EUROPEAN CENTRAL BANK
EUROSYSTEM

Commentary on the consolidated balance sheet of the Eurosystem as at 31 December 2025

Eurosystem balance sheet

The annual consolidated balance sheet of the Eurosystem comprises the assets and liabilities of euro area national central banks (NCBs) and the ECB held at the year-end vis-à-vis third parties.

Claims and liabilities between Eurosystem central banks (intra-Eurosystem claims and liabilities) are netted and are therefore not presented separately.

The content and format of the Eurosystem's annual consolidated balance sheet are set out in Annexes IV and VII to 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).

Financial developments in 2025

2.2%
Decrease in the Eurosystem's balance sheet

In 2025, the **Eurosystem's balance sheet total** decreased by €138.8 billion to €6,281.8 billion. This reduction was primarily driven by the continued decline in securities held for monetary policy purposes due to redemptions. However, the decline was partially offset by an increase in the euro-equivalent value of the Eurosystem's holdings of gold, reflecting the rise in the market price of gold in euro terms.

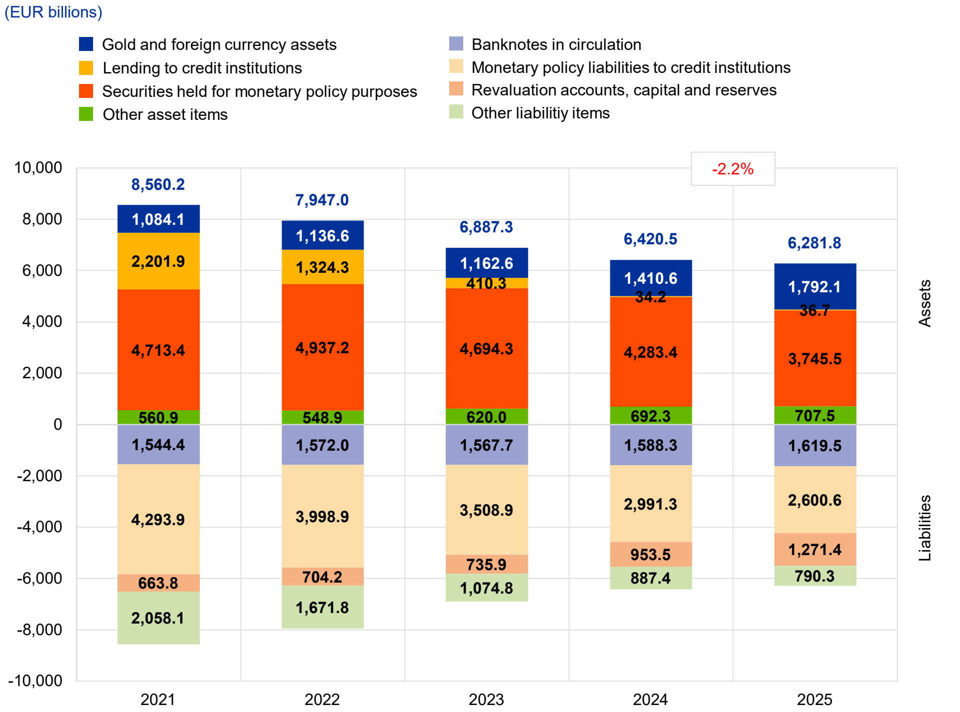
Chart 1 provides an overview of the key components of the Eurosystem's balance sheet from 2021 to 2025. While the reduction in the size of the balance sheet in 2025 was largely attributed to the ongoing unwinding of the asset purchase programme (APP)[1] and the pandemic emergency purchase programme (PEPP)[2], the overall decline during the years 2021 to 2024 was mainly driven by the maturing and early repayments of TLTRO III operations.

[1] The APP consisted 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). Reinvestments under the APP were fully discontinued at the end of June 2023. Further details can be found on the ECB's website under Asset purchase programmes.

