

**GUIDELINES AND INSTRUCTIONS FOR
THE REPORTING OF THE BANKING RULE
NO. 6 (BR06) SCHEDULES**

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APPENDIX 1 – GENERAL STATISTICAL REPORTING REQUIREMENTS

The Central Bank of Malta (henceforth ‘the Bank’) is responsible for the collection, compilation, dissemination and publication of statistics. The Bank is empowered to carry out these functions by virtue of Article 24 of the *Central Bank of Malta Act (Cap. 204)*, as amended, which specifies that “in accordance with the Treaty and the Statute and the guidelines and instructions of the European Central Bank (ECB), the Bank issues directives providing for the definition and imposition of its statistical reporting requirements, establishing the standards for transmission and accuracy of statistical information, and specifying the conditions under which the right to verify or to carry out the compulsory collection of statistical information may be exercised under the provisions of sub-article (2)”. CBM Directive 5 Part I provides for the collection of statistics from the credit institutions while Part II provides for the collection of statistics from all other reporting agents as listed in article 23(3) of the CBM Act. Part III of the Directive deals with the non-compliance of statistical reporting requirements.

The compilation of monetary and financial statistics has to be consistent with the statistical concepts and methodologies as set out in the respective ECB Regulations and Guideline, the European System of Accounts 1995, the IMF’s Monetary and Financial Statistics Manual (2000) and the international accounting standards when applicable.

On the 19 December 2008 the European Central Bank (ECB) enacted Regulation (EC) No. 25/2009 (ECB/2008/32) concerning the balance sheet of the monetary financial institutions sector (Recast). The Regulation is addressed directly to reporting institutions and imposes obligations directly on them. In this regard, the Central Bank of Malta (CBM) is obliged to carry out, on behalf of the ECB, the compulsory collection of the statistics as required by this Regulation from those credit institutions and to transmit such aggregated statistics to the ECB. The following instructions are to be considered over and above the instructions in the said Regulation.

The statistical framework covered by the following instructions involves all institutions authorized by the competent authority to carry on the business of banking in or from Malta as defined in Chapter 371 Article 2 (1) of the Banking Act 1994.

Credit institutions (henceforth ‘the reporting agents’), are required to report to the Bank statistical information which is provided to the Malta Financial Services Authority, the Competent Authority, in terms of the reporting requirements of Banking Rule BR/06 on *Statutory Financial Information To Be Submitted By Credit Institutions Authorised Under The Banking Act 1994*, as may be amended by the Competent Authority from time to time in terms of powers granted to it under the Banking Act. The information shall be provided according to the terms and conditions, and in the form, specified in this Banking Rule, and in particular the information shall be submitted to the Bank in the time periods indicated in Article 18 of Banking Rule BR/06.

Provided that queries and requests for interpretation in respect of reporting requirements of Banking Rule BR/06 required by the Bank for the discharge of its duties under the Act, shall be made in writing to the Bank and shall be decided upon by the Bank after consultation with the Competent Authority.

The competent authority requires licence holders to submit the statutory returns shown in Appendix 14 of this directive, on an unconsolidated basis. However, in certain instances, the authority may also request licence holders to submit both consolidated and unconsolidated statutory returns depending on the nature of the institution's operational activities.

These statutory returns are to be utilised for the calculation of the reserve deposit requirement in line with the Central Bank of Malta Directive No. 1.

Reporting agents are required to file the following statutory returns on a monthly, quarterly, semi-annual and annual basis as detailed hereunder:

Code	Title	Frequency	Submission Date*
L	Core Balance Sheet Liabilities	Monthly	15th
LD1	Analysis of General Government Deposits and Loans (Liabilities) by residence	Monthly	15th
LD2	Analysis of MFI and Remaining Sectors' Deposits and Loans (Liabilities) by residence and major currencies	Monthly	15th
LD3	Analysis of Deposits and Loans (Liabilities) by currency	Monthly	15th
LD4	Analysis of Deposits and Loans (Liabilities) by country of residence	Monthly	15th
LD5	Analysis of Deposits by Ownership and by term to maturity	Monthly	15th
LD6	Analysis of Deposits (non-MFI's) by type and interest rates	Monthly	15th
LD7	Analysis of Deposits covered under the Depositor Compensation Scheme	Quarterly	15th
LS1	Debt Securities Issued by residence, instrument	Monthly	15th

Code	Title	Frequency	Submission Date*
	and currency		
LS2	Debt Securities issued by sector and maturity (at nominal value)	Monthly	15th
LS3	Debt Securities issued by sector and maturity (at market value)	Monthly	15th
LC	Analysis of capital and reserves/shareholder's funds	Monthly	15th
LR	Analysis of unallocated liabilities	Monthly	15th
A	Core Balance Sheet Assets	Monthly	15th
AL1	Analysis of Loans (including Deposits) by sector and maturity	Monthly	15th
AL2	Analysis of Loans (including Deposits) by country of residence	Monthly	15th
AL3	Analysis of Loans (including Deposits) by currency	Monthly	15th
AL4	Analysis of Loans (excl. repos) by economic activity (NACE Rev.2) and by currency	Monthly	15th
AL5	Analysis of Loans (excl. repos) by Economic activity (NACE Rev.2) and residence	Monthly	15th
AL6	Analysis of Loans (excl. repos) by Economic Activity (NACE Rev.2) and interest rates	Monthly	15th
AL7	Analysis of Loans (excl. repos) by term to maturity and residence	Monthly	15th
AL8	Analysis of Loans (excl. repos) limits, balances, excesses and prepayments	Quarterly	15th
AL9	Analysis of Loans including deposits by sector	Quarterly	15th

Code	Title	Frequency	Submission Date*
	and real estate collateral		
AL10	Loans (excl. deposits) by collateral value and income bracket	Quarterly	15th
AL11	Analysis of loans (incl. deposits) subject to interest rate reset	Quarterly	15th
AL12	Analysis of credit cards credit by sector	Monthly	15th
AL13	Securitisation of loans and other loan transfers to non-MFIs	Monthly	15th
AS1	Analysis of Securities Other Than Shares by Sector and Maturity	Monthly	15th
AS2	Analysis of Securities Other Than Shares by country of residence	Monthly	15th
AS3	Analysis of Securities Other Than Shares by currency	Monthly	15th
AS4	Analysis of Securities Other Than Shares by main sector and term to maturity – Held for Trading	Monthly	15th
AS5	Analysis of Securities Other Than Shares by main sector and term to maturity – Held to Maturity	Monthly	15th
AS6	Analysis of Securities Other Than Shares by main sector and term to maturity – Available for Sale	Monthly	15th
AS7	Analysis of securities other than shares by main sector and term to maturity - securities designated at inception at fair value through profit and loss	Monthly	15th

Code	Title	Frequency	Submission Date*
AS8	Analysis of impaired securities other than shares	Quarterly	15 th
AS9	Analysis of Securities other than Shares by Credit Rating	Quarterly	15 th
AS10	Analysis of pledged assets	Monthly	15 th
AS11	Analysis of securities other than shares by country of residence – For securities not reported on sbs basis only	Monthly	15 th
AE1	Analysis of Shares and other Equity by residence and type	Monthly	15 th
AE2	Analysis of other equity held in banks, companies or group of connected persons	Monthly	15 th
AE3	Analysis of Shares and Other Equity by sector	Monthly	15 th
AE4	Analysis of Shares and Other Equity by country of residence and type – for equities not reported on sbs basis only	Monthly	15 th
AR	Analysis of Other Unallocated Assets	Monthly	15 ^h
PS1	Analysis of Payments Systems data by volume	Semi-annually	15 th
PS2	Analysis of Payments Systems data by volume and value	Semi-annually	15 th
CE	Statement of Changes in Equity	Semi-annually	15 th
Flows 1	Reclassifications	Monthly	15 ^h
Flows 2	Revaluation	Monthly	15 ^h

Code	Title	Frequency	Submission Date*
Flows 3	Exchange Rate Adjustment	Monthly	15^h
Flows 4	True Transactions	Monthly	15th
Flows 5	Services and transfers	Monthly	15th
Flowloans	Flow loans	Monthly	15th
Flowdeposits	Flow deposits (including loans and repos)	Monthly	15th
Flowssecuritisation	Flows securitisation of loans	Monthly	15th
MIR1	Interest Rates on Outstanding Amounts	Monthly	15th
MIR2	Interest Rates on New Business	Monthly	15th
MIR3	Interest Rates on New Business by collateral and/ or guarantees	Quarterly	15th
SL	Analysis of syndicated loans by sector (assets and liabilities)	Monthly	15th
FD	Financial Derivatives by sector (assets and liabilities)	Monthly	15th
PR	Provisions	Monthly	15^h
BOP	Data used for Balance of Payments services – (assets and Liabilities)	Monthly	15th
SBSA	Security by Security attributes - Assets	Monthly	15th
SBSL	Security by Security attributes – Liabilities listed on foreign exchange markets	Monthly	15th
SBSAHHNOM	Security by Security attributes – Foreign Securities held on behalf of the resident households (HH) sector	Monthly	15th

Code	Title	Frequency	Submission Date*
SBSANFCNOM	Security by Security attributes – Foreign Securities held on behalf of resident non-financial corporations (NFC)	Monthly	15 th
NONSBSDEBTNOM	Analysis of securities other than shares by country of residence – Residents nominee business HH and NFCs – For securities not reported on SBS basis only	Monthly	15 th
NONSBSSEQUITYNOM	Analysis of shares and other equity by country of residence and type – Residents Nominee business of HH and NFC - For equity securities not reported on SBS basis only	Monthly	15 th
SBSADANRNOM	Security-by-security attributes – Domestic securities held on behalf of non-residents	Monthly	15 th
NONSBSDADEBTNOM	Analysis of securities other than shares by country of residence – Domestic assets held on behalf of non-residents - For securities not reported on SBS basis only	Monthly	15 th
NONSBSDAEQUITYNOM	Analysis of shares and other equity by country of residence and type - Domestic assets held on behalf of non-residents – For Equity securities not reported on SBS basis only	Monthly	15 th
PL	Income Statement	Quarterly	15th
AD	Analysis of Loans to Directors and Staff Members	Quarterly	15th
AT	Analysis of Tangible Fixed Assets	Quarterly	15th
AQ	Analysis of Assets acquired in satisfaction of debt	Quarterly	15th
APD	Analysis of the classification of Loans and advances	Quarterly	15th

Code	Title	Frequency	Submission Date*
APD1	Analysis of Substandard, Doubtful and Loss Facilities by economic sector and residency	Quarterly	15 th
LH	Analysis of shareholders by sector and residence (including both perpetual preference shares and ordinary shares)	Quarterly	15 th
IBE	Analysis of interbank exposure by ultimate country risk	Quarterly	15 th
IL	Interest and fee income on loans	Quarterly	15 th
PLHA	Gains (losses) from Hedge accounting	Quarterly	15 th
DRHT	Analysis of derivatives – Held for trading, analysis of derivatives – Hedge accounting , analysis of derivatives - Cash flow hedges	Quarterly	15 th
RW	Recoveries and Write-offs	Quarterly	15 th
WO	Write-offs	Quarterly	15 th
DF	Doubtful /loss Facilities over €23,000	Quarterly	15 th
RF	Rescheduled Facilities over €23,000	Quarterly	15 th
RP	Related Party Transactions	Quarterly	15 th
CL	Contingent Liabilities	Quarterly	15 th
DLGOZO	Deposits and lending in Gozo	Quarterly	15 th
FATS	Annual Outward FATS survey	Annual	15 th

- *Submission date refers to the 15th calendar day following the end-of-month/quarter reporting period unless otherwise stated.*

Reporting agents are reminded of the importance of submitting all statutory returns promptly by closing business on the specified date. The date by which the returns must be received by the Central Bank of Malta excludes, for practical reasons, Saturdays, Sundays and bank holidays. Reporting agents should

inform the Bank in advance of any difficulty they may have in meeting a deadline. Hence, if the submission date of the 15th falls on a weekend or a public holiday the returns must be submitted on the following working day.

The statutory returns should be accompanied by the declaration forms duly filled in, in accordance with the relevant instructions and signed either by the reporting credit institution's head of finance, or the financial controller or a person in a higher grade. The declaration 1 should also be signed by the person responsible for the compilation of the reported data. In addition, all statutory returns should be signed and stamped by the officials referred to above. Moreover, any subsequent amendments are also required to be countersigned by the persons mentioned above. The returns are to be submitted either (1) on a CD and addressed to :

The Manager
Monetary, Financial & External Statistics Office
Central Bank of Malta
St James Counterguard
Valletta VLT 1060

Or (2) electronically on: mbs@centralbankmalta.org using password protection or Pretty Good Privacy (PGP).

A hard-copy marked as **Bank Returns – Private and Confidential** should also be sent to the Central Bank of Malta by due date at the Bank's address above.

Reporting agents are expected to utilise 1) the lists of Monetary Financial Institutions and 2) the so-called "Amalgamated list" containing list of companies pertaining to other economic sectors, provided by the Central Bank, when reporting transactions with counterparties, to ensure accurate classification of entities in the respective categories. The lists of entities resident in Malta will be updated periodically by the CBM's Statistics Office and uploaded in the restricted path for the banks on the CBM website. Lists of entities resident in other EU countries can be downloaded from the website of the European Central Bank

It is the duty of the authorised official who compiles the statutory returns to be able to provide supplementary information on the interpretation of the data submitted and any breaks in the data in comparison with the previous reporting period figures. Any queries on the reported data done by one of the authorities should be replied by the reporting MFI within a 24-hour period from the date the query is made by the authority. Any revisions in the data relating to previous periods are to be provided both in soft and hard-copy and should be accompanied by explanatory notes.

The end-of-month balance sheet data reported to the authorities is to refer to the last calendar day of the month.

Data should be reported on the returns in € thousands.

1. The statutory returns are constructed in such a way that, whenever possible, totals are automatically generated by means of formulae. These cells are write-protected in order to maintain the original and harmonised format for all reporting agents. Shaded cells in all returns should not be filled in.

Verification

2. All additions and subtractions should be double checked before reports are submitted. Totals and subtotals in supporting schedules should be cross-checked to corresponding items in other spreadsheets in order to determine that these tally.
3. Before reports are submitted, all amounts should be compared with the corresponding amounts in previous reports. If there are any exceptional items from previous reports, a brief explanation should be attached to the submitted reports.
4. The schedules are constructed in such a way that, whenever possible, in-built validation checks are carried out to the data. These validation checks, which are write-protected, should not be altered. The competent authorities would not accept any of the statutory returns unless all validation checks are labelled “ok” certifying the correctness of the data. A hard copy of the sheet containing the validation checks is to be endorsed by the reporting official and submitted to the competent authority together with the schedules on a monthly basis.

Retention of Records

5. Credit institution must retain working papers and other records used in the preparation of these reports for at least two years from reporting date.
6. Should the need arise, the authorities using the data submitted by the banks may ask for revisions to back data going back to at least two years. However, such a situation would be discussed on a bi lateral basis with the reporting agent in question.

APPENDIX 2 – ESTABLISHING “RESIDENCE”

1. The distinction between the residents of Malta and residents of other Monetary Union Member States (MUMs) or the Rest of the World (ROW) should be based on the residence definition as provided below. Thus, residence should not be based on any other definition or legally based definitions such as that for tax purposes.
2. The resident units (e.g. households, companies) of a country are those which have a centre of economic interest in the economic territory of that country. These resident units may or may not have the nationality of that country, may or may not be legal entities, and may or may not be present on the economic territory of the country at the time they carry out a transaction. The country of residence of a customer is determined by its *centre of economic interest*. This means that a company is considered resident in a territory when it has engaged for a year or more in economic activity in that territory, or when it has registered or indicated an intention to operate permanently in that territory. The same applies to natural persons, which means that they may or may not be nationals of the territory in which they operate. As a rule of thumb, the decision to report an individual as resident should be based on the following criteria, (i) the individual has a permanent address; and (ii) the individual has been residing in Malta for at least a year. For further information and borderline cases, kindly refer to the ECB Sector Manual (ECB or NCB website). In instances where the centre of economic interest is not identifiable, the country of registration of the direct counterparty involved should be used to report residency.
3. The term economic territory includes the geographic territory administered by the government, within which persons, goods, services and capital move freely. This comprises any free zones, including bonded warehouses and factories under customs control; the national air-space, territorial waters and the continental shelf lying in international waters, over which the country enjoys exclusive rights; and the territorial enclaves, i.e. geographic territories situated in the rest of the world and used, under international treaties or agreements between states, by general government agencies of the country e.g. embassies, consulates, military bases, scientific bases, etc. The economic territory does not include extraterritorial enclaves i.e. the parts of the country's own geographic territory used by general government agencies of other countries, by the institutions of the European Union or by international organisations under international treaties or agreements between states.
4. An important borderline case deals with the treatment of supranational and international organisations physically located in the euro area. For the purpose of compiling euro area money and banking statistics, these organisations are not deemed to be residents in the euro area but residents of the rest of the world (allocated to the sector ‘General Government’). The exception is the ECB, which is treated as a central bank in the MFI sector of the euro area.
5. The term “*centre of economic interest*” indicates the fact that there exists some location within the economic territory on, or from, which a unit engages, and

intends to continue to engage, in economic activities and transactions on a significant scale, either indefinitely or over a finite but long period of time (a year or more).

