EUROPEAN COMMISSION
EUROSTAT

Directorate D: Government Finance Statistics (GFS)

EUROSTAT SUPPLEMENTARY TABLE FOR REPORTING GOVERNMENT INTERVENTIONS TO SUPPORT FINANCIAL INSTITUTIONS

Background note (April 2024)

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1. Background

Eurostat collects from the European Union (EU) Member States a set of supplementary data on government interventions to support financial institutions[1].

During the 2007-2008 global financial crisis, governments in European countries intervened, in various forms, in an attempt to restore confidence in the financial system. Large fiscal deficits and rising debt levels in many countries were associated with that crisis, which underscored the importance of measuring how much of these were related to the rescue of financial institutions.

The aim of the supplementary table is to show a complete picture of the past, actual and potential impacts on government deficit and debt due to government interventions directly caused by the support to financial institutions. Support measures for non-financial institutions or general economic support measures are not included in the tables.

Eurostat collected a first set of supplementary tables in the context of the October 2009 EDP notification. The tables are now transmitted regularly by Member States, with each notification. This note analyses data for years 2007-2023, reported together with the April 2024 EDP notification.

Eurostat publishes individual tables for the EU Member States where there were reportable interventions and a summary table[2] with the aggregated data for the euro area 20 (EA 20) and the EU[3]. The structure of the supplementary table is described in the annex. In the April 2016 notification, the supplementary table was presented for the first time in time-series format (thus, data for the entire period 2007-2023 are presented in a single table).

[1] The first supplementary tables were collected in October 2009 following Eurostat's decision of 15 July 2009 on the statistical recording of public interventions to support financial institutions and financial markets during the financial crisis (available on the Eurostat website). The national accounts rules applicable to the statistical recording of support for financial institutions were further clarified by Eurostat in its guidance notes on the impact on EU Governments' deficit and debt of the decisions taken in the 2011-2012 European summit of 12 April 2012 and on the impact of bank recapitalisations on government finance statistics during the financial crisis of 18 July 2012 (updated on 14 May 2013), as well as Eurostat decision of 19 March 2013 clarifying the criteria to be taken into account for the recording of government capital injections into banks. The rules have been further clarified with a new version of chapter 4.5 of the Manual on Government Deficit and Debt (MGDD) now called "Government intervention to support financial institutions: financial bailouts and defeasance structures", which was included in the newly released 2022 edition of the MGDD. This new version consolidates various guidance issued so far and provides guidelines on issues not hitherto addressed. The name of the table is changed since April 2016 to "Supplementary table for reporting government interventions to support financial institutions" to allow the reporting of all government interventions to support financial institutions in financial difficulties. Clarifying the coverage was necessary in order to ensure transparency and homogeneous treatment across Member States, since it is not always possible to assess with certainty the reasons behind an institution's financial difficulties.

[2] Individual tables and a summary table are available on the Eurostat website.

[3] **Geographical information:**

European Union (EU27): Belgium, Bulgaria, Czechia, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland and Sweden.

Euro area (EA20): Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland.

2. Data findings

All but four countries report interventions undertaken by government to support financial institutions during the 2007-2023 period. No interventions were reported by Estonia, Malta, Romania and Slovakia. In Czechia, the only interventions (in the years 2013-2015) concerned contingent liabilities[4].

In 2023, the net impact of government support to financial institutions is for the first time positive (i.e., a surplus), both for the euro area and for the EU. Interventions with an impact on government deficit/surplus are analysed in the section 2.1.

The highest level of government debt resulting from cumulated interventions in financial institutions since 2007 as a percentage of GDP end-2023 is observed in Cyprus, Greece, Ireland and Portugal. The statistical impact on government debt is analysed in the section 2.2.

At the end of 2023, Greece, Cyprus and Belgium exhibited the highest levels of contingent liabilities as a percentage of GDP. Data findings on contingent liabilities are presented in more detail in the section 2.3.

Most countries show a close relationship between the accumulated deficit/surplus arising from government interventions in the financial system over 2007-2023 and the related net assets arising from these interventions observed end-2023. Conversely, Slovenia, Ireland, Greece, and Cyprus show large differences when comparing the two indicators. Findings on the comparison between net assets and the accumulated deficit/surplus impact are analysed in the section 2.4.

[4] For this reason, these Member States are not represented in several of the tables in this Note.

2.1. Statistical impact on government deficit/surplus

Part 1 of the supplementary table provides data on non-financial transactions that are recorded in government accounts as ESA expenditure or revenue and have therefore an impact on the government deficit/surplus (net lending/net borrowing).

Expenditure arising from government interventions includes first and foremost capital transfer expenditure stemming from (i) capital injections (that are judged to be capital transfers following the usual capital injection test), (ii) the acquisition of portfolios of assets at a price higher than their market value, (iii) the negative net assets (at time of creation) of defeasance structure created for the rescue and classified inside government (which can also be assimilated to a particular case of portfolio acquisition mentioned in (ii)), (iv) certain cases of additional losses observed over time on these defeasance structures or (v) guarantee calls; secondly, interest on the debt issued to cover interventions either directly or indirectly; and thirdly, other expenditure such as running costs of defeasance structures (that are non-negligible) or as purchases of fixed assets (or resale of them, which enter as negative expenditure in GFS presentations).

Revenue earned from government interventions includes guarantee fees charged, interest earned on loans granted, dividends collected on equity stakes acquired, and other revenue, such as occasional capital transfer revenue (e.g., certain returns on guarantee calls or certain excess recoveries over the initial expected loss).

Table 1[5] below presents aggregated figures for the euro area 20 and the EU[6] over the notified years 2020-2023.

Table 1. Net revenue/expenditure for general government – impact on government deficit/surplus

			Euro area 20				EU			
			2020	2021	2022	2023	2020	2021	2022	2023
EUR million	A	**Revenue (a+b+c+d)**	**5 241**	**6 269**	**6 449**	**9 556**	**5 243**	**6 326**	**7 193**	**9 737**
	a)	Guarantee fees receivables	394	325	316	276	394	325	316	276
	b)	Interest receivables	2 718	2 072	2 631	5 101	2 718	2 072	2 665	5 154
	c)	Dividends receivables	655	1 688	2 064	2 375	655	1 688	2 064	2 375
	d)	Other	1 473	2 185	1 438	1 805	1 475	2 240	2 148	1 933
	B	**Expenditure (e+f+f2+g+h)**	**12 200**	**8 296**	**8 800**	**9 321**	**12 200**	**8 341**	**9 803**	**9 383**
	e)	Interest payable	4 583	3 632	3 774	5 729	4 583	3 632	3 776	5 742
	f)	Capital injections recorded as deficit - increasing (capital transfer)	1 434	566	1 935	511	1 434	608	2 149	511
	f2)	Other capital transfer (e.g. asset purchase)	1 336	44	707	1 821	1 336	44	1 374	1 821
	g)	Calls on guarantees	1 136	460	78	4	1 136	460	150	4
	h)	Other	3 709	3 594	2 307	1 256	3 709	3 596	2 355	1 305
	C	**Net revenue/expenditure for general government (A-B)**	**-6 959**	**-2 027**	**-2 351**	**235**	**-6 957**	**-2 015**	**-2 610**	**354**
% of GDP	A	**Revenue**	**0.05**	**0.05**	**0.05**	**0.07**	**0.04**	**0.04**	**0.05**	**0.06**
	B	**Expenditure**	**0.11**	**0.07**	**0.07**	**0.06**	**0.09**	**0.06**	**0.06**	**0.06**
	C	**Net revenue/expenditure for general government**	**-0.06**	**-0.02**	**-0.02**	**0.00**	**-0.05**	**-0.01**	**-0.02**	**0.00**

The difference between government revenue and expenditure (line C of the table) shows the net impact on the government deficit/surplus due to direct government interventions to support financial institutions. In 2023, government interventions to support financial institutions decreased the government deficit in the euro area 20 (henceforward, referred to as 'euro area') by EUR 0.2 billion

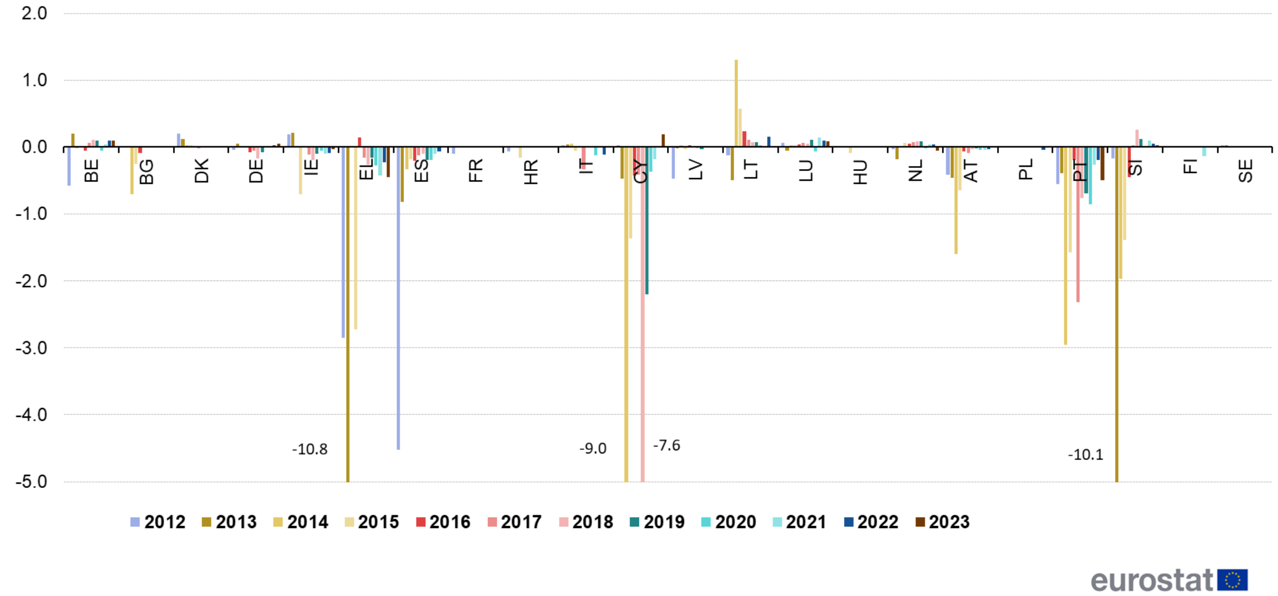
[5] Data for the years 2007 to 2019 are not included in Table 1 and in some figures. However, these data are available in individual tables and in a summary table published on the Eurostat website.

[6] In the figures and tables, the euro area 20 is defined as including Latvia, Lithuania and Croatia for the full period, although Latvia joined the euro area on 1 January 2014, Lithuania on 1 January 2015 and Croatia on 1 January 2023..

(0.00% of GDP) and in the EU by EUR 0.4 billion (0.00% of GDP), after increasing the government deficit by EUR 2.4 billion (0.02% of GDP) and EUR 2.6 billion (0.02% of GDP), respectively, in 2022.

Figure 1[7] presents the annual net impacts since 2012 for individual EU Member States.

Figure 1. Impact of interventions on government deficit/surplus
(% of GDP)



In 2023, Member States reported a limited impact in their deficit/surplus due to the support provided to financial institutions. Portugal and Greece reported the most negative impact, as a percentage of GDP. Both Member States continue to pay high interest payable on financial rescues-related debt. Furthermore, in Portugal, the negative impact in 2023 (0.5% of GDP) is mainly due to the restructuring and the merging of Parups into Parvalorem, two defeasance structures set-up in 2010, which entailed a complete review and re-assessment of the non-performing portfolio of these entities, and which ultimately led to the recognition of further expected losses to the amount of EUR 0.9 billion. In Greece, the negative impact (0.5% of GDP) is also explained by a capital injection of EUR 369 million of the Hellenic Financial Stability Fund (HFSF) and the National Social Security Fund (EFKA) into Attica Bank, and a capital injection of EUR 24 million of the State to the resolution of the Olympus Cooperative Bank.

