

EURO AREA FINANCIAL CORPORATIONS ENGAGED IN LENDING (FCLs) STATISTICS

EXPLANATORY NOTES

Coverage of institutions and legal basis

These statistics present the assets and liabilities of the financial corporations engaged in lending to households and non-financial corporations (FCLs) resident in the euro area. FCLs form a sub-sector of “Other financial intermediaries, except insurance corporations and pension funds” (OFIs) S.125 in the European System of Accounts (ESA 2010). The statistics are reported by the national central banks (NCBs) to the ECB in accordance with Part 11 of Annex II of Guideline ECB/2014/15 on monetary and financial statistics¹ as amended.

The reporting population comprises FCLs resident in the euro area², including resident subsidiaries of parent companies located outside that territory, and resident branches of institutions that have their head office outside the euro area. However, in line with the ESA 2010, the statistics do not cover FCLs established in offshore locations outside the euro area, even if the management companies of these FCLs are resident in the euro area. For some countries, data have been estimated.

What is a financial corporation engaged in lending (FCL)?

The glossary of Guideline ECB/2014/15 defines FCLs as other financial intermediaries institutions (OFIs), which are financial corporations principally specialised in asset financing for households and non-financial corporations. Corporations specialising in financial leasing,

¹Guideline ECB/2014/15 on monetary and financial statistics (recast) (2014/810/EU) Article 15: “Statistics on OFIs (excluding FVCs) 1. Scope of reporting (a) G e n e r a l NCBs shall report statistical information on OFIs (excluding FVCs) in accordance with Part 11 of Annex II. Data shall be transmitted separately for the following sub-categories of OFIs: (i) SDDs; (ii) FCLs; and (iii) other OFIs.”

https://www.ecb.europa.eu/ecb/legal/pdf/oj_jol_2014_340_r_0001_en_txt.pdf

² Data for Finland, Ireland and Luxembourg are not available.

factoring, mortgage lending and consumer lending are included in this category. These financial corporations may operate under the legal form of a co-operative (building society) or municipal credit institution.

Frequency and timeliness

The statistics are available at annual basis. The time series commence in the year 2010. All FCLs statistics are published with a time lag of one quarter after the end of the calendar year.

The following sections describe the types of available data.

Outstanding amounts

Outstanding amounts, or stock data, refer to the value of assets and liabilities at the end of the reference period (annual, either to the last working day or the last calendar day, depending on national practice).

Differences in outstanding amounts between two periods can arise due to transactions, price revaluations, exchange rate changes in the case of instruments denominated in currencies other than the euro, or statistical reclassifications. The reclassifications are presented as a separate item. Information on other differences in outstanding amounts are not available.

Balance sheet asset and liability categories

All balance sheet positions and differences in stocks are shown on a gross basis, i.e. positions between FCLs are not netted out.

The asset side typically represents the loan portfolio of FCLs however other assets are also included. Four categories are presented and defined according to Guideline ECB/2014/15 on monetary and financial statistics:

- **Loans** include all loans the FCLs have granted to other institutions.

Loans consist of: loans granted to households in the form of credit for consumption, i.e. loans granted for the purpose of mainly personal use in the consumption of goods and services; lending for house purchase, i.e. credit extended for the purpose of investing in houses for own use or rental, including building and refurbishments; and other, i.e. loans granted for purposes other than consumption and house purchase, such as business, debt consolidation, education, etc.; financial leases granted to third parties, bad loans that have not yet been repaid or written off, holdings of non-negotiable securities, subordinated debt in the form of loans.

Valuation rules: loans made by FCLs must be recorded gross of all related provisions, both general and specific, until the loans are written off by the reporting institution, at which point the loans must be removed from the balance sheet. In accordance with the general principle of accruals accounting, interest earned on loans must be subject to on-balance-sheet recording as it accrues, i.e. on an accruals basis, rather than when it is actually received or paid, i.e. on a cash basis. Accrued interest on loans must be classified on a gross basis under the category 'remaining assets'.

- *Equity* includes FCLs' holdings of shares and other equity, representing property rights in corporations or quasi-corporations, to the extent they would engage in this activity. Equity does not include investment fund shares/units. Valuation rules: in line with the ESA 2010, equity must be reported at market value.
- *Debt securities held* include FCLs' holdings of all negotiable debt securities, such as government and corporate bonds, treasury and local authority bills, commercial paper and certificates of deposit. It includes traded loans which have become negotiable on an organised market, provided that there is evidence of secondary market trading. Valuation rules: in line with the ESA 2010, debt securities must be reported at market value.
- *Remaining assets* for FCLs are defined as 'assets not included elsewhere'. This comprises assets such as accrued interest receivable on loans/deposits and accrued rent on buildings, dividends to be received, amounts receivable not related to the main FCLs business, gross amounts receivable in respect of suspense items, gross amounts receivable in respect of transit items, other assets not separately identified e.g. non-financial assets (including fixed assets). Remaining assets also include specific deposits, cash and financial derivatives which are instead separately reported for other OFIs.

On the liability side, four categories are presented:

- *Deposits and loans taken* include any funds the FCLs may have received in the form of deposits or loans (e.g. transferable and other deposits as well as loans granted to FCLs which are either evidenced by non-negotiable documents or not evidenced by documents).
- *Debt securities issued* include FCLs issuance of all negotiable financial instruments other than equity serving as evidence of debt, which are instruments that are usually negotiable and traded on secondary markets or which can be offset on the market and which do not grant the holder any ownership rights over the issuing institution.
- *Capital and reserves* comprise the amounts arising from the issuance of equity capital by FCLs to shareholders or other proprietors, representing for the holder property rights in the FCLs. Funds arising from non-distributed benefits or funds set aside by the OFI in anticipation of likely future payments and obligations are also included.

- *Remaining liabilities* is a residual category and includes any liabilities which are not included in the other liability categories. This item includes financial derivatives.

Loans as presented on the asset side are further broken down by sector. The *sectoral breakdown* available consists of MFIs and non-MFIs.

Publication of FCL statistics

Statistics on FCLs are published on an annual basis.

Publications consist of a PDF table, within the *Report* section of the ECB's Statistical Data Warehouse (SDW), presenting euro area aggregates at annual basis - the underlying data can be downloaded directly from the SDW. For some countries, the individual country data will be available only at a later stage.