Annual Report 2024

Table of Content

Executive Board and commemorations

© Gaby Gerster, Alexandra Lechner, Nói Crew
from left: Burkhard Balz, Sabine Mauderer, Joachim Nagel, Lutz Lienenkämper, Michael Theurer, Fritzi Köhler-Geib

Members of the Executive Board of the Deutsche Bundesbank

Dr Joachim Nagel
President of the Deutsche Bundesbank

Dr Sabine Mauderer
First Deputy Governor of theDeutsche Bundesbank

Dr Fritzi Köhler-Geib

Burkhard Balz

Lutz Lienenkämper

Michael Theurer

We mourn the loss of the following members of our staff

Daniela Freudenberger - 16 January 2024

Rainer Magiera - 26 January 2024

Mathias Kurt Krieger - 1 March 2024

Angela Bücher - 8 April 2024

Wolfgang Pelzer - 12 April 2024

Hartmut Pohl - 30 April 2024

Carola Zwolinski - 2 May 2024

Dr. Felix-Richard Brandl - 3 May 2024

Peter Michael Margraf - 14 July 2024

Manfred Karl Peuckert - 5 August 2024

Anna Maria Kick - 19 August 2024

Ralf Motylak - 23 August 2024

Bernd Wilhelm Josef Cürten - 27 August 2024

Lutz Flögel - 30 September 2024

Uwe Sauer - 19 October 2024

Dirk Meyer - 10 November 2024

Jasmin Schneider - 22 December 2024

We also remember the retired staff members
of the Bank who passed away in 2024.

We will honour their memory.

Deutsche Bundesbank

Foreword

Dear Reader

In 2024, we made great progress in our primary task of maintaining price stability. On average across the year, euro area inflation came to 2.4 %, meaning that it more than halved compared with 2023. This fall in inflation substantially bolstered households' purchasing power. The losses in purchasing power caused by the wave of inflation have now been more than offset on average across the euro area, partly as a result of robust wage growth.

The Governing Council of the ECB took decisive action to combat the high levels of inflation and keep inflation expectations anchored. This also has implications for the balance sheets of the euro area central banks, as they reflect the financial burdens created by the extensive monetary policy asset purchases of the past and the subsequent rise in interest rates. In response, the Bundesbank increased its risk provisioning over several years. In 2023, the provision for general risks was released in full to offset the losses. For the 2024 financial year, the Bundesbank is now reporting an accumulated loss for the first time since 1979. Nonetheless, the Bundesbank's assets are substantial and its balance sheet is sound. And I can assure you that the accumulated loss will not in any way change the Bundesbank's commitment to doing everything in its power to ensure price stability.

Over the course of last year, it became increasingly clear that headline inflation would return to our medium-term target of 2 % in 2025, even with monetary policy stepping less firmly on the brakes. The Governing Council of the ECB therefore lowered the guiding key interest rate by a total of one percentage point in four steps from June to the end of the year.

2024 was not a good year for the German economy. It has been treading water ever since Russia’s war of aggression against Ukraine began in February 2022. And it is becoming increasingly apparent that, alongside cyclical factors, the period of weakness in the German economy also has significant structural causes. Higher energy prices, growing competition on global markets and demographic change are putting pressure on Germany to adapt. It must also successfully navigate the transition to a carbon-neutral economy and the digital transformation, and seize the opportunities that they offer.

Unleashing growth forces is particularly crucial in Germany now. It is also a vital task throughout Europe: we are all facing challenges together and we will overcome them best by working together. Faced with growing geopolitical tensions, we need more Europe in pivotal areas. This includes continuing to break down barriers in our European single market and creating a Savings and Investments Union. A digital euro would also help to strengthen European sovereignty and spark further innovation. In 2024, the Bundesbank continued to work intensively with its partners on the possible introduction of a digital euro.

The Executive Board has now also begun working together in its new composition. With the appointment of Dr Fritzi Köhler-Geib, Lutz Lienenkämper and Michael Theurer, the Board is now finally back to its full complement of six members. In addition, Dr Sabine Mauderer was appointed First Deputy Governor in September 2024.

On behalf of the entire Executive Board, it is my great pleasure to warmly thank all of the Bundesbank’s staff for their hard work and dedication. In 2025, we will continue to work together to ensure that the changes initiated to achieve a more innovative, more agile and increasingly digitalised Bundesbank are a success, so that we can continue to optimally fulfil our stability mandate going forward.

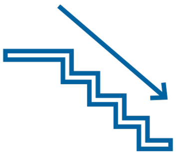
Sincerely yours
Joachim Nagel

Dr Joachim Nagel
President of the Deutsche Bundesbank

At a glance

Lower inflation

Inflation in Germany weakened significantly in 2024. As measured by the Harmonised Index of Consumer Prices (HICP), the inflation rate fell from an annual average of 6 % in 2023 to 2.5 % in 2024.

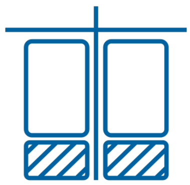


Looser monetary policy

Given the favourable inflation outlook, the Governing Council of the ECB loosened its monetary policy stance. Between June and December 2024, it lowered the deposit facility rate – the rate through which monetary policy is currently steered – by a total of 1 percentage point. Following a further cut in January 2025, the deposit facility rate now stands at 2.75 %.

Continued sideways movement in the economy

Germany’s economic output has remained virtually constant for more than two years. After price and calendar adjustment, Germany’s gross domestic product (GDP) fell slightly by 0.2 % last year, following a decline of 0.1 % in 2023.



Further reduction in total assets

The Eurosystem’s balance sheet shrank by nearly €500 billion last year. Its targeted longer-term refinancing operations (TLTROs) expired. The Eurosystem gradually phased out its reinvestment under the monetary policy purchase programmes, bringing it to a definitive end at the close of the year. The Eurosystem’s total assets declined by just over a quarter overall from 2022 onwards.

Accumulated loss

The monetary policy tightening that began in 2022 placed a substantial strain on the Bundesbank’s profitability. For 2024, the Bundesbank is reporting an accumulated loss of €19.2 billion, its first since 1979.

Strategy 2027

Strategy 2027 is an internal scheme put in place by the Bundesbank to respond to the challenges posed by technological transformation, changes in the wider environment and growing geopolitical tensions. As part of this process, the Bundesbank is also expanding its internal analytical resources with a focus on the needs of the future.

Bundesbank round-up

1 Economic and price developments

In 2024, inflation declined significantly around the world. The preceding years had seen the sharpest price increases in decades. This was due to the COVID-19 pandemic, its economic impact and the economic policy measures taken in response as well as to the repercussions of Russia’s war of aggression against Ukraine. For many countries, price stability is coming within reach again. Energy prices, which had intensified the wave of inflation in many countries, fell sharply as of the summer of 2023. However, the tighter monetary policies pursued by many central banks around the globe has also contributed to more stable price developments.

In December 2024, consumer prices in the advanced economies rose by 2.8 % on the year. Twelve months earlier, inflation had stood at 3.3 %. In October 2022, it was 8.6 %. The underlying inflation rate excluding energy and food prices – known as the core inflation rate – also declined. This rate was 2.9 % last December, compared with 4.0 % one year ago. According to the latest forecast from the International Monetary Fund (IMF), the inflation rate in the advanced economies is expected to decrease further to 2.1 % on average this year.

The global economy expanded moderately in 2024. Global economic growth was driven by buoyant economic activity in the United States. In addition, global industrial output picked up somewhat. Against this backdrop, global trade expanded significantly. However, this is likely to be due in part to transactions being brought forward, as many fear that trade policy restrictions will rise.

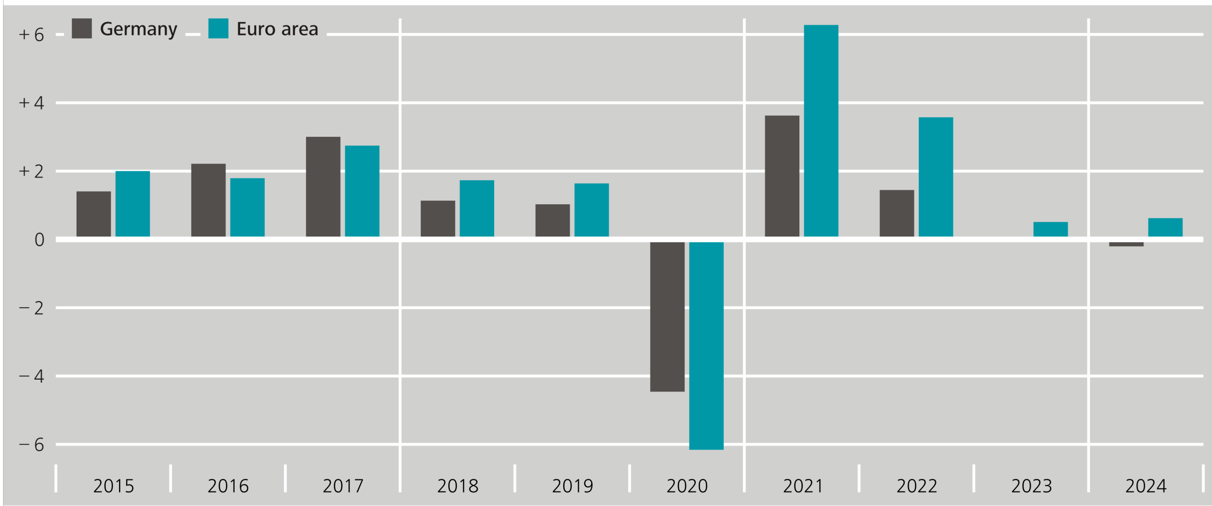
According to IMF assessments, the global economy grew by 3.2 % last year. For 2025, IMF staff expect global economic activity to increase by 3.3 %. This growth could be lower if trade policy disputes escalate. There is also still a high risk that geopolitical conflicts will spread or that new conflicts will arise. Such developments could fragment the global economy even further.

The German economy remained in a pronounced period of weakness last year. Overall, economic activity in Germany has not increased for two and a half years. According to provisional figures from the Federal Statistical Office, German gross domestic product (GDP) contracted by 0.2 % last year in price and calendar adjusted terms. Economic activity in industry and the construction sector declined sharply. Amongst other reasons, this was attributable to weak demand for construction and capital goods due to sharp increases in financing costs. In addition, foreign demand for German industrial goods was lower, partly because of the German economy's lower competitiveness. Last but not least, despite sharply rising wages, private consumption saw only slight growth.

Aggregate output

Chart 1

Year-on-year percentage change in GDP, price, seasonally and calendar adjusted



Sources: Federal Statistical Office and Eurostat.
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The German economy is likely to gain little momentum for the time being. According to the Bundesbank's December forecast, economic output in Germany will increase by 0.2 % this year after price and calendar adjustment. If trade policy conflicts were to intensify to a noticeable degree, the German economy, with its high dependence on foreign trade, would suffer considerably. However, the current weak growth in the German economy is due not only to cyclical factors. One of the longer-term structural causes is, in particular, the deterioration in its competitiveness, which, amongst other factors, has suffered as a result of the persistently elevated energy prices following Russia's invasion of Ukraine. However, increasing competitive pressure from China, as well as demographic change and the transition to a carbon-neutral economy, are also weighing on Germany's growth prospects. In order to overcome this weak growth, it would be prudent to implement structural reforms that improve the institutional and regulatory framework in Germany and thus leverage untapped growth potential.

Price pressures in Germany eased significantly last year. According to the Harmonised Index of Consumer Prices (HICP), inflation fell from 3.8 % at the end of 2023 to 2.8 % in December 2024. The decline in the headline inflation rate was driven mainly by the normalisation of energy prices. At the same time, the associated base effect caused the inflation rate to rise somewhat again temporarily at the end of the year.[1] By contrast, the core inflation rate remained stubbornly high: at 3.3 % in December 2024, it was at a similar level to one year ago.[2] The more persistent momentum in core inflation was primarily attributable to high price increases in the services sector. Inflation in services prices may abate only slowly in 2025, too, as the effect from the large increases in wages will take hold with a certain delay. According tothe Bundesbank's December forecast, the rate of headline HICP inflation is expected to decline from 2.5 % in 2024 to 2.4 % on average this year. Potential increases in tariffs in the United States and associated retaliatory tariffs present an upward risk.[3]

1 Crude oil prices peaked in September 2023, then fell again significantly. This means that the energy prices from 2024 are compared with prices from 2023 that become increasingly higher up until September. This lowers the rates of inflation. After September, however, the moderating influence of energy on the headline inflation rate diminished markedly due to the drop in energy prices in 2023.

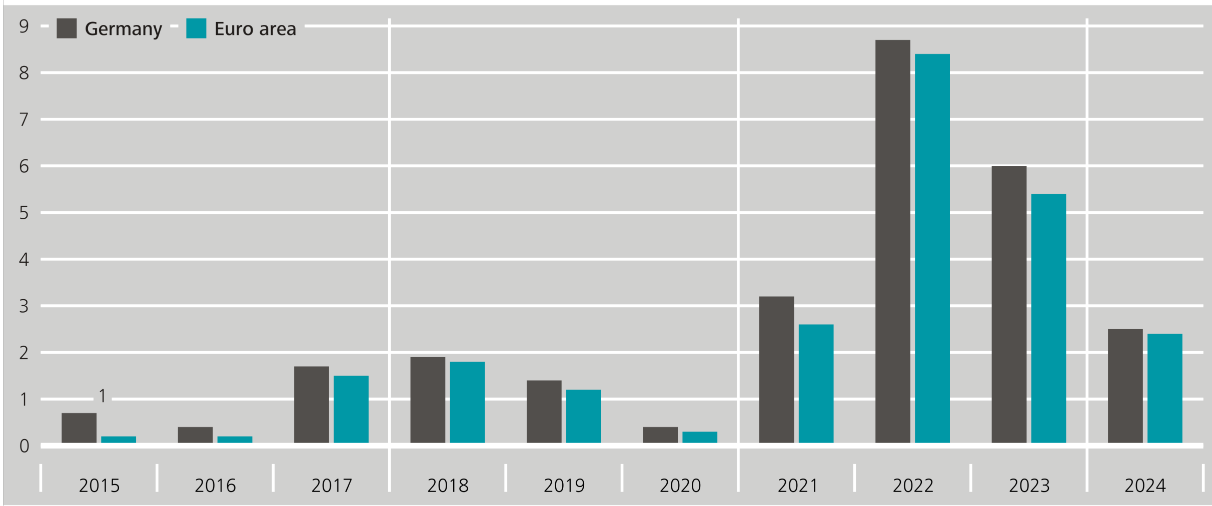
2 Since July 2024, the Bundesbank has been supplementing its reporting on inflation in Germany with aspects of particular interest to monetary policy, including core inflation and other components; for a detailed explanation, see the section entitled " Financial Market Services and Statistics".

3 See Deutsche Bundesbank, The possible impact on the German economy of measures announced by the incoming US administration, Monthly Report, December 2024, pp. 41 ff.

Consumer prices*

Chart 2

Year-on-year percentage change



Sources: Federal Statistical Office and Eurostat. * HICP. **1** Values for 2015 biased upwards by an ad hoc revision to German HICP in 2019.
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The economic situation in the euro area brightened slightly in the year under review. This was primarily attributable to the slow easing of the burdens that resulted from the sharp increases in prices in previous years. In particular, consumption strengthened even though private consumption rose less sharply than disposable income. Consumption also bolstered the services sectors, where economic activity expanded sharply. By contrast, manufacturing and construction saw a weak development. Amongst other factors, the sustained competitive weakness in international markets meant that the moderately growing global economy provided only limited stimulus. The low level of investment is likely to have been due in part to increased financing costs. The labour market remained healthy, the unemployment rate fell to a new low and the number of employees continued to rise. The downside of this development, however, is that there has been persistently weak growth in productivity. Overall, there have been no signs of a broad-based upswing so far.

Growth prospects are also being dampened by geopolitical conflicts, uncertainty about global trade policy, and the reform gridlock in several European countries. According to provisional statistical data, real GDP in the euro area expanded by 0.7 %

last year. The economy is likely to grow somewhat more strongly this year. The Eurosystem's December projection estimates a growth rate of 1.1 %. This revival would be driven by the rising purchasing power of households, the improvement in financing conditions and the recovery in export activity.

Inflation rates, as measured by the HICP, **fell markedly in the euro area during the year under review.** The global decline in energy prices played the most decisive role here. However, the tightening of monetary policy over the past two and a half years also helped to stabilise price developments. Following an average of 5.4 % in 2023, the inflation rate stood at 2.4 % last year. Core inflation, when looking at the year as a whole, was slightly higher at 2.8 %. According to the Eurosystem's December projection, inflation is likely to decline further, averaging 2.3 % for core inflation and 2.1 % for headline inflation this year. Eurosystem staff expect headline inflation to reach the inflation target of 2 % during the course of this year.

2 Monetary policy

Against the backdrop of the improved inflation outlook, the ECB Governing Council began to gradually reduce the degree of monetary policy restriction last year. After the Governing Council raised the key interest rates ten times since July 2022 – which represented the strongest cycle of monetary policy tightening since the introduction of the euro – it implemented the first interest rate cut in June 2024. The three key interest rates were lowered by 0.25 percentage point each. Based on the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission, the ECB judged it appropriate to reduce the degree of monetary policy restriction. Further interest rate cuts followed in September, October and December, as inflation data broadly confirmed the inflation outlook. The inflation outlook was also affected by downside surprises in indicators of economic activity.

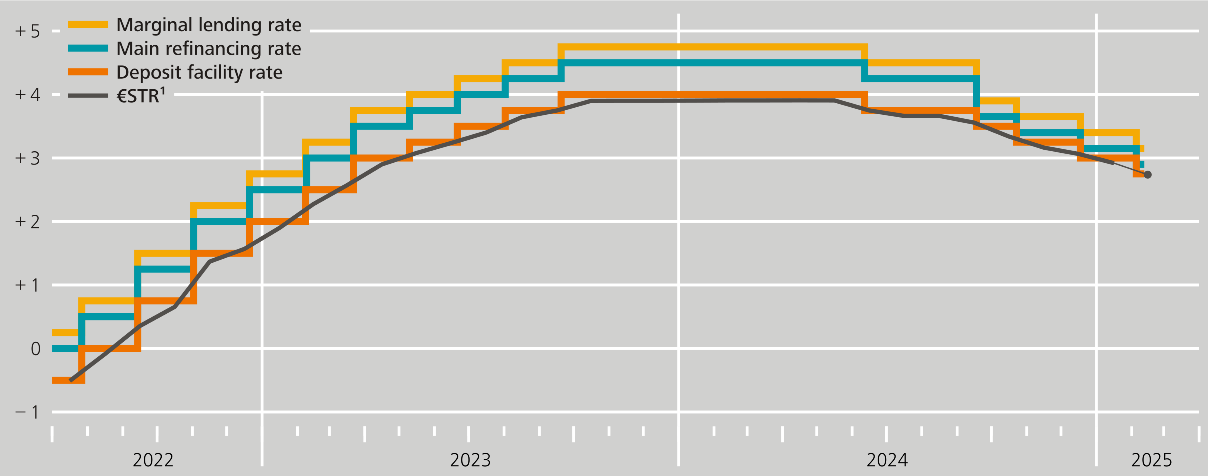
In December, the deposit facility rate, through which the ECB Governing Council steers its monetary policy stance, reached 3 %. Following a further cut in January 2025, the deposit facility rate now stands at 2.75 %. The Governing Council is determined to ensure that inflation stabilises sustainably at its 2 % medium-term target. In this context, the Governing Council continues to stress that it will not pre-commit to a particular path of interest rates. The appropriate monetary policy stance will instead be data-dependent and will be determined using a meeting-by-meeting approach. Market participants expect that the monetary policy stance will be eased further this year. [4]

4 See European Central Bank, The ECB Survey of Professional Forecasters – First quarter of 2025.

Key interest rates and money market rates in the euro area

Chart 3

% p.a.