In 2023, Belgium, Germany, Spain, France, Italy, Cyprus, Lithuania, Luxembourg and Slovenia reported an improvement in their surplus/deficit thanks to net revenue (i.e., revenue exceeding expenditure) deriving from their previous support to financial institutions, though with a small impact in percentage of GDP. As a percentage of GDP, the largest positive impact from these interventions is observed in Cyprus (0.2% of GDP), which is mainly the result of sizeable sales of the fixed assets of KEDIPES, an asset management company (AMC) created in 2018.

The impact of interventions over 2007-2023 on government deficit/surplus in the euro area and the EU is summarised in Figure 2.

Regarding both the euro area and the EU, the net impact of these interventions was marginally deficit increasing in 2007, 2008 and 2009, became pronounced in 2010 and decreased sharply in 2011. The net impact was noticeably deficit increasing again in 2012, largely due to some further bank recapitalisations and resolutions, notably in Spain and Greece, before falling back again in 2013 and 2014.

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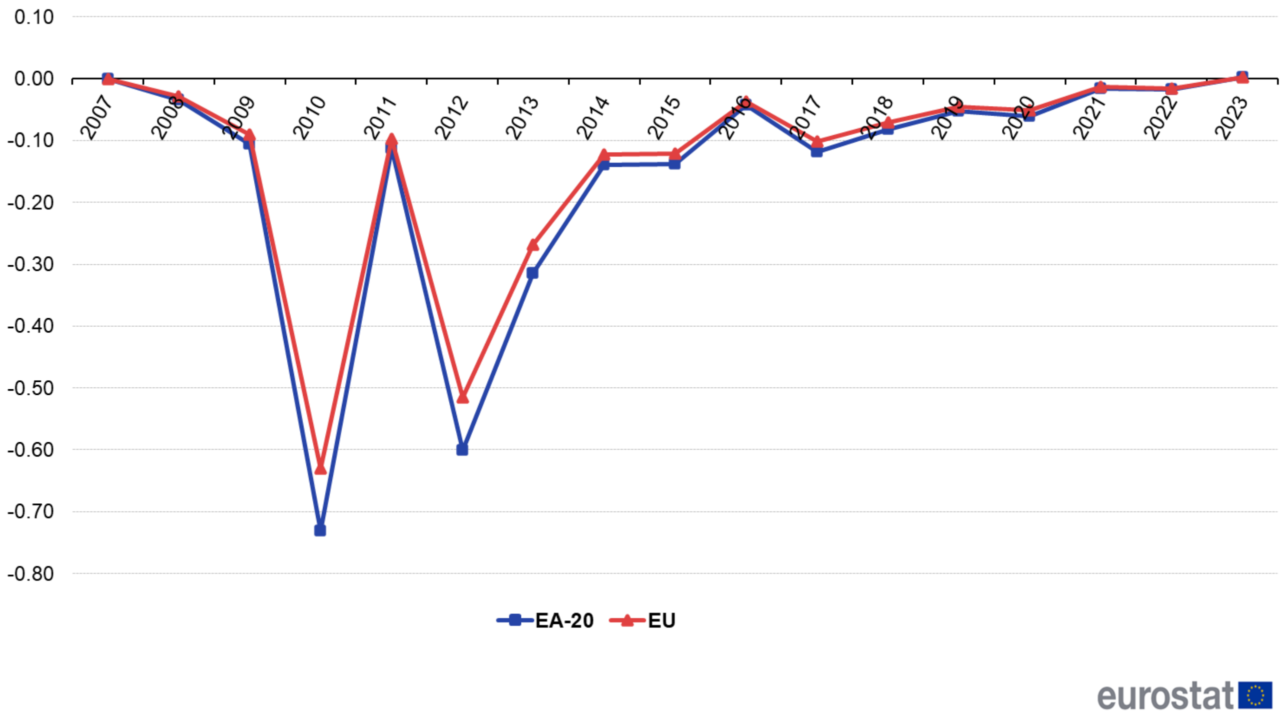
[7] Here and in other figures, a break indicates extreme values not fitting to scale. The out-of-scale values are indicated next to the corresponding bar.

Figure 2. Impact of interventions on government deficit/surplus in the euro area (EA20) and the EU
(% of GDP)



In 2015, the impact increased marginally in the euro area and the EU. In 2016, the euro area and the EU reported again a reduced impact on deficit, reaching a small overall impact (< 0.05% of GDP). In 2017, the euro area and the EU reported an increased impact of financial rescues on the deficit essentially due to interventions of the Italian, Portuguese and Cypriot governments. In 2018, the deficit impact in the context of government interventions in the financial system decreased, despite some interventions in Cyprus, Portugal and Germany. In 2019, the impact of government support to financial institutions continued to decrease, which can be explained by the fact that, although sizeable impact was still observed in Portugal and Cyprus, the size of interventions in Germany was, though relevant, considerably smaller, and no new interventions were observed across the other EU Member States.

In 2020, the deficit impact increased marginally in percentage of GDP, mostly explained by the government interventions in Portugal and Cyprus, as well as in Spain, related to increased costs (notably real estate conversions/acquisitions) associated with the wind down of SAREB[8]. In 2021, the impact of government support to financial institutions decreased in percentage of GDP, explained by the reduced negative impacts in some Member States, almost counterbalanced by positive impacts on some others. In 2022, the impact of government support to financial institutions increased very marginally as a percentage of GDP as compared to 2021, mostly explained by the increase in the impact of government support to financial institutions in Italy, due to a capital injection in Monte dei Paschi, as well as to the government interventions in Poland, due to the resolution of the Getin Noble Bank S.A.

In 2023, the net impact of government support to financial institutions is for the first time positive (i.e., a surplus), both for the euro area and for the EU. This is the result of the positive impact on several Member States due to the high interest receivable, notably in Germany (EUR 4.4 billion), and to the revenue from dividends, notably in Belgium (EUR 0.8 billion).

[8] Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria (SAREB).

Figure 3 presents the breakdown of the impact of government interventions by revenue and expenditure for the euro area and the EU. The volatility in the impact of interventions on government deficit/surplus over 2007-2023 (observed in Figure 2) is mostly explained by the volatility in expenditure, while revenue remained quite stable during this period. As it can be observed, the peak in government deficit/surplus impact in 2010 and 2012 for the euro area and the EU, for example, can be explained by peaks in expenditure in those years. In 2023, the EU and euro area government surplus due to interventions to support financial institutions is explained by a significant increase in revenue, notably in Germany, and a marginal decrease in expenditure.

Figure 3. Impact of interventions on revenue and expenditure in the euro area (EA20) and the EU

(% of GDP)

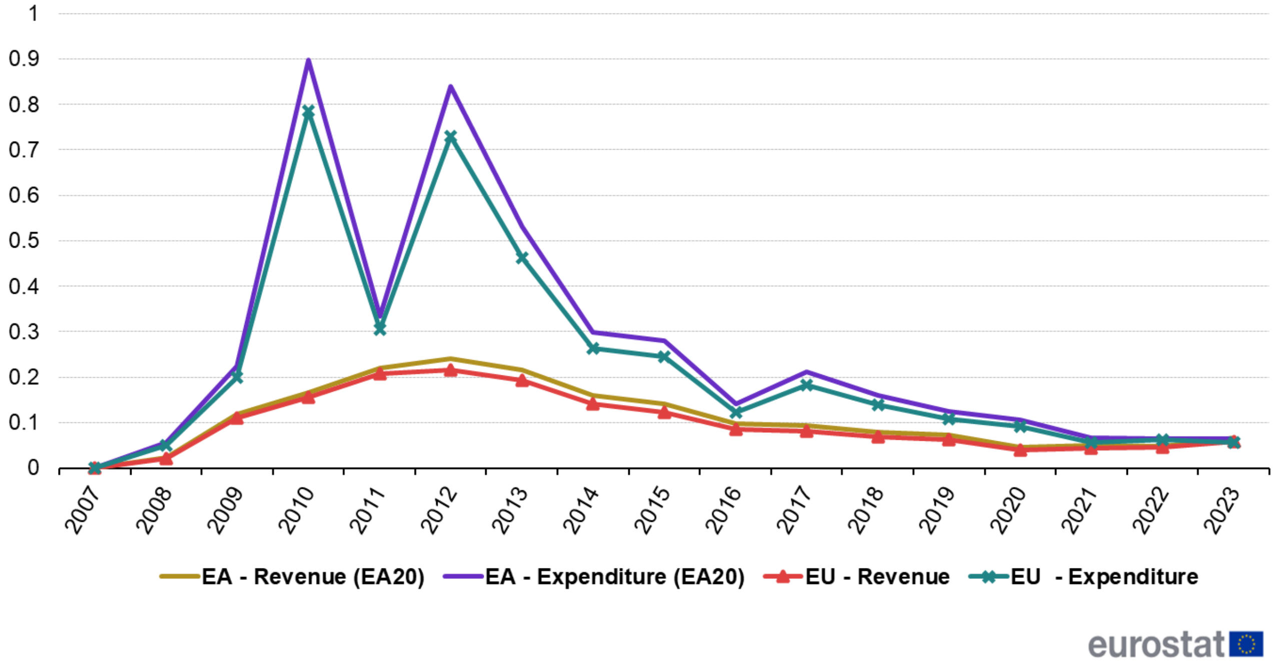
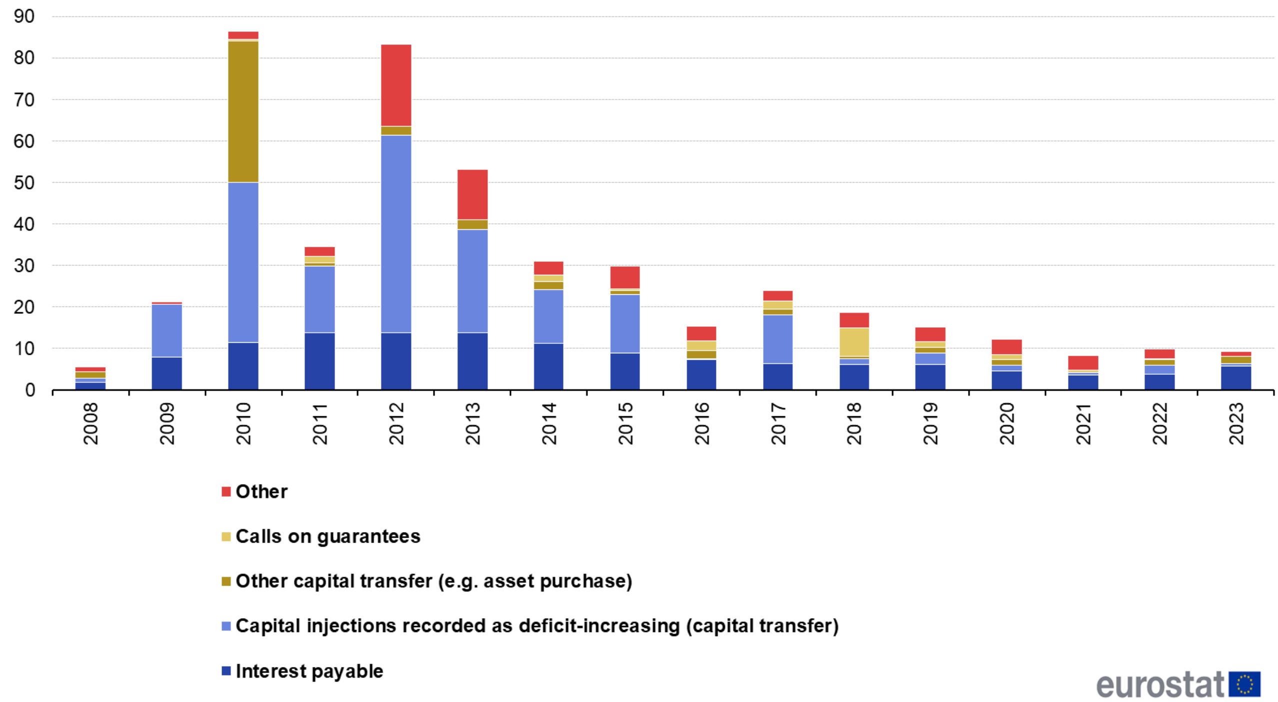


Figure 4 below shows, for the EU, the evolution of the structure of government expenditure, related to interventions to support financial institutions. Expenditure tends to be dominated by capital transfers related to capital injections in loss-making financial institutions and, particularly in the year 2010, by the purchase of portfolios of non-performing loans (NPLs), reported under 'Other capital transfer (e.g., asset purchase)'. The impact of capital transfers arising from guarantee calls is more pronounced in years 2016-2020, with a peak in 2018, reflecting mainly the late materialization of losses in the portfolio of NPLs. Interest expenditure is also significant and, after maintaining a smooth declining evolution over 2008-2021, it has increased in 2022 and, most notably, in 2023.

