EUROPEAN COMMISSION
EUROSTAT

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 (October 2018)

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1. Background

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

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 2007-2017, reported together with the October 2018 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 (EA-19) and the EU-28[2]. 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 2007-2017 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 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 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 2007-2017 period. No interventions at all were reported by Estonia, Malta, Poland, Romania and Slovakia. In Finland (in 2008) and the Czechia (in the years 2013-2015) the only interventions reported concerned contingent liabilities.

The most significant deficit increasing interventions for 2017 (as a percentage of GDP) were noted in Portugal, Italy and Cyprus. 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 2017 is still observed in Greece, Cyprus and Ireland. Statistical impact on government debt is analysed in section 2.2.

In 2017 Belgium, Luxemburg, Spain and Portugal exhibited the highest levels of contingent liabilities as a percentage of GDP. 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 the euro area (EA-19) and the EU-28[3].

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 2017 government interventions to support financial institutions increased the government deficit in the euro area by 14.3 bn euro (0.13% of GDP) and in the EU28 by 15.7 bn euro (0.10% of GDP) after 5.1 bn euro (0.05% of GDP) and 6.3 bn euro (0.04% of GDP) respectively in 2016.

Table 1. Net revenue/expenditure for general government – impact on government deficit/surplus[4] (millions euro)

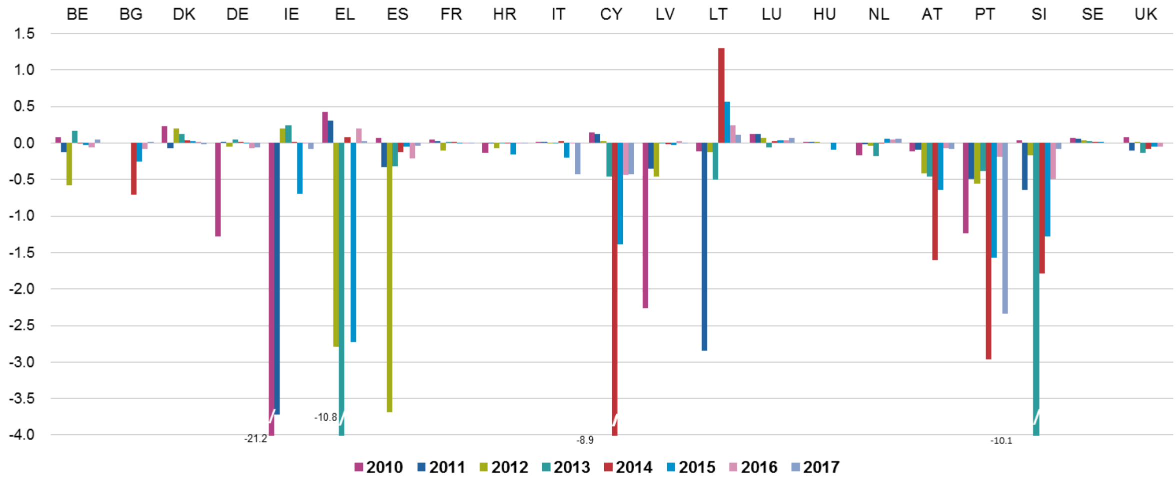
		Euro area (EA-19)				EU-28			
		2014	2015	2016	2017	2014	2015	2016	2017
A	**Revenue (a+b+c+d)**	**15 332**	**11 682**	**9 662**	**7 940**	**17 627**	**13 752**	**10 740**	**8 596**
a)	Guarantee fees receivables	2 568	1 301	657	291	2 582	1 301	657	291
b)	Interest receivables	7 407	6 215	4 844	3 948	9 687	8 219	5 904	4 604
c)	Dividends receivables	2 315	2 645	2 920	2 592	2 315	2 645	2 920	2 592
d)	Other	3 043	1 521	1 240	1 109	3 043	1 587	1 258	1 109
B	**Expenditure (e+f+f2+g+h)**	**28 028**	**27 588**	**14 805**	**22 272**	**32 378**	**31 211**	**17 057**	**24 339**
e)	Interest payable	10 096	8 601	7 317	6 225	13 664	11 270	9 159	7 757
f)	Capital injections recorded as deficit - increasing (capital transfer)	12 736	13 717	1 264	11 550	13 040	14 021	1 321	11 553
f2)	Other capital transfer (e.g. asset purchase)	647	792	1 518	510	725	792	1 518	510
g)	Calls on guarantees	1 629	343	2 333	1 988	1 629	343	2 333	1 988
h)	Other	2 921	4 136	2 374	1 999	3 319	4 785	2 726	2 531
C)	**Net revenue/expenditure for general government (A-B)**	**- 12 696**	**- 15 905**	**- 5 144**	**- 14 332**	**- 14 751**	**- 17 458**	**- 6 317**	**- 15 743**
C)	**Net revenue/expenditure for general government (A-B)** (in % of GDP)	**-0.1**	**-0.2**	**0.0**	**-0.1**	**-0.1**	**-0.1**	**0.0**	**-0.1**

[3] In the graphs and tables, the euro area (EA-19) 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 (EU-28) also includes Croatia. In the graphs and tables, all periods refer to the EU-28.

