



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Annual Accounts of the ECB

2024



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# Key figures

**€640.6 billion**



## ECB's balance sheet

The ECB's balance sheet decreased by €32.6 billion in 2024, mainly due to the decline in monetary policy securities, as reinvestments of principal payments from maturing securities under the APP were discontinued as of July 2023 and redemptions under the PEPP were only partially reinvested over the second half of 2024.

**€7,944 million**



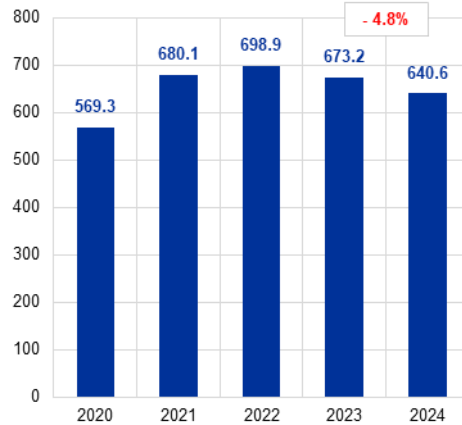
## ECB's loss for the year

This loss was again driven by the significant interest expense resulting from the net TARGET liability and is comparable to the loss of €7,886 million before the transfer from risk provisions in 2023. Given that the provision for financial risks was released in full in 2023, reducing the loss for that year to €1,266 million, no losses could be covered by this provision in 2024.

The 2024 loss, like the loss from the previous year, will remain on the ECB's balance sheet to be offset against future profits.

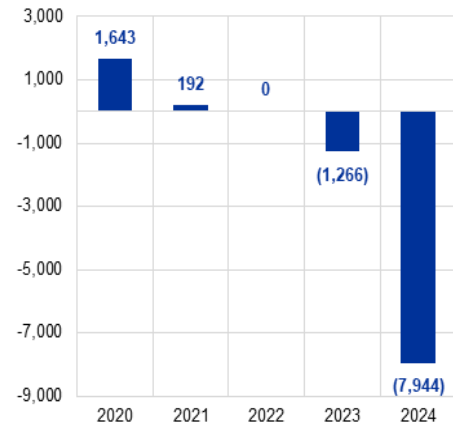
## ECB's balance sheet

(EUR billions)



## ECB's profit/(loss) for the year

(EUR millions)



# 1 Management report

## 1.1 Purpose of the ECB's management report

The management report is an integral part of the ECB's Annual Accounts and is designed to provide readers with contextual information related to the financial statements.<sup>1,2</sup> Given that the ECB's activities and operations are undertaken in support of its policy objectives, the ECB's financial position and result should be viewed in conjunction with its policy actions.

To this end, the management report presents the ECB's main tasks and activities, as well as their impact on its financial statements. Furthermore, it analyses the main developments in the balance sheet and the profit and loss account during the year and includes information on the ECB's net equity. Finally, it describes the risk environment in which the ECB operates, providing information on the specific risks to which the ECB is exposed, and the risk management policies used to mitigate risks.

## 1.2 Main tasks and activities

The ECB is part of the Eurosystem, which comprises, besides the ECB, the national central banks (NCBs) of the Member States of the European Union (EU) whose currency is the euro.<sup>3</sup> The Eurosystem has the primary objective of maintaining price stability. The ECB performs its tasks as described in the Treaty on the Functioning of the European Union<sup>4</sup> and in the Statute of the European System of Central Banks and of the European Central Bank (Statute of the ESCB)<sup>5</sup> (Figure 1). The ECB conducts its activities in pursuit of its mandate and not with the intention of generating a profit.

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<sup>1</sup> Throughout this document, the numbers presented may not add up precisely to the totals and percentages may not precisely reflect the absolute figures owing to rounding.

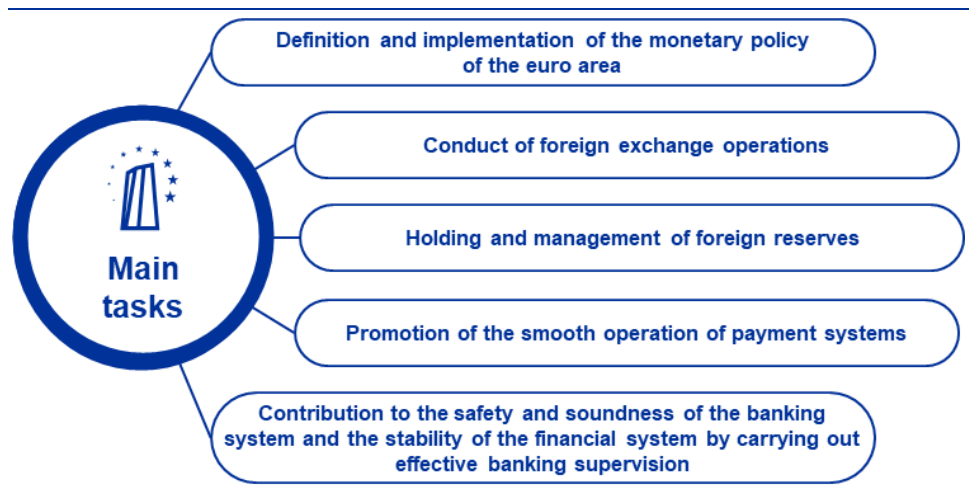
<sup>2</sup> The "financial statements" comprise the balance sheet, the profit and loss account, a summary of significant accounting policies and other explanatory notes. The "Annual Accounts" comprise the financial statements, the management report, the independent auditor's report and the note on profit distribution/allocation of losses. Further details on the related [preparation and approval process](#) can be found on the ECB's website.

<sup>3</sup> There were 20 NCBs in the Eurosystem in 2024.

<sup>4</sup> [Consolidated version of the Treaty on the Functioning of the European Union](#) (OJ C 202, 7.6.2016, p. 1), as amended. The [unofficial consolidated text](#) with the list of amendments is also available.

<sup>5</sup> [Protocol \(No 4\) on the Statute of the European System of Central Banks and of the European Central Bank](#) (OJ C 202, 7.6.2016, p. 230). The European System of Central Banks (ESCB) comprises the ECB and the NCBs of all 27 EU Member States.

**Figure 1**  
The ECB's main tasks



The Eurosystem's monetary policy operations are recorded in the financial statements of the ECB and of the euro area NCBs, reflecting the principle of decentralised implementation of monetary policy in the Eurosystem. Table 1 below provides an overview of the main operations and functions of the ECB in pursuit of its mandate and their impact on the ECB's financial statements.

**Table 1****The ECB's key activities and their impact on its financial statements****Implementation of monetary policy**

<b>Lending and liabilities to euro area credit institutions related to monetary policy operations</b>	<p>The monetary policy operational framework of the Eurosystem consists of a set of monetary policy instruments. The Eurosystem conducts standard regular, i.e. non-structural, liquidity-providing open market operations, offers standing facilities and requires credit institutions to hold minimum reserves.<sup>6</sup></p> <p>These monetary policy instruments are used in a decentralised manner by the NCBs and are reflected in their financial statements under "Lending to euro area credit institutions related to monetary policy operations denominated in euro" and "Liabilities to euro area credit institutions related to monetary policy operations denominated in euro" in the balance sheet. Accordingly, they have no impact on the ECB's financial statements.</p>
<b>Securities held for monetary policy purposes</b>	<p>Purchases of these securities were conducted by the ECB and the NCBs of the Eurosystem and recorded in the balance sheet under "Securities held for monetary policy purposes". The debt securities currently held are accounted for at amortised cost subject to impairment.</p> <p>Coupon accruals and amortised premiums and discounts are included in the profit and loss account under either "Interest income" or "Interest expense", depending on whether the net amount is positive or negative.</p> <p>Realised gains and losses, if any, are included in the profit and loss account under "Realised gains/(losses) arising from financial operations".</p>
<b>Securities lending</b>	<p>Securities held for monetary policy purposes are available for lending by the Eurosystem.<sup>7</sup> For the ECB, these operations are conducted via specialised institutions. These operations are recorded in the balance sheet under "Other liabilities to euro area credit institutions denominated in euro" and "Liabilities to non-euro area residents denominated in euro" if collateral is provided in the form of cash and this cash remains uninvested. Otherwise, the related securities lending operations are recorded in off-balance-sheet accounts.</p> <p>Interest accruals are included in the ECB's profit and loss account as "Interest income" or "Interest expense".</p>
<b>Liquidity provision in foreign currency</b>	<p>The ECB acts as an intermediary between non-euro area central banks and the euro area NCBs by means of swap transactions aimed at offering short-term foreign currency funding to Eurosystem counterparties.<sup>8</sup></p> <p>These operations are recorded in the balance sheet under "Liabilities to non-euro area residents denominated in euro" and "Claims related to TARGET (net)" / "Liabilities related to TARGET (net)", as well as in off-balance-sheet accounts.</p> <p>Interest accruals are included in the ECB's profit and loss account as "Interest income" or "Interest expense".</p>
<b>Liquidity provision to non-euro area central banks in euro</b>	<p>The Eurosystem may provide euro liquidity to non-euro area central banks by means of swap and repo transactions in exchange for eligible collateral.<sup>9</sup></p> <p>For the ECB, the swap operations are recorded in the balance sheet under "Claims on non-euro area residents denominated in foreign currency" and "Liabilities to non-euro area residents denominated in euro" or "Claims related to TARGET (net)" / "Liabilities related to TARGET (net)", as well as in off-balance-sheet accounts.</p> <p>Interest accruals are included in the ECB's profit and loss account as "Interest income" or "Interest expense".</p>

<sup>6</sup> Further details on the [Eurosystem's monetary policy instruments](#) and, more specifically, on the [open market operations](#) can be found on the ECB's website.

<sup>7</sup> Further details on [securities lending](#) can be found on the ECB's website.

<sup>8</sup> Further details on the [currency swap lines](#) can be found on the ECB's website.

<sup>9</sup> Further details on the Eurosystem's [euro liquidity-providing operations](#) against eligible collateral can be found on the ECB's website. The repo lines also described on the website are operated by the NCBs and, accordingly, have no impact on the ECB's financial statements.

## Conduct of foreign exchange operations and management of foreign reserves

<b>Foreign exchange operations and management of foreign reserves</b>	<p>The ECB's foreign reserves are presented in the balance sheet, mainly under "Gold and gold receivables", "Claims on non-euro area residents denominated in foreign currency" and "Claims on euro area residents denominated in foreign currency", while any related liabilities would be presented under "Liabilities to euro area residents denominated in foreign currency" and "Liabilities to non-euro area residents denominated in foreign currency". Foreign exchange transactions are reflected in off-balance-sheet accounts until the settlement date.</p> <p>Coupon accruals and amortised premiums and discounts are included in the profit and loss account as "Interest income" or "Interest expense".</p> <p>Unrealised price and exchange rate losses exceeding previously recorded unrealised gains on the same items and realised gains and losses arising from the sale of foreign reserves are also included in the profit and loss account under "Write-downs on financial assets and positions" and "Realised gains/(losses) arising from financial operations" respectively. Unrealised gains are recorded in the balance sheet under "Revaluation accounts".</p>
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## Promotion of the smooth operation of payment systems

<b>Payment systems (TARGET)</b>	<p>Intra-Eurosystem balances of euro area NCBs vis-à-vis the ECB arising from TARGET are presented together in the balance sheet of the ECB as a single net asset or liability position under "Claims related to TARGET (net)" or "Liabilities related to TARGET (net)".<sup>10</sup> Intra-ESCB balances of non-euro area NCBs vis-à-vis the ECB arising from their participation in TARGET are recorded in the balance sheet under "Liabilities to non-euro area residents denominated in euro". Balances of ancillary systems connected to TARGET through the TARGET-ECB component are recorded in the balance sheet under "Liabilities to other euro area residents denominated in euro" or "Liabilities to non-euro area residents denominated in euro", depending on whether the managing entity is established in or outside the euro area.<sup>11</sup> Interest accruals are included in the profit and loss account under "Interest income" or "Interest expense".</p>
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## Contribution to the safety and soundness of the banking system and the stability of the financial system

<b>Banking supervision – the Single Supervisory Mechanism</b>	<p>The annual expenses of the ECB in relation to its supervisory tasks are recovered via annual supervisory fees levied on the supervised entities. The supervisory fees are included in the profit and loss account under "Net income/(expense) from fees and commissions".</p> <p>Furthermore, the ECB is entitled to impose administrative penalties on supervised entities for failure to comply with applicable EU banking law on prudential requirements (including ECB supervisory decisions). The related income is recorded in the profit and loss account under "Net income/(expense) from fees and commissions".</p>
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<sup>10</sup> Further details on [TARGET Services](#) can be found on the ECB's website.

<sup>11</sup> Ancillary systems are financial market infrastructures that have been granted access to the TARGET-ECB component by the Governing Council, provided they fulfil the requirements defined in [Decision \(EU\) 2022/911 of the European Central Bank of 19 April 2022 concerning the terms and conditions of TARGET-ECB and repealing Decision ECB/2007/7 \(ECB/2022/22\)](#) (OJ L 163, 17.6.2022, p. 1), as amended. The [unofficial consolidated text](#) with the list of amendments is also available. Further details on [ancillary systems](#) can be found on the ECB's website.

## Other

<b>Banknotes in circulation</b>	<p>The ECB has been allocated an 8% share of the total value of euro banknotes in circulation. This share is backed by claims on the NCBs which are recorded in the balance sheet under "Claims related to the allocation of euro banknotes within the Eurosystem" and were remunerated at the rate used by the Eurosystem in its tenders for main refinancing operations. The interest is included in the profit and loss account under "Interest income".</p> <p>Expenses arising from the cross-border transportation of euro banknotes between banknote printing works and NCBs, for the delivery of new banknotes, and between NCBs, for the compensation of shortages with surplus stocks, are borne centrally by the ECB. These expenses are presented in the profit and loss account under "Banknote production services".</p>
<b>Own funds portfolio</b>	<p>The own funds portfolio of the ECB is presented in the balance sheet, mainly under "Other financial assets".</p> <p>Coupon accruals and amortised premiums and discounts are included in the profit and loss account under "Interest income" or "Interest expense".</p> <p>Unrealised price losses exceeding previously recorded unrealised price gains on the same items and realised gains and losses arising from the sale of securities are also included in the profit and loss account under "Write-downs on financial assets and positions" and "Realised gains/(losses) arising from financial operations" respectively. Unrealised price gains are recorded in the balance sheet under "Revaluation accounts".</p>

## 1.3 Financial developments

### 1.3.1 Balance sheet

The ECB's balance sheet expanded between 2020 and 2022, mainly owing to outright purchases of securities by the ECB in the context of the implementation of the monetary policy of the Eurosystem (Chart 1). The main drivers of the substantial expansion in 2020 and 2021 were net purchases of securities under the asset purchase programme (APP) and the launch of the pandemic emergency purchase programme (PEPP) in March 2020.<sup>12</sup> Net purchases of securities under the PEPP and the APP were discontinued as of the end of March 2022 and 1 July 2022 respectively, leading to a more moderate increase in the ECB's balance sheet in 2022. In 2023 the ECB's balance sheet started decreasing, mainly owing to the gradual decline in holdings under the APP as a result of the only partial reinvestment of principal payments from maturing securities between March and June 2023 and the complete discontinuation of such reinvestments as of July 2023.

In 2024 the **ECB's balance sheet** decreased further, by €32.6 billion to €640.6 billion, mainly owing to redemptions of securities held under the APP and the PEPP. The redemptions resulted in a decrease in securities held for monetary policy purposes, while the cash settlement of these transactions via TARGET accounts led to a corresponding decline in intra-Eurosystem liabilities. This decline was partially offset by the rise in the euro equivalent value of the ECB's foreign reserve assets.

**€32.6 billion**  
Decrease in the ECB's balance sheet

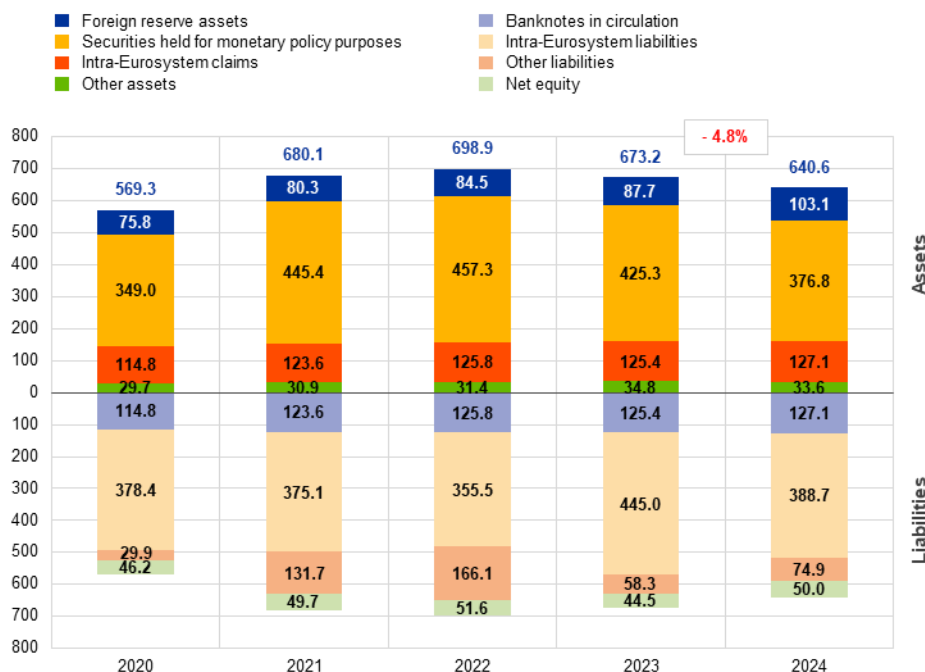
<sup>12</sup> The APP consists of the third covered bond purchase programme (CBPP3), the asset-backed securities purchase programme (ABSPP), the public sector purchase programme (PSPP) and the corporate sector purchase programme (CSPP). The ECB did not acquire securities under the CSPP. Further details on the [asset purchase programme](#) and the [pandemic emergency purchase programme](#) can be found on the ECB's website.



**Chart 1**

**Main components of the ECB's balance sheet**

(EUR billions)



Source: ECB.

Note: For the purpose of preparing the ECB's Annual Accounts, the ECB's net equity consists of its paid-up capital, any amounts held in the provision for financial risks and the general reserve fund, the revaluation accounts (excluding the revaluation account for post-employment benefits), any accumulated losses from previous years and any profit/loss for the year. For information on the adjustments of the figures for 2023, see "Changes to presentation in the financial statements" in Section 2.3 "Accounting policies" of the financial statements of the ECB.

**59%**  
Share of securities held for monetary policy purposes in total assets

**Euro-denominated securities held for monetary policy purposes** made up 59% of the ECB's total assets at the end of 2024. Under this balance sheet item, the ECB holds securities acquired in the context of the Securities Markets Programme (SMP), the third covered bond purchase programme (CBPP3), the asset-backed securities purchase programme (ABSPP), the public sector purchase programme (PSPP) and the pandemic emergency purchase programme (PEPP). The securities purchased under these programmes are valued at amortised cost subject to impairment.

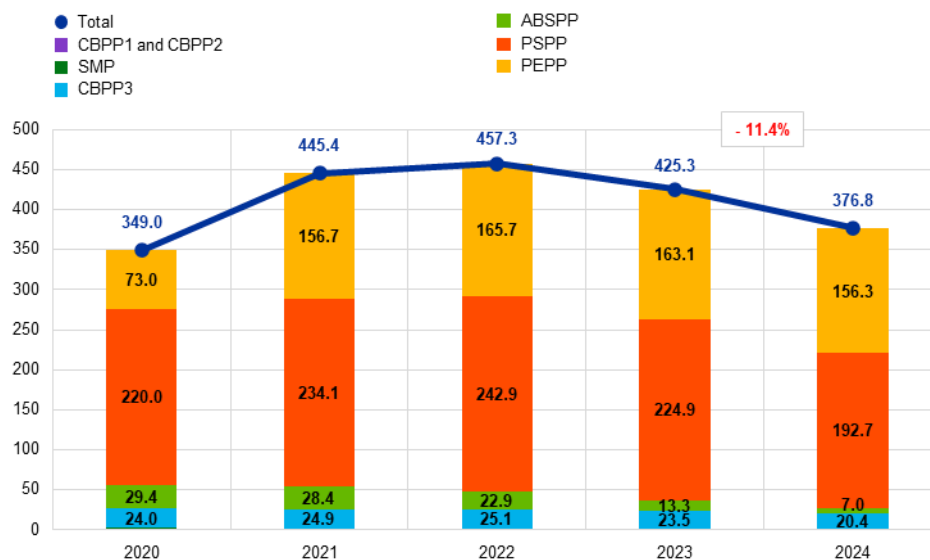
**€48.6 billion**  
Decrease in securities held for monetary policy purposes

Based on the relevant Governing Council decisions, since July 2023 the Eurosystem no longer reinvests principal payments from maturing securities under the APP. The Eurosystem continued reinvesting principal payments from maturing securities under the PEPP in full during the first half of 2024 and partially over the second half of the year, reducing the PEPP portfolio at Eurosystem level by €7.5 billion per month on average in that period. At the end of 2024 reinvestments under the PEPP were discontinued. As a result of these decisions, the portfolio of securities held by the ECB for monetary policy purposes decreased by €48.6 billion to €376.8 billion (Chart 2). The APP decreased by €41.6 billion to €220.1 billion with the PSPP, ABSPP and CBPP3 holdings under the APP decreasing by €32.2 billion, €6.3 billion and €3.1 billion respectively. The PEPP portfolio decreased by €6.8 billion to €156.3 billion.

## Chart 2

### Securities held for monetary policy purposes

(EUR billions)

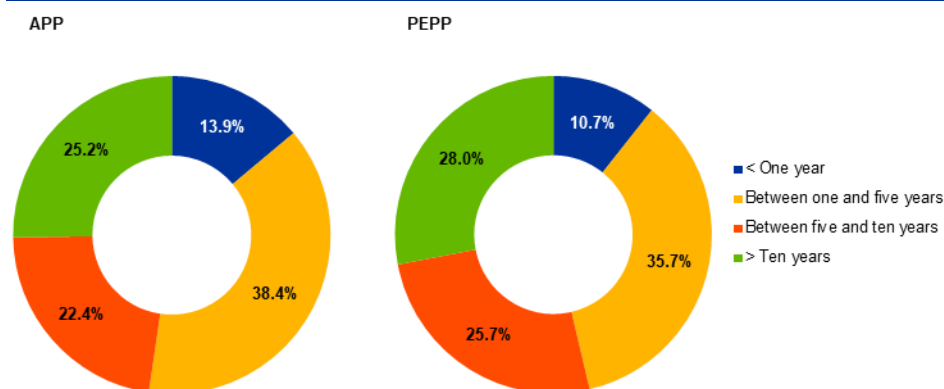


Source: ECB.

The securities held by the ECB under the APP and the PEPP at the end of 2024 had a diversified maturity profile (Chart 3).<sup>13</sup>

## Chart 3

### Maturity profile of the APP and the PEPP



Source: ECB.

Note: For asset-backed securities, the maturity profile is based on the weighted average life of the securities rather than the legal maturity date.

In 2024 the total euro equivalent value of the **ECB's foreign reserve assets**, which consist of gold, special drawing rights, US dollars, Japanese yen and Chinese renminbi, increased by €15.4 billion to €103.1 billion.

<sup>13</sup> More information about the maturity profile of the [asset purchase programme](#) and the [pandemic emergency purchase programme](#) can be found on the ECB's website.