Interest expenditure largely reflects, in the early years, the funding cost of extensive lending activity to financial institutions (though often associated with matching interest revenue earned on loans extended to these institutions). In subsequent years, interest expenditure is more dominated by the funding costs of deficit increasing measures, while it then falls back in later years due to the pronounced decrease in market interest rates and, to a lesser extent, to a gradual reduction of the debt related to these interventions (see section 2.2). The increase in interest expenditure since 2022 mainly reflects the fact that favourable factors were not sufficient to compensate, in this year, the impact (mainly through the indirect debt cost components) of the pronounced increase in market interest rates.

Figure 4. Structure of government expenditure related to interventions, EU
(EUR billion)



In 2010, the marked increase in expenditure occurred predominantly under the form of capital injections deemed as capital transfers, as well as of capital transfers deriving from the acquisition of portfolios of assets at a price higher than their market value. These concerned, in the first case, government interventions in financial institutions in Austria[9], Latvia[10], Denmark[11] and Ireland[12] and, in the second case, the set-up of defeasance structures in Germany[13] and Portugal[14].

In 2012, the increase in expenditure was mainly the result of an increase of capital injections deemed as capital transfers, concerning mainly the recapitalisation of several banks in Greece[15] and in Spain[16], as well as to the creation of SAREB (classified, since the April 2021 EDP Notification, inside general government since its creation). The significant levels of capital transfers in 2013 mainly concern government interventions in the financial systems in Greece[17] and Slovenia[18].

Figure 5 summarises for the EU the breakdown of government revenue related to government interventions in the financial system. Interest revenue has always represented the largest share of government revenue for the years 2007-2023. Although its share in the total had been steadily decreasing since 2008, a transitory increased share on total revenue is observed in 2020, mostly as

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[9] KA Finanz

[10] Parex Banka

[11] Roskilde Bank

[12] Anglo Irish Bank and Irish Nationwide Building Society

[13] Erste Abwicklungsanstalt (EAA) and FMS Wertmanagement (FMS-WM)

[14] Parvalorem and Parups

[15] Resolution of ATE bank and of cooperative banks and recapitalisation of Proton Bank

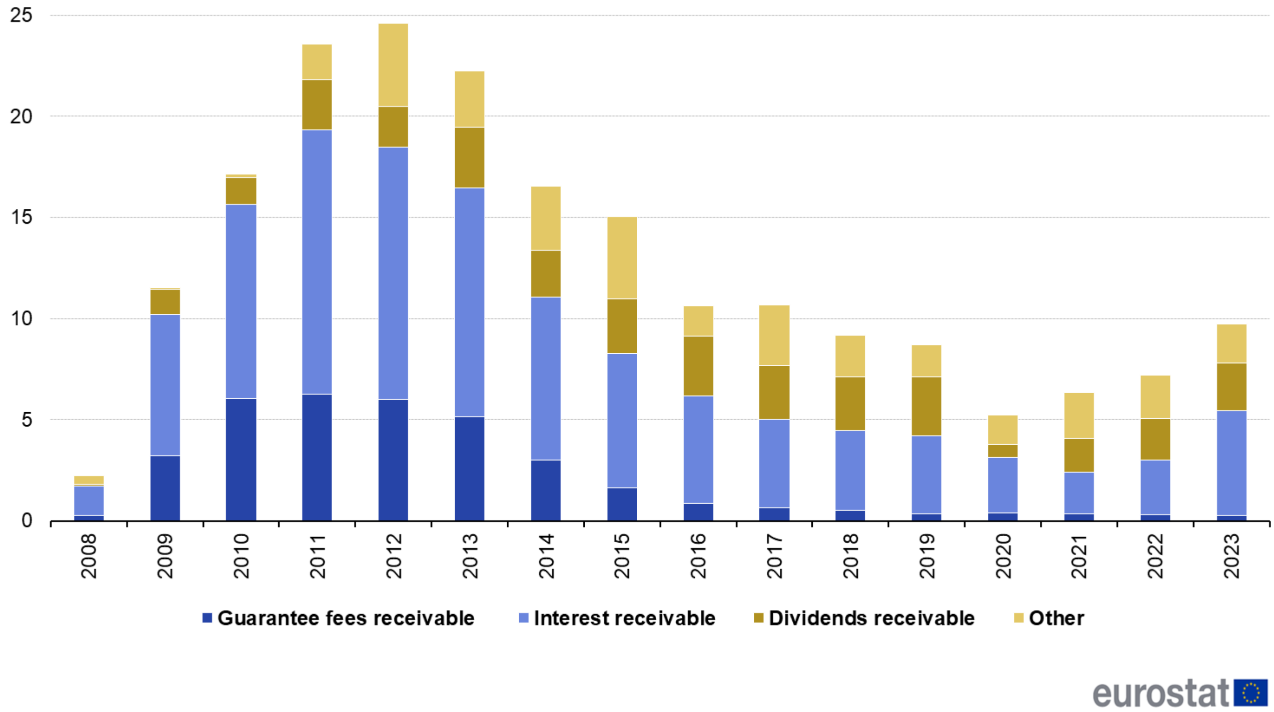
[16] BFA-Bankia, CatalunyaCaixa, NCG Banco and Banco de Valencia

[17] Alpha Bank, Eurobank, National Bank of Greece (NBG) and Piraeus Bank.

[18] Abanka, Nova KBM (NKBM) and Nova Ljubljanska banka (NLB).

the result of a considerable, but temporary, contraction of dividends receivable in that year (see below), and then again since 2022 due to the increase in interest rates.

Figure 5. Structure of government revenue related to interventions, EU
(EUR billion)



Interest earned, which largely reflects the property income on emergency loans granted to financial institutions, was dynamic in the early years (see section 2.2), but at the same time is matched by funding costs (part of interest expenditure).

Revenue from dividends has gradually increased as a share in total revenue (from 3% in 2008, to 33% in 2019) in the period analysed, although this largely reflects a fall in the overall level of revenue since 2013, aside from the gradual increase in the level of dividends earned until 2013. Up to the year 2019, dividends were rather stable (as governments gradually resell the equity stakes they had acquired in banks, while dividend per share tend to increase over time). However, in 2020, revenue from dividends decreased abruptly from EUR 2.9 billion in 2019 to EUR 0.7 billion, mostly following the 2020 recommendation of the European Central Bank (ECB) to banks to refrain from paying dividends until at least September 2021[19], thus decreasing the share of dividends in total revenue from 33% to 13%. In 2021 and 2022, recovery can be observed on dividends earned, with an increase in the share of total revenue (27% and 29%, respectively). In 2023, despite an increase in the level of revenue from dividends as compared to the previous year, its share of total revenue decreases again, this time as a result of the increase of the revenue from interest receivable.

Guarantee fees earned reached a peak of their share in total revenue in 2010 of 35%, but their importance in total revenue has been rapidly decreasing, accounting for only 3% of the revenue in 2023. Guarantee fees earned must be compared with the costs of guarantee calls, which have been broadly limited so far, apart from a peak in 2018 due to guarantee calls in connection with the privatisations of HSH Nordbank, in Germany, and with Novo Banco (with repeated calls over 2018-2021), in Portugal.

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[19] See https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr201215~4742ea7c8a.en.html

Large one-off impacts on government deficit/surplus are often excluded in fiscal analysis, for instance when assessing the compliance with the EU-IMF programme targets. Therefore, Eurostat also calculates government deficit/surplus figures excluding the net impact of government interventions to support financial institutions. The results are presented in Table 2 below.

Table 2. General government deficit/surplus excluding support for financial institutions
(% of GDP)

in % of GDP	2022			2023		
	EDP deficit (-)/ surplus (+)	Impact of support for financial institutions	Deficit (-)/ surplus (+) excluding support for financial institutions	EDP deficit (-)/ surplus (+)	Impact of support for financial institutions	Deficit (-)/ surplus (+) excluding support for financial institutions
euro area 20	-3.7	0.0	-3.6	-3.6	0.0	-3.6
EU	-3.4	0.0	-3.4	-3.5	0.0	-3.5
Belgium	-3.6	0.1	-3.7	-4.4	0.1	-4.5
Bulgaria	-2.9	0.0	-2.9	-1.9	0.0	-1.9
Czechia	-3.2	0.0	-3.2	-3.7	0.0	-3.7
Denmark	3.3	0.0	3.3	3.1	0.0	3.1
Germany	-2.5	0.0	-2.5	-2.5	0.1	-2.5
Estonia	-1.0	0.0	-1.0	-3.4	0.0	-3.4
Ireland	1.7	-0.1	1.8	1.7	0.0	1.7
Greece	-2.5	-0.2	-2.3	-1.6	-0.5	-1.1
Spain	-4.7	-0.1	-4.7	-3.6	0.0	-3.7
France	-4.8	0.0	-4.8	-5.5	0.0	-5.5
Croatia	0.1	0.0	0.1	-0.7	0.0	-0.7
Italy	-8.6	-0.1	-8.4	-7.4	0.0	-7.4
Cyprus	2.7	0.0	2.7	3.1	0.2	2.9
Latvia	-4.6	0.0	-4.6	-2.2	0.0	-2.2
Lithuania	-0.6	0.2	-0.7	-0.8	0.0	-0.8
Luxembourg	-0.3	0.1	-0.4	-1.3	0.1	-1.3
Hungary	-6.2	0.0	-6.2	-6.7	0.0	-6.7
Malta	-5.5	0.0	-5.5	-4.9	0.0	-4.9
Netherlands	-0.1	0.0	-0.1	-0.3	0.0	-0.3
Austria	-3.3	0.0	-3.2	-2.7	0.0	-2.7
Poland	-3.4	0.0	-3.4	-5.1	0.0	-5.1
Portugal	-0.3	-0.2	-0.1	1.2	-0.5	1.7
Romania	-6.3	0.0	-6.3	-6.6	0.0	-6.6
Slovenia	-3.0	0.1	-3.0	-2.5	0.0	-2.5
Slovakia	-1.7	0.0	-1.7	-4.9	0.0	-4.9
Finland	-0.4	0.0	-0.4	-2.7	0.0	-2.7
Sweden	1.2	0.0	1.2	-0.6	0.0	-0.6

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It should be noted that this adjusted measure of government deficit/surplus is only provided as an additional information for users, in no way designed to replace the official measure of deficit/surplus.