6. Households that have a centre of economic interest in the country are deemed to be *resident* units, even if they go abroad for short periods (less than a year). They include, in particular, the following:
 - i. border workers, i.e. people who cross the frontier frequently to work in a neighbouring country;
 - ii. seasonal workers, i.e. people who leave the country for several months, but less than a year, to work in another country in sectors in which additional manpower is needed periodically;
 - iii. tourists, patients, students, visiting officials, businessmen, salesmen, artists and crew members who travel abroad;
 - iv. locally recruited staff working in the extraterritorial enclaves of foreign governments;
 - v. the staff of the institutions of the European Union and of civilian or military international organisations which have their headquarters in extraterritorial enclaves; and
 - vi. the official, civilian or military representatives of the government of the country (including their households) established in territorial enclaves.

7. A Special Purpose Entity (SPE) is a company registered in Malta which, accordingly, is regulated by the Companies Act, but which carries on trading activities from Malta but not in Malta, with persons outside Malta who are not resident in Malta. Such entity may only perform in Malta such trading activities as are strictly necessary for the conduct of its operations from Malta. Besides general trading activities, the activities of an SPE may include banking, insurance and investment services activities provided the necessary licences are obtained. An SPE may not purchase immovable property in Malta but may freely lease office and living accommodation. Unless such companies have a centre of economic interest in the country normally they are treated as non-residents for statistical reporting purposes.

APPENDIX 3 – INSTITUTIONAL SECTORS OF THE ECONOMY

7. An institutional unit is an economic entity capable, in its own right, of owning assets, incurring liabilities, and engaging in economic activities and in transactions with other entities. Individual institutional units must be combined into groups called institutional sectors, some of which are divided into sub-sectors. The units are grouped into sectors on the basis of the type of producer they are and depending on their principal activity and function, which are considered to be indicative of their economic activity. The institutional sectors in an economy are to be grouped as indicated below according to the European System of Accounts 1995 sector classification. Reporting agents are to abide with the list of entities within selected institutional sectors which will be provided periodically by the statistics office of the Central Bank of Malta.
8. The sector “**Monetary Financial Institutions**” (MFIs) consists of:
 - i. Central Banks, (S.121) which in most countries are separately identifiable institutions. The central bank is the national financial institution that exercises control over key aspects of the financial system and whose principal function is to issue currency, to maintain the internal and external value of the currency and to hold all or part of the international reserves of the country.
 - ii. Credit Institutions (S.122) whose business is to receive deposits and/or close substitutes for deposits from entities other than Monetary Financial Institutions (MFIs), and, for their own account (at least in economic terms), to grant credits and/or make investments in securities. A list of credit institutions resident in the MUMs and the EU can be accessed from the ECB’s internet website. For countries outside the EU, credit institutions only should be treated as MFIs since the concept of MFIs may not apply in these countries. Credit Institutions licensed in Malta comprise banks licensed by the Competent Authority under the Banking Act (Cap. 371). In accordance with the Banking Co-ordination Directives of December 1977 and December 1989 (77/780/EEC and 89/646/EEC), a credit institution is “an undertaking whose business is to receive deposits or other repayable funds from the public – including the proceeds arising from the sales of bank bonds to the public - and to grant credit for its own account”. Reporting agents are to consult the Amalgamated list provided by the Central Bank and/or MFSA’s website for an updated list of such institutions. A list of credit institutions resident in the EU/EMU area can be accessed from the ECB’s internet website.
 - iii. Money Market Funds (MMFs) ((S.122) fulfil the conditions of liquidity mentioned in the above definitions and are thus to be included as part of the MFI sector. MMFs are defined as those collective investment undertakings of which the units are, in terms of liquidity, close substitutes for deposits and which primarily invest in money market instruments and/or in other transferable debt instruments with a

residual maturity up to and including one year, and/or in bank deposits, and/or which pursue a rate of return that approaches the interest rates of money market instruments. The criteria identifying MMFs may be derived from the public prospectus, fund rules, instruments of incorporation, established statutes or by-laws, subscription documents or investment contracts or marketing documents. An updated list of such companies will be periodically updated by the Central Bank. A list of MMFs resident in the EU and the EMU area can be accessed from the ECB's internet website.

- iv. There may be other MFIs that are neither credit institutions nor money market funds. These comprise those resident financial institutions, which fulfil the MFI definition, irrespective of the nature of their business. The degree of substitutability between the instruments issued by the latter and the deposits placed with credit institutions determines their classification, provided that they meet the MFI definition in other respects. At present, no such units are resident in Malta.

General Government (S.13)

9. The sector General Government includes all institutional units which are principally engaged in the production of non-market goods and services intended for individual and collective consumption and/or in the redistribution of national income and wealth. The widest definition of the general government sector comprises (a) central government, (b) state government, (c) local government/councils and (d) social security funds.
10. For statistical reporting purposes, there are two levels of government in Malta, namely the (a) central government sector and the (c) local councils. Furthermore, the central government sector in Malta comprises the (i) administrative departments and ministries of the State and (ii) the Public Non-Market Units. The institutions within the general government sector in the European Union can be accessed from the ECB's internet website in a document entitled Monetary, Financial Institutions and Markets Sector Manual - Guidance for the Classification of Customers.
11. For money and banking statistics purposes, the supranational and international organisations, including those which are physically located within the euro area are to be classified within "Other General government", "Rest of the World". However exception exists for a number of international organisation that undertake some type of "banking activities". Such types of organisations are to be classified under "Rest of the World - MFIs", if they undertake banking activities as central monetary authorities or as "Rest of the World – Other Resident sectors", if their activities have features of a development bank (ie mainly involving long-term financing for capital investment projects). A list of such international organisations can be found in Appendix 11.
12. Further details of the general government sector will be as follows:
 - i. **Central government (S.1311)**

This sector includes (i) all administrative departments of the State and other central agencies whose competence extends over the whole economic territory. It thus includes departments, ministries, and offices of government located in the country and embassies, consulates, military establishments and other institutions of government located outside the country.

Included in this sector are also (ii) the Public Non-Market Units. These comprise those institutional units under public control that are principally engaged in the production of goods and services not usually sold on a market and/or they are involved in the redistribution of national income and wealth. These include also units/entities that do not charge “economically significant” prices and/or units/entities that over the last years their sales did not cover 50% of their production costs.

ii. State government (S1312)

This sector includes institutional units exercising some of the functions of government at a level below that of central government. This level of government is not applicable for Malta.

iii. Local government/councils (S.1313)

This sector includes those types of administrative departments, agencies, etc., the competence of which covers only a restricted part of the economic territory of a country. In the case of Malta, report transactions with the local councils.

iv. Social Security Funds (S.1314)

This sector includes those schemes managed by central, state/regional or local government, the principal objective of which is to provide social benefits to the population of the country. This level of government is not applicable for Malta.

Other Sectors

13. These comprise all institutional units other than MFIs and entities belonging to the General Government sector. These are sectors sub-divided into the following:

Insurance Companies and Pension Funds (S.125)

14. Comprising non-monetary financial corporations principally engaged in financial intermediation as the consequence of the pooling of risks. Insurance companies consist of incorporated mutual and other entities whose principal function is to provide life, accident, health, fire or other forms of insurance to individual institutional units or group of units.

15. Pension funds included in this sector are those that are constituted as separate from the units that have created them. They are established for the purposes of providing retirement benefits for the insured persons. They have their own assets and liabilities, and they engage in financial transactions on their own account. These funds are organised, and directed, by individual private or government employers, or jointly by individual employers and their employees, and towards which the employees and/or employers make regular contributions.
16. The benefits included in the contract might encompass benefits which are paid after death of the insured to the widow(er) and children (mainly death in service), benefits which are paid after retirement and benefits which are paid after the insured becomes disabled.

Other financial intermediaries (OFIs) (S.123) and financial auxiliaries (S.124) except insurance companies and pension funds

17. This OFIs subsector consists of all financial companies which are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and/or close substitutes for deposits from institutional units other than MFIs, or insurance technical reserves. The principal activity of these institutions may include one or more of the following activities: corporations engaged in financial leasing; corporations engaged in hire purchase and the provision of personal or commercial finance; corporations engaged in factoring; security and derivative dealers (on own account); specialised financial corporations such as venture and development capital companies, export/import financing companies; financial vehicle corporations, created to be holders of securitised assets; financial intermediaries which receive deposits and/or close substitutes for deposits from MFIs only; holding corporations that hold the assets (owning controlling-levels of equity) of a group of subsidiary corporations and whose principal activity is owning the group without providing any other service to the businesses in which the equity is held, that is, they do not administer or manage other units. Corporations engaged in granting mortgages (excluding those already included as MFIs); mutual funds (including investment trusts, unit trusts and other collective investment schemes, e.g. undertakings for collective investment in transferable securities-UCITS) but excluding those already included as money market funds and Central Counterparty Clearing house.
18. **Financial Vehicle Corporations (FVCs)** are created to be the holders of securitised assets through the undertaking of securitisations. Securitisation means a financial transaction or scheme involving the transfer of assets or of risks of underlying assets to a FVC. Securities issued by the FVCs shall be open to the public. These securities may also be sold on the basis of a private placement. This definition shall exclude MFIs undertaking the business of securitisation.
19. **Other financial intermediaries (OFIs) (S.123)**
 - i. **Collective investment schemes**

These are collective investment undertakings the object of which is the collective investment of capital raised from the public, and the units of which are, at the request of the holders, repurchased or redeemed directly or indirectly out of the undertakings' assets. Reporting agents are to consult the MFSA's website for an updated list of such institutions.

A sub-component of collective investment schemes are the **Professional Investor Funds (PIFs)**. These PIFs represent another form of collective investment scheme, however the capital is raised from professional investors i.e. investors should satisfy certain criteria as set in the Investment Services Act 1994. These investors can be *Qualifying Investors* or *Experienced Investors*. An updated list of such companies will be periodically updated by the Central Bank.

ii. Financial institutions under the Financial Institutions Act 1994

These comprise all companies, which are registered under the Act. Reporting agents are to consult the MFSA's website for an updated list of such institutions.

iii. Other OFIs

These comprise other financial intermediaries not included in (i) and (ii) above.

20. **Financial auxiliaries** consist of companies, which are principally engaged in auxiliary financial activities, i.e. activities closely related to financial intermediation but which are not financial intermediaries themselves. The following are examples of financial companies that are classified in this sector: companies such as insurance brokers, salvage and average administrators, insurance and pension consultants, etc.; loan brokers, securities brokers, investment advisers, etc.; flotation companies that manage the issue of securities; companies whose principal function is to guarantee, by endorsement, bills and similar instruments; companies which arrange derivative and hedging instruments, such as swaps, options and futures (without issuing them); companies providing infrastructure for financial markets; central supervisory authorities of financial intermediaries and financial markets when they are separate institutional units; managers of pension funds, mutual funds, etc.; companies providing stock exchange and insurance exchange.

Financial auxiliaries include Trusts as long as these legal entities are not subsidiaries of another financial institutions, such as, an MFI or an Insurance Corporation. In such cases, the trust's sector should be as its parent, that is, an MFI, or ICPF.

Non-financial companies (S.11)

21. This sector comprises companies not engaged in any form of financial intermediation but principally in the production of market goods and non-financial services. Included in this sector are market-producing co-operatives,

partnerships and sole proprietorships which are recognised as independent legal entities. This sector includes:

- i. Public non-financial companies: comprises companies that are subject to control by government units. Control over a company is defined as the ability to determine general corporate policy by choosing appropriate directors, by owning more than half of the voting shares or otherwise controlling more than half of the shareholders' voting power. In addition, government secures control over a company or corporation, as a result of special decree or regulation, which empowers the government to determine corporate policy or to appoint the directors. These state-owned non-financial companies are to be distinguished from the public non-market units mentioned in the general government sector, since the former are considered to be producing goods or services to the market, and/or charging economically-significant prices, and/or more than 50% of their production costs are covered by their sales.
- ii. Private non-financial companies: comprises companies that are controlled by non-government resident or non-resident units.

Households (S.14) and Non-profit institutions (S.15)

Individuals or groups of individuals as consumers and producers of goods and non-financial services exclusively intended for their own final consumption. Included in this sector are the non-profit institutions, which are principally engaged in the production of non-market goods and services, intended for particular sections of households. Included in this section are, partnerships and sole proprietorships which are **not** recognised as independent legal entities, in other words, partnerships and sole proprietors which cannot be identified.

Sole Proprietors and unincorporated partnerships (sub-population of 'Households') (ESA 95, paragraph 2.76d)

Sole proprietors and unincorporated partnerships without independent legal status - other than those created as quasicorporations - which are market producers. This includes unincorporated businesses, (partnerships of) self-employed lawyers, doctors etc. In the case of sole proprietors, the business entity is inseparably linked to the natural person(s) who is/are the owner(s), combining all rights and obligations arising from the business and the private sphere

Special Purpose Entities

22. A Special Purpose Entity (SPE) is a company registered in Malta which, accordingly, is regulated by the Companies Act, but which carries on trading activities from Malta but not in Malta, with persons outside Malta who are not resident in Malta. Such entity may only perform in Malta such trading activities as are strictly necessary for the conduct of its operations from Malta. Besides general trading activities, the activities of an SPE may include

banking, insurance and investment services activities provided the necessary licences are obtained. An SPE may not purchase immovable property in Malta but may freely lease office and living accommodation. Shareholders may choose to remain anonymous by utilising a licensed nominee shareholder. Unless such companies have a centre of economic interest in the country normally they are treated as non-residents for statistical reporting purposes.

APPENDIX 4 – VALUATION GUIDELINES

Credit institutions are expected to prepare the statutory returns in compliance with the Companies Act and with the prevailing 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 below. Furthermore the statutory schedules are to be prepared on the accrual basis of accounting. In this case, the effects of transactions and other events are recognised when they occur rather than when cash is received or paid. Thus, such transactions are recorded in the accounting records and reported in the returns of the periods to which they relate. Accrued interest on deposits, loans and securities other than shares issued/held refers to interest that is payable or receivable on the balance sheet reporting date, but which is not due to be paid or received until a future date. Accrued interest on loans, deposits and securities should be reported gross but should be kept separate from the instrument to which it relates, until the interest due date.

Financial Instruments

Defined as any contract that gives rise to both a *financial asset* of one enterprise and a *financial liability* or equity instrument of another enterprise.

Financial Asset

Any asset that is:

- i. cash;
- ii. a contractual right to receive cash or another financial asset from another;
- iii. enterprise;
- iv. a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable; and
- v. an equity instrument of another enterprise.

Classification of Financial Assets:

Classification of financial assets is made up of the following:

- i. Held for trading (including derivatives not used for hedging purposes)
- ii. Held to maturity
- iii. Available for sale

Loans originated by an institution are also another type of financial asset.

Financial Assets held for Trading

A financial asset is held for trading if acquired or originated principally for the purpose of generating a profit from short-term fluctuations in price or dealers' margin including debt and equity securities and loans and advances and receivables acquired by the enterprise.

Financial Assets held-to-Maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity (e.g. Debt securities and mandatory redeemable preference shares) that an institution has the positive intent and ability to hold to maturity.

Equity instruments cannot be classified as held-to-maturity.

Available-for-Sale Financial Assets

Those financial assets that are not:

- i. Loans originated by the enterprise;
- ii. Held-to-maturity investments; or
- iii. Financial assets held for trading.

The available-for-sale category will include all equity instruments except those classified as trading.

Loans originated by an institution

For the purposes of this directive loans originated by an institution should include all types of lending such as loans, revolving loans and/or overdrafts, bills discounted and any other facility whereby funds are lent. However, purchase/resale agreements are to be excluded from loans in returns AL4, AL5, AL6, AL7, and AL8.

Financial Liability

Any liability that is a contractual obligation;

- i. to deliver cash or another financial asset to another person; or
- ii. to exchange financial instruments with another person, under conditions that are potentially unfavourable.

Classification of Financial Liabilities:

Classification of financial liabilities is made up of the following:

- i. Trading liabilities (including derivatives)
- ii. All other liabilities

Trading Liabilities

A financial liability is held for trading purposes if it was acquired or incurred principally for the purpose for generating a profit from short-term fluctuations in price or dealer's margin.

Uses of Fair Value

Fair Value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values must be used to estimate financial assets and liabilities in situations where market-price data are unavailable. Fair value approximates the value that would arise from a market transaction between unrelated parties.