### €10.5 billion

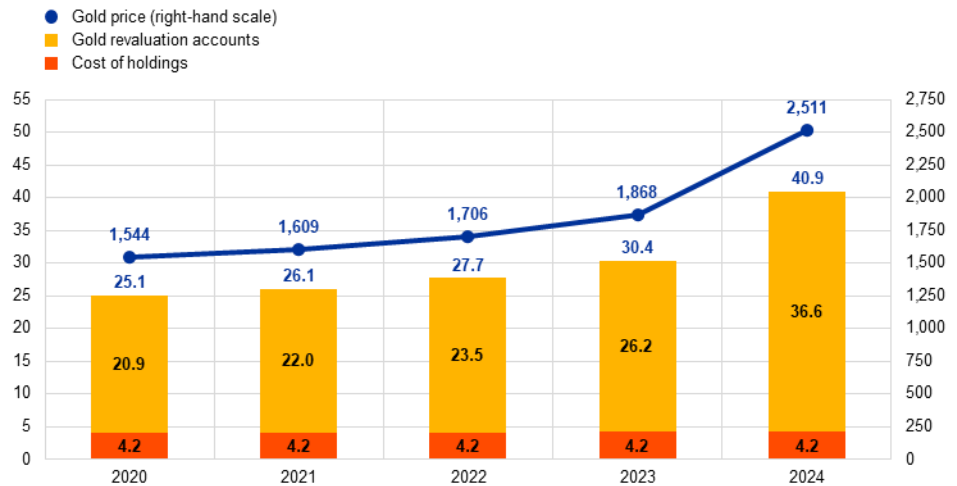
Increase in the value of the ECB's holdings of gold owing to the rise in the market price of gold in euro terms

The euro equivalent value of the ECB's holdings of gold increased by €10.5 billion to €40.9 billion in 2024 (Chart 4) owing to the rise in the market price of gold in euro terms. This increase also led to an equivalent rise in the ECB's gold revaluation accounts (see Section 1.3.2 "Net equity").

### Chart 4

#### Gold holdings and gold prices

(left-hand scale: EUR billions; right-hand scale: euro per fine ounce of gold)



Source: ECB.

Note: "Gold revaluation accounts" does not include the contributions of the central banks of the Member States that joined the euro area after 1 January 1999 to the accumulated gold revaluation accounts of the ECB as at the day prior to their entry into the Eurosystem.

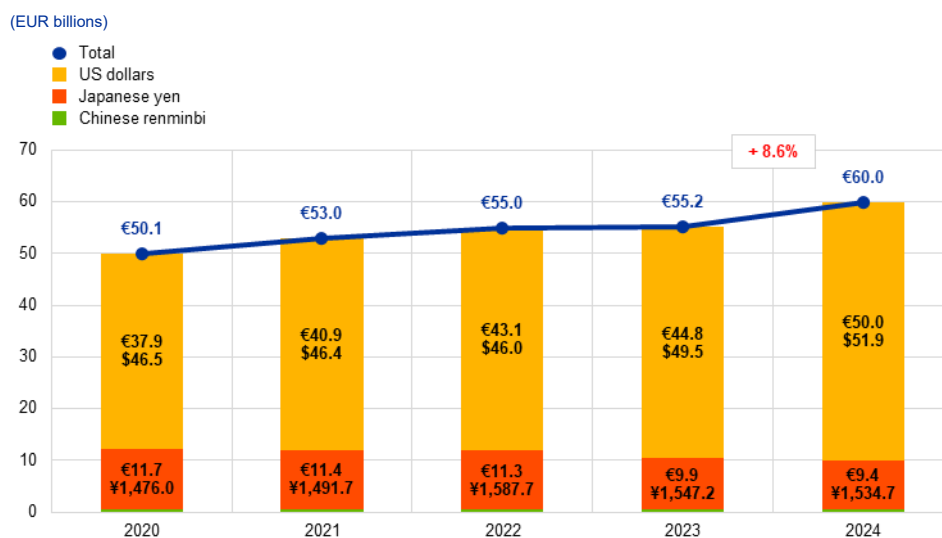
### €4.7 billion

Increase in the ECB's foreign currency holdings

The ECB's foreign currency holdings of US dollars, Japanese yen and Chinese renminbi increased in euro terms by €4.7 billion to €60.0 billion (Chart 5), mainly owing to the appreciation of the US dollar against the euro and the reinvestment of income earned during the year, primarily on the US dollar portfolio.<sup>14</sup> The appreciation of the US dollar against the euro was also reflected in higher balances in the ECB's currency revaluation accounts (see Section 1.3.2 "Net equity").

<sup>14</sup> The ECB's foreign currency holdings comprise assets included in the balance sheet under "Claims on non-euro area residents denominated in foreign currency – Balances with banks and security investments, external loans and other external assets" and "Claims on euro area residents denominated in foreign currency".

**Chart 5**  
Foreign currency holdings



Source: ECB.

The US dollar is the main component of the ECB's foreign currency holdings, accounting for 83% of the total at the end of 2024.

The ECB manages the investment of its foreign currency holdings using a three-step approach. First, a strategic benchmark portfolio is designed by the ECB's risk managers and approved by the Governing Council. Second, the ECB's portfolio managers design the tactical benchmark portfolio, which is approved by the Executive Board. Third, investment operations are conducted in a decentralised manner by the NCBs on a day-to-day basis.

The ECB's foreign currency holdings are mainly invested in securities and money market deposits or are held in current accounts (Chart 6). Securities in this portfolio are valued at year-end market prices.

## Chart 6

### Composition of foreign currency investments

(EUR billions)



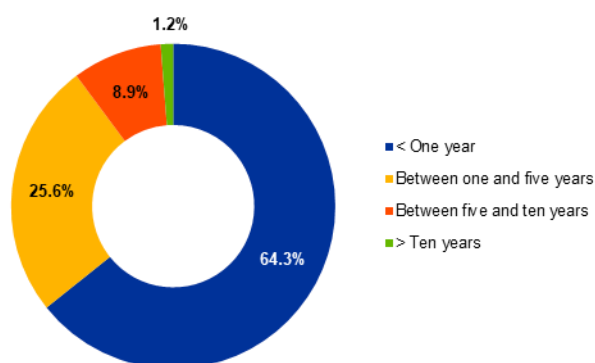
Source: ECB.

**64%**  
Foreign currency-denominated securities with a maturity of less than one year

The purpose of the ECB's foreign currency holdings is to finance potential interventions in the foreign exchange market. For this reason, the ECB's foreign currency holdings are managed in accordance with three objectives (in order of priority): liquidity, safety and return. Therefore, this portfolio mainly comprises securities with short maturities (Chart 7).

## Chart 7

### Maturity profile of foreign currency-denominated securities



Source: ECB.

The value of the **own funds portfolio** increased by €0.6 billion to €22.7 billion (Chart 8), primarily owing to the reinvestment of interest income generated on this portfolio.

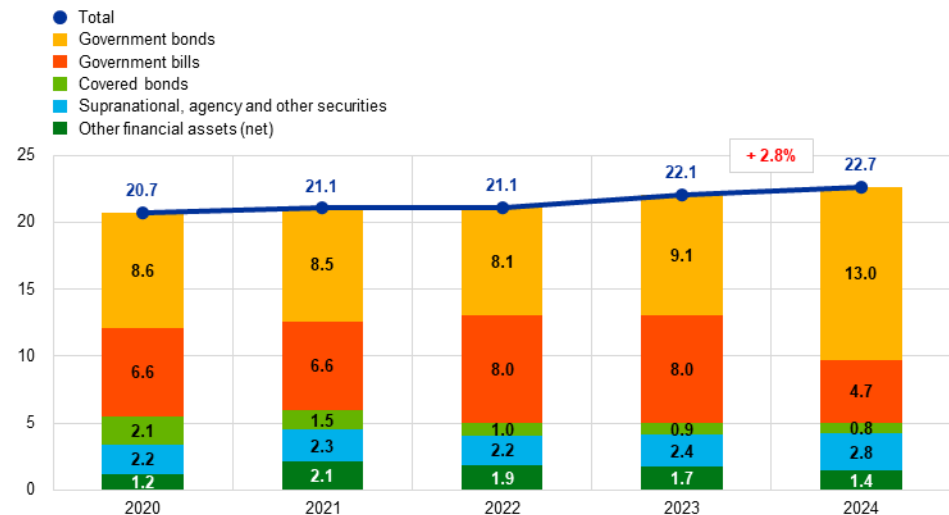
**28%**  
Share of sustainable and responsible investments in the ECB's own funds portfolio

The portfolio mainly consists of euro-denominated securities valued at year-end market prices. In 2024 government debt securities accounted for 78% of the total portfolio.

The share of green investments in the own funds portfolio continued to increase, rising from 20% at the end of 2023 to 28% at the end of 2024. The ECB plans to further increase this share over the coming years.<sup>15</sup> In 2021 and 2022 purchases of green bonds in secondary markets were complemented by investments in the euro-denominated green bond investment fund for central banks launched by the Bank for International Settlements in January 2021. In October 2024 the ECB started investing a small share of its own funds in equity exchange-traded funds (ETFs) tracking Paris-aligned benchmarks.<sup>16</sup> This diversification enhances the return potential of the ECB's own funds portfolio and further aligns its investments with a decarbonisation path consistent with the goals of the Paris Agreement and the European Climate Law.<sup>17</sup>

**Chart 8**  
The ECB's own funds portfolio

(EUR billions)



Source: ECB.

The ECB's own funds portfolio predominantly consists of investments of its paid-up capital and amounts set aside in the general reserve fund and in the provision for financial risks. The purpose of this portfolio is to provide income to help fund those ECB operating expenses that are not related to the delivery of its supervisory

<sup>15</sup> In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures, the ECB prepares annual climate-related financial disclosures with regard to its own funds and pension portfolios. The disclosures for 2023 were published on the ECB's website in June 2024, while the disclosures for 2024 are expected to be published in June 2025.

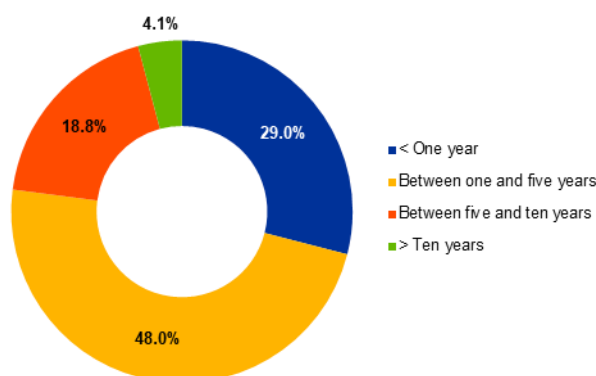
<sup>16</sup> Paris-aligned benchmarks aim for alignment with the Paris Agreement goal of limiting the increase in global average temperatures to 1.5°C.

<sup>17</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

tasks.<sup>18</sup> It is invested in euro-denominated assets, subject to the limits imposed by its risk control framework. This results in a more diversified maturity structure (Chart 9) compared to the foreign reserves portfolio.

### Chart 9

Maturity profile of the ECB's own funds securities



Source: ECB.

At the end of 2024 the total value of euro **banknotes in circulation** issued by the Eurosystem was €1,588.3 billion, an increase of 1.3% compared to the end of 2023. The ECB has been allocated an 8% share of the total value of euro banknotes in circulation, which amounted to €127.1 billion at the end of the year. Legally, both the ECB and the NCBs of the euro area have the right to issue euro banknotes. In practice, however, only the NCBs physically issue euro banknotes or withdraw them from circulation. Therefore, the ECB holds **intra-Eurosystem claims** vis-à-vis the euro area NCBs equivalent to the value of the banknotes in circulation allocated to it.

The ECB's **intra-Eurosystem liabilities**, which mainly comprise the net TARGET balance of euro area NCBs vis-à-vis the ECB and the ECB's liabilities with regard to the foreign reserve assets transferred to it by the euro area NCBs when they joined the Eurosystem, decreased by €56.4 billion to €388.7 billion in 2024.

The development of the intra-Eurosystem liabilities is determined by the evolution of the net TARGET liability. The main factors contributing to the changes in the net TARGET liability over the period 2020-24 were purchases and redemptions of monetary policy securities, which are settled via TARGET accounts, and changes in liabilities to euro area and non-euro area residents denominated in euro (Chart 10). In 2024 the ECB's net TARGET liability decreased by €56.3 billion, mainly owing to cash inflows from redemptions of monetary policy securities and the increase in liabilities to non-euro area residents denominated in euro.

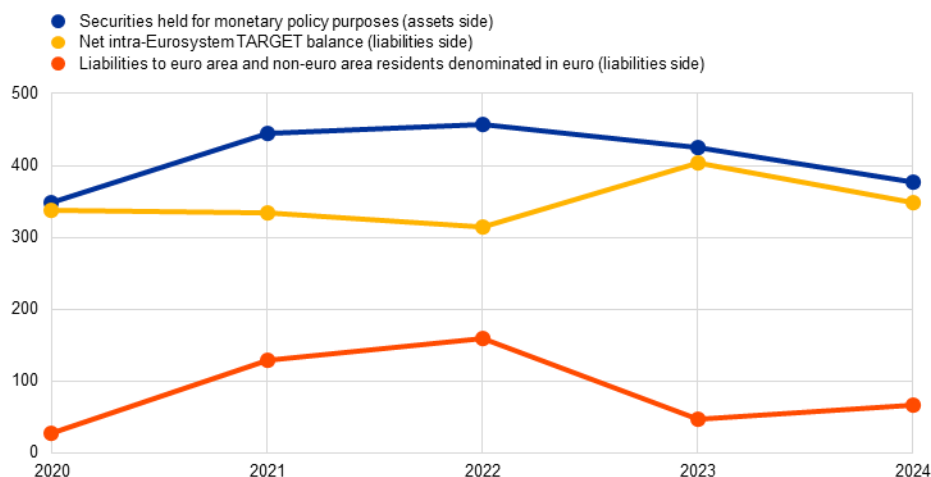
**€56.3 billion**  
Decrease in the ECB's net TARGET liability

<sup>18</sup> The expenses incurred by the ECB in the performance of its supervisory tasks are recovered via annual fees levied on supervised entities. Further details on [supervisory fees](#) can be found on the ECB's banking supervision website.

**Chart 10**

Net intra-Eurosystem TARGET balance, liabilities to euro area and non-euro area residents denominated in euro and securities held for monetary policy purposes

(EUR billions)



Source: ECB.

Note: For the purpose of this chart, "Liabilities to euro area and non-euro area residents denominated in euro" consists of "Other liabilities to euro area credit institutions denominated in euro", "Liabilities to other euro area residents denominated in euro" and "Liabilities to non-euro area residents denominated in euro".

In 2024 the ECB's **other liabilities** rose by €16.6 billion to €74.9 billion, mainly owing to an increase in liabilities to non-euro area residents denominated in euro as a result of higher deposits accepted by the ECB in its role as fiscal agent.<sup>19</sup>

## 1.3.2 Net equity

**€50.0 billion**  
The ECB's net equity

The ECB's net equity consists of its paid-up capital, any amounts held in the provision for financial risks and the general reserve fund, the revaluation accounts, any accumulated losses from previous years and any profit/loss for the year.<sup>20,21</sup>

At the end of 2024 the **ECB's net equity** totalled €50.0 billion (Chart 11 and Table 2). This was €5.4 billion higher than at the end of 2023 owing to the increase in the revaluation accounts, mainly as a result of the rise in the market price of gold in euro terms in 2024 and the appreciation of the US dollar against the euro. The resulting increase in the ECB's net equity was partially offset by (i) the loss incurred in 2024; and (ii) the decline in paid-up capital following the five-yearly adjustment of the ECB's capital key that entered into force on 1 January 2024 and resulted in a decrease in the weighting of the euro area NCBs (which have fully paid-up subscriptions).

<sup>19</sup> In accordance with Article 21 of the [Statute of the ESCB](#), the ECB may act as fiscal agent for Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States.

<sup>20</sup> In this section, "revaluation accounts" includes total revaluation gains on gold, foreign currency, and securities and other instruments but excludes the revaluation account for post-employment benefits.

<sup>21</sup> This definition of net equity is solely used for the purpose of preparing the ECB's Annual Accounts.



**Chart 11**  
The ECB's net equity



Source: ECB.  
Note: "Revaluation accounts" includes total revaluation gains on gold, foreign currency, and securities and other instruments but excludes the revaluation account for post-employment benefits.

**Table 2**  
Changes in the ECB's net equity

(EUR millions)

	Capital	Revaluation accounts	Accumulated losses carried forward	Loss for the year	Total net equity
<b>Balance as at 31 December 2023</b>	8,948	36,861	-	(1,266)	44,543
Loss carried forward			(1,266)	1,266	-
Five-yearly adjustment of the ECB's capital key	(23)				(23)
Revaluation accounts					13,375
- Gold		10,476			
- Foreign currency		2,976			
- Securities and other instruments		(77)			
Loss for the year				(7,944)	(7,944)
<b>Balance as at 31 December 2024</b>	8,925	50,236	(1,266)	(7,944)	49,951

**34%**  
Rise in the market price of gold in euro terms

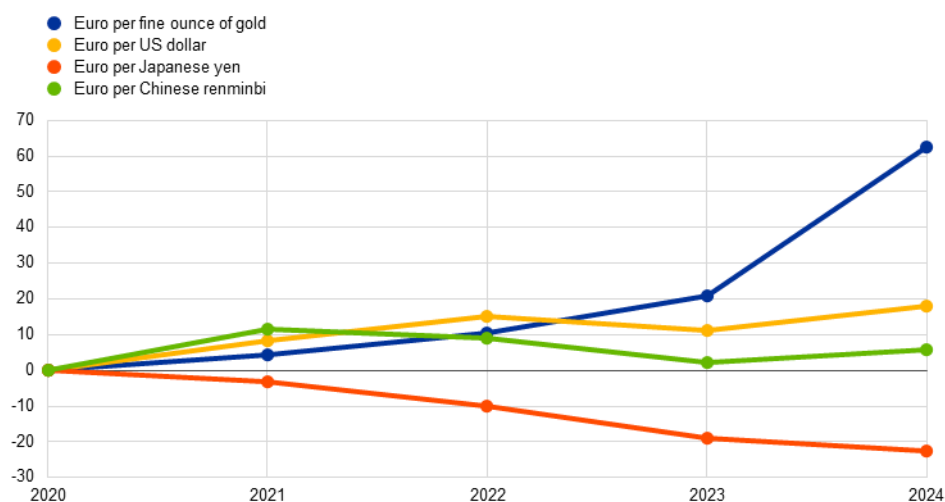
Unrealised gains on gold, foreign currency, and securities and other instruments that are subject to price revaluation are not recognised as income in the profit and loss account but are recorded directly in **revaluation accounts** shown on the liabilities side of the ECB's balance sheet. The balances in these accounts can be used to absorb the impact of any future unfavourable movement in the respective prices and/or exchange rates and thus strengthen the ECB's resilience against the underlying risks. In 2024 the revaluation accounts for gold, foreign currency, and

securities and other instruments increased by €13.4 billion to €50.2 billion, mainly owing to higher revaluation balances for gold as a result of the rise in the market price of gold in euro terms. In addition, the revaluation balances for foreign currencies increased, mainly owing to the appreciation of the US dollar against the euro, which more than offset the depletion of revaluation balances for Japanese yen resulting from its depreciation against the euro (Chart 12).

### Chart 12

#### The main foreign exchange rates and gold price over the period 2020-24

(percentage changes vis-à-vis 2020; year-end data)



Source: ECB.

In view of its exposure to financial risks (see Section 1.4.1 “Financial risks”), the ECB may set aside a **provision for financial risks** to be used to the extent deemed necessary by the Governing Council to offset losses that arise as a result of this exposure. This provision was zero as at 31 December 2024 because it was fully used in 2023 to cover part of that year’s losses. In the context of the annual review of the size of this provision, the Governing Council may decide to replenish it once the ECB has returned to making a profit and offset the accumulated losses carried forward from past years.

The **ECB’s loss for the year** was €7.9 billion (see Section 1.3.3 “Profit and loss account”). Like the previous year, the Governing Council decided to carry the loss forward on the ECB’s balance sheet to be offset against future profits.

### 1.3.3 Profit and loss account

The ECB’s result has fallen year-on-year since 2020 (Chart 13). In 2021 the decrease was mainly driven by lower income generated on foreign reserves and on securities held for monetary policy purposes. In 2022 and 2023 the reduction in the ECB’s result was primarily due to the materialisation of interest rate risk, as the rise in interest rates in the euro area led to an immediate increase in the interest expense paid by the ECB on its net TARGET liability, which was remunerated at the rate on

the main refinancing operations (MRO rate).<sup>22</sup> At the same time, the income earned on the ECB's assets did not increase to the same extent or at the same pace (see Section 1.4.1 "Financial risks"). This situation continued in 2024 as, despite policy rate cuts commencing in June of that year, the interest expense paid on the net TARGET liability was on average still higher than the interest income earned on assets.

Profits or losses are side effects of the ECB's primary goal of price stability

The ECB's losses in 2023 and 2024, which followed a long period of substantial profits, reflect the role and necessary policy actions of the Eurosystem in fulfilling its primary mandate of maintaining price stability and have no impact on its ability to conduct effective monetary policy. Until 2022 the ECB's balance sheet expanded significantly, mainly driven by purchases of securities under the outright purchase programmes. On the assets side, most monetary policy securities currently held have long maturities and fixed coupons and were purchased during a period when interest rates were very low or zero. These assets continue to generate relatively low interest income and are not immediately affected by changes in the key ECB interest rates. At the same time, the cash settlement of these purchases via TARGET led to a rise in the ECB's net TARGET liability, which is very sensitive to changes in key ECB interest rates.

Materialisation of interest rate risk may still lead to losses in the coming years

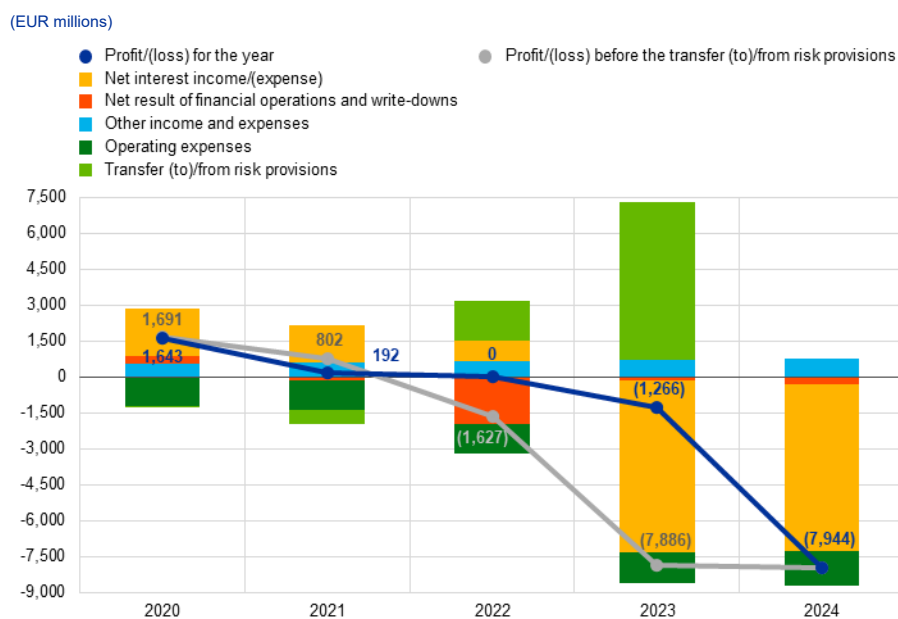
Before returning to making profits, the ECB may still incur losses in the coming years as a result of the materialisation of interest rate risk. Although the occurrence and magnitude of losses are uncertain and will largely depend on the future evolution of key ECB interest rates and the size and composition of the ECB's balance sheet, if they materialise, they are expected to be lower than those incurred in 2023 and 2024. Besides, the ECB's capital and its substantial revaluation accounts, which together amounted to €59.2 billion at the end of 2024 (see Section 1.3.2 "Net equity"), underline its financial strength, and, in any case, the ECB can operate effectively and fulfil its primary mandate of maintaining price stability regardless of any losses.

