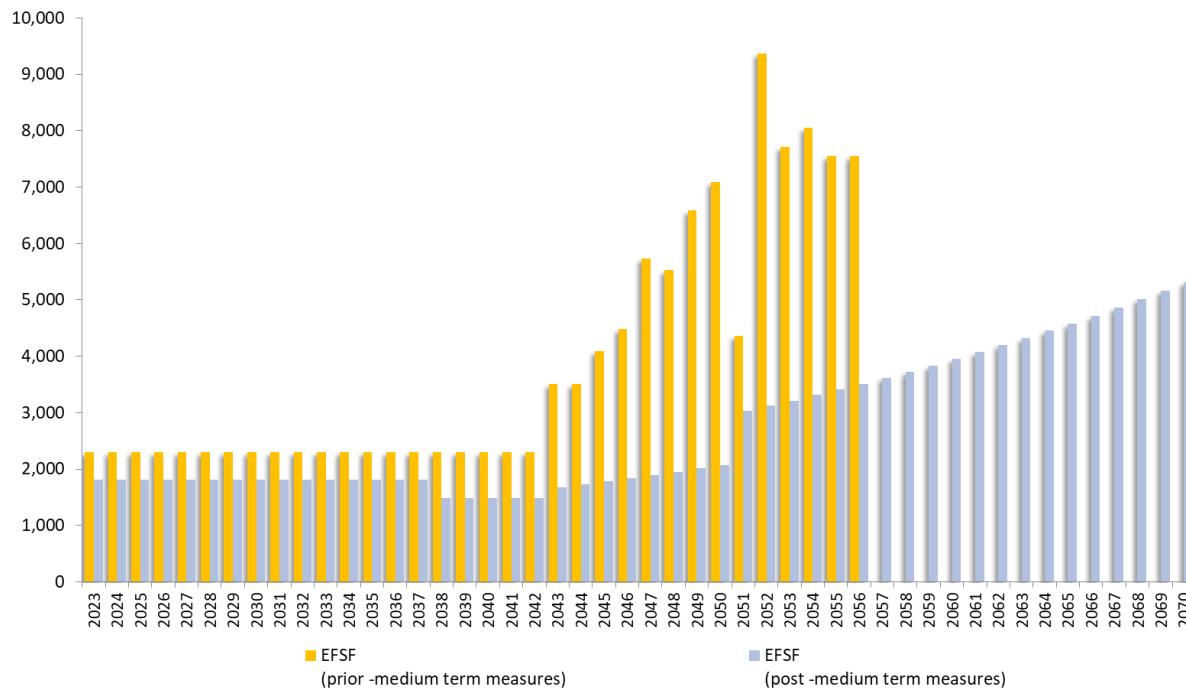


- ii. an extension of the maximum weighted average maturity on the above-mentioned portion of EFSF loans by 10 years, respecting the programme authorised amount

