

# GUIDELINES

## GUIDELINE (EU) 2019/2217 OF THE EUROPEAN CENTRAL BANK

of 28 November 2019

### amending Guideline (EU) 2016/2249 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2016/34)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular Articles 12.1, 14.3 and 26.4 thereof,

Having regard to the contribution of the General Council of the European Central Bank (ECB) pursuant to the second and third indents of Article 46.2 of the Statute of the European System of Central Banks and of the European Central Bank,

Whereas:

- (1) Guideline (EU) 2016/2249 of the European Central Bank (ECB/2016/34) <sup>(1)</sup> lays down the rules for standardising the accounting and financial reporting of operations undertaken by the national central banks.
- (2) Clarification of Annex IV to Guideline (EU) 2016/2249 (ECB/2016/34) is required in relation to the financial reporting of index-linked securities for which the indexation component is included in the carrying value at quarter end and year end, the reporting of reverse operations with financial institutions other than credit institutions and in the context of the valuation principle used for pension-related provisions.
- (3) The scope of the provision that NCBs may establish pursuant to Article 8 of Guideline (EU) 2016/2249 (ECB/2016/34) should be extended to cover all financial risks.
- (4) Guideline (EU) 2016/2249 (ECB/2016/34) needs to establish valuation rules for marketable investment funds distinct from those applicable to marketable equity shares.
- (5) The financial reporting of transactions with counterparties receiving emergency liquidity assistance in the form of collateralised loans should be clarified by explicitly referring to these operations in Annex IV to Guideline (EU) 2016/2249 (ECB/2016/34).
- (6) Therefore, Guideline (EU) 2016/2249 (ECB/2016/34) should be amended accordingly,

HAS ADOPTED THIS GUIDELINE:

#### *Article 1*

#### **Amendments**

Guideline (EU) 2016/2249 (ECB/2016/34) is amended as follows:

- (1) Article 5(4) is replaced by the following:

‘4. With the exception of quarter end and year end accounting adjustments and of items disclosed under “Other assets” and “Other liabilities”, amounts presented as part of the daily financial reporting for Eurosystem financial reporting purposes shall only show cash movements in balance sheet items. At quarter end and year end, the amortisation and any indexation amount arising on index-linked bonds shall also be included in the carrying value of securities.’;

<sup>(1)</sup> Guideline (EU) 2016/2249 of the European Central Bank of 3 November 2016 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2016/34) (OJ L 347, 20.12.2016, p. 37).

- (2) Article 8 is replaced by the following:

*'Article 8*

#### **Provisions for financial risks**

Taking into due consideration the nature of the activities of the NCBs, an NCB may establish a provision for financial risks in its balance sheet. The NCB shall decide on the size and use of the provision on the basis of a reasoned estimate of the NCB's risk exposure.;

- (3) Article 11 is replaced by the following:

*'Article 11*

#### **Marketable equity shares**

1. This Article shall apply to marketable equity shares, whether the transactions are conducted directly by a reporting entity or by its agent, with the exception of activities conducted for participating interests, investments in subsidiaries or significant interests.

2. Marketable equity shares denominated in foreign currencies and disclosed under "Other assets" shall not form part of the overall currency position but shall be part of a separate currency holding. The calculation of the related foreign exchange gains and losses may be performed either on a net average cost method or an average cost method.

3. The revaluation of marketable equity shares shall be performed in accordance with Article 9(3). There shall be no netting between different equity shares.

4. Transactions shall be recorded in the balance sheet at transaction price.

5. Brokerage commission may be recorded either as a transaction cost to be included in the cost of the asset, or as an expense in the profit and loss account.

6. The amount of the dividend purchased shall be included in the cost of the marketable equity shares. At ex-dividend date, the amount of the dividend purchased may be treated as a separate item until the payment of the dividend has been received.

7. Accruals on dividends shall not be booked at the end-of-period as they are already reflected in the market price of the equity shares with the exception of equities quoted ex-dividend.

8. Rights issues shall be treated as a separate asset when issued. The acquisition cost shall be calculated based on the equity's existing average cost, on the new acquisition's strike price, and on the proportion between existing and new equities. Alternatively, the price of the right may be based on the right's value in the market, the equity's existing average cost and the equity's market price before the rights issue.;

- (4) the following Article 11a is inserted:

*'Article 11a*

#### **Marketable investment funds**

1. This Article shall apply to marketable investment funds which meet the following criteria:

- (a) they are acquired for investment purposes only with no influence on day-to-day buy and sell decisions;
- (b) the investment strategy and the mandate of the fund have been determined in advance and all terms and conditions are contractually provided for;
- (c) the performance of the investment will be evaluated as a single investment in line with the investment strategy of the fund;

- (d) the fund is a separate entity, irrespective of its legal form, and is managed independently, including the day-to-day investment decisions.

Subject to the criteria in points (a) to (d), this Article may also apply to long-term employee benefit funds unless a different accounting framework is applicable.

