

# Formula to reduce Greek debt mountain

European finance ministers and the IMF have agreed to an immediate 20% cut in Greek debt – equivalent to €40 billion – achieved through lower interest rates, debt buy-backs, and extending maturities on loans

Debt ratio (as percentage of GDP)

●●● Troika projections  
(European Commission,  
International Monetary  
Fund and European  
Central Bank)

2008  
Global  
economic  
crisis

113

177

190

144

133

111

Debt buy-back  
**€20bn**

Athens to buy back  
bonds held by  
private investors  
at 35 cents  
per euro

Interest rates  
**€10bn**

Cut 1% from rates  
paid by Greece  
to troika for some  
€110bn of bailout  
loans

ECB profits  
**€11bn**

ECB to return  
trading profits  
from some €45bn  
of Greek bonds

2008 2010 2015 2020 2025 2030

**Additional steps:** Greece will not have to pay interest on loans received from EFSF – eurozone's temporary bailout fund – for 10 years.

Maturities of three-year bailout loans extended by 15 years