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<sup>22</sup> On 13 March 2024 the Governing Council decided on a [set of principles that would guide monetary policy implementation](#) in the future and that, among other key parameters, it would continue to steer the monetary policy stance through the deposit facility rate. In the same context the Governing Council decided that from 1 January 2025, the deposit facility rate would become the basis for the remuneration of (i) TARGET balances due from/to euro area NCBs, (ii) claims related to the allocation of euro banknotes within the Eurosystem, and (iii) liabilities equivalent to the transfer of foreign reserves.

### Chart 13

#### Main components of the ECB's profit and loss account



Source: ECB.

Note: "Other income and expenses" consists of "Net income/(expense) from fees and commissions", "Income from equity instruments and participating interests", "Other income" and "Other expenses".

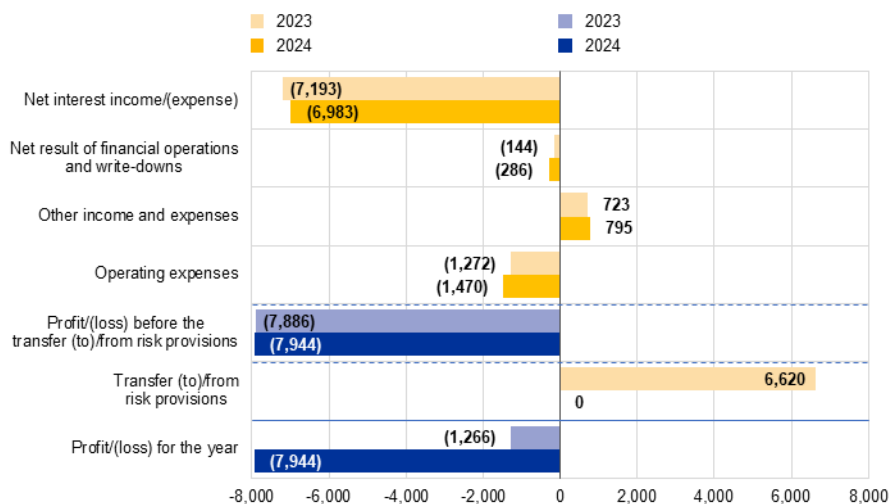
**€7,944 million**  
ECB's loss for 2024

In 2024 the **ECB's loss for the year** amounted to €7,944 million, which is comparable to the loss of €7,886 million before the transfer from risk provisions in 2023. In that year the provision for financial risks was fully released to partially cover the losses incurred, bringing the loss for 2023 to €1,266 million, while in 2024 the provision stood at zero. The main driver of the loss continued to be the significant net interest expense (Chart 14).

## Chart 14

### Drivers of the ECB's profit/(loss) for 2023 and 2024

(EUR millions)

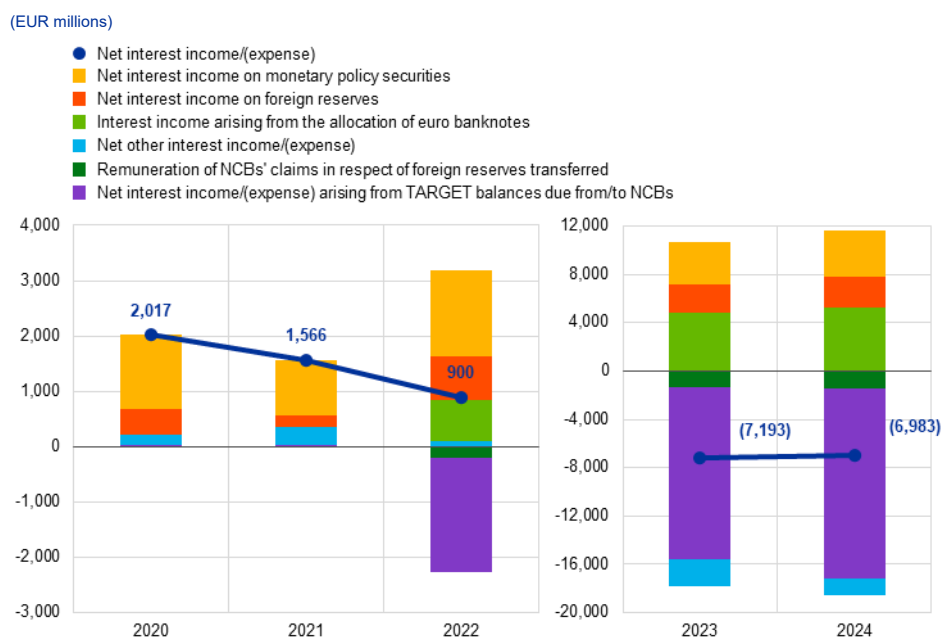


Source: ECB.

Net interest expense mainly resulted from the ECB's net TARGET liability

The ECB's **net interest expense** amounted to €6,983 million in 2024, compared to €7,193 million in 2023 (Chart 15). The main component was the significant interest expense arising from the ECB's net TARGET liability, which more than offset the interest income arising from (i) the ECB's claims related to the allocation of euro banknotes within the Eurosystem, (ii) monetary policy securities, and (iii) foreign reserves.

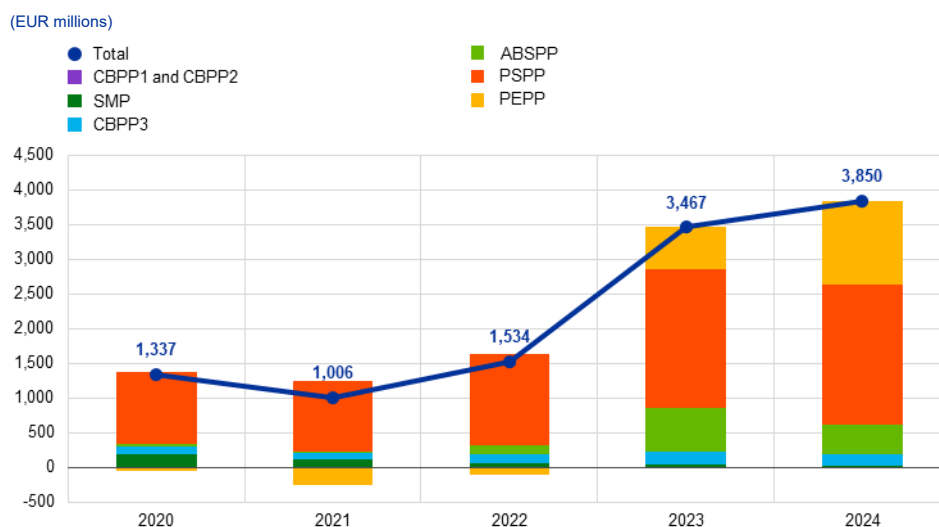
**Chart 15**  
Net interest income/(expense)



Source: ECB.

Higher interest income, mainly on public sector securities held under the PEPP

**Net interest income generated on securities held for monetary policy purposes** increased by €383 million to €3,850 million in 2024 (Chart 16), mainly owing to higher interest income from holdings under the PEPP, which rose by €606 million to €1,206 million. This increase was mainly attributable to the lower premium amortisation of public sector securities. Net interest income from securities held under the APP (CBPP3, ABSPP and PSPP) decreased by €199 million to €2,619 million. This decline was mainly due to the decrease in interest income from holdings under the ABSPP, which fell by €223 million to €419 million as a result of the significantly lower holdings owing to repayments of securities. Interest income on securities held under the PSPP amounted to €2,022 million in 2024, which was almost the same as in 2023 as the securities held under this portfolio were mostly acquired at low yields and their maturing therefore had only a minor impact on the interest income. Net interest income from the SMP decreased from €49 million to €24 million owing to the decline in the size of the portfolio as a result of maturing securities.

**Chart 16****Net interest income/(expense) on securities held for monetary policy purposes**

Source: ECB.

Increase in interest income on the US dollar portfolio

**Net interest income on foreign reserves** increased by €155 million to €2,537 million, predominantly as a result of higher interest income from securities denominated in US dollars.

4.1%  
Average MRO rate in 2024

**Interest income arising from the allocation of euro banknotes to the ECB and interest expense stemming from the remuneration of NCBs' claims in respect of foreign reserves transferred** increased by €415 million to €5,232 million and by €114 million to €1,448 million respectively in 2024. These increases were due to the higher average MRO rate of 4.1% in 2024 (2023: 3.8%), as the MRO rate was used for the remuneration of these balances. The Governing Council started lowering the key ECB interest rates in June 2024, reducing the MRO rate to 3.15% by the end of 2024, compared with 4.5% at the beginning of the year.

€15,674 million  
Interest expense resulting from the ECB's net TARGET liability

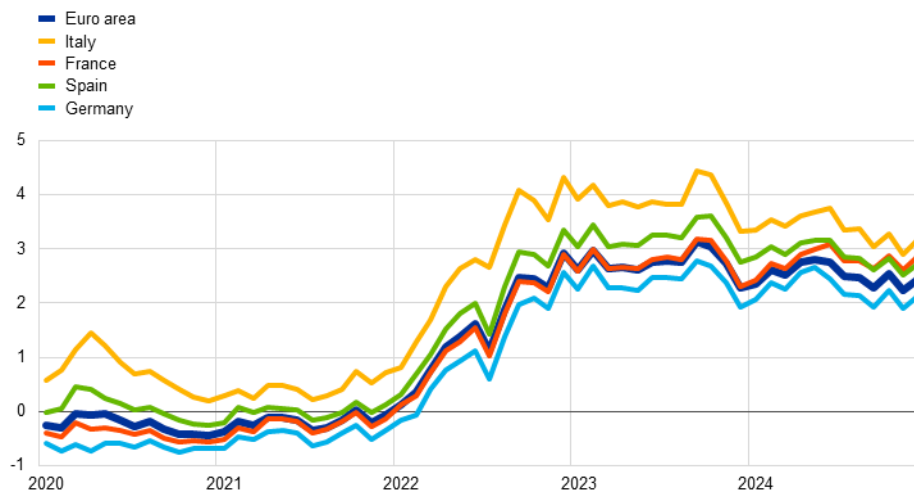
The **net interest expense arising from TARGET balances due from/to NCBs** increased by €1,439 million to €15,674 million in 2024. This increase was mainly driven by the higher average MRO rate in 2024, as this rate was also used for the remuneration of the ECB's intra-Eurosystem TARGET balances.

The **net other interest expense** decreased by €809 million to €1,479 million in 2024. This was mainly due to the lower interest expense on deposits accepted by the ECB in its role as fiscal agent and on cash received as collateral in securities lending transactions, owing to the lower average balance of these two items in 2024, and the higher interest income on the own funds portfolio as a result of rising yields in the euro area since 2022 (Chart 17). These changes were partially offset by the higher interest expense on balances of euro area ancillary systems as a result of a further rise in the average balance and a higher average remuneration rate in 2024.

**Chart 17**

**Seven-year sovereign bond yields in the euro area**

(percentages per annum; month-end data)



Source: ECB.

Net realised price losses were mainly driven by outstanding premiums on ABSPP securities repaid before maturity

**Net realised losses arising from financial operations** decreased by €89 million to €17 million in 2024 (Chart 18). These losses mainly resulted from outstanding premiums on securities held in the ABSPP that were repaid before maturity. The realised price losses in euro were partially offset by realised exchange rate gains, largely as a result of year-end price write-downs of a number of US dollar-denominated securities.

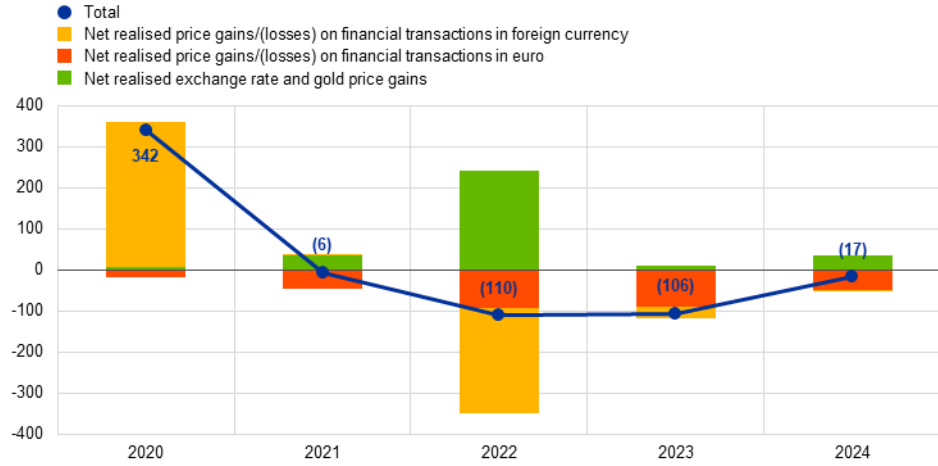
Realised price gains and losses on financial transactions in foreign currency, in particular on sales of US dollar-denominated securities and on interest rate futures, were driven by fluctuations in US dollar bond yields and largely offset each other over the course of 2024 (Charts 19 and 20).



**Chart 18**

Realised gains/(losses) arising from financial operations

(EUR millions)

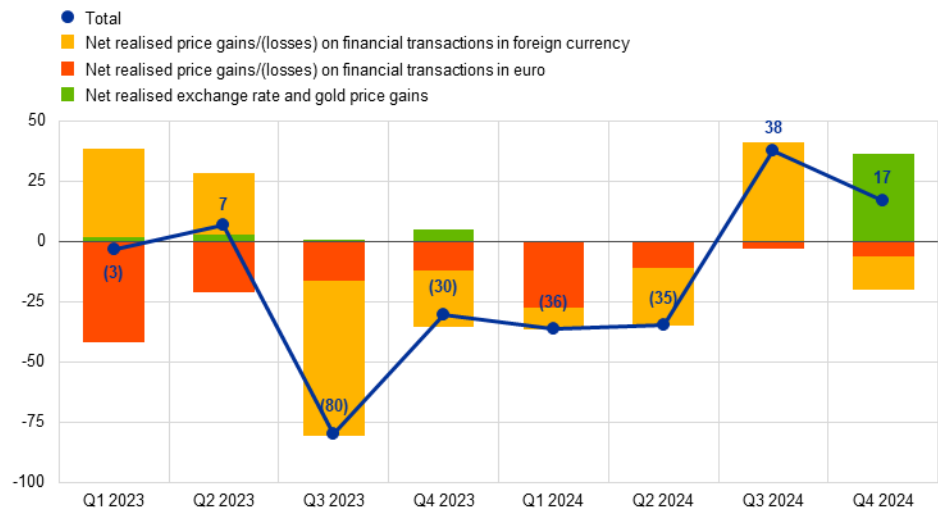


Source: ECB.

**Chart 19**

Quarterly realised gains/(losses) arising from financial operations in 2023 and 2024

(EUR millions)

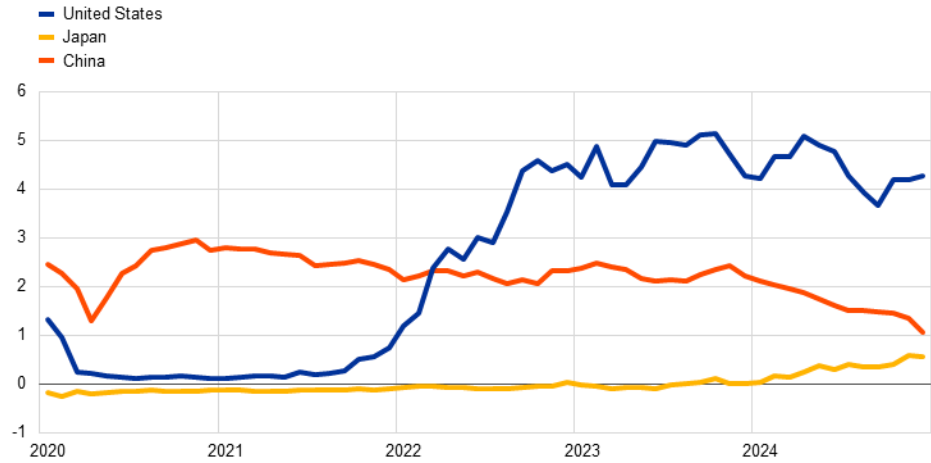


Source: ECB.

**Chart 20**

**Two-year sovereign bond yields in the United States, Japan and China**

(percentages per annum; month-end data)



Source: LSEG.

**€187 million**

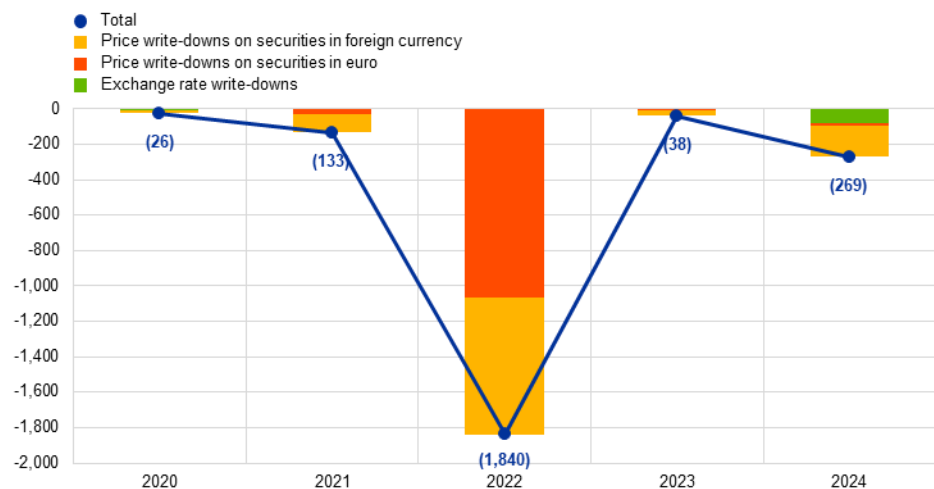
Price write-downs, mainly on US dollar-denominated securities

Unrealised revaluation losses are expensed in the form of **write-downs** at the year-end in the ECB's profit and loss account. In 2024 these write-downs amounted to €269 million (Chart 21). Unrealised price losses amounting to €187 million mainly stemmed from a decline in the market value of a number of securities held in the US dollar portfolio. There were also unrealised exchange rate losses of €81 million on the ECB's holding of Japanese yen in 2024 as a result of the depreciation of this currency against the euro to an exchange rate below the acquisition cost of the holding.

**Chart 21**

**Write-downs on financial assets and positions**

(EUR millions)



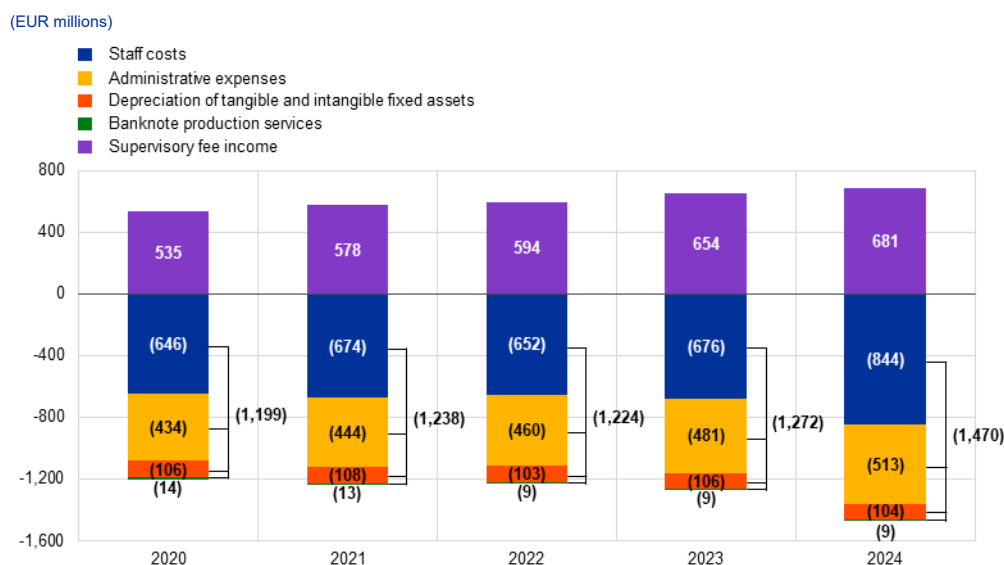
Source: ECB.

The ECB's **total operating expenses**, including depreciation and banknote production services, increased by €198 million to €1,470 million (Chart 22). This was largely due to higher staff costs, reflecting higher costs for post-employment benefits arising from an amendment to the rules governing the ECB's pension plans in 2024. Administrative expenses also increased, mainly owing to higher IT spending in relation to the digital transformation, while also reflecting the impact of inflation.

Banking supervision-related expenses are fully covered by fees levied on the supervised entities. Based on the actual expenses incurred by the ECB in the performance of its banking supervision tasks, supervisory fee income for 2024 stood at €681 million.<sup>23</sup>

€681 million  
Supervisory fee income

**Chart 22**  
Operating expenses and supervisory fee income



Source: ECB.

## 1.4 Risk management

Risk management is a critical part of the ECB's activities and is conducted through a continuous process of (i) risk identification and assessment, (ii) review of the risk strategy and policies, (iii) implementation of risk-mitigating actions, and (iv) risk monitoring and reporting – all of which are supported by effective methodologies, processes and systems.

<sup>23</sup> Supervisory fee income is included under "Other income and expenses" (Chart 13).

**Figure 2**  
Risk management cycle



The following sections focus on the risks, their sources and the applicable risk control frameworks.

### 1.4.1 Financial risks

**The Executive Board proposes policies and procedures that ensure an appropriate level of protection against the financial risks to which the ECB is exposed.** The Risk Management Committee (RMC), which comprises experts from Eurosystem central banks, contributes to the monitoring, measuring and reporting of financial risks related to the balance sheet of the Eurosystem and defines and reviews the associated methodologies and frameworks. In this way, the RMC helps the decision-making bodies to ensure an appropriate level of protection for the Eurosystem.

**Financial risks arise from the ECB's operations and associated exposures.** The risk control frameworks and limits that the ECB uses to manage its risk profile differ across types of operation, reflecting the policy or investment objectives of the different portfolios and the risk characteristics of the underlying assets.

