



Explanatory note accompanying the disaggregated Eurosystem financial statement

Version of 4 January 2017

1 Linkages between the accounting balance sheets and statistical information

The format of the balance sheets of Eurosystem central banks included in the disaggregated financial statement of the Eurosystem (also known as “accounting balance sheets”) differs in part from the structure of the balance sheets of central banks presented in the statistical publication “[Breakdown of Eurosystem aggregated balance sheet](#)” (also known as the “statistical balance sheet”). In order to understand the linkages between the two reports please refer to the bridging tables between the accounting balance sheet items of the national central banks (NCBs) and the European Central Bank (ECB) and the items to be reported for statistical purposes.

Any difference in the balance sheet totals presented in the two data sets may be due to:

1. different reference dates, being the last calendar day of the month in the case of the statistical balance sheet, and usually the first Friday of the following month in the case of the disaggregated financial statement;
2. the use of different methodological frameworks for the two reports. For details, please refer to the statistical and financial reporting guidelines published by the ECB:
 - Guideline of the ECB of 4 April 2014 on monetary and financial statistics (ECB/2014/15)
 - Guideline of the ECB of 3 November 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2016/34)

Furthermore, the following important points about methodological differences should be noted:

- The revaluation of gold, foreign currency instruments, and securities (other than securities classified as held-to-maturity, non-marketable securities and securities held for monetary policy purposes that are accounted for at amortised cost), as well as financial instruments, both on-balance-sheet and off-balance-

sheet, is carried out as at the quarterly revaluation date at mid-market rates and prices. For statistical purposes, a revaluation usually takes place every month.

- Certain assets may be presented in the accounting balance sheets net of the related liabilities, while the statistical balance sheet presents them on a gross basis. For example, the ECB presents its TARGET2 claims and liabilities vis-à-vis the NCBs on a net basis in the accounting balance sheet, while the statistical balance sheet presents them gross so that they appear on both sides of the balance sheet. This leads to an extension of the statistical balance sheet when compared with the accounting balance sheet.
- Certain asset/liability items that are not part of the accounting balance sheet may be included in the statistical balance sheet. For example, coins in circulation are presented in the statistical balance sheet in the monetary aggregates and are consequently included as a liability item. At the same time in most of the NCBs the accounting balance sheet does not show this item as a liability, because for most NCBs these coins are, from a legal point of view, not a central bank liability. The counterpart to this liability is included in the statistical balance sheet within the category « Remaining assets », leading to an extension of the statistical balance sheet vis-à-vis the accounting balance sheet.
- Any loss carried forward would be presented by a central bank in the accounting balance sheet under “Other assets”, whereas in the statistical balance sheet it would normally be shown as a negative entry under “Capital and reserves”, shortening the statistical balance sheet compared with the accounting one.

The above list of methodological differences is not exhaustive. For more information on the reconciliation between the two data sets, please contact the respective NCB via the e-mail addresses provided under “NCB contact details” below.

2 Banknotes in circulation

In the published monthly Eurosystem disaggregated financial statements, the banknote figures of each NCB and of the ECB as reported under the balance sheet item “Banknotes in circulation” will not always follow the exact Eurosystem banknote allocation key set out in Decision ECB/2010/29 of 13 December 2010 on the issue of euro banknotes (recast). This difference is due to the related re-alignment being conducted on a month-end basis, in line with the process set out in Article 2(1) of the Decision on the allocation of the monetary income (ECB/2010/23). Consequently each NCB’s figures on banknotes in circulation will only occasionally correspond to the established allocation of euro banknotes, namely when the last Friday of the month/quarter falls on the last working day of the month/quarter.

Consolidation adjustments

The “Consolidation adjustments” column of the disaggregated financial statement shows what adjustments are necessary in order to transform the disaggregated financial statement into the consolidated weekly financial statement of the Eurosystem (WFS). Consolidation involves eliminating transactions or results that would not be reflected in the accounts if the Eurosystem were a single entity. Therefore, all claims and liabilities between Eurosystem central banks, including the ECB, are netted out and are not presented in the consolidated weekly financial statement of the Eurosystem. For a more detailed description of the consolidation process please refer to Section 3.2 of the ECB’s Monthly Bulletin, April 2012, pp. 87-98.

The following items are eliminated as part of the consolidation process:

- “Participating interest in ECB”;
- “Claims/liabilities equivalent to the transfer of foreign reserves”;
- “Claims/liabilities related to TARGET2 and correspondent accounts (net)”;
- “Claims/liabilities related to other operational requirements within the Eurosystem”.

The primary consolidation adjustment – in terms of magnitude – refers to the TARGET2 balances, which cancel each other out at the level of the Eurosystem.

The item labelled “Claims/liabilities related to other operational requirements within the Eurosystem” is virtually equivalent to the net claims/liabilities related to the allocation of euro banknotes within the Eurosystem, which arise as a result of adjustments laid down in Article 2(1) of the Decision on the allocation of the monetary income (ECB/2010/23). These claims and liabilities net out at the level of the Eurosystem, too.

Intra-Eurosystem balances arising from the transfer of foreign reserve assets to the ECB by NCBs joining the Eurosystem are denominated in euro and reported under “claims/liabilities equivalent to the transfer of foreign reserves”. As can be seen from the disaggregated balance sheet, the total of the NCBs’ claims arising from the transfer of foreign reserves equals the liability the ECB shows vis-à-vis the NCBs. Intra-Eurosystem liabilities and assets cancel each other out.

The greater part of the ECB’s paid-up capital, which is made up of contributions from the euro area NCBs and which is disclosed under “Capital and reserves” on the liability side of the ECB’s balance sheet (liability item 12), is offset against the “Participating interest in ECB” shown by each euro area NCB as an intra-Eurosystem claim (asset item 9.1). In addition, part of the item “Participating interest in ECB” is consolidated with “Other liabilities” (liability item 10), “Revaluation accounts” (liability item 11) and “Capital and reserves” (liability item 12) in order to eliminate the effects of:

1. deferred contributions to the ECB's accumulated equity value from the NCBs whose derogation has been abrogated, in line with Article 48.2 of the Statute of the ESCB and of the ECB;
2. adjustments of the NCBs' shares in the ECB's capital in the circumstances referred to in Articles 29.3 and 48.3 of the Statute of the ESCB and of the ECB.

The non-euro area NCBs are required to pay in 3.75% of their subscribed capital as a contribution to the operational costs of the ECB. This contribution is not part of the consolidation adjustments

4 NCB and ECB contact details

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