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Directorate D: Government Finance Statistics (GFS) and Quality
Unit D1: Excessive deficit procedure and methodology
Unit D2: Excessive deficit procedure (EDP) 1
Unit D3: Excessive deficit procedure (EDP) 2

EUROSTAT SUPPLEMENTARY TABLE FOR REPORTING GOVERNMENT INTERVENTIONS TO SUPPORT FINANCIAL INSTITUTIONS

Background note (April 2016)

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1. Background

Eurostat collects from the Member States a set of supplementary data on government interventions to support financial institutions¹.

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

The first set of supplementary tables was collected by Eurostat together with the October 2009 EDP notification. The tables are now transmitted regularly by Member States, with each notification. This note analyses data for years 2007-2015, reported together with the April 2016 EDP notification.

Eurostat publishes individual tables for EU Member States (where there were reportable interventions) and a summary table with the aggregated data for the euro area (EA19) and the EU28². The structure of the supplementary table is described in the annex. In the April 2016 notification the supplementary table is presented for the first time in time-series format (thus, data for the entire period 2007-2015 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 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 summits 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 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](#).

2. Data findings

All but five Member States report various interventions undertaken by government to support financial institutions during the 2007-2015 period. No interventions were reported by Estonia, Malta, Poland, Romania and Slovakia. In Finland and the Czech Republic the only interventions concerned contingent liabilities.

The most significant deficit increasing interventions for 2015 (as a percentage of GDP) were noted in Greece, Portugal and Slovenia. Interventions with an impact on government deficit are analysed in section 2.1.

The highest impact on government debt as a percentage of GDP for 2015 was observed in Ireland and Greece. Statistical impact on government debt is analysed in section 2.2.

Greece and Belgium exhibited the highest levels of contingent liabilities as a percentage of GDP in 2015. Data findings on contingent liabilities are presented in more detail in section 2.3.

2.1. Statistical impact on government deficit

Part 1 of the supplementary table provides data on transactions which are recorded in government accounts and have an actual impact on the government deficit/surplus. Table 1 below presents aggregated figures for euro area (EA19) and EU28³.

In particular, 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 2015 government interventions to support financial institutions increased the government deficit in the euro area by 16.3 bn euro (0.16% of GDP) and in the EU28 by 17.3 bn euro (0.12% of GDP).

Table 1. Net revenue/expenditure for general government – impact on government deficit/surplus⁴ (Millions of euro)

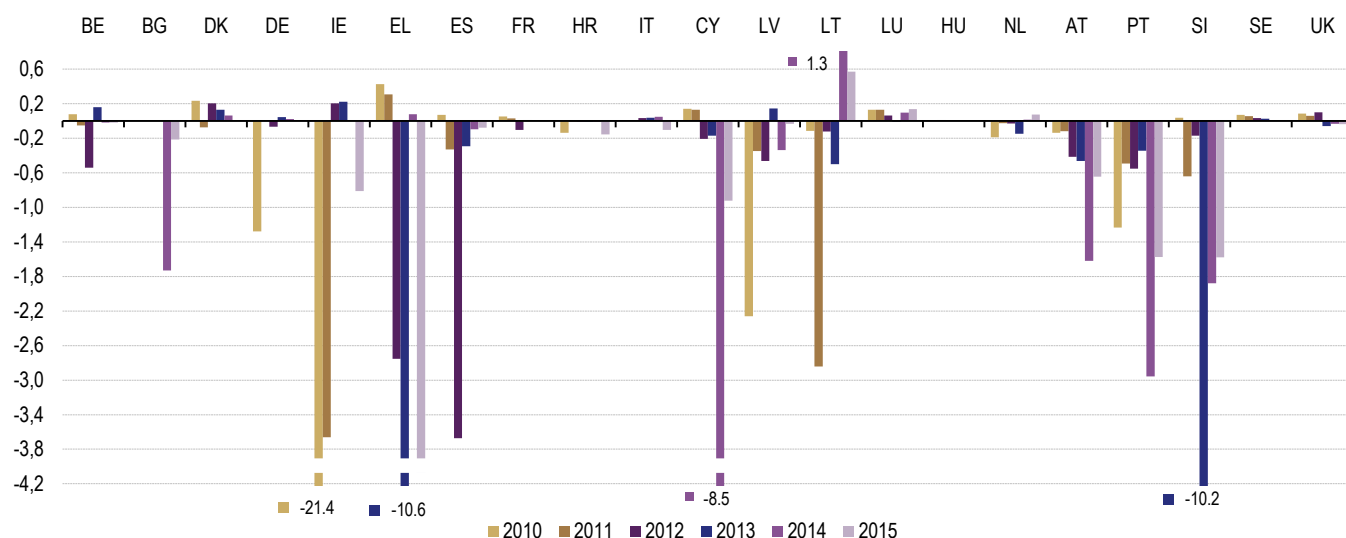
		Euro area (EA19)				EU28			
		2012	2013	2014	2015	2012	2013	2014	2015
A	Revenue (a+b+c+d)	22 551	18 850	14 890	12 267	30 001	21 927	17 187	14 272
a)	Guarantee fees receivable	5 696	5 003	2 989	1 422	7 042	5 439	3 006	1 424
b)	Interest receivable	10 869	8 435	6 626	6 606	14 099	10 983	8 906	8 610
c)	Dividends receivable	1 957	2 776	2 251	2 482	4 831	2 869	2 251	2 482
d)	Other	4 029	2 636	3 024	1 756	4 029	2 636	3 024	1 756
B	Expenditure (e+f+f2+g+h)	74 002	44 882	26 448	28 541	78 800	48 750	30 086	31 613
e)	Interest payable	11 987	10 810	9 183	8 823	15 328	13 597	11 681	11 066
f)	Capital injections recorded as deficit-increasing (capital transfer)	47 627	24 674	12 783	14 326	47 672	24 701	13 525	14 506
f2)	Other capital transfer (e.g. asset purchase)	2 206	245	0	440	2 206	245	0	440
g)	Calls on guarantees	15	0	1 679	322	15	0	1 679	322
h)	Other	12 167	9 153	2 802	4 631	13 579	10 207	3 200	5 279
C	Net revenue/expenditure for general government (A-B)	-51 451	-26 032	-11 558	-16 274	-48 799	-26 823	-12 899	-17 341
C	Net revenue/expenditure for general government (A-B) (% of GDP)	-0.52	-0.26	-0.11	-0.16	-0.36	-0.20	-0.09	-0.12