**To monitor and assess the risks, the ECB relies on a number of risk estimation techniques developed by its experts.** These techniques are based on a joint market and credit risk simulation framework. The core modelling concepts, techniques and assumptions underlying the risk measures draw on industry standards and available market data. The risks are typically quantified as the expected shortfall (ES), estimated at the 99% confidence level over a one-year

horizon.<sup>24</sup> Two approaches are used to calculate risks: (i) the accounting approach, under which the ECB's revaluation accounts are considered as a buffer in the calculation of risk estimates in line with applicable accounting rules; and (ii) the financial approach, under which the revaluation accounts are not considered as a buffer in the risk calculation. The ECB also calculates other risk measures at different confidence levels, performs sensitivity and stress scenario analyses and assesses longer-term projections of exposures and income to maintain a comprehensive picture of the risks.<sup>25</sup>

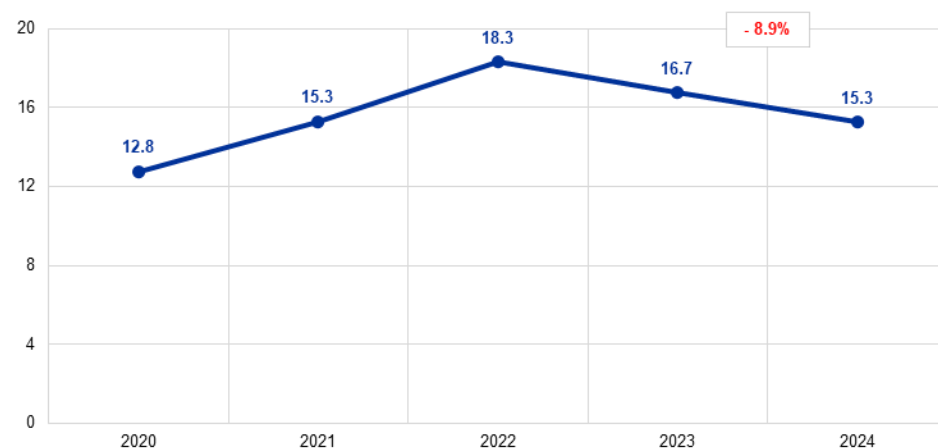
**€15.3 billion**  
Total risk (ES 99%, accounting approach)

**The total risks of the ECB decreased during the year.** At the end of 2024 the total financial risks of the ECB's balance sheet, as measured by the ES at the 99% confidence level over a one-year horizon under the accounting approach, stood at €15.3 billion, which was €1.5 billion lower than the estimated risks at the end of 2023 (Chart 23). The decrease in risk is mainly attributed to the reduction of the ECB's holdings of public sector securities under the APP and the PEPP, as the ECB no longer reinvested principal payments from maturing securities purchased under the APP and, as of July 2024, only partially reinvested those from maturing securities purchased under the PEPP. The reduction of holdings of securities under the APP and the PEPP was accompanied by a corresponding reduction in the ECB's liabilities, which further contributed to the decrease in risks as the balance sheet interest rate sensitivity mismatch started to wind down.

### Chart 23

#### Total financial risks (ES 99%, accounting approach)

(EUR billions)



Source: ECB.

<sup>24</sup> The ES is defined as a probability-weighted average loss that occurs in the worst  $(1-p)$ % of scenarios, where  $p$  denotes the confidence level.

<sup>25</sup> Further details on the risk modelling approach can be found in [The financial risk management of the Eurosystem's monetary policy operations](#), ECB, July 2015.

#### Credit risk

**Credit risk arises from the ECB's monetary policy portfolios, its euro-denominated own funds portfolio and its foreign reserve holdings.** While debt securities held for monetary policy purposes are valued at amortised cost subject to impairment and are therefore, in the absence of sales, not subject to price changes associated with credit migrations, they are still subject to credit default risk. Euro-denominated own funds and foreign reserves are valued at market prices and, as such, are subject to credit migration risk and credit default risk. Credit risk decreased compared to 2023 as a result of the decline in securities held for monetary policy purposes.

Credit risk is mitigated mainly through the application of eligibility criteria, due diligence procedures and limits that differ across portfolios.

#### Currency and commodity risks

**Currency and commodity risks arise from the ECB's foreign currency and gold holdings.** Currency and commodity risks increased compared with 2023.

In view of the policy role of these assets, the ECB does not hedge the related currency and commodity risks. Instead, these risks are mitigated through the existence of revaluation accounts and the diversification of the holdings across different currencies and gold.

#### Interest rate risk

**The ECB's foreign reserves and euro-denominated own funds are mainly invested in fixed income securities and are subject to mark-to-market interest rate risk,** given that they are valued at market prices. The ECB's foreign reserves are mainly invested in assets with relatively short maturities (see Chart 7 in Section 1.3.1 "Balance sheet"), while the assets in the own funds portfolio generally have longer maturities (see Chart 9 in Section 1.3.1 "Balance sheet"). The interest rate risk of these portfolios, as measured under the accounting approach, increased compared to 2023, reflecting developments in market conditions.

The mark-to-market interest rate risk of the ECB is mitigated through asset allocation policies and the revaluation accounts.

**The ECB is also subject to interest rate risk arising from mismatches between the interest rate earned on its assets and the interest rate paid on its liabilities,** which has an impact on its net interest income. This risk is not directly linked to any particular portfolio but rather to the structure of the ECB's balance sheet as a whole and, in particular, the existence of maturity and yield mismatches between assets and liabilities. Interest rate risk decreased in 2024, reflecting the decline in the ECB's liabilities following the reduction of holdings of securities under the APP and the PEPP. In addition to being measured within the ES at the 99% confidence level over a one-year horizon, this risk is monitored by means of projections of the ECB's profitability over a medium to long-term horizon.

This type of risk is managed through asset allocation policies and is further mitigated by the existence of unremunerated liabilities on the ECB's balance sheet.

This notwithstanding, the continued materialisation of interest rate risk led to further losses in 2024. These losses were mostly driven by the cost of the ECB's liabilities exceeding the interest earned on its assets. A large share of the ECB's medium to

long-term assets with fixed rate coupons were acquired when interest rates were very low or even zero. These continued to be funded mainly by short-term liabilities which, until the end of 2024, were remunerated at the MRO rate. While the ECB expects to return to making profits, the possibility of further losses in the coming years cannot be excluded. Should this be the case, any such losses are expected to be smaller than those in 2023 and 2024.

**The risks associated with climate change are gradually being incorporated into the ECB's risk management framework.** In 2022 the Eurosystem conducted the first climate stress test of the Eurosystem balance sheet, which allowed a preliminary estimate of the impact of this risk on the ECB's balance sheet.<sup>26</sup> Another climate stress test was conducted in 2024, and climate stress testing will continue to be performed on a regular basis in the coming years.<sup>27</sup>

## 1.4.2 Operational risk

The Executive Board is responsible for and approves the ECB's operational risk management (ORM) policy and framework.<sup>28</sup> The Operational Risk Committee supports the Executive Board in the performance of its role in overseeing the management of operational risks. **ORM is an integral part of the ECB's governance structure and management processes.**<sup>29</sup>

The main objective of the ECB's ORM framework is to **contribute to ensuring that the ECB achieves its mission and objectives, while protecting its reputation and assets against loss, misuse and damage.** Under the ORM framework, each business area is responsible for identifying, assessing, responding to, reporting on and monitoring its operational risks, incidents and controls. In this context, the ECB's risk tolerance policy provides guidance on risk response strategies and risk acceptance procedures. It is linked to a five-by-five risk matrix based on impact and likelihood grading scales using quantitative and qualitative criteria.

**The environment in which the ECB operates is exposed to increasingly complex and interconnected threats** and there are a wide range of operational risks associated with the ECB's day-to-day activities. The main areas of concern for the ECB include a wide spectrum of non-financial risks resulting from people, systems, processes and external events. Consequently, the ECB has put in place

<sup>26</sup> The results of the stress test for corporate bond holdings were incorporated in climate-related disclosures on corporate bond holdings of euro area NCBs under the CSPP and the PEPP, which the ECB started to publish annually from March 2023 onwards. For more details, see [Climate-related financial disclosures of the Eurosystem's corporate sector holdings for monetary policy purposes](#), ECB, March 2023.

The general qualitative results of this stress test were also published in the ECB's Economic Bulletin. See "[Results of the 2022 climate risk stress test of the Eurosystem balance sheet](#)", *Economic Bulletin*, Issue 2, ECB, 2023.

<sup>27</sup> The publication of the results of the 2024 climate stress test in qualitative form is envisaged for the first half of 2025.

<sup>28</sup> Operational risk encompasses all non-financial risks and is defined as the risk of a negative business, reputational and/or financial impact on the ECB resulting from people, the inadequate implementation or failure of internal governance and business processes, the failure of systems on which processes rely, or external events (e.g. natural disasters or external attacks).

<sup>29</sup> Further information about the ECB's [governance structure](#) can be found on the ECB's website.

processes to facilitate ongoing and effective management of its operational risks and to integrate risk information into the decision-making process. Moreover, the ECB is continuing to focus on enhancing its resilience, taking a broad view of risks and opportunities from an end-to-end perspective, including sustainability aspects. Response structures and contingency plans have been established to ensure the continuity of critical business functions in the event of any disruption or crisis.

### 1.4.3 Conduct risk

The ECB has a dedicated **Compliance and Governance Office as a key risk management function to strengthen the ECB's governance framework** in order to address conduct risk.<sup>30</sup> Its purpose is to support the Executive Board in protecting the integrity and reputation of the ECB, to promote ethical standards of behaviour and to strengthen the ECB's accountability and transparency. An independent Ethics Committee provides advice and guidance to high-level ECB officials on integrity and conduct matters and supports the Governing Council in managing risks at the executive level appropriately and coherently. At the level of the Eurosystem and the Single Supervisory Mechanism (SSM), the Ethics and Compliance Committee (ECC) works towards achieving coherent implementation of the conduct frameworks for NCBs and national competent authorities (NCAs).

In 2024 the ECB and seven other EU institutions agreed to establish an "EU Ethics Body" to strengthen ethics, integrity and related transparency and accountability standards in European decision-making.<sup>31</sup> The agreement was signed on 15 May 2024 and entered into force on 6 June 2024.<sup>32</sup> The main task of the new EU Ethics Body is to develop common minimum standards for the conduct of high-level officials. At the ECB, the scope covers members of the Executive Board, the Governing Council and the Supervisory Board. It is anticipated that the implementation of future common standards will have a beneficial effect on ethical conduct, including associated risks.

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<sup>30</sup> Conduct risk management has gained increasing attention in the corporate and public sector. It complements financial and operational risk management and for the ECB can be defined as the exposure of the institution to reputational damage, but also to financial or other types of harm that negatively affect its interests, as a result of intentional or negligent actions carried out by its high-level officials, employees or contractors that are not in conformance with the institution's ethics, legal and integrity rules or good governance and good administration standards.

<sup>31</sup> The other institutions are the European Parliament, the Council of the European Union, the European Commission, the Court of Justice of the European Union, the European Court of Auditors, the European Economic and Social Committee and the European Committee of the Regions.

<sup>32</sup> See [Agreement between the European Parliament, the Council of the European Union, the European Commission, the Court of Justice of the European Union, the European Central Bank, the European Court of Auditors, the European Economic and Social Committee and the European Committee of the Regions, establishing an interinstitutional body for ethical standards for members of institutions and advisory bodies referred to in Article 13 of the Treaty on European Union](#) (OJ L, 2024/1365, 17.5.2024).



## 2 Financial statements of the ECB

### 2.1 Balance sheet as at 31 December 2024

ASSETS	Note number	2024 € millions	2023 € millions
Gold and gold receivables	1	40,895	30,419
<b>Claims on non-euro area residents denominated in foreign currency</b>	2	<b>58,117</b>	<b>55,876</b>
Receivables from the IMF	2.1	2,227	2,083
Balances with banks and security investments, external loans and other external assets	2.2	55,890	53,793
<b>Claims on euro area residents denominated in foreign currency</b>	2.2	<b>4,094</b>	<b>1,450</b>
<b>Other claims on euro area credit institutions denominated in euro</b>	3	<b>2</b>	<b>17</b>
<b>Securities of euro area residents denominated in euro</b>	4	<b>376,781</b>	<b>425,349</b>
Securities held for monetary policy purposes	4.1	376,781	425,349
<b>Intra-Eurosystem claims</b>	5	<b>127,067</b>	<b>125,378</b>
Claims related to the allocation of euro banknotes within the Eurosystem	5.1	127,067	125,378
<b>Other assets</b>	6	<b>33,644</b>	<b>34,739</b>
Tangible and intangible fixed assets	6.1	971	1,023
Other financial assets	6.2	22,781	22,172
Off-balance-sheet instruments revaluation differences	6.3	681	552
Accruals and prepaid expenses	6.4	9,158	10,905
Sundry	6.5	53	88
<b>Total assets</b>		<b>640,600</b>	<b>673,229</b>

Note: Totals in the financial statements and in the tables included in the notes may not add up due to rounding. The figures 0 and (0) indicate positive or negative amounts rounded to zero, while a dash (-) indicates zero.

LIABILITIES	Note number	2024 € millions	2023 € millions
Banknotes in circulation	7	127,067	125,378
Other liabilities to euro area credit institutions denominated in euro	8	2,388	4,699
Liabilities to other euro area residents denominated in euro	9	24,554	20,622
General government	9.1	73	143
Other liabilities	9.2	24,482	20,479
Liabilities to non-euro area residents denominated in euro	10	39,859	23,111
Liabilities to non-euro area residents denominated in foreign currency	11	-	24
Deposits, balances and other liabilities	11.1	-	24
<b>Intra-Eurosystem liabilities</b>	12	<b>388,676</b>	<b>445,048</b>
Liabilities equivalent to the transfer of foreign reserves	12.1	40,562	40,671
Liabilities related to TARGET (net)	12.2	348,074	404,336
Other liabilities within the Eurosystem (net)	12.3	40	40
<b>Other liabilities</b>	13	<b>7,615</b>	<b>9,498</b>
Off-balance-sheet instruments revaluation differences	13.1	-	68
Accruals and income collected in advance	13.2	6,288	8,030
Sundry	13.3	1,327	1,401
<b>Provisions</b>	14	<b>72</b>	<b>67</b>
Other provisions	14.1	72	67
<b>Revaluation accounts</b>	15	<b>50,653</b>	<b>37,099</b>
<b>Capital and reserves</b>	16	<b>8,925</b>	<b>8,948</b>
Capital	16.1	8,925	8,948
<b>Accumulated losses carried forward</b>	17	<b>(1,266)</b>	-
<b>Profit/(loss) for the year</b>		<b>(7,944)</b>	<b>(1,266)</b>
<b>Total liabilities</b>		<b>640,600</b>	<b>673,229</b>

## 2.2

## Profit and loss account for the year ending 31 December 2024

	Note number	2024 € millions	2023 € millions
<b>Net interest income/(expense)</b>	24	<b>(6,983)</b>	<b>(7,193)</b>
Interest income		66,898	63,723
Interest expense		(73,881)	(70,916)
<b>Net result of financial operations and write-downs</b>		<b>(286)</b>	<b>(144)</b>
Realised gains/(losses) arising from financial operations	25	(17)	(106)
Write-downs on financial assets and positions	26	(269)	(38)
<b>Net income/(expense) from fees and commissions</b>	27	<b>674</b>	<b>650</b>
<b>Income from equity instruments and participating interests</b>	28	<b>1</b>	<b>1</b>
<b>Other income</b>	29	<b>119</b>	<b>72</b>
Staff costs	30	(844)	(676)
Administrative expenses	31	(513)	(481)
Depreciation of tangible and intangible fixed assets		(104)	(106)
Banknote production services	32	(9)	(9)
<b>Profit/(loss) before the transfer (to)/from risk provisions</b>		<b>(7,944)</b>	<b>(7,886)</b>
Transfer (to)/from risk provisions	33	-	6,620
<b>Profit/(loss) for the year</b>		<b>(7,944)</b>	<b>(1,266)</b>

Frankfurt am Main, 11 February 2025  
European Central Bank

Christine Lagarde  
President

## 2.3 Accounting policies

### Form and presentation of the financial statements

The financial statements of the ECB have been drawn up in accordance with the following accounting policies,<sup>33</sup> which, in the view of the Governing Council of the ECB, achieve a fair presentation of the financial statements, reflecting at the same time the nature of central bank activities.

### Accounting principles

The following accounting principles have been applied: economic reality and transparency, prudence, recognition of post-balance-sheet events, materiality, going concern, the accruals principle, consistency and comparability.

### Recognition of assets and liabilities

An asset or liability is only recognised in the balance sheet when it is probable that any associated future economic benefit will flow to or from the ECB, substantially all of the associated risks and rewards have been transferred to the ECB, and the cost or value of the asset or the amount of the obligation can be measured reliably.

### Basis of accounting

The accounts have been prepared on a historical cost basis, modified to include the market valuation of marketable securities (other than debt securities currently held for monetary policy purposes), gold and all other on-balance-sheet and off-balance-sheet assets and liabilities denominated in foreign currency.

Transactions in financial assets and liabilities are reflected in the accounts on the basis of the date on which they were settled.

With the exception of spot transactions in securities, transactions in financial instruments denominated in foreign currency are recorded in off-balance-sheet accounts on the trade date. At the settlement date, the off-balance-sheet entries are reversed, and transactions are booked on-balance-sheet. Purchases and sales of

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<sup>33</sup> The detailed accounting policies of the ECB are laid down in [Decision \(EU\) 2024/2938 of the European Central Bank of 14 November 2024 on the annual accounts of the European Central Bank \(ECB/2024/32\)](#) (OJ L, 2024/2938, 11.12.2024).

In order to ensure the harmonised accounting and financial reporting of Eurosystem operations, the above-mentioned Decision is based on [Guideline \(EU\) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks \(ECB/2024/31\)](#) (OJ L, 2024/2941, 11.12.2024).

These policies, which are reviewed and updated regularly as deemed appropriate, are consistent with the provisions of Article 26.4 of the Statute of the ESCB, which require a harmonised approach to the rules governing the accounting and financial reporting of Eurosystem operations.

foreign currency affect the net foreign currency position on the trade date, and realised results arising from sales are also calculated on that date. Accrued interest, premiums and discounts related to financial instruments denominated in foreign currency are calculated and recorded daily, and the foreign currency position is also affected daily by these accruals.

## Gold and foreign currency assets and liabilities

Assets and liabilities denominated in foreign currency are translated into euro at the exchange rate prevailing on the balance sheet date. Income and expenses are translated at the exchange rate prevailing on the recording date. The revaluation of foreign exchange assets and liabilities, including on-balance-sheet and off-balance-sheet instruments, is performed on a currency-by-currency basis.

Revaluation to the market price for assets and liabilities denominated in foreign currency is treated separately from the exchange rate revaluation.

Gold is valued at the market price prevailing at the balance sheet date. No distinction is made between the price and currency revaluation differences for gold. Instead, a single gold valuation is accounted for on the basis of the price in euro per fine ounce of gold, which, for the year ending 31 December 2024, was derived from the exchange rate of the euro against the US dollar on 31 December 2024.

The special drawing right (SDR) is defined in terms of a basket of currencies and its value is determined by the weighted sum of the exchange rates of five major currencies (the US dollar, euro, Chinese renminbi, Japanese yen and pound sterling). The ECB's holdings of SDRs were translated into euro using the exchange rate of the euro against the SDR as at 31 December 2024.

## Securities

### Securities held for monetary policy purposes

Debt securities currently held for monetary policy purposes are accounted for at amortised cost subject to impairment.

### Other securities

Marketable securities (other than debt securities currently held for monetary policy purposes) and similar assets are valued either at the mid-market prices or on the basis of the relevant yield curves prevailing on the balance sheet date, on a security-by-security basis. Options embedded in securities are not separated for valuation purposes. For the year ending 31 December 2024, mid-market prices on 30 December 2024 were used.

Marketable investment funds are revalued on a net basis at fund level, using their net asset value. No netting is applied between unrealised gains and losses in different investment funds.

Illiquid equity shares and any other equity instruments held as permanent investments are valued at cost subject to impairment.

## Income recognition

Income and expenses are recognised in the period in which they are earned or incurred.<sup>34</sup> Realised gains and losses resulting from the sale of foreign currency, gold and securities are recorded in the profit and loss account. Such realised gains and losses are calculated by reference to the average cost of the respective asset.

Unrealised gains are not recognised as income and are transferred directly to a revaluation account.

Unrealised losses are recorded in the profit and loss account if, at the year-end, they exceed previous revaluation gains accumulated in the corresponding revaluation account. Such unrealised losses on any one security or currency or on gold are not netted against unrealised gains on other securities, currencies or gold. In the event of such unrealised losses on any item being recorded in the profit and loss account, the average cost of that item is reduced to the year-end exchange rate or market price.

Impairment losses are recorded in the profit and loss account and are not reversed in subsequent years unless the impairment decreases and the decrease can be attributed to an observable event that occurred after the impairment was first recorded.

Premiums or discounts arising on securities are amortised over the securities' remaining contractual life.

## Reverse transactions

Reverse transactions are operations whereby the ECB buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

Under a repurchase agreement, securities are sold for cash with a simultaneous agreement to repurchase them from the counterparty at an agreed price on a set future date. Repurchase agreements are recorded as collateralised deposits on the liabilities side of the balance sheet. Securities sold under such an agreement remain on the balance sheet of the ECB.

Under a reverse repurchase agreement, securities are bought for cash with a simultaneous agreement to sell them back to the counterparty at an agreed price on a set future date. Reverse repurchase agreements are recorded as collateralised loans on the assets side of the balance sheet, but are not included in the ECB's security holdings.

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<sup>34</sup> A minimum threshold of €100,000 applies for administrative accruals and provisions.

Reverse transactions (including securities lending transactions) conducted under a programme offered by a specialised institution are only recorded in the balance sheet when collateral has been provided in the form of cash and this cash remains uninvested.

## Off-balance-sheet instruments

Currency instruments, namely foreign exchange forward transactions, forward legs of foreign exchange swaps and other currency instruments involving an exchange of one currency for another at a future date, are included in the net foreign currency position for the purpose of calculating foreign exchange gains and losses.

Interest rate instruments are revalued on an item-by-item basis. Daily changes in the variation margin of open interest rate futures contracts are recorded in the profit and loss account.

The valuation of forward transactions in securities is carried out by the ECB based on generally accepted valuation methods using observable market prices and rates, as well as discount factors from the settlement dates to the valuation date.

## Fixed assets

Fixed assets, including intangible assets but excluding land and works of art, are valued at cost less depreciation. Land and works of art are valued at cost. The ECB's main building is valued at cost less depreciation, subject to impairment. For the depreciation of the ECB's main building, costs are assigned to the appropriate asset components, which are depreciated in accordance with their estimated useful lives. Depreciation is calculated on a straight-line basis over the expected useful life of the asset, beginning in the quarter after the asset becomes available for use. The expected useful lives of the main asset classes are as follows:

Buildings	20, 25 or 50 years
Plant in buildings	10 or 15 years
Technical equipment	4, 10 or 15 years
Computers, related hardware and software, and motor vehicles	4 years
Furniture	10 years

The depreciation period for capitalised refurbishment expenditure relating to the ECB's existing rented premises is adjusted to take account of any events that have an impact on the expected useful life of the asset concerned.

The ECB performs an annual impairment test of its main building and right-of-use assets relating to office buildings (see "Leases" below). If an impairment indicator is identified, and it is assessed that the asset may be impaired, the recoverable amount

is estimated. An impairment loss is recorded in the profit and loss account if the recoverable amount is less than the net book value.

Fixed assets costing less than €10,000 are written off in the year of acquisition.

Fixed assets that comply with the capitalisation criteria, but are still under construction or development, are recorded under “Assets under construction”. The related costs are transferred to the relevant fixed asset classes once the assets are available for use.

## Leases

The ECB acts both as a lessee and a sub-lessor.