Subject to the criteria in points (a) to (c) and in accordance with the qualitative characteristic set out in Article 3(1), this Article may also apply to equity portfolios that are not a separate legal entity but that are externally managed and strictly replicate the performance of an index-linked fund. For the purposes of this Article, such equity portfolios are regarded as marketable investment funds.

2. Marketable investment funds denominated in foreign currencies and disclosed under “Other assets” shall not form part of the overall currency position but shall be part of a separate currency holding. The calculation of the related foreign exchange gains and losses may be performed either according to a net average cost method or an average cost method.

3. The revaluation of marketable investment funds shall be performed on a net basis, and not on underlying assets. There shall be no netting between different marketable investment funds.

4. Transactions shall be recorded in the balance sheet at transaction price.

5. Brokerage commission may be recorded either as a transaction cost to be included in the cost of the asset, or as an expense in the profit and loss account.

6. The amount of the dividend purchased shall be included in the cost of the marketable investment fund. At ex-dividend date, the amount of the dividend purchased may be treated as a separate item until the payment of the dividend has been received.

7. Accruals on dividends of the marketable investment fund shall not be booked at end-of-period as they are already reflected in the market price of the marketable investment fund with the exception of equities quoted ex-dividend.’;

- (5) in Annex II the following term is inserted in alphabetical order:

‘— *Financial risks*: market, liquidity and credit risks.’;

- (6) in Annex II the definition of the glossary term ‘Emergency liquidity assistance (ELA)’ is replaced by the following definition:

‘— *Emergency liquidity assistance (ELA)*: Assistance given to a solvent financial institution, or group of solvent financial institutions, that is facing temporary liquidity problems. ELA is provided by the NCBs unless the Governing Council finds that, pursuant to Article 14.4 of the Statute of the ESCB, the provision of ELA interferes with the objectives and tasks of the ESCB.’;

- (7) in Annex II the definition of the glossary term ‘Earmarked portfolio’ is replaced by the following definition:

‘— *Earmarked portfolio*: earmarked investment held on the assets side of the balance sheet as a counterpart fund, consisting of debt securities, equity shares, investment funds, fixed-term deposits and current accounts, participating interests and/or investments in subsidiaries. It matches an identifiable item on the liabilities side of the balance sheet, irrespective of any legal, statutory or other constraints.’;

- (8) in Annex II the definition of the glossary term ‘Equity instruments’ is replaced by the following definition:

‘— *Equity instruments*: dividend-bearing securities, i.e. corporate shares, and securities evidencing an investment in an investment fund.’;

- (9) Annexes IV and IX are replaced by Annexes I and II to this Guideline.

## Article 2

### Taking effect and implementation

1. This Guideline shall take effect on the day of its notification to the NCBs of the Member States whose currency is the euro.
2. The NCBs of the Member States whose currency is the euro shall comply with this Guideline from 31 December 2019.

*Article 3***Addressees**

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 28 November 2019.

*For the Governing Council of the ECB*  
*The President of the ECB*  
Christine LAGARDE

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Annex IV to Guideline (EU) 2016/2249 (ECB/2016/34) is replaced by the following:

## ‘ANNEX IV

**COMPOSITION AND VALUATION RULES FOR THE BALANCE SHEET <sup>(1)</sup>**

## ASSETS

Balance sheet item <sup>(2)</sup>		Categorisation of contents of balance sheet items	Valuation principle	Scope of application <sup>(3)</sup>	
1	1	<b>Gold and gold receivables</b>	Physical gold, i.e. bars, coins, plates, nuggets in storage or “under way” Non-physical gold, such as balances in gold sight accounts (unallocated accounts), term deposits and claims to receive gold arising from the following transactions: (a) upgrading or downgrading transactions; and (b) gold location or purity swaps where there is a difference of more than one business day between release and receipt	Market value	Mandatory
2	2	<b>Claims on non-euro area residents denominated in foreign currency</b>	Claims on counterparties resident outside the euro area including international and supranational institutions and central banks outside the euro area denominated in foreign currency		
2.1	2.1	<b>Receivables from the International Monetary Fund (IMF)</b>	<p>(a) <b><i>Drawing rights within the reserve tranche (net)</i></b> National quota minus balances in euro at the disposal of the IMF. The No 2 account of the IMF (euro account for administrative expenses) may be included in this item or under the item “Liabilities to non-euro area residents denominated in euro”</p> <p>(b) <b><i>Special Drawing Rights (SDRs)</i></b> Holdings of SDRs (gross)</p> <p>(c) <b><i>Other claims</i></b> General arrangements to borrow, loans under special borrowing arrangements, deposits made to trusts under the management of the IMF</p>	<p>(a) <b><i>Drawing rights within the reserve tranche (net)</i></b> Nominal value, translated at the foreign exchange market rate</p> <p>(b) <b><i>SDRs</i></b> Nominal value, translated at the foreign exchange market rate</p> <p>(c) <b><i>Other claims</i></b> Nominal value, translated at the foreign exchange market rate</p>	<p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p>