2.2. Statistical impact on government debt

Part 2 of the supplementary table shows stocks of government financial assets and liabilities arising from the support to financial institutions (see Table 3 below[20]).

Assets comprise loans granted to (and occasionally debt securities acquired from) financial institutions in the context of emergency measures (sometimes taking the legal form of deposits, reclassified as loans), equity stakes acquired (including in the context of capital injections) measured at market value, as well as assets held by defeasance structures or other special purpose vehicles holding impaired assets (that need to be classified inside government).

Debts arising from government interventions in favour of financial institutions comprise loans or debt securities incurred to fund the interventions, as well as the debt of defeasance structures or other special purpose vehicles holding impaired assets. The debt securities incurred shown in this table comprise both dedicated instruments used and (by convention) the indirect debt that arose when operations are funded by using cash or equivalent.

Table 3. Outstanding amount of assets, actual liabilities and contingent liabilities of general government
(EUR million)

				Euro area 20				EU			
				2020	2021	2022	2023	2020	2021	2022	2023
General government	Assets (D=a+b+c+d)	D	**Closing balance sheet**	**226 321**	**212 420**	**174 215**	**151 097**	**229 473**	**215 604**	**178 820**	**157 097**
		a)	Loans	12 635	8 974	7 214	5 849	12 635	8 974	8 315	6 931
		b)	Debt securities	1 143	1 138	1 171	1 171	1 143	1 138	1 171	1 171
		c)	Equity and investment funds shares/units	51 378	56 635	57 371	55 115	51 505	56 655	57 567	55 411
		d)	Other assets of general government entities	161 164	145 672	108 460	88 961	164 190	148 835	111 768	93 584
	Liabilities (Debt) (E=e+f+g)	E	**Closing balance sheet recorded in ESA 2010 government debt**	**474 422**	**455 477**	**424 383**	**399 364**	**474 502**	**455 571**	**426 008**	**402 307**
		e)	Loans	84 071	80 763	76 277	72 895	84 071	80 763	76 277	72 896
		f)	Debt securities	220 148	221 089	224 784	221 951	220 227	221 168	226 362	224 842
		g)	Other liabilities of general government entities	170 204	153 625	123 322	104 518	170 205	153 640	123 369	104 568
Outside general government	Contingent liabilities (F=h+i+j+k)	F	**Closing stock of off-balance sheet (contingent) liabilities**	**78 023**	**85 386**	**73 711**	**70 888**	**78 023**	**88 093**	**73 711**	**70 888**
		h)	Liabilities and assets outside general government under guarantee	75 603	83 590	72 567	69 793	75 603	86 297	72 567	69 793
		i)	Securities issued under liquidity schemes								
		j)	Special purpose entities								
		k)	Other contingent liabilities	2 420	1 796	1 144	1 095	2 420	1 796	1 144	1 095
(% of GDP)		D)	**Closing balance sheet -assets**	**2.0**	**1.7**	**1.3**	**1.1**	**1.7**	**1.5**	**1.1**	**0.9**
		E)	**Closing balance sheet - liabilities**	**4.1**	**3.7**	**3.1**	**2.8**	**3.5**	**3.1**	**2.7**	**2.4**
		F)	**Closing stock of off-balance sheet (contingent) liabilities**	**0.7**	**0.7**	**0.5**	**0.5**	**0.6**	**0.6**	**0.5**	**0.4**

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As shown in the table above, government debt in 2023 (closing balance sheet for liabilities, items E) associated with the support to financial institutions stood at EUR 399.4 billion (2.8% of GDP) for the euro area and EUR 402.3 billion (2.4% of GDP) for the EU.

The observed decrease in debt from 2022 to 2023 by EUR 25.0 billion for the euro area and EUR 23.7 billion of the EU reflects mostly the decrease by EUR 16.0 billion in the debt of Germany concerning mainly the defeasance structures FMS Wertmanagement and EAA being able to reduce their debt security liabilities, by utilising their accumulated liquidity reserves. Moreover, debt has also significantly decreased in Spain (by EUR 5.1 billion), mainly due to the off-loading of non-performing assets of SAREB, and in Belgium (by EUR 2.4 billion), following the sale of BNP

[20] Data for the years 2007-2019 are not included in Table 3 and in some figures. However, these data are available in individual tables and in a summary table published on the Eurostat website.

Paribas shares acquired in the aftermath of the global financial crisis. The largest increases in debt in 2023 are recorded in Poland (by EUR 1.3 billion), due to the government interventions associated with the resolution of Getin Noble Bank S.A., notably the setup in 2023 of PZA[21], a newly established AMC, following the carve-out of a leasing portfolio from Velo Bank[22]. Relevant increases in the debt are observed also in Ireland (EUR 1.1 billion), mainly related to the premium associated with the buyback in 2023 of the Floating Rate Notes issued in 2013 when the Irish Bank Resolution Corporation (IBRC) was liquidated, and in Portugal (EUR 0.4 billion), related to the interventions mentioned above.

Figure 6 presents the impact on government assets as a result of government interventions to support financial institutions, since 2012.

Figure 6. Impact of interventions on government assets
(% of GDP)

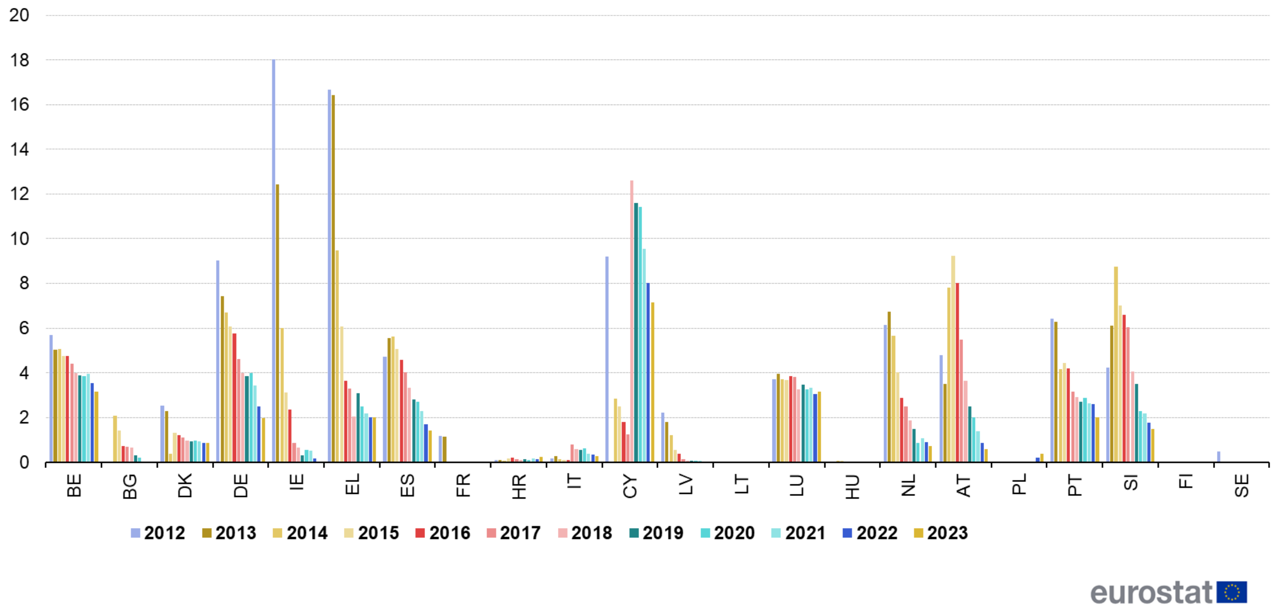
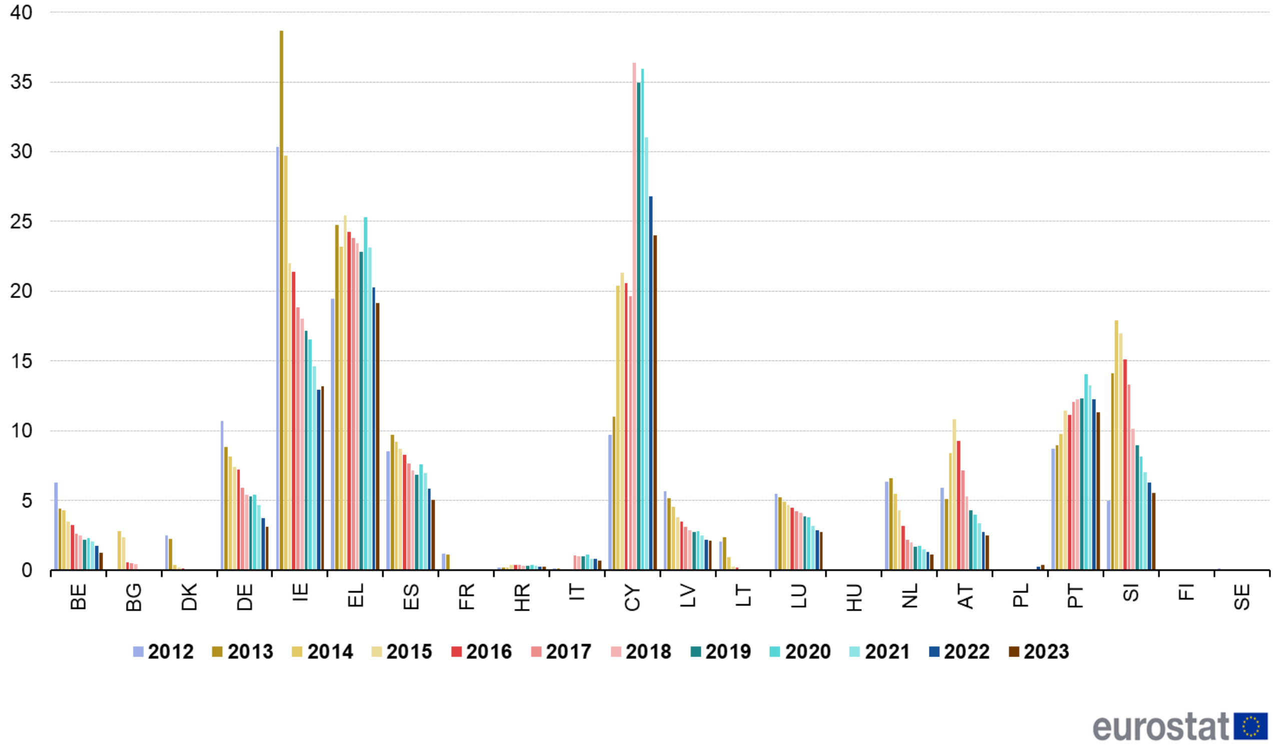


Figure 7 presents the impact on government debt resulting from government interventions, since 2012. The largest impact on the government debt at end-2023 is observed in Cyprus, Greece, Ireland and Portugal, where government debt arising from support to financial institutions reached 24.0%, 19.2%, 13.2% and 11.3% of GDP respectively. The steep 2018 increase in liabilities in Cyprus is associated with the dissolution of the Cyprus Cooperative Bank Ltd (CCB) and the creation of KEDIPES, an AMC classified in general government.

[21] Podmiot Zarządzający Aktywami S.A.

[22] Bridge institution set-up in the context of the wind-down process of the Getin Noble Bank.

Figure 7. Impact of interventions on government debt
(% of GDP)



Over the period 2012-2023, the debt impact was also large in Belgium, Germany, Spain, Latvia, Luxembourg, the Netherlands, Austria and Slovenia, reaching at least 5% of GDP at some point in time. In most of these countries, a steady reduction of the impact is observed over the last few years.