Source: ECB. **1** Monthly averages. The euro short-term rate (€STR) is a risk-free overnight reference rate for euro area money markets. • = Average of 1 to 11 February 2025.

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The monetary policy framework was also adjusted through specific interest rate cuts in September 2024. While the deposit facility rate – which is relevant for monetary policy – was cut by 0.25 percentage point at each of the recent interest rate steps, the interest rates on main refinancing operations and on the marginal lending facility were lowered by 0.6 percentage point in a technical adjustment in September. The spread between the interest rates on the deposit facility and on main refinancing operations thus narrowed from 0.5 percentage point to 0.15 percentage point. By taking this step, the Governing Council is implementing its decision of 13 March 2024. By adjusting the monetary policy framework in this way, the Governing Council is working to ensure that short-term money market rates are closely aligned with its monetary policy decisions, even in an environment of diminishing excess liquidity. The Governing Council assumes that this measure will limit fluctuations in money market interest rates. Based on the experience gained, the Governing Council will review the key parameters of this operational framework in 2026.

The Eurosystem's balance sheet shrank further in 2024. Total assets shrank by nearly €500 billion over the course of the year, after having already fallen by around €1,000 billion in 2023. The year under review saw the maturation of the last outstanding targeted longer-term refinancing operations (TLTROs), totalling €392 billion. In addition, there was a marked increase in the pace of the reduction of monetary policy asset holdings. Under the asset purchase programme (APP), reinvestments had already been discontinued at the beginning of July 2023. Under the pandemic emergency purchase programme (PEPP), only around half of the maturing funds were reinvested between July and December 2024, and these last reinvestments were also discontinued at the turn of the year. As a result, asset holdings under the APP and PEPP will continue to shrink this year. Commercial banks’ interest-bearing deposits with the Eurosystem will therefore decline as well.

Whilst interest expenditure on banks’ deposits is likely to continue to reach high levels in the context of continued low interest income, it is likely to decline over the course of the year. This effect was already reflected in the Bundesbank’s profit and loss accounts in 2022 and 2023. These burdens continued in the year under review as well; for a detailed explanation, see the following supplementary information.

Supplementary information

Interest rate risk on the central bank balance sheet

Starting in the middle of the last decade, the Eurosystem – much like other major central banks of large advanced economies – began making large-scale asset purchases after policy rates were reduced to record lows. In doing so, it counteracted historically low inflation rates for the benefit of price stability. Both short-term and longer-term market interest rates fell as a result, boosting economic activity and supporting a convergence path towards the Eurosystem's objective of price stability.

The Eurosystem's asset purchases under various monetary policy programmes caused the balance sheets of the Eurosystem and the Bundesbank to expand significantly. These programmes include, in particular, the asset purchase programme (APP) adopted in 2015 and the pandemic emergency purchase programme (PEPP) subsequently launched in 2020. The holdings of securities purchased by the Eurosystem for monetary policy purposes amounted to €4.3 trillion as at 31 December 2024, of which €0.9 trillion was attributable to the Bundesbank.

The Eurosystem's sizeable holdings of securities have also significantly increased the financial risks to which it is exposed. The Bundesbank drew attention to these risks at an early stage. [1] While risk considerations feed into monetary policy decision-making, it can be necessary for monetary policy to also run greater risks in the pursuit of fulfilling its mandate. Following the launch of extensive monetary policy asset purchase programmes (such as the APP and the PEPP), default risks, and especially interest rate risk, have emerged.

Prior to the commencement of asset purchases for monetary policy purposes, the Bundesbank's balance sheet contained virtually no interest rate risk. The vast major-

1 See, in particular, Deutsche Bundesbank, Management of financial risks, Annual Report 2012, pp. 127 ff.; Deutsche Bundesbank, The development of government interest expenditure in Germany and other euro-area countries, Monthly Report, July 2017, pp. 33 ff.; Deutsche Bundesbank, Government finances: Central bank bond purchases increase sensitivity to interest rate changes, Monthly Report, June 2021, pp. 39 ff.; Deutsche Bundesbank, Interest rate risk on the central bank balance sheet, Annual Report 2022, pp. 16 f. and Deutsche Bundesbank, Interest rate risk on the central bank balance sheet, Annual Report 2023.

ity of the interest-bearing items on the assets side of the balance sheet had short maturities and were balanced out, in particular, by the non-interest-bearing banknotes in circulation. However, by making asset purchases for monetary policy purposes, the Bundesbank built up a large volume of fixed interest items with longer maturities on the assets side. At the same time, liabilities with short maturities, i.e. variable rate deposits of banks and other depositors with the Bundesbank, formed as balance sheet counterparts.

The various maturity profiles gave rise to an open euro interest rate position, or interest rate risk – and this is now materialising. After inflation rose well above 2 % in the summer of 2021, the ECB Governing Council raised the key interest rates in 2022 and 2023. While APP and PEPP holdings with low yields on acquisition continue to generate only low interest income, the higher key interest rates are now resulting in significantly increased interest expenditure on short-term deposits far in excess of interest income. Putting this into figures, the effective interest rate on monetary policy securities on the Bundesbank's balance sheet in 2024 was 0.5 % on average, while the interest rate on deposits averaged 3.8 % across the year.

The combination of long-term monetary policy holdings remunerated at low effective interest rates and short-term deposits remunerated at higher rates is putting a considerable strain on the Bundesbank's profit and loss account. This is reflected in profit and loss item 1 "Net interest income" and proportionally in profit and loss item 3 "Net result of pooling monetary income". [2] The Bundesbank is also affected by the ECB's proportionally allocated (profits and) losses. In the current interest rate environment, the ECB is also incurring losses. However, as in the previous year, the ECB Governing Council decided that these losses would initially remain on the ECB's balance sheet and would not be assumed by the national central banks in the same year. Looking further ahead, though, these losses will also proportionally weigh on the Bundesbank's profit and loss account. The ECB may refrain from distributing profits for as long as the accumulated losses carried forward on the ECB's balance sheet first need to be offset using ECB profits. Another possibility is that, in later years, the monetary income of the national central banks will be used to cover subsequent losses incurred by the ECB.

The Bundesbank has taken precautionary measures against the backdrop of rising financial risks in the past. It gradually increased its provision for general risk to absorb

2 The risk and returns arising from various securities held for monetary policy purposes are pooled across the Eurosystem as monetary income.

potential losses starting back in 2010. Setting aside funds for risk provisioning was also the reason why the Bundesbank was unable to distribute profits for the 2020 and 2021 financial years. Interest rate risk started to materialise towards the end of 2022. It was possible to offset the loss for 2022 by releasing €1 billion from the provision for general risk. In 2023, the remaining provision for general risk of €19.2 billion was released in full to offset an equivalent amount of the loss. The €2.4 billion loss for the year remaining thereafter was offset by making corresponding withdrawals from reserves, resulting in a distributable profit of zero again being reported. Reserves of only €0.7 billion are now available for 2024. After these have been released in full, 2024 will close with an accumulated loss of €19.2 billion.

Given the negative result for 2024, the Bundesbank is reporting an accumulated loss for the first time since 1979. However, today's situation differs significantly in terms of the main factors that have shaped it. The losses at that time were attributable to write-downs of foreign reserves: following the end of the Bretton Woods fixed exchange rate system, the Deutsche Mark appreciated sharply. This reduced the value of the Bundesbank's reserve assets. The revaluations that this necessitated were negatively reflected in the profit and loss account in the form of write-downs. [3)]

As in the current year, interest expenditure on short-term deposits is expected to continue to exceed the comparatively lower interest income from APP and PEPP holdings over the coming years. Based on prevailing market expectations about the path of short-term interest rates, the interest burdens in the Bundesbank's profit and loss account are therefore, as things stand, likely to remain considerable over the next few years. The losses will be carried forward to the following years.

Annual interest burdens look set to decline in the future. First, there is a volume effect: the securities purchased for monetary policy purposes will mature over time. As APP and PEPP holdings decrease, so too will short-term interest-bearing deposits with the Eurosystem. Second, there will be an interest rate effect if the key interest rates are lower on an annual average – as currently expected by the market – and short-term deposits are thus remunerated at lower rates. The exact magnitude of future burdens will depend on various factors, which are subject to a considerable degree of uncertainty. These include future changes in the key interest rates, in the size and structure of the Bundesbank's balance sheet and in its other income. Should further burdens be incurred over the coming years, the Bundesbank will report further losses and, overall,

3 Deutsche Bundesbank, Report of the Deutsche Bundesbank for the Year 1979, pp. 82-83.

a growing accumulated loss. Profits for later financial years would then have to first be used to reduce the accumulated loss.

The Bundesbank's balance sheet is sound. The Bundesbank has considerable assets, which are significantly in excess of its liabilities. The degree to which the Bundesbank's balance sheet is sound is reflected, amongst other things, in its sizeable revaluation reserves. At the end of 2024, they amounted to €267 billion; see also " Revaluation accounts" and " Capital and reserves". In addition, the Bundesbank anticipates that its financial burdens will pass and that it will generate profits again.

The Bundesbank remains able to fully discharge its tasks even with an accumulated loss. It is committed to its primary objective of maintaining price stability. In view of this objective, the actions and the balance sheet of a central bank cannot be compared to the actions or balance sheet of a private credit institution. The Eurosystem and the Bundesbank must, and will, do everything necessary to ensure price stability, even if this puts a temporary strain on their own earnings situation.

3 Fiscal policy

The deficit ratio for German government finances remained unchanged at 2.6 % last year. On the one hand, the gas and electricity price brakes ended in 2023, which significantly relieved the budgets when compared with the previous year. As energy prices have fallen considerably in the meantime, this is unlikely to have had a substantial impact on economic activity. Government revenue has also grown quite dynamically, which was due, amongst other factors, to rising social security contribution rates. On the other hand, public finances were strained by strong growth in expenditure, particularly for the Armed Forces Fund and the Climate Fund, human resources and interest, and pensions, long-term care and health.

The government debt ratio may have fallen slightly in 2024. The debt ratio reached 62.4 % in the third quarter of 2024, compared with 62.9 % at the end of 2023. This decline was slower than it had been before, mainly because nominal GDP in the denominator saw weaker growth than in the previous year.

Little movement in government finances is also expected for this year. On the one hand, the end of tax-free and social contribution-exempt inflation compensation bonuses will generate significant additional revenue. On the other hand, the weak economy is likely to make itself felt to a greater degree and expenditure is likely to continue to grow dynamically. After the Bundestag election, a new government will set the course for future economic and fiscal policy.

The persistent weak growth in Germany makes it more urgent to address its structural challenges. In the social market economy, the government has the specific task of ensuring adequate framework conditions. Sound public finances and binding fiscal rules are an important foundation for tackling the current challenges in a credible and sustainable manner. A further solid foundation stone is in place when government services are provided efficiently. If existing tasks and tax exemptions are reviewed critically on a regular basis, there will be scope for tackling new challenges.

At present, many are arguing that the debt brake is preventing the government from taking the necessary steps to enable Germany to overcome its weak growth. It is important that the state does not, for example, neglect infrastructure. Implementation has been lacking here in recent years, despite fiscal leeway being available. Ultimately, it is a matter of successfully setting the correct priorities and implementing the correct projects. Nevertheless, in the Bundesbank’s view, moderately higher deficit margins are certainly justifiable given a low government debt ratio. Furthermore, if additional leeway is channelled partly into government investment, this can create vital impetus. The Bundesbank has put forward proposals to achieve this goal. [5)]

In the euro area, the situation with regard to public finances has barely eased in the past year. Some Member States continue to face significant fiscal challenges. According to the Eurosystem's December projection, the government deficit is likely to have fallen somewhat in a year-on-year comparison, declining to 3.2 %. In 2023, there was still a shortfall of 3.6 % overall. Nevertheless, the government debt ratio rose again. Having reached 87.4 % at the end of 2023, it climbed to 88.2 % in the third quarter of 2024. More than one in two persons in the euro area lives in a Member State with a debt ratio higher than 100 %. The old EU fiscal rules have not ensured a sustainable decline in government debt ratios. In spring, a decision to change these rules was made. However, the new fiscal framework also allows extensive scope for decision-making and negotiation. Based on initial experience, the rules and the determination of requirements seem to be complicated and mostly opaque. It is becoming apparent that high debt ratios will hardly decline at all in the coming years, even if the rules are complied with.

5 See Deutsche Bundesbank, Central government’s debt brake: options for stability-oriented further development, Monthly Report, April 2022, pp. 49-66; updated Bundesbank proposals for the further development of the debt brake are scheduled to appear in the March 2025 Monthly Report.

4 Money

While people in Germany still pay in cash for around half of all payments, the trend towards cashless payments has continued. This was demonstrated in a study on payment behaviour in Germany in 2023, which was published by the Bundesbank in 2024. Compared with 2021, the share of cash payments fell from 58 % to 51 %. Measured in terms of sales, around one-quarter of the total was paid in cash. Given a choice, most respondents prefer cashless means of payment. At the same time, however, there exists a desire to continue using cash in the future. How this can be done as cost-effectively and efficiently as possible is being discussed in a solutions-oriented manner as part of the National Cash Forum, which was launched in 2024 with the Bundesbank as chair. In its" Cash of the future" study at the beginning of 2024, the Bundesbank presented three scenarios detailing the extent to which cash could be used in the future. [6)]

The Bundesbank's study on payment behaviour in Germany also showed that debit cards are the most used cashless means of payment, as they were used to pay for just over one-third of total expenditure. They were followed by credit transfers and direct debits, which accounted for 20 % of total expenditure, and credit cards, which accounted for 10 %. Mobile payment methods are particularly common among younger respondents and exhibit high rates of growth: compared with 2021, their share of all payments tripled from 2 % to 6 %. Acceptance of cashless means of payment has risen significantly among payees. It stood at 81 % in 2023, which represents an increase of 20 percentage points compared with 2021.

Cash and debit cards are the most cost-effective means of payment in Germany from a consumer perspective. Cash incurs the lowest costs per payment transaction for the consumer, while debit cards are cheapest in relation to the amount of money spent. Paying with a credit card would, in any case, be considerably more expensive. These are the conclusions drawn by a study entitled " Kosten von Bargeld und Karten-

6 See also Deutsche Bundesbank, The outlook for cash – a systematic look at the future of cash, Monthly Report, January 2024.

zahlungen aus Verbrauchersicht",("Costs of cash and card payments from a consumer perspective", in German only), which was carried out on behalf of the Bundesbank and published in 2024.

In the future, consumers will continue to be free to choose their own means of payment at all times. This is safeguarded by the Bundesbank together with the ECB and the other central banks in Europe. Another of their shared tasks is providing secure and efficient infrastructure for cashless payments. This also includes real-time credit transfers in euro, known as instant payments. These are executed almost immediately and can be initiated around the clock within the EU and the European Economic Area. In future, retailers in particular could benefit from faster availability of money, lower costs and clear cost structures at both physical and online points of sale.

In April 2024, the EU Instant Payments Regulation entered into force. All credit institutions offering SEPA credit transfers must be able to receive real-time credit transfers on behalf of their customers from 9 January 2025 and to send them from 9 October 2025. In addition, the fees for these transfers must not be higher than for traditional SEPA credit transfers. An IBAN name check, which will be mandatory from 9 October 2025, is intended to help prevent erroneous transfers and protect against fraud.

Real-time transfers can, in principle, also be offered by innovative account-to-account payment services, such as the Wero digital wallet. Wero was launched in July 2024 by 16 banks from five European countries as part of the European Payments Initiative (EPI). It enables payments between individuals and will soon also be used in e-commerce.

The Eurosystem enables credit institutions to use TARGET Instant Payment Settlement (TIPS) to settle real-time transfers as part of TARGET Services. In 2024, both the number of participating institutions and the number of payments settled via TIPS went up significantly. Amongst other factors, this was because Sweden's central bank joined TIPS and the Swedish market has processed real-time payments in Swedish krona via TIPS since February 2024. It is currently planned that payments in Danish krone will also be settled via TIPS in 2025. In future, it will be possible to process cross-currency payments, too.

Stability and settlement volumes in the Eurosystem's TARGET Services are at a high level. TARGET2-Securities – the TARGET Service for the settlement of securities – is enjoying new all-time highs in volumes after additional central securities depositories joined in autumn 2023. The Eurosystem Collateral Management System (ECMS), an additional

TARGET Service, will be added in 2025. It will be used to manage monetary policy collateral. In October 2024, the ECB Governing Council decided to reschedule the launch of the ECMS to 16 June 2025 so as to give all stakeholders more time to prepare.

The Eurosystem supports the G20'**s objective of making cross-border payments cheaper, faster and more transparent.** Internationally harmonised messaging standards in payments are intended to help achieve this. Progress has already been made on the global harmonisation of ISO 20022 messages. In addition, the G20 drafted initial guidelines on harmonising application programming interfaces (API) and thus enabling modern, standardised access to banks' internal processing systems. Finally, the G20 worked on connecting real-time payment systems. In this context, the Eurosystem carried out experiments concerning the cross-border linkage of TIPS with various systems, including within the Bank of International Settlements' Project Nexus.

Central bank digital currency (**CBDC**) **will be a key future topic for the Bundesbank.** In the euro area, the digital euro could be made available to households and enterprises as an additional means of payment. Like euro banknotes, it would be issued by the euro area central banks. Households and enterprises would receive digital euro from banks and other payment service providers. In addition to this type of retail CBDC, which is intended for use by everyone, a wholesale CBDC could be used for transactions between commercial banks.

The Eurosystem has been exploring the possibility of introducing a digital euro since October 2021. The project is currently in the preparation phase and progressed as planned in 2024. The focus was on drafting uniform rules on how the digital euro should be used. In addition, potential providers of technical components, such as an offline solution or an app for the digital euro, were identified. However, central infrastructure functions are to be developed by the Eurosystem itself. The Bundesbank hopes to take on a key role here. With this in mind, it established its new Directorate General Digital Euro in 2024.

The ECB Governing Council cannot make a decision on whether to introduce a digital euro until the European Union's legislative process is complete. A draft regulation is currently being discussed in the Council of the European Union and in the European Parliament. The Eurosystem will take into account any additional legislative requirements when designing the digital euro.