Balance sheet item (*)		Categorisation of contents of balance sheet items	Valuation principle	Scope of application (†)	
2.2	2.2	<b>Balances with banks and security investments, external loans and other external assets</b>	(a) <b>Balances with banks outside the euro area other than those under asset item 11.3 “Other financial assets”</b> Current accounts, fixed-term deposits, day-to-day money, reverse repo transactions	(a) <b>Balances with banks outside the euro area</b> Nominal value, translated at the foreign exchange market rate	Mandatory
			(b) <b>Security investments outside the euro area other than those under asset item 11.3 “Other financial assets”</b> Notes and bonds, bills, zero bonds, money market paper, equity shares, investment funds held as part of the foreign reserves, all issued by non-euro area residents	(b) (i) <i>Marketable debt securities other than held-to-maturity</i> Market price and foreign exchange market rate Any premiums or discounts are amortised	Mandatory
				(ii) <i>Marketable debt securities classified as held-to-maturity</i> Cost subject to impairment and foreign exchange market rate Any premiums or discounts are amortised	Mandatory
				(iii) <i>Non-marketable debt securities</i> Cost subject to impairment and foreign exchange market rate Any premiums or discounts are amortised	Mandatory
		(iv) <i>Marketable equity shares</i> Market price and foreign exchange market rate	Mandatory		
		(v) <i>Marketable investment funds</i> Market price and foreign exchange market rate	Mandatory		
		(c) <b>External loans (deposits) outside the euro area other than those under asset item 11.3 “Other financial assets”</b>	(c) <b>External loans</b> Deposits at nominal value translated at the foreign exchange market rate	Mandatory	
		(d) <b>Other external assets</b> Non-euro area banknotes and coins	(d) <b>Other external assets</b> Nominal value, translated at the foreign exchange market rate	Mandatory	

Balance sheet item (*)		Categorisation of contents of balance sheet items	Valuation principle	Scope of application (†)	
3	3	<b>Claims on euro area residents denominated in foreign currency</b>	<p>(a) <b>Security investments inside the euro area other than those under asset item 11.3 “Other financial assets”</b> Notes and bonds, bills, zero bonds, money market paper, equity shares, investment funds held as part of the foreign reserves, all issued by euro area residents</p> <p>(b) <b>Other claims on euro area residents other than those under asset item 11.3 “Other financial assets”</b> Loans, deposits, reverse repo transactions, sundry lending</p>	<p>(a) (i) <i>Marketable debt securities other than held-to-maturity</i> Market price and foreign exchange market rate Any premiums or discounts are amortised</p> <p>(ii) <i>Marketable debt securities classified as held-to-maturity</i> Cost subject to impairment and foreign exchange market rate Any premiums or discounts are amortised</p> <p>(iii) <i>Non-marketable debt securities</i> Cost subject to impairment and foreign exchange market rate Any premiums or discounts are amortised</p> <p>(iv) <i>Marketable equity shares</i> Market price and foreign exchange market rate</p> <p>(v) <i>Marketable investment funds</i> Market price and foreign exchange market rate</p> <p>(b) <b>Other claims</b> Deposits and other lending at nominal value, translated at the foreign exchange market rate</p>	<p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p>
4	4	<b>Claims on non-euro area residents denominated in euro</b>			
4.1	4.1	<b>Balances with banks, security investments and loans</b>	<p>(a) <b>Balances with banks outside the euro area other than those under asset item 11.3 “Other financial assets”</b> Current accounts, fixed-term deposits, day-to-day money. Reverse repo transactions in connection with the management of securities denominated in euro</p>	<p>(a) <b>Balances with banks outside the euro area</b> Nominal value</p>	<p>Mandatory</p>

Balance sheet item (*)	Categorisation of contents of balance sheet items	Valuation principle	Scope of application (°)
	<p>(b) <b>Security investments outside the euro area other than those under asset item 11.3 “Other financial assets”</b> Equity shares, investment funds, notes and bonds, bills, zero bonds, money market paper, all issued by non-euro area residents</p> <p>(c) <b>Loans outside the euro area other than those under asset item 11.3 “Other financial assets”</b></p> <p>(d) <b>Securities other than those under asset item 11.3 “Other financial assets” and asset item 7.1 “Securities held for monetary policy purposes”, issued by entities outside the euro area</b> Securities issued by supranational or international organisations, e.g. the European Investment Bank, irrespective of their geographical location, and not purchased for monetary policy purposes</p>	<p>(b) (i) <i>Marketable debt securities other than held-to-maturity</i> Market price Any premiums or discounts are amortised</p> <p>(ii) <i>Marketable debt securities classified as held-to-maturity</i> Cost subject to impairment Any premiums or discounts are amortised</p> <p>(iii) <i>Non-marketable debt securities</i> Cost subject to impairment Any premiums or discounts are amortised</p> <p>(iv) <i>Marketable equity shares</i> Market price</p> <p>(v) <i>Marketable investment funds</i> Market price</p> <p>(c) <b>Loans outside the euro area</b> Deposits at nominal value</p> <p>(d) (i) <i>Marketable debt securities other than held-to-maturity</i> Market price Any premiums or discounts are amortised</p> <p>(ii) <i>Marketable debt securities classified as held-to-maturity</i> Cost subject to impairment Any premiums or discounts are amortised</p> <p>(iii) <i>Non-marketable debt securities</i> Cost subject to impairment Any premiums or discounts are amortised</p>	<p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p> <p>Mandatory</p>

