



EUROPEAN CENTRAL BANK  
EUROSYSTEM

*COURTESY TRANSLATION*

Mr Sven Giegold  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt, 19 December 2011

L/MD/11/121

**Re.: Your letter**

Dear Mr Giegold,

Thank you for your letter passed on to me by Sharon Bowles, Chair of the Economic and Monetary Affairs Committee, and accompanied by a cover letter dated 20 October 2011.

As regards your question on the changes in the use of government-guaranteed bonds since 1999, I would like to inform you that the issuance of government-guaranteed bonds increased significantly after October 2008 when the governments of the euro area, following the bankruptcy of Lehman Brothers, agreed on a European action plan and established a scheme for guaranteeing bank debt<sup>1</sup>. As a result, such bonds became an important part of the uncovered bank bonds posted as collateral in ECB refinancing operations. On average during 2010, they accounted for almost one third of the total amount of uncovered bank bonds used in Eurosystem operations. Government-guaranteed bank bonds are classified as uncovered bonds because they do not stipulate possible recourse to revenue streams from assets linked to these bonds.

With reference to your second question, on the use of government-guaranteed bonds in the euro area countries over time, I would like to recall that the Eurosystem provides data on the use of assets as collateral for its operations only in aggregate terms for the euro area as a whole in Chapter 2 of the ECB's Annual Report. For 2010, chart 48 on page 98 of the Annual Report illustrates the breakdown of assets put forward as collateral by asset type<sup>2</sup>: In 2010, the total average value of collateral posted amounted to

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<sup>1</sup> Point 8 of the *Declaration on a concerted European action plan of the euro area countries*, Summit of the Euro area countries of 12 October 2008.

<sup>2</sup> The ECB Annual Report can be retrieved from: [www.ecb.int/pub/annual](http://www.ecb.int/pub/annual)

EUR 2,010 billion. Out of this total, the share of uncovered bank bonds used as collateral was EUR 422 billion or 21%.

As regards the overall volume of government-guaranteed bank bonds in the market, please note that their total amount issued in the euro area and eligible for use as collateral in Eurosystem credit operations was EUR 344 billion at end 2010. Please also find the distribution of this volume over euro area countries indicated in the annex to this letter.

Yours sincerely,

[signed]

Mario Draghi

Encl.

**Annex: Eligible uncovered bank bonds with state guarantee issued in the euro area as at end 2010, by countries (percent)**

<b>Country</b>	<b>% over total</b>
<b>AT</b>	10%
<b>BE</b>	1%
<b>CY</b>	0%
<b>DE</b>	33%
<b>EE</b>	0%
<b>ES</b>	17%
<b>FI</b>	0%
<b>FR</b>	9%
<b>GR</b>	13%
<b>IE</b>	7%
<b>IT</b>	0%
<b>LU</b>	0%
<b>MT</b>	0%
<b>NL</b>	7%
<b>PT</b>	2%
<b>SI</b>	1%
<b>SK</b>	0%
<b>Total</b>	100%