The impact on the stock of government assets and debt due to government interventions to support financial institutions across the euro area and the EU is summarised in Figure 8. Both assets and liabilities gradually increased in the period 2008-2010, with the stock of liabilities consistently exceeding that of assets. Since 2012, assets and liabilities in both areas exhibit a decreasing trend, reflecting the gradual liquidation of impaired assets or other assets (e.g., equity stakes) that are sold off or written-off and the associated repayment of debt with the proceeds thus collected. That trend was only temporarily halted in 2020, for liabilities, which is however mostly explained by the overall fall in GDP in 2020.

Figure 8. Impact of interventions on government assets and liabilities, euro area 20 (EA20) and EU
(% of GDP)

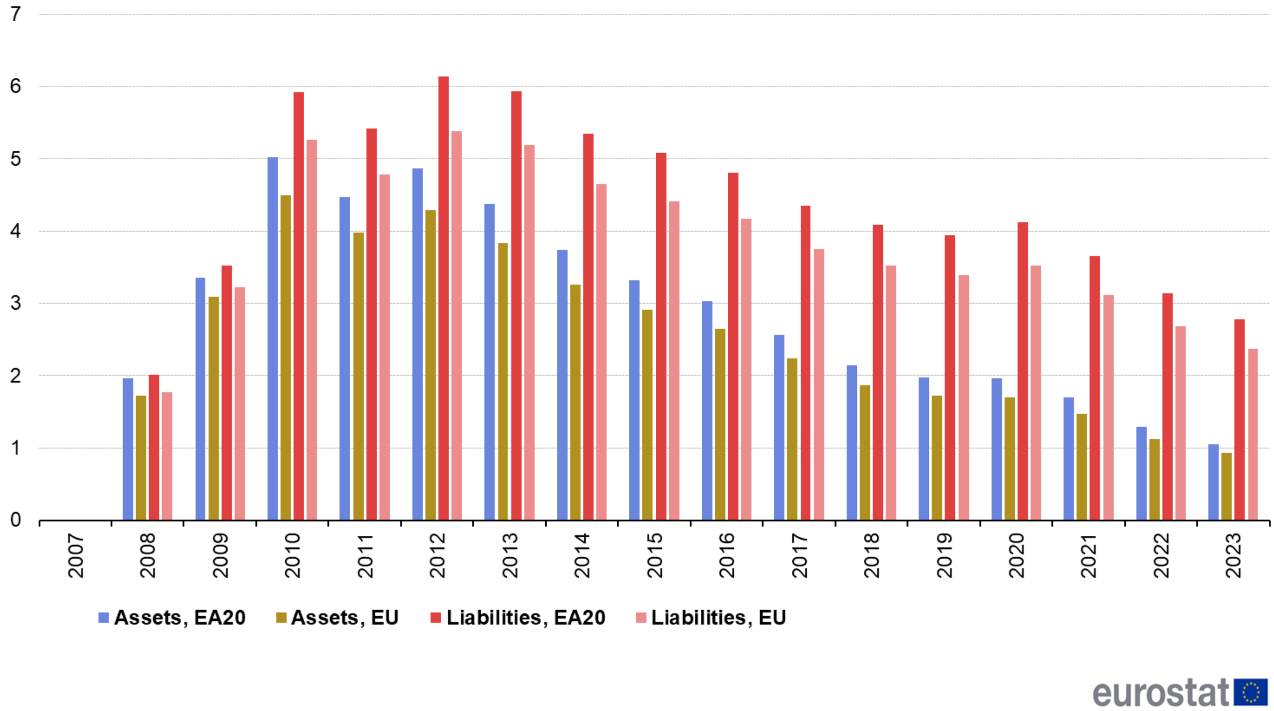
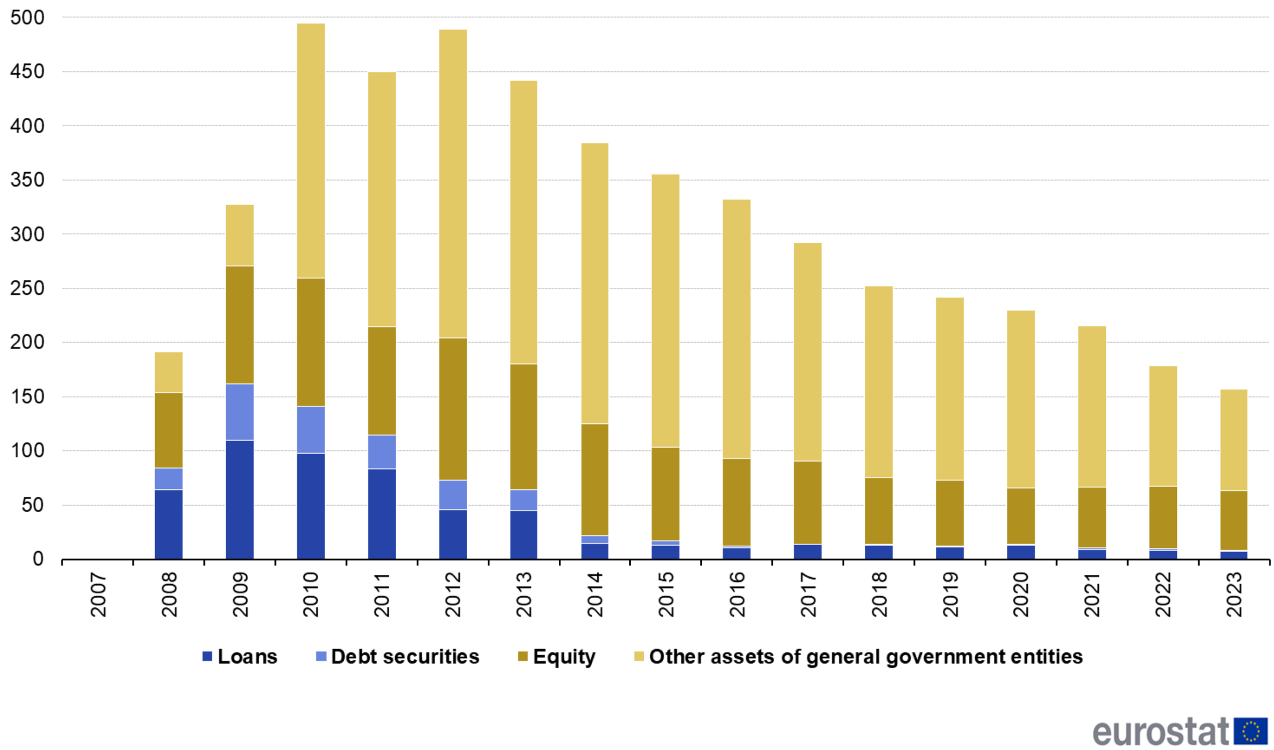


Figure 9 below shows developments in the structure of assets from 2007 to 2023, for the EU. In 2023, the stock of assets held by the EU governments was mainly attributable to equity (35% of the total 2023 assets value) and to assets held by general government entities reclassified to the general government sector (60% of the total value). Less than 1% of the total for 2023 is due to debt securities held directly and only 4% is linked to loans granted by government to financial institutions or to NPLs directly acquired from financial institutions, while these instruments represented close to half of the assets in the first two years of the financial crisis. It is worth noting that assets held by government entities reclassified to the general government sector are nonetheless largely constituted of NPLs.

Figure 9. Structure of government assets related to interventions, EU
(EUR billion)



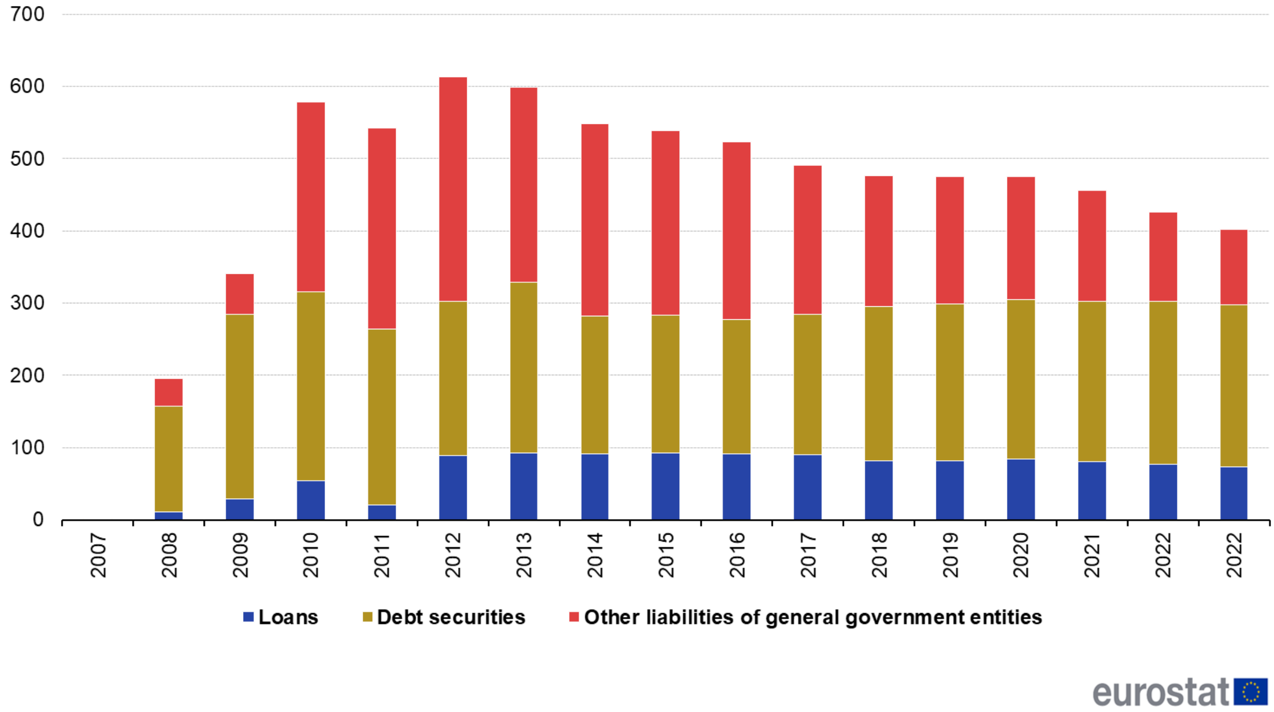
In this context, the decrease in 2023 in the assets concerns mainly the decrease in ‘other assets of general government entities’, which is related to the continuous wind-down of defeasance structures in Germany and Spain. In the inverse direction, assets increased by EUR 1.4 billion in Poland in 2023, as a result of the establishment of PZA, as mentioned above.

On the liability side, in 2023, the debt of EU governments related to the financing of their interventions in favour of the financial system comprised mostly debt securities (56% of the total amount) and other liabilities of general government entities (26%). The category 'debt securities' also includes the so-called ‘indirect’ debts, i.e., cases where there was no dedicated debt instrument issued and, instead, cash or equivalent was used.[23] The category ‘other liabilities of general government entities’ mainly includes debt liabilities of entities that have been reclassified into general government or of newly established government defeasance structures.[24] The remaining amount comprises loans incurred (18%). Developments in the structure of liabilities from 2007 to 2023 are summarised in Figure 10 below.

[23] Related amounts of indirect liabilities are reported as a voluntary detail in the Member States' individual supplementary tables, which are published in the Eurostat website.

[24] It may also include liabilities that do not fit in any of the other categories.

Figure 10. Structure of government liabilities related to interventions, EU
(EUR billion)



The decrease in 2023 in the ‘other liabilities of general government entities’ is mostly related to the continuing wind-down of the defeasance structures FMS Wertmanagement and EAA in Germany.