Balance sheet item (*)		Categorisation of contents of balance sheet items	Valuation principle	Scope of application (†)	
4.2	4.2	<b>Claims arising from the credit facility under Exchange Rate Mechanism (ERM) II</b>	Lending according to the ERM II conditions	Nominal value	Mandatory
5	5	<b>Lending to euro area credit institutions related to monetary policy operations denominated in euro</b>	Items 5.1 to 5.5: transactions according to the respective monetary policy instruments described in Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60) (4)		
5.1	5.1	<b>Main refinancing operations</b>	Regular liquidity-providing reverse transactions with a weekly frequency and normally a maturity of one week	Nominal value or repo cost	Mandatory
5.2	5.2	<b>Longer-term refinancing operations</b>	Regular liquidity-providing reverse transactions normally with a monthly frequency, with a maturity longer than that of the main refinancing operations	Nominal value or repo cost	Mandatory
5.3	5.3	<b>Fine-tuning reverse operations</b>	Reverse transactions, executed as ad hoc transactions for fine-tuning purposes	Nominal value or repo cost	Mandatory
5.4	5.4	<b>Structural reverse operations</b>	Reverse transactions adjusting the structural position of the Eurosystem vis-à-vis the financial sector	Nominal value or repo cost	Mandatory
5.5	5.5	<b>Marginal lending facility</b>	Overnight liquidity facility at a pre-specified interest rate against eligible assets (standing facility)	Nominal value or repo cost	Mandatory
5.6	5.6	<b>Credits related to margin calls</b>	Additional credit to credit institutions, arising from value increases of underlying assets regarding other credit to these credit institutions	Nominal value or cost	Mandatory
6	6	<b>Other claims on euro area credit institutions denominated in euro</b>	Current accounts, fixed-term deposits, day-to-day money, reverse repo transactions in connection with the management of security portfolios under the asset item 7 “Securities of euro area residents denominated in euro”, including transactions resulting from the transformation of former foreign currency reserves of the euro area and other claims. Correspondent accounts with non-domestic euro area credit institutions. Other claims and operations unrelated to monetary policy operations of the Eurosystem including Emergency Liquidity Assistance in the form of collateralised loans. Any claims stemming from monetary policy operations initiated by an NCB prior to joining the Eurosystem	Nominal value or cost	Mandatory



Balance sheet item <sup>(2)</sup>		Categorisation of contents of balance sheet items	Valuation principle	Scope of application <sup>(3)</sup>	
8	8	<b>General government debt denominated in euro</b>	Claims on government stemming from before EMU (non-marketable securities, loans)	Deposits/loans at nominal value, non-marketable securities at cost	Mandatory
—	9	<b>Intra-Eurosystem claims<sup>(4)</sup></b>			
—	9.1	<b>Participating interest in ECB<sup>(4)</sup></b>	Only an NCB balance sheet item The ECB capital share of each NCB in accordance with the Treaty and the respective capital key and contributions in accordance with Article 48.2 of the Statute of the ESCB	Cost	Mandatory
—	9.2	<b>Claims equivalent to the transfer of foreign reserves<sup>(4)</sup></b>	Only an NCB balance sheet item Euro-denominated claims on the ECB in respect of initial and additional transfers of foreign reserves under Article 30 of the Statute of the ESCB	Nominal value	Mandatory
—	9.3	<b>Claims related to the issuance of ECB debt certificates<sup>(4)</sup></b>	Only an ECB balance sheet item Intra-Eurosystem claims vis-à-vis NCBs, arising from the issuance of ECB debt certificates	Cost	Mandatory
—	9.4	<b>Net claims related to the allocation of euro banknotes within the Eurosystem<sup>(4)</sup>. (*)</b>	For the NCBs: net claim related to the application of the banknote allocation key i.e. including the ECB's banknote issue related intra-Eurosystem balances, the compensatory amount and its balancing accounting entry as defined by Decision (EU) 2016/2248 of the European Central Bank (ECB/2016/36) <sup>(5)</sup> For the ECB: claims related to the ECB's banknote issue, in accordance with Decision ECB/2010/29	Nominal value	Mandatory
—	9.5	<b>Other claims within the Eurosystem (net)<sup>(4)</sup></b>	Net position of the following sub-items:  (a) net claims arising from balances of TARGET2 accounts and correspondent accounts of NCBs, i.e. the net figure of claims and liabilities — see also liability item 10.4 “Other liabilities within the Eurosystem (net)”	(a) Nominal value	Mandatory