[4] Data for the years 2007, 2008, 2009, 2010, 2011, 2012 and 2013 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 2017, all Member States reported a very limited increase in deficit due to the support provided to financial institutions, except Portugal (2.3% of GDP), Cyprus (0.4% of GDP) and Italy (0.4% of GDP).

In 2017, as in the previous years, Lithuania reported an improvement in the deficit (0.1% of GDP) and so did Belgium, Luxemburg and the Netherlands.

In 2017, the impact on deficit/surplus was nearly neutral (0% < 0.05% of GDP) in Bulgaria, Denmark, Greece and Hungary. Sweden reports no interventions since 2016.

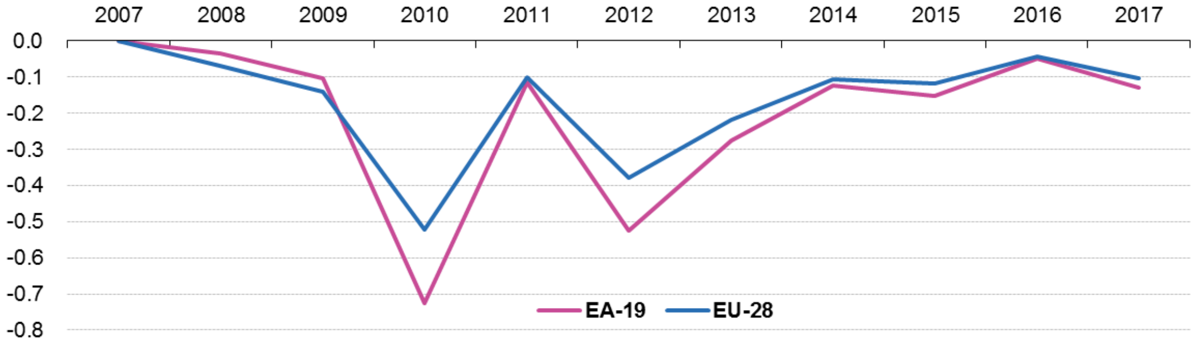
Overall during the reference period of 2007-2017, the most significant increase in deficit due to government interventions in financial institutions was in Ireland, followed by Greece, Slovenia and Cyprus.

Some EU Member States (Denmark, France, Croatia, Luxembourg, Hungary, and Sweden) reported only a limited impact on government deficit/surplus over the period 2007-2017 due to government interventions, explained to a large degree by income 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 EU-28 is summarised in Graph 2. Regarding both the euro area and the EU-28, 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 EU-28 further decreased, while in 2015 the impact increased marginally in the euro area and the EU-28. In 2016, the euro area and the EU-28 reported again a reduced impact on deficit (< 0.05 % of GDP). In 2017, the euro area and the EU28 reported a slightly increased impact essentially due to the intervention of the Italian, Portuguese and Cypriot governments.

Graph 2. Impact of interventions on government deficit/surplus in the euro area (EA-19) and the EU-28 (% of GDP)

[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.



The large 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)