### The ECB as a lessee

For all leases for which the ECB is a lessee and which involve a tangible asset, the related right-of-use asset and lease liability are recognised in the balance sheet at the lease commencement date, i.e. once the asset is available for use, and are included under the relevant fixed asset classes in “Tangible and intangible fixed assets” and under “Sundry” (liabilities) respectively. Where leases comply with the capitalisation criteria, but the asset involved is still under construction or adaptation, the costs incurred before the lease commencement date are recorded under “Assets under construction”.

Right-of-use assets are valued at cost less depreciation. In addition, right-of-use assets relating to office buildings are subject to impairment (for more information on annual impairment test, see “Fixed assets” above). Depreciation is calculated on a straight-line basis from the lease commencement date to either the end of the useful life of the right-of-use asset or the end of the lease term, whichever is earlier.

The lease liability is initially measured at the present value of the future lease payments (comprising only lease components), discounted using the ECB’s incremental borrowing rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method. The related interest expense is recorded in the profit and loss account under “Other interest expense”. When there is a change in future lease payments arising from a change in an index or other reassessment of the existing contract, the lease liability is remeasured. Any such remeasurement results in a corresponding adjustment to the carrying amount of the right-of-use asset.

Short-term leases with a duration of 12 months or less and leases of low-value assets below €10,000 (consistent with the threshold used for the recognition of fixed assets) are recorded as an expense in the profit and loss account.

### The ECB as a sub-lessor

For all leases for which the ECB is a sub-lessor, the ECB grants to third parties the right to use the underlying asset (or a part of such asset), while the lease between the original lessor and the ECB (head lease) remains in effect. The sub-lease is



classified as a finance or operating lease<sup>35</sup> by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

The sub-leases for which the ECB is a sub-lessor are classified as a finance lease and the ECB derecognises from “Tangible and intangible fixed assets” the right-of-use asset relating to the head lease (or a part of such asset) that is transferred to the sub-lessee, and recognises under “Sundry” (assets) a sub-lease receivable. The lease liability relating to the head lease remains unaffected by the sub-lease.

At the lease commencement date, the sub-lease receivable is initially measured at the present value of the future lease payments accruing to the ECB, discounted using the discount rate used for the head lease. Subsequently, the sub-lease receivable is measured at amortised cost using the effective interest method. The related interest income is recorded in the profit and loss account under “Other interest income”.

## The ECB’s post-employment benefits and other long-term benefits

The ECB operates defined benefit plans for its staff and the members of the Executive Board, as well as for the members of the Supervisory Board employed by the ECB.

The staff pension plan is funded by assets held in a long-term employee benefit fund. The compulsory contributions made by the ECB and the staff are reflected in the defined benefit pillar of the plan. Staff can make additional contributions on a voluntary basis in a defined contribution pillar that can be used to provide additional benefits.<sup>36</sup> These additional benefits are determined by the amount of voluntary contributions together with the investment returns arising from those contributions.

Unfunded arrangements are in place for the post-employment and other long-term benefits of members of the Executive Board and the members of the Supervisory Board employed by the ECB. For staff, unfunded arrangements are in place for post-employment benefits other than pensions and for other long-term benefits.

### Net defined benefit liability

The liability recognised in the balance sheet under “Sundry” (liabilities) in respect of the defined benefit plans, including other long-term benefits, is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets used to fund the related obligation.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is calculated by discounting the estimated future cash flows using a rate which is determined by reference to market yields at the balance sheet date on high-quality

<sup>35</sup> A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it is classified as an operating lease.

<sup>36</sup> The funds accumulated by a staff member through voluntary contributions can be used at retirement to purchase an additional pension. This pension is included in the defined benefit obligation from that point on.

euro-denominated corporate bonds that have similar terms to maturity to the related obligation.

Actuarial gains and losses can arise from experience adjustments (where actual outcomes are different from the actuarial assumptions previously made) and changes in actuarial assumptions.

#### **Net defined benefit cost**

The net defined benefit cost is split into components reported in the profit and loss account and remeasurements in respect of post-employment benefits shown in the balance sheet under “Revaluation accounts”.

The net amount charged to the profit and loss account comprises:

1. the current service cost of the defined benefits accruing for the year;
2. the past service cost, if any, of the defined benefits resulting from a plan amendment;
3. net interest at the discount rate on the net defined benefit liability;
4. remeasurements in respect of other long-term benefits, in their entirety.

The net amount shown under “Revaluation accounts” comprises the following items:

1. actuarial gains and losses in respect of post-employment benefits;
2. the actual return on plan assets, excluding amounts included in the net interest on the net defined benefit liability.

These amounts are valued annually by independent actuaries to establish the appropriate liability to be recognised in the financial statements.

#### **Intra-ESCB balances/intra-Eurosystem balances**

Intra-ESCB balances result primarily from cross-border payments in the European Union (EU) that are settled in central bank money in euro. These transactions are for the most part initiated by private entities (e.g. credit institutions, corporations and individuals). They are settled in TARGET – the Trans-European Automated Real-time Gross settlement Express Transfer system – and give rise to bilateral balances in the TARGET accounts of EU central banks. Payments conducted by the ECB and the national central banks (NCBs) also affect these accounts. All settlements are automatically aggregated and adjusted to form part of a single position for each NCB vis-à-vis the ECB. These positions in the books of the ECB represent the net claim or liability of each NCB against the rest of the European System of Central Banks (ESCB). The movements in TARGET accounts are reflected in the accounting records of the ECB and the NCBs on a daily basis.

Intra-Eurosystem balances of euro area NCBs vis-à-vis the ECB arising from TARGET are presented in the balance sheet of the ECB as a single net asset or

liability position under either “Claims related to TARGET (net)” or “Liabilities related to TARGET (net)”. Intra-ESCB balances of non-euro area NCBs vis-à-vis the ECB, arising from their participation in TARGET,<sup>37</sup> are disclosed under “Liabilities to non-euro area residents denominated in euro”.

Intra-Eurosystem balances arising from the allocation of euro banknotes within the Eurosystem are included as a single net asset under “Claims related to the allocation of euro banknotes within the Eurosystem” (see “Banknotes in circulation” below).

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 “Liabilities equivalent to the transfer of foreign reserves”.

Other intra-Eurosystem balances denominated in euro (e.g. the ECB’s interim profit distribution to NCBs, if any) are presented in the balance sheet of the ECB as a single net asset or liability position under either “Other claims within the Eurosystem (net)” or “Other liabilities within the Eurosystem (net)”.

## Banknotes in circulation

The ECB and the euro area NCBs, which together constitute the Eurosystem, issue euro banknotes.<sup>38</sup> The total value of euro banknotes in circulation is allocated to the Eurosystem central banks on the last working day of each month in accordance with the banknote allocation key.<sup>39</sup>

The ECB has been allocated an 8% share of the total value of euro banknotes in circulation, which is disclosed in the balance sheet under the liability item “Banknotes in circulation”. The ECB’s share in total euro banknotes in circulation is backed by claims on the NCBs. These claims, which bear interest,<sup>40</sup> are disclosed under “Claims related to the allocation of euro banknotes within the Eurosystem” (see “Intra-ESCB balances/intra-Eurosystem balances” above). Interest income on these claims is included in the profit and loss account under “Interest income”.

## Provision for financial risks

The Governing Council may decide to transfer all or part of the ECB’s income to a provision for financial risks. This provision can be used to the extent deemed

<sup>37</sup> As at 31 December 2024 the non-euro area NCBs participating in TARGET were Българска народна банка (Bulgarian National Bank), Danmarks Nationalbank, Narodowy Bank Polski and Banca Națională a României.

<sup>38</sup> [Decision of the European Central Bank of 13 December 2010 on the issue of euro banknotes \(ECB/2010/29\) \(2011/67/EU\)](#) (OJ L 35, 9.2.2011, p. 26), as amended. The [unofficial consolidated text](#) with the list of amendments is also available.

<sup>39</sup> The “banknote allocation key” reflects the percentages that result from taking into account the ECB’s share in the total euro banknote issue and applying the subscribed capital key to the NCBs’ share in that total.

<sup>40</sup> [Decision \(EU\) 2016/2248 of the European Central Bank of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro \(ECB/2016/36\)](#) (OJ L 347, 20.12.2016, p. 26), as amended. The [unofficial consolidated text](#) with the list of amendments is also available.

necessary by the Governing Council to offset losses that arise as a result of exposures to financial risks. The size of and continuing requirement for the provision for financial risks is reviewed annually, based on the ECB's assessment of its exposure to these risks and taking a range of factors into account, unless (i) its size is zero, and (ii) there is no ECB income to be transferred to it.<sup>41</sup>

## Interim profit distribution

An amount that is equal to the sum of the ECB's income on euro banknotes in circulation and income arising from the debt securities held for monetary policy purposes purchased under (i) the Securities Markets Programme, (ii) the third covered bond purchase programme, (iii) the asset-backed securities purchase programme, (iv) the public sector purchase programme, and (v) the pandemic emergency purchase programme is distributed in January of the following year by means of an interim profit distribution, unless otherwise decided by the Governing Council.<sup>42</sup> Any such decision is taken where, on the basis of a reasoned estimate prepared by the Executive Board, the Governing Council expects that the ECB will have an overall annual loss or will make an annual profit that is less than this income. The Governing Council may also decide to transfer all or part of this income to a provision for financial risks (see "Provision for financial risks" above).

Furthermore, the Governing Council may decide to reduce the amount of the income on euro banknotes in circulation to be distributed in January by the amount of the costs incurred by the ECB in connection with the issue and handling of euro banknotes.

## Post-balance-sheet events

The values of assets and liabilities are adjusted for events that occur between the annual balance sheet date and the date on which the Executive Board authorises the submission of the ECB's Annual Accounts to the Governing Council for approval, if such events materially affect the condition of assets and liabilities at the balance sheet date.

Important post-balance-sheet events that do not affect the condition of assets and liabilities at the balance sheet date are disclosed in the notes.

## Changes to accounting policies

In 2024 there were no changes to the accounting policies applied by the ECB.

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<sup>41</sup> At the end of 2023 and 2024 this provision stood at zero, as it was released in full to partially cover losses that arose in 2023.

<sup>42</sup> [Decision \(EU\) 2015/298 of the European Central Bank of 15 December 2014 on the interim distribution of the income of the ECB \(ECB/2014/57\)](#) (OJ L 53, 25.2.2015, p. 24), as amended. The [unofficial consolidated text](#) with the list of amendments is also available.

## Changes to accounting estimates

In 2024 the ECB changed the method used to accrue interest income on fixed income securities. Coupon interest, premiums and discounts on these securities are now recognised in accordance with the internal rate of return (IRR) method. Previously, the IRR method was applied to premiums and discounts, while the straight-line method was applied to coupon interest. The change has an impact on the timing of income recognition, while the total gains or losses over the full term of the fixed income securities remain unaffected.

## Changes to presentation in the financial statements

[Decision \(EU\) 2024/2938 of the European Central Bank of 14 November 2024 on the annual accounts of the European Central Bank \(ECB/2024/32\)](#) introduced changes to the presentation of the items “Loss for the year” and “Accumulated losses carried forward” in the balance sheet. In the ECB’s Annual Accounts 2023, the item “Loss for the year” was presented as a standalone item on the assets side, following the applicable [Decision \(EU\) 2016/2247 of the European Central Bank of 3 November 2016 on the annual accounts of the European Central Bank \(ECB/2016/35\)](#), as amended, while there were no outstanding accumulated losses carried forward.<sup>43</sup> In the ECB’s Annual Accounts 2024, both the “Profit/(loss) for the year” and the “Accumulated losses carried forward” are presented as standalone negative items on the liabilities side of the balance sheet.

Furthermore, Decision (EU) 2024/2938 introduced additional changes to the layout of the balance sheet and the profit and loss account of the ECB. These include (i) dividing the item “Provisions” into “Risk provisions”<sup>44</sup> and “Other provisions” in the balance sheet; and (ii) removing the breakdown under “Interest income” and “Interest expense” in the profit and loss account, while providing the relevant information in the dedicated notes to the accounts.

Among other things, these changes are intended to foster transparency and increase the information value of the financial statements of the ECB.

The comparative figures for 2023 have been adjusted accordingly. The presentation of the loss of €1,266 million disclosed for 2023 as a negative item on the liabilities side of the balance sheet results in the reduction of total assets and liabilities for that year to €673,229 million compared with the €674,496 million that was disclosed in the [ECB’s Annual Accounts 2023](#).

Finally, in 2024 the ECB amended the presentation of interest income (e.g. coupon interest) and interest expense (e.g. amortisation of premiums) for items not related to monetary policy operations. Up until now, different ways of netting interest income and interest expense under “Net interest income” presented in the profit and loss

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<sup>43</sup> In the event of outstanding balances, these would have been presented under “Sundry” on the assets side of the balance sheet.

<sup>44</sup> The provision for financial risks to be disclosed under this item stood at zero at the end of both 2023 and 2024. For this reason, the liability item “Risk provisions” is not shown in the balance sheet.

account were applied, depending on the type of transaction. The ECB decided that, starting in 2024, the interest accruing on individual instrument types within one balance sheet item or portfolio should be presented on a net basis under either “Interest income” or “Interest expense”, depending on whether the net amount on the instrument type or portfolio is positive or negative. This presentation is deemed to better reflect the substance of the transaction and at the same time aligns with the netting principle applied to the interest income and expense arising from assets and liabilities related to monetary policy operations.<sup>45</sup> The comparable amounts for 2023 have been adjusted as follows:

	Balance as at 31 December 2023 € millions	Adjustment € millions	Restated balance as at 31 December 2023 € millions
Interest income	63,751	(28)	63,723
Interest expense	(70,944)	28	(70,916)
<b>Net interest income/(expense)</b>	<b>(7,193)</b>	<b>-</b>	<b>(7,193)</b>

## Other issues

In accordance with Article 27 of the Statute of the ESCB, and on the basis of a recommendation of the Governing Council, the Council of the EU initially approved the appointment of Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Düsseldorf (Federal Republic of Germany) as the external auditors of the ECB for a five-year period up to the end of the financial year 2022. In 2023 the Council of the EU, based on a recommendation by the Governing Council, approved an extension of this period by two additional years until the end of the financial year 2024.

## 2.4 Notes to the balance sheet

### Note 1 – Gold and gold receivables

This item comprises the ECB’s holdings of gold:

<sup>45</sup> For assets and liabilities related to monetary policy operations, interest income and expense are netted at the level of the balance sheet item.

	2024	2023
<b>Quantity</b>		
Ounces of fine gold <sup>1</sup>	16,285,778	16,285,778
<b>Price</b>		
US dollars per fine ounce of gold	2,608.750	2,063.950
US dollars per euro	1.0389	1.1050
<b>Market value (€ millions)</b>	<b>40,895</b>	<b>30,419</b>

1) This corresponds to 506.5 tonnes for both 2024 and 2023.

The increase in the euro equivalent value of the ECB's gold holdings was due to the rise in the market price of gold in euro terms (see "Gold and foreign currency assets and liabilities" in Section 2.3 "Accounting policies" and note 15 "Revaluation accounts").

## Note 2 – Claims on non-euro area and euro area residents denominated in foreign currency

### Note 2.1 – Receivables from the IMF

This item represents the ECB's holdings of SDRs; as at 31 December 2024 they amounted to €2,227 million (2023: €2,083 million). The holdings arise as the result of a two-way SDR buying and selling voluntary trading arrangement with the International Monetary Fund (IMF), whereby the IMF is authorised to arrange sales or purchases of SDRs against euro, on behalf of the ECB, within minimum and maximum holding levels. For accounting purposes, SDRs are treated as a foreign currency (see "Gold and foreign currency assets and liabilities" in Section 2.3 "Accounting policies"). The ECB's holdings of SDRs increased in 2024 as a result of the interest income earned during the year. Furthermore, the appreciation of the SDR against the euro during 2024 contributed to the increase in the euro equivalent value of these holdings.

### Note 2.2 – Balances with banks and security investments, external loans and other external assets; and claims on euro area residents denominated in foreign currency

These two items consist of balances with banks and loans denominated in foreign currency, and investments in securities denominated in US dollars, Japanese yen and Chinese renminbi.

	2024 € millions	2023 € millions	Change € millions
<b>Claims on non-euro area residents</b>			
Current accounts	6,778	7,161	(384)
Money market deposits	737	474	264
Reverse repurchase agreements	241	-	241
Security investments	48,135	46,158	1,977
<b>Total claims on non-euro area residents</b>	<b>55,890</b>	<b>53,793</b>	<b>2,098</b>
<b>Claims on euro area residents</b>			
Current accounts	17	25	(8)
Money market deposits	1,464	1,426	39
Reverse repurchase agreements	2,613	-	2,613
<b>Total claims on euro area residents</b>	<b>4,094</b>	<b>1,450</b>	<b>2,644</b>
<b>Total</b>	<b>59,985</b>	<b>55,243</b>	<b>4,741</b>

The total value of these items increased in 2024, mainly owing to the appreciation of the US dollar against the euro and the reinvestment of income earned during the year, primarily on the US dollar portfolio.

The ECB's net foreign currency holdings<sup>46</sup> were as follows:

	2024 Foreign currency in millions	2023 Foreign currency in millions
US dollars	55,047	52,590
Japanese yen	1,087,826	1,089,844
Chinese renminbi	4,694	4,545

No foreign exchange interventions took place during 2024.

<sup>46</sup> These holdings comprise assets minus liabilities denominated in the given foreign currency that are subject to foreign currency revaluation. They are included under "Claims on non-euro area residents denominated in foreign currency", "Claims on euro area residents denominated in foreign currency", "Accruals and prepaid expenses", "Liabilities to non-euro area residents denominated in foreign currency", "Off-balance-sheet instruments revaluation differences" (liabilities side) and "Accruals and income collected in advance" and take into account foreign exchange forward and swap transactions included in off-balance-sheet items. Price gains on financial instruments denominated in foreign currency arising from revaluations are not included.



## Note 3 – Other claims on euro area credit institutions denominated in euro

As at 31 December 2024 this item consisted of current account balances with euro area residents amounting to €2 million (2023: €17 million).

## Note 4 – Securities of euro area residents denominated in euro

### Note 4.1 – Securities held for monetary policy purposes

As at 31 December 2024 this item consisted of debt securities acquired by the ECB under the Securities Markets Programme (SMP), the third covered bond purchase programme (CBPP3), the asset-backed securities purchase programme (ABSPP), the public sector purchase programme (PSPP) and the pandemic emergency purchase programme (PEPP).

	Start date	End date <sup>1</sup>	Decision	Universe of eligible securities <sup>2</sup>
<b>Securities Markets Programme (SMP)</b>				
<b>SMP</b>	May 2010	September 2012	ECB/2010/5	Public and private debt securities issued in the euro area <sup>3</sup>
<b>Asset purchase programme (APP)</b>				
<b>CBPP3</b>	October 2014	June 2023	ECB/2020/8, as amended	Covered bonds of euro area residents
<b>ABSPP</b>	November 2014	June 2023	ECB/2014/45, as amended	Senior and guaranteed mezzanine tranches of asset-backed securities of euro area residents
<b>PSPP</b>	March 2015	June 2023	ECB/2020/9	Bonds issued by euro area central, regional or local governments or recognised agencies as well as by international organisations and multilateral development banks located in the euro area
<b>CSPP<sup>4</sup></b>	June 2016	June 2023	ECB/2016/16, as amended	Bonds and commercial paper issued by non-bank corporations established in the euro area
<b>Pandemic emergency purchase programme (PEPP)</b>				
<b>PEPP</b>	March 2020	December 2024	ECB/2020/17, as amended	All asset categories eligible under the APP

1) For the SMP, "End date" refers to the termination date of the programme, while for the APP and PEPP it denotes the final date of purchases.

2) Further eligibility criteria for the individual programmes can be found in the relevant Governing Council decisions.

3) Only public debt securities issued by five euro area treasuries were purchased under the SMP.

4) The ECB did not acquire any securities under the corporate sector purchase programme (CSPP).

The asset purchase programme (APP)<sup>47</sup> portfolio continued to decline in 2024, as the Eurosystem ceased reinvesting the principal payments from maturing securities in July 2023.<sup>48</sup>

Regarding the PEPP,<sup>49</sup> following a Governing Council decision in December 2023,<sup>50</sup> the Eurosystem continued during the first half of 2024 to reinvest, in full, the principal

<sup>47</sup> Further details on the [asset purchase programme](#) can be found on the ECB's website.

<sup>48</sup> See the [press release](#) of 15 June 2023 on the Governing Council's monetary policy decisions.

<sup>49</sup> Further details on the [pandemic emergency purchase programme](#) can be found on the ECB's website.

<sup>50</sup> See the [press release](#) of 14 December 2023 on the Governing Council's monetary policy decisions.

payments from maturing securities. Over the second half of the year, the PEPP portfolio declined by an average of €7.5 billion every month, as the Eurosystem did not reinvest all of the principal payments from maturing securities. Reinvestments under the PEPP were discontinued at the end of 2024.

The debt securities purchased by the ECB under these programmes are accounted for at amortised cost, subject to impairment (see “Securities” in Section 2.3 “Accounting policies”).

The amortised cost of the debt securities held by the ECB and their market value<sup>51</sup> (which is not recorded in the balance sheet or the profit and loss account, and is provided for comparison purposes only) were as follows:

	2024 € millions		2023 € millions		Change € millions	
	Amortised cost	Market value	Amortised cost	Market value	Amortised cost	Market value
<b>SMP</b>	286	298	496	522	(210)	(224)
<b>APP</b>						
CBPP3	20,437	18,844	23,530	21,490	(3,092)	(2,646)
ABSPP	7,047	6,979	13,348	13,225	(6,301)	(6,247)
PSPP – government/agency securities	192,664	175,885	224,867	205,847	(32,203)	(29,962)
<b>Total APP</b>	<b>220,149</b>	<b>201,708</b>	<b>261,744</b>	<b>240,562</b>	<b>(41,596)</b>	<b>(38,854)</b>
<b>PEPP</b>						
PEPP – covered bonds	867	781	839	736	28	45
PEPP – government/agency securities	155,480	138,927	162,270	143,669	(6,790)	(4,741)
<b>Total PEPP</b>	<b>156,347</b>	<b>139,709</b>	<b>163,109</b>	<b>144,405</b>	<b>(6,762)</b>	<b>(4,696)</b>
<b>Total</b>	<b>376,781</b>	<b>341,714</b>	<b>425,349</b>	<b>385,489</b>	<b>(48,568)</b>	<b>(43,775)</b>

The changes during the year in the amortised cost of the debt securities held by the ECB were as follows:

<sup>51</sup> Market values are indicative and calculated on the basis of market quotes. When market quotes are not available, market prices are estimated using internal Eurosystem models.

	2023 € millions	Purchases <sup>1</sup> € millions	Redemptions € millions	Net discount/ (premium) <sup>2</sup> € millions	2024 € millions
<b>SMP</b>	496	-	(217)	7	286
<b>APP</b>					
CBPP3	23,530	-	(3,069)	(23)	20,437
ABSPP	13,348	-	(6,251)	(50)	7,047
PSPP – government/agency securities	224,867	(146)	(30,567)	(1,489)	192,664
<b>Total APP</b>	<b>261,744</b>	<b>(146)</b>	<b>(39,887)</b>	<b>(1,562)</b>	<b>220,149</b>
<b>PEPP</b>					
PEPP – covered bonds	839	47	(20)	0	867
PEPP – government/agency securities	162,270	14,185	(19,474)	(1,501)	155,480
<b>Total PEPP</b>	<b>163,109</b>	<b>14,232</b>	<b>(19,493)</b>	<b>(1,501)</b>	<b>156,347</b>
<b>Total</b>	<b>425,349</b>	<b>14,086</b>	<b>(59,598)</b>	<b>(3,056)</b>	<b>376,781</b>

1) Following the discontinuation of reinvestments under the APP, this column may show negative amounts resulting from sales of securities conducted primarily to ensure compliance with the risk control framework.