³ In the graphs and tables, the euro area (EA19) is defined as including Latvia and Lithuania for the full period, although Latvia joined the euro area on 1 January 2014 and Lithuania on 1 January 2015. From 1 July 2013 the European Union (EU28) also includes Croatia. In the graphs and tables, all periods refer to the EU28.

⁴ Data for the years 2007, 2008, 2009, 2010 and 2011 are not included in Table 1 and in some graphs. However, these data are available in individual tables and a summary table published on the [Eurostat website](#).

The net impacts for individual EU Member States are presented in Graph 1.

Graph 1. Impact of interventions on government deficit/surplus (% of GDP)⁵



In 2015, the increase in deficit was particularly large in Greece (4.1% of GDP)⁶. The second most significant impact to the deficit in 2015 was in Portugal (1.6% of GDP)⁷ and in Slovenia (also 1.6% of GDP)⁸. Cyprus (0.9% of GDP)⁹ and Ireland (0.8% of GDP)¹⁰ also recorded noticeable impacts in 2015. In 2014 the most significant increase in deficit due to interventions was noted in Cyprus (8.5% of GDP) and was due to a bank recapitalization.

The most significant decrease in deficit in 2015 was noted in Lithuania (the deficit was improved by 0.6% of GDP¹¹).

In 2015 the impact in Greece, Ireland and Italy was negative compared to a positive or neutral one in 2014. In Lithuania and Denmark the positive impact was reduced compared to 2014 while in Bulgaria, Cyprus, Austria, Portugal and Slovenia the impact in 2015 was negative but less than in 2014. In Latvia the impact was negative in 2014 but changed to neutral in 2015.

Overall during the reference period of 2007-2015, the most significant increase in deficit due to government interventions in financial institutions was in Ireland, followed by Greece, Slovenia and Cyprus.

In some EU Member States (Denmark, France, Italy, Luxembourg, Hungary, and Sweden) government deficits (2007-2015) were overall slightly reduced due to government interventions. This

⁵ Here and in other graphs a break indicates extreme values not fitting to scale. The out-of-scale values are indicated next to the corresponding bar.

⁶ The impact was mainly due to the recapitalisation of the National Bank of Greece and Piraeus Bank and, to a minor extent, to the recapitalisation of Attica Bank and the resolution of Panellinia Bank and the Cooperative Bank of Peloponnese.

⁷ The impact was mainly due to the recapitalization undertaken in the context of the Banco Internacional do Funchal S.A. resolution operation.

⁸ The impact was mostly due to the write-off of loans carried out by BAMC (a defeasance structure classified in general government), including in the context of loan conversion operations into real estate and equity.

⁹ The impact was mainly due to a recapitalization of the Cooperative Central Bank.

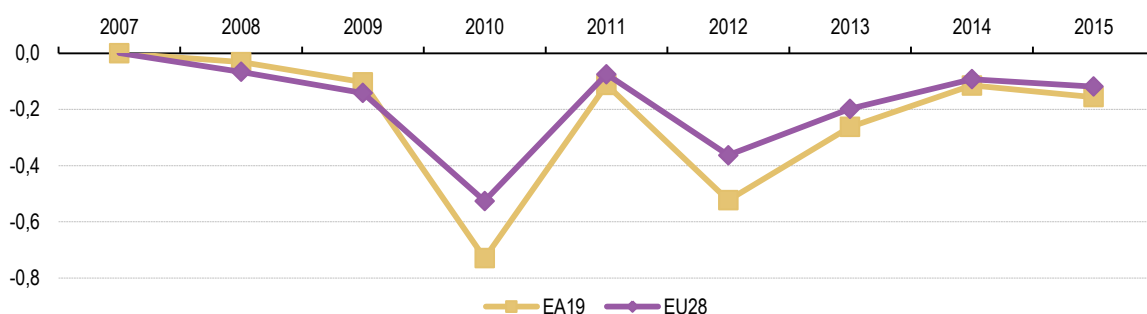
¹⁰ The impact was mainly due to conversion of preference shares and interest payable.