in % of GDP	2016 EDP deficit (-)/ surplus (+)	2016 Impact of support for financial institutions	2016 Deficit (-)/surplus (+) excluding support for financial institutions	2017 EDP deficit (-)/ surplus (+)	2017 Impact of support for financial institutions	2017 Deficit (-)/surplus (+) excluding support for financial institutions
EU-28	-1.7	0.0	-1.6	-1.0	-0.1	-0.9
EA-19	-1.6	0.0	-1.5	-1.0	-0.1	-0.8
BE	-2.4	-0.1	-2.4	-0.9	0.1	-0.9
BG	0.2	-0.1	0.3	1.1	0.0	1.1
CZ	0.7	0.0	0.7	1.5	0.0	1.5
DK	-0.4	0.0	-0.4	1.1	0.0	1.1
DE	0.9	-0.1	1.0	1.0	-0.1	1.1
EE	-0.3	0.0	-0.3	-0.4	0.0	-0.4
IE	-0.5	0.0	-0.5	-0.2	-0.1	-0.2
EL	0.5	0.2	0.3	0.8	0.0	0.7
ES	-4.5	-0.2	-4.3	-3.1	0.0	-3.0
FR	-3.5	0.0	-3.5	-2.7	0.0	-2.7
HR	-0.9	0.0	-0.9	0.9	0.0	0.9
IT	-2.5	0.0	-2.5	-2.4	-0.4	-1.9
CY	0.3	-0.4	0.8	1.8	-0.4	2.2
LV	0.1	0.0	0.0	-0.6	0.0	-0.6
LT	0.3	0.2	0.0	0.5	0.1	0.4
LU	1.6	0.0	1.6	1.4	0.1	1.3
HU	-1.6	0.0	-1.6	-2.2	0.0	-2.2
MT	0.9	0.0	0.9	3.5	0.0	3.5
NL	0.0	0.0	0.0	1.2	0.1	1.2
AT	-1.6	-0.1	-1.5	-0.8	-0.1	-0.7
PL	-2.2	0.0	-2.2	-1.4	0.0	-1.4
PT	-2.0	-0.2	-1.8	-3.0	-2.3	-0.6
RO	-2.9	0.0	-2.9	-2.9	0.0	-2.9
SI	-1.9	-0.5	-1.4	0.1	-0.1	0.1
SK	-2.2	0.0	-2.2	-0.8	0.0	-0.8
FI	-1.7	0.0	-1.7	-0.7	0.0	-0.7
SE	1.1	0.0	1.1	1.6	0.0	1.6
UK*	-2.9	0.0	-2.9	-1.8	-0.1	-1.7

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 below[6]).

Table 3. Outstanding amount of assets, actual liabilities and contingent liabilities of general government

				Euro area (EA-19)				EU-28			
				2014	2015	2016	2017	2014	2015	2016	2017
General government	Assets (D=a+b+c+d)	D	**Closing balance sheet**	**332 482**	**302 501**	**281 856**	**244 986**	**490 853**	**415 805**	**357 513**	**303 134**
		a)	Loans	12 917	12 754	10 278	13 458	15 277	12 984	10 278	13 458
		b)	Debt securities	9 186	5 166	2 520	890	9 364	5 297	2 651	969
		c)	Equity and investment funds shares/units	96 877	79 632	72 517	68 607	165 990	127 378	103 601	100 119
		d)	Other assets of general government entities	213 502	204 949	196 540	162 031	300 221	270 145	240 983	188 587
	Liabilities (Debt) (E=e+f+g)	E	**Closing balance sheet recorded in ESA 2010 government debt**	**507 331**	**500 004**	**489 041**	**458 585**	**650 620**	**601 021**	**561 739**	**510 345**
		e)	Loans	90 299	93 198	93 495	93 568	91 040	94 055	93 766	93 824
		f)	Debt securities	196 930	195 538	190 348	196 167	261 816	245 753	231 602	232 439
		g)	Other liabilities of general government entities	220 102	211 267	205 197	168 850	297 763	261 214	236 372	184 082
Outside general government	Contingent liabilities (F=h+i+j+k)	F	**Closing balance sheet not recorded in ESA 2010 debt**	**270 158**	**213 565**	**162 712**	**154 223**	**271 029**	**213 580**	**162 712**	**154 223**
		h)	Liabilities and assets outside general government under guarantee	190 015	147 629	109 795	110 166	190 226	147 629	109 795	110 166
		i)	Securities issued under liquidity schemes	7 951	2 171			7 951	2 171		
		j)	Special purpose entities	60 018	51 587	44 187	39 369	60 600	51 587	44 187	39 369
		k)	Other contingent liabilities	12 174	12 178	8 730	4 689	12 253	12 193	8 730	4 689
(% of GDP)		D)	**Closing balance sheet -assets**	**3.3**	**2.9**	**2.6**	**2.2**	**3.5**	**2.8**	**2.4**	**2.0**
		E)	**Closing balance sheet - liabilities**	**5.0**	**4.7**	**4.5**	**4.1**	**4.6**	**4.1**	**3.8**	**3.3**
		F)	**Closing balance sheet - contingent liabilities**	**2.7**	**2.0**	**1.5**	**1.4**	**1.9**	**1.4**	**1.1**	**1.0**

As shown in the table above, the impact on government debt in 2017 (closing balance sheet for liabilities) was 457.6 bn euro (4.1% of GDP) for the euro area and 510.3 bn euro (3.3% of GDP) for the EU-28.

