This article focuses on the annual stock of financial assets and liabilities for non-financial corporations in the European Union (EU) and the euro area; note there is a complementary article that provides similar information for financial assets and liabilities of households.

The non-financial corporations sector comprises all private and public corporate enterprises that produce goods or provide non-financial services to the market. Across the EU-28, the financial assets of non-financial corporations mainly comprise equity and investment fund shares, loans, other accounts receivable, and currency and deposits. The financial liabilities of non-financial corporations mainly comprise equity and investment fund shares, loans and other accounts payable.

The data presented in this article relate to a detailed set of non-consolidated financial balance sheets for the non-financial corporations sector released by Eurostat. Note that statistics detailing the financial account may be consolidated or non-consolidated; the latter record not only transactions between sectors but also transactions within the same sector.

The article provides an analysis of financial assets and liabilities of non-financial corporations across the EU-28 and the euro area (EA-19), as well as for individual EU Member States, three EFTA countries and Turkey for the latest year available (2017) and for developments over the previous 10 years. Some indicators are presented in relation to gross domestic product (GDP), which is beneficial for making cross-country comparisons, especially between countries of different size.

Value of assets and liabilities in the EU

The value of financial liabilities for non-financial corporations was much greater than the value of their financial assets.

Total financial assets of non-financial corporations in the EU-28 were valued at EUR 31,294 billion in 2017 (see Figure 1); this was much lower than the value of their financial liabilities, which stood at EUR 48,069 billion.

In 2007, total financial assets of EU-28 non-financial corporations represented 58.0% of total financial liabilities. However, this ratio rose in successive years during the last 10 years, such that total financial assets represented 65.1% of total financial liabilities by 2017.

In the years prior to the onset of the global financial and economic crisis, there was a marked rise in the debt levels (indebtedness) of non-financial corporations. However, the total value of financial assets and liabilities of non-financial corporations in the EU-28 and the euro area fell considerably in 2008. Thereafter, the value of both assets and liabilities rebounded in 2009 and 2010, remained relatively unchanged in 2011, and then followed an upward development throughout the period 2012 to 2017.
When compared with the situation prior to the global financial and economic crisis (in other words, data for 2007), the value of the financial assets for EU-28 non-financial corporations had returned to their pre-crisis levels by 2010, while it took an additional two years before the value of total financial liabilities did so. These developments in the wake of the crisis may reflect, at least to some degree, a reassessment of asset valuations, balance sheet adjustments and a reduction in corporate debt.

Corporate debt, defined as debt securities and loans as a percentage of GDP, is an important measure of the financial solvency of non-financial corporations. Between 2007 and 2017 corporate debt increased from 87.8 % to 96.5 % of GDP. The debt to equity ratio, defined as debt securities and loans divided by equity and investment fund shares, is an important measure of financial leverage. Between 2007 and 2017 the ratio fell from 57.7 % to 55.9 %.

**Figure 1:** Developments for total financial assets and liabilities of non-financial corporations, EU-28 and EA-19, 2007-2017 (billion EUR)

The ratio of financial assets and liabilities relative to GDP is shown in Figure 2. The financial assets and liabilities of non-financial corporations in the EU-28 represented, on average, 175.5 % and 283.1 % of GDP during the period covering 2007-2017.

The ratio for total financial assets of EU-28 non-financial corporations fell from a peak of 163.5 % (relative to GDP) in 2007 to 147.1 % in 2008, while there was a larger reduction when analysing the ratio for financial liabilities as this fell from 282.1 % to 242.0 %. The impact of the global financial and economic crisis was relatively short-lived for financial assets, as their value in relation to GDP immediately rebounded in 2009 to a similar (but slightly higher) level as that recorded before the crisis, whereas it was not until 2013 that the ratio
of financial liabilities relative to GDP returned to and passed its pre-crisis level.

