

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

SECTION 3

LAYOUT OF THE BALANCE SHEET

Article 4

[^{F1}The Member States shall prescribe the following layout for the balance sheet. As an alternative, Member States may permit or require credit institutions to adopt the presentation of the balance sheet set out in Article 4a.]

Assets

1. Cash in hand, balances with central banks and post office banks
2. Treasury bills and other bills eligible for refinancing with central banks:
 - (a) Treasury bills and similar securities
 - (b) Other bills eligible for refinancing with central banks (unless national law prescribes that such bills be shown under Assets items 3 and 4)
3. Loans and advances to credit institutions:
 - (a) repayable on demand
 - (b) other loans and advances
4. Loans and advances to customers
5. Debt securities including fixed-income securities:
 - (a) issued by public bodies
 - (b) issued by other borrowers, showing separately:
 - own-debt securities (unless national law requires their deduction from liabilities).
6. Shares and other variable-yield securities
7. Participating interests, showing separately:
 - participating interests in credit institutions (unless national law requires their disclosure in the notes on the accounts)
8. Shares in affiliated undertakings, showing separately:
 - shares in credit institutions (unless national law requires their disclosure in the notes on the accounts)
9. Intangible assets as described under Assets headings B and C.I of Article 9 of Directive 78/660/EEC, showing separately:
 - formation expenses, as defined by national law and in so far as national law permits their being shown as an asset (unless national law requires their disclosure in the notes on the accounts)

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- goodwill, to the extent that it was acquired for valuable consideration (unless national law requires its disclosure in the notes on the accounts)
- 10. Tangible assets as described under Assets heading C.II of Article 9 of Directive 78/660/EEC, showing separately:
 - land and buildings occupied by a credit institution for its own activities (unless national law requires their disclosure in the notes on the accounts)
- 11. Subscribed capital unpaid, showing separately:
 - called-up capital (unless national law provides for called-up capital to be included under liabilities, in which case capital called but not yet paid must be included either in this Assets item or in Assets item 14)
- 12. Own shares (with an indication of their nominal value or, in the absence of a nominal value, their accounting par value to the extent that national law permits their being shown in the balance sheet)
- 13. Other assets
- 14. Subscribed capital called but not paid (unless national law requires that called-up capital be shown under Assets item 11)
- 15. Prepayments and accrued income
- 16. Loss for the financial year (unless national law provides for its inclusion under Liabilities item 14)

Total assets

Liabilities

1. Amounts owed to credit institutions:
 - (a) repayable on demand
 - (b) with agreed maturity dates or periods of notice
2. Amounts owed to customers:
 - (a) savings deposits, showing separately:
 - those repayable on demand and those with agreed maturity dates or periods of notice where national law provides for such a breakdown (unless national law provides for such information to be given in the notes on the accounts)
 - (b) other debts
 - (ba) repayable on demand
 - (bb) with agreed maturity dates or periods of notice
3. Debts evidenced by certificates:
 - (a) debt securities in issue
 - (b) others
4. Other liabilities

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5. Accruals and deferred income
6. [^{F1}Provisions]:
 - (a) provisions for pensions and similar obligations
 - (b) provisions for taxation
 - (c) other provisions
7. Profit for the financial year (unless national law provides for its inclusion under Liabilities item 14)
8. Subordinated liabilities
9. Subscribed capital (unless national law provides, for called-up capital to be shown under this item. In that case, the amounts of subscribed capital and paid-up capital must be shown separately)
10. Share premium account
11. Reserves
12. Revaluation reserve
13. Profit or loss brought forward
14. Profit or loss for the financial year (unless national law requires that this item be shown under Assets item 16 or Liabilities item 7)

Total liabilities

Off-balance sheet items

1. Contingent liabilities, showing separately:
 - acceptances and endorsements
 - guarantees and assets pledged as collateral security
2. Commitments, showing separately:
 - commitments arising out of sale and repurchase transactions

Textual Amendments

- F1** Substituted by [Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings \(Text with EEA relevance\)](#).

[^{F2}Article 4a

Instead of the presentation of balance sheet items in accordance with Article 4, Member States may permit or require credit institutions, or certain classes of credit institution, to present those items classified by their nature and in order of their relative liquidity provided that the information given is at least equivalent to that otherwise required by Article 4.]