¹¹ The improvement in the 2015 deficit in Lithuania was due to recoveries of the Deposit Insurance fund.

largely resulted from fees on guarantees granted to financial institutions, property income (interest and dividends) receivable from financial instruments acquired by governments, and from other revenue such as specific capital taxes.

The impact of interventions on government deficit/surplus in the euro area and the EU28 is summarised in Graph 2. Regarding both the euro area and the EU28, the net impact was marginally deficit-increasing in 2007, 2008 and 2009, became much more pronounced in 2010 and decreased sharply in 2011. The net impact was noticeably deficit-increasing again in 2012, largely due to further bank recapitalisations and resolutions before falling back somewhat in 2013. In 2014 the impact for both the euro area and the EU28 further decreased, while in 2015 the impact for both zones increased marginally.

Graph 2. Impact of interventions on government deficit/surplus in the euro area (EA19) and the EU28 (% of GDP)



The largely one-off impacts on government deficit/surplus are often excluded in fiscal analysis, for instance, when assessing 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 (see Table 2 in the following page).

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

	2014			2015		
	Government deficit (-)/ surplus (+)	Impact of support for financial institutions	Deficit (-)/ surplus (+) excluding support for financial institutions	Government deficit (-)/ surplus (+)	Impact of support for financial institutions	Deficit (-)/ surplus (+) excluding support for financial institutions
EU28	-3.0	-0.1	-2.9	-2.4	-0.1	-2.3
EA19	-2.6	-0.1	-2.5	-2.1	-0.2	-1.9
BE	-3.1	0.0	-3.1	-2.6	0.0	-2.6
BG	-5.4	-1.7	-3.7	-2.1	-0.2	-1.8
CZ	-1.9	0.0	-1.9	-0.4	0.0	-0.4
DK	1.5	0.1	1.4	-2.1	0.0	-2.1
DE	0.3	0.0	0.3	0.7	0.0	0.7
EE	0.8	0.0	0.8	0.4	0.0	0.4
IE	-3.8	0.0	-3.8	-2.3	-0.8	-1.5
EL	-3.6	0.1	-3.7	-7.2	-4.1	-3.2
ES	-5.9	-0.1	-5.8	-5.1	-0.1	-5.0
FR	-4.0	0.0	-4.0	-3.5	0.0	-3.5
HR	-5.5	0.0	-5.5	-3.2	-0.2	-3.0
IT	-3.0	0.0	-3.1	-2.6	-0.1	-2.5
CY	-8.9	-8.5	-0.3	-1.0	-0.9	-0.1
LV	-1.6	-0.3	-1.2	-1.3	0.0	-1.2
LT	-0.7	1.3	-2.0	-0.2	0.6	-0.8
LU	1.7	0.1	1.6	1.2	0.1	1.1
HU	-2.3	0.0	-2.3	-2.0	0.0	-2.0
MT	-2.0	0.0	-2.0	-1.5	0.0	-1.5
NL	-2.4	0.0	-2.4	-1.8	0.1	-1.9
AT	-2.7	-1.6	-1.1	-1.2	-0.6	-0.5
PL	-3.3	0.0	-3.3	-2.6	0.0	-2.6
PT	-7.2	-3.0	-4.2	-4.4	-1.6	-2.8
RO	-0.9	0.0	-0.9	-0.7	0.0	-0.7
SI	-5.0	-1.9	-3.1	-2.9	-1.6	-1.4
SK	-2.7	0.0	-2.7	-3.0	0.0	-3.0
FI	-3.2	0.0	-3.2	-2.7	0.0	-2.7
SE	-1.6	0.0	-1.6	0.0	0.0	0.0
UK*	-5.6	0.0	-5.6	-4.4	0.0	-4.4

UK* = calendar year

Allow for rounding effects, as all ratios in Table 2, including the adjusted measure of government deficit/surplus, are rounded to the nearest decimal.

It should be noted that this adjusted measure of government deficit/surplus is only intended to be an improvement in the presentation of data for users. This measure is not used for assessment in the context of the Excessive Deficit Procedure.

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 for financial institutions (see Table 3 below¹²).

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

		Euro area (EA19)				EU28				
		2012	2013	2014	2015	2012	2013	2014	2015	
General government	Assets (D=a+b+c+d)	D Closing balance sheet	424 929	372 240	337 780	302 854	606 520	535 826	498 517	431 358
		a Loans	46 230	21 708	14 567	13 103	49 922	25 045	17 670	14 790
		b Debt Securities	22 933	15 721	8 524	4 504	27 423	19 728	8 703	4 635
		c Equity and investment funds shares/units	112 451	126 213	102 594	81 270	171 954	190 182	171 112	141 426
		d Other assets of general government entities	243 315	208 598	212 094	203 977	357 222	300 871	301 032	270 506
	Liabilities (Debt) (E=e+f+g)	E Closing balance sheet recorded in ESA2010 government debt	580 430	533 405	516 331	509 343	772 827	702 916	681 211	632 522
		e Loans	113 839	91 837	90 314	93 144	113 839	91 837	91 055	94 001
		f Debt securities	194 524	223 048	207 029	204 220	273 910	296 281	274 243	247 616
		g Other liabilities of general government entities	272 068	218 520	218 987	211 978	385 078	314 798	315 912	290 905
		Outside general government	Contingent liabilities (F=h+i+j+k)	F Closing balance sheet not recorded in ESA2010 debt	563 678	468 261	270 158	208 778	586 490	470 677
h Liabilities and assets outside general government under guarantee	443 862			350 538	190 015	147 630	456 291	352 236	190 226	147 630
i Securities issued under liquidity schemes	2 761			2 424	7 951	2 171	12 564	2 561	8 030	2 186
j Special purpose entities	85 850			95 239	60 018	51 587	86 430	95 820	60 600	51 587
k Other contingent liabilities	31 205			20 060	12 174	7 390	31 205	20 060	12 174	7 390
(% of GDP)	D Closing balance sheet - assets			4.3	3.7	3.3	2.9	4.5	4.0	3.6
	E Closing balance sheet - liabilities	5.9	5.4	5.1	4.9	5.8	5.2	4.9	4.3	
	F Closing balance sheet - contingent liabilities	5.7	4.7	2.7	2.0	4.4	3.5	1.9	1.4	