Balance sheet item (*)		Categorisation of contents of balance sheet items	Valuation principle	Scope of application (‡)	
		(b) claim due to the difference between monetary income to be pooled and redistributed. Only relevant for the period between booking of monetary income as part of the year-end procedures, and its settlement on the last working day in January each year	(b) Nominal value	Mandatory	
		(c) other intra-Eurosystem claims denominated in euro that may arise, including the interim distribution of ECB income (*)	(c) Nominal value	Mandatory	
9	10	<b>Items in the course of settlement</b>	Settlement account balances (claims), including the float of cheques in collection	Nominal value	Mandatory
9	11	<b>Other assets</b>			
9	11.1	<b>Coins of euro area</b>	Euro coins if an NCB is not the legal issuer	Nominal value	Mandatory
9	11.2	<b>Tangible and intangible fixed assets</b>	Land and buildings, furniture and equipment including computer equipment, software	Cost less depreciation Depreciation rates: — computers and related hardware/software and motor vehicles: 4 years — equipment, furniture and plant in building: 10 years — building and capitalised major refurbishment expenditure: 25 years Capitalisation of expenditure: limit based (below EUR 10 000 excluding VAT: no capitalisation)	Recommended
9	11.3	<b>Other financial assets</b>	<ul style="list-style-type: none"> <li>— Participating interests and investments in subsidiaries; equity shares and investment funds held for strategic/policy reasons</li> <li>— Securities, including equity shares and investment funds, and other financial instruments and balances, e.g. fixed-term deposits and current accounts, held as an earmarked portfolio</li> <li>— Reverse repo transactions with financial institutions in connection with the management of securities portfolios under this asset item</li> </ul>	<ul style="list-style-type: none"> <li>(a) <b>Marketable equity shares</b> Market price</li> <li>(b) <b>Marketable investment funds</b> Market price</li> <li>(c) <b>Participating interests and non-marketable equity shares, and any other equity instruments held as permanent investments</b> Cost subject to impairment</li> </ul>	<ul style="list-style-type: none"> <li>Recommended</li> <li>Recommended</li> <li>Recommended</li> </ul>

Balance sheet item (*)			Categorisation of contents of balance sheet items	Valuation principle	Scope of application (†)
			— Euro denominated reverse repo transactions with euro area financial institutions other than credit institutions in connection with the management of securities portfolios other than those held under this item	<p>(d) <b>Investment in subsidiaries or significant interests</b> Net asset value</p> <p>(e) <b>Marketable debt securities other than held-to-maturity</b> Market price Any premiums or discounts are amortised</p> <p>(f) <b>Marketable debt securities classified as held-to-maturity or held as a permanent investment</b> Cost subject to impairment Any premiums or discounts are amortised</p> <p>(g) <b>Non-marketable debt securities</b> Cost subject to impairment Any premiums or discounts are amortised</p> <p>(h) <b>Balances with banks and loans</b> Nominal value, translated at the foreign exchange market rate if the balances or deposits are denominated in foreign currencies</p>	<p>Recommended</p> <p>Recommended</p> <p>Recommended</p> <p>Recommended</p> <p>Recommended</p>
9	11.4	<b>Off-balance-sheet instruments revaluation differences</b>	Valuation results of foreign exchange forwards, foreign exchange swaps, interest rate swaps (unless daily variation margin applies), forward rate agreements, forward transactions in securities, foreign exchange spot transactions from trade date to settlement date	Net position between forward and spot, at the foreign exchange market rate	Mandatory
9	11.5	<b>Accruals and prepaid expenditure</b>	Income not due in, but assignable to the reported period. Prepaid expenditure and accrued interest paid, i.e. accrued interest purchased with a security	Nominal value, foreign exchange translated at market rate	Mandatory

Balance sheet item <sup>(*)</sup>			Categorisation of contents of balance sheet items	Valuation principle	Scope of application <sup>(3)</sup>
9	11.6	<b>Sundry</b>	<p>(a) Advances, loans and other minor items. Loans on a trust basis. Coins denominated in national euro area currency units. Current expense (net accumulated loss), loss of the previous year before coverage.</p> <p>(b) Revaluation suspense accounts (only a balance sheet item during the year: unrealised losses at revaluation dates during the year, which are not covered by the relevant revaluation accounts under the liability item “Revaluation accounts”).</p> <p>(c) Investments related to customer gold deposits</p> <p>(d) Net pension assets.</p> <p>(e) Outstanding claims arising from the default of Eurosystem counterparties in the context of Eurosystem credit operations.</p> <p>(f) Assets or claims (vis-à-vis third parties) appropriated and/or acquired in the context of the realisation of collateral submitted by Eurosystem counterparties in default</p>	<p>(a) Nominal value or cost</p> <p>(b) Revaluation difference between average cost and market value, foreign exchange translated at market rate</p> <p>(c) Market value</p> <p>(d) As per Article 28(2)</p> <p>(e) Nominal/recoverable value (before/after settlement of losses)</p> <p>(f) Cost (converted at the foreign exchange market rate at the time of the acquisition if financial assets are denominated in foreign currencies)</p>	<p>Recommended</p> <p>Mandatory</p> <p>Mandatory</p> <p>Recommended</p> <p>Mandatory</p> <p>Mandatory</p>
—	12	<b>Loss for the year</b>		Nominal value	Mandatory

(\*) Items to be harmonised.

