EUROPEAN CENTRAL BANK

8 January 2002

PRESS RELEASE

CONSOLIDATED FINANCIAL STATEMENT OF THE EUROSYSTEM as at 4 January 2002

I. 2002 cash changeover

As announced on 3 August 2000 and 5 July 2001, the Governing Council of the European Central Bank has adopted general principles for the financial modalities of the 2002 cash changeover which involved the frontloading of euro banknotes and the application of a debiting model.[1] The frontloading to credit institutions and non-euro area central banks, and sub-frontloading by the former to professional target groups, took place during the last four months of 2001. The total amount of frontloaded euro banknotes amounted to EUR 133 billion and has been recorded under **banknotes in circulation** (liability item 1), together with euro banknotes issued by the Eurosystem from 1 January onwards.[2] The national banknotes issued by the Eurosystem's national central banks which are still in circulation (i.e. have not been redeemed by the individual national central banks of the Eurosystem) will continue to be reported, until further notice, as part of the figure under **banknotes in circulation**. They amounted to EUR 234.3 billion as at 4 January 2002.

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1 For further detail, please refer to the Guidelines of the ECB of 10 January 2001 adopting certain provisions on the 2002 cash changeover (ECB/2001/1), OJ L 55, 24.2.2001, page 80, and of 13 September 2001 adopting certain provisions regarding the frontloading of euro banknotes outside the euro area (ECB/2001/8), OJ L 257, 26.9.2001, page 6.

2 In addition to EUR 133 billion euro banknotes, the total amount of frontloaded euro coins amounted to EUR 12.4 billion.

Pending the completion of the main part of the changeover by the end of February when national banknotes will have ceased to be legal tender in all euro area countries, the parallel circulation of both euro and national banknotes does of course distort the total level of banknotes relative to that which would normally have been observed at present.

According to the aforementioned debiting model, one-third of those euro banknotes and coins frontloaded to euro area credit institutions are to be debited to the respective accounts of credit institutions on the settlement dates of the first, fourth and fifth main refinancing operations in 2002, which are 2, 23 and 30 January respectively. Consequently EUR 42.4 billion were debited to the **current account** position of credit institutions with the Eurosystem (liability item 2.1) on 2 January 2002.

The amount of frontloaded banknotes which have not yet been paid for by the credit institutions, due to the linear debiting model, is treated as a collateralised non-remunerated loan to credit institutions and is reported under **other claims on euro area credit institutions denominated in euro** (asset item 6). This loan will be reduced by the amount of the second instalment due in connection with the debiting model on 23 January 2002 and will be completely settled on 30 January 2002.

The decrease of EUR 11.1 billion in **other liabilities to euro area credit institutions denominated in euro** (liability item 3) relates mainly to collateral provided by credit institutions to the national central banks in the form of dedicated deposits for part of the frontloaded banknotes and coins.

II. Items not related to monetary policy operations

In the week ending 4 January 2002 the net position of the Eurosystem in foreign currency (asset items 2 and 3 minus liability items 7, 8 and 9) decreased by EUR 0.6 billion to EUR 259.2 billion on account of customer and portfolio transactions.

The holdings by the Eurosystem of marketable **securities of euro area residents denominated in euro** (asset item 7) decreased by EUR 0.1 billion to EUR 27.9 billion.

Banknotes in circulation (liability item 1) increased by EUR 116.5 billion to EUR 394.6 billion, of which EUR 160.3 billion were accounted for by euro banknotes and EUR 234.3 billion by national banknotes (see Section I above). **Liabilities to general government** (liability item 5.1) decreased by EUR 11.8 billion to EUR 33.1 billion.

The **revaluation accounts** (liability item 11) decreased by EUR 21 million due to ongoing year-end adjustments by two national central banks.