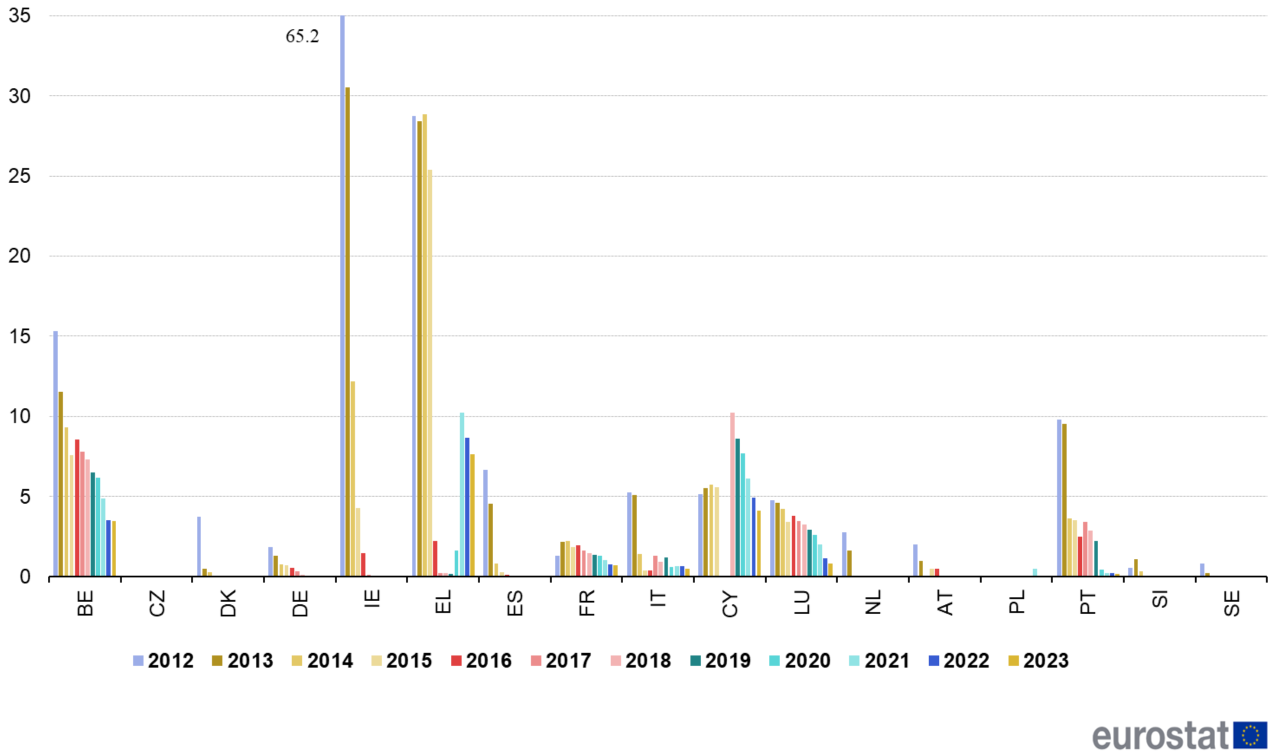
2.3. Contingent liabilities

Part 2 of the supplementary table also shows contingent liabilities arising from government interventions to support financial institutions. Contingent liabilities are obligations, under the form of explicit or implicit guarantees, which do not produce effects on the government accounts until a particular event occurs in the future. Although no payment may turn out to be due (reason for which contingent liabilities are not recorded in debt), a high level of contingent liabilities may nonetheless indicate a high level of fiscal risk.

In most EU Member States that undertook such interventions, these contingent liabilities took exclusively the form of guarantees granted on financial institutions' assets and/or liabilities. In Greece, significant amounts of contingent liabilities arose in 2010 and 2011 due to securities issued under liquidity schemes. For the period 2007-2019, three Member States (Denmark[25], Ireland[26], and Austria[27]) have reported contingent liabilities relating to special purpose vehicles.

The level of contingent liabilities per country is presented in the Figure below for the period 2012 to 2023[28].

Figure 11. Level of contingent liabilities
(% of GDP)



[25] A state guarantee to cover losses in Roskilde Bank. Since 2015, Denmark does not record any contingent liabilities.

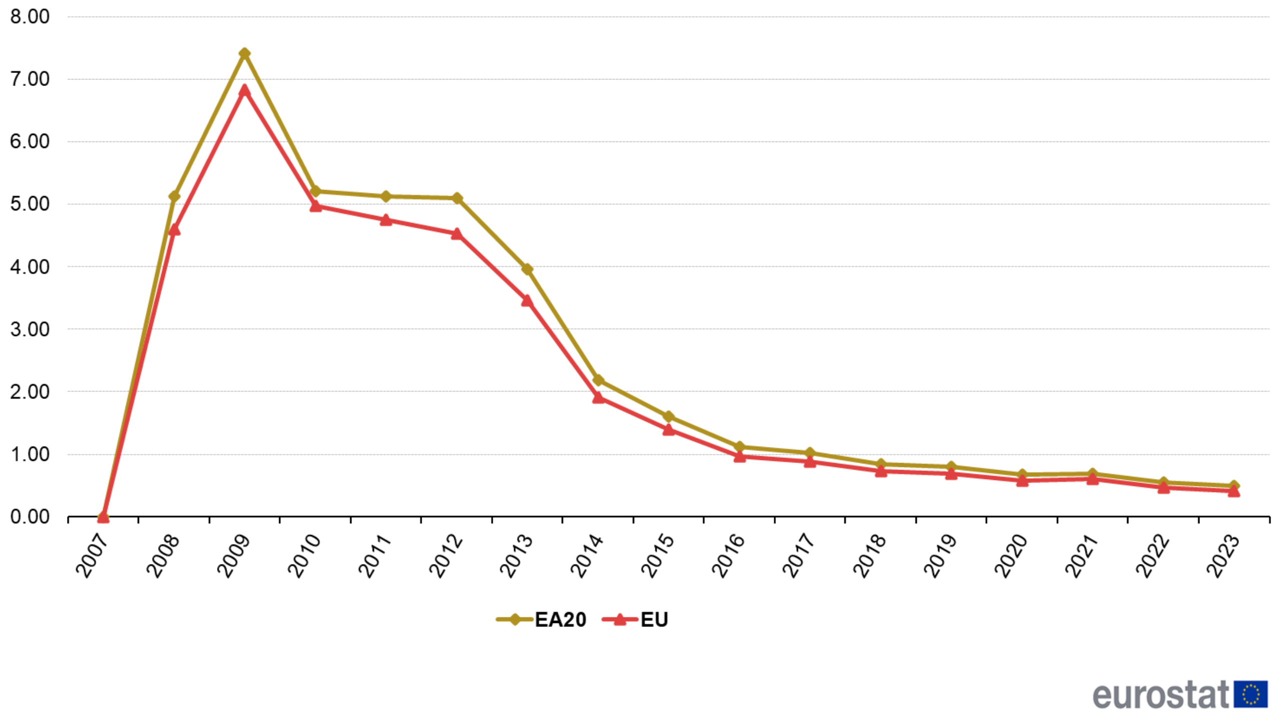
[26] A special purpose vehicle related to the National Asset Management Agency (NAMA). Since 2018, Ireland does not record any contingent liabilities.

[27] A guarantee on the activities of the Clearingbank (wound up in 2011). Since 2017, Austria does not record any contingent liabilities.

[28] Aside from Estonia, Malta, Romania and Slovakia, for which no interventions by government to support financial institutions are reported for the period 2007-2023, four other Member States (Bulgaria, Croatia, Lithuania and Hungary) also do not report interventions in the form of contingent liabilities, and Latvia reports only for years 2009-2010. Hence, none of these Member States is represented in this figure, which presents data only from 2012 onwards.

Over 2007-2023, the highest level of contingent liabilities in relation to GDP is observed in Ireland[29], mainly relating to the introduction of the Credit Institutions Financial Support Scheme, replaced by the Eligible Guarantee Scheme in 2010, which provided a State guarantee for eligible bank liabilities, including deposits, of up to five years in maturity. Five other Member States (Belgium[30], Denmark, Greece[31], Cyprus[32] and the Netherlands[33]) reported significant levels of contingent liabilities over the same period, ranging from 10% to about 30% of GDP in at least one reported year. End-2023, the highest levels of outstanding contingent liabilities are observed in Greece[34] (7.6% of GDP), Cyprus (4.1% of GDP) and Belgium (3.4%).

Figure 12. Level of contingent liabilities in the euro area 20 (EA20) and the EU
(% of GDP)



The stocks of contingent liabilities in the euro area and the EU are shown in Figure 12. In both zones, contingent liabilities increased significantly in 2008 and 2009, before decreasing in 2010 and more marginally in 2011. This decrease mainly reflected reduced government exposure to guarantee

[29] These include a peak of 188.1% of GDP in year 2008, not observable in this table.

[30] Guarantee on Dexia/DCL, along with France and Luxembourg.

[31] The high level of contingent liabilities observed in Greece in 2010 - 2015 mainly results from guarantees granted on liabilities of financial institutions. Contingent liabilities were gradually reduced in the following years as the guarantees expired. Contingent liabilities increase from 2020 due to the introduction of the Hercules Asset Protection Scheme for the securitisation of NPLs.

[32] The figures reported for Cyprus for 2018 to 2023 correspond to loan portfolios covered by an Asset protection scheme. The estimated cost of these guarantees was recorded at inception with an impact on the deficit (155 million for 2018).

[33] The highest peak reported for the Netherlands was 12.7% of GDP in year 2009. No contingent liability is reported since 2014.

[34] The high level of outstanding contingent liabilities observed by end-2023 in Greece reflects the guarantees granted in 2020 and 2021 under the Hercules Asset Protection Scheme for the securitisation of NPLs. These securitisations of NPLs have remained classified as contingent, owing to the non-retroactive application of the 2023 MGDD new chapter 4.6 “Securitisation of NPLs with government guarantees”.

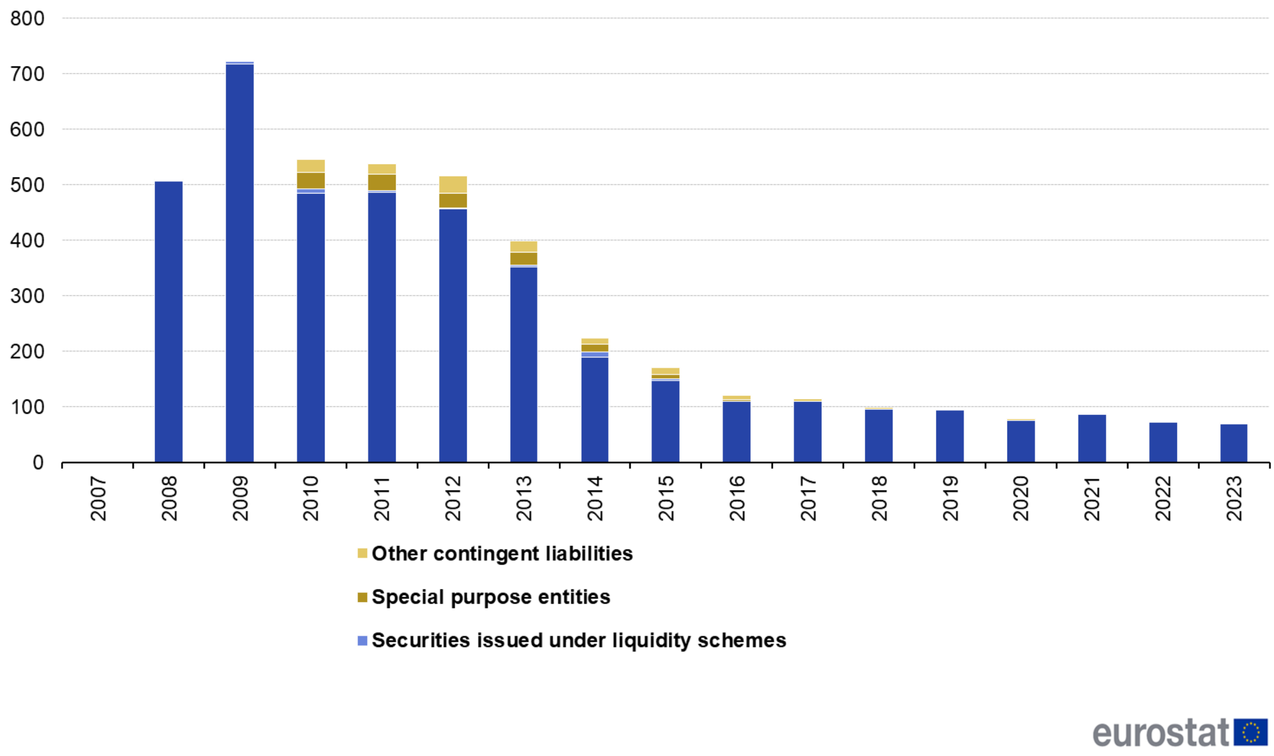
schemes in Germany, Ireland and the Netherlands. The small decrease in the euro area in 2012, despite the new guarantees granted to financial institutions by Belgium, France and Italy, was due to the decrease in contingent liabilities in several other euro area Member States, mainly Ireland and the Netherlands.