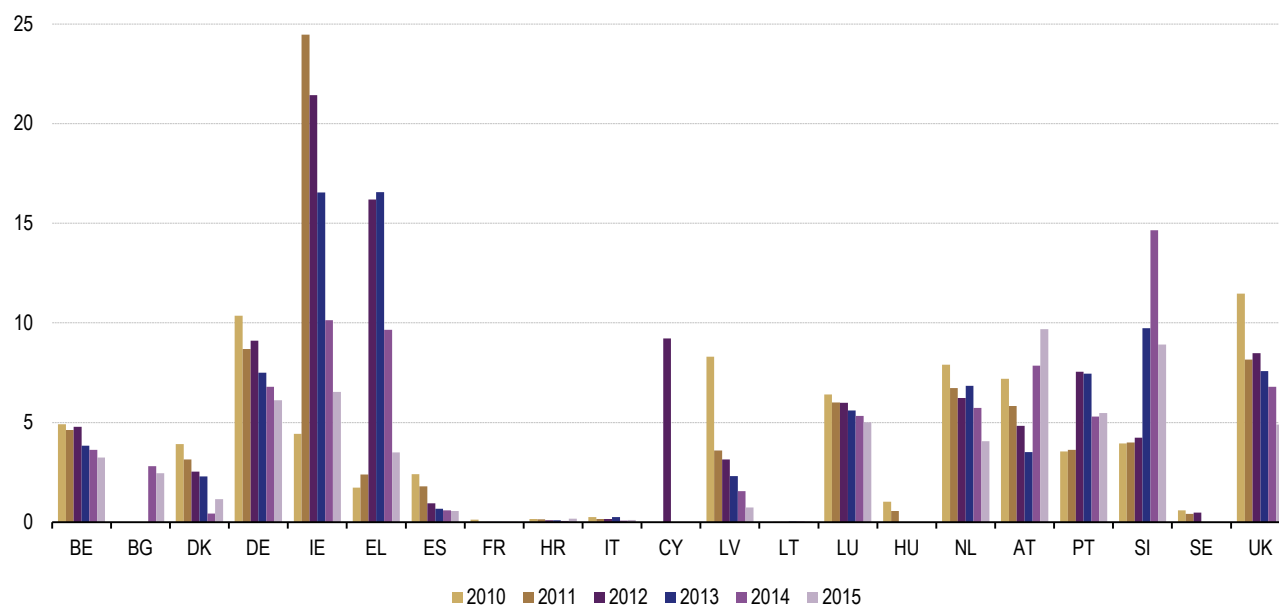
As shown in the table above, the impact on government debt in 2015 (closing balance sheet for liabilities) was 509.3 bn euro (4.9% of GDP) for the euro area and 632.5 bn euro (4.3% of GDP) for the EU28.

As far as contingent liabilities are concerned (with a potential impact on debt and deficit), they amounted to 208.8 bn euro (2.0% of GDP) for the euro area and to 208.8 bn euro (1.4% of GDP) for the EU28.

Graphs 3 and 4 summarise the impact of interventions on, respectively, government assets and debt for each Member State that report such interventions. Graph 3 presents the impact on government assets, as a result of government interventions to support financial institutions since 2010. The significant decrease in assets in 2015 for Slovenia mostly reflects the write-off of loans carried out by BAMC (a defeasance structure), including in the context of loan conversion operations into real estate and equity. These loans had been taken over by BAMC in 2013 and 2014. The significant decrease for Greece in 2015 mostly reflects the fall in market value of bank shares held by government via the HFSF, following a 2013 capital injection. The significant decrease in assets in 2015 in Ireland reflects redemption and conversion of preference shares of Irish banks. The significant increase in 2015 and 2014 in Austria reflects the classification of a number of defeasance structures or assimilated entities (HETA, KA finance, Immigon) inside government.