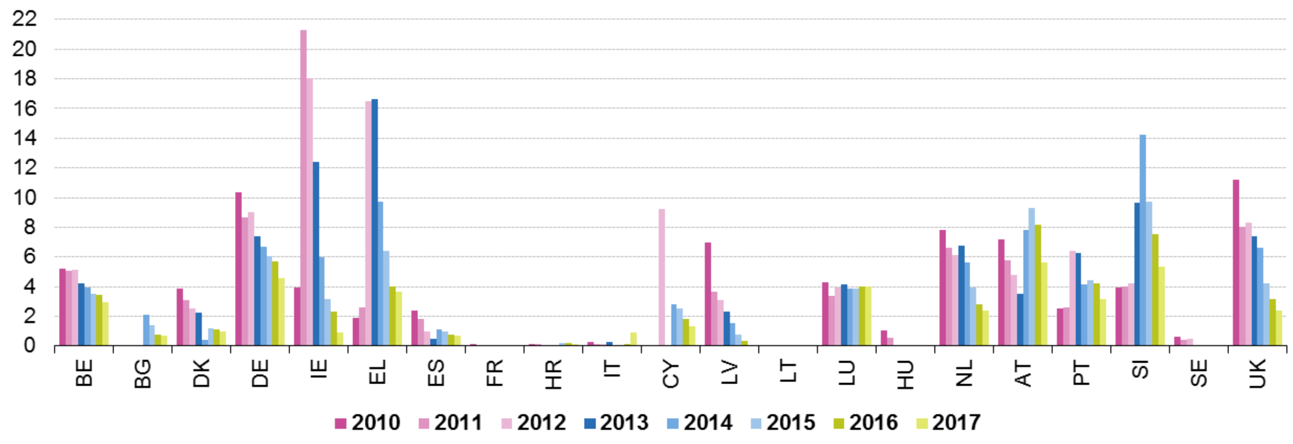
As far as contingent liabilities are concerned (with a potential impact on debt and deficit), they decreased to 154.2 bn euro for the euro area (1.4% of GDP) and for the EU-28 (1.0% of GDP). It is noticeable that there are no contingent liabilities recorded outside the euro area.

Graphs 3 and 4 summarise the impact of interventions on government assets and debt respectively, 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.

In 2017 Italy increased assets and liabilities by 13.3 bn euro and 19.4 bn euro respectively following the precautionary recapitalisation of Monte dei Paschi di Siena and the winding down of Veneto Banca and Banca Popolare di Vicenza.

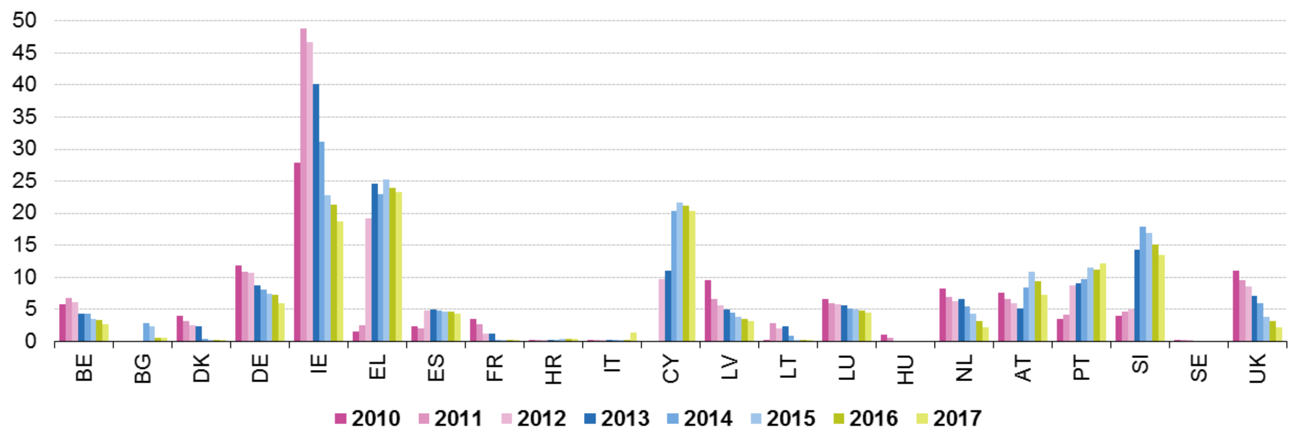
[6] Data for the years 2007-2011 are not included in Table 3 and in some graphs. However, these data are available in individual tables and a summary table published on the Eurostat website.

