

Réf.: C2.09-0600  
Circular letter

Luxembourg, 14 July 2009

To all credit institutions

In case of discrepancies between the French and the English text,  
the French text shall prevail

**Concerns: Circular letter concerning the EIB: impact on minimum reserves and  
statistical reporting**

Ladies and Gentlemen,

At its meeting on 8 May 2009 the Governing Council of the European Central Bank decided that the European Investment Bank (EIB) will become an eligible counterparty in the Eurosystem's monetary policy operations from 8 July 2009. Hence, as of this date, the EIB will comply with all eligibility requirements and it will hold minimum reserves with the Eurosystem.

The objective of the present circular letter is to clarify the impact of this decision for the establishment of the monthly and quarterly statistical reports as well as for the minimum reserve requirement.

**1. Impact for the calculation of the reserve requirement**

Since the liabilities which are owed to the European central bank (ECB), to National central banks (NCBs) that are members of the Eurosystem and to credit institutions (CIS)

that are subject to the Eurosystem's minimum reserve system are excluded from the reserve base, the volume of liabilities included in the reserve base must be reduced by the amount of liabilities owed to the European Investment Bank that will be subject to reserve requirement as from the maintenance period that starts in July 2009.

## **2. Impact on the statistical data collection of the BCL**

While the reporting of the EIB as a euro area resident credit institution for the purpose of the compilation of the reserve base and reserve requirement seems obvious, its treatment for euro area statistics is less straight-forward. Indeed, according to international statistical standards the supranational institutions have to be reported as residents of the «Rest of the world» with the sector code «General government».

## **3. Statistical reporting to the ECB**

At its meeting on 24 and 25 June 2009 the Statistics Committee of the ECB discussed a two step approach that leaves certain autonomy to national central banks for implementing a solution at national level.

1. As far as concerns the transmission of data to the ECB, the national central banks have to supply statistical series where the European Investment Bank (EIB) is included in the «Rest of the world» within the «General government» sector.  
This classification is in line with current practice as well as with international statistical standards that request such a classification for supranational institutions.
2. As far as concerns the statistical data collection from monetary financial institutions (credit institutions and money market funds), national central banks may opt for one the following solutions:
  - 2.1. maintain the current classification of the EIB as a resident of the «Rest of the world» (country code «X4») within the «General government» sector (sector code «30000»)
  - 2.2. modify the existing classification of the EIB in order to report the latter as euro area resident («Other MUMS<sup>1</sup>») within the «MFI: credit institutions» sector (sector code «11000»)

This approach was adopted via written procedure on 9 July 2009.

#### 4. Statistical reporting to the BCL

Since the data collected through the monthly statistical reports simultaneously serves the purpose of compiling the reserve base and requirement as well as statistical series such as national accounts and balance of payments, the classification of the EIB is problematic. Indeed, it is not possible to report the same counterpart as a resident of the euro area and as a resident of the rest of the world.

Thus, in theory two possible solutions may be considered to solve the problem:

1. maintain the current classification of the EIB:

The advantage of this solution is the stability of the statistical reporting; indeed, it does not generate any change to the current practice.

The disadvantage is that it will be necessary to collect additional information from credit institutions that have liabilities towards the EIB in lines 2-021, 2-022, 2-023 and 2-024 of report S 1.1. Indeed, this information is necessary to adjust the reserve base and reserve requirement.

2. modify the current classification of the EIB:

The advantage of this solution is the easiness of the reserve base and reserve requirement compilation.

The disadvantage is that it will be necessary to collect additional information from all monetary financial institutions (credit institutions and money market funds) that have positions with the EIB for assets and liabilities. Indeed, this information will be necessary to adjust assets and liabilities before transmitting the data to the ECB as well as for the compilation of balance of payments and national accounts.

In this context it is important to note that an ad-hoc survey carried out during June 2009 allowed us to establish a limited number of banks that have to make an adjustment to their reserve base and reserve requirement and that the agreement between the ECB and the EIB is a temporary agreement with an initial duration of 3 years. Against this background, we have decided to maintain the current statistical classification of the EIB within the statistical reporting of the BCL.

---

<sup>1</sup> Other MUMS corresponds to Other Monetary Union Members States

Maintaining the current statistical classification of the EIB is the easiest and most efficient solution since only a limited number of credit institutions that have received deposits from the EIB must provide additional information and since it avoids adjustments to the reporting software. In addition, since the modification of the classification would have to be done for end May 2009 data, this option would generate an ex-post revision of the reports already provided.

The credit institutions that report deposits received from the EIB may opt for an adjustment of their reserve base and reserve requirement by providing the attached form to the BCL.

Thus, credit institutions will have to report positions towards the EIB as follows:

1. Report S 2.5 «Quarterly statistical balance sheet of credit institutions»

For report S 2.5 of June 2009 until March 2010 the EIB will be classified with country code «XD» and sector code «30000» according to the current reporting instructions.

However, for the modified statistical report S 2.5, that enters into force in June 2010, the EIB will be classified with a new country code «XE», reserved exclusively for the EIB. As from that date, the EIB will be reported with new sector code for supranational institutions, namely the sector code «39000».

2. Other statistical reports

The positions towards the EIB have to be reported with country code «X4» and the sector code «30000» according to the current reporting instructions.

However, for the modified statistical report S 1.1, that enters into force in June 2010, the BCL has added an «*of which*» line under lines 2-021, 2-022, 2-023 and 2-024. These lines will allow the identification of the deposits received from the EIB and thus automated the compilation of the reserve base and reserve requirement. As from that date, the deposits received from the EIB will be reported with the country code «XE» and the new sector code for supranational institutions will be «39000».

For the period of May 2009 and until May 2010, credit institutions that have received deposits from the EIB may submit, together with the statistical report S 1.1 «Monthly statistical balance sheet of credit institutions», the information on these liabilities on the basis of the attached MS Excel form. In that case, the reserve requirement compiled on

the basis of report S 1.1 «Monthly statistical balance sheet of credit institutions» will be revised by taking into consideration the information provided on the basis of the aforementioned annex.

Finally, it is important to mention that for the maintenance period starting on 8 July 2009 the form should be provided as soon as possible and the latest on Friday 17<sup>th</sup> July 2009.

Yours sincerely,

BANQUE CENTRALE DU LUXEMBOURG

Volkert BEHR  
Head of section Banking and  
Monetary Statistics

Roland NOCKELS  
Head of Statistics department

Annex: 1