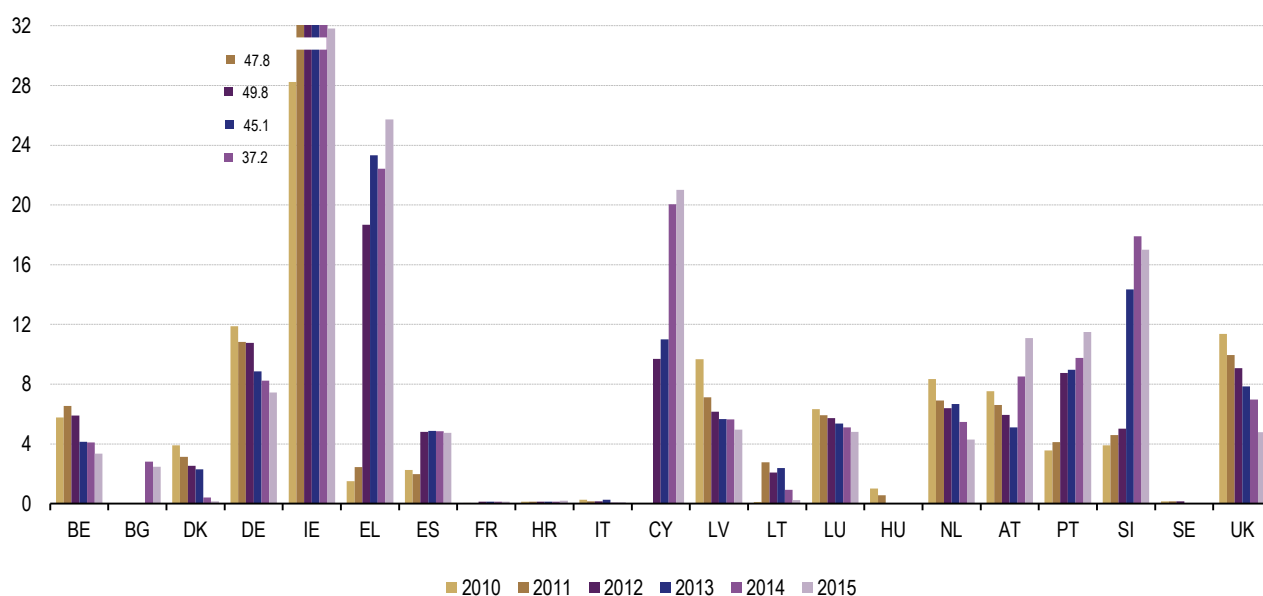
¹² Data for the years 2007-2011 are not included in Table 3 and in some graphs. However, these data are available in individual tables and a summary table published on the [Eurostat website](#).

Graph 3. Impact of interventions on government assets (% of GDP)



Graph 4 presents the impact on government debt resulting from government interventions since 2010. As shown in the graph, the largest impact on the government debt at end 2015 is observed in Greece and Ireland where government debt arising from support to financial institutions were at 25.7% and 31.8% of GDP respectively. Over the period 2010-2015 the impact was also large in Belgium, Germany, Spain, Cyprus, Latvia, Luxembourg, the Netherlands, Austria, Portugal, Slovenia and the United Kingdom, where the peak annual impact of such liabilities exceeded 4% of GDP. In some of those countries a steady reduction of impact is observed over the last few years.

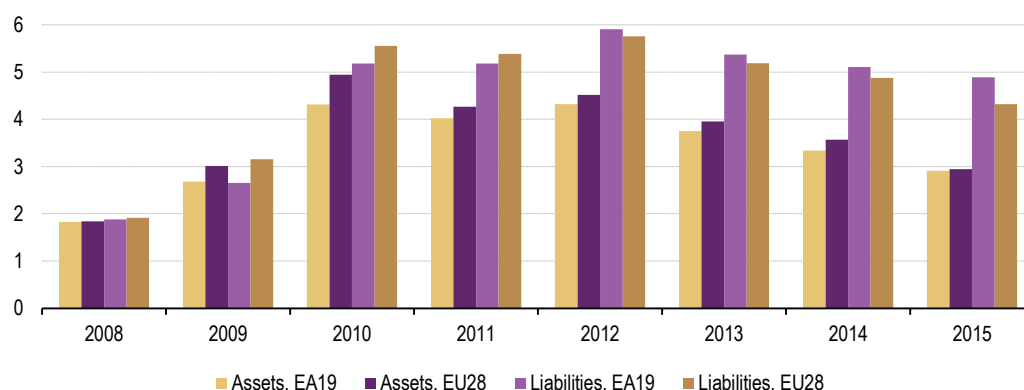
Graph 4. Impact of interventions on government debt (% of GDP)



The impact on the stock of government assets and liabilities (debt) due to government interventions to support financial institutions across the euro area and the EU28 is summarised in Graph 5. Both assets and liabilities gradually increase in the period 2008-2010 with the stock of liabilities consistently exceeding that of assets. The biggest contribution to the observed decrease in 2013 of assets and liabilities in the euro area is due to the reduction in Germany of assets and liabilities arising from the support of financial institutions, while the decrease in both assets and liabilities in