2) "Net discount/(premium)" includes net realised gains/(losses), if any.

The Governing Council assesses on a regular basis the financial risks associated with the securities held under these programmes.

In this context, impairment tests are conducted on an annual basis using year-end data and approved by the Governing Council. In these tests, impairment indicators are assessed separately for each programme. In cases where impairment indicators are observed, further analysis is performed to confirm that the cash flows of the underlying securities have not been affected by an impairment event. Based on the results of this year's impairment tests, no losses have been recorded by the ECB for the debt securities held in its monetary policy portfolios in 2024.

The amortised cost<sup>52</sup> of the securities held by the Eurosystem was as follows:

<sup>52</sup> Except for equity shares received by a Eurosystem NCB in 2024 as a result of a corporate restructuring, which are accounted for at market value.

	2024 € millions			2023 € millions		
	ECB	Euro area NCBs	Total Eurosysteem	ECB	Euro area NCBs	Total Eurosysteem
<b>SMP</b>	286	1,050	1,336	496	1,901	2,397
<b>APP</b>						
CBPP3	20,437	232,571	253,009	23,530	262,090	285,620
ABSPP	7,047	-	7,047	13,348	-	13,348
PSPP – government/agency securities	192,664	1,704,258	1,896,922	224,867	1,922,907	2,147,774
PSPP – supranational securities	-	227,808	227,808	-	255,261	255,261
CSPP	-	288,377	288,377	-	323,921	323,921
<b>Total APP</b>	<b>220,149</b>	<b>2,453,015</b>	<b>2,673,164</b>	<b>261,744</b>	<b>2,764,180</b>	<b>3,025,924</b>
<b>PEPP</b>						
PEPP – covered bonds	867	5,097	5,964	839	5,197	6,036
PEPP – government/agency securities	155,480	1,243,391	1,398,871	162,270	1,297,397	1,459,667
PEPP – supranational securities	-	158,931	158,931	-	154,332	154,332
PEPP – corporate sector securities	-	45,105	45,105	-	45,989	45,989
<b>Total PEPP</b>	<b>156,347</b>	<b>1,452,524</b>	<b>1,608,871</b>	<b>163,109</b>	<b>1,502,915</b>	<b>1,666,024</b>
<b>Total</b>	<b>376,781</b>	<b>3,906,589</b>	<b>4,283,370</b>	<b>425,349</b>	<b>4,268,996</b>	<b>4,694,345</b>

Note: "Euro area NCBs" figures are preliminary and may be subject to revision, which would also result in an equivalent change in the "Total Eurosysteem" figures.

## Note 5 – Intra-Eurosysteem claims

### Note 5.1 – Claims related to the allocation of euro banknotes within the Eurosysteem

This item consists of the claims of the ECB vis-à-vis the euro area NCBs relating to the allocation of euro banknotes within the Eurosysteem (see "Banknotes in circulation" in Section 2.3 "Accounting policies"). As at 31 December 2024 the total amounted to €127,067 million (2023: €125,378 million). The remuneration of these claims in 2024 was calculated on a daily basis at the latest available interest rate used by the Eurosysteem in its tenders for main refinancing operations (see note 24.2 "Interest income arising from the claims related to the allocation of euro banknotes within the Eurosysteem" and note 34 "Change in the interest rate used for the remuneration of intra-Eurosysteem balances").

## Note 6 – Other assets

### Note 6.1 – Tangible and intangible fixed assets

This item comprises the following:

	2024 € millions	2023 € millions	Change € millions
<b>Cost</b>			
Land and buildings	1,015	1,014	0
Right-of-use buildings	352	315	37
Plant in buildings	222	222	-
Computer hardware and software	142	142	(0)
Equipment, furniture and motor vehicles	114	111	3
Right-of-use equipment	1	2	(1)
Assets under construction	10	0	10
Other fixed assets	11	11	0
<b>Total cost</b>	<b>1,866</b>	<b>1,818</b>	<b>48</b>
<b>Accumulated depreciation</b>			
Land and buildings	(251)	(227)	(24)
Right-of-use buildings	(243)	(197)	(46)
Plant in buildings	(160)	(144)	(16)
Computer hardware and software	(135)	(129)	(6)
Equipment, furniture and motor vehicles	(102)	(92)	(10)
Right-of-use equipment	(1)	(2)	1
Other fixed assets	(4)	(3)	(0)
<b>Total accumulated depreciation</b>	<b>(895)</b>	<b>(795)</b>	<b>(100)</b>
<b>Total net book value</b>	<b>971</b>	<b>1,023</b>	<b>(52)</b>

An impairment test was conducted on the ECB's main building and right-of-use office buildings at the end of the year and no impairment loss was identified.

### Note 6.2 – Other financial assets

This item consists mainly of the ECB's own funds portfolio, which predominantly consists of investments of the ECB's paid-up capital as well as of amounts set aside in the general reserve fund and in the provision for financial risks. It also includes 3,211 shares in the Bank for International Settlements (BIS) at an acquisition cost of €42 million and other current accounts denominated in euro.

The components of this item were as follows:

	2024 € millions	2023 € millions	Change € millions
Current accounts in euro	45	46	(1)
Securities denominated in euro	21,269	20,355	914
Reverse repurchase agreements in euro	1,425	1,730	(305)
Other financial assets	42	42	(0)
<b>Total</b>	<b>22,781</b>	<b>22,172</b>	<b>608</b>

The net increase in this item in 2024 was primarily due to the reinvestment of interest income generated on the ECB's own funds portfolio.

### Note 6.3 – Off-balance-sheet instruments revaluation differences

This item is composed of valuation changes in swap and forward transactions in foreign currency that were outstanding on 31 December 2024 (see note 21 “Foreign exchange swap and forward transactions”). These valuation changes amounted to €681 million (2023: €552 million). They are the result of the translation of such transactions into their euro equivalents at the exchange rates prevailing on the balance sheet date, compared with the euro values resulting from the translation of the transactions at the average cost of the respective foreign currency on that date (see “Off-balance-sheet instruments” and “Gold and foreign currency assets and liabilities” in Section 2.3 “Accounting policies”).

### Note 6.4 – Accruals and prepaid expenses

This item comprises the following:

	2024 € millions	2023 € millions	Change € millions
Accrued interest on TARGET balances due from NCBs	3,656	4,955	(1,299)
Accrued interest on claims related to the allocation of euro banknotes within the Eurosystem	1,093	1,429	(336)
Accrued interest on securities	3,519	3,709	(190)
Accrued income related to supervisory tasks	681	654	27
Other accruals and prepaid expenses	210	158	52
<b>Total</b>	<b>9,158</b>	<b>10,905</b>	<b>(1,747)</b>

As at 31 December 2024 this item included accrued interest receivable on TARGET balances due from euro area NCBs for December 2024 (see note 12.2 “Liabilities related to TARGET (net)”) and accrued interest receivable from euro area NCBs for the final quarter of 2024 in respect of the ECB's claims related to the allocation of euro banknotes within the Eurosystem (see note 5.1 “Claims related to the allocation

of euro banknotes within the Eurosystem”). These amounts were settled in January 2025.

It also included accrued coupon interest on securities, including outstanding interest paid at acquisition (see note 2.2 “Balances with banks and security investments, external loans and other external assets; and claims on euro area residents denominated in foreign currency”, note 4 “Securities of euro area residents denominated in euro” and note 6.2 “Other financial assets”).

Accrued income related to supervisory tasks corresponds to the supervisory fees to be received for the fee period 2024 that will be collected in 2025 (see note 27 “Net income/(expense) from fees and commissions”).<sup>53</sup>

The remainder of this item mainly comprised (i) accrued income from ESCB projects and services in operation (see note 29 “Other income”); (ii) accrued interest income on other financial instruments; and (iii) miscellaneous prepayments.

### Note 6.5 – Sundry

As at 31 December 2024 this item amounted to €53 million (2023: €88 million), comprising mainly balances with a value of €24 million (2023: €28 million) related to swap and forward transactions in foreign currency outstanding on 31 December 2024 (see note 21 “Foreign exchange swap and forward transactions”). These balances arose from the translation of such transactions into their euro equivalents at the respective currency’s average cost at the balance sheet date compared with the euro values at which the transactions were initially recorded (see “Off-balance-sheet instruments” in Section 2.3 “Accounting policies”).

It also included receivables in relation to ESCB projects and services in operation (see note 29 “Other income”) and balances in respect of recoverable value added tax.

### Note 7 – Banknotes in circulation

This item consists of the ECB’s share (8%) of total euro banknotes in circulation (see “Banknotes in circulation” in Section 2.3 “Accounting policies”), which amounted to €127,067 million as at 31 December 2024 (2023: €125,378 million).

### Note 8 – Other liabilities to euro area credit institutions denominated in euro

The Eurosystem central banks have the possibility of accepting cash as collateral in their PSPP and public sector PEPP securities lending facilities without having to

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<sup>53</sup> Further details on [supervisory fees](#) can be found on the ECB’s banking supervision website.

reinvest it. In the case of the ECB, these operations are conducted via a specialised institution.

As at 31 December 2024 the balances arising from such outstanding lending transactions conducted with euro area credit institutions totalled €2,388 million (2023: €4,699 million). Cash received as collateral was transferred to TARGET accounts and since it remained uninvested at year-end, these transactions were recorded in the balance sheet (see “Reverse transactions” in Section 2.3 “Accounting policies” and note 18 “Securities lending programmes”).<sup>54</sup>

## Note 9 – Liabilities to other euro area residents denominated in euro

### Note 9.1 – General government

As at 31 December 2024 this item consisted of deposits of the European Financial Stability Facility (EFSF) amounting to €73 million (2023: €143 million). At the end of 2023 it also included deposits of the European Stability Mechanism (ESM). In accordance with Article 21 of the Statute of the ESCB, the ECB may act as fiscal agent for Union institutions, bodies, offices or agencies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States.

### Note 9.2 – Other liabilities

This item consists of balances of the euro area ancillary systems<sup>55</sup> connected to TARGET through the TARGET-ECB component. As at 31 December 2024 it amounted to €24,482 million (2023: €20,479 million).

## Note 10 – Liabilities to non-euro area residents denominated in euro

This item comprises the following:

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<sup>54</sup> Securities lending transactions that do not result in uninvested cash collateral at year-end are recorded in off-balance-sheet accounts (see note 18 “Securities lending programmes”).

<sup>55</sup> Ancillary systems are financial market infrastructures that have been granted access to the TARGET-ECB component by the Governing Council, provided they fulfil the requirements defined in [Decision \(EU\) 2022/911 of the European Central Bank of 19 April 2022 concerning the terms and conditions of TARGET-ECB and repealing Decision ECB/2007/7 \(ECB/2022/22\)](#) (OJ L 163, 17.6.2022, p. 1), as amended. The [unofficial consolidated text](#) with the list of amendments is also available. Depending on the managing entity, the ancillary systems are considered either euro area residents (see note 9.2 “Other liabilities”) or non-euro area residents (see note 10 “Liabilities to non-euro area residents denominated in euro”). Further details on [ancillary systems](#) can be found on the ECB’s website.



	2024 € millions	2023 € millions	Change € millions
TARGET balances of non-euro area NCBs and ancillary systems	2,908	3,854	(947)
Cash received as collateral in securities lending transactions	2,062	5,637	(3,575)
Deposits accepted by the ECB in its role as fiscal agent	33,823	12,383	21,440
Liquidity-providing swap arrangements	1,067	1,237	(171)
<b>Total</b>	<b>39,859</b>	<b>23,111</b>	<b>16,748</b>

As at 31 December 2024 the largest component of this item was deposits accepted by the ECB in its role as fiscal agent for the European Commission, relating to the administration of EU borrowing and lending activities (see note 22 “Administration of borrowing and lending operations”).

This item also included TARGET balances, consisting of balances of non-euro area NCBs vis-à-vis the ECB (see “Intra-ESCB balances/intra-Eurosystem balances” in Section 2.3 “Accounting policies”) and balances of the non-euro area ancillary systems connected to TARGET through the TARGET-ECB component.

Furthermore, it included balances arising from outstanding PSPP and public sector PEPP securities lending transactions conducted with non-euro area credit institutions. Cash received as collateral was transferred to TARGET accounts and since it remained uninvested at year-end, these transactions were recorded in the balance sheet (see “Reverse transactions” in Section 2.3 “Accounting policies” and note 18 “Securities lending programmes”).

The remainder of this item consisted of a balance arising from the standing reciprocal currency arrangement with the Federal Reserve System. Under this arrangement, US dollars are provided by the Federal Reserve Bank of New York to the ECB by means of swap transactions, with the aim of offering short-term US dollar funding to Eurosystem counterparties. The ECB simultaneously enters into back-to-back swap transactions with euro area NCBs, which use the resulting funds to conduct US dollar liquidity-providing operations with Eurosystem counterparties in the form of reverse transactions. The back-to-back swap transactions result in intra-Eurosystem balances between the ECB and the euro area NCBs. Furthermore, the swap transactions conducted by the ECB with the Federal Reserve Bank of New York and the euro area NCBs result in forward claims and liabilities that are recorded in off-balance-sheet accounts (see note 21 “Foreign exchange swap and forward transactions”).

## Note 11 – Liabilities to non-euro area residents denominated in foreign currency

### Note 11.1 – Deposits, balances and other liabilities

As at 31 December 2024 there were no balances under this item, while at the end of 2023 it comprised a liability in foreign currency vis-à-vis a non-euro area resident amounting to €24 million, which arose in the context of the management of the ECB's foreign reserves.

## Note 12 – Intra-Eurosystem liabilities

### Note 12.1 – Liabilities equivalent to the transfer of foreign reserves

These are the liabilities to euro area NCBs arising from the transfer of foreign reserve assets to the ECB when those NCBs joined the Eurosystem. In line with Article 30.2 of the Statute of the ESCB, these contributions are fixed in proportion to the NCBs' shares in the subscribed capital of the ECB.

The five-yearly adjustment of the NCBs' weightings in the key for subscription of the ECB's capital on 1 January 2024 resulted in the weighting of the euro area NCBs in the ECB's subscribed capital decreasing (see note 16 "Capital and reserves"). This led to a reduction of €109 million in these liabilities on 1 January 2024, which was repaid to the euro area NCBs accordingly.

	Since 1 January 2024 € millions	As at 31 December 2023 € millions
Nationale Bank van België/Banque Nationale de Belgique (Belgium)	1,488	1,470
Deutsche Bundesbank (Germany)	10,802	10,635
Eesti Pank (Estonia)	121	114
Central Bank of Ireland (Ireland)	884	683
Bank of Greece (Greece)	916	998
Banco de España (Spain)	4,796	4,811
Banque de France (France)	8,114	8,240
Hrvatska narodna banka (Croatia)	314	327
Banca d'Italia (Italy)	6,498	6,854
Central Bank of Cyprus (Cyprus)	89	87
Latvijas Banka (Latvia)	157	157
Lietuvos bankas (Lithuania)	239	233
Banque centrale du Luxembourg (Luxembourg)	148	133
Central Bank of Malta (Malta)	52	42
De Nederlandsche Bank (Netherlands)	2,396	2,364
Oesterreichische Nationalbank (Austria)	1,199	1,181
Banco de Portugal (Portugal)	943	944
Banka Slovenije (Slovenia)	200	194
Národná banka Slovenska (Slovakia)	466	462
Suomen Pankki – Finlands Bank (Finland)	737	741
<b>Total</b>	<b>40,562</b>	<b>40,671</b>

The remuneration of these liabilities in 2024 was calculated on a daily basis at the latest available interest rate used by the Eurosystem in its tenders for main refinancing operations, adjusted to reflect a zero return on the gold component (see note 24.3 “Remuneration of NCBs’ claims in respect of foreign reserves transferred” and note 34 “Change in the interest rate used for the remuneration of intra-Eurosystem balances”).

## Note 12.2 – Liabilities related to TARGET (net)

This item consists of the TARGET balances of euro area NCBs vis-à-vis the ECB (see “Intra-ESCB balances/intra-Eurosystem balances” in Section 2.3 “Accounting policies”).

	2024 € millions	2023 € millions
Due to euro area NCBs in respect of TARGET	1,593,185	1,616,387
Due from euro area NCBs in respect of TARGET	(1,245,111)	(1,212,050)
<b>Net TARGET liability</b>	<b>348,074</b>	<b>404,336</b>

The decrease in the net TARGET liability was mainly attributable to the cash inflows as a result of (i) the maturing of securities under the APP and the PEPP, which were settled via TARGET accounts and were only partially offset by the reinvestments under the PEPP (see note 4 “Securities of euro area residents denominated in euro”); and (ii) higher deposits accepted by the ECB in its role as fiscal agent for the European Commission, relating to the administration of EU borrowing and lending activities (see note 10 “Liabilities to non-euro area residents denominated in euro”). The impact of these factors was partially offset, mainly by the cash outflows resulting from interest expense paid on the ECB’s net TARGET liability (see note 24.5 “Net interest expense arising from TARGET balances due from/to NCBs”).

With the exception of balances arising from back-to-back swap transactions in connection with US dollar liquidity-providing operations, the remuneration of TARGET positions held by euro area NCBs vis-à-vis the ECB in 2024 was calculated on a daily basis at the latest available interest rate used by the Eurosystem in its tenders for main refinancing operations (see note 24.5 “Net interest expense arising from TARGET balances due from/to NCBs” and note 34 “Change in the interest rate used for the remuneration of intra-Eurosystem balances”).

### Note 12.3 – Other liabilities within the Eurosystem (net)

As at 31 December 2024 this item amounted to €40 million (2023: €40 million). It comprised predominantly deposits accepted by the ECB in its role as fiscal agent for the European Commission, relating to the administration of EU borrowing and lending activities (see note 22 “Administration of borrowing and lending operations”).

### Note 13 – Other liabilities

#### Note 13.1 – Off-balance-sheet instruments revaluation differences

As at 31 December 2024 there were no balances under this item. At the end of 2023 it was composed primarily of valuation changes in swap and forward transactions in foreign currency that were outstanding at year-end (see note 21 “Foreign exchange swap and forward transactions”). These valuation changes amounted to €68 million. They are the result of the translation of such transactions into their euro equivalents at the exchange rates prevailing on the balance sheet date, compared with the euro values resulting from the translation of the transactions at the average cost of the respective foreign currency on that date (see “Off-balance-sheet instruments” and “Gold and foreign currency assets and liabilities” in Section 2.3 “Accounting policies”).

## Note 13.2 – Accruals and income collected in advance

This item comprises the following:

	2024 € millions	2023 € millions	Change € millions
Accrued interest on TARGET balances due to NCBs	4,636	6,390	(1,754)
Accrued interest on NCBs' claims in respect of foreign reserves transferred to the ECB	1,448	1,335	114
Accrued interest on deposits accepted by the ECB in its role as fiscal agent	103	172	(69)
Other accruals and deferred income	101	134	(33)
<b>Total</b>	<b>6,288</b>	<b>8,030</b>	<b>(1,742)</b>

As at 31 December 2024 the two main components of this item were accrued interest payable on TARGET balances due to NCBs for December 2024 (see note 10 “Liabilities to non-euro area residents denominated in euro” and note 12.2 “Liabilities related to TARGET (net)”) and accrued interest payable to euro area NCBs for 2024 in respect of their claims relating to foreign reserves transferred to the ECB (see note 12.1 “Liabilities equivalent to the transfer of foreign reserves”). These amounts were settled in January 2025.

This item also included accrued interest payable on deposits accepted by the ECB in its role as fiscal agent (see note 9.1 “General government”, note 10 “Liabilities to non-euro area residents denominated in euro” and note 12.3 “Other liabilities within the Eurosystem (net)”).

The remainder of this item included mainly (i) accrued interest payable on balances of the euro area ancillary systems connected to TARGET through the TARGET-ECB component (see note 9.2 “Other liabilities”); and (ii) miscellaneous accruals and deferred income.

## Note 13.3 – Sundry

As at 31 December 2024 this item stood at €1,327 million (2023: €1,401 million). The total included balances amounting to €574 million (2023: €635 million) related to swap and forward transactions in foreign currency that were outstanding on 31 December 2024 (see note 21 “Foreign exchange swap and forward transactions”). These balances arose from the translation of such transactions into their euro equivalents at the respective currency’s average cost on the balance sheet date, compared with the euro values at which the transactions were initially recorded (see “Off-balance-sheet instruments” in Section 2.3 “Accounting policies”).

The item also included a lease liability of €110 million (2023: €117 million) (see “Leases” in Section 2.3 “Accounting policies”).

In addition, this item included the ECB's net defined benefit liability in respect of the post-employment and other long-term benefits of its staff,<sup>56</sup> the members of the Executive Board and the members of the Supervisory Board employed by the ECB.

## The ECB's post-employment benefits and other long-term benefits

### Balance sheet

The amounts recognised under "Sundry" (liabilities) in the balance sheet in respect of post-employment and other long-term benefits were as follows:

	2024 € millions			2023 € millions		
	Staff	Boards	Total	Staff	Boards	Total
Defined benefit obligation	2,712	37	2,749	2,458	35	2,493
Fair value of plan assets	(2,253)	-	(2,253)	(1,983)	-	(1,983)
<b>Net defined benefit liability included under "Sundry" (liabilities)</b>	<b>459</b>	<b>37</b>	<b>496</b>	<b>475</b>	<b>35</b>	<b>510</b>

Note: The columns labelled "Boards" report amounts in respect of both the Executive Board and the Supervisory Board.

The present value of the defined benefit obligation vis-à-vis staff of €2,712 million in 2024 (2023: €2,458 million) included unfunded benefits amounting to €293 million (2023: €278 million) relating to post-employment benefits other than pensions and to other long-term benefits. The present value of the defined benefit obligation vis-à-vis the members of the Executive Board and the members of the Supervisory Board of €37 million (2023: €35 million) relates solely to unfunded arrangements in place for post-employment and other long-term benefits.

Remeasurements of the ECB's net defined benefit liability in respect of post-employment benefits are recognised in the balance sheet under "Revaluation accounts". In 2024 remeasurement gains under that item amounted to €416 million (2023: €238 million) (see note 15 "Revaluation accounts").

### Changes in the defined benefit obligation, plan assets and remeasurement results

Changes in the present value of the defined benefit obligation were as follows:

<sup>56</sup> The defined benefit pillar of the plan reflects only the compulsory contributions made by the ECB and staff. Voluntary contributions made by staff in a defined contribution pillar in 2024 amounted to €266 million (2023: €228 million). These contributions are invested in the plan assets and give rise to a corresponding obligation of equal value.

	2024 € millions			2023 € millions		
	Staff	Boards	Total	Staff	Boards	Total
Opening defined benefit obligation	2,458	35	2,493	1,947	31	1,978
Current service cost	121	3	123	101	2	103
Past service cost	119	1	120	-	-	-
Interest cost on the obligation	85	1	86	77	1	79
Contributions paid by plan participants <sup>1</sup>	38	0	38	36	0	36
Benefits paid	(31)	(3)	(34)	(30)	(3)	(33)
Remeasurement (gains)/losses	(77)	0	(77)	327	4	331
<b>Closing defined benefit obligation</b>	<b>2,712</b>	<b>37</b>	<b>2,749</b>	<b>2,458</b>	<b>35</b>	<b>2,493</b>

Note: The columns labelled "Boards" report amounts in respect of both the Executive Board and the Supervisory Board.