[2] The PEPP was a temporary asset purchase programme of private and public sector securities initiated in March 2020 to counter the serious risks that the COVID-19 pandemic posed to the monetary policy transmission mechanism and the euro area outlook. Reinvestments under the PEPP were fully discontinued at the end of 2024. Further details can be found on the ECB's website under Pandemic emergency purchase programme.

Chart 1

Eurosystem balance sheet by component



Source: Eurosystem.

60%
Share in total assets of securities held for monetary policy purposes

Euro-denominated securities held for monetary policy purposes (asset item 7.1) constituted 60% of the Eurosystem’s total assets as at the end of 2025, down from 67% a year earlier. In addition to securities acquired under the APP and PEPP, this asset item includes a small remaining balance of securities acquired under the terminated Securities Markets Programme (SMP).

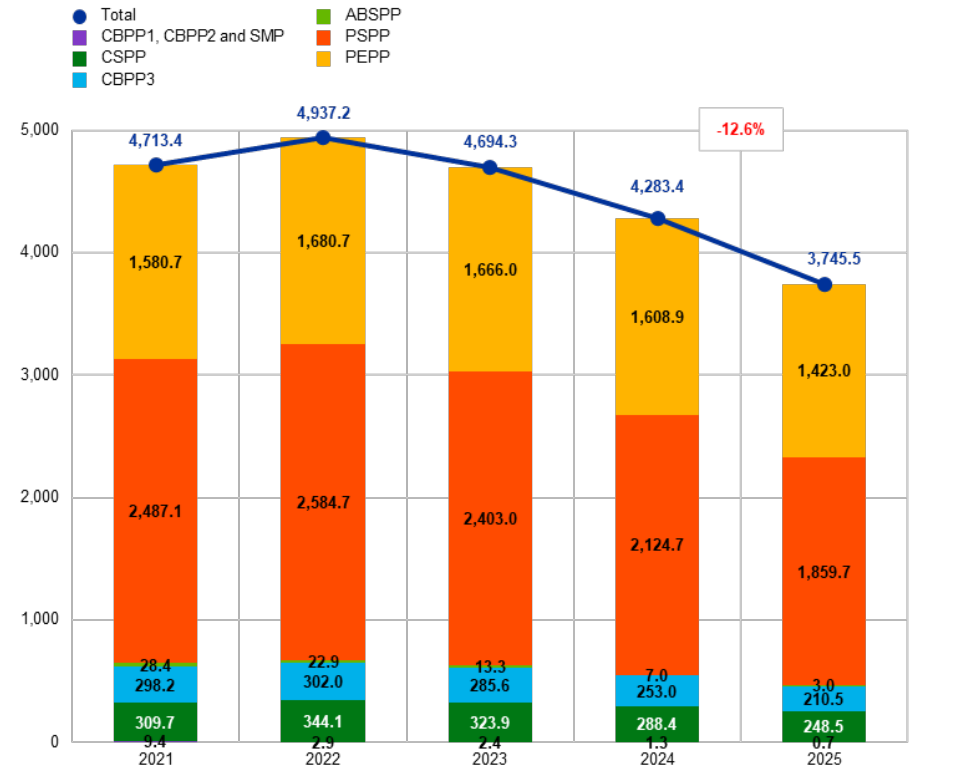
€537.9 billion
Decrease in securities held for monetary policy purposes

In 2025, securities held by the Eurosystem for monetary policy purposes decreased by €537.9 billion to €3,745.5 billion (Chart 2). The APP accounted for 65% of this reduction, or €351.4 billion. PEPP holdings decreased by €185.9 billion, while SMP holdings fell by €0.6 billion, all owing to redemptions.

Chart 2

Securities held for monetary policy purposes

(EUR billions)



Source: Eurosystem.

Impairment tests of securities held for monetary policy purposes are conducted annually and approved by the Governing Council. In view of the outcome of the impairment tests conducted at the end of 2025, the Eurosystem did not record any impairment losses on the securities held in its monetary policy portfolios.

