

# T2S financial statements for the fiscal year 2024

April 2025

## T2S operating statement<sup>1</sup>

### Financial results for the fiscal year

(amounts in euro)

	Notes	2024	2023
<b>Revenues</b>		128,077,837	122,108,963
T2S fees charged to customers	1	127,351,712	120,705,393
Other income	2	726,125	1,403,570
<b>Expenses</b>		(126,674,959)	(132,973,479)
Services provided by the 4CB	3	(60,636,363)	(72,449,273)
Services provided by the ECB	3	(8,424,930)	(4,475,538)
Amortisation of T2S platform	4	(40,329,970)	(39,220,284)
Interest charged by NCBs	5	(17,283,696)	(16,828,384)
<b>Net surplus/deficit</b>		<b>1,402,879</b>	<b>(10,864,516)</b>

## T2S financial situation<sup>1</sup>

### Year-end balances

(amounts in euro)

<b>Assets</b>	Notes	2024	2023
T2S platform	6	122,088,650	159,830,612
Current accounts		54,357,717	35,127,365
Accrued income	7	13,011,783	12,082,722
<b>Total assets</b>		<b>189,458,150</b>	<b>207,040,699</b>

  

<b>Liabilities</b>	Notes	2024	2023
Pre-financing of T2S by the Eurosystem	8	399,926,974	426,049,316
Other provisions	9	5,650,000	200,000
Accrued expenses	10	7,036,352	5,349,437
Accumulated deficit		(223,155,176)	(224,558,055)
<b>Total liabilities</b>		<b>189,458,150</b>	<b>207,040,699</b>

<sup>1</sup> Figures might not add up due to rounding.

## Explanatory notes

The notes on the 2024 T2S financial statements provide explanations and additional information about the figures in the T2S operating statement and the T2S financial situation report for 2024.<sup>2</sup>

## Notes on the accounting policies

The T2S financial statements have been prepared in accordance with specific accounting policies developed by the Market Infrastructure Board (T2S Board). These policies are based on generally accepted accounting principles and standards.

The T2S financial reporting framework covers standards for the annual T2S operating statement (expense and revenue accounts), the annual T2S financial situation report (asset and liability accounts) and the related disclosures.

## T2S platform

Owing to their integral characteristics, both the hardware and software of the T2S system are treated homogeneously and are represented as a single intangible asset under the position “T2S platform”. The latter represents the carrying amount of the T2S platform. The value of the T2S platform is made up of the capitalised development costs paid to the European Central Bank (ECB) and the four service-providing central banks (4CB), capitalised interest incurred during the construction phase, and additional development costs incurred during the operational phase, e.g. for new releases, after deduction of accumulated amortisation amounts and any impairment losses. Impairment tests are taking place annually as of the end of the migration phase (September 2017); impairment losses are recorded when the book value is lower than the asset’s expected recoverable amount.<sup>3</sup>

## Amortisation

The amortisation method reflects the pattern in which the asset’s future economic benefits are expected to be consumed. The method was based on the (expected) proportion of settlement volumes already migrated in T2S during the migration phase (completed in September 2017) and is thereafter based on a linear method from January 2018 to December 2027 (ten years after the end of migration).

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<sup>2</sup> For an introduction to, and further information on, the T2S financial statements, please refer to the [explanatory note](#) for the fiscal year 2015, which was prepared in parallel with the 2015 T2S financial statements.

<sup>3</sup> The recoverable amount of an asset is the greater of its “fair value less costs to sell” and its “value in use”.

## Pre-financing of T2S by the Eurosystem

This item relates to the amounts owed to the Eurosystem national central banks (NCBs) that have been pre-financing T2S, namely the covered costs incurred for both the development and the operation of T2S. This liability effectively reflects the expectation that the participating central banks will eventually be reimbursed for the development and operational costs included in the T2S pricing envelope (the total amount, including capital cost, to be recovered through fees). The reimbursement will be funded by cash surpluses generated from T2S usage fees paid by T2S customers (central securities depositories (CSDs) and central banks). Reimbursement has begun in the year 2020 once the collected fees exceeded the annual operational expenses.