Tokenisation and distributed ledger technology (**DLT**) **could transform the entire financial sector.** This applies, in particular, to the issuance, safekeeping, execution and settlement of tokenised securities. In order to fully exploit the advantages of DLT and safeguard financial stability at the same time, the cash leg settlement of these wholesale transactions in secure central bank money, or wholesale CBDC, is being examined.

Between May and November 2024, the Eurosystem tested various methods of settling DLT-based financial market transactions in central bank money. Three interoperability solutions linking the world of DLT to the Eurosystem's conventional payment systems were tested. One was developed by the Bundesbank, one by the Banca d'Italia and one by the Banque de France. In total, more than 60 institutions tested the settlement of transactions in test environments (experiments) and in live systems (trials).

The DLT-based Trigger Solution was developed by the Bundesbank. This solution links market participants' DLT platforms to TARGET Services. It is based on the first Trigger Solution that was developed and successfully tested together with Deutsche Börse and the Finance Agency back in 2021 and then subsequently adapted to the new framework conditions following the transition from TARGET2 to T2. The Bundesbank's Trigger Solution was tested in 8 experiments and 15 trials, receiving positive market feedback. The results are now being evaluated by the Eurosystem.

To promote dialogue and the exchange of information with market participants, the Bundesbank has established a national market contact group; this is the national counterpart to the European New Technologies for Wholesale Settlement Contact Group (NTW- CG). These groups both include representatives from banks, market infrastructures, innovative financial service providers and central banks, amongst others.

5 Financial supervision and stability

The German financial system has coped well overall with the period of exceptionally strong growth in interest rates; however, the macro-financial environment remains challenging. Both German banks and other financial intermediaries such as insurers and investment funds have weathered the interest rate reversal well and are proving stable. The major vulnerabilities stemming from the period of low interest rates have so far been diminishing in an orderly manner, albeit only gradually.[7]

Commercial real estate prices have not declined any further over the course of the year. However, given the low number of transactions, the risk that prices will drop again remains elevated. Liquidity risks in open-end real estate funds could amplify developments in the commercial real estate market. Redemption notice periods and minimum holding periods are keeping the liquidity risks of open-end retail real estate funds contained.

Weak economic activity is weighing on the corporate sector. Credit risk is increasingly materialising, but credit risk indicator levels show no cause for concern by historical standards. Geopolitical tensions are elevating macroeconomic uncertainty and entail significant downside potential for macroeconomic developments in Germany. In addition, enterprises face the challenge of dealing with longer-term structural changes such as the transition to a climate-neutral economy and an ageing population.

German banks’ profitability continued to show positive developments. On the liabilities side of their balance sheets, this was due to continued relatively low interest rates in deposit business and correspondingly low funding costs – partly as a result of the lower key interest rates. On the assets side, low-interest loans and bonds matured and were replaced by ones with higher interest. Unrealised losses among banks and insurers decreased, but are still substantial in some cases.

The German banking system’s capital base remains sound. Thanks to their capital reserves, most banks are also able to cope with larger losses without falling below the

7 See Deutsche Bundesbank, Financial Stability Review 2024.

regulatory minimum requirements. This was confirmed by the 2024 LSI stress test, a survey of small and medium-sized banks (less significant institutions, or LSIs) conducted by the Bundesbank and the Federal Financial Supervisory Authority (BaFin).[8] The package of macroprudential measures adopted in January 2022 contributed to good capitalisation.[9]

In 2024, the provisions of the Markets in Crypto-Assets Regulation (MiCAR) came into force.[10] Since the first Bitcoin block was mined in 2009, thousands of different crypto-assets have been created worldwide. A series of scandals, bankruptcies and crises have exposed the system as a source of potential risk. With MiCAR, the EU has taken a pioneering role in the regulation of crypto markets. MiCAR is intended to increase protection for investors, contribute to the functioning of the markets and maintain financial stability. The regulation also creates legal certainty for innovations related to distributed ledger technology.[11]

Since the outbreak of Russia's war of aggression against Ukraine, cyberattacks on the financial sector have increased significantly. These cyberattacks have so far caused only moderate damage. However, the attack surface is tending to grow as a result of increasing digitalisation and the high level of operational connectivity both within the financial sector and between financial enterprises and IT service providers. This makes the financial sector more vulnerable to system-wide disruptions, including those that are not caused by targeted attacks. One prominent example was the major global disruption in July 2024 caused by a faulty update to widely used software.

The Bundesbank itself was also subject to cyberattacks again last year. There were an increasing number of distributed denial of service attacks. These attacks target a server with so many requests that it can no longer handle the volume of requests and, in the worst case scenario, collapses. There were also attacks on third-party providers whose systems are closely linked to the Bundesbank's data. Although these attacks were successfully repelled, these developments underline the need to make our IT infrastructure even more resilient and to consistently minimise the attack surface. The

8 See Deutsche Bundesbank and Federal Financial Supervisory Authority, Results of the 2024 LSI stress test, press release of 7 October 2024.

9 See Financial Stability Committee, Ausschuss für Finanzstabilität begrüßt die Absicht der Bundesanstalt für Finanzdienstleistungsaufsicht, makroprudenzielle Maßnahmen zu ergreifen, press release of 12 January 2022.

10 The rules on asset-referenced tokens and e-money tokens have been in force since 30 June 2024. Rules on the authorisation and ongoing supervision of crypto-asset service providers have been in force since 30 December 2024.

11 See Deutsche Bundesbank, Tackling the challenges of crypto-assets – the state of play with regulation, Monthly Report, December 2023.

Bundesbank will provide even more targeted protection for its IT landscape – which has taken on its current shape over years of development – in order to ensure maximum security, even in the increasingly globally networked environment.

The European response to cyber risks is embodied in the Digital Operational Resilience Act (DORA). [12] DORA aims to strengthen the resilience of the financial sector and establish a uniform level of protection in the area of information and communication technology (ICT). It harmonises ICT risk management requirements across the EU and for the entire financial sector. It thus replaces existing national and sector-specific requirements. By adopting technical and organisational measures, financial entities must ensure that they can maintain business continuity and resume normal operations even in the event of a severe ICT-related incident. In addition, large enterprises must now regularly undergo ethical hacking exercises conducted in accordance with DORA or the relevant regulatory standard. The TIBER framework should also be used in this context. In its ongoing supervision of financial entities' compliance with DORA requirements, the Bundesbank is able to build on its many years of experience and will make targeted use of its expertise. [13]

With regard to the risk situation, BaFin and the Bundesbank have defined four supervisory priorities for the current year as part of the national supervisory programme for 2025 to 2027: first, the economic environment, including the commercial real estate market; second, IT security; third, governance, including business models; and fourth, interest rate developments. These priorities are closely aligned with the priorities of the Single Supervisory Mechanism (SSM). In addition, the topics of climate change, sustainability and economic transformation, digital transformation and demographic change have been set as medium-term supervisory priorities up to 2027.

12 The Digital Operational Resilience Act (Regulation (EU) 2022/2554) entered into force on 16 January 2023 and has been binding for the EU financial sector since 17 January 2025.

13 See Deutsche Bundesbank, DORA from the perspective of on-site inspections, Monthly Report, September 2024.

6 Financial market services and statistics

In the field of financial market services, the Bundesbank supports public institutions of central and state government with a broad range of services and investments. It manages the securities portfolios of numerous central and state government special funds, which cover a large number of bonds, shares and certain fund units. The Bundesbank assumes the trading activities, custody account management and securities settlement associated with portfolio management. It also takes care of risk monitoring and reporting and helps its customers with analyses. In addition, it provides support for securities issuance and offers services to foreign central banks. The Bundesbank does not pursue these activities for profit. It offers its services as the government's fiscal agent without itself charging fees.

Last year, the Bundesbank decided to expand its offerings of financial market services. For example, it has taken over the management of additional portfolios from federal states. It has introduced sustainability reporting in order to enable its customers to better meet the increased transparency requirements with regard to sustainability. In addition, the Bundesbank began developing a "multi-tenant bidding system" in 2024 in order to be able to offer other public issuers issuance services that were previously reserved for central government, the European Stability Mechanism (ESM) and the European Financial Stability Facility (EFSF). Last year, the Bundesbank also organised its first customer forum for central banks and international organisations. Together with other major central banks, it provided information on investment opportunities and other banking services in their respective currencies.

Since July 2024, a new feature in the field of statistics has been the inflation update on the Bundesbank's website: a short report with an overview table on current inflation developments in Germany, measured by the Harmonised Index of Consumer Prices. This measure of inflation is calculated by the Federal Statistical Office alongside the national consumer price index (CPI) and is incorporated into the European inflation rate published by Eurostat. In addition to the HICP rate published by the Federal Statistical Office for the entire basket of goods, the Bundesbank also reports a core rate. It obtains this rate by stripping out energy and food prices, which are generally subject to significant fluctuation. In addition, the overview table presents the annual rates of change in the HICP for energy, food, non-energy industrial goods, and services. The inflation update allows the Bundesbank to supplement its reporting on inflation in Germany with these aspects, which are particularly important for monetary policy issues.

7 Bundesbank round-up continued

The Bundesbank regularly reached out to the general public. Amongst other activities, the Bundesbank held 1,771 economic education events nationwide in 2024. It also further expanded its digital offerings. The e-book“ Geld verstehen digital” (”Understanding money”) has already received two awards. The most recent of these was the MEDEA Award, a European prize for digital educational media. One new digital education programme for schools is the virtual exhibition“ Von Inflation und Stabilität” (”On inflation and stability”). The exhibition presents important historical epochs of German monetary history in an accessible way. In 2024, the Money Museum in Frankfurt am Main was also attended by 49,243 visitors. This was due not least to the special exhibition“ GELD in Karikatur und Satire” (”MONEY in caricature and satire”), which was extended until May 2024 as a result of its great success.

As is tradition, the Bundesbank also sought regular exchange with renowned international scholars in 2024. As part of the Bundesbank Invited Speaker Series, Bundesbank President Joachim Nagel discussed economic resilience with Markus Brunnermeier (Princeton University), the digital euro with Peter Bofinger (University of Würzburg) and the topic of “too big to fail” with Beatrice Weder Di Mauro (CEPR). In 2024, the Bundesbank’s Research Centre and the Dutch and Swedish central banks jointly organised an international conference on issues of financial stability featuring renowned experts. The topics under discussion included dealing with interest rate risk for the banking sector, the design of countercyclical capital buffers for banks, and unconventional monetary policy and its interactions with financial stability.

The Bundesbank has set the course to ensure that it is fit for the future with its new Strategy 2027. Like the economy and society as a whole, the Bundesbank must also respond to the challenges posed by technological change, environmental changes and rising geopolitical tensions. With its new strategy, the Bundesbank will, in future, steer a targeted and impact-oriented course in line with defined services. Its internal analytical capacities are also to be further developed in a forward-looking manner using modern technologies and an expanded set of methodologies.

As part of its comprehensive modernisation programme dubbed “Wandel” (“Change”), the Bundesbank has improved its strategy development, governance, process management and organisational structure. The first business units started to implement the programme in the summer of 2024, and further business units will follow in the coming months. The targeted changes should be implemented in all areas of the Bundesbank by the end of 2027. The aim is to be able to respond even more quickly to complex, changing requirements in the future. This will ensure that the Bundesbank remains an important and influential component of the Eurosystem and European banking supervision going forward.

Chronology of monetary policy decisions

Monetary policy decisions made between 2015 and 2023 can be found at bundesbank.de.

25 January 2024

The Governing Council of the European Central Bank (ECB) decides to keep the three key ECB interest rates unchanged. Accordingly, the interest rate on the deposit facility still stands at 4 %. The interest rates on the main refinancing operations and the marginal lending facility stand at 4.5 % and 4.75 %, respectively. The incoming information has broadly confirmed the Governing Council's previous assessment of the medium-term inflation outlook.

It continues to consider that the key ECB interest rates are at levels that, maintained for a sufficiently long duration, will make a substantial contribution to the timely return of inflation to the target. The Governing Council's future decisions will ensure that the key ECB interest rates will be set at sufficiently restrictive levels for as long as necessary. It will continue to follow a data-dependent approach to determining the appropriate level and duration of restriction.

7 March 2024

The Governing Council keeps the three key ECB interest rates unchanged. Since its previous monetary policy meeting in January, inflation has declined further. In the latest ECB staff macroeconomic projections, inflation has been revised down, in particular for 2024. Although most measures of underlying inflation have eased further, domestic price pressures remain high.

13 March 2024

The Governing Council announces changes to the operational framework for implementing short-term interest rates. It establishes key principles and parameters for implementing monetary policy and providing central bank liquidity. The Governing Council intends to continue to steer the monetary policy stance through the deposit facility rate. Short-term money market interest rates are expected to evolve in the vicinity of the deposit facility rate. The Governing Council also decides to adjust the interest rate on the main refinancing operations as from 18 September 2024 such that the spread between the rate on the main refinancing operations and the deposit facility rate will be reduced to 15 basis points from the current spread of 50 basis points. The rate on the marginal lending facility will then also be adjusted such that the spread between the rate on the marginal lending facility and the rate on the main refinancing operations will remain unchanged at 25 basis points.

11 April 2024

The Governing Council keeps the three key ECB interest rates unchanged. The incoming information has broadly confirmed the Governing Council's previous assessment of the medium-term inflation outlook. Inflation has continued to fall, and most measures of underlying inflation are easing. However, domestic price pressures are strong and are keeping services price inflation high.

The Governing Council adjusts its previous monetary policy communication. It considers that the key interest rates are at levels that are making a substantial contribution to the ongoing disinflation process. If the Governing Council's updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission were to further increase its confidence that inflation is converging to the target in a sustained manner, it would be appropriate to reduce the current level of monetary policy restriction. The Governing Council will continue to follow a data-dependent approach to determining the appropriate level and duration of restriction, and it is not pre-committing to a particular rate path.

6 June 2024

The Governing Council decides to lower the three key ECB interest rates by 25 basis points. The interest rate on the deposit facility now stands at 3.75 %. Main refinancing operations and the marginal lending facility are remunerated at 4.25 % and 4.5 %, respectively. Based on an updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission, the Governing Council deems it appropriate to moderate the degree of monetary policy restriction after nine months of holding rates steady. Since the last interest rate hike, agreed at the September 2023 meeting, inflation has fallen by more than 2.5 percentage points. Furthermore, the inflation outlook has improved markedly since then. However, the latest Eurosystem staff projections for both headline and core inflation have been revised up slightly for 2024 and 2025 compared with the March projections.

The Governing Council also confirms that it will reduce the Eurosystem's holdings of securities under the pandemic emergency purchase programme (PEPP) by €7.5 billion per month on average over the second half of the year. The modalities for reducing the PEPP holdings will be broadly in line with those followed under the asset purchase programme (APP).

18 July 2024

Following its interest rate cut in June, the Governing Council keeps the three key ECB interest rates unchanged in July. The incoming information broadly supports the Governing Council's previous assessment of the medium-term inflation outlook.

12 September 2024

Based on its updated assessment, the Governing Council considers it appropriate to take another step in moderating the degree of monetary policy restriction. It decides to lower the deposit facility rate, through which it steers the monetary policy stance, by 25 basis points to 3.5 %. The reasons cited by the Governing Council for the cut include the fact that inflation data have come in broadly as expected and the previous inflation outlook has been confirmed. ECB staff macroeconomic projections prepared in September for headline inflation are consistent with those from June.

As announced back in March, changes to the operational framework for implementing monetary policy to adjust the spreads between the key interest rates will take effect at the same time as the interest rate cut on 18 September. Following this change, the interest rate on the main refinancing operations will stand at 3.65 % and the interest rate on the marginal lending facility will stand at 3.90 %.

17 October 2024

The Governing Council decides to lower the three key ECB interest rates by 25 basis points. The deposit facility rate, through which the Governing Council steers the monetary policy stance, stands at 3.25 % after the interest rate cut. The interest rates on the main refinancing operations and the marginal lending facility stand at 3.4 % and 3.65 %, respectively. From the Governing Council's perspective, the disinflation process is well on track. The inflation outlook is also affected by downside surprises in indicators of economic activity.

12 December 2024

The Governing Council once again decides to lower the three key ECB interest rates by 25 basis points. The deposit facility rate, through which the Governing Council steers the monetary policy stance, now stands at 3 %. The interest rates on the main refinancing operations and the marginal lending facility stand at 3.15 % and 3.4 %, respectively. From the Governing Council's perspective, the disinflation process is well on track. Compared with the September projections, Eurosystem staff now expect a slightly lower inflation rate for 2024 and 2025. Most measures of underlying inflation suggest that inflation will settle at around the Governing Council's 2 % medium-term target on a sustained basis.

The Governing Council also adjusts its communication, removing previous indications about the appropriate level and duration of restriction. It will continue to follow a data-dependent and meeting-by-meeting approach to determining the appropriate monetary policy stance. The Governing Council is not pre-committing to a particular rate path.

Annual accounts of the Deutsche Bundesbank for 2024

Tables

Abbreviations and symbols

.	Figure not meaningful
0	Less than 0.5 but more than nil
-	Nil

Discrepancies in the totals are due to rounding.

