

Press release

23 February 2023

Financial statements of the ECB for 2022

- ECB profit zero in 2022 (2021: €0.2 billion) after release of €1.6 billion from provision for financial risks
- No profit distribution to euro area national central banks

The European Central Bank's (ECB's) audited financial statements for 2022 show that the **ECB's profit was zero** (2021: €192 million) and thus there will be **no profit distribution to the euro area national central banks (NCBs)**. This result takes into account a release of €1,627 million from the provision for financial risks to cover losses incurred during the year. These losses mainly arose from the interest expense resulting from the ECB's net TARGET2 liability and security write-downs in the own funds and US dollar portfolios. After the release, the provision for financial risks declined to €6,566 million.

Net interest income totalled €900 million in 2022 (2021: €1,566 million). The main driver of the decrease compared to the previous year was the interest expense resulting from the ECB's net TARGET2 liability, which amounted to €2,075 million (2021: €22 million interest income). Interest income earned on the ECB's share of total euro banknotes in circulation and interest expense paid to the NCBs as remuneration of their claims in respect of foreign reserves transferred to the ECB amounted to €736 million and €201 million respectively (2021: zero for both). These changes resulted from increases in the interest rate on the Eurosystem's main refinancing operations to levels above 0% since 27 July 2022. Net interest income from securities held for monetary policy purposes increased to €1,534 million (2021: €1,006 million), while net interest income on foreign reserve assets increased to €798 million (2021: €197 million). These increases resulted mainly from higher euro area and US yields respectively.

Write-downs amounted to €1,840 million (2021: €133 million), mainly stemming from unrealised price losses on securities held in the own funds and US dollar portfolios owing to increased bond yields.

Impairment tests were conducted on the securities held by the ECB in its monetary policy portfolios, which are valued at amortised cost (subject to impairment). Based on the results of these tests, no impairment losses were recorded for these portfolios.

Total staff costs decreased to €652 million (2021: €674 million), mainly as a result of actuarial valuation gains relating to other long-term benefits. **Other administrative expenses increased to €572 million** (2021: €564 million), mainly because of a gradual return to normal levels of activity following the pandemic and the ongoing development and improvement of banking supervision-related IT systems.

Supervisory fee income, derived from fees charged to recover expenses incurred by the ECB in the performance of its supervisory tasks, **amounted to €594 million** (2021: €578 million).

The total size of the ECB's Balance Sheet increased by €19 billion to €699 billion (2021: €680 billion). This increase was mainly due to securities purchased under the pandemic emergency purchase programme (PEPP) and the asset purchase programme (APP).

The ECB's total paid-up capital increased by €0.6 billion to €8.9 billion after the payment of the second instalment by the euro area NCBs of their increased subscriptions as a result of the Bank of England's withdrawal from the European System of Central Banks on 31 January 2020 in connection with the United Kingdom's departure from the EU.

Consolidated balance sheet of the Eurosystem

At the end of 2022 the size of the **consolidated 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 €7,956 billion (2021: €8,564 billion). The reduction compared to the previous year was mainly due to the decrease in Eurosystem lending operations as a result of early repayments and maturing of amounts borrowed in the third series of targeted longer-term refinancing operations (TLTRO III), which was partially offset by higher holdings of monetary policy securities as a result of purchases under the APP and the PEPP.

The Eurosystem's holdings of securities held for monetary policy purposes rose by €224 billion to €4,937 billion (2021: €4,713 billion). APP holdings increased by €130 billion to €3,254 billion and PEPP holdings increased by €100 billion to €1,681 billion.

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Notes:

- The numbers presented may not add up due to rounding.
- 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 \(EU\) 2016/2247 of the ECB of 3 November 2016 on the annual accounts of the ECB \(ECB/2016/35\) \(OJ L 347, 20.12.2016, p. 1\)](#) and [Guideline \(EU\) 2016/2249 of the European Central Bank of 3 November 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks \(ECB/2016/34\) \(OJ L 347, 20.12.2016, p. 37\)](#) and on the [ECB's website](#).
- The consolidated balance sheet of the Eurosystem is based on provisional unaudited data. The annual accounts of all the Eurosystem national central banks will be finalised by the end of May 2023, and the final annual consolidated balance sheet of the Eurosystem will be published thereafter.

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