## Operating statement

During the operational phase, the T2S operating statement shows a net surplus or deficit, depending largely on whether the T2S fees are sufficient to cover the T2S operational costs, the amortisation of the T2S platform, impairment losses, if any, and other expenses. A deficit could trigger an extension of the amortisation period and/or a price increase in order to reach full cost recovery within the given cost recovery period. A surplus would make it possible to repay the pre-financing loan given to T2S by the Eurosystem central banks. The yearly surplus/deficit is reflected in the net accumulated surplus/deficit account.

## Income/expenses

Income and expense items are recognised once earned/incurred. In the operational phase of T2S, all operational costs are expensed as incurred to the T2S operating statement, while additional development costs (e.g. for new releases) are capitalised to the T2S platform and reported in the T2S financial situation report.

## Accrued income and expenses

Procedures are in place to calculate and establish, at each year-end, the costs incurred by T2S but not yet reimbursed to the service providers, as well as income not yet collected but earned in the reporting year.

## Post-balance-sheet events

This refers to relevant events that occurred after the reporting period which have a material impact on the reports for that period. Such a post-balance-sheet event occurred in March 2025 when one CSD informed the T2S service providers (4CB and ECB) about a case of incorrect billing of monthly T2S usage fees. The investigation of this case of incorrect billing is still ongoing in April 2025. It is

estimated that T2S overcharged a total amount of €5.5 million in monthly T2S usage fees. Consequently, a provision in the amount of €5.5 million is booked in the 2024 T2S financial statements to recognise the liability vis-à-vis CSD customers. T2S will return the overcharged usage fees originating from this post-balance-sheet event in 2025 (see note 1 'Revenues – T2S fees charged to customers' and note 9 'Other provisions').

## Cost recovery

In 2010 the Governing Council of the ECB decided that T2S would be developed and operated under the principle of full cost recovery. The Market Infrastructure Board (T2S Board) regularly monitors developments that may affect the prospects of cost recovery. The cost recovery target is based on: i) the T2S pricing policy (see Schedule 7 (Pricing) of the T2S Framework Agreement and of the Currency Participation Agreement),<sup>4</sup> ii) a given cost recovery period, iii) the total costs for developing and operating T2S, and iv) the usage of T2S resources which generate revenues for T2S.

While the use of T2S resources is dependent on market dynamics, the Governing Council of the ECB aims to steer costs and adjust pricing in order to ensure that T2S is in a position to recover all, and only, its total costs in the long term.

On 21 June 2018 the Governing Council of the ECB decided to extend the cost recovery period to the end of 2029 and increase the prices as of 2019 in order to ensure full cost recovery.<sup>5</sup> This decision was in response to the need to adjust the T2S pricing policy to the actual volume, cost, and revenue situation (see the [announcement](#) for more information).

## Notes on the Financial Statements

### 1 Revenues – T2S fees charged to customers

The account "T2S fees charged to customers" shows the net revenues earned in 2024 by T2S.

The Governing Council of the ECB accepted a proposal by the Advisory Group on Market Infrastructures for Securities and Collateral and decided on 21 June 2018 to increase the delivery-versus-payment (DvP) price from €0.15 to €0.195 per instruction, plus a temporary surcharge of €0.04. The temporary surcharge is dependent on the growth of volumes. The price increase became effective as of 1 January 2019 (see the [announcement](#) for more information).

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<sup>4</sup> Both documents are available on the T2S website, [www.t2s.eu](http://www.t2s.eu), under "For professional use" in the section "Legal documents".

<sup>5</sup> See the T2S Framework Agreement, Section 2 (T2S pricing policy) of Schedule 7 (Pricing).