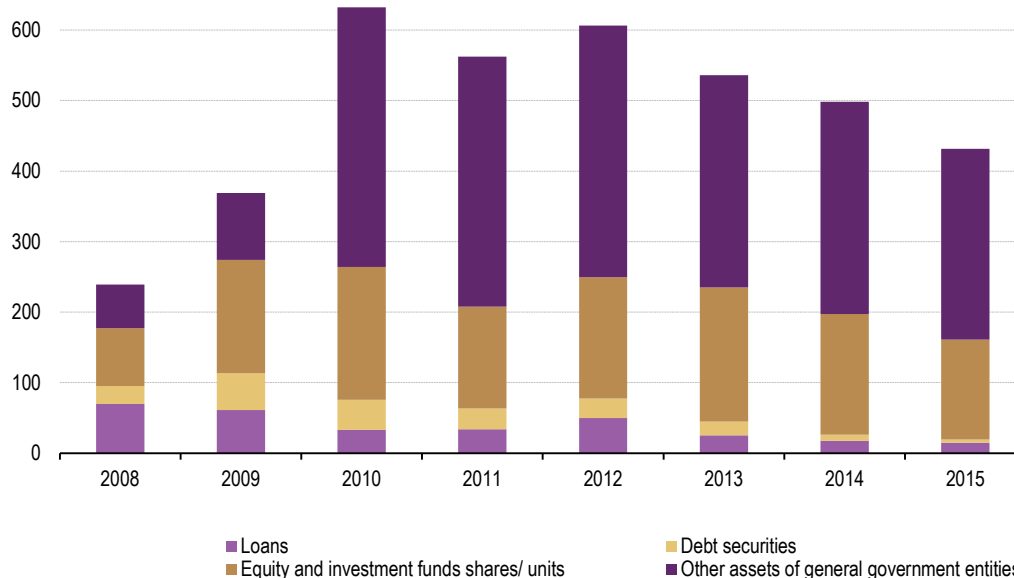
the UK also significantly contributed to the change in the EU28 figures in the same year. In 2014 and 2015 assets and liabilities in both zones further decreased as compared to the previous year.

Graph 5. Impact of interventions on government assets and liabilities, euro area (EA19) and EU28 (% of GDP)



Graph 6 below shows developments in the structure of assets from 2008 to 2015. In 2015 the outstanding assets acquired by the EU governments were mainly attributable to acquisition of equity and investment fund shares/units (32.8% of the total 2015 assets value), and to other assets of general government entities¹³ (62.7% of the total value). Only 1.1% of the total for 2015 is due to debt securities while the remaining amount (3.4%) is linked to loans granted to financial institutions by government or acquired from financial institutions.

Graph 6. Structure of government assets related to interventions, EU28 (billions of euro)

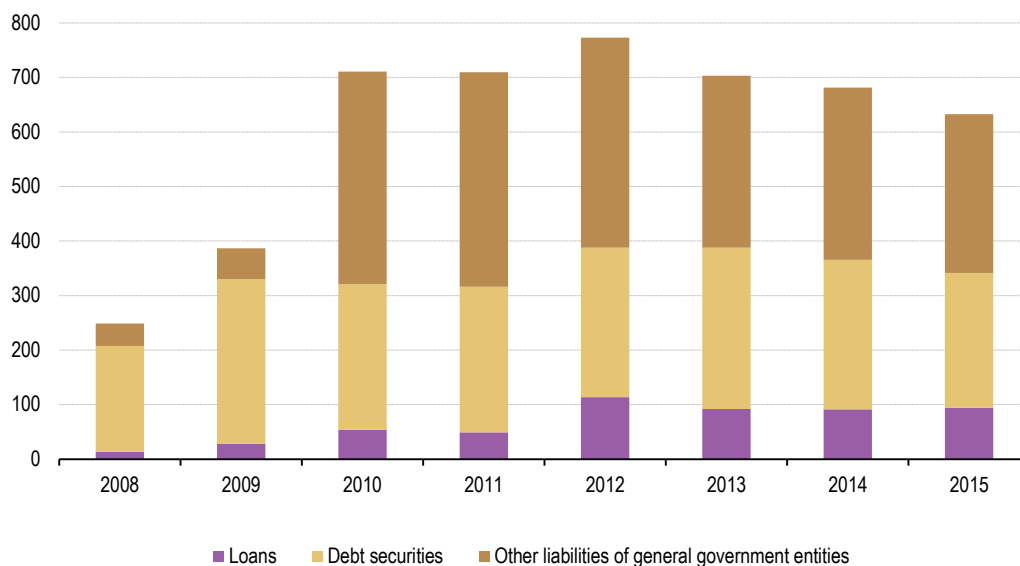


The increase in the amount attributed to the category "other assets of general government entities" in 2010 is mainly due to the transfer of assets into federal and state-level liquidation agencies in Germany.

¹³ The category "other assets of general government entities" may include, for instance, assets of entities that have been reclassified into general government or of newly established government defeasance structures. It may also include other assets that do not fit in any of the other categories.

Turning to liabilities, in 2015 the EU governments financed their interventions predominantly by issuances of debt securities¹⁴ (39.1% of the total amount) and other liabilities of general government entities¹⁵ (46%). The remaining amount was due to the incurrence of loans (14.9%). Developments in the structure of liabilities from 2008 to 2015 are summarised in Graph 7 below.

Graph 7. Structure of government liabilities related to interventions, EU28 (billions of euro)



The increase in the amount attributed to the category of "other liabilities of general government entities" in 2010 mainly reflects the transfer of liabilities into federal and state-level liquidation agencies in Germany.

2.3. Contingent liabilities

Part 2 of the supplementary table also shows contingent liabilities arising due to government interventions to support financial institutions, which may contribute to government debt in the future but are not currently recorded as government debt.