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



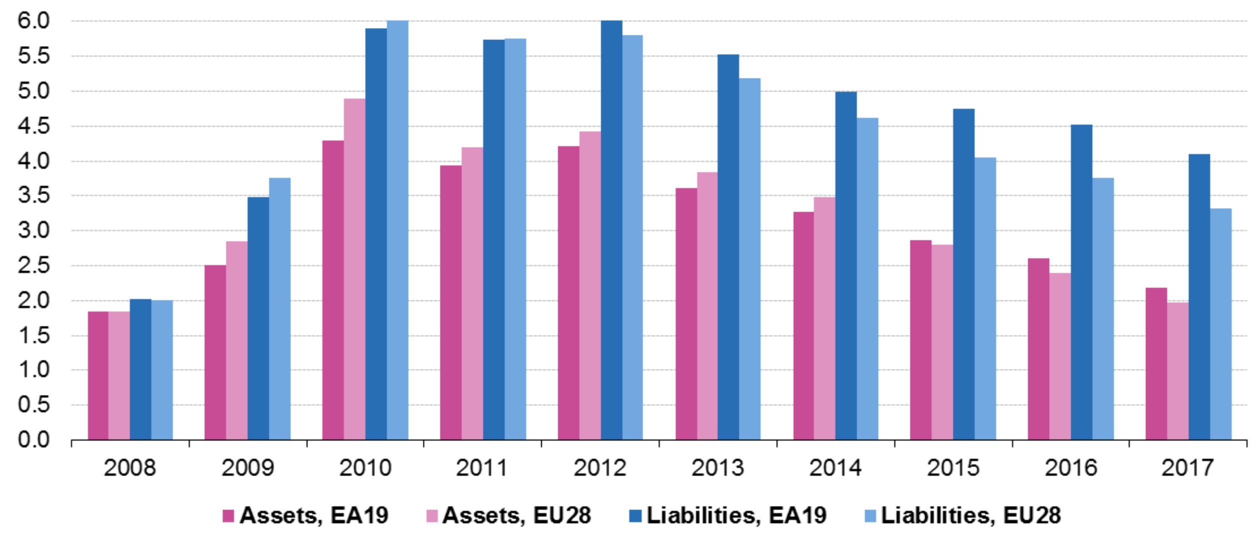
Graph 4 presents the impact on government debt resulting from government interventions since 2010. The largest impact, however reduced compared to the previous years, on the government debt at end-2017 is observed in Ireland, Cyprus and Greece where government debt arising from support to financial institutions was at 23.3%, 20.4% and 23.3% of GDP respectively. Over the period 2010-2017 the impact was also large in Belgium, Germany, Spain, Latvia, Luxembourg, the Netherlands, Austria, Portugal, Slovenia and the United Kingdom, where at least once the annual impact of such liabilities reached almost 5% of GDP. In some of those Member States a steady reduction of impact is observed over the last few years.

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



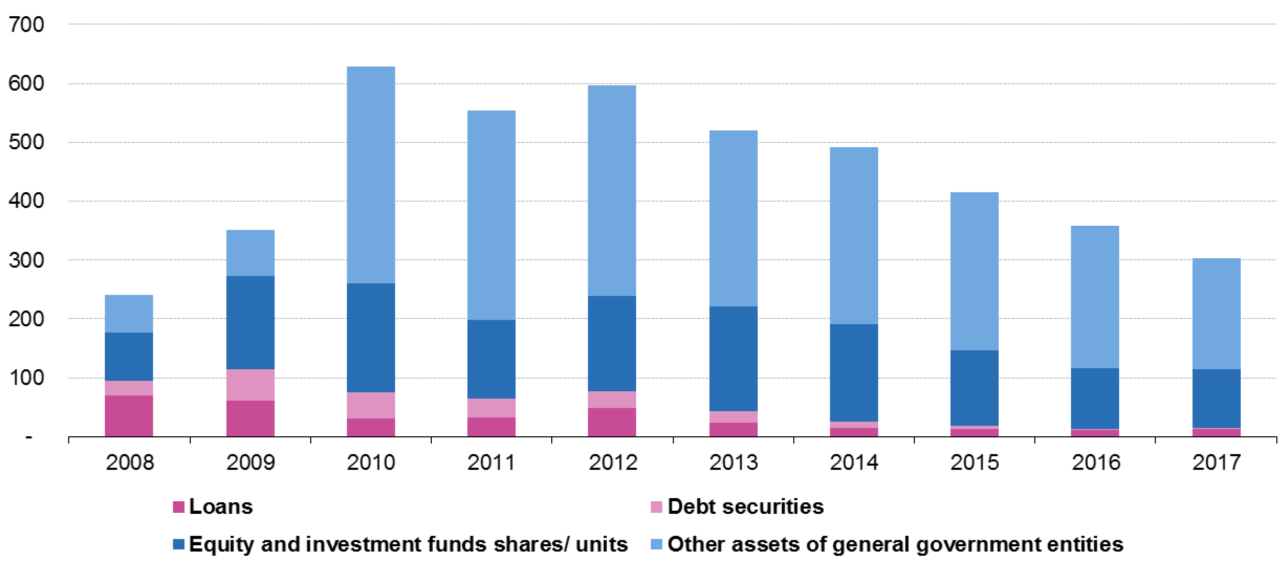
The impact on the stock of government assets and liabilities (debt) due to government interventions to support financial institutions across the euro area and the EU-28 is summarised in Graph 5. Both assets and liabilities gradually increased in the period 2008-2010 with the stock of liabilities consistently exceeding that of assets. The reduction in assets and liabilities arising from the support to financial institutions in Germany was the biggest contributor to the decrease in assets and liabilities in the euro area observed in 2013, while the decrease in both assets and liabilities in the UK also significantly contributed to the fall in the EU-28 figures in the same year. In 2014, 2015, 2016 and 2017 assets and liabilities in both areas continued their decreasing trend.

