



EUROPEAN CENTRAL BANK  
EUROSYSTEM

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COURTESY TRANSLATION

Mario DRAGHI  
President

Mr Nikolaos Chountis  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 27 November 2018

L/MD/18/377

**Re: Your letter (QZ-068)**

Honourable Member of the European Parliament, dear Mr Chountis,

Thank you for your letter, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 11 September 2018.

In my letter to you dated 10 October 2017<sup>1</sup>, I provided you with the figures on net interest income earned on Greek securities purchased by the Eurosystem national central banks (NCBs) under the Securities Markets Programme (SMP) over the period 2012-16. In line with the ECB's continued commitment to transparency, I am pleased to provide you with the latest figures as well as those for 2010 and 2011, as you requested in your written questions. In 2017, the net interest income<sup>2</sup> earned on Greek securities purchased by the Eurosystem NCBs under the SMP amounted to €729 million, bringing the corresponding total over the eight years since 2010 to €12.87 billion. The ECB estimates that an additional €1.66 billion will accrue from 2018 to 2037, which is when the last outstanding Greek securities purchased under the SMP will mature (see Annex).<sup>3</sup>

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<sup>1</sup> Letter from Mario Draghi, President of the ECB, to Mr Nikolaos Chountis, MEP, on the Greek adjustment programme, available at [https://www.ecb.europa.eu/pub/pdf/other/ecb.mepletter171010\\_Chountis.en.pdf](https://www.ecb.europa.eu/pub/pdf/other/ecb.mepletter171010_Chountis.en.pdf)

<sup>2</sup> The net interest income from securities purchased under the SMP is composed of the coupon earned and the amortised discount accruing on the SMP holdings of Greek government bonds, which are recorded in the profit and loss account of each Eurosystem central bank as they accrue (see letter of 10 October 2017).

<sup>3</sup> The SMP income estimates for 2018-37 are based on information collected by the ECB from the NCBs.

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In line with the monetary income regime set out in Article 32 of the Statute of the European System of Central Banks and of the European Central Bank, the income earned by each NCB from this programme is pooled within the Eurosystem, together with all other monetary income earned. This pooled monetary income is then distributed among the NCBs in line with their share in the ECB's capital.

Furthermore, NCBs' net profits are distributed to their shareholders in accordance with their respective profit distribution rules, which vary across countries but (whether in the form of a profit distribution scheme or in any equivalent form) must comply with the limitations imposed by the Treaty on the Functioning of the European Union, in particular the principle of central bank independence as set out in Article 130 of the Treaty.

On 22 June 2018, the Eurogroup agreed to implement a set of medium and long-term debt measures to ensure that Greece's gross financing needs remain below 15% of GDP in the medium term and below 20% of GDP thereafter, and that its debt remains on a sustained downward path.<sup>4</sup> These measures include using the equivalent of NCBs' SMP income as deposited in 2014 in the European Stability Mechanism (ESM) segregated account and held there since then, and restoring the transfer of amounts equivalent to euro area NCBs' income shares in the SMP portfolio as of budget year 2017. Added to this will be the amounts equivalent to the income arising from Greek government bonds held as part of NCBs' portfolios covered by the Agreement on Net Financial Assets. The available income-equivalent amounts will be transferred to Greece in equal amounts on a semi-annual basis in December and June, starting in 2018 and continuing until June 2022, via the ESM segregated account.

In conclusion, let me repeat that any future decisions on transferring to the Greek State amounts equivalent to the NCBs' income do not fall within the remit of the ECB or the NCBs, but rather that of the national governments of the euro area Member States.

Yours sincerely,

[signed]

Mario Draghi

Encl.

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<sup>4</sup> See Eurogroup statement on Greece of 22 June 2018, available at <https://www.consilium.europa.eu/en/press/press-releases/2018/06/22/eurogroup-statement-on-greece-22-june-2018/>

**Annex: SMP income earned by Eurosystem NCBs on Greek government bonds from 2010 to 2017, and expected income for 2018 to 2038 (in EUR millions)<sup>5</sup>**

Year	Coupon	Discount	Total income	
2010	1,051	515	1,566	Income earned
2011	1,800	941	2,741	
2012	1,547	790	2,337	
2013	1,308	641	1,949	
2014	1,021	484	1,505	
2015	783	360	1,144	
2016	624	279	903	
2017	517	212	729	
2018	428	153	580	Expected income
2019	310	107	417	
2020	119	49	168	
2021	90	43	134	
2022	86	44	130	
2023	68	39	107	
2024	36	21	57	
2025	27	14	42	
2026	7	4	11	
2027	1	0	1	
2028	1	0	1	
2029	1	0	1	
2030	1	0	1	
2031	1	0	1	
2032	1	0	1	
2033	1	0	1	
2034	1	0	1	
2035	1	0	1	
2036	1	0	1	
2037	1	0	1	
2038	-	-	-	

<sup>5</sup> The [Eurogroup statement of 27 November 2012](#) refers to transferring to the segregated account an amount equivalent to the income on the SMP portfolio accruing to NCBs as from budget year 2013. This is income earned by the respective NCBs from 2012 onwards. Income earned in 2010 and 2011 is not part of the agreement.

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