Balance sheet of the Deutsche Bundesbank as at 31 December 2024

Assets

				31.12.2023
			€ million	**€ million**
1	Gold and gold receivables		270,580	201,335
	of which: gold receivables €314,790.12			*0*
2	Claims on non-euro area residents denominated in foreign currency			
	2.1 Receivables from the IMF	59,155		-57,548
	2.2 Balances with banks and security investments, external loans and other external assets	33,970		-33,376
			93,125	90,924
3	Claims on euro area residents denominated in foreign currency		0	0
4	Claims on non-euro area residents denominated in euro		588	5,153
5	Lending to euro area credit institutions related to monetary policy operations denominated in euro			
	5.1 Main refinancing operations	2,009		-2,744
	5.2 Longer-term refinancing operations	3,500		-69,515
	5.3 Fine-tuning reverse operations	–		(–)
	5.4 Structural reverse operations	–		(–)
	5.5 Marginal lending facility	–		(–)
			5,509	72,259
6	Other claims on euro area credit institutions denominated in euro		8,926	5,824
7	Securities of euro area residents denominated in euro			
	7.1 Securities held for monetary policy purposes	910,918		-1,009,071
	7.2 Other securities	–		(–)
			910,918	1,009,071
8	Claims on the Federal Government		3,995	4,440
9	Intra-Eurosystem claims			
	9.1 Participating interest in the ECB	2,786		-2,578
	9.2 Claims equivalent to the transfer of foreign reserves to the ECB	10,802		-10,635
	9.3 Claims related to TARGET	1,046,318		-1,093,371
	9.4 Net claims related to the allocation of euro banknotes within the Eurosystem	–		(–)
	9.5 Other claims within the Eurosystem (net)	–		(–)
			1,059,906	1,106,584
10	Items in course of settlement		1	1
11	Other assets			
	11.1 Coins	726		-810
	11.2 Tangible and intangible fixed assets	759		-795
	11.3 Other financial assets	6,084		-10,258
	11.4 Off-balance-sheet instruments revaluation differences	0		0
	11.5 Accruals and prepaid expenses	9,787		-12,835
	11.6 Sundry	1,744		-894
			19,099	25,592
			2,372,647	**2,521,183**

Liabilities

				31.12.2023
		€ million		**€ million**
1	Banknotes in circulation		389,136	377,036
2	Liabilities to euro area credit institutions related to monetary policy operations denominated in euro			
	2.1 Current accounts	76,527		-52,994
	2.2 Deposit facility	883,694		-1,056,837
	2.3 Fixed-term deposits	–		(–)
	2.4 Fine-tuning reverse operations	–		(–)
	2.5 Deposits related to margin calls	–		-24
			960,220	1,109,855
3	Other liabilities to euro area credit institutions denominated in euro		8,835	14,518
4	Liabilities to other euro area residents denominated in euro			
	4.1 General government deposits	20,348		-25,955
	4.2 Other liabilities	13,897		-18,454
			34,245	44,410
5	Liabilities to non-euro area residents denominated in euro		90,748	161,000
6	Liabilities to euro area residents denominated in foreign currency		1	1
7	Liabilities to non-euro area residents denominated in foreign currency		–	31
8	Counterpart of special drawing rights allocated by the IMF		47,149	45,695
9	Intra-Eurosystem liabilities			
	9.1 Liabilities related to TARGET	–		(–)
	9.2 Net liabilities related to the allocation of euro banknotes within the Eurosystem	567,191		-543,670
	9.3 Other liabilities within the Eurosystem (net)	5,445		-5,182
			572,637	548,852
10	Items in course of settlement		0	0
11	Other liabilities			
	11.1 Off-balance-sheet instruments revaluation differences	–		(–)
	11.2 Accruals and income collected in advance	5,320		-7,047
	11.3 Sundry	2,030		-1,200
			7,350	8,247
12	Provisions			
	12.1 Provision for general risk	–		(–)
	12.2 Other provisions	11,695		-11,233
			11,695	11,233
13	Revaluation accounts		267,285	197,145
14	Capital and reserves			
	14.1 Capital	2,500		-2,500
	14.2 Reserves	–		-661
			2,500	3,161
15	Accumulated loss		– 19,153	–
			2,372,647	**2,521,183**

Profit and loss account of the Deutsche Bundesbank for the year 2024

			2023
	€ million		**€ million**
1 Interest income	55,959		-55,053
1 Interest expense	– 69,018		(- 68,960)
1 Net interest income		– 13,059	– 13,907
2 Realised gains/losses arising from financial operations	1,184		-546
2 Write-downs on financial assets and positions	– 324		(- 153)
2 Net result of financial operations and write-downs		860	393
3 Net result of pooling monetary income		– 5,434	– 5,193
4 Net income from fees and commissions		60	41
5 Income from participating interests		23	17
6 Other income		187	190
7 Staff costs		– 1,477	– 2,100
8 Administrative expenses		– 747	– 796
9 Depreciation of tangible and intangible fixed assets		- 117	– 119
10 Banknote production services		– 77	– 76
11 Other expenses		– 33	– 30
12 Transfer to/from provision for general risk		–	19,199
Loss for the year		**– 19,814**	**– 2,381**
13 Allocation to/withdrawal from reserves		661	2,381
14 Accumulated losses carried forward		–	–
Accumulated loss		**– 19,153**	**–**

Frankfurt am Main, 11 February 2025

DEUTSCHE BUNDESBANK
Executive Board

Dr Joachim Nagel   Dr Sabine Mauderer

Burkhard Balz   Dr Fritzi Köhler-Geib   Lutz Lienenkämper   Michael Theurer

Overview of the Deutsche Bundesbank's accounting policies

General accounting principles

Reflection of economic reality, thus giving a true and fair view of the Bundesbank's net assets, financial position and results of operations; prudence; recognition of post-balance-sheet events; materiality; going-concern basis; accruals principle; consistency and comparability.

Recognition of spot transactions

Spot transactions denominated in gold and foreign currency shall be accounted for from the trade date to determine the average cost and the realised gains and realised losses. Recognition of these spot transactions and of spot transactions in securities shall be based on the cash/settlement approach.

Valuation rules

Gold, foreign currency instruments, securities and financial instruments shall be valued at mid-market rates and prices as at the balance sheet date. Securities held to maturity shall be valued at amortised cost; write-downs are charged if impairment is expected to be permanent. The same applies to non-marketable securities and securities held for monetary policy purposes by virtue of a decision adopted by the Governing Council of the ECB.

No distinction shall be made between price and currency revaluation differences for gold, but a single gold revaluation difference shall be accounted for, based on the euro price per defined unit of weight of gold derived from the euro/ US dollar exchange rate as at the balance sheet date.

Revaluation shall take place on a currency-by-currency basis for foreign currency instruments (including off-balance-sheet transactions).

In the case of securities, each revaluation shall take place on a code-by-code basis (same ISIN number/type).

Repurchase agreements

A repurchase agreement (repo) shall be recorded as a collateralised inward deposit on the liabilities side of the balance sheet, while the assets serving as collateral remain on the assets side of the balance sheet. A reverse repurchase agreement (reverse repo) shall be recorded as a collateralised outward loan on the assets side of the balance sheet for the amount of the loan.

In the case of lending transactions, the assets shall remain on the transferor's balance sheet. Lending transactions where collateral is provided in the form of cash shall be accounted for in the same manner as that prescribed for repurchase operations.

Income recognition

Realised gains and realised losses can arise only in the case of transactions which reduce a securities or foreign currency position. They shall be derived from a comparison of the transaction value with the acquisition value as calculated using the average cost method; they shall be taken to the profit and loss account.

Revaluation gains and losses shall accrue from the revaluation of assets at market values compared to their acquisition value as calculated using the average cost method. Unrealised gains shall not be recognised as income but recorded in a revaluation account.

Unrealised losses shall be taken to the profit and loss account if they exceed previous revaluation gains registered in the revaluation account. Unrealised losses taken to the profit and loss account in prior periods shall not be reversed in subsequent years against new unrealised gains. Unrealised losses in any one security, in any currency or in gold holdings shall not be netted against unrealised gains in other securities, currency or gold.

The average cost method shall be used on a daily basis to compute the acquisition cost of assets subject to exchange rate and/or price movements. The average acquisition cost of the assets shall be reduced by unrealised losses taken to the profit and loss account at year-end.

In the case of securities, the difference between the acquisition and redemption value (premium or discount) shall be amortised over the remaining contractual life of the securities in accordance with the internal rate of return method, presented as part of interest income (amortisation) and included in the acquisition value (amortised cost).

Accruals denominated in foreign currency shall be translated at the mid-market rate on each business day and change the respective foreign currency position.

Accounting rules for off-balance-sheet instruments

Foreign exchange forward transactions, forward legs of foreign exchange swaps and other currency instruments involving an exchange of one currency for another at a future date shall be included in the net foreign currency position as from the trade date.

Interest rate swaps, futures, forward rate agreements and other interest rate instruments shall be accounted for and valued on an item-by-item basis.

Profits and losses arising from off-balance-sheet instruments shall be recognised and treated in a similar manner to those from on-balance-sheet instruments.

Tangible and intangible fixed assets

Tangible and intangible fixed assets shall be valued at cost less depreciation and amortisation. Depreciation and amortisation shall be calculated on a straight-line basis and applied over the expected economic life of the asset. A distinction shall be made as follows:

- computers, related hardware and software, and motor vehicles: 4 years;
- equipment, furniture and plant in building: 10 years;
- building and refurbishment expenditure: 25 years;
- depreciation shall not apply to land.

Tangible and intangible fixed assets costing less than €10,000 after deduction of value added tax shall be written off in full in the year of acquisition.

Provisions

With the exception of the provisions for Eurosystem monetary policy operations, provisions shall be accounted for in accordance with the regulations set forth in the Commercial Code (*Handelsgesetzbuch*). Pursuant to Section 26(2) of the Bundesbank Act (*Bundesbankgesetz*), it shall be possible to create a provision for general risk associated with domestic and foreign business.

Transitional arrangements

The assets and liabilities shown on the closing Deutsche Mark balance sheet as at 31 December 1998 shall be revalued as at 1 January 1999. Unrealised gains arising on or before 1 January 1999 shall be recorded separately from the unrealised gains which arise after 1 January 1999. The market rates/prices applied by the Bundesbank on the euro-denominated opening balance sheet as at 1 January 1999 shall be deemed to be the average acquisition rates/prices as at 1 January 1999. The revaluation accounts for unrealised gains accruing on or before 1 January 1999 shall be released only in connection with revaluation losses and in the event of disposals after 1 January 1999.

Notes on the annual accounts: general information

Legal basis

Sections 26 and 27 of the Bundesbank Act (*Gesetz über die Deutsche Bundesbank*) form the legal basis for the annual accounts and distribution of profit. According to the provisions on accounting laid down in Section 26(2) sentence 2 of the Bundesbank Act, the annual accounts shall be drawn up with due regard to the tasks of the Deutsche Bundesbank, in particular those deriving from its being an integral part of the European System of Central Banks (ESCB), and shall be published with appropriate notes thereon. Consistent with this, the Bundesbank is allowed to apply the ECB's accounting policies.

Accounting policies of the Bundesbank

The Governing Council of the ECB adopted policies for the ECB's annual accounts in accordance with Article 26.2 of the Statute of the ESCB. The Bundesbank decided to adopt these policies as its own accounting policies.[1] An overview of the Deutsche Bundesbank's accounting policies can be found in the above supplementary information. The annual accounts of the Bundesbank thus follow the harmonised accounting and financial reporting rules of Eurosystem operations, both in terms of the structure of the balance sheet and the profit and loss account, and with regard to the valuation and accounting policies applied. The accounting policies, which were updated in December 2024 to bring them into line with the amendments within the Eurosystem, contain improvements in the reporting of various balance sheet and profit and loss account items. On the balance sheet, these notably concern the "Accumulated loss" item, which is reportable effective immediately on the liabilities side of the balance sheet as well as the subdivision of liability item 12 "Provisions" into the liability sub-items 12.1 "Provision

1 As last published in Deutsche Bundesbank Notice No 10003/2024.

for general risk" and 12.2 "Other provisions". In addition, the Bundesbank's TARGET balance vis-à-vis the ECB is now reported in a separate sub-item on the balance sheet (asset sub-item 9.3 "Claims related to TARGET" or liability sub-item 9.1 "Liabilities related to TARGET") rather than collectively with other claims and liabilities as hitherto in the sub-item "Other claims within the Eurosystem (net)" or "Other liabilities within the Eurosystem (net)". In the profit and loss account, the "Transfers to/from provision for general risk" item, which was previously a sub-item of item 2 "Net result of financial operations and write-downs", is now reported separately as profit and loss item 12. Furthermore, the "Net result of pooling monetary income" item has been moved to a higher position within the profit and loss account (from item 5 to item 3). The sub-items of profit and loss item 4 "Net income from fees and commissions" are no longer reported. The figures for the previous year have been adjusted to reflect the new reporting format. Because the TARGET balance is reported separately under asset sub-item 9.3 "Claims related to TARGET", the other assets and liabilities within the Eurosystem are reported in net terms under liability sub-item 9.3 "Other liabilities within the Eurosystem (net)", which results in higher total assets for the previous year.

Cost accounting at the Bundesbank

The Bundesbank is furthermore required, pursuant to Section 26(4) sentence 1 of the Bundesbank Act, to prepare a cost account to assist it in its management and administrative tasks. In compliance with this legislation, the Bank draws up a standard cost account and an investment plan before the start of each financial year. The harmonised Eurosystem accounting policies for internal accounting adopted by the Governing Council of the ECB and compiled in the Committee on Controlling (COMCO) manual are also taken into account in this regard. At the end of the financial year, the Bank makes a comparative analysis of the budgeted figures and the actual costs and investment. This analysis is reviewed separately by the external auditors.

Creation of reserves owing to the restriction on distribution pursuant to Section 253(6) of the Commercial Code

Pursuant to Section 253 of the German Commercial Code (*Handelsgesetzbuch*), provisions for post-employment benefit obligations must be discounted at the average market rate corresponding to their residual maturity calculated over the past ten financial years (see liability sub-item 12.2 " Other provisions"). The relief resulting from application of the ten-year rather than the seven-year observation period must be calculated annually and may not be distributed. In accordance with Section 253(6) sentence 2 of the Commercial Code, the distribution of profits shall be restricted to the part that exceeds the amount for which distribution is restricted less any disposable reserves. However, the Bundesbank does not have any such reserves. The amount for which distribution is restricted itself has to be treated as reserves, and transfers to them and withdrawals from them are taken to profit and loss once the profit or loss for the year has been determined as part of the appropriation of profit (see liability item 14 "Capital and reserves" and profit and loss item 13 "Allocation to/withdrawal from reserves").

Recognition of euro banknotes and ...

The ECB and the national central banks of the euro area countries, which together comprise the Eurosystem, issue banknotes denominated in euro. The following allocation procedure[2] was approved for recognition of the euro banknotes in circulation in the financial statements of the individual central banks of the Eurosystem. The respective share of the total value of euro banknotes in circulation due to each central bank in the Eurosystem is calculated on the last business day of each month in accordance with the key for allocating euro banknotes. The ECB is allocated an 8 % share of the total value of the euro banknotes in circulation, whereas the remaining 92 % is allocated to the national central banks in proportion to their respective paid-up shares in the capital of the ECB. As at 31 December 2024, the Bundesbank had a 26.6 % share in the fully paid-up capital of the ECB and, therefore, a 24.5 % share of the euro banknotes in circulation in accordance with the banknote allocation key. The value of the Bundesbank's share in the total amount of euro banknotes issued by the Eurosystem is shown in item 1 "Banknotes in circulation" on the liabilities side of the balance sheet.

2 Decision of the European Central Bank of 13 December 2010 on the issue of euro banknotes (ECB/2010/29), as last amended by the Decision of the European Central Bank of 7 December 2023 (ECB/2023/35).

… of intra-Eurosystem balances arising from the allocation of euro banknotes

The difference between the value of the euro banknotes allocated to each central bank of the Eurosystem in accordance with the banknote allocation key and the value of the euro banknotes that the central bank actually puts into circulation gives rise to remunerated intra-Eurosystem balances.[3] If the value of the euro banknotes actually issued is greater than the value according to the banknote allocation key, the difference is recorded on the balance sheet as an intra-Eurosystem liability in liability sub-item 9.2 “Net liabilities related to the allocation of euro banknotes within the Eurosystem”. If the value of the euro banknotes actually issued is less than the value according to the banknote allocation key, the difference is recorded in asset sub-item 9.4 “Net claims related to the allocation of euro banknotes within the Eurosystem”. These balances are remunerated at the respective rate on the main refinancing operations.

In the year of the cash changeover and in the following five years, the intra-Eurosystem balances arising from the allocation of euro banknotes within the Eurosystem are adjusted in order to avoid significant changes in national central banks’ relative income positions as compared to previous years. The adjustments are based on the difference between the average value of the banknotes that each national central bank had in circulation in the reference period and the average value of the banknotes that would have been allocated to each of them during that period in accordance with the ECB’s capital key. The adjustments are reduced in annual increments until the first day of the sixth year after the cash changeover year. Thereafter, income from euro banknotes in circulation is allocated fully in proportion to the national central banks’ paid-up shares in the ECB’s capital.

The adjustment in the reporting year resulted from the accession of the Croatian National Bank with effect from 1 January 2023. This will expire accordingly with effect from 31 December 2028. The interest income and expense arising from the remuneration of the intra-Eurosystem balances is cleared through the accounts of the ECB and disclosed under item 1 “Net interest income” of the Bundesbank’s profit and loss account.

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3 Decision of the European Central Bank of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (ECB/2016/36), as last amended by the Decision of the European Central Bank of 14 November 2024 (ECB/2024/33).

ECB's interim profit distribution

The ECB's income from the 8 % share of the euro banknotes in circulation as well as from securities purchased by the ECB as part of the securities markets programme (SMP), the third covered bond purchase programme (CBPP3), the asset-backed securities purchase programme (ABSPP) and the public sector purchase programme (PSPP) as well as the pandemic emergency purchase programme (PEPP) is distributed to the national central banks of the Eurosystem as interim profit in the same financial year in which the income arises, unless the ECB's net profit is less than this income or the Governing Council of the ECB decides to retain the amount for allocation to the ECB risk provision.[4] No interim profit was distributed for financial year 2024 as the ECB is reporting a loss, as in the previous year. The ECB losses are not reflected in the Bundesbank's annual accounts for 2024, but are carried forward on the ECB's balance sheet. That loss carryforward will, however, place a (pro rata) burden on future annual results of the Bundesbank because ECB profit distributions will not be made or because losses incurred by the ECB will be assumed by the national central banks in future periods (subject to a decision taken by the ECB Governing Council pursuant to Article 33.2 of the Statute of the ESCB).

Change to the ECB's capital key with effect from 1 January 2024

The provisions laid down under Article 29.3 of the Statute of the ESCB require the key for subscription to the ECB's capital by the ESCB national central banks to be adjusted every five years. Accordingly, an adjustment was made to the ECB's capital key with effect from the beginning of 2024. As a result of this adjustment, the Bundesbank's share in the ECB's subscribed capital increased with effect from 1 January 2024 from 21.4 % to 21.8 %. The Bundesbank's share in the fully paid-up capital of the ECB went up accordingly from 26.1494 % to 26.6301 %. The participating interest in the ECB (asset sub-item 9.1 "Participating interest in the ECB") thus increased from a nominal €2,321 million to €2,357 million. The Bundesbank's claim arising from the transfer of foreign reserves to the ECB (asset sub-item 9.2 "Claims equivalent to the transfer of

4 Decision of the European Central Bank of 15 December 2014 on the interim distribution of the income of the European Central Bank (recast) (ECB/2014/57), as last amended by the Decision of the European Central Bank of 12 November 2020 (ECB/2020/56).

foreign reserves to the ECB”) also grew, from €10,635 million to €10,802 million.

Change in the interest rate used for the remuneration of intra-Eurosystem balances as of 1 January 2025

On 13 March 2024, the Governing Council of the ECB decided on changes to the operational framework for implementing monetary policy to ensure that the framework remains appropriate as the Eurosystem balance sheet normalises. In addition to other key parameters and features of the operational framework, it was agreed that the monetary policy stance would continue to be steered through the deposit facility rate. As a result, the Governing Council of the ECB decided that, as of 1 January 2025, the applicable deposit facility rate, rather than the main refinancing rate, should be used for the remuneration of claims or liabilities related to TARGET, net claims or liabilities related to the allocation of euro banknotes within the Eurosystem, and claims equivalent to the transfer of foreign reserves to the ECB. The same rule applies to the calculation of monetary income: the difference between the value of a national central bank’s earmarked assets and the value of its liability base will be remunerated, as of 1 January 2025, at the deposit facility rate, as will the income for government bonds purchased under the PSPP and PEPP without pooling risk and returns.