Figure 2: Developments for total financial assets and liabilities of non-financial corporations relative to GDP, EU-28 and EA-19, 2007-2017(%, relative to GDP)Source: Eurostat (nasa_10_f_bs)

Structure of assets and liabilities in the EU

Equity and investment fund shares: the most prominent form of asset and liability

Equity and investment fund shares, loans, other accounts receivable, and currency and deposits together made up 97.5% of the total financial assets of EU-28 non-financial corporations in 2017 (see Figure 3). Equity and investment fund shares accounted for the highest share, at half of the total (50.3%). Within this instrument category, equity accounted for around 95% of the total.
In 2017, equity and investment fund shares, loans, other accounts payable, and debt securities together made up 97.1% of the total financial liabilities of EU-28 non-financial corporations (see Figure 4). The share of equity and investment fund shares in total financial liabilities was even higher than for assets, reaching 55.2%. As with assets, equity liabilities represented around 95% of this instrument category.
Developments in the EU

The information presented in Figures 5 and 6 is in the form of indices, each series starting with a value of 100 in 2007. It is important to bear in mind the relative weight of each financial instrument in total financial assets and liabilities (as shown in Figures 3 and 4) when considering their developments over time.

During the period 2007-2017, there was steady and almost uninterrupted growth in the value of loans that were held as financial assets by EU-28 non-financial corporations (see Figure 5); a similar pattern with slightly lower growth rates was observed for currency and deposits. By contrast, there was a more mixed development for equity and investment fund shares, as their asset value fell by 22.8% between 2007 and 2008, before rebounding (aside from a small fall in 2011) with particularly rapid growth in 2009 and 2015. The value of financial assets held by EU-28 non-financial corporations in the form of insurance, pensions and standardised guarantees fell between 2007 and 2017.

It should be noted that the values of equity and investment fund shares, debt securities and financial derivatives are affected by changes in prices of these instruments in financial markets.
Figure 5: Developments for financial assets of non-financial corporations by financial instrument, EU-28, 2007-2017 (index, 2007 = 100) Source: Eurostat (nasa_10_f_bs)

Figure 6 shows similar information for the development of various financial liabilities held by EU-28 non-financial corporations. The value of liabilities for each financial instrument was higher in 2017 than in 2007, although there were some relatively large fluctuations from one year to the next during the period under consideration; this was particularly true for insurance, pensions and standardised guarantees and financial derivatives and employee stock options (note however, that these accounted for just 2.5 % and 0.3 % of total financial liabilities respectively in 2017).

In a similar development to that for assets, the value of liabilities for equity and investment fund shares fell sharply (down 27.3 %) between 2007 and 2008, but thereafter recovered (apart from a fall in 2011). By contrast, there was a relatively stable development for the second most used instrument, loans, as the value of liabilities rose by 0-6 % per annum during the period 2008-2017, aside from modest reductions of no more than 1.1 % in 2009 and 2013.
Developments for financial liabilities of non-financial corporations by financial instrument, EU-28, 2007-2017
(index, 2007 = 100)

Relative share of EU Member States within the EU

France: more than one quarter of the EU-28’s financial assets and between one fifth and one quarter of its liabilities

In 2017, non-financial corporations in France held the highest share (28.2 %) of total financial assets held by non-financial corporations in the EU-28, followed by those from Germany (13.9 %), the United Kingdom (8.7 %), the Netherlands (8.6 %) and Spain (7.7 %). French non-financial corporations also had the highest share (23.0 %) of EU-28 financial liabilities, followed by non-financial corporations from the United Kingdom (13.5 %), Germany (12.8 %) and Italy (8.1 %). The high share of France in EU-28 financial assets and liabilities relative to Germany is associated with a relatively high share of inter-company asset positions. Excluding these positions, the data for Germany and France are broadly similar.