<sup>(1)</sup> Disclosure relating to euro banknotes in circulation, remuneration of net intra-Eurosystem claims/liabilities resulting from the allocation of euro banknotes within the Eurosystem, and monetary income should be harmonised in NCBs’ published annual financial statements. The items to be harmonised are indicated with an asterisk in Annexes IV, VIII and IX.

<sup>(2)</sup> The numbering in the first column relates to the balance sheet formats given in Annexes V, VI and VII (weekly financial statements and consolidated annual balance sheet of the Eurosystem). The numbering in the second column relates to the balance sheet format given in Annex VIII (annual balance sheet of a central bank). The items marked with a “+” are consolidated in the Eurosystem’s weekly financial statements.

<sup>(3)</sup> The composition and valuation rules listed in this Annex are considered mandatory for the ECB’s accounts and for all material assets and liabilities in NCBs’ accounts for Eurosystem purposes, i.e. material to the Eurosystem’s operation.

<sup>(4)</sup> Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (OJ L 91, 2.4.2015, p. 3).

<sup>(5)</sup> Decision (EU) 2016/2248 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) (OJ L 347, 20.12.2016, p. 26).

LIABILITIES

Balance sheet item <sup>(1)</sup>		Categorisation of contents of balance sheet items	Valuation principle	Scope of application <sup>(2)</sup>	
1	1	<b>Banknotes in circulation</b> (*)	(a) Euro banknotes, plus/minus adjustments relating to the application of the banknote allocation key in accordance with Decision (EU) 2016/2248 (ECB/2016/36) and Decision ECB/2010/29	(a) Nominal value	Mandatory
			(b) Banknotes denominated in national euro area currency units during the cash changeover year	(b) Nominal value	Mandatory
2	2	<b>Liabilities to euro area credit institutions related to monetary policy operations denominated in euro</b>	Items 2.1, 2.2, 2.3 and 2.5: deposits in euro as described in Guideline (EU) 2015/510 (ECB/2014/60)		
2.1	2.1	<b>Current accounts (covering the minimum reserve system)</b>	Euro accounts of credit institutions that are included in the list of financial institutions subject to minimum reserves in accordance with the Statute of the ESCB. This item contains primarily accounts used in order to hold minimum reserves	Nominal value	Mandatory
2.2	2.2	<b>Deposit facility</b>	Overnight deposits at a pre-specified interest rate (standing facility)	Nominal value	Mandatory
2.3	2.3	<b>Fixed-term deposits</b>	Collection for liquidity absorption purposes owing to fine-tuning operations	Nominal value	Mandatory
2.4	2.4	<b>Fine-tuning reverse operations</b>	Monetary policy-related transactions with the aim of liquidity absorption	Nominal value or repo cost	Mandatory
2.5	2.5	<b>Deposits related to margin calls</b>	Deposits of credit institutions, arising from value decreases of underlying assets regarding credits to these credit institutions	Nominal value	Mandatory
3	3	<b>Other liabilities to euro area credit institutions denominated in euro</b>	Repo transactions with credit institutions for the management of securities portfolios under asset item 7 "Securities of euro area residents denominated in euro". Other operations unrelated to Eurosystem monetary policy operations. No current accounts of credit institutions. Any liabilities/deposits stemming from monetary policy operations initiated by a central bank prior to joining the Eurosystem	Nominal value or repo cost	Mandatory

Balance sheet item (*)		Categorisation of contents of balance sheet items	Valuation principle	Scope of application (2)	
4	4	<b>Debt certificates issued</b>	Only an ECB balance sheet item — for the NCBs a transitional balance sheet item. Debt certificates as described in Guideline (EU) 2015/510 (ECB/2014/60). Discount paper, issued with the aim of liquidity absorption	Cost Any discounts are amortised	Mandatory
5	5	<b>Liabilities to other euro area residents denominated in euro</b>			
5.1	5.1	<b>General government</b>	Current accounts, fixed-term deposits, deposits repayable on demand	Nominal value	Mandatory
5.2	5.2	<b>Other liabilities</b>	Current accounts of staff, companies and clients including financial institutions listed as exempt from the obligation to hold minimum reserves (see liability item 2.1 “Current accounts”); repo transactions with financial institutions other than credit institutions for the management of securities other than those under asset item 11.3 “Other financial assets”; fixed-term deposits, deposits repayable on demand	Nominal value	Mandatory
6	6	<b>Liabilities to non-euro area residents denominated in euro</b>	Current accounts, fixed-term deposits, deposits repayable on demand including accounts held for payment purposes and accounts held for reserve management purposes: of other banks, central banks, international/supranational institutions including the European Commission; current accounts of other depositors. Repo transactions for the management of securities denominated in euro. Balances of TARGET2 accounts of central banks of Member States whose currency is not the euro	Nominal value or repo cost	Mandatory
7	7	<b>Liabilities to euro area residents denominated in foreign currency</b>	Current accounts, liabilities under repo transactions; usually investment transactions using foreign currency assets or gold	Nominal value, translated at the foreign exchange market rate	Mandatory
8	8	<b>Liabilities to non-euro area residents denominated in foreign currency</b>			
8.1	8.1	<b>Deposits, balances and other liabilities</b>	Current accounts, liabilities under repo transactions; usually investment transactions using foreign currency assets or gold	Nominal value, translated at the foreign exchange market rate	Mandatory
8.2	8.2	<b>Liabilities arising from the credit facility under ERM II</b>	Borrowing in accordance with the ERM II conditions	Nominal value, translated at the foreign exchange market rate	Mandatory