The two methods used to establish fair values are:

- i. Establish a fair value based on the market price of a market-traded financial instrument, similar in nature to a non-traded financial instrument. While it is not always easy to find similar securities one may be guided by the term to maturity and a comparable default risk. As a result, occasionally it may be appropriate to use the market price of a similar financial instrument, but adjust the fair value to account for differences in liquidity and risk level between the traded and non-traded instruments.
- ii. Basing fair values on the present value of future cash flows. In this case the future cash flows must be known with certainty or can be estimated, and a discount rate must be available (using the IRR method).

Valuation of Financial Instruments

All financial assets and liabilities (including all derivatives) are recognised on the balance sheet when the institution becomes a party to the contract. Transaction costs are included in the cost incurred for all financial assets and liabilities.

All financial instruments are initially recorded at cost (fair value of consideration given or received to acquire assets or liabilities) and thereafter, at amortised cost less impairment; cost less impairment or at fair value.

- Loans – For the purposes of statutory reporting, loans are measured at book value and are subject to the provisions of Banking Regulation (BR 09) – *Credit and Country Risk Provisioning*.
- Held-to-maturity assets – are measured at amortised cost, less reductions for impairment or uncollectibility.
- Held-for-trading assets – are measured at fair value, with changes in fair value reported in the profit and loss account for the period.

- Available-for-sale assets – are measured at fair value, any fair value changes being recognised directly in equity, through the statement of changes in equity, (except for impairment losses and foreign exchange gains/losses on available for sale financial instruments) until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in the income statement. However interest calculated using the effective interest method⁽¹⁾ as well as dividends, on available-for-sale financial assets are recognised in the income statements

Any changes in the fair value of a financial asset are:

- Not recognised for assets carried at cost or amortised cost.
- Recognised in the profit and loss account for assets classified as trading.
- Recognised in the profit and loss account or in equity for assets classified as available for sale.

The following table depicts the basis of measurement utilised for financial assets:-

Loans	▪ Book value.
Held-to-maturity investments	▪ Amortised cost, subject to impairment recognition.
Available-for-sale financial assets	▪ Fair value, changes in fair value accounted for directly in equity through the statement of changes in equity.
Financial assets held-for-trading	▪ Fair value, changes in fair value accounted for in the profit or loss account.

Financial liabilities are valued on the following basis:-

Derivatives	▪ Fair value
Financial liabilities held-for-trading	▪ Fair value
Deposit Liabilities	▪ Book Value
Debt securities Issued	▪ Nominal Value

⁽¹⁾ The effective interest method is a method of calculating amortization using the effective interest rate of a financial asset or financial liability. The effective interest rate is the rate that exactly discounts the expected stream of future cash payments through maturity or the next market-based re-pricing date to the current net carrying amount of the financial asset or financial liability. That computation should include all fees and points paid or received between parties to the contract. The effective interest rate is sometimes termed the level yield to maturity or to the next re-pricing date, and is the internal rate of return of the financial asset or financial liability for that period.

Foreign Currency Transactions

Foreign exchange transactions are to be classified under other currencies. For the conversion of the positions into Euro, the exchange rate prevailing on the reporting date is to be used. Currencies of EU member states that have not adopted the single currency are treated as non-euro currencies. These comprise the Danish Krone, Pound Sterling and Swedish Krone.

A transaction in a foreign currency is recorded in the reporting currency using the exchange rate at the date of the transaction. At the balance sheet date, foreign currency monetary balances are reported using the closing exchange rate. Non-monetary balances denominated in a foreign currency and carried at historical cost must be reported using the historical exchange rate at the date of the transaction. Non-monetary items denominated in a foreign currency and carried at fair value must be reported using the exchange rates when the fair values were determined.

Exchange differences are recognised as income or expense for the period except for those differences arising on a monetary item that forms part of an institution's net investment in a foreign entity (e.g. a long-term loan receivable), or on a foreign currency liability (e.g. a borrowing) accounted for as a hedge of an enterprise's net investment in a foreign entity. Such exchange differences are classified separately in equity until the disposal of the investment, at which time they are included in the income statement as part of the gain or loss on disposal.

In preparing consolidated financial statements, the financial statements of a foreign operation that is integral to the operations of the reporting enterprise should be translated in the same manner as for foreign currency transactions described above, as if the transactions of the foreign operation had been those of the reporting entity itself.

The assets and liabilities of a foreign entity (a foreign operation whose activities are not an integral part of the reporting institution) are translated at the closing rate and all income statement items are translated either at the transaction date exchange rates or at an average rate that approximates actual rates.

Time of Recording of Transactions

Transactions should be recorded at the time of change in ownership of a financial asset. In this context, change in ownership is accomplished when all rights, obligation and risks are discharged by one party and assumed by the other. It is important that the two parties record the transaction at the same time. Reporting for the purpose of these returns should be based on the settlement date method.

Maturity at Issue (Original Maturity)

The returns clearly indicate whether instruments are to be reported in accordance to their maturity at issue (original maturity), or by remaining term to maturity. Original maturity refers to the fixed period of life of a financial instrument before which it cannot be redeemed (e.g. some types of deposits). It should be noted that unless otherwise stated, instruments are to be classified in accordance to their original maturity. The remaining term to maturity corresponds to the time between the reporting date of the instrument and its redemption or maturity date.

Netting arrangements

Reporting of all financial assets and liabilities in the schedules should be on a gross basis. This principle of gross recording should be applied in particular to loans and deposits in the core balance sheet. The presentation of loans/deposits as net figures is permitted only if credit balances and the related debit balances recorded by the reporting agents have identical features in terms of the same counterparty, same currency and the same original maturity. Netting arrangements are not permitted in any other circumstances and if applied, the criteria adopted in the core balance sheet statistics must remain consistent over time.

In accordance with international statistical standards, there is only one area where reporting agents are required to report on a net basis for the purposes of money and banking statistics. This concerns the treatment of holdings of own instruments issued, i.e. where agents should treat on a net basis the holdings of own shares and debt securities issued.

Allowances for impairment losses (Provisions) and Impairments (Loan Write-Offs/Write-Downs)

Loans granted by credit institutions should be recorded at their book value and gross of all related provisions, both general and specific, until the loans are written off or written down by the reporting institution and are fully or partly removed from the balance sheet. It should be made clear that for the purposes of money and banking statistics, provisions covering loans, securities and other types of assets represent internal funds of the reporting institution and are distinguished from provisions on current or future liabilities against third parties, such as provisions on taxes and dividends. Nevertheless, all allowances for impairment losses (provisions) should be classified under *other unallocated liabilities* in the core balance sheet and a categorisation of provisions will be made in a subsequent annex (schedule PR). Hence it should be noted that provisions are to be treated as liabilities and not as negative assets, since all assets are to be reported on a gross basis. In respect of impairments (write-offs and write-downs), credit institutions may fully or partly remove from the balance sheet any doubtful loans that are definitely recognised as being totally or partly unrecoverable. Interest in suspense should be similarly accounted for as in the case of provisions and therefore assets should be reported gross of any interest in suspense. The residency of provisions and interest in suspense

should reflect the residency of the counterparty in the underlying transaction.

On-Balance Sheet recognition of Assets and Liabilities

In principle, reporting agents should record on-balance sheet any financial instruments that are recognised as assets or liabilities, and also non-financial assets. Financial assets and liabilities are those financial claims and responsibilities that have demonstrable value. Other financial instruments should not be recorded on the balance sheet, unless they represent unconditional arrangements between two institutions to make payments or provide other valuables. Consequently, since they are conditional on the occurrence of uncertain future events, contingencies should not be given on-balance sheet recognition. Guarantees, loan commitments and administered loans are examples of instruments that should be treated as off-balance sheet items.

Sale and Repurchase Transactions

- (a) 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.
- (b) 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.
- (c) 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.
- (d) In the case of the sale and repurchase transactions referred to in paragraph (b), 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. 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.
- (e) In the case of the sale and repurchase transactions referred to in paragraph (c), 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 Memorandum Item 2 – Commitments, an amount equal to the price agreed in the event of repurchase.

- (f) 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.

Appendix 5 – Notes on Financial Instruments

LIABILITY CATEGORIES

1. Currency in circulation

The liability category ‘currency in circulation’ is defined as ‘banknotes and coins in circulation that are commonly used to make payments’. This category includes banknotes issued by the ECB and the National Central Banks (NCBs). Coins in circulation are not a liability of MFIs in the participating Member States, but a liability of the central government. However, coins are part of the monetary aggregates and, by convention, this liability is to be entered under the category ‘currency in circulation’. The counterpart to this liability is to be included within ‘remaining assets’.

2. Deposits

Amounts (shares, deposits or other), which are owed to creditors by reporting agents and which comply with the features described in Annex I, Part 1, Section 1, except those arising from the issue of negotiable securities or MMF shares/units. For the purposes of the reporting scheme, this category is broken down into overnight deposits, deposits with agreed maturity, deposits redeemable at notice and repurchase agreements.

(a) deposits and loans

‘Deposits’ also cover ‘loans’ as liabilities of MFIs. In conceptual terms, loans represent amounts received by MFIs that are not structured in the form of ‘deposits’. The ESA 95 distinguishes between ‘loans’ and ‘deposits’ on the basis of the party that takes the initiative (if this is the borrower, then it constitutes a loan, but if this is the lender, then it constitutes a deposit). Within the reporting scheme, ‘loans’ are not recognised as a separate category on the liabilities side of the balance sheet. Instead, balances that are considered as ‘loans’ are to be classified indistinguishably under the item ‘deposit liabilities’, unless they are represented by negotiable instruments. This is in line with the definition of ‘deposit liabilities’ above. Loans to MFIs that are classified as ‘deposit liabilities’ are to be broken down in accordance with the requirements of the reporting scheme (i.e. by sector, instrument, currency and maturity); syndicated loans received by MFIs fall under this category. In instances, where the participant sells his share to another participant, this will not be recorded as a new loan, but as a reclassification.

(b) non-negotiable debt instruments

Non-negotiable debt instruments issued by reporting agents are generally to be classified as ‘deposit liabilities’. Instruments may be referred to as being ‘non-negotiable’ in the sense that there are restrictions on the transfer of legal ownership of the instrument which means that they cannot be marketed or, although technically negotiable, cannot be traded owing to the absence of an organised market. Non-negotiable instruments issued by reporting agents that

subsequently become negotiable and that can be traded on secondary markets should be reclassified as 'debt securities'.

(c) margin deposits

Margin deposits (margins) made under derivative contracts should be classified as 'deposit liabilities - time' where they represent cash collateral deposited with MFIs and where they remain in the ownership of the depositor and are repayable to the depositor when the contract is closed out. On the basis of current market practice, it is also suggested that margins received by the reporting agent should only be classified as 'deposit liabilities' to the extent that the MFI is provided with funds that are freely available for on-lending. Where a part of the margin received by the MFI has to be passed to another derivatives market participant (e.g. the clearing house), only that part which remains at the disposal of the MFI should in principle be classified as 'deposit liabilities'. The complexities of current market practice may make it difficult to identify those margins that are truly repayable, because different types of margin are placed indistinguishably within the same account, or those margins that provide the MFI with resources for on lending. In these cases, it is acceptable to classify these margins under 'remaining liabilities' or as 'deposit liabilities'; according to national practice 'earmarked balances related to e.g. leasing contracts' are classified as deposit liabilities under 'deposits with agreed maturity' or 'deposits redeemable at notice' depending on the maturity/provisions of the underlying contract. Funds (deposits) received on a trust basis are not recorded on the MFI statistical balance sheet (see 'loans granted on a trust basis' under category 2).

(d) shares issued by MFIs

Shares issued by MFIs are classified as deposits instead of as capital and reserves if: (1) there is a debtor-creditor economic relationship between the issuing MFI and the holder (regardless of any property rights in these shares); and (2) the shares can be converted into currency or redeemed without significant restrictions or penalties. A notice period is not considered to be a significant restriction. In addition, such shares must comply with the following conditions:

- The relevant national regulatory provisions provide no unconditional right to the issuing MFI to refuse redemption of its shares;
- The shares are 'value certain', i.e. under normal circumstances they will be paid out at their nominal value in the event of redemption; and
- In the event of the MFI's insolvency, the holders of its shares are legally subject neither to the obligation to cover outstanding liabilities in addition to the nominal value of the shares (i.e. the shareholders' participation in the subscribed capital) nor to any other onerous supplementary obligations. The subordination of shares to any other instrument issued by the MFI does not qualify as an onerous supplementary obligation.

The notice periods for the conversion of such shares into currency are used in order to classify these shares according to the breakdown by notice period within the instrument category 'deposits'. These notice periods also apply when determining the reserve ratio under Article 4 of Regulation (EC) No

1745/2003 (ECB/2003/9). Any earmarked shares relating to loans made by the MFI should be classified as deposit liabilities, with the same original maturity breakdown as the underlying loan, i.e. as ‘deposits with agreed maturity’ or ‘deposits redeemable at notice’, depending on the maturity provisions of the underlying loan contract. When held by MFIs, such shares issued by MFIs and classified as deposits instead of capital and reserves are classified by the holding MFI as loans on the asset side of its balance sheet.

(e) securitisation liabilities

Counterpart of loans and/or other assets disposed of in a securitization but still recognised on the statistical balance sheet.

The following item is *not* treated as a deposit:

- Funds (deposits) received on a trust basis (see ‘Loans granted on a trust basis’ under category 2).

2.1 Overnight deposits

Deposits which are convertible into currency and/or which are transferable on demand by cheque, banker's order, debit entry or similar means, without significant delay, restriction or penalty. This item includes:

- Balances (interest-bearing or not) which are immediately convertible into currency on demand or by close of business on the day following that on which the demand was made, without any significant penalty or restriction, but which are not transferable.
- Balances (interest-bearing or not) representing prepaid amounts in the context of ‘hardware-based’ or ‘software-based’ e-money (e.g. prepaid cards).
- Loans to be repaid by close of business on the day following that on which the loan was granted.

2.2. Transferable deposits

Transferable deposits are those deposits within the category ‘overnight deposits’ which are directly transferable on demand to make payments to other economic agents by commonly used means of payment, such as credit transfer and direct debit, possibly also by credit or debit card, e-money transactions, cheques, or similar means, without significant delay, restriction or penalty. Deposits that can only be used for cash withdrawal and/or deposits from which funds can only be withdrawn or transferred through another account of the same owner are not to be included as transferable deposits. Balances representing prepaid amounts in the context of electronic money – either in the form of “hardware-based” e-money (e.g. prepaid cards) or “software-based” e-money – issued by MFIs are included under this item.

2.3. Deposits with agreed maturity

Non-transferable deposits which cannot be converted into currency before an agreed fixed term or that can only be converted into currency before that agreed term provided that the holder is charged some kind of penalty. This item also includes administratively regulated savings deposits where the maturity related criterion is not

relevant (classified in the maturity band 'over two years'). Financial products with roll-over provisions must be classified according to the earliest maturity. Although deposits with agreed maturity may feature the possibility of earlier redemption after prior notification, or may be redeemable on demand subject to certain penalties, these features are not considered to be relevant for classification purposes.

2.3a/2.3b/2.3c. Deposits of up to and including one year/of over one year and up to and including two years/of over two years' agreed maturity

These items include for each maturity breakdown:

(a) Balances placed with a fixed term to maturity of up to and including one year/of over one year and up to and including two years/of over two years that are non-transferable and cannot be converted into currency before that maturity.

(b) Balances placed with a fixed term to maturity of up to and including one year/of over one year and up to and including two years/of over two years that are non-transferable but can be redeemed before that term after prior notification; where notification has been given, these balances are classified in 3.3a or 3.3b where appropriate.

(c) Balances placed with a fixed term to maturity of up to and including one year/of over one year and up to and including two years/of over two years that are non-transferable but can be redeemed on demand subject to certain penalties.

(d) Margin payments made under derivative contracts to be closed out within one year/between one and two years/over two years, representing cash collateral placed to protect against credit risk but remaining in the ownership of the depositor and being repayable to the depositor when the contract is closed out.

(e) Loans evidenced by a single document of up to and including one year/of over one year and up to and including two years/of over two years' original maturity.

(f) Non-negotiable debt securities issued by MFIs (evidenced or not by documents) of original maturity of up to and including one year/of over one year and up to and including two years/of over two years.

(g) Subordinated debt issued by MFIs in the form of deposits or loans of original maturity of up to and including one year/over one year and up to and including two years/over two years.

(h) Securitisation liabilities. Counterpart of loans and/or other assets disposed of in a securitisation but still recognised on the statistical balance sheet. By convention these liabilities are assigned to the maturity breakdown 'over two years' agreed maturity' In addition, deposits of over two years' agreed maturity include balances (regardless of maturity) in which the interest rates and/or terms and conditions are specified in national legislation and which are designed to be held for specific purposes (e.g.

house financing) occurring after two years (even if technically they are redeemable on demand).