In the majority of the 19 EU Member States that undertook such interventions, they result exclusively from guarantees granted on financial institutions' assets and (or) liabilities. In two Member States (Greece and the United Kingdom) significant amounts of contingent liabilities arose in the past due to securities issued under liquidity schemes although since 2013 the United Kingdom reports no such contingent liabilities. Relating to the period 2007-2015, five Member States (Denmark,¹⁶ Ireland,¹⁷ Spain¹⁸, France¹⁹, and Austria²⁰) report contingent liabilities relating to special

¹⁴ The category 'debt securities' also includes the so-called "indirect" liabilities, i.e. cases where there was no dedicated debt instrument issued. 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.

¹⁵ The category "other liabilities of general government entities" may include, for instance, liabilities of entities that have been reclassified into general government, or liabilities of newly established government defeasance structures. It may also include other liabilities that do not fit in any of the other categories.

¹⁶ A state guarantee to cover losses in Roskilde Bank.

¹⁷ A special purpose vehicle related to the National Asset Management Agency (NAMA).

¹⁸ Sociedad de Gestión de Activos procedentes de la Reestructuración Bancaria (SAREB).

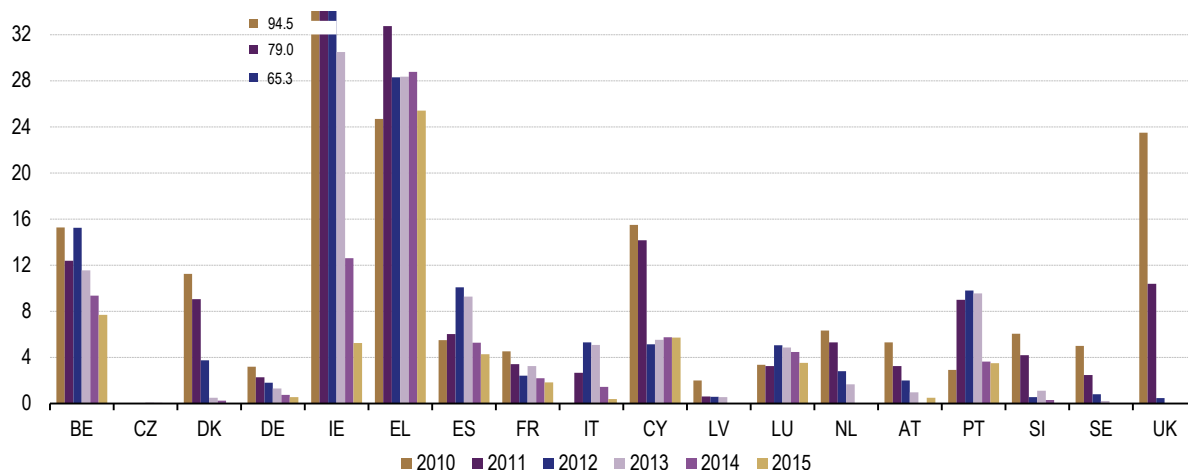
¹⁹ Société de Financement de l'Economie Française (SFEF).

²⁰ A guarantee on the activities of the Clearingbank (wound up in 2011).

purpose vehicles. In 2015, the contingent liabilities related to special purpose entities in Ireland and Spain constituted a significant proportion of the total contingent liabilities representing about 72% and 94% of the total respectively.

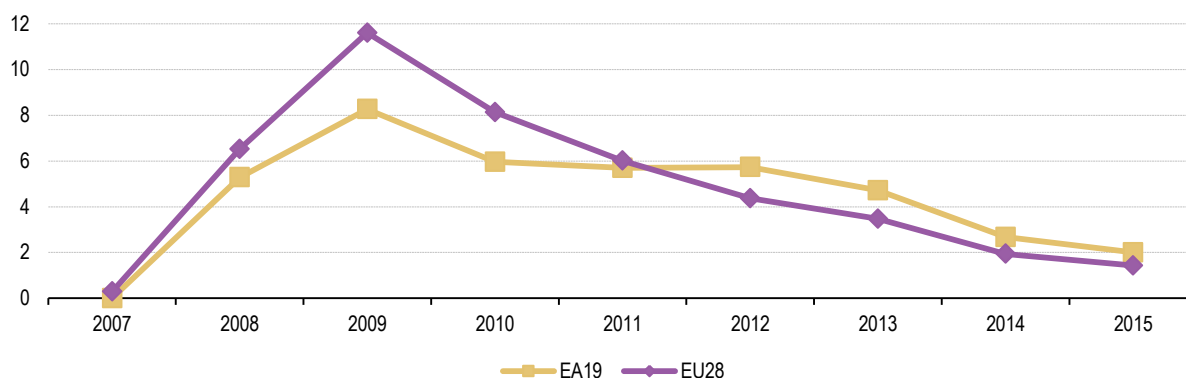
The level of contingent liabilities per country is presented in the graph below for the period 2010 to 2015.

Graph 8. Level of contingent liabilities (% of GDP)



Over 2007-2015, the highest level of contingent liabilities in relation to GDP is observed in Ireland²¹. A further seven Member States (Belgium, Denmark, Greece, Spain, Cyprus, the Netherlands²² and the United Kingdom) report a significant level of contingent liabilities over the same period, with the annual peak between 10% and 40% of GDP. Greece exhibits the highest level of contingent liabilities related to government interventions to support financial institutions for year 2015 (25.4% of GDP). The second highest level of contingent liabilities due to support interventions in 2015 was noted in Belgium (7.7% of GDP). In the remaining EU Member States, the level of contingent liabilities did not exceed 10% of GDP in any of the years of the period (the annual peak of contingent liabilities for Portugal was just below 10% of GDP – at 9.8% for year 2012).