<sup>1</sup>) Net total including compulsory contributions and transfers into/out of the plans. The compulsory contributions paid by staff amount to 7.4% of their basic salary, while those paid by the ECB amount to 20.7%.

The past service cost in 2024 related to the current contributors and pensioners and resulted from an amendment to the rules governing the ECB's pension plans in 2024, according to which the annual increase of pensions aligns with the annual general salary adjustments for ECB employees starting from 2026.

The remeasurement gains on the defined benefit obligation in 2024 arose mainly as a result of the increase in the discount rate used for the actuarial valuation from 3.4% in 2023 to 3.6% in 2024 and the change of demographic assumptions.

Changes in the fair value of plan assets in the defined benefit pillar relating to staff were as follows:

	2024 € millions	2023 € millions
Opening fair value of plan assets	1,983	1,638
Interest income on plan assets	69	66
Remeasurement gains	104	189
Contributions paid by employer	81	75
Contributions paid by plan participants	38	36
Benefits paid	(21)	(20)
<b>Closing fair value of plan assets</b>	<b>2,253</b>	<b>1,983</b>

The remeasurement gains on plan assets in 2024 reflect the fact that the actual return on the fund units was higher than the assumed interest income on plan assets, which was based on the discount rate assumption of 3.4%.

Changes in the remeasurement results were as follows:

	2024 € millions	2023 € millions
Opening remeasurement gains	238	369
Contributions by NCBs joining the Eurosystem <sup>1</sup>	-	3
Gains on plan assets	104	189
Gains/(losses) on obligation	77	(331)
(Gains)/losses recognised in the profit and loss account	(2)	8
<b>Closing remeasurement gains included under "Revaluation accounts"</b>	<b>416</b>	<b>238</b>

1) Upon the adoption of the single currency by Croatia, Hrvatska narodna banka contributed to the balances of all the revaluation accounts of the ECB as at 31 December 2022, which also included the remeasurement gains outstanding as of that date.

### Profit and loss account

The amounts recognised in the profit and loss account were as follows:

	2024 € millions			2023 € millions		
	Staff	Boards	Total	Staff	Boards	Total
Current service cost	121	3	123	101	2	103
Past service cost	119	1	120	-	-	-
Net interest on the net defined benefit liability	16	1	17	12	1	13
- <i>Interest cost on the obligation</i>	85	1	86	77	1	79
- <i>Interest income on plan assets</i>	(69)	-	(69)	(66)	-	(66)
Remeasurement (gains)/losses on other long-term benefits	(2)	0	(2)	8	(0)	8
<b>Total included in "Staff costs"</b>	<b>253</b>	<b>5</b>	<b>258</b>	<b>121</b>	<b>3</b>	<b>124</b>

Note: The columns labelled "Boards" report amounts in respect of both the Executive Board and the Supervisory Board.

The amounts recognised in the profit and loss account for the current service cost, interest cost on the obligation and interest income on plan assets are estimated using the rates that applied in the preceding year. The discount rate used for the actuarial valuation fell from 3.9% in 2022 to 3.4% in 2023, resulting in 2024 in higher current service cost. The interest cost on the obligation and interest income on plan assets also increased due to higher balances that offset the impact of the lower discount rate used.

The past service cost resulting from the amendment to the rules governing the ECB's pension plans in 2024 was recognised in full in the profit and loss account for the year in which the amendment decision was taken.

### Key assumptions

When preparing the valuations referred to in this note, the independent actuaries used assumptions which the Executive Board has accepted for the purposes of accounting and disclosure. The principal assumptions used for the purposes of calculating the liability for post-employment benefits and other long-term benefits were as follows:



	2024 %	2023 %
Discount rate	3.60	3.40
Expected return on plan assets <sup>1</sup>	4.60	5.30
Future general salary increases <sup>2</sup>	2.00	2.00
Future pension increases <sup>3</sup>	2.00	1.70

1) These assumptions were used to calculate the part of the ECB's defined benefit obligation which is funded by assets with an underlying capital guarantee.

2) In addition, allowance is made for prospective individual salary increases of up to 1.8% per annum, depending on the age of the plan participants.

3) In accordance with the ECB's pension plan rules, pensions will be increased annually. In 2024 these rules were amended to align the annual increase in pensions with the annual general salary adjustments for ECB employees starting from 2026. Prior to this amendment, the annual increase in pensions was also linked to the general salary adjustment, but subject to further conditions.

## Note 14 – Provisions

### Note 14.1 – Other provisions

As at 31 December 2024 this item comprised administrative provisions amounting to €72 million (2023: €67 million).

## Note 15 – Revaluation accounts

This item consists mainly of revaluation balances arising from unrealised gains on assets, liabilities and off-balance-sheet instruments (see “Gold and foreign currency assets and liabilities”, “Securities”, “Income recognition” and “Off-balance-sheet instruments” in Section 2.3 “Accounting policies”). It also includes remeasurements of the ECB's net defined benefit liability in respect of post-employment benefits (see “The ECB's post-employment benefits and other long-term benefits” in Section 2.3 “Accounting policies” and note 13.3 “Sundry”).

	2024 € millions	2023 € millions	Change € millions
Gold	37,097	26,622	10,476
Foreign currency	12,819	9,842	2,976
- <i>US dollars</i>	12,717	9,624	3,093
- <i>Japanese yen</i>	-	206	(206)
- <i>Chinese renminbi</i>	30	9	21
- <i>SDRs</i>	72	4	68
- <i>Others</i>	0	0	0
Securities and other instruments	320	397	(77)
Net defined benefit liability in respect of post-employment benefits	416	238	179
<b>Total</b>	<b>50,653</b>	<b>37,099</b>	<b>13,554</b>

The revaluation accounts increased in 2024 due predominantly to the rise in the market price of gold in euro terms. The revaluation accounts related to foreign currency also increased, mainly owing to the appreciation of the US dollar against the euro.

The foreign exchange rates used for year-end revaluation were as follows:

Exchange rates	2024	2023
US dollars per euro	1.0389	1.1050
Japanese yen per euro	163.06	156.33
Chinese renminbi per euro	7.5833	7.8509
Euro per SDR	1.2544	1.2157
Euro per fine ounce of gold	2,511.069	1,867.828

## Note 16 – Capital and reserves

### Note 16.1 – Capital

#### Change to the ECB's capital key

Pursuant to Article 29 of the Statute of the ESCB, the weightings assigned to the NCBs in the key for subscription of the ECB's capital are adjusted every five years.<sup>57</sup> The fifth such adjustment following the establishment of the ECB was made on 1 January 2024.

#### Paid-up capital of the ECB

The ECB's paid-up capital decreased by €23 million on 1 January 2024. This is due to the overall reduction of 0.2200 percentage points in the weighting of the euro area NCBs (with fully paid-up subscriptions) in the ECB's subscribed capital of €10,825 million, and the equivalent increase in that of the non-euro area NCBs (which only pay up 3.75% of their subscriptions).

The following table shows the changes to the capital key, subscribed capital and paid-up capital:

<sup>57</sup> These weights are also adjusted whenever there is a change in the number of NCBs that contribute to the ECB's capital. These are the NCBs of EU Member States.

	Since 1 January 2024			As at 31 December 2023		
	Capital key %	Subscribed capital € millions	Paid-up capital € millions	Capital key %	Subscribed capital € millions	Paid-up capital € millions
Nationale Bank van België/ Banque Nationale de Belgique (Belgium)	3.0005	325	325	2.9630	321	321
Deutsche Bundesbank (Germany)	21.7749	2,357	2,357	21.4394	2,321	2,321
Eesti Pank (Estonia)	0.2437	26	26	0.2291	25	25
Central Bank of Ireland (Ireland)	1.7811	193	193	1.3772	149	149
Bank of Greece (Greece)	1.8474	200	200	2.0117	218	218
Banco de España (Spain)	9.6690	1,047	1,047	9.6981	1,050	1,050
Banque de France (France)	16.3575	1,771	1,771	16.6108	1,798	1,798
Hrvatska narodna banka (Croatia)	0.6329	69	69	0.6595	71	71
Banca d'Italia (Italy)	13.0993	1,418	1,418	13.8165	1,496	1,496
Central Bank of Cyprus (Cyprus)	0.1802	20	20	0.1750	19	19
Latvijas Banka (Latvia)	0.3169	34	34	0.3169	34	34
Lietuvos bankas (Lithuania)	0.4826	52	52	0.4707	51	51
Banque centrale du Luxembourg (Luxembourg)	0.2976	32	32	0.2679	29	29
Central Bank of Malta (Malta)	0.1053	11	11	0.0853	9	9
De Nederlandsche Bank (Netherlands)	4.8306	523	523	4.7662	516	516
Oesterreichische Nationalbank (Austria)	2.4175	262	262	2.3804	258	258
Banco de Portugal (Portugal)	1.9014	206	206	1.9035	206	206
Banka Slovenije (Slovenia)	0.4041	44	44	0.3916	42	42
Národná banka Slovenska (Slovakia)	0.9403	102	102	0.9314	101	101
Suomen Pankki – Finlands Bank (Finland)	1.4853	161	161	1.4939	162	162
<b>Subtotal for euro area NCBs</b>	<b>81.7681</b>	<b>8,851</b>	<b>8,851</b>	<b>81.9881</b>	<b>8,875</b>	<b>8,875</b>
Българска народна банка (Bulgarian National Bank) (Bulgaria)	0.9783	106	4	0.9832	106	4
Česká národní banka (Czech Republic)	1.9623	212	8	1.8794	203	8
Danmarks Nationalbank (Denmark)	1.7797	193	7	1.7591	190	7
Magyar Nemzeti Bank (Hungary)	1.5819	171	6	1.5488	168	6
Narodowy Bank Polski (Poland)	6.0968	660	25	6.0335	653	24
Banca Națională a României (Romania)	2.8888	313	12	2.8289	306	11
Sveriges Riksbank (Sweden)	2.9441	319	12	2.9790	322	12
<b>Subtotal for non-euro area NCBs</b>	<b>18.2319</b>	<b>1,974</b>	<b>74</b>	<b>18.0119</b>	<b>1,950</b>	<b>73</b>
<b>Total</b>	<b>100.0000</b>	<b>10,825</b>	<b>8,925</b>	<b>100.0000</b>	<b>10,825</b>	<b>8,948</b>

The euro area NCBs have fully paid up their share of subscribed capital.

The non-euro area NCBs are required to pay up 3.75% of their subscribed capital as a contribution to the operational costs of the ECB. Non-euro area NCBs are not entitled to receive any share of the distributable profits of the ECB, nor are they liable to cover any loss of the ECB.

## Note 17 – Accumulated losses carried forward

As at 31 December 2024 this item amounted to €1,266 million (2023: zero). It comprised the ECB's loss for 2023, which, following a decision by the Governing Council, was carried forward on the ECB's balance sheet to be offset against future profits.

## 2.5 Off-balance-sheet instruments

### Note 18 – Securities lending programmes

As part of the management of the ECB's own funds, the ECB has a securities lending programme agreement in place under which a specialised institution enters into securities lending transactions on behalf of the ECB. In accordance with the Governing Council's decisions, the ECB has also made securities held for monetary policy purposes available for lending.<sup>58</sup>

Depending on the collateral received, securities lending operations are recorded in (i) off-balance-sheet accounts, when conducted against securities collateral; or (ii) on-balance-sheet accounts, when conducted against cash that remains uninvested at the end of the year (see note 8 "Other liabilities to euro area credit institutions denominated in euro" and note 10 "Liabilities to non-euro area residents denominated in euro").

The market value of the securities lent and the corresponding collateral was as follows:

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<sup>58</sup> Further details on [securities lending](#) can be found on the ECB's website.

	2024 € millions	2023 € millions
Securities lent against securities collateral <sup>1</sup>	(37,393)	(32,791)
<i>of which related to securities held for monetary policy purposes</i>	<i>(28,585)</i>	<i>(26,577)</i>
Securities lent against cash collateral	(4,273)	(10,088)
<i>of which related to securities held for monetary policy purposes</i>	<i>(4,273)</i>	<i>(10,088)</i>
<b>Market value of securities lent</b>	<b>(41,666)</b>	<b>(42,879)</b>
Collateral in the form of securities <sup>1</sup>	38,970	34,042
<i>of which related to securities held for monetary policy purposes</i>	<i>29,761</i>	<i>27,651</i>
Collateral in the form of cash <sup>2</sup>	4,450	10,336
<i>of which related to securities held for monetary policy purposes</i>	<i>4,450</i>	<i>10,336</i>
<b>Market value of collateral</b>	<b>43,420</b>	<b>44,379</b>

1) This amount is recorded in off-balance-sheet accounts.

2) This amount is recorded in on-balance-sheet accounts under "Other liabilities to euro area credit institutions denominated in euro" and "Liabilities to non-euro area residents in euro".

## Note 19 – Interest rate futures

The following transactions, translated at year-end foreign exchange rates, were outstanding at year-end:

Foreign currency interest rate futures	2024 Contract value € millions	2023 Contract value € millions	Change € millions
Purchases	382	2,207	(1,825)
Sales	734	4,142	(3,408)

These transactions were conducted in the context of the management of the ECB's foreign reserves.

## Note 20 – Forward transactions in securities

As at 31 December 2024 there were no forward transactions in securities outstanding. At the end of 2023, by contrast, forward purchases and sales of securities, each in the amount of €45 million, translated at year-end foreign exchange rates, remained outstanding:

Forward transactions in securities	2024 € millions	2023 € millions	Change € millions
Purchases	-	45	(45)
Sales	-	45	(45)

These transactions were conducted in the context of the management of the ECB's foreign reserves.

## Note 21 – Foreign exchange swap and forward transactions

### Management of foreign reserves

Foreign exchange swap and forward transactions were conducted in the context of the management of the ECB's foreign reserves. The following claims and liabilities resulting from these transactions, translated at year-end foreign exchange rates, were outstanding at year-end:

Foreign exchange swap and forward transactions	2024 € millions	2023 € millions	Change € millions
Claims	2,873	2,778	96
Liabilities	2,742	2,901	(159)

### Liquidity-providing swap arrangements

The ECB is part of a swap-line network of central banks and has in place reciprocal swap arrangements with the Bank of Canada, the Bank of England, the Bank of Japan, the Federal Reserve System and the Swiss National Bank. It also holds a reciprocal swap-line with the People's Bank of China. These swap arrangements allow for the provision of (i) liquidity in any of the respective currencies of the above central banks to euro area banks, or (ii) euro liquidity to financial institutions in the jurisdictions of the above central banks. Furthermore, swap agreements are also in place with Danmarks Nationalbank and Sveriges Riksbank for the provision of euro liquidity to financial institutions in their jurisdictions. The above arrangements are aimed at alleviating tensions in international funding markets and minimising the risks of adverse feedback loops.<sup>59</sup>

US dollar-denominated claims and liabilities with a maturity date in 2025 arose in connection with the provision of US dollar liquidity to Eurosystem counterparties (see note 10 "Liabilities to non-euro area residents denominated in euro").

<sup>59</sup> Further details on the ECB's [liquidity-providing swap arrangements](#) can be found on the ECB's website. The repo lines also described on this website are operated by euro area NCBs and therefore not considered in the ECB's Annual Accounts.

## Note 22 – Administration of borrowing and lending operations

In 2024 the ECB continued to be responsible for the administration of accounts and the processing of payments relating to the borrowing and lending operations of the EU under the medium-term financial assistance facility, the European Financial Stabilisation Mechanism and the loan facility agreement for Greece.

In response to the COVID-19 pandemic, the EU granted loans to the Member States under its instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE). The availability of this instrument ended on 31 December 2022, but the relevant issuances consisted of bonds ranging from 5 to 30 years maturity.

In 2024 the EU also continued to provide financing in the form of non-repayable financial support and loan support to Member States under the Next Generation EU (NGEU) programme, which was established to support the economic recovery in the EU, while facilitating the green and digital transition of the Union's economy. In 2024 the EU also provided support both to Ukraine, in the form of loans under the new Ukraine Facility Regulation including exceptional bridge financing, and to the Arab Republic of Egypt in the form of short-term macro-financial assistance. The ECB supported the European Commission in the administration of the operations related to these instruments.

Moreover, the ECB acts as paying agent for the European Commission in relation to its new EU Issuance Service, which was launched in January 2024.

In 2024 the ECB processed payments related to all the operations mentioned above.

## Note 23 – Contingent liabilities from pending lawsuits

Lawsuits have been filed against the ECB relating to the exercise of its supervisory functions over Banca Carige S.p.A. (Banca Carige). In two of these lawsuits, Banca Carige's shareholders are seeking financial compensation from the ECB for the harm allegedly sustained as a result of various actions by the ECB in the exercise of its supervisory functions in respect of Banca Carige, consisting both of alleged failures to act and harmful actions. The ECB won one of these two cases at first instance; the relevant judgment of the General Court has been appealed by the counterparty and is currently pending before the Court of Justice. The other lawsuit is still pending before the General Court. These cases will be decided taking into account, among other factors, the final outcome of other related cases. In one of these, the General Court of the EU deemed, in its judgment of 12 October 2022, that the ECB's decision to place Banca Carige under temporary administration lacked an appropriate legal basis under Italian law. Accordingly, the General Court annulled the ECB's decision to place Banca Carige under temporary administration as well as the first extension of the duration of temporary administration in 2019. However, the General Court's judgment was appealed by the ECB before the Court of Justice of the EU, which may still overturn that judgment. Moreover, two further ECB decisions extending the temporary administration are currently being contested in an action for annulment, which is still pending.

## 2.6 Notes to the profit and loss account

### Note 24 – Net interest income/(expense)

	2024 € millions	2023 € millions	Change € millions
Foreign reserves	2,537	2,382	155
Securities held for monetary policy purposes	3,850	3,467	383
Lending of securities held for monetary policy purposes	32	67	(35)
Claims related to the allocation of euro banknotes within the Eurosystem	5,232	4,817	415
TARGET balances due from NCBs	54,542	52,363	2,179
Own funds	703	625	77
Other	3	2	0
<b>Total interest income</b>	<b>66,898</b>	<b>63,723</b>	<b>3,175</b>
Foreign reserves	(0)	-	(0)
Lending of securities held for monetary policy purposes <sup>1</sup>	(137)	(374)	238
NCBs' claims in respect of foreign reserves transferred	(1,448)	(1,335)	(114)
TARGET balances due to NCBs	(70,216)	(66,598)	(3,618)
Deposits accepted by the ECB in its role as fiscal agent	(1,219)	(1,953)	734
Other	(861)	(655)	(206)
<b>Total interest expense</b>	<b>(73,881)</b>	<b>(70,916)</b>	<b>(2,965)</b>
<b>Net interest expense</b>	<b>(6,983)</b>	<b>(7,193)</b>	<b>210</b>

1) This item comprises the interest expense on cash received as collateral.

### Note 24.1 – Net interest income on foreign reserves

The net interest income or expense on the ECB's foreign reserves, broken down by instrument type, is shown below:

	2024 € millions	2023 € millions	Change € millions
Current accounts	85	82	3
Money market deposits	149	129	20
Repurchase agreements	(0)	-	(0)
Reverse repurchase agreements	225	271	(46)
Securities	1,936	1,745	191
Forward and swap transactions in foreign currencies	142	155	(13)
<b>Net interest income on foreign reserves</b>	<b>2,537</b>	<b>2,382</b>	<b>155</b>



The net interest income or expense on the ECB's foreign reserves, broken down by foreign currency, was as follows:

	2024 € millions	2023 € millions	Change € millions
US dollars	2,434	2,298	136
Japanese yen	9	(2)	11
Chinese renminbi	12	13	(1)
SDRs	83	73	10
<b>Net interest income on foreign reserves</b>	<b>2,537</b>	<b>2,382</b>	<b>155</b>

### Note 24.2 – Interest income arising from the claims related to the allocation of euro banknotes within the Eurosystem

In 2024 the interest income relating to the ECB's 8% share of the total value of euro banknotes in circulation (see "Banknotes in circulation" in Section 2.3 "Accounting policies" and note 5.1 "Claims related to the allocation of euro banknotes within the Eurosystem") amounted to €5,232 million (2023: €4,817 million). The increase resulted from the higher average rate on the main refinancing operations compared with the previous year (2024: 4.1%, 2023: 3.8%).

### Note 24.3 – Remuneration of NCBs' claims in respect of foreign reserves transferred

In 2024 the remuneration expense arising from euro area NCBs' claims in respect of the foreign reserves transferred to the ECB (see note 12.1 "Liabilities equivalent to the transfer of foreign reserves") amounted to €1,448 million (2023: €1,335 million). The increase resulted from the higher average rate on the main refinancing operations compared with the previous year (2024: 4.1%, 2023: 3.8%).

### Note 24.4 – Net interest income on securities held for monetary policy purposes

The net interest income on securities held for monetary policy purposes was as follows:

	2024 € millions	2023 € millions	Change € millions
SMP <sup>1</sup>	24	49	(24)
<b>APP</b>			
CBPP3	178	179	(1)
ABSPP	419	642	(223)
PSPP – government/agency securities	2,022	1,997	25
<b>Total APP</b>	<b>2,619</b>	<b>2,818</b>	<b>(199)</b>
<b>PEPP</b>			
PEPP – covered bonds	6	4	2
PEPP – government/agency securities	1,201	597	604
<b>Total PEPP</b>	<b>1,206</b>	<b>600</b>	<b>606</b>
<b>Net interest income on securities held for monetary policy purposes</b>	<b>3,850</b>	<b>3,467</b>	<b>383</b>

1) The ECB's net interest income on SMP holdings of Greek government bonds amounted to €18 million (2023: €31 million).

## Note 24.5 – Net interest expense arising from TARGET balances due from/to NCBs

The interest income or expense arising from TARGET balances due from/to NCBs was as follows:

	2024 € millions	2023 € millions	Change € millions
Interest income arising from TARGET balances due from NCBs	54,542	52,363	2,179
- Euro area NCBs	54,542	52,363	2,179
Interest expense arising from TARGET balances due to NCBs	(70,216)	(66,598)	(3,618)
- Euro area NCBs	(70,150)	(66,534)	(3,615)
- Non-euro area NCBs	(66)	(64)	(2)
<b>Net interest expense arising from TARGET balances due from/to NCBs</b>	<b>(15,674)</b>	<b>(14,236)</b>	<b>(1,439)</b>

The increase resulted mainly from the higher average rate on the main refinancing operations compared with the previous year (2024: 4.1%, 2023: 3.8%).

## Note 25 – Realised gains/(losses) arising from financial operations

Realised gains and losses arising from financial operations were as follows:

	2024 € millions	2023 € millions	Change € millions
Net realised price losses	(53)	(117)	63
Net realised exchange rate and gold price gains	36	11	26
<b>Net realised losses arising from financial operations</b>	<b>(17)</b>	<b>(106)</b>	<b>89</b>

Net realised price losses include realised gains and losses on securities and interest rate futures. The net realised price losses in 2024 mainly arose from the accounting treatment of premium and discount amortisation related to repayments of securities held in the ABSPP.<sup>60</sup> The net realised price losses were partially offset by net realised exchange rate gains, which largely arose as a result of the year-end price write-downs of a number of US dollar securities.