2.4. Deposits redeemable at notice

Non-transferable deposits without any agreed maturity which cannot be converted into currency without a period of prior notice; before the expiry the conversion into currency is not possible or possible only with a penalty. They include deposits which, although perhaps legally withdrawable on demand, would be subject to penalties and restrictions according to national practice (classified in the maturity band 'up to and including three months'), and investment accounts without period of notice or agreed maturity, but which contain restrictive drawing provisions (classified in the maturity band 'over three months').

2.4a/2.4b. Deposits redeemable at up to and including three months/of over three months' notice of which over two years' notice

These items include:

- (a) Balances placed without a fixed maturity that can be withdrawn only subject to a prior notice of up to and including three months/of over three months, of which over two years; if redemption prior to that notice period (or even on demand) is possible, it involves the payment of a penalty.
- (b) Balances placed with a fixed term to maturity that are non-transferable but that have been subject to a notification of less than three months/of over three months, of which over two years, for an earlier redemption. In addition, deposits redeemable at up to and including three months' notice include:
 - Non-transferable sight savings deposits and other types of retail deposits which, although legally redeemable on demand, are subject to significant penalties. And, deposits redeemable at over three months' notice of which over two years' notice (where applicable) include:
 - Investment accounts without a period of notice or agreed maturity, but which contain restrictive drawing provisions.

2.5. Repos

Counterpart of cash received in exchange for securities sold by reporting agents at a given price under a firm commitment to repurchase the same (or similar) securities at a fixed price on a specified future date. Amounts received by reporting agents in exchange for securities transferred to a third party (temporary acquirer) are to be classified under 'repurchase agreements' where there is a firm commitment to reverse the operation and not merely an option to do so. This implies that reporting agents retain all risks and rewards of the underlying securities during the operation.

The following variants of repo-type operations are all classified under 'repurchase agreements':

- Amounts received in exchange for securities temporarily transferred to a third party in the form of securities lending against cash collateral.
- Amounts received in exchange for securities temporarily transferred to a third party in the form of a sale/buy-back agreement.
- The securities underlying repo type operations are recorded following the rules in asset item 3 'Securities other than shares'. Operations involving

the temporary transfer of gold against cash collateral are also included under this item.

3. MMF shares/units

Shares or units issued by MMFs. See definition in Appendix 3 paragraph 2.3.

4. Debt securities issued

Securities other than equity issued by reporting agents, which are instruments usually negotiable and traded on secondary markets or which can be offset on the market and which do not grant the holder any ownership rights over the issuing institution. This item includes:

(a) Securities that give the holder the unconditional right to a fixed or contractually determined income in the form of coupon payments and/or a stated fixed sum at a specific date (or dates) or starting from a date defined at the time of issue.

(b) Non-negotiable instruments issued by reporting agents that subsequently become negotiable should be reclassified as 'debt securities' (see also category 2).

(c) Subordinated debt issued by MFIs is to be treated in the same way as other debt incurred by MFIs for the purposes of money and banking statistics. Hence, subordinated debt issued in the form of securities is to be classified as 'debt securities issued', whereas subordinated debt issued by MFIs in the form of deposits or loans is to be classified as 'deposit liabilities'. Where all subordinated debt issued by MFIs is identified as a single amount for statistical purposes, this figure is to be classified under the item 'debt securities issued', on the grounds that subordinated debt is predominately constituted in the form of securities rather than as loans. Subordinated debt should not be classified under the liability item 'capital and reserves'.

(d) Hybrid instruments. Negotiable instruments with a combination of debt and derivative components, including:

- Negotiable debt instruments containing embedded derivatives.
- Negotiable instruments whose redemption value and/or coupon is linked to the development of an underlying reference asset, asset price or other reference indicator over the maturity of the instrument.

4a/4b/4c. Debt securities of up to and including one year/of over one year and up to and including two year/of over two years' original maturity

These items include for each maturity breakdown:

(a) Negotiable debt securities issued by MFIs (evidenced or not by documents) of original maturity of up to and including one year/of over one year and up to and including two years/of over two years' original maturity.

(b) Subordinated debt issued by MFIs in the form of debt securities of original maturity of up to and including one year/of over one year and up to and including two year/of over two years' original maturity.

4d. of which debt securities up to two years and nominal capital guarantee below 100 %

Hybrid instruments issued by MFIs of original maturity of up to two years and which at maturity may have a contractual redemption value in the issuing currency lower than the amount originally invested due to their combination of debt and derivative components.

5. Capital and reserves

For the purposes of the reporting scheme, this category comprises the amounts arising from the issue of equity capital by reporting agents to shareholders or other proprietors, representing for the holder property rights in the MFI and generally an entitlement to a share in its profits and to a share in its own funds in the event of liquidation. Funds arising from non-distributed benefits or funds set aside by reporting agents in anticipation of likely future payments and obligations are also included. It includes:

- (a) Equity capital.
- (b) Non-distributed benefits or funds.
- (c) Specific and general provisions against loans, securities and other types of assets (may be recorded according to the accounting rules).

6. Remaining liabilities

The item 'remaining liabilities' is the residual item on the liabilities side of the balance sheet, defined as 'liabilities not included elsewhere'. Remaining liabilities may include:

(a) Financial derivative positions with gross negative market values For statistical purposes, financial derivative instruments that are subject to on-balance-sheet recording are to be included here.

(b) Gross amounts payable in respect of suspense items Suspense items are balances held in the MFI balance sheet which are not booked in the name of customers but which nevertheless relate to customers' funds (e.g. funds that are awaiting investment, transfer or settlement).

(c) Gross amounts payable in respect of transit items. Transit items represent funds (usually belonging to customers) that are in the process of being transmitted between MFIs. Items include credit transfers that have been debited from customers' accounts and other items for which the corresponding payment has not yet been made by the reporting agent.

(d) Accrued interest payable on deposits. In accordance with the general principle of accruals accounting, interest payable on deposits is subject to on-balance-sheet recording as it accrues (i.e. on an accruals basis) rather than when it is actually paid (i.e. on a cash basis). Accrued interest on deposits is classified on a gross basis under the category 'remaining liabilities'. Accrued interest is excluded from the deposit to which it relates.

(e) Dividends to be paid.

(f) Amounts payable not related to the main MFI business (amounts due to suppliers, tax, wages, social contributions, etc.).

(g) Provisions representing liabilities against third parties (pensions, dividends etc.).

(h) Margin payments made under derivative contracts

Margin payments (margins) made under derivatives contracts are normally classified as 'deposit liabilities' (see category 9). The complexities of current market practice may make it difficult to identify those margins that are truly repayable, because different types of margin are placed indistinguishably within the same account, or those margins that provide the MFI with resources for on-lending. In these cases, it is acceptable to classify these margins under 'remaining liabilities' or as 'deposit liabilities', according to national practice.

(i) Net amounts payable in respect of future settlements of transactions in securities or foreign exchange operations. 'Remaining liabilities' may *exclude* almost all financial instruments that take the form of financial liabilities (included within the other balance sheet items), financial instruments that do not take the form of financial liabilities such as guarantees, commitments, administered and trust loans (recorded off-balance sheet), and non-financial liabilities such as capital items on the liabilities side (included within 'capital and reserves').

ASSET CATEGORIES

1. Cash

Holdings of euro and foreign banknotes and coins in circulation that are commonly used to make payments.

2. Loans of up to and including one year/over one year and up to and including five years/of over five years' original maturity

For the purposes of the reporting scheme, this item consists of funds lent by reporting agents to borrowers which are not evidenced by documents or are represented by a single document (even if it has become negotiable). It includes in particular assets in the form of deposits. This item includes:

(a) Loans granted to households and non-profit institutions serving households, broken down by:

— credit for consumption (loans granted for the purpose of mainly personal use in the consumption of goods and services). Credit for consumption granted to sole proprietors/unincorporated partnerships is comprised in this category, if the reporting MFI knows that the loan is predominantly used for personal consumption purposes.

— Lending for house purchase (credit extended for the purpose of investing in houses for own use or rental, including building and refurbishments). It comprises loans secured on residential property that are used for the purpose of house purchase and other loans for house purchase made on a personal basis or secured against other

forms of assets. Housing loans granted to sole proprietors/unincorporated partnerships are comprised in this category unless the reporting MFI knows that the house is predominantly used for business related purposes, in which case it is reported as 'other lending of which sole proprietors/unincorporated partnerships'.

Scenario A:

THE PURPOSE OF ONE OF THE LOANS WAS TO FINANCE INITIAL DEPOSIT FOR A HOUSE PURCHASE, HOWEVER, THE LOAN IS SECURED BY A TERM DEPOSIT PLACED WITH THE BANK AND NOT BY THE PROPERTY TO BE PURCHASED. WE CLASSIFIED THIS LOAN AS 'OTHER' BECAUSE IT IS NOT A MORTGAGE LOAN. WILL YOU KINDLY CONFIRM WHETHER OUR CLASSIFICATION IS ACCEPTABLE? ANOTHER LOAN WAS A PERSONAL LOAN, THEREFORE ACCORDING TO ABOVE CLASSIFICATION SHOULD BE REPORTED AS A CONSUMER CREDIT.

ECB answer: This loan should be classified as "loan for house purchase" as it is the purpose which matters, not the type of collateral.

— Other (loans granted for purposes other than consumption and house purchase, such as business, debt consolidation, education, etc.). This category may include loans for consumption purposes to sole proprietors/unincorporated partnerships (see Annex II Part 3) if these are not reported under the category 'credit for consumption'. Unless the conditions for reduced reporting apply, an 'of which' position is to be reported, separately identifying within this category the loans granted to sole proprietors (see Appendix 3, Paragraph 17).

(b) Credit card debt

For the purpose of this Regulation, this category comprises credit granted to households or non-financial corporations either via delayed debit cards (i.e. cards providing convenience credit as defined below) or via credit cards (i.e. cards providing convenience credit and extended credit). Credit card debt is recorded on dedicated card accounts and therefore not evident on current or overdraft accounts. Convenience credit is defined as the credit granted at an interest rate of 0 % in the period between the payment transaction(s) effectuated with the card during one billing cycle and the date at which the debit balances from this specific billing cycle become due. Extended credit is defined as the credit granted after the due date(s) of the previous billing cycle (s) has/have passed, i.e. debit amounts on the card account that have not been settled when this was first possible, for which an interest rate or tiered interest rates usually greater than 0 % are charged. Often minimum installments per month have to be made, to at least partially repay extended credit. The counterpart to these forms of credit is the entity liable to eventually repay the amounts outstanding in accordance with the contractual agreement, which coincides with the cardholder in the case of privately used cards, but not in the case of company cards.

(c) Revolving loans and overdrafts

Revolving loans are loans that have all the following features:

1. The borrower may use or withdraw funds to a pre-approved credit limit without giving prior notice to the lender;
2. The amount of available credit can increase and decrease as funds are borrowed and repaid;

3. The credit may be used repeatedly;
4. There is no obligation of regular repayment of funds.

Revolving loans include the amounts obtained through a line of credit and not yet repaid (outstanding amounts). A line of credit is an agreement between a lender and borrower that allows a borrower to take advances, during a defined period and up to a certain limit, and repay the advances at his discretion before a defined date. Amounts available through a line of credit that have not been withdrawn or have already been repaid are not to be considered under any BSI category. Overdrafts are debit balances on current accounts (encroachments). Both revolving loans and overdrafts exclude loans provided through credit cards. The total amount owed by the borrower is to be reported, irrespective of whether it is within or beyond any limit agreed beforehand between the lender and the borrower with regard to size and/or maximum period of the loan.

(d) Syndicated loans (single loan agreements, in which several institutions participate as lenders). Syndicated loans only cover cases where the borrower knows, from the loan contract, that the loan is made by several lenders. For statistical purposes, only amounts actually disbursed by lenders (rather than total credit lines) are regarded as syndicated loans. The syndicated loan is usually arranged and coordinated by one institution (often called the 'lead manager') and is actually made by various participants in the syndicate. Participants, including the lead manager, all report their share of the loan vis-à-vis the borrower (i.e. not vis-à-vis the lead manager) in their balance sheet assets.

(e) Deposits, as defined under liability category 2.

(f) Financial leases granted to third parties. Financial leases are contracts whereby the legal owner of a durable good (lessor) lends these assets to a third party (lessee) for most if not all of the economic lifetime of the assets, in exchange for installments covering the cost of the good plus an imputed interest charge. The lessee is in fact assumed to receive all of the benefits to be derived from the use of the good and to incur the costs and risks associated with ownership. For statistical purposes, financial leases are treated as loans from the lessor to the lessee (enabling the lessee to purchase the durable good). The assets (durable goods) which have been lent to the lessee are not recorded anywhere on the MFI's balance sheet.

(g) Bad debt loans that have not yet been repaid or written off The total amount of loans in respect of which repayment is overdue or otherwise identified as being impaired, partially or totally, in accordance with the definition of default in Directive 2006/48/EC.

(h) Holdings of non-negotiable securities. Holdings of securities other than shares and other equity which are not negotiable and cannot be traded on secondary markets, see also 'traded loans'.

(i) Traded loans. Loans that have *de facto* become negotiable are to be classified under the asset item loans' provided that they continue to be evidenced by a single document and are, as a general rule, only traded occasionally.

(j) Subordinated debt in the form of deposits or loans

Subordinated debt instruments provide a subsidiary claim on the issuing institution that can only be exercised after all claims with a higher status (e.g. deposits/loans) have been satisfied, giving them some of the characteristics of 'shares and other equity'. For statistical purposes, subordinated debt is to be classified as either 'loans' or 'securities other than shares' according to the nature of the financial instrument. Where MFI holdings of all forms of subordinated debt are currently identified as a single figure for statistical purposes, this figure is to be classified under the item 'securities other than shares', on the grounds that subordinated debt is predominately constituted in the form of securities, rather than as loans.

(k) Claims under reverse repos or securities borrowing against cash collateral Counterpart of cash paid out in exchange for securities purchased by reporting agents, or securities borrowing against cash collateral, see liability item 2.5.

For the purpose of this reporting scheme, the breakdown of loans according to real estate collateral includes the total amount of outstanding loans which are collateralized in accordance with Annex VIII, Part 1, Sections 13-19 of Directive 2006/48/EC, with an outstanding loan/collateral ratio of 1 or below 1. If these rules are not applied by the reporting agent, the determination of the loans to be included in this breakdown is based on the approach chosen to comply with capital requirements.

The following item is *not* treated as a loan:

— Loans granted on a trust basis

Loans granted on a trust basis (trust loans/'fiduciary loans) are loans made in the name of one party (the trustee) on behalf of a third party (the beneficiary). For statistical purposes, trust loans are not to be recorded on the balance sheet of the trustee where the risks and rewards of ownership of the funds remain with the beneficiary. The risks and rewards of ownership remain with the beneficiary where: (a) the beneficiary assumes the credit risk of the loan (i.e. the trustee is responsible only for the administrative management of the loan); or (b) the beneficiary's investment is guaranteed against loss, should the trustee go into liquidation (i.e. the trust loan is not part of the assets of the trustee that can be distributed in the event of bankruptcy)

(l) Margin deposits placed under derivative contracts reported as loans up to 1 year.

3. Securities other than shares

Holdings of securities other than shares or other equity, which are negotiable and usually traded on secondary markets or can be offset on the market, and which do not grant the holder any ownership rights over the issuing institution.

This item includes:

- (a) Holdings of securities which give the holder the unconditional right to a fixed or contractually determined income in the form of coupon payments and/or a stated fixed sum at a specific date (or dates) or starting from a date defined at the time of issue;
- (b) Negotiable loans that have been restructured into a large number of identical documents and that can be traded on secondary markets (see also 'traded loans' in category 2i);

- (c) Subordinated debt in the form of debt securities (see also ‘subordinated debt in the form of deposits or loans’ in category 2j). Securities lent out under securities lending operations or sold under a repurchase agreement remain on the original owner's balance sheet (and are not to be recorded on the balance sheet of the temporary acquirer) where there is a firm commitment to reverse the operation (and not simply an option to do so). Where the temporary acquirer sells the securities received, this sale must be recorded as an outright transaction in securities and entered in the balance sheet of the temporary acquirer as a negative position in the securities portfolio 3a/3b/3c Securities other than shares of up to and including one year/of over one year and up to and including two years/of over two years’ original maturity.

3a/3b/3c Securities other than shares of up to and including one year/of over one year and up to and including two years/of over two years’ original maturity

These items include:

- (a) Holdings of negotiable debt securities (evidenced or not by documents) of original maturity of up to and including one year/of over one year and up to and including two years/of over two years' original maturity;
- (b) Negotiable loans of original maturity of up to and including one year/of over one year and up to and including two years/of over two years' original maturity that are restructured into a large number of identical documents and that are traded on secondary markets;
- (c) Subordinated debt in the form of debt securities of original maturity of up to and including one year/of over one year and up to and including two years/ of over two years' original maturity.

4. MMF shares/units

This asset item includes holdings of shares/units issued by MMFs (see also liability category 3 & Appendix 3 paragraph 2.3).