Preparation and auditing of financial statements

The Executive Board prepared the Deutsche Bundesbank’s financial statements for financial year 2024 on 11 February 2025. The financial statements were audited by Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft (Düsseldorf), whom the Executive Board engaged as external auditors on 1 September 2020 in accordance with Section 26(3) of the Bundesbank Act. The auditors issued an unqualified audit opinion on 18 February 2025 confirming that the Bundesbank’s financial statements for 2024 – consisting of the balance sheet and the profit and loss account – comply, in all material respects, with the legal requirements and the accounting policies of the Deutsche Bundesbank approved by the Executive Board and give a true and fair view of the net assets, financial position and results of operations of the Deutsche Bundesbank in accordance with German principles of proper accounting and with regard to the notes on the annual financial statements. After studying the external auditors’ unqualified audit opinion, the Executive Board decided that publication of the financial statements would take place on 25 February 2025.

Notes on the individual balance sheet items

Assets

1 Gold and gold receivables

Table 1: Gold reserves by storage location

Storage location	31.12.2024		31.12.2023		Year-on-year change			
	Tonnes	€ million	Tonnes	€ million	Tonnes	%	€ million	%
Deutsche Bundesbank, Frankfurt	1,710	138,058	1,710	102,693	– 0	– 0.0	35,365	34.4
Federal Reserve Bank, New York	1,236	99,804	1,236	74,238	–	–	25,566	34.4
Bank of England, London	405	32,717	406	24,404	– 1	– 0.3	8,313	34.1
Total	**3,352**	**270,579**	**3,353**	**201,335**	**– 1**	**– 0.0**	**69,245**	**34.4**

As at 31 December 2024, the Bundesbank's physical holdings (bars) of fine gold amounted to 3,351,546 kg, or 108 million fine ounces (ozf). These are supplemented by an additional 4 kg of gold receivables that were generated by the settlement of margins in the context of gold transactions. The gold was valued at the market price at the end of the year (1 kg = €80,732.74, or 1 ozf = €2,511.069. Compared with the previous year's price (1 kg = €60,052.06, or 1 ozf = €1,867.828), this represents an increase of 34.4 %. The gold holdings declined by 0.03 % (1,126 kg, or 0.04 million ozf) in the year under review. This was due to the sale of gold to the Federal Government at market prices for the purpose of minting gold coins. The resulting income of €66 million is shown in sub-item 2.1 "Realised gains/losses arising from financial operations" in the profit and loss account.

2 Claims on non-euro area residents denominated in foreign currency

This item comprises the receivables from the International Monetary Fund (IMF) as well as balances with banks and security investments, loans and other foreign currency claims on non-euro area residents.

2.1 Receivables from the IMF

Sub-item 2.1 contains the receivables from the IMF which are financed and held by the Bundesbank and which arise from the Federal Republic of Germany's membership of the IMF. The receivables, which total 47,158 million special drawing rights (SDRs) (€59,155 million), are made up of the drawing rights within the reserve tranche and the holdings of special drawing rights.

Table 2: Receivables from the IMF

	31.12.2024		31.12.2023		Year-on-year change			
Item	SDR million	€ million	SDR million	€ million	SDR million	%	€ million	%
German quota	26,634	33,410	26,634	32,379	–	–	1,031	3.2
Less euro balances	20,044	25,143	19,437	23,629	607	3.1	1,514	6.4
Drawing rights within the reserve tranche	6,590	8,267	7,198	8,750	– 607	– 8.4	– 483	– 5.5
Special drawing rights	40,568	50,888	40,114	48,766	454	1.1	2,122	4.4
New Arrange-ments to Borrow	–	–	26	32	– 26	– 100.0	– 32	– 100.0
Total	**47,158**	**59,155**	**47,338**	**57,548**	**– 179**	**– 0.4**	**1,607**	**2.8**

The drawing rights within the reserve tranche correspond to the amounts paid to the IMF in gold, special drawing rights and foreign currency under the German quota, plus the amounts drawn by the IMF from the portion of the quota paid in national currency. Accordingly, the drawing rights in the reserve tranche as recorded on the balance sheet represent the difference between the German quota of SDR 26,634 million (€33,410 million) and the part of Germany's quota subscription paid in euro (euro balances) that is still at the IMF's disposal at the end of the year, which came to €25,143 million (SDR 20,044 million). In 2024, the amount of drawing rights held in the reserve tranche declined on balance by SDR 607 million to SDR 6,590 million (€8,267 million).

Special drawing rights – by means of which freely usable currencies as per the IMF definition can be obtained at any time – in the amount of SDR 37,587 million were allocated free of charge. A corresponding counterpart is shown as liability item 8 "Counterpart of special drawing rights allocated by the IMF". In 2024, the holdings of special drawing rights went up by SDR 454 million (€2,122 million) to SDR 40,568 million (€50,888 million).

Loans under the New Arrangements to Borrow (NAB) are multilateral credit lines with the IMF, which serve as a backstop for use in the event of a systemic crisis. They were not activated by the IMF in 2024, which means that the Bundesbank was not drawn upon. The Bundesbank's NAB credit line amounts to SDR 25.8 billion. SDR 26 million (€32 million) in residual receivables from the IMF stemming from earlier drawdowns of the NAB credit line and carried over from 2023 were repaid in the year under review. A temporary bilateral credit line of €17.9 billion additionally pledged by the Bundesbank to the IMF as a further backstop was not drawn down, as adequate IMF liquidity was available. There were, therefore, no receivables arising from the NAB or bilateral loans at the end of the year.

If all items on the assets side and the liabilities side of the balance sheet are taken into account, the net holdings of special drawing rights amounted to SDR 9,621 million, compared with SDR 9,815 million in the previous year. Valuation is based on the reference rate of SDR 1 = €1.2544 (2023: SDR 1 = €1.2157) calculated by the ECB at the end of the year for all central banks participating in the Eurosystem.

2.2 Balances with banks and security investments, external loans and other external assets

Balances with banks and security investments, loans and other foreign currency claims reported under sub-item 2.2 amounted to €33,970 million as at the end of 2024, compared with €33,376 million in the previous year. These include, in particular, US dollar holdings in the amount of US$29,172 million (€28,080 million), representing a decrease of US$2,926 million on the year. This is mainly due to a scaling back of US dollar holdings in favour of augmenting the GBP portfolio. The sub-item also contains holdings in yen (¥202,484 million, equivalent to €1,242 million), Australian dollar

(A$1,882 million, equivalent to €1,122 million), Canadian dollar (C$2,498 million, equivalent to €1,671 million), Chinese yuan (renminbi) (2,259 million yuan, equivalent to €298 million) and British pound sterling (£1,288 million, equivalent to €1,553 million), and a small amount of other currencies. The holdings are interest-bearing. The foreign currency holdings were valued at the respective end-of-year market rate.

Table 3: Balances with banks and security investments, external loans and other external assets

	31.12.2024	31.12.2023	Year-on-year change	
Item	**€ million**	**€ million**	**€ million**	**%**
Current account balances and overnight deposits	960	2,796	– 1,836	– 65.7
Fixed-term deposits and deposits redeemable at notice	4,813	4,335	478	11.0
Reverse repos	–	955	– 955	– 100.0
Marketable securities				
Government bonds				
US dollar	19,430	18,714	716	3.8
Yen	672	286	386	135.2
Australian dollar	893	845	48	5.7
Canadian dollar	1,487	1,500	– 13	– 0.9
Chinese yuan (renminbi)	291	274	16	6.0
Pound sterling	1,136	–	1,136	.
Supranational, sovereign and agency (SSA) bonds	3,961	3,497	464	13.3
Subtotal	27,870	25,116	2,754	11.0
Other	328	175	153	87.8
Total	**33,970**	**33,376**	**594**	**1.8**

Table 4: Net foreign exchange positions in selected currencies

Balance of all reported asset and liability itemsin foreign currencyat market rates (net foreign exchange position) in	31.12.2024		31.12.2023		Year-on-year change
	Million (currency)	Market rate	Million (currency)	Market rate	Million (currency)
US dollar	29,352	1.0389	32,232	1.1050	– 2,879
Yen	202,651	163.06	202,886	156.33	– 236
Australian dollar	1,889	1.6772	1,825	1.6263	64
Canadian dollar	2,515	1.4948	2,404	1.4642	111
Chinese yuan (renminbi)	2,283	7.5833	2,180	7.8509	102
Pound sterling	1,297	0.82918	1	0.86905	1,296

4 Claims on non-euro area residents denominated in euro

In 2023, this item included the loans of €2,939 million granted to foreign central banks as part of the ECB’s liquidity lines. These bilateral swap and repo lines cover the euro liquidity needs of financial institutions in non-euro area countries via their central banks. There are no such loans as at year-end 2024. Claims on non-euro area counterparties arising from bilateral repo transactions amounting to €588 million (2023: €2,214 million) are also shown in this item. These claims resulted from reverse repos transacted simultaneously with repos, in which securities in the PSPP portfolio as well as PEPP public sector holdings are lent against federal securities on a cash-neutral basis; the transactions have a maximum term of seven days. The corresponding liabilities from the repos are shown under liability item 5 “Liabilities to non-euro area residents denominated in euro”.

5 Lending to euro area credit institutions related to monetary policy operations denominated in euro

The volume and structure of the liquidity-providing monetary policy operations carried out by the Bundesbank as part of the Eurosystem (main and longer-term refinancing operations and the marginal lending facility) are shown in this item.

Table 5: Lending to euro area credit institutions related to monetary policy operations denominated in euro

Item	31.12.2024 € million	31.12.2023 € million	Year-on-year change € million	 %
Main refinancing operations	2,009	2,744	– 735	– 26.8
Longer-term refinancing operations				
Regular operations (3 months)	3,500	317	3,183	.
Targeted operations – third series (TLTRO III)	–	69,198	– 69,198	– 100.0
Subtotal	3,500	69,515	– 66,015	– 95.0
Marginal lending facility	–	–	–	.
Total	**5,509**	**72,259**	**– 66,750**	**– 92.4**

As at the end of the reporting year, the outstanding volume of the Eurosystem's monetary policy operations amounted to €34,221 million (2023: €410,290 million), of which the Bundesbank accounted for €5,509 million (2023: €72,259 million). Pursuant to Article 32.4 of the Statute of the ESCB, risks from these operations, provided they materialise, are shared among the Eurosystem national central banks in proportion to the prevailing shares in the capital of the ECB. Losses arise only if the counterparty to a monetary policy operation defaults and the collateral it has provided proves insufficient upon realisation.

Main refinancing operations are regular weekly transactions with a standard one-week maturity, the purpose of which is to provide liquidity. In the reporting year, main refinancing operations continued to be conducted as fixed rate tenders with full allotment. At the end of the year, the main refinancing operations amounted to €2,009 million, which was €735 million less than at the end of the previous year. On a daily average, the outstanding volume of main refinancing operations came to €878 million (2023: €820 million).

In the year under review, the regular longer-term refinancing operations with maturities of three months were carried out as fixed rate tenders with full allotment at the average main refinancing rate. As at 31 December 2024, take-up of these totalled €3,500 million (2023: €317 million).

The final four of the additional targeted longer-term refinancing operations from the third series (TLTRO III), which were carried out between September 2019 and September 2021 and each had a term of three years, reached maturity in the year under review. The interest on these operations was charged at an individual rate geared to the respective counterparty's eligible net lending. This rate lay between the average main refinancing rate and deposit facility rate prevailing over the life of the respective operation. In response to the COVID-19 crisis, the Governing Council of the ECB decided to lower the minimum interest rate over the period from 24 June 2020 to 23 June 2022 to 50 basis points below the deposit facility rate, but in any case to a maximum of − 1 %. Furthermore, the Governing Council decided on 27 October 2022 to index the interest rate on all outstanding TLTRO III operations to the average applicable key ECB interest rates over the period from 23 November 2022 until their maturity date or early repayment date. The outstanding volume at the end of the previous year was €69,198 million.

The total volume of longer-term refinancing operations outstanding at year-end 2024 came to €3,500 million, which was €66,015 million below the figure at the end of 2023; on a daily average, the volume amounted to €26,887 million (2023: €157,612 million).

The marginal lending facility is a standing facility which counterparties may use to obtain overnight liquidity at a pre-specified interest rate. As in the previous year, no recourse was made to this facility at the end of 2024. Average daily use came to €17 million (2023: €67 million).

6 Other claims on euro area credit institutions denominated in euro

This item, amounting to €8,926 million (2023: €5,824 million), consists, in particular, of claims on euro area credit institutions arising from bilateral repo transactions amounting to €3,722 million (2023: €4,424 million). These claims resulted from reverse repos transacted simultaneously with repos, in which securities in the PSPP portfolio as well as PEPP public sector holdings are lent against federal securities on a cash-neutral basis; the transactions have a maximum term of seven days. The corresponding liabilities from the repos are shown under liability item 3 "Other liabilities to euro area credit institutions denominated in euro". This item also includes fixed-term deposits held at credit institutions amounting to €5,204 million (2023: €1,400 million), which arise from funds received in connection with central bank services (see liability item 5 " Liabilities to non-euro area residents denominated in euro").

7 Securities of euro area residents denominated in euro

This item contains the holdings of securities denominated in euro resulting from purchases made within the framework of the Eurosystem purchase programmes announced by the Governing Council of the ECB, which are shown under sub-item 7.1 "Securities held for monetary policy purposes". These holdings are carried at amortised cost, irrespective of whether the securities are held to maturity.

Table 6: Securities held for monetary policy purposes

	31.12.2024		31.12.2023		Year-on-year change			
	Balance sheet value	Market value	Balance sheet value	Market value	Balance sheet value		Market value	
Portfolio	€ million	€ million	€ million	€ million	€ million	%	€ million	%
APP								
CBPP3	64,884	60,603	74,481	68,856	– 9,597	– 12.9	– 8,252	– 12.0
PSPP	447,264	402,961	513,505	465,552	– 66,241	– 12.9	– 62,591	– 13.4
CSPP	63,718	59,320	71,848	65,992	– 8,130	– 11.3	– 6,672	– 10.1
Subtotal	575,867	522,884	659,834	600,399	– 83,967	– 12.7	– 77,515	– 12.9
PEPP								
PEPP covered bonds	1,251	1,131	1,352	1,202	– 101	– 7.4	– 71	– 5.9
PEPP public sector securities	325,141	292,071	339,622	303,713	– 14,480	– 4.3	– 11,642	– 3.8
PEPP corporate sector securities	8,659	8,126	8,264	7,553	395	4.8	573	7.6
Subtotal	335,052	301,328	349,238	312,468	– 14,186	– 4.1	– 11,139	– 3.6
Total	**910,918**	**824,213**	**1,009,071**	**912,867**	**– 98,153**	**– 9.7**	**– 88,654**	**– 9.7**

With reinvestments under the asset purchase programme (APP) having been discontinued as of July 2023 as per the Governing Council's decision of 15 June 2023, the year under review saw holdings under the APP (with the individual sub-programmes CBPP3, PSPP and CSPP) decrease as assets reached maturity. Besides this, the Governing

Council decided on 18 March 2020 to launch a new temporary €750 billion pandemic emergency purchase programme (PEPP) until the end of 2020, covering all the assets eligible under the APP. The Governing Council's decisions of 4 June 2020 and 10 December 2020 increased the overall envelope for the PEPP to a total of up to €1,850 billion, whilst its decision of 16 December 2021 reduced net asset purchases under the PEPP in the first quarter of 2022 and discontinued them at the end of March 2022. In the second half of 2024, principal payments from maturing securities stopped being fully reinvested, in accordance with the Governing Council's decision of 6 June 2024. This reduced Eurosystem PEPP holdings by an average of €7.5 billion per month. Reinvestments under the PEPP will be discontinued as of 2025.

As at year-end, the Eurosystem national central banks' holdings under the securities markets programme (SMP) – of which the Bundesbank's portfolio is now empty, all securities having reached maturity – amounted to €1,050 million (2023: €1,901 million), their CBPP3 holdings to €232,571 million (2023: €262,090 million), their CSPP holdings to €288,374 million (2023: €323,921 million) and their PSPP holdings of securities issued by supranational institutions (of which the Bundesbank itself did not acquire any holdings) to €227,808 million (2023: €255,261 million). As at 31 December 2024, the Eurosystem national central banks' PEPP holdings amounted to €5,097 million in the covered bonds portfolio (2023: €5,197 million), to €45,105 million in the corporate sector portfolio (2023: €45,989 million) and to €158,931 million (2023: €154,332 million) in the portfolio of securities issued by supranational institutions (of which the Bundesbank itself did not acquire any holdings). Consistent with Article 32.4 of the Statute of the ESCB, all risks from the SMP, CBPP3, CSPP and the above-mentioned PSPP and PEPP holdings, provided they materialise, are shared among the Eurosystem national central banks in proportion to the prevailing shares in the capital of the ECB, as is the case with the income received. Risks and income resulting from the government bonds purchased under the PSPP and PEPP (including regional government bonds and bonds issued by eligible agencies located in the euro area), on the other hand, are borne or are collected, respectively, by the individual national central banks holding these bonds. For its PSPP and PEPP public sector portfolio, the Bundesbank purchases only bonds issued by German issuers.

The Governing Council of the ECB decided that there was no need to recognise any impairment losses on securities contained in the SMP, CBPP3, PSPP, CSPP and PEPP portfolios as at 31 December 2024, as it is expected that all payment obligations relating to the bonds and debt securities contained in Eurosystem central banks' holdings will continue to be met as agreed.

8 Claims on the Federal Government

This item shows the equalisation claims on the Federal Government and the non-interest-bearing debt register claim in respect of Berlin; both date back to the currency reform of 1948. They form the balance sheet counterpart of the amounts paid out at that time in cash per capita and per enterprise and of the initial provision of credit institutions and public corporations with central bank money. Equalisation claims yield interest at a rate of 1 % per annum. In conjunction with Article 123 of the Treaty on the Functioning of the European Union (the Lisbon Treaty), it has been stipulated that the equalisation claims and the debt register claim are to be redeemed in ten annual instalments, starting in 2024. The first redemption payment was made as at 31 December 2024; totalling €445 million, it brought the equalisation claims down to €3,995 million (2023: €4,440 million).

9 Intra-Eurosystem claims

The Bundesbank's claims on the ECB and on the national central banks participating in the Eurosystem are consolidated in this item.

Sub-item 9.1 shows the Bundesbank's participating interest in the ECB. Pursuant to Article 28 of the Statute of the ESCB, the ESCB national central banks are the sole subscribers to the capital of the ECB. The Bundesbank's participating interest in the ECB amounted to a nominal €2,357 million as at 31 December 2024; including the Bundesbank's share of the ECB's net equity, effective from 1 January 2024, it came to €2,786 million (see " Notes on the annual accounts: general information").

Sub-item 9.2 contains the Bundesbank's euro-denominated claims equivalent to the transfer of foreign reserves to the ECB. At the beginning of 1999, the central banks participating in the Eurosystem transferred foreign reserve assets (15 % in gold and 85 % in foreign currency) to the ECB in accordance with Article 30 of the Statute of the ESCB. Adjustments to the key for subscription of the ECB's capital also result in adjustments to the Bundesbank's claims equivalent to the transfer of foreign reserves to the ECB. As at 31 December 2024, these claims amounted to €10,802 million (2023: €10,635 million). As the transferred gold does not earn any interest, the claims are remunerated at 85 % of the prevailing main refinancing rate.