Graph 5. Impact of interventions on government assets and liabilities, euro area (EA-19) and EU-28 (% of GDP)



Graph 6 below shows developments in the structure of assets from 2008 to 2017. In 2017 the outstanding assets acquired by the EU governments were mainly attributable to acquisition of equity and investment fund shares/units (33.0% of the total 2017 assets value), and to other assets of general government entities[7] (62.2% of the total value). Only 0.3% of the total for 2017 is due to debt securities while the remaining amount (4.4%) is linked to loans granted to financial institutions by government or acquired from financial institutions.

Graph 6. Structure of government assets related to interventions, EU-28 (billion euro)

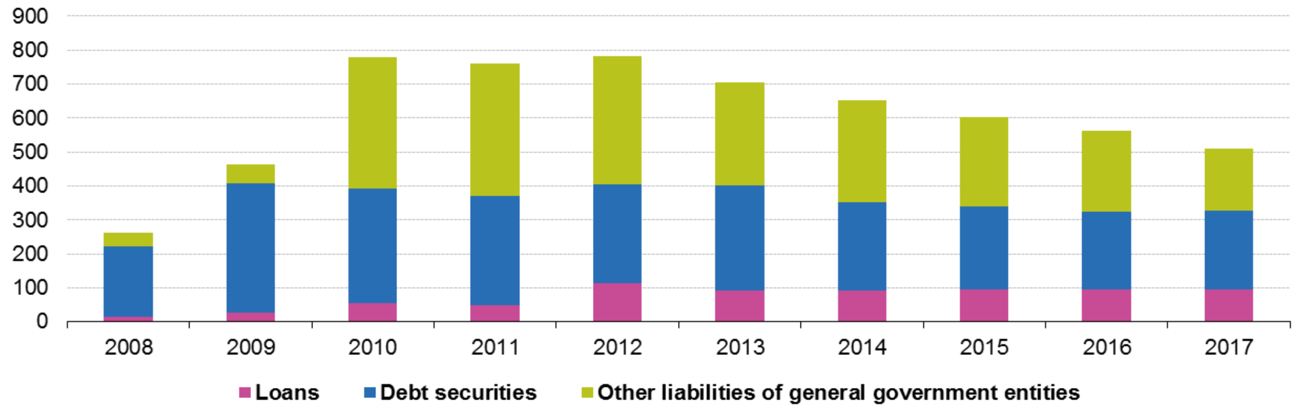


The increase in the amount attributed to the category "other assets of general government entities" in 2010 is mainly due to the transfer of assets into federal and state-level liquidation agencies in Germany.

[7] 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 2017 the EU governments financed their interventions predominantly by issuances of debt securities[8] (45.5% of the total amount) and other liabilities of general government entities[9] (36.1%). The remaining amount was due to the incurrence of loans (18.4%). Developments in the structure of liabilities from 2008 to 2017 are summarised in Graph 7 below.

Graph 7. Structure of government liabilities related to interventions, EU-28 (billion 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 euro area Member States that undertook such interventions, they resulted 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 and since 2015 Greece report no such contingent liabilities . For the period 2007-2017, five Member States (Denmark,[10] Ireland,[11] Spain[12], France[13], and Austria[14]) have reported contingent liabilities relating to special purpose vehicles.