In 2013, besides new guarantees provided by France[35], a decrease in the stock of guarantees occurred, notably in Belgium, Ireland, Germany, Spain and the Netherlands. In 2014, another reduction followed in the stock of guarantees in the euro area and the EU, as a result of decreases in Germany, Ireland, Spain, Italy[36] and the Netherlands. Since 2015, the decreasing trend was maintained in both zones, due to reductions in the level of contingent liabilities mainly in Germany, Ireland and France.

In 2023, contingent liabilities decreased to EUR 70.8 billion for the euro area (0.5% of GDP) and to EUR 70.8 billion for the EU (0.4 % of GDP). The decrease is mainly caused by the EUR 2.6 billion decrease in Italy, due to due to the expiration of the GACS scheme in 2022, and the EUR 1.1 billion decrease in Greece, due to a reduction in the guarantees granted in 2020 and 2021 under the Hercules Asset Protection Scheme for the securitisation of NPLs.

On the other hand, increases are observed for France (EUR 0.6 billion) and Belgium (EUR 0.7 billion), due to the increase of the outstanding amount of guarantees granted to Dexia/DCL.

Figure 13. Structure of contingent liabilities, EU (EUR billion)
(EUR billion)



[35] Crédit Immobilier France (CIF)

[36] Since 2017, the contingent liabilities in Italy mainly refer to GACS schemes, which are guarantees on senior debt issued in the context of NPL securitisation with government guarantees, which is subject to a new chapter (4.6) of the 2022 MGDD edition. Most of these GACS securitisation meet the criteria required in this chapter to remain contingent liabilities, and the remainder benefit from the non-retroactive application of the 2022 MGDD new chapter 4.6 "Securitisation of NPLs with government guarantees".

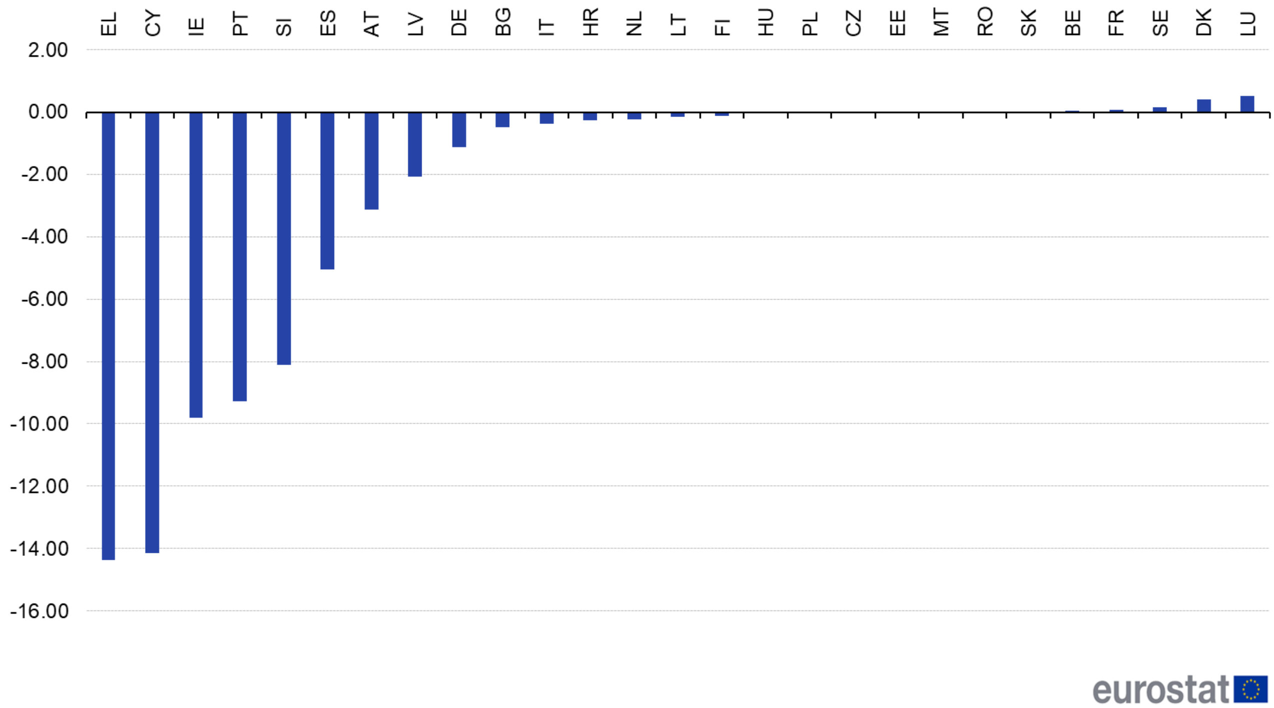
Developments in the structure of contingent liabilities from 2007 to 2022 are summarised in Figure 13.

Looking at the structure of contingent liabilities in 2023, all are attributable to explicit guarantees granted on assets and/or liabilities of financial institutions (98% of the total value) or ‘other contingent liabilities’ (2%).

2.4. Link between net assets and net lending/net borrowing

Figure 14 presents the cumulated deficit/surplus impact of government interventions for all EU Member States, since 2007, expressed as a percentage share of 2023 GDP[37].

Figure 14. Cumulated impact of interventions on government deficit/surplus
(% of 2023 GDP)



Overall, during the reference period of 2007-2023, the most significant accumulated deficits due to government interventions in financial institutions as a share in GDP occurred in Cyprus and Greece, with accumulated deficits above 10% of 2023 GDP.

For a second tier of countries, the impact of government interventions for the rescue of financial institutions in Ireland, Portugal, Slovenia and Spain resulted in an accumulated deficit of between 5% and 10% of 2023 GDP. The accumulated deficits of government interventions in financial institutions of Austria, Latvia and Germany can be situated between 3.1 and 1.0% of 2023 GDP.

The accumulated impact of financial rescues in Bulgaria, Italy, Croatia, the Netherlands, Lithuania, Finland, Hungary and Poland was less significant on a net basis (<1.0% of 2023 GDP).

On the other side of the spectrum, some Member States (Luxembourg, Denmark, Sweden, France and Belgium) reported a positive accumulated impact on government deficit/surplus over the period 2007-2023 due to government interventions in the financial system. This can be explained to a large degree by income from fees on guarantees granted to financial institutions, but also by property income (interest and dividends) earned on financial instruments acquired by these governments, and by other revenue such as specific capital taxes as well as from the resale of non-financial assets above the acquisition price.

In the remaining five Member States (Czechia, Estonia, Malta, Romania and Slovakia), as noted above, no deficit-impacting interventions were undertaken to support financial institutions in distress.

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[37] The choice for this measure is for consistency purposes with the net assets ratio presented below.

Table 4 presents a comparison between net assets observed end-2023 (i.e., assets minus liabilities) and accumulated deficit/surplus over 2007-2023 related to government interventions in the financial system. Figure 15 presents the net assets end-2023 related to government interventions for all EU Member States, since 2007, expressed as a percentage share of 2023 GDP.

Table 4. Accumulated deficit/surplus and Net Assets from government interventions end-2023

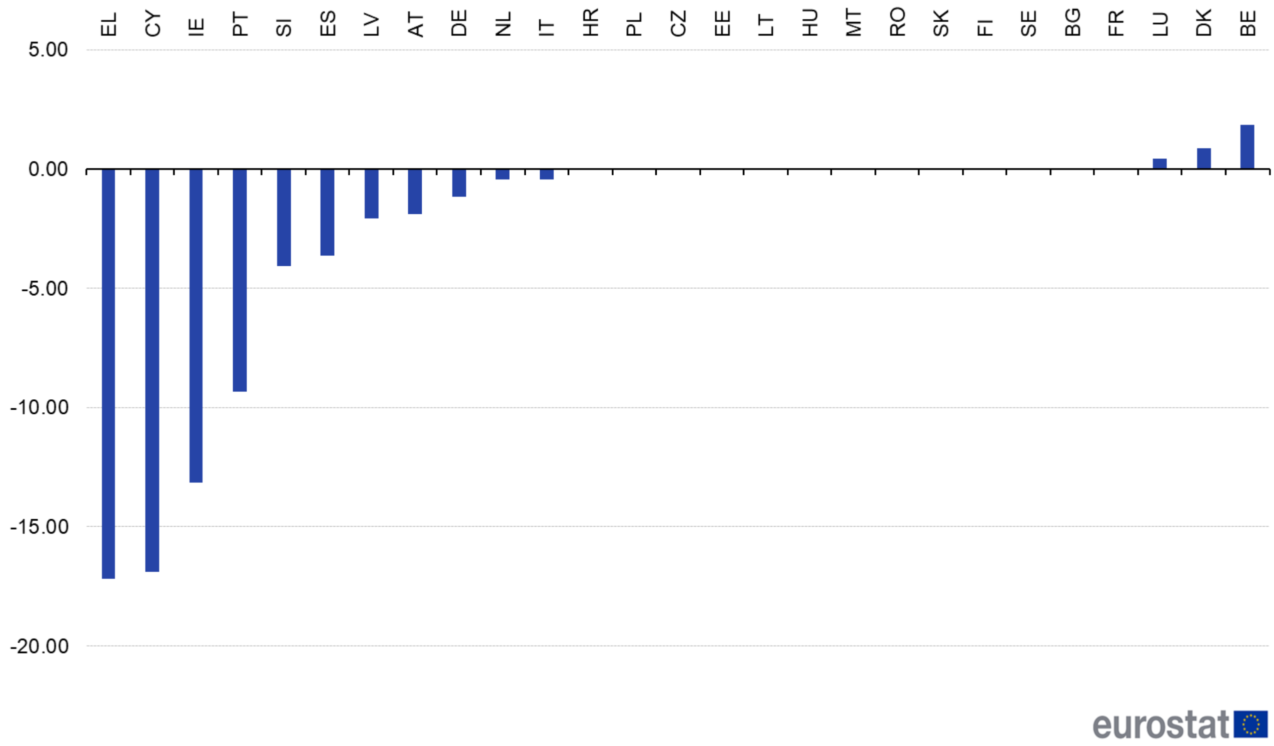
	Accumulated		Net Assets		Difference	
	EUR million	% of 2023 GDP	EUR million	% of 2023 GDP	EUR Million	% of 2023 GDP
SI	-5 121	-8.1	-2 575	-4.1	2 545	4.0
BE	268	0.0	10 886	1.9	10 618	1.8
ES	-73 867	-5.1	-52 979	-3.6	20 888	1.4
AT	-14 877	-3.1	-9 108	-1.9	5 769	1.2
BG	-448	-0.5	9	0.0	458	0.5
DK	1 522	0.4	3 203	0.9	1 681	0.4
HR	-199	-0.3	-31	0.0	168	0.2
LT	-110	-0.2	0	0.0	110	0.2
FI	-349	-0.1	0	0.0	349	0.1
HU	-81	0.0	0	0.0	81	0.0
LV	-839	-2.1	-838	-2.1	1	0.0
CZ	0	0.0	0	0.0	0	0.0
EE	0	0.0	0	0.0	0	0.0
MT	0	0.0	0	0.0	0	0.0
RO	0	0.0	0	0.0	0	0.0
SK	0	0.0	0	0.0	0	0.0
PL	-136	0.0	-154	0.0	-18	0.0
DE	-46 182	-1.1	-47 584	-1.2	-1 403	0.0
FR	2 167	0.1	1 171	0.0	-997	0.0
IT	-7 909	-0.4	-8 913	-0.4	-1 004	0.0
PT	-24 628	-9.3	-24 789	-9.3	-161	-0.1
LU	407	0.5	336	0.4	-71	-0.1
SE	869	0.2	0	0.0	-869	-0.2
NL	-2 301	-0.2	-4 621	-0.4	-2 321	-0.2
CY	-4 218	-14.1	-5 032	-16.9	-815	-2.7
EL	-31 641	-14.4	-37 840	-17.2	-6 199	-2.8
IE	-49 432	-9.8	-66 349	-13.1	-16 917	-3.4

