

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

SECTION 6

**SPECIAL PROVISIONS RELATING TO CERTAIN
ITEMS IN THE PROFIT AND LOSS ACCOUNT**

Article 29

Article 27, items 1 and 2 (vertical layout)

Article 28, items A 1 and B 1 (horizontal layout)

Interest receivable and similar income and interest payable and similar charges.

These items shall include all profits and losses arising out of banking activities, including:

- (1) all income from assets entered under Assets items 1 to 5 in the balance sheet, however calculated. Such income shall also include income arising from the spreading on a time basis of the discount on assets acquired at an amount below, and liabilities contracted at an amount above, the sum payable at maturity;
- (2) all charges arising out of liabilities entered under Liabilities items 1, 2, 3 and 8, however calculated. Such charges shall also include charges arising from the spreading on a time basis of the premium on assets acquired at an amount above, and liabilities contracted at an amount below, the sum payable at maturity;
- (3) income and charges resulting from covered forward contracts, spread over the actual duration of the contract and similar in nature to interest;
- (4) fees and commission similar in nature to interest and calculated on a time basis or by reference to the amount of the claim or liability.

Article 30

Article 27, item 3 (vertical layout)

Article 28, item B 2 (horizontal layout)

Income from shares and other variable-yield securities, from participating interests, and from shares in affiliated undertakings

This item shall comprise all dividends and other income from variable-yield securities, from participating interests and from shares in affiliated undertakings. Income from shares in investment companies shall also be included under this item.

Article 31

Article 27, items 4 and 5 (vertical layout)

Article 28, items A 2 and B 3 (horizontal layout)

Commissions receivable and commissions payable

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Without prejudice to Article 29, commissions receivable shall include income in respect of all services supplied to third parties, and commissions payable shall include charges for services rendered by third parties, in particular

- commissions for guarantees, loans administration on behalf of other lenders and securities transactions on behalf of third parties,
- commissions and other charges and income in respect of payment transactions, account administration charges and commissions for the safe custody and administration of securities,
- commissions for foreign currency transactions and for the sale and purchase of coin and precious metals on behalf of third parties,
- commissions charged for brokerage services in connection with savings and insurance contracts and loans.

Article 32

Article 27, item 6 (vertical layout)

Article 28, item A 3 or item B 4 (horizontal layout)

Net profit or net loss on financial operations.

This item covers:

1. the net profit or loss on transactions in securities which are not held as financial fixed assets together with value adjustments and value re-adjustments on such securities, taking into account, where Article 36 (2) has been applied, the difference resulting from application of that article; however, in those Member States which exercise the option provided for in Article 37, these net profits or losses and value adjustments and value re-adjustments shall be included only in so far as they relate to securities included in a trading portfolio;
2. the net profit or loss on exchange activities, without prejudice to Article 29, point 3;
3. the net profits and losses on other buying and selling operations involving financial instruments, including precious metals.

Article 33

Article 27, items 11 and 12 (vertical layout)

Article 28, items A 7 and B 5 (horizontal layout)

Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments

Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments.

1 These items shall include, on the one hand, charges for value adjustments in respect of loans and advances to be shown under Assets items 3 and 4 and provisions for contingent liabilities and for commitments to be shown under Off-balance sheet items 1 and 2 and, on the other hand, credits from the recovery of written-off loans and advances and amounts written back following earlier value adjustments and provisions.

2 In those Member States which exercise the option provided for in Article 37, this item shall also include the net profit or loss on transactions in securities included in Assets

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items 5 and 6 which are neither held as financial fixed assets as defined in Article 35 (2) nor included in a trading portfolio, together with value adjustments and value re-adjustments on such securities taking into account, where Article 36 (2) has been applied, the difference resulting from application of that article. The nomenclature of this item shall be adapted accordingly.

3 The Member States may permit the charges and income covered by these items to be set off against each other, so that only a net item (income or charge) is shown.

4 Value adjustments in respect of loans and advances to credit institutions, to customers, to undertakings with which a credit institution is linked by virtue of participating interests and to affiliated undertakings shall be shown separately in the notes on the accounts where they are material. This provision need not be applied if a Member State permits setting-off pursuant to paragraph 3.

Article 34

Article 27, items 13 and 14 (vertical layout)

Article 28, items A 8 and B 5 (horizontal layout)

Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings

Value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings.

1 These items shall include, on the one hand, charges for value adjustments in respect of assets shown in Assets items 5 to 8 and, on the other hand, all the amounts written back following earlier value adjustments, in so far as the charges and income relate to transferable securities held as financial fixed assets as defined in Article 35 (2), participating interests and shares in affiliated undertakings.

2 The Member States may permit the charges and income covered by these items to be set off against each other, so that only a net item (income or charge) is shown.

3 Value adjustments in respect of these transferable securities, participating interests and shares in affiliated undertakings shall be shown separately in the notes on the accounts where they are material. This provision need not be applied if a Member State permits setting off pursuant to paragraph 2.