The level of contingent liabilities per country is presented in the graph below for the period 2010 to 2017.

[8] 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.

[9] 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.

[10] A state guarantee to cover losses in Roskilde Bank.

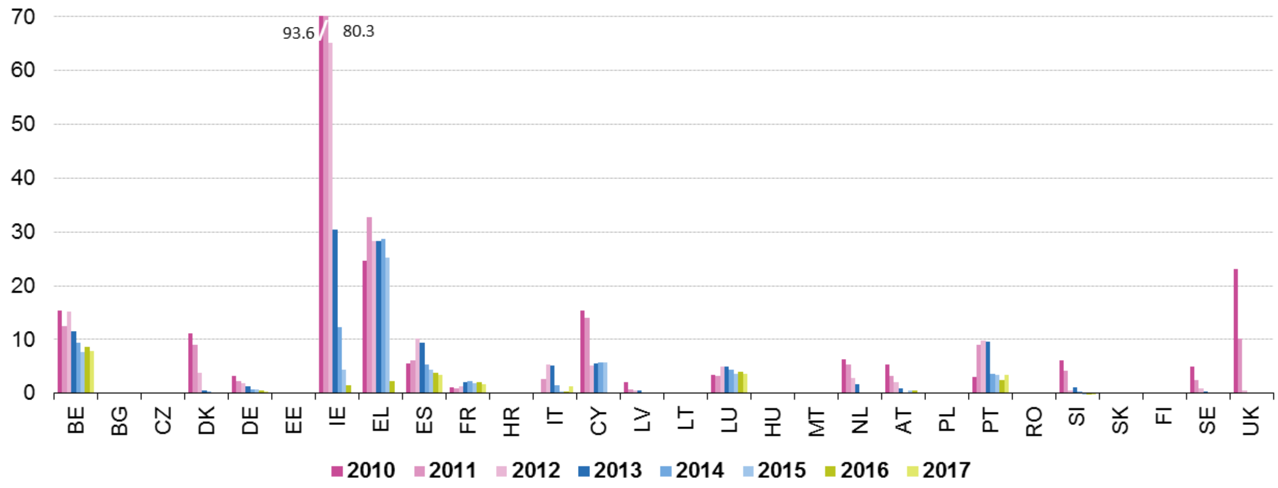
[11] A special purpose vehicle related to the National Asset Management Agency (NAMA).

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

[13] From 2008 to 2013.

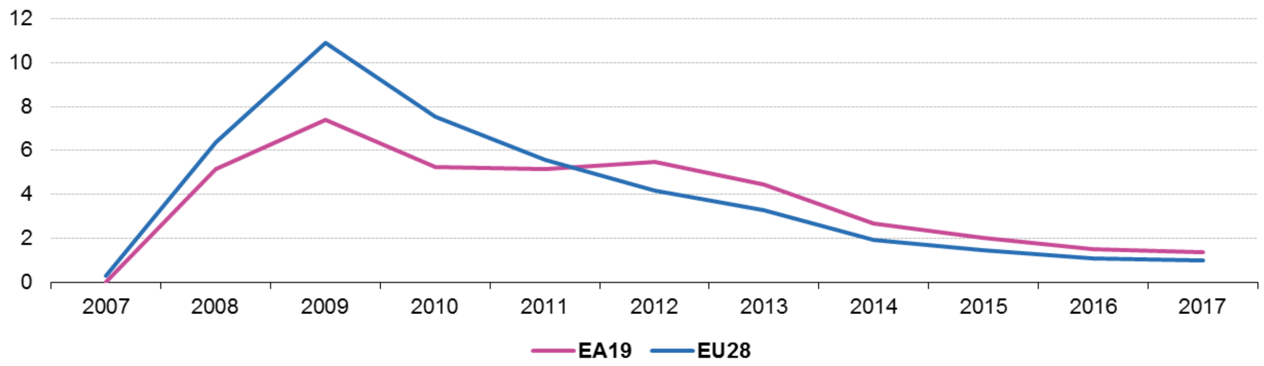
[14] A guarantee on the activities of the Clearingbank (wound up in 2011) and since 2017 Austria does record no contingent liabilities.

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



Over 2007-2017, the highest level of contingent liabilities in relation to GDP is observed in Ireland[15]. Seven Member States (Belgium, Denmark, Greece[16], Spain, Cyprus[17], the Netherlands[18] and the United Kingdom) reported significant levels of contingent liabilities over the same period, ranging from 10% to about 30% of GDP.