A comparison between the shares of financial assets and financial liabilities for each EU Member State reveals that these were generally quite similar. However, non-financial corporations in France held a considerably higher share of the EU-28’s total financial assets than their share of EU-28 total financial liabilities (a difference of 5.2 percentage points ), while the opposite was true in the United Kingdom, as its share of EU-28 financial liabilities was 4.7 points higher than its share of financial assets; Italy also had a notably higher share of financial liabilities, with a difference of 2.3 points when compared with its share of financial assets.

It is interesting to note that some of the relatively small EU Member States accounted for quite high shares of EU-28 financial assets and liabilities. This was particularly true for non-financial corporations in Ireland and Luxembourg, which may reflect, at least in part, the activities of multinational corporations and the impact of foreign direct investment (FDI) ; note that the majority of the indigenous non-financial corporations in these
economies are relatively small and are largely reliant on domestic credit institutions, while multinationals tend to have much greater access to a broader range of international sources of finance.

Figure 7: Member States’ share of total financial assets and liabilities of non-financial corporations, 2017 (% of EU-28 total)

Developments in the EU Member States

Average annual growth rates for total financial assets and liabilities of non-financial corporations are shown in Figure 8. Across the whole of the EU-28 financial assets rose, on average, by 3.9 % per annum during the period 2007-2017, while the growth rate for financial liabilities was somewhat lower at 2.7 % per annum.

Among the EU Member States, the highest average annual growth rates for the period 2007-2017 were recorded in Ireland and Malta, with the value of financial assets held by non-financial corporations rising on average by 15.2 % and 10.0 % per annum, while the value of financial liabilities rose by an average of 13.9 % and 7.3 % per annum. A majority (17) of Member States saw the value of their non-financial corporations’ financial assets and liabilities rise on average by 1.0-7.5 % per annum, although there were several Member States where growth was more subdued or where the value of assets and liabilities was actually lower in 2017 than in 2007. Greece and Slovenia recorded lower values both for assets and liabilities, while Spain also recorded a negative rate for liabilities (as well as relatively low, but positive, growth for assets). The speed at which financial assets and liabilities of non-financial corporations grew was also relatively modest in Romania, while the same was true for assets in Luxembourg, and for liabilities in Italy and Portugal.
The value of financial assets for Irish non-financial corporations relative to GDP nearly trebled between 2007 and 2017. In keeping with the overall figures for the EU-28 it was commonplace to find that these ratios generally rose during the period under consideration.

In Ireland, the value of total financial assets of non-financial corporations relative to GDP was 2.8 times as high in 2017 as it had been in 2007, while the next highest rate of change was recorded in the Netherlands (another economy where multinational corporations play a relatively important role) where the 2017 value was 1.7 times as high as the 2007 value. Despite a reduction in their value of financial assets relative to GDP, non-financial corporations in Luxembourg continued to record the highest ratio among the EU Member States (786 % in 2017). Aside from Luxembourg, there were five other EU Member States where a decline was reported between 2007 and 2017: Spain, Slovenia, Bulgaria, Romania and Greece.

The value of total financial liabilities of non-financial corporations relative to GDP also rose at a rapid pace in Ireland: the value of liabilities was 2.5 times as high in 2017 as in 2007. The ratio of the value of financial liabilities to GDP peaked in Luxembourg at 871 % in 2017, followed by Ireland (689 %) and Sweden (559 %). There were 10 EU Member States where a decline was reported when comparing the value of financial liabilities relative to GDP between 2007 and 2017: Portugal, Italy, Greece, Czechia, Lithuania, Spain, Bulgaria, Luxembourg, Slovenia and Romania.
The final two figures in this article present information relating to an analysis of financial assets (Figure 10) and financial liabilities (Figure 11) by financial instrument.

