



**EUROPEAN CENTRAL BANK**  
EUROSYSTEM

**ECB-PUBLIC**

*COURTESY TRANSLATION*

Mario DRAGHI  
President

Mr Nikolaos Chountis  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
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Frankfurt, 10 October 2017

L/MD/17/382

**Re: Your letter (QZ-064)**

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 (ECON), accompanied by a cover letter dated 13 July 2017.

I have had the opportunity to explain the issue of transactions involving Greek government bonds in the context of the Securities Markets Programme (SMP) on several occasions, for example in letters of reply to you and your honourable colleagues<sup>1</sup>, and when answering questions during hearings before the ECON Committee.

The ECB regularly publishes information on the Eurosystem's SMP holdings, broken down by issuer country, on its website.<sup>2</sup> Moreover, in recent years the ECB's annual accounts contained information on the net interest income arising from the ECB's SMP holdings of Greek government bonds. In line with the ECB's commitment to transparency, I am pleased to provide you with the information you requested regarding the net interest income earned on Greek securities purchased by the Eurosystem national central banks (NCBs) under the SMP, which amounted to €7.8 billion over the period 2012-16. This income is composed of (i) the

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<sup>1</sup> For example, in a letter of reply to several Members of the European Parliament dated 1 March 2016, available on the ECB's website: <https://www.ecb.europa.eu/pub/pdf/other/160301letter-dimasi-et-al.en.pdf>

<sup>2</sup> At the end of 2016 the Eurosystem held Greek government bonds with a nominal value of €13.2 billion, a book value of €12.3 billion and an average remaining maturity of 2.9 years. For more information, see the press release accompanying the financial statements of the ECB for 2016, available at <https://www.ecb.europa.eu/press/pr/date/2017/html/pr170216.en.html>

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coupon earned and (ii) the amortised discount accruing on the SMP holdings of Greek government bonds (see Annex), which are recorded in the profit and loss account of each Eurosystem central bank as they accrue.

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.<sup>3</sup> The pooled monetary income is then distributed among the NCBs in line with their share in the ECB's capital.

Regarding your question on the net interest income arising from Greek government bond holdings under the Agreement on Net Financial Assets (ANFA)<sup>4</sup> portfolios, this is a matter of national competence and falls outside the remit of the ECB. Please refer to the individual NCBs for further information on this topic.

Let me clarify that the NCBs' net profits are distributed to their shareholders according to their respective profit distribution rules, which vary across Eurosystem NCBs. Please note, however, that transfers of NCB resources to the respective national governments, whether in the form of a profit distribution scheme or in any equivalent form, must comply with the limitations imposed in this respect by the Treaty, in particular the principle of central bank independence pursuant to Article 130 of the Treaty on the Functioning of the European Union<sup>5</sup>.

In the past, the euro area Member States passed on to Greece, through a segregated account, amounts equivalent to their NCB's income share in the SMP portfolio, together with the amounts arising from their NCB's income from Greek government bond holdings under the respective ANFA portfolios. This decision was taken by the Eurogroup in February 2012 with the aim of further improving the sustainability of Greece's public debt in the context of the second economic adjustment programme for Greece.

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<sup>3</sup> See Article 32 of the ESCB Statute – Allocation of monetary income of national central banks: “(1) The income accruing to the national central banks in the performance of the ESCB's monetary policy function (hereinafter referred to as 'monetary income') shall be allocated at the end of each financial year in accordance with the provisions of this Article. [...] (5) The sum of the national central banks' monetary income shall be allocated to the national central banks in proportion to their paid up shares in the capital of the ECB [...]”. The full text of the Statute is available on the ECB's website, at: [https://www.ecb.europa.eu/ecb/legal/pdf/c\\_32620121026en\\_protocol\\_4.pdf](https://www.ecb.europa.eu/ecb/legal/pdf/c_32620121026en_protocol_4.pdf). For detailed information on the rules of the monetary income regime, see [https://www.ecb.europa.eu/ecb/legal/pdf/celex\\_32016d003601\\_en\\_txt.pdf](https://www.ecb.europa.eu/ecb/legal/pdf/celex_32016d003601_en_txt.pdf)

<sup>4</sup> The Agreement on Net Financial Assets (ANFA) is an agreement between the NCBs of the euro area and the ECB, which sets rules and limits for holdings of financial assets which are related to national tasks of the NCBs. For more information, see [https://www.ecb.europa.eu/explainers/tell-me-more/html/anfa\\_qa.en.html](https://www.ecb.europa.eu/explainers/tell-me-more/html/anfa_qa.en.html).

<sup>5</sup> In particular, the principle of financial independence states that a national central bank must have sufficient means to perform not only ESCB-related tasks, but also its own national tasks. Each Member State must safeguard the institutional and financial independence of its NCB, thus ensuring the proper performance of its tasks under the Treaty and the Statute of the ESCB.

In conclusion, let me repeat that any future decisions on the transfer to the Greek State of 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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**Annex: SMP income earned by NCBs in the Eurosystem on Greek government bonds from 2012 to 2016 (in EUR millions)**

<b>Year</b>	<b>Coupon</b>	<b>Discount</b>	<b>Total income</b>
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
<b>Accumulated income amounts</b>	<b>5,283</b>	<b>2,555</b>	<b>7,838</b>

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