

Council Directive of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (86/635/EEC)

SECTION 4

**SPECIAL PROVISIONS RELATING TO CERTAIN BALANCE SHEET ITEMS**

*Article 13*

**Assets: Item 1 — Cash in hand, balances with central banks and post office banks**

- 1 Cash in hand shall comprise legal tender including foreign notes and coins.
- 2 This item may include only balances with the central banks and post office banks of the country or countries in which a credit institution is established. Such balances must be readily available at all times. Other claims on such bodies must be shown as loans and advances to credit institutions (Assets item 3) or as loans and advances to customers (Assets item 4).

*Article 14*

**Assets: Item 2 — Treasury bills and other bills eligible for refinancing with central banks**

- 1 This item shall comprise, under (a), treasury bills and similar securities, i. e. treasury bills, treasury certificates and similar debt instruments issued by public bodies which are eligible for refinancing with the central banks of the country or countries in which a credit institution is established. Those debt instruments issued by public bodies which fail to meet the above condition shall be shown under Assets sub-item 5 (a).
- 2 This item shall comprise, under (b), bills eligible for refinancing with central banks, i.e. all bills held in portfolio that were purchased from credit institutions or from customers to the extent that they are eligible, under national law, for refinancing with the central banks of the country or countries in which a credit institution is established.

*Article 15*

**Assets: Item 3 — Loans and advances to credit institutions**

- 1 Loans and advances to credit institutions shall comprise all loans and advances arising out of banking transactions to domestic or foreign credit institutions by the credit institution drawing up the balance sheet, regardless of their actual designations.

The only exception shall be loans and advances represented by debt securities or any other security, which must be shown under Assets item 5.

- 2 For the purposes of this Article credit institutions shall comprise all undertakings on the list published in the *Official Journal of the European Communities* pursuant to Article 3 (7) of Directive 77/780/EEC, as well as central banks and official domestic and international banking organizations and all private and public undertakings which are not established in the Community but which satisfy the definition in Article 1 of Directive 77/780/EEC.

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Loans and advances to undertakings which do not satisfy the above conditions shall be shown under Assets item 4.

#### *Article 16*

##### **Assets: Item 4 — Loans and advances to customers**

Loans and advances to customers shall comprise all types of assets in the form of claims on domestic and foreign customers other than credit institutions, regardless of their actual designations.

The only exception shall be loans and advances represented by debt securities or any other security, which must be shown under Assets item 5.

#### *Article 17*

##### **Assets: Item 5 — Debt securities including fixed-income securities**

1 This item shall comprise negotiable debt securities including fixed-income securities issued by credit institutions, by other undertakings or by public bodies; such securities issued by the latter, however, shall be included only if they are not to be shown under Assets item 2.

2 Securities bearing interest rates that vary in accordance with specific factors, for example the interest rate on the inter-bank market or on the Euromarket, shall also be regarded as debt securities including fixed-income securities.

3 Only repurchased and negotiable own-debt securities may be included in sub-item 5 (b).

#### *Article 18*

##### **Liabilities: Item 1 — Amounts owed to credit institutions**

1 Amounts owed to credit institutions shall include all amounts arising out of banking transactions owed to other domestic or foreign credit institutions by the credit institution drawing up the balance sheet, regardless of their actual designations.

The only exception shall be liabilities represented by debt securities or by any other security, which must be shown under Liabilities item 3.

2 For the purposes of this Article credit institutions shall comprise all undertakings on the list published in the *Official Journal of the European Communities* pursuant to Article 3 (7) of Directive 77/780/EEC, as well as central banks and official domestic and international banking organizations and all private and public undertakings which are not established in the Community but which satisfy the definition in Article 1 of Directive 77/780/EEC.

#### *Article 19*

##### **Liabilities: Item 2 — Amounts owed to customers**

1 Amounts owed to customers shall include all amounts owed to creditors that are not credit institutions within the meaning of Article 18, regardless of their actual designations.

The only exception shall be liabilities represented by debt securities or by any other security, which must be shown under Liabilities item 3.

2 Only deposits which satisfy the conditions laid down in national law shall be treated as savings deposits.

3 Savings bonds shall be shown under the corresponding sub-item only if they are not represented by negotiable certificates.

#### *Article 20*

### **Liabilities: Item 3 — Debts evidenced by certificates**

1 This item shall include both debt securities and debts for which negotiable certificates have been issued, in particular deposit receipts, ‘*bons de caisse*’ and liabilities arising out of own acceptances and promissory notes.

2 Only acceptances which a credit institution has issued for its own refinancing and in respect of which it is the first party liable (‘drawee’) shall be treated as own acceptances.

#### *Article 21*

### **Liabilities: Item 8 — Subordinated liabilities**

Where it has been contractually agreed that, in the event of winding up or of bankruptcy, liabilities, whether or not evidenced by certificates, are to be repaid only after the claims of all other creditors have been met, the liabilities in question shall be shown under this item.

#### *Article 22*

### **Liabilities: Item 9 — Subscribed capital**

This item shall comprise all amounts, regardless of their actual designations, which, in accordance with the legal structure of the institution concerned, are regarded under national law as equity capital subscribed by the shareholders or other proprietors.

#### *Article 23*

### **Liabilities: Item 11 — Reserves**

This item shall comprise all the types of reserves listed in Article 9 of Directive 78/660/EEC under Liabilities item A.IV, as defined therein. The Member States may also prescribe other types of reserves if necessary for credit institutions the legal structures of which are not covered by Directive 78/660/EEC.

The types of reserve referred to in the first paragraph shall be shown separately, as sub-items of Liabilities item 11, in the balance sheets of the credit institutions concerned, with the exception of the revaluation reserve which shall be shown under item 12.

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#### *Article 24*

##### **Off-balance sheet: Item 1 — Contingent liabilities**

This item shall comprise all transactions whereby an institution has underwritten the obligations of a third party.

Notes on accounts shall state the nature and amount of any type of contingent liability which is material in relation to an institution's activities.

Liabilities arising out of the endorsement of rediscounted bills shall be included in this item only if national law does not require otherwise. The same shall apply to acceptances other than own acceptances.

Sureties and assets pledged as collateral security shall include all guarantee obligations incurred and assets pledged as collateral security on behalf of third parties, particularly in respect of sureties and irrevocable letters of credit.

#### *Article 25*

##### **Off-balance sheet: Item 2 — Commitments**

This item shall include every irrevocable commitment which could give rise to a risk.

Notes on accounts shall state the nature and amount of any type of commitment which is material in relation to an institution's activities.

Commitments arising out of sale and repurchase transactions shall include commitments entered into by a credit institution in the context of sale and repurchase transactions (on the basis of firm agreements to sell with options to repurchase) within the meaning of Article 12 (3).