Graph 9. Level of contingent liabilities in the euro area (EA19) and the EU28 (% of GDP)



The stocks of contingent liabilities across the euro area and the EU28 are shown in Graph 9. In both zones, contingent liabilities increased significantly in 2008 and 2009, before decreasing gradually in 2010 and 2011. This decrease mainly reflected reduced government exposure to guarantee schemes

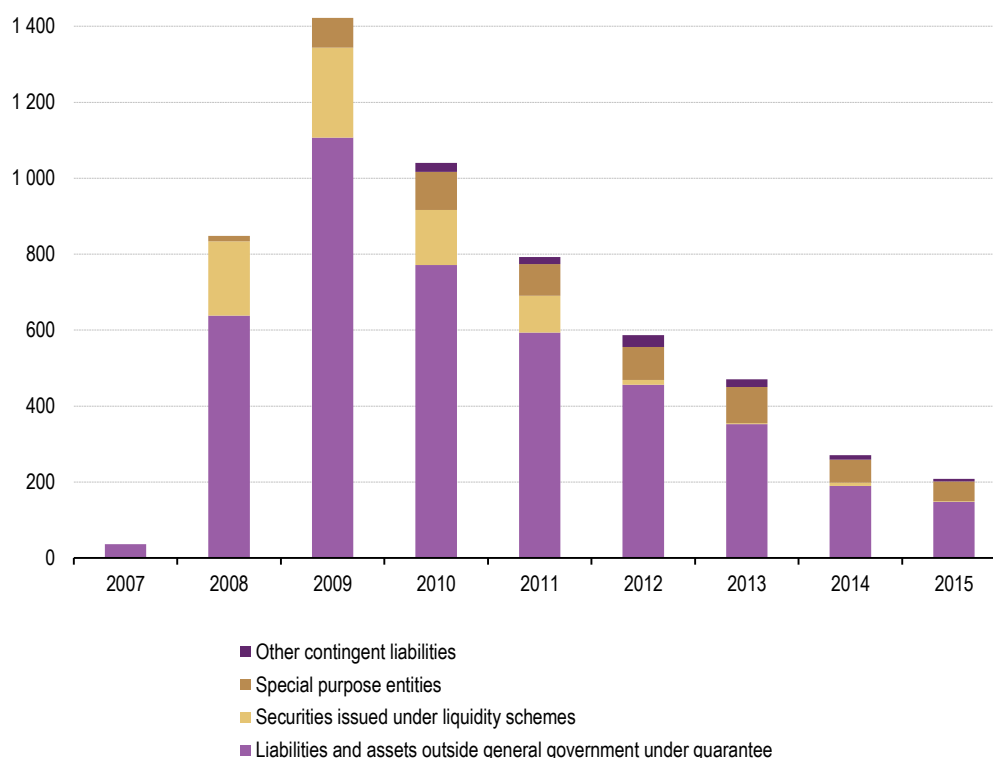
²¹ These include a peak of 187.9% of GDP in year 2008.

²² The highest peak reported for the Netherlands was 12.9% of GDP in year 2009.

in Germany, Ireland, the Netherlands and the United Kingdom. In 2012 contingent liabilities decreased in the EU28, largely due to a significant decrease in the level of contingent liabilities in the UK. The marginal increase in the euro area in 2012 was due to new guarantees issued to financial institutions in Spain and Italy which compensated the decrease in contingent liabilities in several other euro area countries, mainly Ireland, France and the Netherlands. In 2013 both figures decreased slightly. In 2014 there were reductions in the amounts of guarantees in a number of countries, notably Ireland, Spain and Italy, which lead to further decrease of contingent liabilities for both EA19 and EU28. In 2015 there were further reductions in both zones, mainly due to reductions in the level of contingent liabilities in several countries, notably, Belgium, Germany, Ireland and Italy.

Looking at the structure of contingent liabilities for 2015, the major part is attributable to guarantees granted on financial institutions' assets and/or liabilities (70.7% of the total value). The remaining contingent liabilities reflect the value of the operations related to special purpose vehicles (24.7%) and securities issued under liquidity schemes (just 1% of the total as only Greece and the Czech Republic reported such contingent liabilities for 2015). The category "other contingent liabilities" (3.5% of the total amount for 2015) mainly reflects contingent liabilities issued through entities that have been reclassified into general government or government defeasance structures. Developments in the structure of contingent liabilities from 2007 to 2015 are summarised in Graph 10. As can be seen in Graph 10, since 2009 the total stock of contingent liabilities relating to interventions to support financial institutions has been steadily decreasing in EU28.

Graph 10. Structure of contingent liabilities, EU28 (billions of euro)



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)

<i>Millions of national currency</i>	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	
<i>of which net acquisition of NFA</i>	
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.²³
- 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.
- 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

²³ 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).

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. Countries 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 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 value²⁴ 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.

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 maximum 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 schemes²⁵, for instance, for repurchase agreements and securities lending.
- Liabilities of special purpose entities²⁶ 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.

²⁴ In Council Regulation 479/2009, as amended, the nominal value is considered equivalent to the face value. The face valuation 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.

²⁵ 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".

²⁶ 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.