5. Shares and other equity

Holdings of securities which represent property rights in corporations or quasicorporations. These securities generally entitle the holders to a share in the profits of corporations or quasi-corporations and to a share in their own funds in the event of liquidation. Mutual fund shares (other than MMF shares/units) are included here.

6. Fixed assets

For the purposes of the reporting scheme, this consists of non-financial assets, tangible or intangible, which are intended to be used repeatedly for more than one year by reporting agents. They include land and buildings occupied by the MFIs, as well as equipment, software and other infrastructure.

Fixed financial assets are *not* recorded here but instead under ‘loans’/‘securities other than shares’/‘shares and other equity’, according to the type of instrument.

In line with ECB requirements, fixed assets are reported on a gross basis with depreciation reported as remaining liabilities. The depreciation flow movement between remaining liabilities and capital and reserves should be treated as price revaluation.

7. Remaining assets

The item 'remaining assets' is the residual item on the asset side of the balance sheet, defined as 'assets not included elsewhere'. Remaining assets may include:

- (a) Financial derivative positions with gross positive market values. For statistical purposes, financial derivative instruments that are subject to on-balance-sheet recording are included here;
- (b) Gross amounts receivable in respect of suspense items. Suspense items are asset balances held in the MFI balance sheet which are not booked in the name of customers but which nevertheless relate to customers' funds (e.g. funds that are awaiting investment, transfer or settlement);
- (c) Gross amounts receivable in respect of transit items. Transit items represent funds (usually belonging to customers) that are in the course of being transmitted between MFIs. Items include cheques and other forms of payment that have been sent for collection to other MFIs;
- (d) Accrued interest receivable on loans. In accordance with the general principle of accruals accounting, interest receivable on loans should be subject to on-balance-sheet recording as it accrues (i.e. on an accruals basis) rather than when it is actually received (i.e. on a cash basis). Accrued interest on loans is classified on a gross basis under the category 'remaining assets'. Accrued interest is excluded from the loan to which it relates;
- (e) Dividends to be received;
- (f) Amounts receivable not related to the main MFI business;
- (g) Asset counterpart to coins issued by the State (NCBs' balance sheets only). Remaining assets' *exclude* financial instruments that take the form of financial assets (included within the other balance sheet items), certain financial instruments that do not take the form of financial assets, such as guarantees, commitments, administered and trust loans (recorded off-balance sheet), and non-financial assets, such as land and commodities (included within 'fixed assets').

APPENDIX 6 – CLASSIFICATION BY ECONOMIC ACTIVITY NACE REV 2

General Instructions

NACE Rev.2 is an industrial classification that groups entities according to their main type of industrial or service activity. An activity is said to take place when resources such as equipment, labour, manufacturing techniques, information networks or products are combined, leading to the creation of specific goods and services. An activity is characterised by an input of products (goods and services), a production process and an output of products. In practice, entities may carry on activities of a mixed character. The identification of a “principal activity” is necessary to allocate an entity to a particular NACE Rev. 2 heading. The principal activity is that activity that contributes most to the total value added of the entity under consideration. The principal activity so identified does not necessarily account for 50% or more of the entity’s total value added. Thus, loans granted by banks should be classified according to the economic sector to which the borrowing entity belongs. For instance, any loan to ‘Airmalta’ should be classified as NACE 51.10 ‘Air Transport’ - under Section H Transportation & Storage if the loan is an overdraft used for daily business of Airmalta. If the loan is taken to build a new runway then this should be classified under NACE 42.11 Construction of roads and motorways. However in the case of companies involved in more than one activity, whenever it is known that the loan is to be directed entirely towards a particular activity, then the loan should be classified according to the industrial classification of that activity. Thus if, for example, the loan taken by ‘Airmalta’ is for the purchase of a hotel, the latter being a secondary activity of the company, then this should be classified under NACE 55.10 ‘Hotels and similar Accommodation – purchase of hotels –.

The classification of unincorporated businesses

Unincorporated businesses (for example, sole traders and partnerships) should be classified according to the main activity of the business, unless the proprietor or a partner has borrowed on personal account, in which case the loan should be treated as lending to ‘Undifferentiated goods and services producing activities of private households for own use’ – NACE 98. For example, if a sole trader borrowed funds to buy a commercial vehicle for carrying the furniture that he produces, then that loan should be classified in the appropriate manufacturing sub-classification. If on the other hand, the loan is requested for the purchase of a luxury car to be used outside business hours, then it should be treated as a loan to ‘Undifferentiated goods and services producing activities of private households for own use’ – NACE 98 as mentioned above. Merchants, non-financial brokers, importers and exporters should be included under the appropriate distributive trade item ‘Wholesale and retail trade’ – Section G.

The classification of loans to a group of companies

It is important to identify the full name of the loan account in the case of a loan to a company group. A loan should be classified according to the particular company that holds it. Although the group as a whole may have a wide range of activities,

the individual companies within it may have specific activities that are easily classified. The main problems arise in the case of a loan to a holding company within a company group [para. 123], or of a single company engaged in a wide range of activities [para. 128].

The classification of loans to holding companies

“Holding companies” come in a variety of forms. In some cases the holding company may be no more than a “shell” company which wholly owns all the other companies in a company group, but plays no other role in the group. In other cases the holding company may play an active part in one of the activities of the group, either by being involved itself in the main activity of part of the group, or by actively acquiring companies, managing them, perhaps restructuring them and possibly selling them thereafter. Some holding companies may manage the group’s liquidity and borrow in order to on-lend to the other companies in their group, and may in effect be the financing arm of the group.

Activities of holding companies should be classified within Section K, Financial and Insurance Activities 64.20 – “Activities of Holding Companies”. This class includes the activities of holding companies i.e. units that hold assets (owning controlling levels of equity) of a group of subsidiary corporations and whose principal activity owns the group. The holding companies in this class do not provide any other service to the business in which the equity is held i.e. do not administer or manage other units.

If it is known that the holding company is borrowing specifically in order to on-lend to a particular group company, the loan should be classified according to the economic activity of the particular group company. If not, the loan should be classified according to the predominant activity of the group that the holding company controls. If the predominant activity cannot be identified, then the loan should be classified under Section K, 64.20 - “Activities of Holding Companies” as mentioned above.

Note on sector classification of holding companies;

In the draft ESA 2012 all holding companies (financial and non-financial) will be treated as Other OFIs, however, reported under a new section S.127 – ‘*Captive financial institutions and money lenders*’. In view that the ESA 2012 is not yet finalised and consequently this sector is not yet available within the BR/06 set of returns’ structure, you are kindly requested to report any outstanding balances under Other Financial Intermediaries category.

The classification of loans to “in-house” financing companies of an industrial group

Many groups of industrial companies establish a separately incorporated financial subsidiary to manage the group’s liquidity, and to raise finance and channel the proceeds to other companies within the group. In some groups, the holding company may play this role; guidance on classifying holding companies is given from para. 69 to para. 71. The main feature that distinguishes “in-house” companies from financial institutions is that the main activity of the latter is

investing in securities and/or the granting of credit to unrelated customers. In the case of a subsidiary whose prime function is to raise finance on behalf of other group companies, the treatment will depend on the residency of the parent company. Any subsidiary of a parent group incorporated in Malta should be classified according to the main activity of the parent. The only exception is when the subsidiary company servicing the other companies in the group can be considered as a financial intermediary, where this must be classified under Section K – Financial and Insurance Activities, 64.20 - Activities of holding companies. If the financing subsidiary is the sole subsidiary in Malta of a non-resident group, it should be classified under Section K, 64.20. A financing subsidiary of a non-resident parent group, but with affiliates in Malta, should be classified to the main activity of those affiliated Maltese companies.

The classification of loans to companies involved in more than one activity

It is important to distinguish between a single company from a group company. For a single company that conducts business in two distinct areas, it may be necessary to classify its borrowing in more than one category especially if the separate activities are equally large and important. If it is known that the loan is for a particular business purpose, then the loan should be classified accordingly. If not, then one should determine the predominant activity of the company, and classify its loans accordingly. If no one activity can be said to “predominate”, then choose the largest activity in terms of its contribution to company turnover.

The classification of loans to Nominee Companies

Reporting institutions should classify loans to nominee companies to the sector of the borrower where this can be determined with reasonable certainty. Where in fact the loan is made to the nominee, or where the circumstances are unclear, the loan should be classified within Section K, 66.19 - Other activities auxiliary to financial services, except insurance and pension funding.

The classification of loans to central or local government or public non-financial companies

As stated earlier, loans should be classified according to the borrower’s main activity, whether the borrower is state-controlled or private-controlled. For example, a loan granted to the Public Transport Authority should not be classified as Public Administration (Section O), but according to its main activity, thus under ‘Transportation and storage’ (Section H). Similarly, loans to an arm of a Government department that operates within a particular industry should be classified according to the main economic activity. There are several examples of such cases, amongst which, the government printing press, hospitals, schools etc. However, if a government department, ministry or any executive and legislative administration of central and local government borrows money, then this loan should be classified under public administration.

The classification of loan accounts for a company in liquidation

The loans to companies in liquidation should continue to be classified according to the industrial category to which they belonged before liquidation. Similarly, banks in liquidation or administration should continue to be classified as banks for as long as they continue to appear on the list of MFIs.

Institutions by main activity

In the row classifications, report by economic activity as based on NACE Rev. 2 (Numbers in brackets denote the respective NACE groups or classes according to Regulation (EEC) No. 3037/90 as amended by Regulation (EEC) No. 761/93):

I. Agriculture

Crop and animal production, hunting and related service activities - Growing of non-perennial crops (01.1) and growing of perennial crops (01.2).

- (a) Animal production - (01.4). Excludes veterinary activities
- (b) Mixed farming - (01.5)
- (c) Support activities to agriculture and post-harvest crop activities (01.6)
- (d) Purchase of agricultural machinery

II. Fishing

Fishing and aquaculture (03). Should also include forestry and logging (02)

III. Mining and quarrying

Quarrying of stone, sand and clay (08.1)
Extraction of crude petroleum and natural gas (06) & mining support service activities (09).

IV. Manufacturing

(a) Food products, beverages and tobacco

- i. Processing and preserving of meat and production of meat products (10.1)
- ii. Processing and preserving of fish, crustaceans and molluscs (10.2)
- iii. Processing and preserving of fruit and (10.3)
- iv. Manufacture of vegetable and animal oils and fats (10.4)
- v. Manufacture of dairy products (10.5)
- vi. Manufacture of grain mill products, starches and starch products (10.6)
- vii. Manufacture of bakery and farinaceous products (10.7)
- viii. Manufacture of other food products (10.8)
- ix. Manufacture of prepared animal feeds (10.9)
- x. Manufacture of beverages (11.0)
- xi. Manufacture of tobacco products (12.0)

(b) Textiles, apparel, leather and related products

- i. Preparation and spinning of textile fibres (13.1)
- ii. Weaving of textiles, Finishing of textiles (13.2, 13.3)

- iii. Manufacture of other textiles (13.9)
 - iv. Manufacture of wearing apparel, except fur apparel (14.1)
 - v. Manufacture of articles of fur (14.2)
 - vi. Manufacture of knitted and crocheted apparel (14.3)
 - vii. Tanning and dressing of leather, manufacture of luggage, handbags, saddlery and harness; dressing and dyeing of fur (15.1)
- (c) Wood, paper products and printing**
- i. Saw-milling and planning of wood; (16.1)
 - ii. Manufacture of products of wood, cork, straw and plaiting materials (16.2)
 - iii. Manufacture of pulp, paper and paperboard (17.1)
 - iv. Manufacture of articles of paper and paperboard (17.2)
 - v. Printing and service activities related to printing (18.1)
 - vi. Reproduction of recorded media (18.2)
- (d) Coke refined petroleum products and chemical products**
- i. Manufacture of coke oven products (19.1)
 - ii. Manufacture of refined petroleum products (19.2)
 - iii. Manufacture of Chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms (20.1)
 - iv. Manufacture of pesticides and other agrochemical products (20.2)
 - v. Manufacture of paints, varnishes and similar coatings, printing ink and mastics (20.3)
 - vi. Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations (20.4)
 - vii. Manufacture of other chemical products (20.5)
 - viii. Manufacture of man-made fibre (20.6)
- (e) Pharmaceuticals medicinal chemical and botanical products**
- i. Manufacture of basic pharmaceutical products (21.1)
 - ii. Manufacture of pharmaceutical preparations (21.2)
- (f) Rubber and plastics products, and other non-metallic mineral products**
- i. Manufacture of rubber products (22.1)
 - ii. Manufacture of plastics products (22.2)
 - iii. Manufacture of glass and glass products (23.1)
 - iv. Manufacture of refractory products (23.2)
 - v. Manufacture of clay building materials (23.3)
 - vi. Manufacture of other porcelain and ceramic products (23.4)
 - vii. Manufacture of cement, lime and plaster (23.5)
 - viii. Manufacture of articles of concrete, cement and plaster (23.6)
 - ix. Cutting, shaping and finishing of stone. (23.7)

- x. Manufacture of abrasive products and non-metallic mineral products n.e.c (23.9)
- (g) Basic metals and fabricated metal products, except machinery and equipment**
- i. Manufacture of basic iron and steel and of ferro-alloys (24.1)
 - ii. Manufacture of tubes, pipes, hollow profiles and related fittings, of steel (24.2)
 - iii. Manufacture of other products of first processing of steel (24.3)
 - iv. Manufacture of basic precious and other non-ferrous metals (24.4).
 - v. Casting of metals (24.5)
 - vi. Manufacture of structural metal products (25.1)
 - vii. Manufacture of tanks, reservoirs and containers of metal (25.2)
 - viii. Manufacture of steam generators, except central heating hot water boilers (25.3)
 - ix. Manufacture of weapons and ammunition (25.4)
 - x. Forging, pressing, stamping and roll-forming of metal; powder metallurgy (25.5)
 - xi. Treatment and coating of metals; machining (25.6)
 - xii. Manufacture of cutlery, tools and general hardware (25.7)
 - xiii. Manufacture of other fabricated metal products (25.9)
- (h) Computer, electronic and optical equipment**
- i. Manufacture of electronic components and boards (26.1)
 - ii. Manufacture of computers and peripheral equipment (26.2)
 - iii. Manufacture of communication equipment (26.3)
 - iv. Manufacture of consumer electronics (26.4)
 - v. Manufacture of instruments and appliances for measuring, testing and navigation watches and clocks (26.5)
 - vi. Manufacture of irradiation, electromedical and electrotherapeutic equipment (26.6)
 - vii. Manufacture of optical instruments and photographic equipment (26.7)
 - viii. Manufacture of magnetic and optical media (26.8)
- (i) Electrical equipment**
- i. Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus (27.1)
 - ii. Manufacture of batteries and accumulators (27.2)
 - iii. Manufacture of wiring and wiring devices (27.3)
 - iv. Manufacture of electric lighting equipment (27.4)
 - v. Manufacture of domestic appliances (27.5)
 - vi. Manufacture of other electrical equipment (27.9)
- (j) Machinery and equipment n.e.c.**
- i. Manufacture of general — purpose machinery (28.1)

- ii. Manufacture of other general-purpose machinery (28.2)
 - iii. Manufacture of agricultural and forestry machinery (28.3)
 - iv. Manufacture of metal forming machinery and machine tools (28.4)
 - v. Manufacture of other special-purpose machinery (28.9)
- (k) Motor vehicles and transport equipment.**
- i. Manufacture of motor vehicles (29.1)
 - ii. Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers (29.2)
 - iii. Manufacture of parts and accessories for motor vehicles (29.3)
 - iv. Building of ships and boats (30.1)
 - v. Manufacture of railway locomotives and rolling stock (30.2)
 - vi. Manufacture of air and spacecraft and related machinery (30.3)
 - vii. Manufacture of military fighting vehicles (30.4)
 - viii. Manufacture of transport equipment n.e.c. (30.9)
- (l) Furniture**
- i. Manufacture of furniture Manufacture of motor vehicles (31.0)
- (m) Other manufacturing n.e.c. and repair and installation of machinery and equipment**
- i. Manufacture of jewellery, bijouterie and related articles (32.1)
 - ii. Manufacture of musical instruments (32.2)
 - iii. Manufacture of sports goods (32.3)
 - iv. Manufacture of games and toys (32.4)
 - v. Manufacture of medical and dental instruments and supplies (32.5)
 - vi. Manufacturing n.e.c. (32.6)
 - vii. Repair of fabricated metal products, machinery and equipment (33.1)
 - viii. Installation of industrial machinery and equipment (33.2)
- V. Electricity, gas, Steam and Air Conditioning Supply**
- (a) Electric power generation, transmission and distribution (35.1)
 - (b) Manufacture of gas; distribution of gaseous fuels through mains (35.2)
 - (c) Steam and air conditioning supply (35.3)
- VI. Water Supply; Sewerage waste management and remediation activities**
- (a) Water collection, treatment and supply (36.0)
 - (b) Sewerage (37.0)
 - (c) Waste collection (38.1)
 - (d) Waste treatment and disposal (38.2)