The cross-border payments processed in TARGET result in the automatic and direct creation of a single liability to, or claim on, the ECB at the end of each business day. As at the end of the year, the Bundesbank's claim on the ECB was €47,053 million lower at

€1,046,318 million, which is contained in sub-item 9.3 “Claims related to TARGET”. This is remunerated at the respective main refinancing rate, with the exception of the unremunerated intra-Eurosystem liabilities resulting from the swap transactions between the ECB and the Bundesbank. On a daily average, the remunerated claim amounted to €1,072,377 million (2023: €1,086,088 million).

Sub-item 9.4 “Net claims related to the allocation of euro banknotes within the Eurosystem” shows the claims which arise from applying the euro banknote allocation key. As in 2023, the Bundesbank did not have a claim as at the end of 2024 but a liability, which is shown in liability sub-item 9.2 “Net liabilities related to the allocation of euro banknotes within the Eurosystem”.

Sub-item 9.5 “Other claims within the Eurosystem (net)” would show a net claim arising from other assets and liabilities within the Eurosystem. At the end of 2024, the Bundesbank had a net liability, which is reported with notes on the liabilities side under sub-item 9.3 “Other liabilities within the Eurosystem (net)” (in the annual accounts for 2023 this was netted with the TARGET claim on the ECB and shown on the assets side in accordance with the accounting policies applicable at the time; see “ Notes on the annual accounts: general information”).

10 Items in course of settlement

This item contains the asset items arising from payments still being processed within the Bundesbank.

11 Other assets

The Bundesbank’s holdings of euro coins are shown in sub-item 11.1 “Coins”. New coins are received from the federal mints at their nominal value for the account of the Federal Government, which holds the coin prerogative.

Sub-item 11.2 “Tangible and intangible fixed assets” amounted to €759 million, compared with €795 million in the previous year. It comprises land and buildings, furniture and equipment including computer equipment, and software.

Table7: Tangible and intangible assets

Item	Acquisition and production costs 31.12.2023 € million	Additions € million	Disposals € million	Accumulateddepreciation € million	Book value 31.12.2024 € million	Book value 31.12.2023 € million	Depreciation in 2024 € million
Land and buildings	2,195	19	– 21	– 1,705	488	497	– 26
Furniture and equipment including computer equipment	1,145	56	– 43	– 894	264	293	– 84
Software	174	9	–	– 176	7	6	– 8
Total	**3,514**	**84**	**– 64**	**– 2,775**	**759**	**795**	**– 117**

Sub-item 11.3 “Other financial assets” amounted to €6,084 million, compared with €10,258 million in the previous year. It contains the Bundesbank’s own funds portfolio as a counterpart to its capital, reserves and long-term provisions for civil servant pensions and healthcare assistance. The own funds portfolio is invested not in government securities but exclusively in fixed rate covered bonds denominated in euro, which are generally held to maturity and are, therefore, valued at amortised cost.

Table 8: Own funds portfolio

Portfolio	31.12.2024		31.12.2023		Year-on-year change			
	Balance sheet value	Market value	Balance sheet value	Market value	Balance sheet value		Market value	
	€ million	€ million	€ million	€ million	€ million	%	€ million	%
Euro-denominated covered bonds issued in								
Germany	3,038	2,922	4,277	4,070	– 1,240	– 29.0	– 1148	– 28.2
France	1,143	1,074	1 673	1,570	– 530	– 31.7	– 496	– 31.6
Finland	468	436	631	582	– 163	– 25.8	– 146	– 25.1
Netherlands	280	258	452	423	– 171	– 37.9	– 165	– 39.0
Belgium	331	317	331	308	1	0.2	9	2.9
Total	**5,260**	**5,007**	**7,363**	**6,954**	**– 2,103**	**– 28.6**	**– 1,946**	**– 28.0**

This sub-item also includes €51 million in participating interests held by the Bundesbank. The Bundesbank's participating interest in the Bank for International Settlements, Basel, was unchanged at €50 million as at the end of the year; it holds 50,100 shares, with 25 % of their par value being paid-in capital. As in the previous year, the participating interest in the cooperative society S.W.I.F.T., La Hulpe (Belgium), amounted to €1 million.

Claims on euro area counterparties other than credit institutions arising from bilateral repo transactions amounting to €773 million (2023: €2,844 million) are also shown in this sub-item. These claims resulted from reverse repos transacted simultaneously with repos, in which securities in the PSPP portfolio as well as PEPP public sector holdings are lent against federal securities on a cash-neutral basis; the transactions have a maximum term of seven days. The corresponding liabilities from the repos are shown under liability sub-item 4.2 "Other liabilities".

Sub-item 11.5 "Accruals and prepaid expenses" contains accruals and prepaid expenses as at 31 December 2024. This chiefly consists of (accrued) interest income due in the new financial year from securities and from the TARGET claim on the ECB which were acquired or transacted in 2024.

Liabilities

1 Banknotes in circulation

The total value of euro banknotes issued by the central banks of the Eurosystem is distributed among these banks on the last business day of each month in accordance with the key for allocating euro banknotes (see “ Notes on the annual accounts: General information”). According to the banknote allocation key applied as at 31 December 2024, the Bundesbank has a 24.5 % share of the value of all the euro banknotes in circulation. During the year under review, the total value of banknotes in circulation within the Eurosystem rose from €1,567.7 billion to €1,588.3 billion, or by 1.3 %. Taking into account the allocation key, the Bundesbank had euro banknotes in circulation worth €389,136 million as at the end of the year, compared with €377,036 million a year previously. The value of the euro banknotes actually issued by the Bundesbank increased in 2024 by 3.9 % from €920,705 million to €956,327 million. As this was more than the allocated amount, the difference of €567,191 million (2023: €543,670 million) is shown in liability sub-item 9.2 “Net liabilities related to the allocation of euro banknotes within the Eurosystem”.

2 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro

Sub-item 2.1 “Current accounts” contains the deposits of credit institutions, amounting to €76,527 million (2023: €52,994 million), which are also used to meet the minimum reserve requirement and to settle payments. The main criterion for including these deposits in this sub-item is that the relevant counterparties appear in the list of institutions which are subject to the Eurosystem’s minimum reserve regulations. The balances held to fulfil the minimum reserve requirement amounted to €44,576 million on an annual average. In accordance with the ECB Governing Council’s decision of 27 July 2023, these balances have been remunerated at 0 % since September 2023; balances on current accounts in excess of the minimum reserve requirement have already been remunerated at 0 % since July 2022. On a daily average, current account deposits decreased from €50,217 million in 2023 to €46,433 million in 2024.

Sub-item 2.2 “Deposit facility”, amounting to €883,694 million (2023: €1,056,837 million), contains overnight deposits remunerated at the deposit facility rate. On a daily average, the deposit facility amounted to €1,079,217 million, compared with €1,203,610 million in 2023.

Sub-item 2.5 “Deposits related to margin calls” contains cash collateral deposited by credit institutions in order to increase underlying assets. As at 31 December 2024, no holdings were reported under this item (2023: €24 million).

3 Other liabilities to euro area credit institutions denominated in euro

This item contains, in particular, liabilities to euro area credit institutions arising from bilateral repo transactions cleared centrally via Eurex. In these transactions, securities in the PSPP portfolio as well as PEPP public sector holdings are lent against cash as collateral, or in the case of simultaneous reverse repos, against federal securities on a cash-neutral basis; the transactions have a maximum term of seven days. As at the end of the year, securities lending against cash as collateral gave rise to liabilities in the amount of €4,544 million (2023: €8,957 million), and securities lending against federal securities resulted in liabilities of €3,722 million (2023: €4,424 million); the corresponding claims are reported in asset item 6 “Other claims on euro area credit institutions denominated in euro”. In addition, this item contains liabilities in the amount of €452 million (2023: €955 million) arising from account balances pledged for deposit protection pursuant to the Deposit Guarantee Act (*Einlagensicherungsgesetz*) in conjunction with the Regulation on the Financing of the Compensation Scheme (*Entschädigungseinrichtungs-Finanzierungsverordnung*) as well as account balances of credit institutions in the amount of €118 million (2023: €182 million) which are exempt from minimum reserve requirements due to the imposition of freezing orders.

4 Liabilities to other euro area residents denominated in euro

Sub-item 4.1 “General government deposits” encompasses the balances of the Federal Government, its special funds, the state governments, the European Stability Mechanism (ESM), the European Financial Stability Facility (EFSF) and other public depositors (social security funds and local governments). On 31 December 2024, general government deposits amounted to €20,348 million in all (2023: €25,955 million). On a daily average, the volume amounted to €13,847 million (2023: €48,959 million).

Sub-item 4.2 “Other liabilities” amounted to €13,897 million, compared with €18,454 million a year earlier. It mainly comprises deposits of other financial service providers. In addition, liabilities to euro area counterparties other than credit institutions arising from bilateral repo transactions were included in this sub-item as at 31 December 2024. In these repo transactions, securities in the PSPP portfolio as well as PEPP public sector holdings are lent against cash as collateral, or in the case of simultaneous reverse repos, against federal securities on a cash-neutral basis; the transactions have a maximum term of seven days. As at the end of the year, securities lending against cash as collateral did not give rise to any liabilities (2023: €4 million), and securities lending against federal securities resulted in liabilities of €773 million (2023: €2,844 million); the corresponding claims are reported in asset sub-item 11.3 “Other financial assets”. On a daily average, the sub-item amounted to €12,520 million (2023: €21,394 million).

5 Liabilities to non-euro area residents denominated in euro

This balance sheet item, amounting to €90,748 million (2023: €161,000 million), contains the balances of non-euro area central banks, monetary authorities, international organisations and commercial banks held, inter alia, to settle payments. On a daily average, the volume amounted to €54,196 million (2023: €114,208 million). As at 31 December 2024, deposits of €67,174 million were attributable to non-euro area central banks and monetary authorities, of which €21,164 million was attributable to central banks within the European Union. This item also includes fixed-term deposits of central banks accepted as part of the Bundesbank’s central bank services amounting to €5,204 million (2023: €1,400 million), which are then invested in the money market (see asset item 6 “ Other claims on euro area credit institutions denominated in euro”). Liabilities to non-euro area commercial banks arising from bilateral repo transactions are also recorded in this item. In these repo transactions, securities in the PSPP portfolio as well as PEPP public sector holdings are lent against cash as collateral, or in the case of simultaneous reverse repos, against federal securities on a cash-neutral basis; the transactions have a maximum term of seven days. As at the end of the year, securities lending against cash as collateral gave rise to liabilities in the amount of €2,312 million (2023: €4,985 million), and securities lending against federal securities resulted in liabilities of €588 million (2023: €2,214 million); the corresponding claims are reported in asset item 4 “Claims on non-euro area residents denominated in euro”.

6 Liabilities to euro area residents denominated in foreign currency

This item contains, in particular, deposits on foreign currency accounts of the Federal Government.

7 Liabilities to non-euro area residents denominated in foreign currency

Foreign currency-denominated liabilities to banks outside the euro area are recorded in this item. In 2023, it contained liabilities in US dollars, amounting to €31 million, which arose from repos; no liabilities were reported in this item as at 31 December 2024.

8 Counterpart of special drawing rights allocated by the IMF

The counterpart of the special drawing rights (SDRs) allocated by the IMF free of charge corresponds to the allocations of SDRs to the Federal Republic of Germany from 1970 to 1972, from 1979 to 1981, in 2009 and in 2021, which together totalled SDR 37,587 million (see asset sub-item 2.1 "Receivables from the IMF").

9 Intra-Eurosystem liabilities

The Bundesbank's liabilities to the ECB and to the other central banks participating in the Eurosystem are consolidated in this item.

Sub-item 9.1 contains "Liabilities related to TARGET". As at the end of the year, the Bundesbank had a claim on the ECB arising from cross-border payments made via TARGET, which is shown on the assets side in sub-item 9.3 "Claims related to TARGET" and outlined there.

Sub-item 9.2 "Net liabilities related to the allocation of euro banknotes within the Eurosystem" contains the liabilities arising from the application of the euro banknote allocation key (see liability item 1 "Banknotes in circulation"). As at the end of the year, these liabilities amounted to €567,191 million in total (2023: €543,670 million). The 8 % share of the total value of euro banknotes in circulation attributable to the ECB (€1,588.3 billion) resulted in a liability of €33,838 million for the Bundesbank (according to its capital share of 26.6 %). In addition, the allocation of the remaining 92 % of euro banknotes in circulation to the balance sheets of the national central banks resulted in a liability of €533,353 million for the Bundesbank. The reason for the size of this liability was the Bundesbank's still disproportionately high share of banknote issuance (60.2 %), which is largely due to net outflows of banknotes to other countries, as well as the relatively high level of domestic demand for banknotes from non-banks.

The net liabilities arising from other assets and liabilities within the Eurosystem is shown in sub-item 9.3 “Other liabilities within the Eurosystem (net)”. As at the end of the year, the Bundesbank had a net liability of €5,445 million arising, in particular, from the pooling of monetary income among the national central banks (see profit and loss item 3 “ Net result of pooling monetary income”) (2023: €5,182 million; in the annual accounts for 2023, this was shown net of the TARGET claim on the ECB on the assets side, in accordance with the accounting principles applicable at the time; see “ Notes on the annual accounts: General information”).

10 Items in course of settlement

This item contains the liability items arising from payments still being processed within the Bundesbank.

11 Other liabilities

Sub-item 11.2 “Accruals and income collected in advance” contains the accrued and collected income as at 31 December 2024. This consists mainly of (accrued) interest expenses which are due in the new financial year but were incurred in the previous financial year and which arose in connection with the allocation of banknotes within the Eurosystem.

Sub-item 11.3 “Sundry” comprises the liabilities arising from Deutsche Mark banknotes still in circulation. Deutsche Mark banknotes are no longer legal tender. However, the Bundesbank has publicly undertaken to redeem Deutsche Mark banknotes that are still in circulation for an indefinite period. The Deutsche Mark banknotes still in circulation belong to the series BBk I/Ia and BBk III/IIIa and as at the end of 2024 totalled €2,884 million. The banknote series BBk I/Ia accounted for €1,171 million of this total and the banknote series BBk III/IIIa for €1,714 million. Taking into account the partial derecognitions in 2004 and 2021 and the deposits that have been made in the meantime, the liability arising from the Deutsche Mark banknotes still in circulation amounted to €417 million (2023: €431 million) as at the reporting date. Deposits of Deutsche Mark banknotes in 2024 totalled €18 million, of which €14 million consisted of the BBk III/IIIa series banknotes and €4 million of the BBk I/Ia series banknotes (see profit and loss item 11 “ Other expenses”).

12 Provisions

Sub-item 12.1 “Provision for general risk” would show the provision for general risk, which is established in accordance with the rules governing the annual accounts of the Bundesbank pursuant to Section 26(2) of the Bundesbank Act and serves as a hedge against general risks associated with domestic and foreign business. In 2023, the provision for general risk, amounting to €19,199 million, was released in full to offset losses incurred due to the materialisation of interest rate risk.

Sub-item 12.2 “Other provisions” contains the provisions for monetary policy operations pursuant to the Eurosystem’s accounting principles and provisions pursuant to regulations set forth in the Commercial Code.

Table 9:Provisions

Provisions	31.12.2024 € million	31.12.2023 € million	Year-on-year change € million	%
Provision for general risk	–	–	–	.
Other provisions				
Monetary policy operations	–	11	– 11	– 100.0
Direct pension commitments	8,461	8,192	269	3.3
Indirect pension commitments (supplementary pension funds for public sector employees)	733	731	2	0.3
Healthcare subsidy commitments to civil servants	2,379	2,190	188	8.6
Partial retirement scheme	9	15	– 6	– 39.0
Staff restructuring schemes	10	15	– 5	– 34.0
Other	103	78	25	31.8
Subtotal	11,695	11,233	462	4.1
Total	**11,695**	**11,233**	**462**	**4.1**

In accordance with the Eurosystem’s accounting principles, the Governing Council of the ECB decided in the previous year to establish a provision for the required impairment of one PEPP corporate sector security. Consistent with Article 32.4 of the Statute of the ESCB, provisions for monetary policy operations are funded by each national central bank in the Eurosystem according to its capital share. These provisions (Bundesbank share: €11 million) were released owing to the sale of the PEPP corporate sector security in question during the reporting year, and taken to profit and loss item 3 “Net result of pooling monetary income” where the amount was netted against the realised loss from the sale of this security included in the Eurosystem’s monetary income (see profit and loss item 3 “ Net result of pooling monetary income”).

Provisions for post-employment benefit obligations (direct pension commitments and indirect pension commitments as a result of the Bundesbank’s obligation to act as guarantor for pension payments out of the supplementary pension funds for public sector employees) as well as for healthcare subsidy commitments to civil servants are valued on the basis of actuarial expert opinions prepared using current mortality tables (Heubeck 2018 G mortality tables) according to the entry age normal method (*Teilwertverfahren*) (for current staff) and the present value method (*Barwertverfahren*) (for pensioners and ex-civil servants with portable pension entitlements), taking into account discount rates and trends. The discount rate used for post-employment benefit obligations is, in each case, a matched-maturity average market interest rate for the past ten years or, for healthcare subsidy commitments to civil servants, for the past seven years pursuant to the Regulation on the Discounting of Provisions (*Rückstellungsabzinsungsverordnung*).

Table 10:Discount rates and trends

Parameter	31.12.2024 %	31.12.2023 %
Discount rate for		
post-employment benefit obligations	1.78	1.78
comparable long-term staff obligations (healthcare subsidy commitments to civil servants)	1.74	1.62
short-term staff obligations (partial retirement scheme and staff restructuring schemes)	1.51	1.00
Wage trend	2.50	2.50
Career trend	0.50	0.50
Cost trend for healthcare subsidy commitments to civil servants	3.75	3.50
Pension trend for direct pension commitments	2.50	2.50
Pension trend for supplementary pension funds for public sector employees	1.00	1.00

Pursuant to Section 253(6) of the Commercial Code, the amount saved by applying the ten-year rather than the seven-year period for calculating the average market interest rate for post-employment benefit obligations is subject to a restriction on distribution. In 2023, the ten-year rate (1.78 %) and the seven-year rate (1.62 %) resulted in an interest margin of 16 basis points, representing a difference of €246 million. In 2024, the interest margin came to a smaller 4 basis points (1.78 % versus 1.74 %), which resulted in a lower saving of €63 million. Owing to the loss for the year, the reserve including the calculated saving was released in full (see “ Notes on the annual accounts: General information”, liability item 14 “ Capital and reserves” and profit and loss item 13 “ Allocation to/withdrawal from reserves”).

Provisions for the partial retirement scheme and for payment commitments arising from staff restructuring schemes that had already been carried out as at the reporting date are valued based on actuarial expert opinions prepared using current mortality tables according to the present value method, or according to the entry age normal method in the case of the outstanding settlement amount for the partial retirement scheme, taking into account discount rates and trends. The discount rate is based on a matched-maturity average market interest rate for the past seven years pursuant to the Regulation on the Discounting of Provisions.