As already shown, across the EU-28 equity and investment fund shares were the principal instrument held by non-financial corporations for both assets and liabilities. This pattern was repeated in a majority of the EU Member States in 2017, with equity and investment fund shares accounting for at least half of the total value of the financial assets held by non-financial corporations in Belgium, Denmark, Luxembourg, the Netherlands, Spain, Sweden and France. In the Member States where equity and investment fund shares did not record the highest share of total financial assets, it was common to find that the principal instrument was other accounts receivable/payable, the only exceptions being Greece (where more than half of all financial assets were held as currency/deposits) and Malta (where just less than one third of all financial assets were held in the form of loans).
In 2017, equity and investment fund shares accounted for the highest share of total financial liabilities of non-financial corporations in all but two of the EU Member States. Their share of total financial liabilities rose above 50.0% in 15 Member States, with shares of more than 60.0% in Denmark, France and Sweden. In Malta, loans were the principal instrument held by non-financial corporations and their share of total financial liabilities was 45.0%. Romania was an exception insofar as it was the only Member State to report that other accounts receivable/payable were the principal liability of non-financial corporations (48.8% of total financial liabilities in 2017).
Figure 11: Financial liabilities of non-financial corporations by financial instrument, 2017 (% share of total financial liabilities of non-financial corporations)

Source: Eurostat (nasa_10_f_bs)

Source data for tables and graphs

The detailed tables are available [here](#).

- Non-financial corporations financial assets and liabilities: tables and figures

Data sources

The compilation of financial accounts follows the [European System of Accounts 2010 (ESA 2010)](#). The financial account and balance sheet

Eurostat’s website includes detailed financial accounts by country. Financial accounts are published in consolidated and non-consolidated forms; within this article the latter are presented. As a rule, the accounting entries in ESA 2010 are non-consolidated, as a consolidated financial account requires information on the counterpart grouping of institutional units. Note that data for the EU-28 and euro area (EA-19) aggregates are calculated as a sum of data for EU Member States; no adjustment is made for flows between Member States.

The non-financial corporations sector

In general, sole proprietorships and most partnerships that do not have an independent legal status are considered to be part of the household sector, rather than as corporations (financial or non-financial). However, there are sometimes practical difficulties in delineating 'quasi-corporations' (unincorporated businesses with the characteristics of companies) between corporations on one hand and the household sector on the other, which may influence the scope and comparability of the data presented as well as the internal consistency of the full
set of accounts.

**Context**

Financial accounts form part of the national accounting framework, and are compiled in the EU in accordance with the *European system of national and regional accounts (ESA 2010)*. They are a significant tool for analysing financial developments and policy decisions, and provide key statistical information on financial transactions, other financial flows, and financial balance sheets by *institutional sector*, including non-financial corporations. Particular issues relating to the non-financial corporations sector include the indebtedness of the sector, its debt servicing burden and its impact on access to external finance as well as its capacity to withstand economic shocks. Indeed, since the global financial and economic crisis, financial accounts for non-financial corporations have been integrated into an enlarged set of policy indicators that are used to monitor private sector debt as part of the macroeconomic imbalance procedure (MIP) surveillance mechanism.

Financial accounts show how borrowers obtain resources by incurring liabilities or reducing assets, and how lenders allocate their surpluses by acquiring assets or reducing liabilities. The types of assets and liabilities that non-financial corporations hold carry different levels of risk and can be used to assess financial risk, vulnerability and welfare.

**Other articles**

*Households — statistics on financial assets and liabilities*

**Tables**

- Annual sector accounts (ESA 2010) (t_nasa_10)

**Database**

- Annual sector accounts (ESA 2010) (nasa_10), see:

  Key indicators (nasa_10 Ki)
  
  Non-financial transactions (nasa_10_nf_tr)
  
  Financial flows and stocks (nasa_10_f)
  
  Financial balance sheets (nasa_10_f-bs)

**Dedicated section**

- Institutional sector accounts

**Methodology**

- European system of accounts — ESA 2010
  
  Financial flows and stocks (Eurostat metadata)
  
  Publications of sources and methods for compilation of annual financial accounts
  
  Key legal documents for ESA 2010