- (e) Materials recovery (38.3)
- (f) Remediation activities and other waste management services (39.0)

VII. Construction

- (a) Development of building projects (41.1)
- (b) Construction of residential and non-residential buildings (41.2)
- (c) Construction of roads and railways (42.1)
- (d) Construction of utility projects (42.2)
- (e) Construction of other civil engineering projects (42.9)
- (f) Demolition and site preparation (43.1)
- (g) Electrical, plumbing and other construction installation activities (43.2)
- (h) Building completion and finishing (43.3)
- (i) Other specialised construction activities (43.9)

VIII. Wholesale and retail trade; Repair of motor vehicles and motor cycles

- (a) Sale of motor vehicles (45.1).
- (b) Maintenance and repair of motor vehicles (45.2)
- (c) Sale of motor vehicle parts and accessories (45.3)
- (d) Sale, maintenance and repair of motorcycles and related parts and accessories (45.4).
- (e) Wholesale on a fee or contract basis (46.1)
- (f) Wholesale of agricultural raw materials and live animals (46.2)
- (g) Wholesale of food, beverages and tobacco (46.3)
- (h) Wholesale of household goods (46.4)
- (i) Wholesale of information and communication equipment (46.5)
- (j) Wholesale of other machinery, equipment and supplies (46.6)
- (k) Other specialised wholesale (46.7)
- (l) Non-specialised wholesale trade (46.9)
- (m) Retail sale in non-specialised stores (47.1)
- (n) Retail sale of food, beverages and tobacco in specialised stores (47.2)
- (o) Retail sale of automotive fuel in specialised stores (47.3)
- (p) Retail sale of information and communication equipment in specialised stores (47.4)
- (q) Retail sale of other household equipment in specialised stores (47.5)
- (r) Retail sale of cultural and recreation goods in specialised stores (47.6)
- (s) Retail sale of other goods in specialised stores (47.7)
- (t) Retail sale via stalls and markets (47.8)
- (u) Retail trade not in stores, stalls or markets (47.9)

IX. Transport and storage

- (a) Land transport and transport via pipelines (49.0)
- (b) Water transport (50.0)
- (c) Air transport (51.0)
- (d) Warehousing and support activities for transportation (52.0)
- (e) Postal and courier activities (53.0)

- X. Accommodation and food service activities**
- (a) Hotels and similar accommodation (55.1)
 - (b) Holiday and other short-stay accommodation (55.2)
 - (c) Camping grounds, recreational vehicle parks and trailer parks (55.3)
 - (d) Other accommodation (55.9)
 - (e) Restaurants and mobile food service activities (56.1)
 - (f) Event catering and other food service activities (56.2)
 - (g) Beverage serving activities (56.3)

- XI. Information and communication**
- (a) Publishing activities (58)
 - (b) Motion picture, video and television programme production, sound recording and music publishing activities (59)
 - (c) Programming and broadcasting activities (60)
 - (d) Telecommunications (61)
 - (e) Computer programming, consultancy and related activities (62)
 - (f) Information service activities (63)

- XII. Financial and insurance activities**
- (a) Monetary intermediation comprising the Central Bank, OMFIs and Money Market Funds(64.1)
 - (b) Activities of holding companies (64.2)
 - (c) Trusts, funds and similar financial entities (64.3)
 - (d) Other financial service activities, except insurance and pension funding (64.9) comprising financial leasing, other credit granting and other financial services activities
 - (e) Insurance, reinsurance and pension funding, except compulsory social security (65)
 - (f) Activities auxiliary to financial services and insurance activities (66) comprising fund management activities, security and commodity contracts brokerage, insurance agents and brokers, administration of financial markets and other. (66)

XIII. Real estate activities [includes imputed rents of owner-occupied dwellings]

This section includes acting as lessors, agents and/or brokers in one or more of the following: selling or buying real estate, renting real estate, providing other real estate services such as appraising real estate or acting as real estate escrow agents.

Activities in this section may be carried out on own or leased property and may be done on a fee or contract basis. Also included is the building of structures, combined with maintaining ownership or leasing of such structures. This section includes real estate property managers.

- (a) Buying and selling of own real estate (68.1)
- (b) Renting and operating of own or leased real estate (68.2)

- (c) Real estate activities on a fee or contract basis (68..3)

XIV. Professional, scientific and technical activities

- (a) Legal and accounting activities(69)
- (b) Activities of head offices; management consultancy activities (70)
- (c) Architectural and engineering activities; technical testing and analysis (71)
- (d) Scientific research and development (72)
- (e) Advertising and market research (73)
- (f) Other professional, scientific and technical activities (74)
- (g) Veterinary activities (75)

XV. Administrative and support service activities

- (a) Rental and leasing activities (77)
- (b) Employment activities (78)
- (c) Travel agency, tour operator reservation service and related activities (79)
- (d) Security and investigation activities (80)
- (e) Services to buildings and landscape activities (81)
- (f) Office administrative, office support and other business support activities (82)

XVI. Public administration and defence; Compulsory social security

- (a) Administration of the State and the economic and social policy of the community (84.1)
- (b) Provision of services to the community as a whole (84.2)
- (c) Compulsory social security activities (84.3)

XVII. Education

- (a) Pre-primary education
- (b) Primary education
- (c) Secondary education
- (d) Technical and vocational secondary education 8522
- (e) Higher education
- (f) Other education
- (g) Educational support activities

XVIII Human health and social work activities

- (a) Human health activities (86)
- (b) Residential care activities (87)
- (c) Social work activities without accommodation (88)

XIV Arts, entertainment and recreation

- (a) Creative, arts and entertainment activities (90)
- (b) Libraries, archives, museums and other cultural activities (91)
- (c) Gambling and betting activities (92)
- (d) Sports activities and amusement and recreation activities (93)

XV Other Services activities

- (a) Activities of membership organizations including activities of trade unions, religious organizations and political organizations, activities of business and employers and professional membership organizations. (94)
- (b) Repair of computers and personal and household goods (95)
- (c) Other personal service activities comprising of washing and (dry-) cleaning of textile and fur products; Hairdressing and other beauty treatment; Funeral and related activities; Physical well-being activities; other personal service activities n.e.c. (96)

XV1 Households and individuals (excl. Sole Proprietors)

- (a) Acquisition of land/dwellings for own use, includes lending to private individuals for the purchase of land or dwelling, secured by mortgage. Includes also short-term finance to private individuals to finance house purchase pending receipt of funds from another source.
- (b) Construction, extension or completion of self-owned dwellings, includes lending for home improvements such as:
 - i. Home extensions and loft conversions;
 - ii. Recovering or reconstructing a roof;
 - iii. Replacement of electrical installations; installation of fire or burglar alarms;
 - iv. Reconstruction or conversion of a property, underpinning a house or rebuilding a facade;
 - v. Construction of driveways and paths and landscaping of gardens;
 - vi. Erection and cost of garages, garden sheds, greenhouses, patios and fences;
 - vi. Installation of double-glazing, replacement windows/doors, bathrooms, central heating, and kitchen and bedroom units which are affixed to and are part of the building.
- (c) Purchase of goods and services

Any personal lending to private individuals not already specified, including lending for the purchase of consumer items for personal use; other personal lending and overdrafts, including personal credit card borrowings.

- (d) Other loans

Lending to individuals on a personal basis for investment in a trade, business or profession, including lending to purchase a trade or profession to acquire a share in a partnership or to finance investment in long-term risk in capital ventures; lending to active partners to invest in their partnership; lending to directors/employees to acquire shares in, or otherwise finance

their company; lending to individuals for third level or other specific educational expenses.

For further information on conceptual issues regarding the classification of loans to households by purpose please access,
<http://www.ecb.europa.eu/pub/pdf/mobu/mb200710en.pdf>.

Relating with Households, hereunder please find queries raised by reporting agents and respective replies:

Scenario 1

Let's assume that a private household goes to a bank to take a loan to purchase an apartment with the intention to sell it in the future as a means of investment.

Reply:

Where possible to identify this purpose of loan, please report under Real Estate; buying and selling of own real estate (NACE Rev 2, 68.1)

Scenario 2

Let's assume that a private household goes to a bank to take a loan to purchase an apartment with the intention to rent it in the future as a means of investment.

Reply:

Where possible to identify this purpose of loan, please report under Real Estate; renting and operating of own or leased real estate (NACE Rev 2, 68.2)

Scenario 3

Let's assume that a private household goes to a bank to take a loan to purchase a piece of land, develop it and sell it in the future, as a means of investment.

Reply:

Where possible to identify this purpose of loan, please report under Construction; Development of building projects (Nace Rev 2, 41.10).

XVII Activities of extraterritorial organisations and bodies

Activities of extraterritorial organisations and bodies (99). Includes activities of international organisations such as the United Nations and its specialised agencies, regional policies, etc., European Communities, European Free Trade Association, Organisation for Economic Co-operation and Development, Customs Co-operation Council, Organisation of Oil Producing and Exporting Countries, International Monetary Fund, World Bank, etc...Please refer to CBM's amalgamated list.

APPENDIX 7 – FLOWS RETURNS

Flows are defined as the difference between the stock position at end-month reporting dates, from which the effect of changes that arise due to influences other than true transactions is removed. These influences can take the form of reclassifications and other adjustments, exchange rates adjustments and price revaluation and loan write offs/write downs. Explanatory information on the reclassification adjustments is also required.

As mentioned above, the flow in a particular instrument is found by using the stock data for the same instrument as shown in the balance sheet submitted by the reporting agent. The process entails a simple arithmetic operation, which in symbol format for period 't' can be expressed as:

$$F_t = (S_t - S_{t-1}) - C_t - V_t - E_t$$

Where F_t = Flow

S_t = Stock end of period

S_{t-1} = Stock end of previous period

C_t = Reclassification adjustment

V_t = Revaluation adjustment

E_t = Exchange Rate adjustment

Methods of collecting revaluation adjustments

Schedule Flows 1 - Reclassifications

The purpose of this schedule is to capture data on any extraordinary activity involving balance sheet items. This activity should include financial flows arising from any changes in assets and liabilities other than those arising from transactions and revaluations. These comprise catastrophic losses, uncompensated seizures, other volume changes in non-financial and financial assets, changes in sector classification of counterparties in the absence of revisions and changes in the composition of the statistical reporting population. Possible examples are changes following privatisation or a merger.

This schedule requires that reclassifications and other adjustments be reported according to the geographical location of the counterparty. In addition, counterparties located in Malta and in the participating Member States of the euro area are classified according to their institutional sector, with separate data for monetary financial institutions, general government and 'other resident (non-government) sector'. With regards to residents of the Rest of the World, only totals are to be reported.

Explanatory notes and other information on the reasons for any adjustment reported by the reporting agents are required, due to the extraordinary issues that often give rise to the adjustments.

Schedule Flows 2 - Price Revaluation (including write offs/write downs)

The purpose of this reporting form is to collect data on revaluation adjustments in the price of financial assets and liabilities including loan write offs/write downs and price revaluation of securities. Hence, adjustments in respect of write offs/write downs of loans are to be reported together with price revaluation of securities.

Write offs/write downs of loans

Data on write offs/write downs are reported in order to remove from the flows the impact of changes in the value of loans caused by write offs/write downs of the same loans. The method used to calculate these types of adjustments depends on the valuation system applied to loans when reported in the stock-based schedules. Locally, where loans are recorded gross of all specific and general impairment allowances, an adjustment to the loans figure should be reported only at the time a write-off or write-down takes place and not when a provision / allowance is recorded, because this provision has no impact on the item 'loans'. Therefore, reporting institutions should report a monthly adjustment each time loans are written-off. The adjustment should comprise both the write-offs directly applied and those that were previously provisioned.

The amounts written off/written down are reported according to the geographical location of the counterpart. In addition, counterparties located in Malta and in the participating Member States of the euro area are classified according to their institutional sector, while a further breakdown of the counterparties is illustrated in schedule FlowLoans, which is dedicated entirely to loans.

Price revaluations of securities

Adjustments in respect of price revaluation of securities refer to changes in the price at which securities are traded or recorded. In this sector, revaluation adjustments comprise valuation changes that are both realised, following transactions in securities and also unrealised (holding gains/losses), which are reflected in the value of end of period balance sheet stocks.

The price revaluations are reported according to the geographical location of the counterparty. In addition, counterparties located in Malta and in the participating Member States of the euro area are classified according to their institutional sector, with separate data for monetary financial institutions, general government and 'other resident (non-government) sector'. Total amounts are reported only in respect of securities other than shares and shares and other equity issued by residents of the rest of the world, without any additional breakdown.

Given the accounting rules commonly used to compile balance sheet (stock) data, it is assumed that the revaluation adjustment refers only to the asset categories securities other than shares and shares and other equity. Therefore, while there is a reporting requirement set out for the liability side of the balance sheet, it is assumed that the cells referring to debt securities are normally,

although not necessarily 'nil' and that the cells referring to capital and reserves and other liabilities are only for balancing purposes, i.e. since total assets and total liabilities must be equal, reporting institutions should include a balancing entry in capital and reserves and/or other liabilities, according to the institution's accounting practice. In the event of a reporting institution recording a revaluation of the liability item debt securities, a further breakdown of the data may be required on an ad-hoc basis.

Price revaluations may also impact on the item fixed assets. Consequently, any change in the value of fixed assets should be reported here.

A number of examples for the reporting of both loans write-offs/write-downs and price revaluations are included in Annex 1, appended to these instructions.

Other adjustments reported as price revaluation include;

- the fixed assets' depreciation flow movement affecting remaining liabilities and capital and reserves (see fixed assets in Appendix 5).
- Amortisation of interest on non-negotiable promissory notes (treated as loans)
- Mark-to-market flow movements re: financial derivatives.

Schedule Flows 3 - Exchange Rate revaluation adjustments

This reporting schedule is meant to capture data on adjustments in the valuation of instruments denominated in foreign currency, caused by movements in the exchange rate of the reporting currency (euro) with respect to foreign currencies during the reporting period. Exchange rate adjustments are requested in order to remove the impact of exchange rate changes on foreign currency denominated items featuring in the balance sheet. The method used for the calculation of the exchange rate revaluation adjustments includes the changes that occur over time in the value of end-period balance sheet stocks arising mainly from holding gains/losses. It may also contain valuation changes that arise from transactions in securities, referred to as realised gains/losses.

The exchange rate revaluation adjustments are required according to the residency of the counterparty. In addition, counterparties located in Malta and in the participating Member States of the euro area are classified according to their institutional sector, with separate data for monetary financial institutions, general government and the 'other resident sector'. Total amounts are reported only in respect of counterparties being residents of the rest of the world, thus not requiring any additional breakdown. Exchange rate changes on foreign currency denominated loans (including deposits) and on deposits (including loans) are to be reported in more detail in Schedule 6 – Flowloans and Schedule 7 – Flowdeposits respectively. An example for the reporting of exchange rate revaluations is included in Annex 1, appended to these instructions.

There are two distinct methods that can be used to calculate any exchange rate revaluations vis-à-vis transactions denominated in currencies other than the base currency, namely;

- a) reporting the exchange revaluation on transactions using the exchange rate which was used when the transaction was accounted for; and
- b) using the average exchange rate for the month to account for any transactions occurring during the month in question

It is highly important that the same method will be adopted in all reporting, that is, the method chosen in calculating monetary flows will also be used to calculate BOP figures.

The end of month stock positions should always be recorded using the end of month exchange rates.

Reporting agents that have a base currency different from the reporting currency (EUR) can use the average exchange rate to convert foreign currency flows into Euro equivalent. The average exchange rate quoted by the European Central Bank should be used.

Schedule Flows 4 - True Transactions

The purpose of this schedule is to capture the true transactions in the instruments that feature in the balance sheet during the specific reporting period. True transactions are financial flows that arise out of the creation, liquidation or change in ownership of financial assets or liabilities between institutional units. The reported transactions must strictly reflect the flow of funds carried out by the reporting credit institution. Consequently, there is a genuine likelihood that the true transaction would include some effects of price or exchange rate revaluations in the actual figure.

The structure of the schedule 4 is similar to the other flows' schedules. Thus, emphasis is made on the classifications of residency on the assets' side of the schedule. Naturally, transactions occur in all the instruments that feature in the schedule, but requirements in terms of detail vary from one item to the other. Reporting requirements for liabilities is minimal, where only totals are needed. However, any decrease in Provisions, reported under Remaining Liabilities must be highlighted and explained in a separate note, especially where the transaction is part of the whole transaction of a loan write-off. A number of examples for the reporting of true transactions are included in Annex 1, appended to these instructions.

Accrued Interest

In line with ECB requirements, accrued interest on loans, deposits and securities is reported separately from the underlying instrument (i.e. on a gross basis) under remaining assets/liabilities. The increase of accrued interest should be reported as a true transaction in this schedule in the remaining assets/liabilities category with its contra-entry also reported as true transaction under the shareholders' funds.