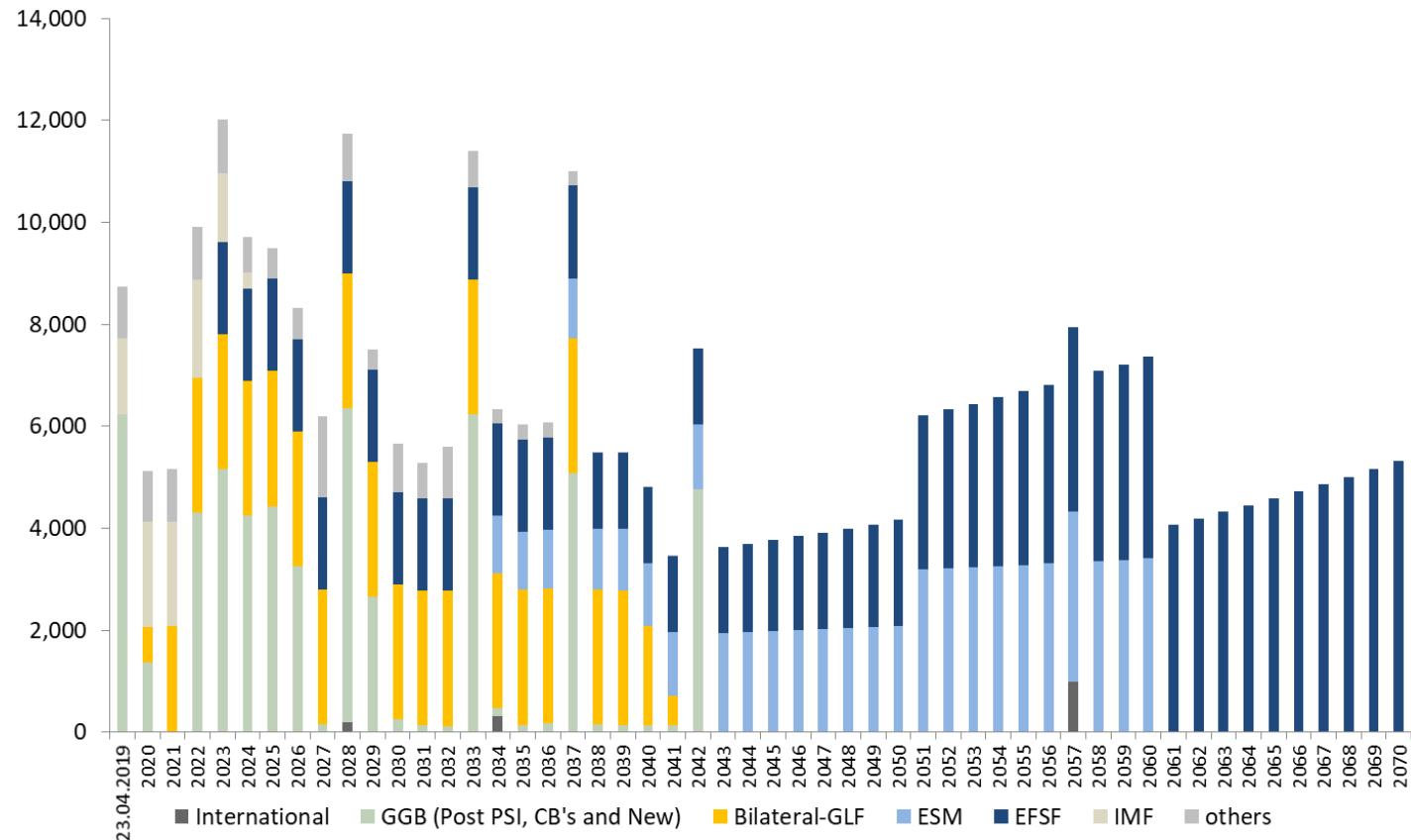
“The maximum weighted average maturity (WAM) of all the loan tranches under the MFFA was extended by 10 years from 32.5 years to 42.5 years.”

(ESM Explainer on EFSF medium-term debt relief measures for Greece)

EFSF Reprofiling (principal amount, € mn, as of 15.04.2019)



Bonds & Loans Maturities* (as of 23 April 2019, € mn)



* figures do not include T-bills and repos.



- iii. a mechanism for the conditional abolition of the step-up interest rate margin related to the debt buy-back tranche of the second Greek programme from 2018 onwards

"This is the margin applied to the €11.3 billion loan instalment of the EFSF programme for Greece (2nd Programme), which was used to finance a debt buy-back in 2012. A margin of 2% had originally been foreseen from 2017 onwards.

Under the short-term debt-relief measures, the step-up interest margin was waived and not charged for the year 2017.

As part of the medium-term measures, the EFSF Board of Directors agreed to the mechanism to abolish the margin starting with the year 2018. For the period until 2022, the margin can be abolished by decision of the Board every half-year, in respect of the following half-year period. Each half-yearly decision to reduce the margin to zero will be 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 final confirmation of the abolition for the years following 2022 will be taken by the Board at that time."