eurostat

This presentation shows that, for a large majority of countries, the difference between the two indicators – which in principle would represent, aside from transactions in non-financial assets (e.g., conversion of loans to real estate), other economic flows such as price changes (revaluations) and non-deficit impacting write-offs of assets – is smaller than 2 p.p. of 2023 GDP.

However, for some Member States this difference is rather large. On one side, significant negative differences are observed for Ireland (-3.4 p.p.), Greece (-2.8 p.p.) and Cyprus (-2.7 p.p.), meaning that the financial net worth of these Member States has deteriorated significantly more than the actual impact on their deficit. On the other side, Slovenia (+4.0 p.p.) has reported deficit impacts considerably larger than the impact of government interventions on its financial wealth, and to a lesser extent Belgium (+1.8 p.p.), Spain (+1.4 p.p.) and Austria (+1.1 p.p.).

Figure 15. Net Assets from government interventions end-2023
(% of GDP)



Greece, Cyprus, Ireland and Slovenia are some of the Member States that report the highest levels of government liabilities incurred in the context of the financial rescues, as a percentage of GDP, and Greece, Slovenia and particularly Cyprus are among the Member States that report the highest levels of assets acquired. Thus, these Member States are mechanically more exposed to market movements.

Financial rescues are often carried out in a context of dysfunctional markets, such that the estimate of financial instruments at time of intervention might, later on, prove to have been either much too high or, on the contrary, over-prudent at inception. In this context, the large positive gap between net assets and accumulated deficits for Slovenia[38] can be explained mostly by holding gains in equities held on bank share acquired during the rescues (including classified as capital transfer at that time), as well as (to a lower extent) by significant conversions of loans into real estate (as it is also the case for Spain).

The gap for Greece, Cyprus and Ireland, can be explained mostly by holding losses on equity acquisitions not recorded as deficit-impacting. The gap for Belgium can, on the opposite direction, be explained by holding gains in equity.

Finally, some compilers (notably Austria) value the loans in their balance sheet at their contract value (face value and interest accrued) rather than at their acquisition value, thus inflating their net assets compared to their recoverable value (and thus potentially explaining the significant positive difference observed)[39].

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[38] This gap observed for Slovenia emerges in large part in 2013 and increases further largely over 2013-2018.

[39] Some Member States value in the government balance sheet the NPLs acquired at their ‘original’ nominal value (face value plus any interest accrued) following ESA paragraph 7.70. Other Member States value NPLs at their ‘reset’

At the same time, other Member States (like Germany, Portugal and Latvia) with also very active government interventions in support of the financial system, show very consistent figures (between cumulated deficit impact over 2007-2023 and the net assets observed end 2023) in this respect.

nominal value (transaction value), which reflects more realistically the value that can be expected to be recovered, in order not to grossly distort the government balance sheet, thus assuring economic substance in the presentation of government net financial worth. This reset value is now recommended in the new version of the MGDD chapter on financial rescues (Chapter 4.5 of 2022 MGDD).

Annex. Structure of the supplementary table

The supplementary table presents data on measures and interventions undertaken to directly support financial institutions. Therefore, measures concerning non-financial institutions, financial institutions not in need of rescue or support interventions, or general economic support measures (for example, changes in social benefits or changes in tax rates) are not included in the table.

The supplementary table is divided in two parts:

Part 1 shows data on government revenue and expenditure, relating to support for financial institutions and recorded in the national accounts for the general government sector (S.13).

Part 1 : Net revenue/cost for general government (impact on government deficit)

Millions of national currency		year
A	**REVENUE (a+b+c+d)**	**0**
a)	Guarantee fees receivable	
b)	Interest receivable	
c)	Dividends receivable	
d)	Other	
B	**EXPENDITURE (e+f+f2+g+h)**	**0**
e)	Interest payable	
f)	Capital injections recorded as deficit-increasing (capital transfer)	
f2)	Other capital transfer (e.g. asset purchase)	
g)	Calls on guarantees	
h)	Other	
	of which net acquisition of NFA	
C	**Net revenue/cost for general government (A-B)**	**0**

The most relevant elements of revenue and expenditure arising from government interventions are explicitly listed under, respectively, blocks 'A. Revenue' and 'B. Expenditure'.

The following elements of government revenue are provided in the table:

- Fees received as remuneration for guarantees granted to financial institutions on the value of their (impaired) assets or for the repayment of their liabilities, for instance, inter-bank lending, general bank loans etc.
- Accrued interest receivable on loans granted.
- Distributions received on equity subscribed by government in financial institutions.

Similarly, the following elements of government expenditure are provided:

- Accrued interest payable arising from financing of interventions, mainly due to issuance of debt instruments.[40]
- Granting of funds in the form of capital injections which were recorded in statistics as capital transfer expenditure (having an impact on the government deficit).
- Other capital transfers impacting deficit, such as for the purchase of assets.

[40] The impact on government liabilities from an activity can be direct (when specifically identifiable instruments are issued) or indirect (when the financing of interventions is not distinguished from other general government financing activity). Therefore, the reported interest payable is the sum of actually observed and imputed financing costs (estimated by Member States).

- Amounts of payments arising from government guarantees granted to financial institutions that have been called by the beneficiary and consequently paid by government, or the associated debt that has been assumed.

Amounts relating to any transactions not falling under the most common types listed above are reported under the residual (‘other’) lines (for both revenue and expenditure). These can cover, for example, expenditure on commission fees, relating to special entities involved in related financial operations (e.g., defeasance structures) or revenue fees on securities issued under special liquidity schemes. Member States may also report specific transactions (for instance, large capital transfers) under this item for transparency reasons.

The net impact on government deficit/surplus (line C of the supplementary table) is calculated as the difference between total revenue (line A) and total expenditure (line B).

Part 2 of the table shows data on government stocks of financial assets and liabilities arising from the support for financial institutions.

It distinguishes between activities, which have contributed to actual government liabilities (debt), whether directly or indirectly, and activities which may contribute to government liabilities in the future but which, at the moment of the reporting, are considered as contingent on future events.

Part 2 : Outstanding amount of assets, actual liabilities and contingent liabilities of general government

Millions of national currency		
	Closing balance sheet	**year**
D	**Assets (D=a+b+c+d)**	0
a)	Loans	
b)	Debt securities	
c)	Equity and investment funds shares/ units	
d)	Other assets of general government entities	
E	**Liabilities (E=e+f+g)**	0
e)	Loans	
f)	Debt securities	
	of which indirect liabilities	
g)	Other liabilities of general government entities	
F	**Contingent liabilities (F=h+i+j+k)**	0
h)	Liabilities and assets outside general government under guarantee	
i)	Securities issued under liquidity schemes	
j)	Special purpose entities	
k)	Other contingent liabilities	

Similarly, to part 1, part 2 provides for the most common types of asset and liability instruments recorded in government accounts due to government interventions:

- Loans granted by government or acquired from financial institutions (assets); loans incurred (directly or indirectly) by government in order to finance various interventions (liabilities).
- Debt instruments issued by financial institutions and bought by government as provision of liquidity (assets); debt securities issued by government to finance the interventions (liabilities).
- Equity subscribed by government in financial institutions as a counterpart for a provision of liquidity to the banks, as well as investment fund shares/units (assets).
- Finally, the category "other assets / liabilities of general government entities" may include, for instance, assets and/or liabilities of entities that have been reclassified into general

government, or assets and liabilities of newly established government defeasance structures. It may also include assets and/or liabilities that do not fit in any of the other categories.

Whereas statistical source information is usually available for measuring government assets in loans and debt securities, certain assumptions might need to be made for government liabilities. For instance, for those government interventions that were not financed specifically by means of dedicated issues of debt, it is assumed that they were financed through the general issuance of debt. By convention these liabilities (called "indirect liabilities") are to be reported under the instrument 'debt securities'. As a voluntary detail Member States may report the amount of indirect liabilities included in the total amount reported in the row 'debt securities'.

The appropriate valuation for all entries in part 2 is nominal value[41] except for ordinary quoted shares which should be recorded at market value, for ordinary unquoted shares which should, where possible, be valued in line with ESA 2010 7.73-7.79 and for debt securities held as assets where market value can be used provided an active market exists and the market value can be reliably determined.

The net assets resulting from government interventions is calculated as the difference between total assets (line D) and total liabilities (line E).

In addition, part 2 of the table lists the most frequent ways whereby governments incur contingent liabilities relating to the assistance to financial institutions. As a general rule, contingent liabilities are not recorded in the national accounts. Thus, for example, government guarantees granted in support of financial institutions do not give rise to any immediate entries in government accounts, but may have an impact later, if they are called. Data provided by the EU Member States in this part of the table are an indication of the potential impact that could (theoretically) arise for government finances from such contingent liabilities, notably from:

- Assets and liabilities of financial institutions guaranteed by government (except for guarantees for special purpose entities).
- Securities issued by government under liquidity schemes[42], for instance, for repurchase agreements and securities lending.
- Liabilities of special purpose entities[43] created during for managing defeasance operations, "bad banks" or similar, including those to which certain impaired assets of financial institutions were transferred.
- Other contingent liabilities include contingent liabilities issued through defeasance structures or by similar entities reclassified into general government.

With regard to the coverage of data on contingent liabilities, it is important to note, that general government guarantees on bank deposits are not included here.

[41] In Council Regulation 479/2009, the nominal value is considered equivalent to the face value. The valuation at face value of certain instruments, notably deposits and various types of bonds, is further specified in chapter VIII.2 of the Manual on Government Deficit and Debt – Implementation of ESA 2010.

[42] Liquidity schemes included here are those where the government securities used are not recorded as government debt. By convention, they are recorded in part 2 as "contingent liabilities outside the general government".

[43] Where special purpose entities are classified outside the general government sector, their liabilities are not included in the general government debt, but they are included as contingent liabilities of general government.