Where the accrued interest receivable/payable is finally paid into the underlying instrument i.e. either in the outstanding balance of the deposit

account or charged to the loan balance (irrelevant of type of deposit) with its contra-entry in the remaining assets / liabilities, this should also be reported as true transaction.

In schedules 1 to 4, total assets must be equal to total liabilities.

Schedule Flows 5 – Services and transfers

This schedule collects information on the international service transactions conducted by the reporting bank.

Under the columns “Receipts from non-residents” include amount received or receivable for services (and transfers) provided to non-residents for which payment is made directly to the reporting bank by a non-resident entity.

Under the columns “Payments to non-residents” include amounts paid or payable for services (and transfers) provided by non-residents, and paid for directly by the reporting bank.

In columns A and L “Accounting, auditing, book-keeping and tax consultancy services” include those activities related to accounting, book-keeping and tax consultancy services.

In columns B and M “Compensation of employees” include wages, salaries and other benefits in cash or in kind, earned by individuals – in economies other than those in which they are residents – for work performed for (and paid by) residents of those economies; together with contributions paid by employers on behalf of employees to social security schemes or to private insurance or pension funds to secure benefits for employees. Employees include seasonal or other short-term workers who have a centre of economic interest in their own economies

In columns C and N “Telecommunication, computer and information services” include telecommunications (broadcasting, satellite, electronic mail etc.), postal, courier, newspaper and magazine delivery services. Also include data base development, storage and on line series facilities, data processing, tabulation processing services (on a time share or specific basis) and processing management services, hardware consultancy, software design, development and customised implementation and programming, maintenance and repairs of computers and peripheral equipment and news agency service.

In columns D and O “Financial services” include fees for intermediation services such as lending, financial leasing, letters of credit, bankers acceptances, lines of credit, foreign exchange transactions and travellers’ cheques transactions, commissions and fees associated with security brokerage, placements of issues, underwriting, redemption, swaps, options and commodity futures and portfolio and other financial management fees.

In columns E and P “Legal services” include legal advice, representation and documentation services.

In columns F and Q “Insurance services (include insurance premiums and claims for insurance placed directly abroad by the reporting enterprise.

In columns G and R “Professional and management consultancy services” include planning, organisation cost projecting and human resource management.

In columns H and S “Other services” include any other services not specified elsewhere. A further breakdown by type of service is being requested in memo items rows 256 to 295.

In columns I and T “Penalties and fines” include any fines or penalties received/paid by the reporting bank.

In columns K and V “Shipment of banknotes” report any shipment of banknotes to other countries.

In column J and U “Other transfers“ include any other transfers examples taxes transacted between residents and non-residents and not specified elsewhere. A further breakdown by type of transfer is being requested in memo items rows 256 to 295.

Flows 6 – Loans (incl. deposits)

The aim of this schedule is to obtain particular data on a single instrument, i.e. loans (incl. deposits), without requesting the same level of detail for the whole balance sheet. In the other flows schedules, loans granted to residents of Malta and of the participating Member States of the euro area were classified according to their institutional sector, being either monetary financial institutions, general government or other residents. In this schedule, the latter will be split further and a breakdown for all loans by sub-sector must be reported. The sub-sectors are ‘other financial intermediaries and financial auxiliaries’, ‘insurance companies and pension funds’, ‘non-financial companies’, and ‘households and non-profit institutions serving households’. The household sector is reported with a breakdown according to the purpose of the loan, i.e., consumer credit, lending for house purchase and other (residual). Figures reported in Schedule 6 should be reconciled with the figures reported in the previous four schedules.

The schedule is designed to cater for all possible movements in loans and to split them according to the reason of the movement, being due to valuation changes or a proper transaction.

Schedule Flows 7 – Deposits including loans

22. The aim of this schedule is to obtain flow movements on outstanding balances reported in Schedule LD2.

Gross new deposits and Gross withdrawal of deposits during the period:
These represent the turnover of deposits during the period for all sectors. Gross new deposits should include any new deposit, the increase in existing deposits and any deposits which have matured and been rolled over. If the latter is rolled over during the reporting period it should also be considered as a gross withdrawal. Hence if a new deposit is funded by withdrawing funds from another deposit account both sides of the transaction should be reported under gross new deposits and gross withdrawal of deposits respectively.

Schedule Flows 8 – Flow securitisation

23. The aim of this schedule is to obtain flow adjustments (revaluations and reclassifications) on loans securitised and/or transferred to non-MFIs. For further information on definitions, please refer to Appendix 9, AL 13.

Annex 1 (Calculation of flows)

Example 1

Consider three existing loans in a MFI balance sheet at the end of January. Two of them are already partially provisioned (A and B) and it is thought that they could still be partially recovered at a later stage, while another loan (C), will be completely

written-off without any provision being effected. During the month, apart from an increase in the amount provided on one of the loans, a new loan is granted (D) and interest accrued on loans is added back to the value of each loan and deducted from remaining assets.

	31 January	28 February
Loans Outstanding		
Loan A	100	105
Loan B	100	110
Loan C	100	0
Loan D	0	101
	31 January	28 February
Provisions		
Loan A	40	40
Loan B	20	30
Loan C	0	0
Loan D	0	0

Interest Accrued added to loans at the end of February

Loan A	5
Loan B	10
Loan C	0
Loan D	1

The following table indicates loan-by-loan outstanding amounts, true transactions and price revaluations.

	Stock end-January	True Transactions	Price Revaluation	Reclassifications	Stock end-February
Loan A	100	0+5(interest)	0	0	105
Loan B	100	0+10(interest)	0	0	110
Loan C	100	0	-100	0	-
Loan D	-	100+1(interest)	0	0	101

Note that since reporting is done on a gross basis, the loan figures reported should not be affected by changes in the provisions on loans. Hence, in the flows schedules sent to the Central Bank, the increase of 10 in the provisions on Loan B does not affect the *Loans* figure but must be recorded as an increase in the remaining liabilities figure and a drop in the Profit and Loss Account reflected in Capital and Reserves. As a result, when a write-off is applied, an adjustment should be reported on the total amount of the loan and not merely on the portion of the loan that is still not provisioned. Accrued interest, which is accrued from month-to-month is reported as a true transaction under the remaining assets category.

For accounting purposes loans write-downs/write-offs may be recorded quarterly or semi-annually, depending on a management decision or due to the credit institutions' internal policy. Write-downs/write-offs should be reported only when they occur and zeros should be reported for every period in which no loan write-downs/write-offs are recorded.

Example 2

Consider three different securities in a reporting agent's portfolio. Security A is classified as held to maturity was bought on the primary market and upon maturity it will be redeemed at the same price that it was purchased. Security B and Security C are held for trading. The table below shows the developments in the portfolio relating to each security during the period under scrutiny.

	30 September	2 October	20 October	30 October
Market price B	100	99	102	103
Operations	-	Bought 10 bonds	Sold 5 bonds	

	30 September	2 October	10 October	30 October
Market price C	102	100	98	100
Operations	-	Bought 5 bonds	Bought 5 bonds	

The table below shows all the necessary adjustments following the transactions shown above, segregated security by security. The adjustments that need to be reported as securities are represented by the total. It is assumed that, at the outset, the portfolio contains one hundred bonds per type of security.

Note that there are two ways how the reporting agents can make a revaluation of the portfolio.

Values (in euro)	Opening Stock	True Transactions	Price Revaluation	Closing Stock
Security A	10000	0	0	10000
Security B-1 st transaction	10000	990	40	-
Security B-2 nd transaction	-	-510	10	-
Security B-holding gain/loss	-	0	285	10815
Security C-1 st transaction	10200	500	0	-
Security C-2 nd transaction	-	490	10	-
Security C-holding gain/loss	-	0	-200	11000
Total	30200	1470	145	31815

Example 3

A deposit with an agreed maturity of 6 months, value 100, takes place on 31 December. Interest is paid every quarter. The interest to be paid each quarter is 3. In

addition to the agreed maturity deposit, the customer has an overnight account from which the money is taken and where interest payments are received.

This would be recorded as follows – stocks refer to end-month, transactions refer to the whole month:

1) December

A	STOCKS	L	A	TRANSACTIONS	L
	Overnight deposit 0			Overnight deposit 0	
	Up to 1 y deposit 100			Up to 1 y deposit 100	

2) January

A	STOCKS	L	A	TRANSACTIONS	L
	Overnight deposit 0			Overnight deposit 0	
	Up to 1 y deposit 100			Up to 1 y deposit 0	
	Remaining liab. 1 (Profit and loss -1)			Remaining liab. +1 (Profit and loss -1)	

3) February

A	STOCKS	L	A	TRANSACTIONS	L
	Overnight deposit 0			Overnight deposit 0	
	Up to 1 y deposit 100			Up to 1 y deposit 0	
	Remaining liab. 2 (Profit and loss -2)			Remaining liab. +1 (Profit and loss -1)	

4) March

A	STOCKS	L	A	TRANSACTIONS	L
	Overnight deposit 3			Overnight deposit +3	
	Up to 1 y deposit 100			Up to 1 y deposit 0	
	Remaining liab. 0 (Profit and loss -3)			Remaining liab. -2 (-3 paid + 1 accrued) (Profit and loss -1)	

Example 4

Consider one type of foreign currency denominated security in a reporting agent's portfolio. In this example the securities, which are denominated in US dollar are influenced by a change in price, and another change in the exchange rate during the same month. It is assumed that no sales or purchases are effected during the period. The scenario of what occurred, along with how the adjustments should be reported and all the workings are illustrated below.

	Opening	Closing	Change
Price (of one bond) in \$	10	20	+10
Exchange Rate (USD/Lm)	2.0	2.5	-0.5
Volume of securities	100	100	-
Value of securities (Lm)	500	800	+300

Reporting flows

True Transactions	-
Price Revaluation	+500
Exchange Rate Revaluation	-200
Reclassifications	-
Total	+300

Workings

$$\begin{aligned} \text{Price Revaluation} &= (\text{Volume} * \text{Change in Price}) / \text{Opening Exchange Rate} \\ &= (100 * 10) / 2.0 = +500 \end{aligned}$$

$$\begin{aligned} \text{Exchange Rate Revaluation} &= ((100 * 20) / 2.5) - ((100 * 20) / 2.0) = -200 \\ &= (\text{Volume} * \text{Clos. Price}) / \text{Clos. Exch. Rate} - \\ &\quad ((\text{Volume} * \text{Clos. Price}) / \text{Open. Exch. Rate}) \end{aligned}$$

APPENDIX 8 - MONETARY FINANCIAL INSTITUTIONS INTEREST RATES RETURNS (MIR)

Introduction

Monetary Financial Institutions Interest Rates (MIR) statistics cover the interest rates on outstanding amounts and new business balances vis-à-vis euro-denominated loans and deposits of non-financial corporations and households (including non-profit institutions) resident in Malta and in the euro area. Non-financial corporations and households (including non-profit institutions) correspond to the ESA 95 definition.

MIR statistics are used to analyze the monetary transmission mechanism, as monetary policy is transmitted through the economy as a result of the change in interest rates. These statistics give the possibility of studying the pass-through of changes in official rates and market interest rates faced by households and non-financial corporations. The speed and extent of the pass-through is also essential to understand the effect of monetary policy on the economy.

Methodology for the collection of MFI Interest Rates Statistics

The methodology for collecting and reporting MFI interest rates statistics comprises the weighted average interest rates and business volumes, computed according to predefined sectors and categories of deposits and loans as well as breakdowns in various maturities and amounts.

Banks are to report three schedules for MFI interest rates statistics. Furthermore, banks may be asked to provide methodological notes that document any important special practices, comprising regulatory arrangements, national conventions, institutional arrangements and specific products affecting MFI interest rate statistics².

Schedule MIR 1: Interest rates on Outstanding amounts (OA)

Outstanding amounts are defined as the stock of all deposits placed by households and non-financial corporations with the reporting agent and the stock of all loans granted by the reporting agent to households and non-financial corporations.

An interest rate on outstanding amounts reflects the weighted average interest rate applied to the stock of deposits or loans in the relevant instrument category as at the time reference point. The weighted average interest rate is the sum of the AAR multiplied by the corresponding outstanding amounts and divided by the total outstanding amounts. It covers all outstanding contracts that have been agreed in all the periods prior to the reference date.

² Example: 0% remuneration on overnight deposits, deposits placed at (close to) 0% interest, loans granted at (close to) 0% interest etc.

The purpose of this schedule is to capture the weighted average interest rates on end-of-month balances on customers'³ Euro-denominated deposits (liabilities) and loans (assets). It covers interest rates relating to the accounts which are open at the end of the reporting month.

The interest rates for overnight deposits, deposits redeemable at notice, (extended and convenience) credit card debt and revolving loans and overdrafts reflect the weighted average interest rate applied to the stock on these accounts at the time reference point. They cover the current balance sheet positions of all outstanding contracts that have been agreed in all the periods prior to the reference date.

8. ***Revolving loans and overdrafts:***

- *Revolving loans* are loans that have all the following features:

1. The borrower may use or withdraw funds to a pre-approved credit limit without giving prior notice to the lender;
2. The amount of available credit can increase and decrease as funds are borrowed and repaid;
3. The credit may be used repeatedly;
4. There is no obligation of regular repayment of funds.

Revolving loans include the amounts obtained through a line of credit and not yet repaid (outstanding amounts). A line of credit is an agreement between a lender and borrower that allows a borrower to take advances, during a defined period and up to a certain limit, and repay the advances at his discretion before a defined date.

9. ***Convenience and Extended Credit card debt:*** Data on the interest rate is reported only in respect of *extended credit card debt*. The interest rate on *convenience credit* is not reported separately, as it is by definition 0 %. However, the outstanding convenience credit card debt is included as part of the MFI interest rate statistics on outstanding amounts, together with the outstanding extended credit card debt. Neither extended nor convenience credit card debt is reported under any other new business indicator.

10. The interest rates on bad loans and loans for debt restructuring at rates below market conditions shall not be taken into consideration. However, the end of month balances of these types of loans feature in the calculation of the weighted average interest rates⁴. If such loans are granted at interest rates which are in line with market conditions, both their interest rate and the end-of-month balances are to feature in outstanding amounts.

³ Customers shall refer to non-financial companies and households (including non-profit institutions).

⁴ The outstanding amount is included in the weighted average since data are being captured from the monthly BR/06 returns and the latter returns do not exclude loans granted at rates which are below market conditions.

11. If the bank acts as ‘founder’ for group operations (intra-group lending) the rate is to feature in the calculation of interest rates; although such rates can be lower than the typical market rates. Statistics on non-performing loans and favourable/ subsidized⁵ interest rates that banks provide to their employees are also to be included.

Schedule MIR 2: Interest rates on New Business (NB)

12. New business is defined as any new agreement between the household or non-financial corporation and the reporting agent. New agreements comprise:
 - All financial contracts, that specify for the first time the interest rate of the deposit or loan, and
 - All new negotiations of existing deposits and loans.
Prolongations of existing deposit and loan contracts that are carried out automatically, i.e. without any active involvement of the household or non-financial corporation, and that do not involve any renegotiation of the terms and conditions of the contract, including the interest rate, are not considered as new business.
13. The new business rate reflects the weighted average interest rate applied to the deposits and loans in the relevant instrument category in respect of new agreements concluded between households or non-financial corporations and the reporting agent during the time reference period. Separate data as a Memo item should be reported for sole proprietors/unincorporated partnerships as part of households, but only in respect of new business for ‘other lending purposes’.
14. This schedule is to capture any new agreements which the reporting agent signs with the client during the reporting month, including any renegotiations of the terms and conditions of existing contracts which involve the active participation of the customer. If renegotiations result in no change in the terms and conditions⁶ of the contract, but the customer was actively involved in the renegotiations, such amounts should still be reported as new business.

Therefore, new business covers:

- New deposit accounts opened during the reporting month
- New loans sanctioned during the month
- Renegotiations of existing deposits and loans with the active involvement of customers.

However, automatic rollovers, changes in variable interest rates caused by contractually predefined interest rate adjustments, or a previously agreed

⁵ The point of view of the reporting agent determines the interest payment covered by MIR statistics. Refer to examples in annex 1.

⁶ A change in terms and conditions implies changes in the interest rate, monthly payment and so forth.

change from a fixed rate to a variable rate and vice versa are not new business.

MFI interest rates on new business other than overnight deposits, deposits redeemable at notice, extended credit card debt, and revolving loans and overdrafts, are calculated as period averages. The period covered is (the whole of) one month. The agreed limit (for loans) and the amount deposited when the agreement was signed need to be reported during the month of agreement. Amounts should be reported gross of provisions and taxes.

For the instrument categories overnight deposits⁷, deposits redeemable at notice, revolving loans and bank overdrafts and convenience and extended credit card debt, no data on new business are to be collected, since the banks tend to experience large inflows and outflows throughout the month.