Graph 9. Level of contingent liabilities in the euro area (EA-19) and the EU-28 (% of GDP)



The stocks of contingent liabilities in the euro area and the EU-28 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 in Germany, Ireland, the Netherlands and the United Kingdom. In 2012 contingent liabilities decreased in the EU-28, 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 offset the decrease in contingent liabilities in several other euro area Member States, mainly Ireland, France and the Netherlands.

[15] These include a peak of 187.97% of GDP in year 2008.

[16] The high level of contingent liabilities observed in Greece in 2010 - 2015 mainly results from guarantees granted on liabilities of financial institutions.

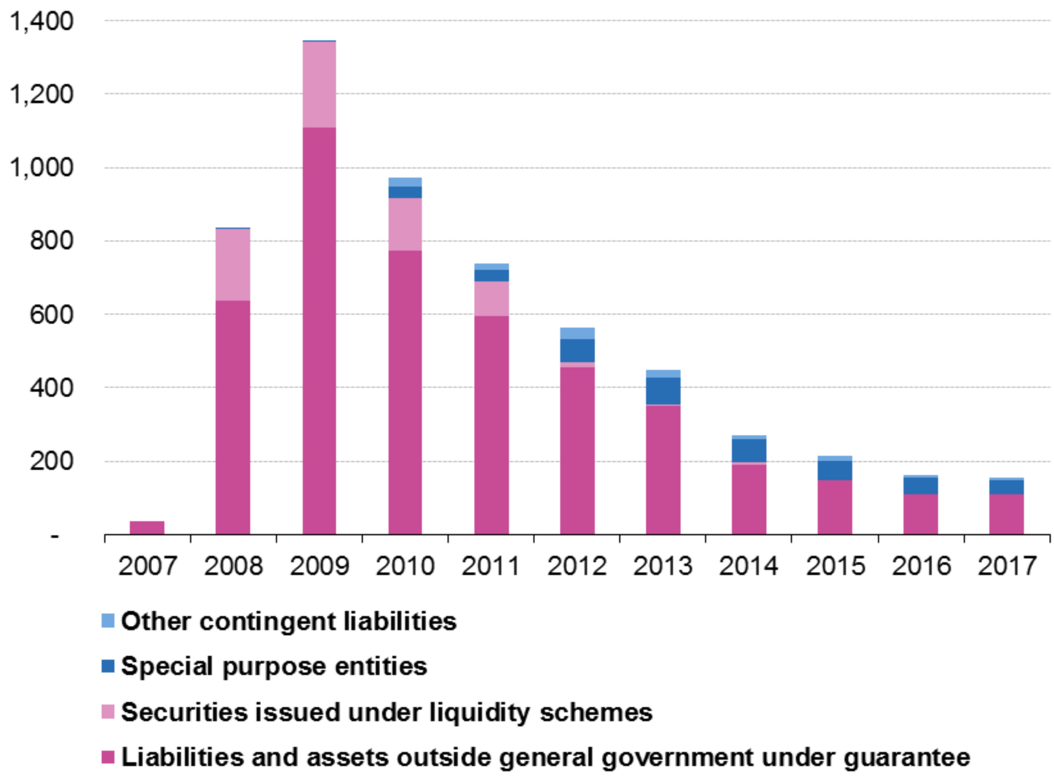
[17] From 2009 to 2015

[18] The highest peak reported for the Netherlands was 12.9% of GDP in year 2009 (none since 2014).

In 2013, both figures decreased slightly. In 2014, there were reductions in the amounts of guarantees in a number of Member States, notably Ireland, Spain and Italy, leading to further decreases in contingent liabilities in both the euro area and the EU-28. In 2015, 2016 and 2017, the decreasing trend was maintained in both zones, due to reductions in the level of contingent liabilities mainly in Belgium, Germany and Ireland.

Looking at the structure of contingent liabilities in 2017, the major part is attributable to guarantees granted on financial institutions' assets and/or liabilities (71.4% of the total value). The remaining contingent liabilities represented operations related to special purpose vehicles (25.5%). The category "other contingent liabilities" (3.1% of the total amount for 2017) mainly represents 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 2017 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 EU-28.

Graph 10. Structure of contingent liabilities, EU-28 (billion 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)

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.[19]
- 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

[19] 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. 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 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[20] 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 schemes[21], for instance, for repurchase agreements and securities lending.
- Liabilities of special purpose entities[22] 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.

[20] In Council Regulation 479/2009, 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.

[21] 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".

[22] 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.