Balance sheet item <sup>(1)</sup>		Categorisation of contents of balance sheet items	Valuation principle	Scope of application <sup>(2)</sup>	
9	9	<b>Counterpart of special drawing rights allocated by the IMF</b>	SDR-denominated item which shows the amount of SDRs that were originally allocated to the respective country/ NCB	Nominal value, translated at the market rate	Mandatory
—	10	<b>Intra-Eurosystem liabilities<sup>3)</sup></b>			
—	10.1	<b>Liabilities equivalent to the transfer of foreign reserves<sup>3)</sup></b>	Only an ECB balance sheet item denominated in euro	Nominal value	Mandatory
—	10.2	<b>Liabilities related to the issuance of ECB debt certificates<sup>3)</sup></b>	Only an NCB balance sheet item Intra-Eurosystem liability vis-à-vis the ECB, arising from the issuance of ECB debt certificates	Cost	Mandatory
—	10.3	<b>Net liabilities related to allocation of euro banknotes within the Eurosystem<sup>3), (*)</sup></b>	Only an NCB balance sheet item. For the NCBs: net liability related to the application of the banknote allocation key, i.e. including the ECB's banknote issue related intra-Eurosystem balances, the compensatory amount and its balancing accounting entry as defined by Decision (EU) 2016/2248 (ECB/2016/36)	Nominal value	Mandatory
—	10.4	<b>Other liabilities within the Eurosystem (net)<sup>3)</sup></b>	Net position of the following sub-items:  (a) net liabilities arising from balances of TARGET2 accounts and correspondent accounts of NCBs, i.e. the net figure of claims and liabilities — see also asset item 9.5 “Other claims within the Eurosystem (net)”  (b) liability due to the difference between monetary income to be pooled and redistributed. Only relevant for the period between booking of monetary income as part of the year-end procedures, and its settlement at the last working day in January each year  (c) other intra-Eurosystem liabilities denominated in euro that may arise, including the interim distribution of ECB income (*)	(a) Nominal value  (b) Nominal value  (c) Nominal value	Mandatory  Mandatory  Mandatory
10	11	<b>Items in course of settlement</b>	Settlement account balances (liabilities), including the float of giro transfers	Nominal value	Mandatory

Balance sheet item (*)		Categorisation of contents of balance sheet items	Valuation principle	Scope of application (‡)	
10	12	<b>Other liabilities</b>			
10	12.1	<b>Off-balance-sheet instruments revaluation differences</b>	Valuation results of foreign exchange forwards, foreign exchange swaps, interest rate swaps (unless daily variation margin applies), forward rate agreements, forward transactions in securities, foreign exchange spot transactions from trade date to settlement date	Net position between forward and spot, at the foreign exchange market rate	Mandatory
10	12.2	<b>Accruals and income collected in advance</b>	Expenditure falling due in a future period but relating to the reporting period. Income received in the reported period but relating to a future period	Nominal value, foreign exchange translated at market rate	Mandatory
10	12.3	<b>Sundry</b>	<p>(a) Taxation suspense accounts. Foreign currency credit or guarantee cover accounts. Repo transactions with financial institutions for the management of securities portfolios under asset item 11.3 “Other financial assets”. Compulsory deposits other than reserve deposits. Other minor items. Current income (net accumulated profit), profit of the previous year before distribution. Liabilities on a trust basis. Coins in circulation if an NCB is the legal issuer. Banknotes in circulation denominated in national euro area currency units that have ceased to be legal tender but are still in circulation after the cash changeover year, if not shown under the liability item “Provisions”</p> <p>(b) Customer gold deposits</p> <p>(c) Net pension liabilities</p>	<p>(a) Nominal value or (repo) cost</p> <p>(b) Market value</p> <p>(c) As per Article 28(2)</p>	<p>Recommended</p> <p>Mandatory</p> <p>Recommended</p>
10	13	<b>Provisions</b>	<p>(a) For pensions, for financial risks, and for other purposes, e.g. expected future expenses, provisions for national euro area currency units that have ceased to be legal tender but are still in circulation after the cash changeover year if these banknotes are not shown under liability item 12.3 “Other liabilities/sundry” The contributions from NCBs to the ECB in accordance with Article 48.2 of the Statute of the ESCB are consolidated with the respective amounts disclosed under asset item 9.1 “Participating interest in the ECB”<sup>4)</sup></p>	(a) Cost/nominal/discounted value	Recommended

