

# Press release

20 February 2025

## Financial statements of the ECB for 2024

- ECB reports loss of €7.9 billion (2023: loss of €1.3 billion)
- Losses will be offset against future profits

The European Central Bank's (ECB's) financial statements for 2024 show a loss of €7,944 million, which is comparable to the loss of €7,886 million reported in 2023 before the transfer from risk provisions. In 2023 the full release of the provision for financial risks of €6,620 million reduced the loss for that year to €1,266 million, while in 2024 no losses could be covered by this provision as its balance stood at zero. The 2024 loss, like the loss from the previous year, will remain on the ECB's balance sheet to be offset against future profits. As a result of the loss, there will be no profit distribution to euro area national central banks for 2024.

The losses come after many years of substantial profits and are the result of policy actions taken by the Eurosystem that were necessary to fulfil its primary mandate of maintaining price stability. These policies required the ECB to expand its balance sheet by purchasing financial assets, mostly with fixed interest rates and long maturities. This was accompanied by a corresponding increase in liabilities, on which the ECB pays interest at variable rates. Thus, increases in the ECB's key interest rates in 2022 and 2023, which were aimed at combating high inflation in the euro area, resulted in immediate increases in interest expenses on these liabilities, while interest income on the ECB's assets, in particular on securities purchased under the asset purchase programme (APP) and the pandemic emergency purchase programme (PEPP), did not increase to the same extent.

The ECB may still incur losses in the coming years. Should this be the case, any such losses are expected to be lower than those incurred in 2023 and 2024. Thereafter, the ECB is expected to return to making profits. In any case, the ECB can operate effectively and fulfil its primary mandate of maintaining price stability regardless of any losses. Its financial strength is further underlined by its capital and its substantial revaluation accounts, which together amounted to €59 billion at the end of 2024, €13 billion higher than at the end of 2023.

The ECB's interest income and expenses in 2024 were as follows:

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|  | 2024<br>€ millions | 2023<br>€ millions | Change<br>€ millions |
|--|--------------------|--------------------|----------------------|
| Foreign reserves   | 2,537              | 2,382              | 155                  |
| Securities held for monetary policy purposes                             | 3,850              | 3,467              | 383                  |
| Claims related to the allocation of euro banknotes within the Eurosystem | 5,232              | 4,817              | 415                  |
| NCBs' claims in respect of foreign reserves transferred                  | (1,448)            | (1,335)            | (114)                |
| TARGET balances due from/to NCBs   | (15,674)           | (14,236)           | (1,439)              |
| Other  | (1,479)            | (2,288)            | 809                  |
| <b>Net interest income/(expense)</b>                                     | <b>(6,983)</b>     | <b>(7,193)</b>     | <b>210</b>           |

In 2024, as in 2023, the fact that interest expenses were higher than interest income was mainly driven by the significant interest expense on the ECB's net TARGET liability. Since this liability was remunerated at the interest rate on the main refinancing operations (MRO rate), the higher average MRO rate of 4.1% in 2024 (2023: 3.8%) resulted in an increase in this expense. The higher average MRO rate also led to increases in the interest income on claims related to the allocation of euro banknotes in circulation and the interest expense payable to the NCBs as remuneration of their claims in respect of foreign reserves transferred to the ECB. The interest income on securities held for monetary policy purposes also increased, mainly on government securities held under the PEPP. The interest income on foreign reserves was higher, largely coming from securities denominated in US dollars.

Write-downs amounted to €269 million (2023: €38 million) and resulted mainly from the decline in the market value of a number of securities held in the US dollar portfolio and the depreciation of the Japanese yen, which led to a reduction in the value of the related currency holding.

Total staff costs increased to €844 million (2023: €676 million), mainly owing to the higher costs of post-employment benefits arising from an amendment to the rules governing the ECB's pension plans in 2024. Other administrative expenses increased to €626 million (2023: €596 million), mainly owing to higher IT spending in relation to the digital transformation, while also reflecting the impact of inflation.

Supervisory fee income (fees charged to supervised banks to recover expenses incurred by the ECB in the performance of its supervisory tasks) amounted to €681 million (2023: €654 million).

The total size of the ECB's balance sheet decreased by €33 billion to €641 billion (2023: €673 billion), mainly reflecting the gradual decline in APP holdings owing to redemptions.

## Consolidated balance sheet of the Eurosystem

At the end of 2024 the size of the balance sheet of the Eurosystem, which comprises assets and liabilities of the euro area NCBs and the ECB vis-à-vis third parties, stood at €6,428 billion (2023:

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€6,887 billion). The reduction compared to 2023 was due to the decline in securities held for monetary policy purposes to €4,283 billion (2023: €4,694 billion), mainly owing to redemptions. APP holdings decreased by €353 billion to €2,673 billion, as reinvestment of maturing assets ceased in July 2023, while PEPP holdings decreased by €57 billion to €1,609 billion, with maturing assets being only partially reinvested in the second half of 2024. Furthermore, Eurosystem lending operations decreased to €34 billion (2023: €410 billion), largely as a result of the maturing of the third series of targeted longer-term refinancing operations (TLTRO III). The resulting decline was partially offset by the increase in the euro-equivalent value of the Eurosystem's holdings of gold to €872 billion (2023: €649 billion) owing to the rise in the market price of gold in euro terms.

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## Notes

- The numbers presented may not add up due to rounding.
- Further information on [TARGET Services](#) can be found on the ECB's website.
- For more information about the sources of profits and losses of the ECB and the euro area national central banks, see the related [explainer](#).
- On 13 March 2024 the Governing Council decided on a [set of principles that would guide monetary policy implementation](#) in the future and that, among other key parameters, it would continue to steer the monetary policy stance through the deposit facility rate. In this context, the Governing Council also decided that, as of 1 January 2025, the deposit facility rate would become the basis for the remuneration of (i) TARGET balances due from/to euro area NCBs, (ii) claims related to the allocation of euro banknotes within the Eurosystem, and (iii) liabilities equivalent to the transfer of foreign reserves.
- Further details on the financial accounting and reporting policies of the ECB and the Eurosystem and on the ECB's annual accounts can be found in [Decision \(EU\) 2024/2938 of the European Central Bank of 14 November 2024 on the annual accounts of the European Central Bank \(ECB/2024/32\)](#) (OJ L, 2024/2938, 11.12.2024) and [Guideline \(EU\) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks \(ECB/2024/31\)](#) (OJ L, 2024/2941, 11.12.2024) and on the ECB's website.
- The consolidated balance sheet of the Eurosystem is based on provisional data. The final annual consolidated balance sheet of the Eurosystem will be published in June.

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