€2.5 billion
Increase in Eurosystem refinancing operations

Lending to credit institutions[3] (asset item 5) increased by €2.5 billion to €36.7 billion. Main refinancing operations rose by €8.0 billion, while allotments under the three-month longer-term refinancing operations (LTROs) had decreased by €5.4 billion as at 31 December 2025.

€1,274.4 billion
Gold and gold receivables

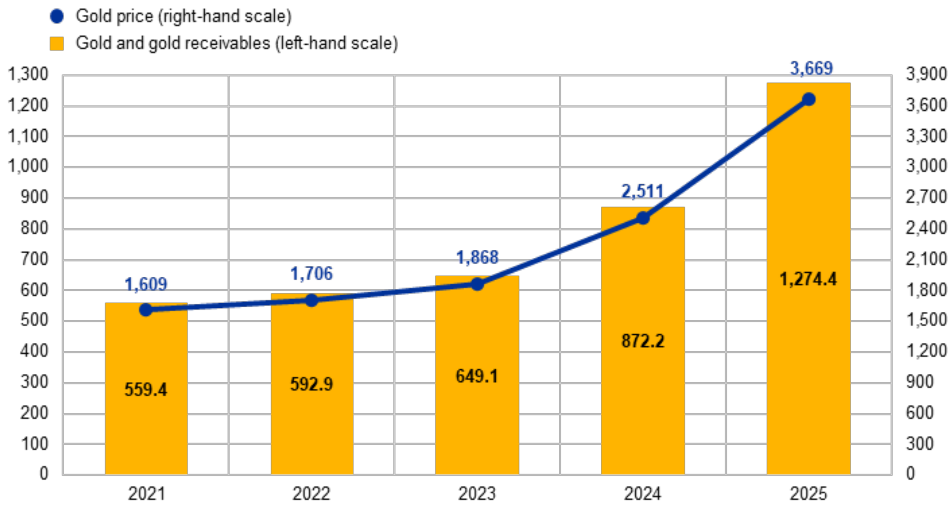
In 2025, the value of the **Eurosystem's gold and gold receivables** (asset item 1) increased by €402.2 billion to €1,274.4 billion (Chart 3) owing to a significant rise in the market price of gold in euro terms. This increase also led to an equivalent rise in the Eurosystem's gold revaluation accounts (liability item 11).

[3] More information about lending can be found on the ECB's website under Open market operations.

Chart 3

Gold holdings and gold prices

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



Source: Eurosystem.

The **net position of the Eurosystem in foreign currency** (asset items 2 and 3 minus liability items 7, 8 and 9) decreased by €14.6 billion in euro terms to €329.1 billion. This decrease was driven by the effect of the revaluation of assets and liabilities denominated in foreign currency, which amounted to €28.5 billion, and was partially offset by an increase of €13.9 billion resulting from customer and portfolio transactions. The Eurosystem's foreign currency holdings comprise mainly US dollars, special drawing rights (SDRs), pounds sterling and Japanese yen.

In accordance with the Eurosystem's harmonised accounting rules, gold, foreign exchange and financial instruments (other than securities classified as held-to-maturity, non-marketable securities and securities held for monetary policy purposes) are revalued at market rates and prices. The gold price and the principal exchange rates used for the revaluation of year-end balances of the main foreign currency holdings, as well as those from the previous year-end, were as follows:

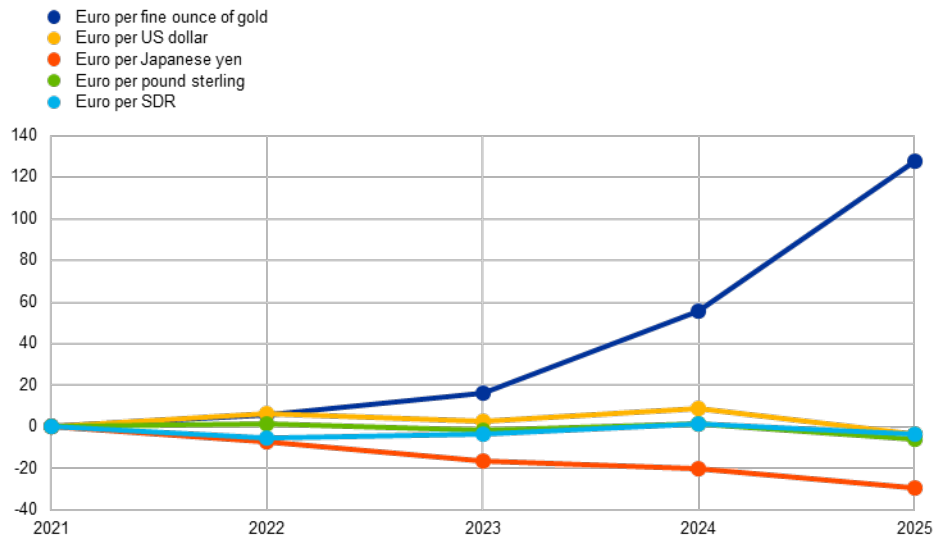
Exchange rates	2025	2024
Euro per fine ounce of gold	3,669.106	2,511.069
US dollars per euro	1.1750	1.0389
Japanese yen per euro	184.09	163.06
Pounds sterling per euro	0.8726	0.8292
Euro per SDR	1.1656	1.2544

Chart 4 illustrates the movements in gold prices and main foreign exchange rates against the euro from 2021 to 2025. To show currency trends, this chart displays prices as euro per foreign currency unit.

Chart 4

Main foreign exchange rates and gold price

(percentage changes vis-à-vis 2021, year-end data)



Source: Eurosystem.

2.0%
Increase in banknotes in circulation

In 2025, **banknotes in circulation**[4] (liability item 1) increased by 2.0% (or €31.2 billion) to reach a total of €1,619.5 billion.

€359.5 billion
Decrease in base money

Base money, which comprises banknotes in circulation as well as **current accounts** (liability item 2.1) and the **deposit facility** (liability item 2.2), fell by €359.5 billion to €4,220.1 billion in 2025. This reduction was driven by the maturing of securities held under the APP and the PEPP.

Liabilities to other euro area residents denominated in euro (liability item 5), which include deposits from governments and other euro area residents, such as financial institutions exempt from minimum reserve requirements, increased by €11.9 billion, reaching a total of €215.7 billion. **Liabilities to non-euro area residents denominated in euro** (liability item 6) fell by €70.8 billion to €171.6 billion.

Revaluation accounts (liability item 11) increased by €366.8 billion to €1,239.1 billion in 2025, primarily reflecting the rise in the revaluation of gold, and were as follows:

[4] Information on the development of banknotes in circulation since 2002, broken down by denomination, can be found on the ECB's website under Banknotes and coins circulation.

(EUR billions)

	2025	2024	Change
Gold	1,200.6	809.5	391.0
Foreign currencies	12.4	41.2	(28.8)
Securities	22.7	18.1	4.5
Other	3.5	3.4	0.1
Total	**1,239.1**	**872.3**	**366.8**

€48.9 billion
Decrease in capital and reserves

Capital and reserves (liability item 12) fell by €48.9 billion, reaching €32.2 billion in 2025. This decline was mainly due to accumulated losses carried forward, which are reflected as a negative balance under this liability item.[5] Some Eurosystem central banks maintain **provisions** (part of liability item 10) for risks that have not materialised.[6] As at the end of 2025, the total provisions held by the Eurosystem central banks remained virtually unchanged at €56.8 billion.

5 The loss for the current year is recorded under Other assets (asset item 9), in accordance with 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).

6 The creation of these provisions is subject to the legal frameworks of the individual central banks. Provisions related to Eurosystem monetary policy operations are not included.