The other provisions are created for remaining holiday entitlement, overtime worked and positive balances of flexible working hours and long-term working hours accounts as well as for other uncertain liabilities.

Expenses in the amount of €147 million from marking up the provisions (including the effects of the change in the discount rates) are contained in profit and loss sub-item 1.2 “Interest expense”. Profit and loss item 7 “Staff costs” shows a net allocation of €372 million, with a total allocated amount of €675 million standing against a total utilisation of €303 million. Other changes in provisioning gave rise, on balance, to relief of €7 million in profit and loss item 11 “Other expenses” and to relief of €1 million in profit and loss item 8 “Administrative expenses”. The reversal of provisions resulted in income of €38 million in profit and loss item 6 “Other income”.

13 Revaluation accounts

This item contains the disclosed hidden reserves from the initial valuation at the time of the changeover to market valuation as at 1 January 1999 (revaluation items “old”) and the unrealised gains arising from market valuation as at 31 December 2024 (revaluation items “new”).

Table 11: Revaluation accounts

Item	31.12.2024 € million	31.12.2023 € million	Year-on-year change € million	%
Gold	262,657	193,409	69,247	35.8
of which: Revaluation items "old"	*18,624*	*18,631*	– 6	– 0.0
Foreign currency				
US dollar	4,064	3,300	764	23.2
SDR	433	94	339	361.5
Yen	-	–	–	.
Australian dollar	-	–	–	.
Canadian dollar	52	88	– 36	– 40.8
Chinese yuan (renminbi)	14	4	10	241.5
Pound sterling	10	–	10	.
Subtotal	4,573	3,486	1,087	31.2
Securities in foreign currency	55	249	– 194	– 77.9
Total	**267,285**	**197,145**	**70 ,140**	35.6

Revaluation items "old"

A revaluation item "old" now remains only for gold. This item represents the difference between the market value of gold as at 1 January 1999 and the lower book value of gold prior to that date. On the balance sheet as at 31 December 1998, the book value for gold was 1 ozf = DEM 143.8065 (€73.5271), while the market value as at 1 January 1999 was 1 ozf = €246.368. Although the valuation gains arising from the initial valuation of the gold holdings are not eligible for distribution, they will be released under certain circumstances. Besides being released in the case of devaluations, a proportionate release will also take place in the event of net reductions if the end-of-year gold holdings are below their lowest end-of-year level since 1999.

The reduction of 1,126 kg, or 0.04 million ozf, in the gold holdings resulted in the release of €6 million in the year under review, which was taken to profit and loss sub-item 2.1 "Realised gains/losses arising from financial operations".

Revaluation items "new"

The revaluation items "new" show, for the gold holdings, the net positions in each foreign currency and the securities portfolios in each category of security (securities identification number), the positive difference in each case between the market value on 31 December 2024 and their value at average amortised cost since 1 January 1999.

As regards gold, this acquisition cost is 1 ozf = €246.369. As at the end of the year, the market value of the gold position exceeded its acquisition value, leading to a revaluation item of €244,032 million (2023: €174,779 million). In the case of the net foreign exchange positions in US dollars, SDRs, Canadian dollars, Chinese yuan (renminbi) and pound sterling, the market values as at 31 December 2024 were also above their acquisition values (€1 = US$1.2137, €1 = SDR 1.2094, €1 = C$1.5431, €1 = 7.9645 yuan and €1 = £0.83432), resulting in revaluation items. As at the end of the year, the market values of the net foreign exchange positions in Japanese yen and in Australian dollars were below the respective acquisition values (€1 = ¥156.55 and €1 = A$1.6268), meaning that valuation losses were incurred (see profit and loss sub-item 2.2 " Write-downs on financial assets and positions").

The valuation gains on foreign currency-denominated securities shown on the balance sheet result predominantly from US Treasury notes (€28 million). However, for a large portion of the US Treasury notes, the relevant acquisition values were higher than their corresponding market values on the reporting date, resulting in valuation losses of €212 million (see profit and loss sub-item 2.2 " Write-downs on financial assets and positions"). In principle, securities denominated in euro are carried at amortised cost. Marking to market would result in valuation losses of €87,999 million (2023: €97,765 million), mostly from government bonds held for monetary policy purposes (PEPP public sector securities and PSPP) and valuation gains of €1,041 million (2023: €1,151 million).

14 Capital and reserves

In accordance with Section 2 of the Bundesbank Act, the Bank's capital, amounting to €2.5 billion, is owned by the Federal Republic of Germany. The statutory reserves pursuant to Section 27 No 1 of the Bundesbank Act, in the amount of €414 million, and the reserves owing to the restriction on distribution pursuant to Section 253(6) of the

Commercial Code (see “ Notes on the annual accounts: general information” and profit and loss item 13 “Allocation to/withdrawal from reserves”), in the amount of €246 million, were used to offset pro rata the loss for the year and released in full.

Table 12:Net equity

Item		31.12.2024 € million	31.12.2023 € million	Year-on-year change € million
Liabilities 14.1	**Capital**	2,500	2,500	–
Liabilities 14.2	**Reserves**			
	Statutory reserves pursuant to Section 27 No 1 of the Bundesbank Act	–	414	– 414
	Reserves pursuant to Section 253(6) of the Commercial Code	–	246	– 246
Liabilities 12.1	**Provision for general risk**	–	–	–
Liabilities 13	**Revaluation accounts**	267,285	197,145	70,140
Liabilities 15	**Accumulated loss**	– 19,153	–	– 19,153
Total		**250,632**	**200,306**	**50,326**

The Bundesbank's net equity according to the ECB’s definition amounted to €250.6 billion and – following the full release of reserves – comprised capital (liability sub-item 14.1), the revaluation accounts (liability item 13) and the accumulated loss (liability item 15) in the annual accounts for 2024. Compared with the previous year, this represents a net increase of €50.3 billion as at the end of 2024, despite the accumulated loss.

15 Accumulated loss

The profit and loss account for 2024 closed with a loss for the year of €19,814 million (2023: loss of €2,381 million). After the release of reserves in the amount of €661 million, the remaining accumulated loss came to €19,153 million (2023: balanced result; see profit and loss item 13 “ Allocation to/withdrawal from reserves”).

Notes on the profit and loss account

1 Net interest income

This item shows interest income, net of interest expense. Net interest income was negative as in the previous year, at -€13,059 million, but has recovered somewhat from the prior-year figure of -€13,907 million, going up by €848 million. Net interest income in foreign currency was up slightly by €48 million owing to higher yields, and net interest income in euro increased by €800 million to -€14,993 million. In the past years, the monetary policy asset purchases have given rise to longer-term fixed interest positions (generating a low level of remuneration). The counterparts of these on the liabilities side of the balance sheet – besides banknotes in circulation – are short-term interest-bearing deposits of banks. The mismatch in maturities has left an open euro interest rate position on the balance sheet. In the reporting year, securities held for monetary policy purposes stood at an annual average of €957 billion, banknotes in circulation came to €382 billion, unremunerated minimum reserves came to €46 billion, and the open euro interest rate position resulting from the holdings of monetary policy securities (the net residual from these figures) amounted to €528 billion. The significant increase in the deposit facility rate from mid-2022 onwards caused the euro interest rate risk from this open interest rate position to materialise. In the reporting year, the remuneration of monetary policy securities increased by only a marginal 16 basis points (from an average of 0.37 % in the previous year to 0.54 %). The annual average interest expense for credit institutions’ monetary policy deposits increased by 54 basis points from the previous year’s 3.27 % to 3.81 %. On balance, the negative interest margin for the open euro interest rate position resulting from monetary policy securities holdings was higher in 2024, at − 328 basis points compared with − 290 basis points in the previous year. However, the decrease of €145 billion in the open interest rate position due to maturing monetary policy securities holdings resulted in a decline of 11 %, or €2.2 billion, in net interest expense, bringing it down to €17.3 billion (previous year: €19.5 billion). All the euro holdings not included in this open interest rate position generated net interest income of €2.3 billion overall, compared with €3.7 billion in the previous year.

Table 13: Net interest income

Item	2024 € million	2023 € million	Year-on-year change € million	 %
Interest income in foreign currency				
IMF	2,220	2,195	25	1.1
Reverse repo transactions	216	209	7	3.4
Securities	1,198	1,118	79	7.1
Other	97	137	– 40	– 29.2
Subtotal	3,731	3,659	72	2.0
Interest income in euro				
Refinancing operations	1,130	5,018	– 3,888	– 77.5
Reverse repo transactions	125	92	33	36.0
Monetary policy portfolios	5,126	3,909	1,217	31.1
of which: inflation-linked federal bonds	209	406	– 197	– 48.6
Claims arising from central bank services	322	264	58	21.8
Claims equivalent to the transfer of foreign reserves to the ECB	386	349	37	10.5
TARGET2 claim on the ECB	45,056	41,653	3,403	8.2
Own funds portfolio (financial assets)	34	48	– 15	– 30.3
Other	50	60	– 10	– 16.9
Subtotal	52,228	51,394	834	1.6
Total interest income	**55,959**	**55,053**	**905**	**1.6**
Interest expense in foreign currency				
IMF	1,779	1,770	9	0.5
Repo transactions	18	3	15	547.9
Other	0	0	– 0	– 87.1
Subtotal	1,797	1,773	24	1.3
Interest expense in euro				
Deposits of credit institutions	41,147	41,066	81	0.2
Euro balances of domestic and foreign depositors	2,745	5,158	– 2,413	– 46.8
Liabilities arising from the allocation of euro				

| Item | 2024
€ million | 2023
€ million | Year-on-year change
€ million | %

 |
|---|---|---|---|---|
| banknotes | 22,934 | 20,454 | 2,480 | 12.1 |
| Marking up of staff provisions | 147 | 160 | – 13 | – 8.2 |
| Repo transactions | 228 | 342 | – 114 | – 33.4 |
| Other | 21 | 8 | 13 | 168.6 |
| Subtotal | 67,221 | 67,187 | 34 | 0.1 |
| **Total interest expense** | **69,018** | **68,960** | **58** | **0.1** |
| **Net interest income** | **– 13,059** | **– 13,907** | **848** | **6.1** |

1.1 Interest income

Interest income in foreign currency rose from €3,659 million in the previous year to €3,731 million in 2024 owing to higher yields. Interest income in euro increased by €834 million year on year to €52,228 million. Owing to maturing TLTRO III operations, monetary policy refinancing operations yielded lower interest income of €1,130 million, a decrease of €3,888 million. Interest income from the remuneration of the TARGET claim on the ECB increased by €3,403 million to €45,056 million (average remuneration of 4.20 %, compared with 3.84 % in the previous year).

Table 14:Interest income from monetary policy portfolios

Portfolio	2024 € million	2023 € million	Year-on-year change € million	%
SMP	–	1	– 1	– 100.0
APP				
CBPP3	520	501	18	3.7
PSPP	2,082	2,011	71	3.5
CSPP	749	788	– 39	– 4.9
Subtotal	3,351	3,300	51	1.5
PEPP				
PEPP covered bonds	3	1	2	223.7
PEPP public sector	1,655	509	1,147	225.5
PEPP corporate sector	116	99	18	18.0

Portfolio	2024 € million	2023 € million	Year-on-year change € million	 %
Subtotal	1,775	608	1,167	191.9
Total	**5,126**	**3,909**	**1,217**	**31.1**

The monetary policy portfolios generated interest income of €5,126 million, compared with €3,909 million in the previous year. Income from the APP portfolios (CBPP3, PSPP and CSPP portfolios) climbed by €51 million to €3,351 million, with the average rate of remuneration rising from 0.48 % to 0.55 % in the reporting year. The PEPP portfolios generated roughly triple the interest income of the previous year (€608 million), at €1,775 million, with the average rate of remuneration going up from 0.17 % to 0.52 % due to reinvested securities.

Income from the Bundesbank's own funds portfolio contracted by €15 million owing to reduced holdings and remuneration averaging 0.54 % (previous year: 0.60 %). The reverse repos transacted simultaneously with the bilateral repo transactions (see asset item 4 " Claims on non-euro area residents denominated in euro", asset item 6 " Other claims on euro area credit institutions denominated in euro" and asset sub-item 11.3 " Other financial assets") resulted in interest income of €125 million (2023: €92 million).

1.2 Interest expense

There was a year-on-year increase of €58 million to €69,018 million in interest expense. Remunerated deposits of credit institutions decreased by 10 % on an annual average. However, owing to the key interest rate hikes in 2023, the associated interest expense in the reporting year was higher at 3.81 % (on average for the year), or €41,147 million, compared with 3.27 % or €41,066 million in the previous year. Remuneration of intra-Eurosystem balances arising from the allocation of euro banknotes is at the main refinancing rate, and this rose from 3.87 % (on average for the year), or €20,454 million in the previous year to 4.19 %, or €22,934 million (see " Notes on the annual accounts: General information"). The euro balances of domestic and foreign depositors more than halved (-56 %) on average over the year; with the average rate of remuneration up from 2.84 % in the previous year to 3.46 %, the associated expense declined from €5,158 million in the previous year to €2,745 million. Expenses arising from the marking up of staff provisions (see liability sub-item 12.2 " Other provisions") decreased by €13 million owing, in particular, to the increase in the discount rate for post-employment benefit obligations. Repo transactions (see liability item 3 " Other liabilities to euro area credit institutions denominated in euro", liability sub-item 4.2 " Other liabilities" and liability item 5 " Liabilities to non-euro area residents denominated in euro") resulted in an interest expense of €228 million (2023: €342 million).

2 Net result of financial operations and write-downs

This item contains realised gains and losses on sales of gold, foreign currency and securities as well as write-downs on marked-to-market holdings of foreign currency and foreign currency-denominated securities.

Table 15: Net result of financial operations and write-downs

Item	2024 € million	2023 € million	Year-on-year change € million	 %
Realised gains/losses				
Gold	66	135	– 69	– 51.2
Foreign currency	1,047	603	444	73.6
Securities	72	– 191	263	.
Subtotal	1,184	546	638	116.8
Write-downs				
Foreign currency	– 87	– 113	26	23.4
Securities	– 237	– 40	– 197	– 490.1
Subtotal	– 324	– 153	– 171	– 111.4
Total	**860**	**393**	**467**	**119.0**

Realised net income from foreign currency transactions reported in sub-item 2.1 resulted mainly from US dollar transactions (€1,009 million). Realised gains on sales of securities primarily relate to US Treasury notes (€56 million).

The write-downs reported under sub-item 2.2 resulted mainly, in the case of foreign currency, from valuation losses on foreign currency holdings of Japanese yen and Australian dollars and, in the case of securities holdings, primarily from valuation losses on US Treasury notes.

3 Net result of pooling monetary income

This item comprises an expense of €5,434 million overall in 2024. Risk provisioning for Eurosystem monetary policy operations resulted in income of €11 million (2023:

expense of €11 million; see liability sub-item 12.2 " Other provisions"). The expense from pooling monetary income amounted on balance to €5,445 million (2023: €5,182 million).

Monetary income of the Eurosystem national central banks is pooled in accordance with a decision taken by the Governing Council of the ECB.[5)] Since 2003, the amount of monetary income allocated to each national central bank has been measured on the basis of the actual income that derives from the earmarked assets that each holds as a counterpart to its liability base.

The liability base contains, in particular, the following items: liability item 1 "Banknotes in circulation", liability item 2 "Liabilities to euro area credit institutions related to monetary policy operations denominated in euro", liability sub-item 9.1 "Liabilities related to TARGET", and liability sub-item 9.2 "Net liabilities related to the allocation of euro banknotes within the Eurosystem". All interest paid on these items decreases the amount of monetary income to be transferred by the national central bank concerned. In 2024, the Bundesbank's deduction amount was €64.1 billion.

A national central bank's earmarked assets consist mainly of the following items: asset item 5 "Lending to euro area credit institutions related to monetary policy operations denominated in euro", asset sub-item 7.1 "Securities held for monetary policy purposes", asset sub-item 9.2 "Claims equivalent to the transfer of foreign reserves to the ECB", asset sub-item 9.3 "Claims related to TARGET", asset sub-item 9.4 "Net claims related to the allocation of euro banknotes within the Eurosystem", and a limited amount of the national central banks' gold holdings corresponding to their share in the fully paid-up capital of the ECB. It is assumed that no income is generated from the gold and that the government bonds purchased under the PSPP and PEPP (including regional government bonds and bonds issued by eligible agencies located in the euro area) generate income commensurate with the applicable main refinancing rate, as the ECB Governing Council has ruled out the possibility of pooling the risk and returns arising from these instruments among the national central banks. The Bundesbank's arithmetical interest income was €82.1 billion in total for 2024.

If the value of a national central bank's earmarked assets exceeds or falls short of the value of its liability base, the difference is offset by applying the main refinancing rate to the value of the difference. For the Bundesbank, the value of its earmarked assets in

5 [5]

2024 exceeded the value of its liability base; applying the main refinancing rate on a daily basis, this gave rise to a deduction item of €0.6 billion. At the end of each financial year, the total monetary income transferred by all national central banks is allocated to the national central banks in proportion to their respective shares in the fully paid-up capital of the ECB.

The monetary income of the national central banks is initially reflected in profit and loss item 1 “Net interest income”, while any unequal allocation among national central banks is balanced out via profit and loss item 3 “Net result of pooling monetary income”. The transfer and allocation of monetary income can cause redistribution effects among national central banks under two conditions in practice. First, earmarked assets or liabilities as part of the liability base must have an interest rate that is different from the main refinancing rate (such as, for instance, the deposit facility remunerated at the deposit facility rate or the remuneration of monetary policy portfolios, provided the Governing Council of the ECB has not ruled out the possibility of pooling the risk and returns arising from these securities among the national central banks). Second, the pro rata share of these earmarked assets or liabilities on the balance sheet of the respective national central bank must be higher or lower than its share in the ECB ’s capital. The PSPP/ PEPP holdings of bonds from supranational issuers purchased by other national central banks (annual average of €398.3 billion), of which the Bundesbank has not purchased any holdings itself, gave rise to low interest only (average for the year of around 0.58 %). The lower income for the purchasing national central banks as a result of the difference from the main refinancing rate (the negative interest margin comes to around − 360 basis points on average for the year) is balanced out among the national central banks via the common pool of monetary income. Based on its capital share of 26.6 %, the charge for the Bundesbank came to around €3.8 billion. In addition, in the reporting year, the Bundesbank’s share of the Eurosystem’s total holdings of credit institutions’ deposits (€3,336.7 billion on average for the year) stood at 33.7 %, or €1,125.7 billion, which was around €237.2 billion higher than the arithmetical share of €888.6 billion based on the Bundesbank’s capital share. The resulting disproportionately high additional income generated by the Bundesbank from the positive interest margin between the main refinancing rate and the remuneration of deposits (around 60 basis points on average for the year) is likewise balanced out via the common pool of monetary income, and resulted in a charge of €1.0 billion for the Bundesbank.