The following table shows the realised gains and losses arising from financial operations, broken down by currency and quarter:

	2024 € millions					2023 € millions				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
<b>Net realised price gains/(losses)</b>										
US dollars	(10)	(23)	38	(13)	(8)	41	22	(64)	(20)	(21)
Japanese yen	(0)	(2)	(0)	(2)	(4)	(5)	4	(1)	(4)	(5)
Chinese renminbi	1	1	3	1	7	0	0	0	(0)	0
Euro	(27)	(11)	(3)	(6)	(48)	(42)	(21)	(16)	(12)	(91)
<b>Subtotal</b>	<b>(36)</b>	<b>(35)</b>	<b>38</b>	<b>(20)</b>	<b>(53)</b>	<b>(5)</b>	<b>4</b>	<b>(81)</b>	<b>(35)</b>	<b>(117)</b>
<b>Net realised exchange rate and gold price gains/(losses)</b>										
US dollars	(0)	(0)	0	37	37	0	2	1	5	8
Japanese yen	(0)	(0)	(0)	(0)	(1)	2	0	0	0	2
Chinese renminbi	0	(0)	(0)	(0)	(0)	0	(0)	0	(0)	0
Other	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>37</b>	<b>36</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>11</b>
<b>Total</b>	<b>(36)</b>	<b>(35)</b>	<b>38</b>	<b>17</b>	<b>(17)</b>	<b>(3)</b>	<b>7</b>	<b>(80)</b>	<b>(30)</b>	<b>(106)</b>

<sup>60</sup> Where the actual repayment date differs from the legal maturity date (which is usually the case for the ABSPP), the amount of the premium or discount that has not yet been amortised is considered realised in proportion to the value of the principal repaid.

## Note 26 – Write-downs on financial assets and positions

Write-downs on financial assets and positions were as follows:

	2024 € millions	2023 € millions	Change € millions
Unrealised price losses on securities	(187)	(38)	(150)
Unrealised exchange rate losses	(81)	-	(81)
<b>Write-downs on financial assets and positions</b>	<b>(269)</b>	<b>(38)</b>	<b>(231)</b>

The market value of a number of securities, mainly held in the US dollar portfolio, declined alongside an increase in the corresponding yields towards the end of 2024. This resulted in unrealised price losses at year-end.

The unrealised exchange rate losses arose due to the write-down of the average acquisition cost of the ECB's holding of Japanese yen to the 2024 year-end exchange rate. This reflects the depreciation of the Japanese yen against the euro since the purchases were made.

## Note 27 – Net income/(expense) from fees and commissions

	2024 € millions	2023 € millions	Change € millions
Income from fees and commissions	697	672	24
Expenses relating to fees and commissions	(22)	(22)	(0)
<b>Net income from fees and commissions</b>	<b>674</b>	<b>650</b>	<b>24</b>

Income under this item consists primarily of supervisory fees. Expenses comprise predominantly custody fees.

### **Income and expenses related to supervisory tasks**

Banking supervision-related income mainly comprises supervisory fee income. The ECB levies annual fees on supervised entities in order to recover expenditure incurred in the performance of its supervisory tasks. Based on the ECB's actual annual expenses incurred in the performance of its banking supervision tasks, the supervisory fee income for 2024 stood at €681 million (2023: €654 million).

In order to determine the amount of supervisory fees to be levied, the actual annual expenditure is adjusted for amounts reimbursed to/received from individual banks for previous fee periods and other adjustments, including interest received on late payments.<sup>61</sup> Taking into account an adjustment corresponding to interest received

<sup>61</sup> See Article 5(3) of [Regulation \(EU\) No 1163/2014 of the European Central Bank of 22 October 2014 on supervisory fees \(ECB/2014/41\)](#) (OJ L 311, 31.10.2014, p. 23), as amended. The [unofficial consolidated text](#) with the list of amendments is also available.

on late payments as well as net reimbursements to individual banks for previous fee periods, the annual supervisory fees to be levied on the supervised entities for the fee period 2024 correspond to an amount almost equal to the actual annual expenses of €681 million<sup>62</sup> (see note 6.4 “Accruals and prepaid expenses”). The individual supervisory fees will be invoiced in the second quarter of 2025.<sup>63</sup>

The ECB is also entitled to impose administrative penalties on supervised entities for failure to comply with applicable EU banking law on prudential requirements (including ECB supervisory decisions). The related income is not considered in the calculation of the annual supervisory fees, nor are reimbursements of such penalties in the event that previous sanction decisions are amended or annulled. Instead, the related amounts are recorded in the ECB’s profit and loss account. In 2024 the income arising from penalties on supervised entities amounted to €16 million (2023: €18 million).

Thus, the income of the ECB for supervisory tasks was as follows:

	2024 € millions	2023 € millions	Change € millions
Income from supervisory fees	681	654	27
- Fee income from significant entities or significant groups	651	626	25
- Fee income from less significant entities or less significant groups	29	27	2
Administrative penalties imposed	16	18	(2)
<b>Income related to banking supervision tasks</b>	<b>696</b>	<b>671</b>	<b>25</b>

Banking supervision-related expenses result from the direct supervision of significant entities, the oversight of the supervision of less significant entities and the performance of horizontal tasks and specialised services. They consist of the direct expenses of the ECB’s supervisory function and the relevant expenses arising from support areas needed to fulfil the ECB’s supervisory responsibilities, reflecting their services in relation to premises and facilities; human resources; information technology (IT); legal, audit and administration; communication and translation; and other activities.

The actual expenses relating to the ECB’s supervisory tasks, which are recovered via the annual supervisory fees for 2024, amounted to €681 million (2023: €654 million). In addition to the impact of inflation, the intensification of supervisory initiatives, together with higher costs associated with continuous developments and improvements to IT systems dedicated to banking supervision, contributed to the overall increase in these expenses.

<sup>62</sup> The ECB decision on the total amount of annual supervisory fees for 2024 will be adopted and subsequently published in mid-March 2025.

<sup>63</sup> Further details on [supervisory fees](#) can be found on the ECB’s banking supervision website.

## Note 28 – Income from equity instruments and participating interests

The dividend of €1 million in 2024 (2023: €1 million) received on the shares in the BIS held by the ECB (see note 6.2 “Other financial assets”) is shown under this item.

## Note 29 – Other income

Miscellaneous other income stood at €119 million in 2024 (2023: €72 million). The total arose mainly from contributions of participating NCBs to costs incurred by the ECB in connection with ESCB projects and services in operation.

## Note 30 – Staff costs

Staff costs were as follows:

	2024 € millions	2023 € millions	Change € millions
Salaries and allowances	560	528	32
Staff insurance	26	25	2
Post-employment and other long-term benefits	258	124	134
<b>Staff costs</b>	<b>844</b>	<b>676</b>	<b>167</b>

The average number of employees in 2024, expressed in full-time equivalents (FTEs),<sup>64</sup> amounted to 4,297 (2023: 4,222), of which 386 (2023: 380) were managerial staff.

Higher costs for post-employment benefits arose from an amendment to the rules governing the ECB’s pension plans in 2024. In accordance with the ECB’s relevant accounting rules for pensions, the past service cost resulting from this amendment was recognised in full in the profit and loss account for 2024 when the decision was taken (see note 13.3 “Sundry”). Salaries and allowances increased in line with the planned higher average number of staff employed by the ECB and the regular salary adjustments.

### Remuneration of the Executive and Supervisory Boards

Members of the Executive Board and the members of the Supervisory Board employed by the ECB receive a basic salary and a residence allowance. In the case of the President, a residence is provided in lieu of a residence allowance. Members of the Executive Board and the Chair of the Supervisory Board also receive a representation allowance. Subject to the Conditions of Employment for Staff of the

<sup>64</sup> A full-time equivalent (FTE) is a unit equivalent to one employee working full-time for one year. Staff with permanent, fixed or short-term contracts and participants in the ECB’s Graduate Programme are included in proportion to their hours worked. Staff on maternity or long-term leave are also included, while staff on unpaid leave are excluded.

European Central Bank, members of both boards may be entitled to household, child, education and other allowances, depending on their individual circumstances. Salaries are subject to a tax for the benefit of the EU, as well as to deductions in respect of contributions to the pension, medical, long-term care and accident insurance schemes. Allowances are non-taxable and non-pensionable.

In 2024 the basic salaries of the members of the Executive Board and the members of the Supervisory Board employed by the ECB (i.e. excluding representatives of national supervisors) were as follows:<sup>65</sup>

	2024 €	2023 €
Christine Lagarde (President)	466,092	444,984
Luis de Guindos (Vice-President)	399,528	381,444
Piero Cipollone (Board Member since 1 November 2023)	332,928	52,976
Frank Elderson (Board Member)	332,928	317,856
Philip R. Lane (Board Member)	332,928	317,856
Fabio Panetta (Board Member until 31 October 2023)	-	264,880
Isabel Schnabel (Board Member)	332,928	317,856
<b>Total Executive Board</b>	<b>2,197,332</b>	<b>2,097,852</b>
<b>Total Supervisory Board (members employed by the ECB)<sup>1</sup></b>	<b>1,364,558</b>	<b>1,374,853</b>
<i>of which:</i>		
<i>Claudia Buch (Chair of the Supervisory Board since 1 January 2024)</i>	332,928	-
<i>Andrea Enria (Chair of the Supervisory Board until 31 December 2023)</i>	-	317,856
<b>Total</b>	<b>3,561,890</b>	<b>3,472,705</b>

1) The total figure includes the remuneration of the Chair of the Supervisory Board and the ECB members. Frank Elderson does not receive any additional remuneration in his role as Vice-Chair of the Supervisory Board. The totals for 2024 were affected by a gap between the end and start of the terms of office of two members of the Supervisory Board and their successors, whereas in 2023 all ECB members of the Supervisory Board were in office throughout the year.

Total allowances paid to members of both boards and the ECB's contributions to medical, long-term care and accident insurance schemes on their behalf amounted to €1,254,013 (2023: €1,169,703).

Transitional payments may be made to former members of both boards for a limited period after the end of their terms of office. In 2024 these payments, the related allowances and the ECB's contributions to the medical, long-term care and accident insurance schemes of former members of both boards amounted to €552,772 (2023: €365,864). The increase was due to a larger number of former board members receiving these payments in 2024 than in 2023.

Pension-related payments, including post-employment allowances, and contributions to the medical, long-term care and accident insurance schemes for former board members and their dependants amounted to €2,185,215 (2023: €2,670,313).<sup>66</sup> In

<sup>65</sup> Amounts are presented gross, i.e. before any deductions of tax for the benefit of the EU.

<sup>66</sup> These pension-related payments reduced the defined benefit obligation recognised in the balance sheet. For the net amount charged to the profit and loss account in relation to the pension arrangements for current members of the Executive Board and the current members of the Supervisory Board employed by the ECB, see note 13.3 "Sundry".

2024 this amount included a lump sum payment to one former board member upon departure, while in 2023 it included a lump sum payment to a former board member upon retirement. These payments were made in lieu of future pension payments.

## Note 31 – Administrative expenses

Administrative expenses were as follows:

	2024 € millions	2023 € millions	Change € millions
Rent, property maintenance and utilities	57	52	5
Staff-related expenses	74	67	7
IT-related expenses	153	137	16
External services	162	161	0
Other expenses	67	64	3
<b>Administrative expenses</b>	<b>513</b>	<b>481</b>	<b>32</b>

The increase in administrative expenses in 2024 was mainly due to (i) higher IT spending in relation to the digital transformation (“IT-related expenses”); and (ii) the ECB’s contribution to the expansion of childminding facilities at the European School Frankfurt (“Staff-related expenses”). Inflation continued to affect various expenses recorded under this item.

## Note 32 – Banknote production services

In 2024 this expense amounted to €9 million (2023: €9 million). The total arose predominantly from the cross-border transportation of euro banknotes between banknote printing works and NCBs, for the delivery of new banknotes, and between NCBs, for the compensation of shortages with surplus stocks. These costs are borne centrally by the ECB.

## Note 33 – Transfer (to)/from risk provisions

In 2023 this item comprised the full release of the provision for financial risks of €6,620 million to partially cover losses arising from exposures to financial risks (see “Provision for financial risks” in Section 2.3 “Accounting policies”). As a result, this provision stood at zero as at 31 December 2023. No transfers occurred in 2024.



## 2.7 Post-balance-sheet events

### Note 34 – Change in the interest rate used for the remuneration of intra-Eurosystem balances

On 13 March 2024 the Governing Council decided on a set of principles that would guide monetary policy implementation in the future and that, among other key parameters, it would continue to steer the monetary policy stance through the deposit facility rate.<sup>67</sup> In the same context, the Governing Council decided that from 1 January 2025, the deposit facility rate would become the basis for the remuneration of (i) TARGET balances due from/to euro area NCBs, (ii) claims related to the allocation of euro banknotes within the Eurosystem, and (iii) liabilities equivalent to the transfer of foreign reserves.

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<sup>67</sup> See the [press release](#) of 13 March 2024 on the Governing Council's decisions.

## 2.8 Financial statements 2020-24

### Balance sheet

ASSETS	2020 € millions	2021 € millions	2022 € millions	2023 € millions	2024 € millions
<b>Gold and gold receivables</b>	<b>25,056</b>	<b>26,121</b>	<b>27,689</b>	<b>30,419</b>	<b>40,895</b>
<b>Claims on non-euro area residents denominated in foreign currency</b>	<b>45,971</b>	<b>51,433</b>	<b>55,603</b>	<b>55,876</b>	<b>58,117</b>
Receivables from the IMF	680	1,234	1,759	2,083	2,227
Balances with banks and security investments, external loans and other external assets	45,291	50,199	53,844	53,793	55,890
<b>Claims on euro area residents denominated in foreign currency</b>	<b>4,788</b>	<b>2,776</b>	<b>1,159</b>	<b>1,450</b>	<b>4,094</b>
<b>Claims on non-euro area residents denominated in euro</b>	<b>1,830</b>	<b>3,070</b>	-	-	-
Balances with banks, security investments and loans	1,830	3,070	-	-	-
<b>Other claims on euro area credit institutions denominated in euro</b>	<b>81</b>	<b>38</b>	<b>12</b>	<b>17</b>	<b>2</b>
<b>Securities of euro area residents denominated in euro</b>	<b>349,008</b>	<b>445,384</b>	<b>457,271</b>	<b>425,349</b>	<b>376,781</b>
Securities held for monetary policy purposes	349,008	445,384	457,271	425,349	376,781
<b>Intra-Eurosystem claims</b>	<b>114,761</b>	<b>123,551</b>	<b>125,763</b>	<b>125,378</b>	<b>127,067</b>
Claims related to the allocation of euro banknotes within the Eurosystem	114,761	123,551	125,763	125,378	127,067
<b>Other assets</b>	<b>27,797</b>	<b>27,765</b>	<b>31,355</b>	<b>34,739</b>	<b>33,644</b>
Tangible and intangible fixed assets	1,262	1,189	1,105	1,023	971
Other financial assets	20,785	21,152	21,213	22,172	22,781
Off-balance-sheet instruments revaluation differences	388	620	783	552	681
Accruals and prepaid expenses	3,390	4,055	7,815	10,905	9,158
Sundry	1,970	749	438	88	53
<b>Total assets</b>	<b>569,292</b>	<b>680,140</b>	<b>698,853</b>	<b>673,229</b>	<b>640,600</b>

LIABILITIES	2020 € millions	2021 € millions	2022 € millions	2023 € millions	2024 € millions
Banknotes in circulation	114,761	123,551	125,763	125,378	127,067
<b>Other liabilities to euro area credit institutions denominated in euro</b>	<b>2,559</b>	<b>9,473</b>	<b>17,734</b>	<b>4,699</b>	<b>2,388</b>
<b>Liabilities to other euro area residents denominated in euro</b>	<b>13,700</b>	<b>7,604</b>	<b>63,863</b>	<b>20,622</b>	<b>24,554</b>
General government	10,012	3,200	48,520	143	73
Other liabilities	3,688	4,404	15,343	20,479	24,482
<b>Liabilities to non-euro area residents denominated in euro</b>	<b>11,567</b>	<b>112,492</b>	<b>78,108</b>	<b>23,111</b>	<b>39,859</b>
<b>Liabilities to non-euro area residents denominated in foreign currency</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>-</b>
Deposits, balances and other liabilities	-	-	-	24	-
<b>Intra-Eurosystem liabilities</b>	<b>378,432</b>	<b>375,136</b>	<b>355,474</b>	<b>445,048</b>	<b>388,676</b>
Liabilities equivalent to the transfer of foreign reserves	40,344	40,344	40,344	40,671	40,562
Liabilities related to TARGET (net)	336,828	334,618	315,090	404,336	348,074
Other liabilities within the Eurosystem (net)	1,260	174	41	40	40
<b>Other liabilities</b>	<b>3,095</b>	<b>2,877</b>	<b>5,908</b>	<b>9,498</b>	<b>7,615</b>
Off-balance-sheet instruments revaluation differences	636	568	430	68	-
Accruals and income collected in advance	40	32	3,915	8,030	6,288
Sundry	2,419	2,277	1,562	1,401	1,327
<b>Provisions</b>	<b>7,641</b>	<b>8,268</b>	<b>6,636</b>	<b>67</b>	<b>72</b>
Risk provisions	7,584	8,194	6,566	-	-
Other provisions	57	74	69	67	72
<b>Revaluation accounts</b>	<b>28,235</b>	<b>32,277</b>	<b>36,487</b>	<b>37,099</b>	<b>50,653</b>
<b>Capital and reserves</b>	<b>7,659</b>	<b>8,270</b>	<b>8,880</b>	<b>8,948</b>	<b>8,925</b>
Capital	7,659	8,270	8,880	8,948	8,925
<b>Accumulated losses carried forward</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,266)</b>
<b>Profit/(loss) for the year</b>	<b>1,643</b>	<b>192</b>	<b>-</b>	<b>(1,266)</b>	<b>(7,944)</b>
<b>Total liabilities</b>	<b>569,292</b>	<b>680,140</b>	<b>698,853</b>	<b>673,229</b>	<b>640,600</b>

Note: In order to ensure comparability, the layout of the balance sheet for the years 2020-23 has been adjusted to match the layout introduced in 2024. Furthermore, since the item "Profit/(loss) for the year" has been included as a standalone negative item on the liabilities side of the balance sheet, the amounts for "Total assets" and "Total liabilities" in 2023 have been adjusted accordingly. Further details on these changes can be found under "Changes to presentation in the financial statements" in Section 2.3 "Accounting policies".

## Profit and loss account

	2020 € millions	2021 € millions	2022 € millions	2023 € millions	2024 € millions
<b>Net interest income/(expense)</b>	<b>2,017</b>	<b>1,566</b>	<b>900</b>	<b>(7,193)</b>	<b>(6,983)</b>
Interest income	2,027	1,575	12,314	63,723	66,898
Interest expense	(9)	(9)	(11,414)	(70,916)	(73,881)
<b>Net result of financial operations and write-downs</b>	<b>316</b>	<b>(139)</b>	<b>(1,950)</b>	<b>(144)</b>	<b>(286)</b>
Realised gains/(losses) arising from financial operations	342	(6)	(110)	(106)	(17)
Write-downs on financial assets and positions	(26)	(133)	(1,840)	(38)	(269)
<b>Net income/(expense) from fees and commissions</b>	<b>520</b>	<b>559</b>	<b>585</b>	<b>650</b>	<b>674</b>
<b>Income from equity instruments and participating interests</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Other income</b>	<b>37</b>	<b>56</b>	<b>61</b>	<b>72</b>	<b>119</b>
Staff costs	(646)	(674)	(652)	(676)	(844)
Administrative expenses	(434)	(444)	(460)	(481)	(513)
Depreciation of tangible and intangible fixed assets	(106)	(108)	(103)	(106)	(104)
Banknote production services	(14)	(13)	(9)	(9)	(9)
Other expenses	-	(5)	-	-	-
<b>Profit/(loss) before the transfer (to)/from risk provisions</b>	<b>1,691</b>	<b>802</b>	<b>(1,627)</b>	<b>(7,886)</b>	<b>(7,944)</b>
Transfer (to)/from risk provisions	(48)	(610)	1,627	6,620	-
<b>Profit/(loss) for the year</b>	<b>1,643</b>	<b>192</b>	<b>-</b>	<b>(1,266)</b>	<b>(7,944)</b>
<b>Profit distribution</b>	<b>1,643</b>	<b>192</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: In order to ensure comparability, the layout of the profit and loss account for the years 2020-23 has been adjusted to match the layout introduced in 2024. Furthermore, the amounts shown under the sub-items "Interest income" and "Interest expense" have been restated in line with the interest income and expense netting rationale applied from 2024. Further details on these changes can be found under "Changes to presentation in the financial statements" in Section 2.3 "Accounting policies".

## 3 Independent auditor's report



To the President and Governing Council  
of the European Central Bank  
Frankfurt am Main

### Report on the Audit of the ECB's Financial Statements 2024

#### Opinion

We have audited the Financial Statements of the European Central Bank (ECB) for the year ended 31 December 2024 – included in the ECB's Annual Accounts – which comprise the balance sheet, the profit and loss account, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the ECB as at 31 December 2024 and of the results of its financial operations for the year then ended in accordance with the principles established by the Governing Council, which are laid down in Decision (EU) 2024/2938 of the European Central Bank of 14 November 2024 on the annual accounts of the European Central Bank (ECB/2024/32), which is based on Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the ECB in accordance with the German ethical requirements that are relevant to our audit of the Financial Statements, which are consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The ECB's Executive Board ("Executive Board") is responsible for the other information included in the ECB's Annual Accounts. The other information comprises all the information included in the ECB's Annual Accounts except the Financial Statements of the ECB and our auditor's report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Responsibilities of the Executive Board and those charged with Governance for the Financial Statements

The Executive Board is responsible for the preparation and fair presentation of the Financial Statements in accordance with the principles established by the Governing Council, which are laid down in Decision (EU) 2024/2938 of the European Central Bank of 14 November 2024 on the annual accounts of the European Central Bank (ECB/2024/32), which is based on Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31), and for such internal control as the Executive Board determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Executive Board is responsible for assessing the ECB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the ECB's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ECB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ECB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frankfurt am Main, 12 February 2025

Baker Tilly GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft



Dr. Stefan Wolfgang Fischer  
Wirtschaftsprüfer



Maria Brück  
Wirtschaftsprüferin

## 4 Note on profit distribution/allocation of losses

*This note is not part of the financial statements of the ECB for the year 2024.*

Pursuant to Article 33 of the Statute of the ESCB, the net profit of the ECB is to be transferred in the following order:

1. an amount to be determined by the Governing Council, which may not exceed 20% of the net profit, is to be transferred to the general reserve fund, subject to a limit equal to 100% of the capital;
2. the remaining net profit is to be distributed to the shareholders of the ECB in proportion to their paid-up shares.<sup>68</sup>

In the event of a loss incurred by the ECB, the shortfall may be offset against the general reserve fund of the ECB and, if necessary, following a decision by the Governing Council, against the monetary income of the relevant financial year in proportion and up to the amounts allocated to the NCBs in accordance with Article 32.5 of the Statute of the ESCB.<sup>69</sup>

The ECB's loss for 2024 was €7,944 million, compared with a loss of €1,266 million in 2023 after the full release of the provision for financial risks. Following a decision by the Governing Council, this loss will be carried forward on the ECB's balance sheet and offset against future profits.

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<sup>68</sup> Non-euro area NCBs are not entitled to receive any share of the ECB's distributable profits, nor are they liable to cover any loss of the ECB.

<sup>69</sup> Under Article 32.5 of the Statute of the ESCB, the sum of the NCBs' monetary income is to be allocated to the NCBs in proportion to their paid-up shares in the capital of the ECB.



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For specific terminology please refer to the [ECB glossary](#) (available in English only).

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