No discounts were applied in the years 2017 to 2024 since the “fee holiday” regime (reduction of the monthly fees by one third) for the 9 CSDs that had signed the contract with the Eurosystem (the T2S Framework Agreement) by 30 April 2012 expired in November 2016. For those CSDs, as well as for the other 13 that had signed the contract by 30 June 2012, the prescribed one-off joining fee<sup>6</sup> was also waived.

The T2S fees also include revenues related to the application of the rules and procedures laid down in Article 32(9) and in Section 5.9 of Schedule 7 (Pricing) of the T2S Framework Agreement.

In March 2025, the T2S service providers (4CB and ECB) were informed by one T2S CSD customer about a case of incorrect billing of T2S usage fees. The investigation of the incorrect billing case is still ongoing in April 2025.

A provision was booked in the 2024 T2S financial statements to recognise the liability vis-à-vis CSD customers to return overcharged T2S usage fees and revenues from T2S fees charged to customers were reduced by the amount €5.5 million (see the information on ‘Post-balance sheet events’ on page 3 and note 9 ‘Other provisions’).

## 2 Other income

Other income represents funds received and accrued in 2024 with the specific purpose of directly covering the service provider expenses for the regular technical and operational examinations of T2S services by the External Examiner as defined in Article 26.1 of the T2S Framework Agreement. The External Examiner is appointed by the Governing Council of the ECB on the proposal of the CSD Steering Group (CSG) and after consultation with the Non-euro Currencies Steering Group (NECSG).

## 3 Services provided to T2S

As of its launch in mid-2015, T2S has been incurring annual operational expenditures which are paid to the service providers: to the 4CB for running and maintaining the T2S platform and to the ECB for its coordination activities. The expenditures for 2024 amounted to €69.1 million (2023: €76.9 million).

## 4 Amortisation

See note 6, “T2S platform”.

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<sup>6</sup> See the T2S Framework Agreement, Section 5.9 (One-off joining fee) of Schedule 7 (Pricing).

## 5 Interest charged by national central banks

T2S owes interest to the Eurosystem NCBs for the loan that has financed both the development of the platform and T2S operations. The Eurosystem (pre-)financing effectively covers the liabilities of T2S vis-à-vis the T2S service providers (i.e. the 4CB and the ECB for its T2S coordination functions).

The interest rate used for the calculation is the annual average rate applied to the ECB's main refinancing operations (MRO rate). The accrued interest is calculated at year-end on the principal amount of the pre-financing of T2S by the Eurosystem.

In 2024 the applicable interest rate was 4.13% (annual average MRO rate) and interest expense accumulated in 2024 amounts to €17.3 million.

## 6 T2S platform

As at the end of 2024, the T2S asset value comprised: (i) capitalised costs incurred during the development phase up to the launch date, (ii) accumulated amortisation, (iii) capitalised interest incurred during the development phase, and (iv) additional development costs related to change requests.

The amortisation amount of the T2S platform in 2024 was €40.3 million (2023: €39.2 million). Following completion of the migration phase and after the full volume capacity of contracting CSDs was reached in September 2017, the linear calculation method has been applied for calculating the amortisation since 2018.

### Changes to the value of the T2S platform in 2024

(in euro)

Year	Event	Amount
2024	Opening balance	159,830,612
2024	Capitalisation of development costs for Release R2024.JUN and Release R2024.NOV	2,588,008
2024	Amortisation	(40,329,970)
2024	<b>T2S platform closing balance*)</b>	<b>122,088,650</b>

\*) Figures might not add up due to rounding.

The T2S Board decided to start impairment testing after the end of the migration phase (September 2017) once the information on the full potential of T2S revenues would be available. As at the end of 2024, there was no indication that the T2S platform may be impaired.

## 7 Accrued income

Accrued income reflects T2S revenue in December 2024 and other income not yet billed at year-end 2024.

## 8 Pre-financing of T2S by the Eurosystem

The Eurosystem (pre-)financing effectively covers the liabilities of T2S vis-à-vis the T2S service providers (the 4CB and the ECB for its T2S coordination functions).