The pooling of monetary income resulted in a net expense of €5,445 million for the Bundesbank (2023: €5,182 million). This balance represents the difference between the €17,421 million (2023: €15,838 million) in monetary income paid by the Bundesbank into the common pool and the Bundesbank's claim of €11,976 million (2023: €10,656 million) – corresponding to the Bundesbank's share of the ECB's paid-up capital – on the common pool.

Consistent with Article 32.4 of the Statute of the ESCB, the Governing Council of the ECB had identified a need to recognise an impairment on one PEPP corporate sector security in the previous year. Commensurate with its capital share of 26.1 % in 2023, the Bundesbank had established a provision of €11 million, which was transferred to this profit and loss item in the reporting year following the sale of the security (see liability sub-item 12.2 " Other provisions"). The realised loss on this sale was brought into the pooling of monetary income by the central bank in question. The same applies to the loss incurred by another central bank in the reporting year owing to the restructuring of an issuer of CSPP and PEPP corporate sector securities.

4 Net income from fees and commissions

Net income from fees and commissions came to €60 million, compared with €41 million in the previous year.

Table 16:Net income from fees and commissions

Item	2024 € million	2023 € million	Year-on-year change € million	 %
Cashless payments	20	23	– 3	– 14.0
Cash payments	5	5	– 0	– 4.4
Securities business and security deposit business	15	– 13	28	.
Other	20	25	– 6	– 22.5
Total	**60**	**41**	**19**	**46.2**

5 Income from participating interests

This item contains the Bundesbank's income from its participating interests in the ECB, the BIS and S.W.I.F.T. The income of €23 million (2023: €17 million) arose predominantly from BIS dividends, as in the previous year.

6 Other income

Other income amounted to €187 million, compared with €190 million in 2023. An amount of €90 million (2023: €85 million) was attributable to the contributions of the Eurosystem national central banks to the costs of developing and running Eurosystem services, €38 million (2023: €36 million) to the reversal of provisions (see liability sub-item 12.2 " Other provisions"), €23 million (2023: €22 million) to rental income, and €4 million (2023: €19 million) to proceeds from the sale of land and buildings.

7 Staff costs

This item contains the salaries and wages paid out under the pay regulations for salaried staff and civil servants, social security contributions, and expenditure on post-employment benefits including transfers to staff provisions (with the exception of the interest share; see profit and loss sub-item 1.2 "Interest expense"). Staff costs fell from €2,100 million to €1,477 million year on year. This was due to the absence of non-recurring effects from the previous year: in 2023 there had been higher expenses for post-employment benefits owing, in particular, to the higher general pay rise for salaried staff and civil servants to compensate for inflation and the associated increased transfers to the staff provisions. Excluding transfers to staff provisions, staff costs rose by 3.8 %. This was attributable to the general pay rises for salaried staff and civil servants applicable from March 2024.

Table 17:Staff costs

Item	2024 € million	2023 € million	Year-on-year change € million	%
Salaries and wages	762	682	80	11.8
Social security contributions	99	94	5	5.4
Expenditure on post-employment benefits	616	1,324	– 708	– 53.5
Total	**1,477**	**2,100**	**– 623**	**– 29.7**

The remuneration received by each member of the Executive Board is published in the Annual Report in accordance with item 9 of the "Code of Conduct for the members of the Executive Board of the Deutsche Bundesbank". For 2024, the President of the

Bundesbank received a pensionable salary of €435,600.40, special non-pensionable remuneration of €76,693.78, a standard expenses allowance of €5,112.96 and inflation compensation payments of €440.00, amounting to a total of €517,847.14. The First Deputy Governor (in office since 2 September 2024, prior to that a member of the Executive Board) received a pensionable salary of €288,573.92, special non-pensionable remuneration of €51,086.59, a standard expenses allowance of €2,725.50 and inflation compensation payments of €440.00, amounting to a total of €342,826.01 for 2024. Another member of the Executive Board received a pensionable salary of €261,360.32, special non-pensionable remuneration of €46,016.27, a standard expenses allowance of €2,556.48 and inflation compensation payments of €440.00, amounting to a total of €310,373.07 for the year 2024. Two member of the Executive Board (in office since 2 September 2024) each received a pensionable salary of €87,352.90 and special non-pensionable remuneration of €15,210.93, totalling €102,563.83 each for 2024. One member of the Executive Board (in office since 1 November 2024) received a pensionable salary of €44,043.48 and special non-pensionable remuneration of €7,669.38, totalling €51,712.86 for 2024.

Total remuneration payments to serving and former members of the Executive Board, former members of the Bundesbank's Directorate and of the Executive Boards of the Land Central Banks, including their surviving dependants, amounted to €10,678,433.20 in 2024.

8 Administrative expenses

Administrative expenses decreased from €796 million in 2023 to €747 million. This item shows not only general operating expenditure but also, in particular, expenditure of €329 million on computer hardware and software (2023: €300 million) and of €159 million on office buildings (2023: €211 million) as well as expenditure of €62 million on Eurosystem services (2023: €67 million).

9 Depreciation of tangible and intangible fixed assets

Depreciation of land and buildings, of furniture and equipment including computer equipment and of software amounted to €117 million, compared with €119 million in 2023 (see asset sub-item 11.2 “ Tangible and intangible fixed assets”).

10 Banknote production services

The expense for banknote production services amounted to €77 million in the reporting year (previous year: €76 million).

11 Other expenses

Other expenses amounted to €33 million (2023: €30 million) and contained, in particular, expenditure on residential buildings amounting to €29 million and expenditure on the encashment of the BBk I/Ia series Deutsche Mark banknotes, which are no longer shown on the balance sheet, in the amount of €4 million (see liability sub-item 11.3 “ Sundry”).

In 2024, the Bundesbank’s donations totalled €459,901.87, including €261,868.87 for research projects, €42,616.00 for other specific projects, €147,917.00 for scholarships and prize money, and €7,500.00 for institutional financial assistance.

12 Transfer to/from provision for general risk

This item shows changes in the provision for general risk, which is established in accordance with the rules governing the annual accounts of the Bundesbank pursuant to Section 26(2) of the Bundesbank Act and serves as a hedge against general risks associated with domestic and foreign business. In the previous year, it contained the full release of the provision for general risk, in the amount of €19,199 million, to offset the loss resulting from the materialisation of interest rate risk (see “ Notes on the annual accounts: General information” and liability sub-item 12.1 “ Provision for general risk”).

13 Allocation to/withdrawal from reserves

The statutory reserves pursuant to Section 27 No 1 of the Bundesbank Act, in the amount of €414 million, and the reserves owing to the restriction on distribution pursuant to Section 253(6) of the Commercial Code, in the amount of €246 million, were released in full to reduce the loss for the year. In the previous year, an amount of €2,086 million was withdrawn from the statutory reserves and €295 million was withdrawn from the reserves owing to the restriction on distribution, resulting in a balanced financial result overall (see liability item 14 “ Capital and reserves”).

Unqualified independent auditor’s report for statutory audits of annual financial statements

To the Deutsche Bundesbank, Frankfurt am Main

Auditor’s opinion on the annual financial statements

We have audited the annual financial statements of the Deutsche Bundesbank, Frankfurt am Main, consisting of the balance sheet as at 31 December 2024 and the profit and loss account for the business year from 1 January 2024 to 31 December 2024 as well as the notes on the annual financial statements (general information, notes on the individual balance sheet items as well as notes on the profit and loss account).

In our opinion, based on the findings of our audit, the said annual financial statements comply, in all material respects, with the legal requirements and the principles for the accounting of the Deutsche Bundesbank approved by the Executive Board pursuant to Section 26(2) of the Bundesbank Act (*Bundesbankgesetz*) and give a true and fair view of the net assets and financial position of the Deutsche Bundesbank as at 31 December 2024 and the results of operations for the business year from 1 January 2024 to 31 December 2024 in accordance with German principles of proper accounting and with regard to the notes on the annual financial statements (general information, notes on the individual balance sheet items as well as notes on the profit and loss account).

Pursuant to Section 322(3) sentence 1 of the German Commercial Code (*Handelsgesetzbuch* – HGB) in conjunction with Section 26(2) sentence 3 of the Bundesbank Act, we declare that our audit has not led to any reservations with regard to the regularity of the annual financial statements.

Basis for the auditor’s opinion on the annual financial statements

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the*Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (IDW). Our responsibilities pursuant to these provisions and principles are further described in the “Auditor’s responsibilities for the audit of the annual financial statements” section of our report. We are independent of the Deutsche Bundesbank in accordance with German commercial and professional laws and regulations and have fulfilled our other German ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements.

Other information

The Executive Board is responsible for other information. Other information comprises all information in the Annual Report with the exception of the audited annual financial statements, the notes on the annual financial statements (general information, notes on the individual balance sheet items as well as notes on the profit and loss account) as well as the respective auditor’s report.

Our opinion on the annual financial statements with regard to the notes on the annual financial statements (general information, notes on the individual balance sheet items as well as notes on the profit and loss account) does not cover this other information, and we therefore do not express an auditor’s opinion or draw any other form of audit conclusion regarding this other information.

In connection with our audit, we have the responsibility to read the other information and to evaluate whether

- there are material inconsistencies between the other information and the annual financial statements or the findings of our audit, or
- the other information otherwise appears to contain a material misstatement.

If we conclude, on the basis of our audit, that the other information contains a material misstatement, we are obliged to draw attention to this matter. We have nothing to report in this regard.

Responsibilities of the Executive Board for the annual financial statements

The Executive Board is responsible for the preparation of the annual financial statements as well as for the notes on the annual financial statements (general information, notes on the individual balance sheet items as well as notes on the profit and loss account), which are in accordance with the legal requirements and the principles for the accounting of the Deutsche Bundesbank approved by the Executive Board pursuant to Section 26(2) of the Bundesbank Act and for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Deutsche Bundesbank in accordance with German principles of proper accounting and with regard to the notes on the annual financial statements (general information, notes on the individual balance sheet items as well as notes on the profit and loss account). Moreover, the Executive Board is responsible for such internal control as it determines necessary in accordance with German principles of proper accounting to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. the manipulation of accounting records and misappropriation of assets) or error.

In preparing the annual financial statements, the Executive Board is responsible for assessing the Deutsche Bundesbank's ability to continue as a going concern. It is also responsible for disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting, provided there are no factual or legal impediments thereto.

The Executive Board is responsible for overseeing the Deutsche Bundesbank's financial reporting process for the preparation of the annual financial statements.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements with regard to the notes on the annual financial statements (general information, notes on the individual balance sheet items as well as notes on the profit and loss account) as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the*Institut der Wirtschaftsprüfer* will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement in the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the overriding of internal control.

- obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Deutsche Bundesbank's internal control.
- evaluate the appropriateness of the accounting policies used by the Executive Board as well as the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- conclude on the appropriateness of the going-concern basis of accounting used by the Executive Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Deutsche Bundesbank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion in each case. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Deutsche Bundesbank to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements including the notes and whether the annual financial statements represent the underlying transactions and events in a manner that gives a true and fair view of the net assets, financial position and results of operations of the Deutsche Bundesbank in accordance with German principles of proper accounting and with regard to the notes on the annual financial statements (general information, notes on the individual balance sheet items as well as notes on the profit and loss account) from the Deutsche Bundesbank's Annual Report 2024.

We communicate with the Executive Board regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Frankfurt am Main, 18 February 2025

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Professor Thomas Edenhofer	Ralph Hüsemann
Wirtschaftsprüfer	Wirtschaftsprüfer

The Deutsche Bundesbank in figures

The Deutsche Bundesbank: key figures

	2023	2024
Staff[1]		
Core staff (full-time equivalents)	10,255	10,207
Contraction since 31 December 2001[2]	4,545 (= 30.7 %)	4,609 (= 31.1 %)
Locations / core staff (full-time equivalents)[1]		
Central Office	1 / 5,530	1 / 5,791
Regional offices	9 / 2,623	9 / 2,415
Branches	31 / 2,102	31 / 2,001
Annual accounts[1]		
Distributable profit	–	– €19,153 million
Net interest income	– €13,907 million	– €13,059 million
Total assets	€2,516,001 million	€2,372,647 million
Foreign reserve assets (total)	€292.3 billion	€363.7 billion
Foreign currency	€33.4 billion	€34.0 billion
Receivables from the IMF	€57.5 billion	€59.2 billion
Gold	(3,353 t) €201.3 billion	(3,352 t) €270.6 billion
Allocation across the various storage locations		
Frankfurt	(1,710 t) €102.7 billion	(1,710 t) €138.1 billion
New York	(1,236 t) €74.2 billion	(1,236 t) €99.8 billion
London	(406 t) €24.4 billion	(405 t) €32.7 billion
ECB capital key[1]		
Share of subscribed capital	21.4394 %	21.7749 %
Share of paid-up capital	26.1494 %	26.6301 %
Amount of the participating interest in the ECB	€2.32 billion	€2.36 billion
Foreign reserve assets transferred to the ECB	€10.64 billion	€10.80 billion
Monetary policy operations		
Open market operations in the euro area		

	2023	2024
Main refinancing operations	€14.1 billion	€17.0 billion
Longer-term refinancing operations[3]	€396.2 billion	€17.2 billion
of which counterparties of the Bundesbank	€69.5 billion	€3.5 billion
Banks participating in refinancing operations (total)	458	88
of which via the Bundesbank	252	27
Standing facilities		
Marginal lending facility in the euro area	€0.01 billion	€0.048 billion
Deposit facility in the euro area	€3,334.8 billion	€2,799.01 billion
Asset purchase programmes (Bundesbank's share)[1]		
CBPP3 portfolio	€74.5 billion	€64.9 billion
PSPP portfolio	€513.5 billion	€447.3 billion
CSPP portfolio	€71.8 billion	€63.7 billion
PEPP public sector portfolio	€339.6 billion	€325.1 billion
PEPP corporate sector portfolio	€8.3 billion	€8.7 billion
PEPP covered bonds portfolio	€1.4 billion	€1.3 billion
Cash payments		
Volume of euro banknotes in circulation (Eurosystem)[1]	€1,567.2 billion	€1,588.3 billion
Volume of coins in circulation (Eurosystem)[1]	€33.5 billion	€34.5 billion
Returned DEM banknotes and coins	DEM 58.1 million	DEM 53.1 million
Unreturned DEM banknotes and coins	DEM 12.24 billion	DEM 12.18 billion
Incidence of counterfeit money in Germany		
Euro banknotes (number)	56,572	72,413
Euro coins (number)	115,832	141,332
Cashless payments		
Payments via the Bundesbank (number of transactions)	7,838.6 million	8,487.7 million
of which via RPS	7,681.6 million	8,294.8 million
of which via TARGET(2)-Bundesbank	154.5 million	190.3 million
payment transactions in T (ARGET)2[4]	53.0 million	53.4 million
payment transactions in TIPS	33.4 million	62.5 million

	2023	2024
settlement of securities transactions in T2S	68.1 million	74.4 million
Payments via the Bundesbank (value)	€307.8 trillion	€308.9 trillion
of which via RPS	€4.5 trillion	€4.8 trillion
of which via TARGET(2)-Bundesbank	€300.1 trillion	€299.8 trillion
payment transactions in T (ARGET)2[4]	€230.3 trillion	€221.0 trillion
payment transactions in TIPS	€27.7 billion	€56.3 billion
settlement of securities transactions in T2S	€69.8 trillion	€78.7 trillion
Banking supervision		
Number of institutions supervised	2,779	2,723
On-site inspections	163	150
Cooperation with foreign central banks		
Training and advisory events	249	270
Number of participants (total)	3,386	2,573
Number of participating countries (total)	104	104
Selected publications		
Annual Report	1	1
Financial Stability Review	1	1
Monthly Report	12	12
Statistical Series	104	104
Research Centre discussion papers	34	46
Technical papers	8	12
Publications in academic journals	78	81
External communication / public relations		
Visitors to the Money Museum	44,144	47,125
Economic education events / number of participants	1,932 / 54,003	1,771 / 49,243
Written answers to queries	17,749	19,691
Press releases	480	495
Training sessions on counterfeit prevention / number of participants	2,100 / 42,000	2,000 / 39,900

1 As at 31 December. 2 Core staff (full-time equivalents) as at 31 December 2001 (year before the structural reform began): 14,800. 3 Including targeted longer-term refinancing operations (TLTROs), excluding US dollar tenders. 4 On 20 March 2023, a new technical platform replaced the existing TARGET2 system. Since then, banks' liquidity management, transactions with the central bank and individual payments (including settlement with connected market infrastructures) have been processed in the new T2 service. The figures listed here comprise the transactions in TARGET2 -Bundesbank up until the changeover date and subsequently the transactions in TARGET -Bundesbank (T2 service).

Branches of the Deutsche Bundesbank

on 31 December 2023

Locality number	Bank location
720	Augsburg
100	Berlin
480	Bielefeld
870	Chemnitz
370	Cologne
470	Dortmund
820	Erfurt
500	Frankfurt am Main
680	Freiburg
260	Göttingen
200	Hamburg
250	Hannover
660	Karlsruhe
570	Koblenz
370	Köln
860	Leipzig
545	Ludwigshafen
810	Magdeburg
550	Mainz
700	Munich
150	Neubrandenburg
760	Nuremberg
280	Oldenburg
265	Osnabrück
750	Regensburg
640	Reutlingen
130	Rostock
590	Saarbrücken

Locality number	Bank location
600	Stuttgart
630	Ulm
694	Villingen-Schwenningen
790	Würzburg

Staff of the Deutsche Bundesbank

on 31 December 2024 1)

Item	Staff numbers[1]				Change compared with AR 2023			
	Total	Regional offices	Branches	Central Office	Total	Regional offices	Branches	Central Office
Civil servants	6,255	1,549	769	3,937	27	− 85	− 37	149
Salaried staff	5,397	1,145	1,426	2,826	− 127	− 163	− 70	106
Total	11,652	2,694	2,195	6,763	− 100	− 248	− 107	255
of which: trainees	626	69	22	535	− 43	− 13	− 1	− 29
Remainder: core staff	11,026	2,625	2,173	6,228	− 57	− 235	− 106	248
Memo item: Core staff pro rata (full-time equivalents)	10,207.4	2,415.5	2,001.0	5,790.9	− 47.7	− 207.8	− 100.9	261.0

1Of which:
– part-time employees: 3,094 (end-2023: 3,044)
– staff with temporary contracts: 155 (end-2023: 141).

1 Not included:
– Members of staff on secondment: 97 (end-2023: 96)
– Members of staff on unpaid leave: 256 (end-2023: 243)
– Members of staff in the second phase of the partial retirement scheme: 146 (end-2023: 140)

Offices held by members of the Executive Board of the Deutsche Bundesbank

Pursuant to the Code of Conduct for members of the Executive Board of the Deutsche Bundesbank, the Annual Report shall disclose details of offices held by Board members on supervisory boards or similar inspection bodies of business enterprises. [1)]

Michael Theurer, member of the Executive Board since 2 September 2024, was a co-partner in TWF Metallbearbeitungs Holding UG in 2024. [2)]

1 Membership of other official bodies is not listed.
2 The partnership existed prior to his taking up office and is in the process of being dissolved.