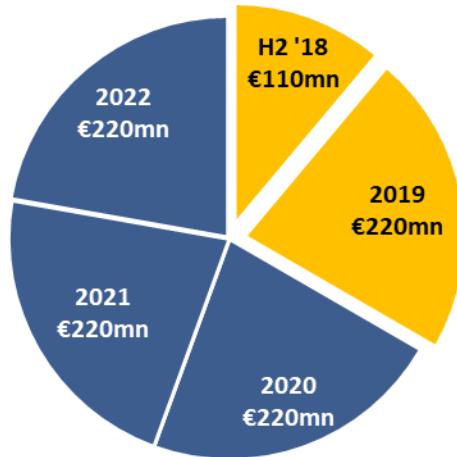
(ESM, Explainer on EFSF medium-term debt relief measures for Greece)



- iv. the use of 2014 SMP profits from the ESM segregated account and the restoration of the transfer of ANFA and SMP income equivalent amount to Greece (as of budget year 2017)

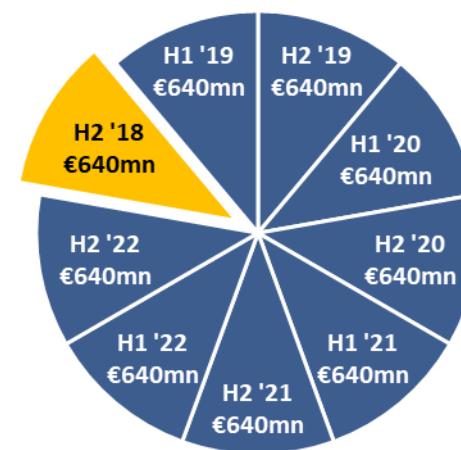
"To ensure the market credibility of the package of debt measures, we agreed that policy commitments related to the programme will be linked to the return of SMP-ANFA income equivalent amounts as well as to the abolition of the step-up interest rate margin up to 2022 The quarterly reports under Enhanced Surveillance will enable closer monitoring of the economic, fiscal and financial situation and the post programme policy commitments and will serve as a basis for the Eurogroup to agree on the return of SMP-ANFA income equivalent amounts and the cancellation of the step-up interest margin on EFSF."

(Eurogroup statement on Greece of 22 June 2018)



€970mn grant out of €6.75bn expected for H2 '18 - 2022

reduction to zero of the step-up interest margin on certain EFSF loans

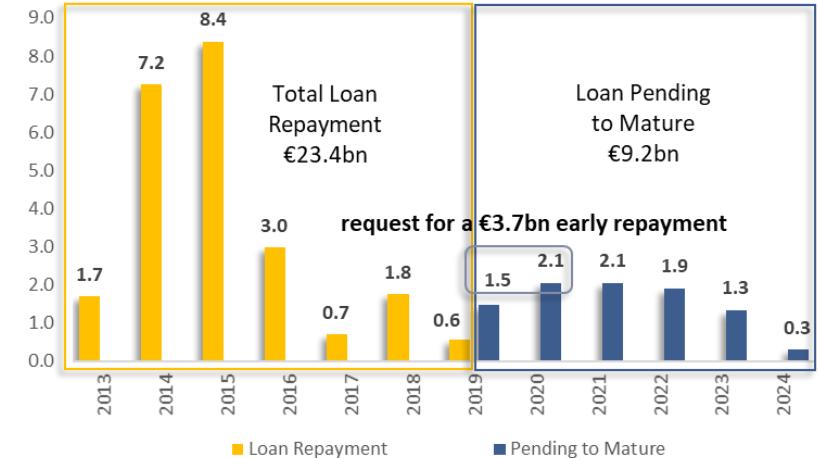


profits made by the central banks on Greek government bonds (SMP & ANFA)

EAP Funding

Economic Adjustment Programmes	Disbursements	Outstanding Amount as of 23.04.19
May 2010	EA bilateral loans GLF: € 52.9bn	€ 52.9bn
March 2012	IMF: c. € 20bn	Repaid
	EFSF: € 141.8bn	€ 130.9bn*
	IMF: c. € 12bn	c. € 9.2bn
August 2015	ESM: € 61.9bn	€ 59.9bn**
	IMF: no financial participation	
Total	c. € 289 bn	c. € 253 bn

Request for an early IMF loans repayment



* On 27/02/2015, the Hellenic Financial Stability Fund (HFSF) redelivered € 10.9 bn in bonds issued by the EFSF for the recapitalisation of Greek banks.

** after repayment of €2 bn



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