

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

BANKING UNIT

BANKING DIRECTIVES

*STATUTORY FINANCIAL INFORMATION TO BE SUBMITTED
BY CREDIT INSTITUTIONS AUTHORISED
UNDER THE BANKING ACT 1994*

Ref: BD/06/2005

STATUTORY FINANCIAL INFORMATION TO BE SUBMITTED BY CREDIT INSTITUTIONS AUTHORISED UNDER THE BANKING ACT 1994

INTRODUCTION

1. In terms of article 4 (2) of the Banking Act 1994 ('the Act'), the competent authority ('the authority') as appointed under article 3 (1) of the Act may make banking directives as may be required for carrying into effect any of the provisions of the Act. The authority may amend or revoke such banking directives. The banking directives and any amendment or revocation thereof shall be officially communicated to credit institutions and the authority shall make copies thereof available to the public.
2. The statutory financial information to be submitted under this directive is being made pursuant to sub-article (4) of article 19 of the Act which requires that:

“19 (4) All statements required under sub-article (1) of this article shall be submitted in such form and at such periods as shall be prescribed by banking directive”.

SCOPE AND APPLICATION

3. This directive applies to all credit institutions licensed under the Act.
4. The directive is intended to explain the authority's views on the information it would require in the discharge of its duties and to formulate the statutory financial statements required under article 19(1)(a).
5. Appendix 1 defines which reports are to be submitted monthly, quarterly, semi-annually or annually. All returns prescribed in this directive are to be submitted on an individual (solo) basis. Under special circumstances the authority reserves the right to request consolidated returns as at any date and at any other period as required in Banking Directive BD/10 – *Supervision On A Consolidated Basis Of Credit Institutions Authorised Under The Banking Act 1994*. However the authority shall give adequate notice of its requirements to the credit institutions concerned.

FINANCIAL STATEMENTS

6. The format of the financial statements to be submitted under article 19 (1) (a) of the Act is set and defined under Appendix 12 of this directive.
7. Credit institutions shall prepare these statements in accordance with the instructions under Appendix 8. An institution's financial records are to be kept in such a manner so as to ensure that the reports filed in accordance with these instructions give a true and fair view of its financial condition and operations.
8. Credit institutions shall prepare all returns under the directive on an accruals basis and in accordance with the requirements of the *International Accounting Standards* as issued from time to time by the *International Accounting Standards Board*. However in certain instances, due to statistical/prudential requirements, credit institutions are

required to submit the returns in accordance with specific requirements as detailed in the appendices.

9. Queries and requests for interpretation of matters appearing in this directive and the appendices thereto are to be made in writing to the authority and shall be decided upon by the authority in concurrence with the Central Bank of Malta. Credit institutions are to be guided by the procedure established in Appendix 1 regarding the general, statistical and reporting requirements.
10. As a general rule, changes to the format of the schedules shall come into effect as follows:
 - amendments to the monthly schedules will be effective the month following the amendments are made;
 - amendments to the quarterly schedules will be effective the following quarter unless communicated to all credit institutions within the first month of the quarter;
 - amendments to the semi-annual and annual schedules will be effective as from the next reporting date provided the amendments are communicated to all credit institutions at least three months prior to the reporting date.

The authority reserves the right to request changes with immediate effect in any period, under exceptional circumstances and subject to discussions with the credit institutions.

METHOD OF SUBMISSION ON FINANCIAL STATEMENTS

11. The statements defined in Appendix 1 of this directive shall be filed with the authority on compact disk (CD) containing spreadsheets as prescribed in Appendix 12 of this directive.
12. The compact disks shall be accompanied by hard copies of the spreadsheets signed by authorised persons in accordance with section 6 of Appendix 1.
13. The statements required under this directive include parts which might consistently include 'nil' figures for a particular credit institution. Such returns need not be printed and signed. A covering letter signed as in article 12 above and listing all 'nil' returns' code and title would however be required to be submitted instead.

AMENDED REPORTS

14. The authority shall check and verify all returns submitted. In terms of its supervisory powers under article 20 of the Act, the authority may therefore enquire into and ask for clarification of any information so submitted.

15. Should the authority determine that a report submitted by a credit institution contains errors or other misreporting, it may require the credit institution to file an amended report within five working days from written notification.

TIMING FOR SUBMISSION OF FINANCIAL STATEMENTS

16. Timely reporting is of essence to the authority. It is therefore expected that all credit institutions establish appropriate reporting procedures to adhere to the timely reporting as prescribed in the following articles.
17. Statements which in terms of Appendix 1 of this directive are to be submitted to the authority on a monthly, quarterly, semi-annual or annual basis, are to be filed as stipulated in article 4 of this Appendix.
18. It is acknowledged that when the reporting period coincides with the end of a credit institution's financial year, problems might be encountered in submitting the required data in line with audited figures within the stipulated time-frames. In this regard, returns for a credit institution's financial year-end are therefore to be submitted **provisionally** within the period as referred to in article 17 above. Final returns (those amended only) or a declaration by the credit institution to the effect that the provisional returns could be taken as final, are to be submitted within fifteen days from the date the financial statements are published in terms of article 30 of the Act.

OTHER INFORMATION

19. In terms of articles 19 and 20 of the Act, a credit institution is bound to submit any other information that either the authority or the Central Bank of Malta may require in the discharge of their respective duties. The format for submitting such information shall be agreed with the credit institution as and when required.

BRANCHES OF OVERSEAS INSTITUTIONS

20. The requirements of this directive shall be satisfied by a branch, agency or office of a credit institution licensed to operate from Malta by the submission of the relative statements relating to its operations. The authority and the Central Bank shall discuss the required level of reporting under this directive in relation to such operations.

OFFENCES AND PENALTIES

21. The authority draws the attention of all officers of a credit institution or branch, agency or office licensed to operate from Malta, particularly to article 33 (b) of the Act.
22. Any person who commits an offence in terms of this directive as provided for under articles 35 and 35A of the Act is liable to such penalties as may be prescribed pursuant to the said articles.