III. Items related to monetary policy operations

The Eurosystem's net lending to credit institutions (asset item 5 minus liability items 2.2, 2.3, 2.4, 2.5 and 4) decreased by EUR 2.1 billion to EUR 198 billion. On Wednesday, 2 January 2002, a **main refinancing operation** of EUR 57 billion matured, while a new one of EUR 31 billion was settled. On Friday, 4 January 2002, a **fine-tuning reverse operation** of EUR 25 billion was settled.

Recourse to the **marginal lending facility** (asset item 5.5) was virtually nil (compared with EUR 1.6 billion in the previous week), while recourse to the **deposit facility** (liability item 2.2) was EUR 0.1 billion (compared with EUR 0.5 billion in the preceding week).

IV. Current accounts of euro area credit institutions

As a result of all transactions, the **current account** position of credit institutions with the Eurosystem (liability item 2.1) decreased by EUR 10.8 billion to EUR 131.3 billion.

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EUROPEAN CENTRAL BANK

Consolidated weekly financial statement of the Eurosystem as at 4 January 2002

(EUR millions)

Assets	Balance as at 4 January 2002	Difference compared to last week due to transactions
1 Gold and gold receivables	**126,801**	***0***
2 Claims on non-euro area residents denominated in foreign currency		
2.1 Receivables from the IMF	32,019	*14*
2.2 Balances with banks and security investments, external loans and other external assets	233,790	*1,188*
	265,809	***1,202***
3 Claims on euro area residents denominated in foreign currency	**23,862**	***-1,338***
4 Claims on non-euro area residents denominated in euro		
4.1 Balances with banks, security investments and loans	6,280	*544*
4.2 Claims arising from the credit facility under ERM II	0	*0*
	6,280	***544***
5 Lending to euro area credit institutions related to monetary policy operations denominated in euro		
5.1 Main refinancing operations	116,000	*-26,000*
5.2 Longer-term refinancing operations	60,000	*0*
5.3 Fine-tuning reverse operations	25,000	*25,000*
5.4 Structural reverse operations	0	*0*
5.5 Marginal lending facility	30	*-1,543*
5.6 Credits related to margin calls	79	*55*
	201,109	***-2,488***
6 Other claims on euro area credit institutions denominated in euro	**88,488**	***88,001***
7 Securities of euro area residents denominated in euro	**27,924**	***-57***
8 General government debt denominated in euro	**68,603**	***-126***
9 Other assets	**90,355**	***-1,168***
Total assets	**899,232**	***84,570***

Liabilities	Balance as at 4 January 2002	Difference compared to last week due to transactions
1 Banknotes in circulation	**394,627**	***116,517***
2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro		
2.1 Current accounts (covering the minimum reserve system)	131,338	*-10,788*
2.2 Deposit facility	121	*-344*
2.3 Fixed-term deposits	0	*0*
2.4 Fine-tuning reverse operations	0	*0*
2.5 Deposits related to margin calls	8	*4*
	131,467	***-11,128***
3 Other liabilities to euro area credit institutions denominated in euro	**23,657**	***-11,100***
4 Debt certificates issued	**2,939**	***0***
5 Liabilities to other euro area residents denominated in euro		
5.1 General government	33,145	*-11,757*
5.2 Other liabilities	6,048	*48*
	39,193	***-11,709***
6 Liabilities to non-euro area residents denominated in euro	**10,860**	***1,414***
7 Liabilities to euro area residents denominated in foreign currency	**2,670**	***145***
8 Liabilities to non-euro area residents denominated in foreign currency		
8.1 Deposits, balances and other liabilities	20,807	*349*
8.2 Liabilities arising from the credit facility under ERM II	0	*0*
	20,807	***349***
9 Counterpart of special drawing rights allocated by the IMF	**6,967**	***0***
10 Other liabilities	**77,594**	***-479***
11 Revaluation accounts	**125,288**	***-21***
12 Capital and reserves	**63,164**	***583***
Total liabilities	**899,232**	***84,570***

Totals/sub-totals may not add up, due to rounding.

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