The balance of the pre-financing of T2S corresponds to the loan that T2S received from the Eurosystem NCBs to cover the costs of developing, running and maintaining the T2S platform, plus the accumulated interest on the loan (see note 5). The cost recovery target corresponds to the full balance of the pre-financing.

Reimbursement of the Eurosystem pre-financing loan started in the year 2020 as the collected fees exceeded the annual operational expenses.

On 31 December 2024, the outstanding loan with the Eurosystem amounted to €399.9 million (2023: €426.0 million).

## 9 Other provisions

An amount of €50,000.00 was repaid in 2024 to one CSD for a conditional participation fee previously paid to T2S.

An amount of €5.5 million was booked as a provision to recognise a case of incorrect billing of T2S usage fees (revenues of fees charged to customers). See the information on page 3 'Post-balance sheet events' and note 1 'Revenues – T2S fees charged to customers'.

## 10 Accrued expenses

Accrued expenses relate to operational costs of the ECB as a T2S service provider as well as External Examiner expenses incurred in 2024 for which no invoices have been raised by year-end. On 31 December 2024, a total amount of €7.0 million was accrued (2023: €5.3 million).

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For specific terminology please refer to the [ECB glossary](#).

## INDEPENDENT AUDITOR'S REPORT

To the Chairperson of the Market  
Infrastructure Board and its Members  
Frankfurt am Main

### Report on the Audit of the TARGET2-Securities Financial Statements 2024

#### *Opinion*

We have audited the financial statements of TARGET2-Securities (the entity), which comprise the financial situation report as at 31 December 2024, the operating statement and the explanatory notes, including the notes on the financial statements and the accounting policies. The financial statements have been prepared by the Market Infrastructure Board acting for the Eurosystem based on the TARGET2-Securities Financial Reporting Framework as amended on 30 April 2020 and approved on 29 May 2020 by the Governing Council of the European Central Bank ("ECB").

In our opinion, the accompanying financial statements of the entity for the year ended 31 December 2024, present fairly, in all material respects, the financial position of the entity and are prepared in accordance with the principles of the TARGET2-Securities Financial Reporting Framework as amended on 30 April 2020 and approved on 29 May 2020 by the Governing Council of the ECB.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the ECB and TARGET2-Securities in accordance with the German ethical requirements that are relevant to our audit of the Financial Statements, which are consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other 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.

#### *Emphasis of Matter – Basis of Accounting*

We draw attention to the explanatory notes in the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the Eurosystem in meeting its financial reporting requirements originating from the TARGET2-Securities Framework Agreement. According to Article 20 "Obligations of the Eurosystem related to the provision and use of the T2S Services" in Chapter 2 of the TARGET2-Securities Framework Agreement the Eurosystem shall provide the contracting Central Securities Depositories (CSD) with financial statements, reports and other information on TARGET2-Securities on a regular basis that fairly



represent the business and financial conditions, result of operations and state of the cost of recovery in relation to TARGET2-Securities on the respective dates or for the respective periods covered by such financial statements, reports and other information. As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of these matters.

***Responsibilities of the Eurosystem and those charged with Governance for the TARGET2-Securities Financial Statements***

The Market Infrastructure Board acting for the Eurosystem is responsible for the preparation and fair presentation of the financial statements in accordance with the Financial Reporting Framework as amended on 30 April 2020 and approved on 29 May 2020 by the Governing Council of the ECB, and for such internal control as the Eurosystem determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Market Infrastructure Board acting for the Eurosystem is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Eurosystem either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements 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. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the 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 opinion. 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 override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 TARGET2-Securities internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on TARGET2-Securities' 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. 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among 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, 30 April 2025

Yours sincerely,



Christian Haas  
Wirtschaftsprüfer

**Deloitte GmbH**  
Wirtschaftsprüfungsgesellschaft



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