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Textual Amendments

- F2** Inserted by [Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions and insurance undertakings \(Text with EEA relevance\)](#).

Article 5

The following must be shown separately as sub-items of the items in question:

- claims, whether or not evidenced by certificates, on affiliated undertakings and included in Assets items 2 to 5,
- claims, whether or not evidenced by certificates, on undertakings with which a credit institution is linked by virtue of a participating interest and included in Assets items 2 to 5,
- liabilities, whether or not evidenced by certificates, to affiliated undertakings and included in Liabilities items 1, 2, 3 and 8.
- liabilities, whether or not evidenced by certificates, to undertakings with which a credit institution is linked by virtue of a participating interest and included in Liabilities items 1, 2, 3 and 8.

Article 6

1 Subordinated assets shall be shown separately as sub-items of the items of the layout and the sub-items created in accordance with Article 5.

2 Assets, whether or not evidenced by certificates, are subordinated if, in the event of winding up or bankruptcy, they are to be repaid only after the claims of other creditors have been met.

Article 7

The Member States may permit the disclosure of the information referred to in Articles 5 and 6, duly broken down into the various relevant items, in the notes on the accounts.

Article 8

1 Assets shall be shown under the relevant balance sheet headings even where the credit institution drawing up the balance sheet has pledged them as security for its own liabilities or for those of third parties or has otherwise assigned them as security to third parties.

2 A credit institution shall not include in its balance sheet assets pledged or otherwise assigned to it as security unless such assets are in the form of cash in the hands of that credit institution.

Article 9

1 Where a loan has been granted by a syndicate consisting of a number of credit institutions, each credit institution participating in the syndicate shall disclose only that part of the total loan which it has itself funded.

2 If in the case of a syndicated loan such as described in paragraph 1 the amount of funds guaranteed by a credit institution exceeds the amount which it has made available, any additional guarantee portion shall be shown as a contingent liability (in Off-balance sheet item 1, second indent).

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Article 10

1 Funds which a credit institution administers in its own name but on behalf of third parties must be shown in the balance sheet if the credit institution acquires legal title to the assets concerned. The total amount of such assets and liabilities shall be shown separately or in the notes on the accounts, broken down according to the various Assets and Liabilities items. However, the Member States may permit the disclosure of such funds off the balance sheet provided there are special rules whereby such funds can be excluded from the assets available for distribution in the event of the winding-up of a credit institution (or similar proceedings).

2 Assets acquired in the name of and on behalf of third parties must not be shown in the balance sheet.

Article 11

Only those amounts which can at any time be withdrawn without notice or for which a maturity or period of notice of 24 hours or one working day has been agreed shall be regarded as repayable on demand.

Article 12

1 Sale and repurchase transactions shall mean transactions which involve the transfer by a credit institution or customer (the 'transferor') to another credit institution or customer (the 'transferee') of assets, for example, bills, debts or transferable securities, subject to an agreement that the same assets will subsequently be transferred back to the transferor at a specified price.

2 If the transferee undertakes to return the assets on a date specified or to be specified by the transferor, the transaction in question shall be deemed to be a genuine sale and repurchase transaction.

3 If, however, the transferee is merely entitled to return the assets at the purchase price or for a different amount agreed in advance on a date specified or to be specified, the transaction in question shall be deemed to be a sale with an option to repurchase.

4 In the case of the sale and repurchase transactions referred to in paragraph 2, the assets transferred shall continue to appear in the transferor's balance sheet; the purchase price received by the transferor shall be shown as an amount owed to the transferee. In addition, the value of the assets transferred shall be disclosed in a note in the transferor's accounts. The transferee shall not be entitled to show the assets transferred in his balance sheet; the purchase price paid by the transferee shall be shown as an amount owed by the transferor.

5 In the case of the sale and repurchase transactions referred to in paragraph 3, however, the transferor shall not be entitled to show in his balance sheet the assets transferred; those items shall be shown as assets in the transferee's balance sheet. The transferor shall enter under Off-balance sheet item 2 an amount equal to the price agreed in the event of repurchase.

6 No forward exchange transactions, options, transactions involving the issue of debt securities with a commitment to repurchase all or part of the issue before maturity of any similar transactions shall be regarded as sale and repurchase transactions within the meaning of this Article.