Balance sheet item <sup>(1)</sup>		Categorisation of contents of balance sheet items	Valuation principle	Scope of application <sup>(2)</sup>	
			(b) Nominal value	Mandatory	
11	14	<b>Revaluation accounts</b>	Revaluation accounts related to price movements for gold, for every type of euro-denominated securities, for every type of foreign currency-denominated securities, for options; market valuation differences related to interest rate risk derivatives; revaluation accounts related to foreign exchange rate movements for every currency net position held, including foreign exchange swaps/forwards and SDRs The contributions from NCBs in accordance with Article 48.2 of the Statute of the ESCB to the ECB are consolidated with the respective amounts disclosed under asset item 9.1 "Participating interest in the ECB" <sup>(*)</sup>	Revaluation difference between average cost and market value, foreign exchange translated at market rate	Mandatory
12	15	<b>Capital and reserves</b>			
12	15.1	<b>Capital</b>	Paid-up capital — the ECB's capital is consolidated with the capital shares of the NCBs	Nominal value	Mandatory
12	15.2	<b>Reserves</b>	Legal reserves and other reserves. Retained earnings The contributions from NCBs to the ECB in accordance with Article 48.2 of the Statute of the ESCB are consolidated with the respective amounts disclosed under asset item 9.1 "Participating interest in the ECB" <sup>(*)</sup>	Nominal value	Mandatory
10	16	<b>Profit for the year</b>		Nominal value	Mandatory'

(\*) Items to be harmonised. See recital 5.

<sup>(1)</sup> The numbering in the first column relates to the balance sheet formats given in Annexes V, VI and VII (weekly financial statements and consolidated annual balance sheet of the Eurosystem). The numbering in the second column relates to the balance sheet format given in Annex VIII (annual balance sheet of a central bank). The items marked with a "+" are consolidated in the Eurosystem's weekly financial statements.

<sup>(2)</sup> The composition and valuation rules listed in this Annex are considered mandatory for the ECB's accounts and for all material assets and liabilities in NCBs' accounts for Eurosystem purposes, i.e. material to the Eurosystem's operation.

## ANNEX II

Annex IX to Guideline (EU) 2016/2249 (ECB/2016/34) is replaced by the following:

## 'ANNEX IX

**PUBLISHED PROFIT AND LOSS ACCOUNT OF A CENTRAL BANK <sup>(1)</sup> <sup>(2)</sup>**

<i>(EUR million) <sup>(3)</sup></i>		
Profit and loss account for the year ending 31 December ...	Reporting Year	Previous year
1.1. <i>Interest income</i> (*)		
1.2. <i>Interest expense</i> (*)		
1 Net interest income		
2.1. <i>Realised gains/losses arising from financial operations</i>		
2.2. <i>Write-downs on financial assets and positions</i>		
2.3. <i>Transfer to/from provisions for financial risks</i>		
2 Net result of financial operations, write-downs and risk provisions		
3.1. <i>Fees and commissions income</i>		
3.2. <i>Fees and commissions expense</i>		
3 Net income/expense from fees and commissions		
4 Income from equity shares and participating interests (*)		
5 Net result of pooling of monetary income (*)		
6 Other income		
<b>Total net income</b>		
7 Staff costs <sup>(4)</sup>		
8 Administrative expenses <sup>(4)</sup>		
9 Depreciation of tangible and intangible fixed assets		
10 Banknote production services <sup>(5)</sup>		
11 Other expenses		
12 Income tax and other government charges on income		
<b>(Loss)/profit for the year'</b>		

(\*) Items to be harmonised. See recital 5.

<sup>(1)</sup> The profit and loss account of the ECB takes a slightly different format. See Annex III to Decision (EU) 2016/2247 of the European Central Bank of 3 November 2016 on the annual accounts of the European Central Bank (ECB/2016/35) (OJ L 347, 20.12.2016, p. 1).

<sup>(2)</sup> Disclosure relating to euro banknotes in circulation, remuneration of net intra-Eurosystem claims/liabilities resulting from the allocation of euro banknotes within the Eurosystem, and monetary income should be harmonised in NCBs' published annual financial statements. The items to be harmonised are indicated with an asterisk in Annexes IV, VIII and IX.

<sup>(3)</sup> Central banks may alternatively publish exact euro amounts, or amounts rounded in a different manner.

<sup>(4)</sup> Including administrative provisions.

<sup>(5)</sup> This item is used in the case of outsourced banknote production (for the cost of the services provided by external companies in charge of the production of banknotes on behalf of the central banks). It is recommended that the costs incurred in connection with the issue of both national and euro banknotes are taken to the profit and loss account as they are invoiced or otherwise incurred.