Bad loans and loans for debt restructuring at rates which are below market conditions are not to be considered as new business since the interest rate agreed for the loan is not the result of the general demand and supply conditions in the loan market but what the customer is able to pay at that point in time. However, if such loans are granted at market interest rates, they are to be classified as new business.

The lending interest rates on new business are broken down by the initial period of interest rate fixation contained in the contract. For the purpose of MFI interest rate statistics, the *initial period of fixation* is defined as a predetermined period of time at the start of a contract during which the value of the interest rate will not change. The initial period of fixation may be shorter than or equal to the original maturity of the loan. The value of the interest rate is only considered to be unchangeable if it is defined as an exact level, for example as 10 %, or as a differential to a reference rate at a fixed point in time, for example as six-month EURIBOR plus two percentage points at a certain predetermined day and time. If at the start of the contract a procedure to calculate the lending rate is agreed between the household or non-financial corporation and the reporting agent for a certain period of time, for example six-month EURIBOR plus two percentage points for three years, this is not considered to be an initial rate fixation as the value of the interest rate may change during these three years. The MFI interest rate statistics on new lending business only reflect the interest rate that is agreed for the initial period of fixation at the start of a contract or after renegotiation of the loan. If after this initial period of fixation the interest rate automatically changes to a floating rate, this is not reflected in the MFI interest rates on new business but only in those on outstanding amounts.

Figures for new business and outstanding amounts are not meant to be reconciled since there could be instances, such as in the case of loans, where during the month when the loan is sanctioned, the approved limit is recorded as new business but a zero balance is reported as outstanding amounts since the

⁷ For the purpose of MIR, overnight deposits are defined as current/ cheque accounts and savings withdrawable on demand.

customer does not withdraw any funds. However, in the other consecutive months, when the client withdraws the money, the end-of-month balance is reported as outstanding amounts while no figures are reported under new business. (Refer to examples below).

A household or non-financial corporation is normally expected to take out a loan other than a revolving loan or overdraft in full at the start of the contract. It may, however, take out a loan in *tranches* at times t_1 , t_2 , t_3 , etc. instead of taking out the full amount at the start of the contract (time t_0). The fact that a loan is taken out in tranches is irrelevant for MFI interest rate statistics. The agreement between the household or non-financial corporation and the reporting agent at time t_0 , which includes the interest rate and the full amount of the loan, is covered by MFI interest rate statistics on new business.

Schedule MIR 3: Interest Rates on New Business by Collateral and/or Guarantees

Loans to households and non-financial corporations secured with collateral and/or guarantees are additionally separately reported for all MFI interest rate statistics new business categories except credit card debt, revolving loans and overdrafts, and lending for other purposes.

The purpose of this schedule is to collect statistics on new business by *collateral and/or Guarantees* for loans denominated in Euro vis-à-vis households and non-profit institutions and non-financial corporations, resident in Malta and in the euro area.

The MFI interest rate statistics on new lending business only reflect the interest rate that is agreed for the initial period of fixation at the start of a contract or after renegotiation of the loan. If after this initial period of fixation the interest rate automatically changes to a floating rate, this is not reflected in the MFI interest rates on new business but only in those on outstanding amounts.

The breakdown of loans according to collateral/guarantees includes the total amount of new business loans which are collateralised in such a way that the value of the collateral and/or guarantee is higher than or equal to the total amount of the loan.

The following periods of initial rate fixation are distinguished for loans to households:

For loans to households for consumption and other purposes:

- floating rate and up to (and including) one year initial rate fixation,
 - over one year and up to (and including) five years initial rate fixation,
- and
- over five years initial rate fixation.

For loans to households for house purchase:

- floating rate and up to (and including) one year initial rate fixation,

- over one and up to (and including) five years initial rate fixation,
- over five and up to (and including) 10 years initial rate fixation, and
- over 10 years initial rate fixation.

28. For the purposes of MFI interest rate statistics, 'floating rate' is defined as the interest rate that is subject to interest revisions on a continuous basis (e.g. every day) or at the discretion of the MFI.

Question;

[Loans partially collateralised reported in MIR statistics](#) ▾

In an instance of a borrower going to a bank to borrow EUR1000 with EUR500 collateralised by real estate, we need to ask whether the EUR500 should be reported in MIR Table 3 as a collateralised loan and in the BSI or not?

In this case the bank is able to identify separately the amounts.

Reply:

In this case, the so called LTV (loan to value ratio) is $1000/500 = 2$. Only cases, in which the LTV is ≤ 1 the loans are considered to be "backed by real estate collateral" in the meaning of the BSI regulation, so this loan does not qualify, and no amount outstanding should be reported in the respective cell of table2.

The same logic applies to MIR data. However, in that case not only real estate collateral would count as collateral, but also certain guarantees as defined in the MIR regulation and the capital requirements directive (cf <http://www.ecb.europa.eu/ecb/legal/1005/1021/html/index.en.html> under 1).

Best regards,
Isabel

Types of interest rates

MFI interest rates are annualised rates i.e. converted to a percentage per annum. They represent all those rates which are actually agreed individually between the credit institutions and customers and do not include the advertised or headline rates.

In order to calculate the interest rates at account level, two methods are to be used, namely, the annualized agreed rate (AAR) and the annual percentage rate of charge (APRC).

Annualised Agreed Rate (AAR)

The AAR is the rate which is agreed between the customer and the bank, quoted in percentage per annum. This rate covers all interest payments (excluding charges) on deposits and loans offered to customers. The AAR is calculated using the following formula:

$$x = \left(1 + \frac{r_{ag}}{n} \right)^n - 1$$

Where:

x = annualised agreed rate (AAR)

r_{ag} = the agreed interest rate per annum

n = number of interest payments for the deposit or loan per year. The variable n differs according to the frequency of interest payments. Refer to the following table:

Loans	Frequency	n
	Annual	1
	Semi-annual	2
	Quarterly	4
	Monthly	12
	Daily	365
Deposits	Time 1 month	12
	Time 1 year	1
	Time 2 year	$\frac{1}{2}$
	Time 3 year	$\frac{1}{3}$
	Savings/current (end of year)	1
	Daily	365
	After x days	$\frac{365}{x}$

If the nature of a product is complex and the AAR cannot be calculated, for example variable n cannot be found, then banks are to inform the Central Bank of Malta. In such cases, the rate will be calculated using the narrowly defined effective rate (NDER). The NDER is defined as the interest rate that equalizes the present value of all commitments other than charges (deposits or loans, payments or repayments, interest payments), future or existing, agreed by the bank and the customers.

Annual Percentage Rate of Charge (APRC)

The APRC shall be reported for only two instrument categories, i.e. lending for house purchase and consumer credit.

The APRC as defined in the Council Directive 87/102/EEC ('Consumer Credit Directive'), is the rate per annum which equalizes the present value of all current and future commitments including charges agreed between the bank and the customer. It thus covers the 'total costs of the credit to the consumer' and comprises in addition to the interest rate component, other (related) charges such as the costs for inquiries, administration, preparation of documents, guarantees, credit insurance, fees (processing, renewal, architect and commitment fees) etc. and is calculated using the formula set out in the Consumer Credit Directive.

Weighted Average Interest Rate

Once the AAR and APRC are calculated at account level, the weighted average interest rates are to be calculated in order to derive an aggregated rate per category. The weighted average interest rate is calculated by means of the following formula:

$$R_w = \left[\left(\frac{A_1 * r_{AAR_1} + A_2 * r_{AAR_2} + \dots + A_n * r_{AAR_n}}{\sum_{k=1}^n A} \right) \right]$$

Where:

R_w = the weighted average interest rate

A_n = the amount of each loan/deposit

r_{AAR_n} = the AAR or APRC

Annex 1 - Examples⁸

Example 1: The Annualised Agreed Rate (AAR)

A customer and a bank agree on a five year loan at 10% p.a. for the life of the loan, where the interest is paid at the end of each **quarter** and the principal repaid at the end of the fifth year. The AAR is calculated as follows:

$$x = \left(1 + \frac{r_{ag}}{n}\right)^n - 1 = \left(1 + \frac{0.10}{4}\right)^4 - 1 = 0.1038 \times 100 = 10.38\%$$

On the other hand, if the interest payments were at a **monthly** frequency, the AAR would be slightly higher, calculated as follows:

$$x = \left(1 + \frac{r_{ag}}{n}\right)^n - 1 = \left(1 + \frac{0.10}{12}\right)^{12} - 1 = 0.1047 \times 100 = 10.47\%$$

Example 2: Subsidised Loans and Deposits

MIR statistics reflect what the reporting agent pays on deposits and receives on loans. Therefore, if for example, a customer receives 5% p.a. on a deposit whereby 3% is actually paid by the reporting bank and the remaining 2% is a subsidy, paid by a third party, this subsidy is transferred to the customer via the reporting bank. For the purposes of MIR, the reporting agent is to report the 3% p.a.

Similarly in the case of loans, if a loan is charged at 10% p.a., but the customer pays 6% p.a. and a third party, such as the government, pays a 4% subsidy to the reporting bank, then the 10% p.a. should be reported for MIR statistics.

Example 3: Loan in tranches

A bank grants a loan of Lm10,000 at time t_1 for 10 years fixed at a rate of 8% p.a. The customer decides to make the first drawdown of Lm1,000 at time t_2 and then draws further tranches of Lm1,000 in each of the following nine months. The following need to be reported:-

	t1	t2	t3	t4	t5	t6	t7	t8
NB	10,000	-	-	-	-	-	-	-	
NB Rate	8%	-	-	-	-	-	-	-	
OA	-	1,000	2,000	3,000	4,000	5,000	6,000	7,000
OA Rate	-	8%	8%	8%	8%	8%	8%	8%

⁸ For the purposes of these examples the interest rate used is the AAR, unless stated. Also note that the amounts to be reported under outstanding amounts (OA) should be the end of month balances, only for the purpose of the simplicity of the examples, that outstanding amounts are increasing/decreasing by arbitrary amounts.

No interest rate on outstanding amounts is recorded at time t_1 as no money has yet been withdrawn. The approved limit is to be reported as new business. At time t_2 the amount withdrawn at the end of that period needs to be reported.

Example 4a: Loans with an initial period of fixation

A bank and a customer agree on a 10-year loan at time t_0 . At the start of the contract it is agreed that the interest rate will be fixed at 10% for the first 4 years and that after this initial period of fixation, a new interest rate will be agreed with the customer, for the remaining 6 years. At time t_4 a fixed rate of 8% is agreed for the remaining maturity. New business is as follows:

	t0	t1	t2	t3	t4	t5	t6	t7	t8	t9
NB	10,000	-	-	-	6,000	-	-	-		
NB Rate	10%	-	-	-	8%	-	-	-		
OA	10,000	9,000	8,000	7,000	6,000	5,000	4,000	3,000	2,000	1,000
OA Rate	10%	10%	10%	10%	8%	8%	8%	8%	8%	8%

Such a loan is to be classified as follows:

- At time t_0 the NB rate and approved limit is to be classified under the category 'over 1 and up to 5 years initial period fixation'. The OA rate is to be classified under the category 'over 5 years'.
- At time t_4 the NB rate and approved limit is to be classified under the category 'over 5 years initial rate fixation', since it is as if a completely new loan has been sanctioned. With regards to the OA, the interest rate should be reported under the category 'over 5 years'.

Example 4b: Loans with an initial period of fixation, variable interest rate

However, if at the start of the contract, the bank and the customer agree that after the 4 years initial period of fixation, the interest rate **automatically** adjusts to EURIBOR plus x basis points, then new business is as follows:

	t0	t1	t2	t3	t4	t5	t6	t7	t8	t9
NB	10,000	-	-	-	-	-	-	-		
NB Rate	10%	-	-	-	-	-	-	-		
OA	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
OA Rate	10%	10%	10%	10%	9.88%	8.76%	10.36%	9.57%	9.16%	10.75%

Note:

The difference between the two examples is that in example 4a, new business is recorded at time t_4 , since at time t_0 , the parties to the agreement did not know the result of the active negotiations which were to be held at time t_4 . Meanwhile in example

4b, no new business is recorded at time t_4 since at time t_0 , the parties already knew the type of rate which is to be charged on the loan after the 4 years.

Example 5: Step-up (step-down) deposits and loans

A step-up (step-down) deposit or loan is a deposit or a loan with a fixed maturity to which an interest rate is applied that increases (decreases) from year to year according to pre-fixed number of percentage points.

A bank agrees to a 5-year consumer credit loan where the bank charges a fixed interest rate of 10% in the first year, 9.5% in the second, 9% in the third, 8.5% in the fourth and 8% in the fifth. The new business statistics cover the step-down loan at time t_0 in the category 'over 1 and up to 5 years initial rate fixation'. The new business rate is computed as a geometric average of the factors as follows:

1st year: $r_{ag} = 10\%$

$$AAR = \left(1 + \frac{0.10}{4}\right)^4 - 1 = 0.1038128 = 10.3813\%$$

2nd year: $r_{ag} = 9.5\%$

$$AAR = \left(1 + \frac{0.095}{4}\right)^4 - 1 = 0.098438 = 9.8438\%$$

3rd year: $r_{ag} = 9\%$

$$AAR = \left(1 + \frac{0.09}{4}\right)^4 - 1 = 0.093083 = 9.3083\%$$

4th year: $r_{ag} = 8.5\%$

$$AAR = \left(1 + \frac{0.085}{4}\right)^4 - 1 = 0.087747 = 8.7748\%$$

5th year: $r_{ag} = 8\%$

$$AAR = \left(1 + \frac{0.08}{4}\right)^4 - 1 = 0.082432 = 8.2432\%$$

Geometric average of the factors:

$$\begin{aligned} MIR(NB) &= \left[(1 + 0.1038128)(1 + 0.098438)(1 + 0.093083)(1 + 0.087747)(1 + 0.082432)\right]^{\frac{1}{5}} - 1 \\ &= 0.093077 = 9.3077\% \end{aligned}$$

	t1	t2	t3	t4	t5
NB	1,000	-			-
NB Rate	9.31%	-			-

OA	1,000	1,000	1,000	1,000	1,000
OA Rate	10.38%	9.84%	9.30%	8.77%	8.24%

Example 6: Time deposit

A customer deposits Lm1,000 at time t_0 for a period of two years with an interest rate of 7% p.a. At the end of the contract the customer has the following options available:

Option 1: Withdraw all the funds

Option 2: Inform the credit institution that he/she would like to renew the deposit on terms and conditions identical to the matured deposit

Option 3: Do nothing, in which case the credit institution will automatically roll-over the deposit on identical terms

Option 4: Renegotiate terms and conditions of the deposit, in which case the customer either succeeds in changing the terms and conditions (outcome 1) or does not succeed (outcome 2):

For the purposes of MIR, the following need to be reported:-

Option 1: Withdraw all the funds

	t0	t1	t2
NB	1,000	-	-
NB Rate	7%	-	-
OA	1,000	1,000	-
OA Rate	7%	7%	-

Option 2: Inform the credit institution that he/she would like to renew the deposit on terms and conditions identical to the matured deposit

	t0	t1	t2
NB	1,000	-	1,000 ⁹
NB Rate	7%	-	7%
OA	1,000	1,000	1,000
OA Rate	7%	7%	7%

Option 3: Do nothing, in which case the credit institution will automatically renew the deposit on identical terms

	t0	t1	t2
NB	1,000	-	-
NB Rate	7%	-	-
OA	1,000	1,000	1,000
OA Rate	7%	7%	7%

⁹ NB is recorded since the process involves the active participation of the customer.

Option 4: Renegotiate terms and conditions of the deposit, in which case the customer either succeeds in changing the terms and conditions (outcome 1) or does not succeed (outcome 2):

		t0	t1	t2
Outcome 1	NB	1,000	-	1,000 ¹⁰
	NB Rate	7%	-	10%
	OA	1,000	1,000	1,000
	OA Rate	7%	7%	10%
Outcome 2	NB	1,000	-	1,000 ¹⁰
	NB Rate	7%	-	7%
	OA	1,000	1,000	1,000
	OA Rate	7%	7%	7%



APPENDIX 9 – NOTES ON SPECIFIC RETURNS

LIABILITIES SCHEDULES

Core Balance Sheet – Liabilities

15. Report all the liabilities outstanding as at the end of the reference month.
16. Vertically, balances are classified according to the claim on the major institutional units, by the instrument and by the main sectors i.e the Central Bank, OMFIs, Central Government, Other General Government and Other remaining sectors. Horizontally, balances are classified by the residency of the counterparty, in the form of residents of Malta, residents of the Monetary Union Member States and residents of the rest of the world and by currency denomination of the liability, in the form of Euro and other currencies. The “Other” comprises all other currencies excluding Euro.
17. Another column entitled “Not allocated” is added in the core balance sheet. The purpose of this column is solely for specific items where no data is being requested by residency of the counterparty for such items. Do not report in shaded cells.
18. All transactions with residents of Malta should be classified in Columns A and B, with residents of MUMs in Columns C and D while transactions with

-residents of the Rest of the World should be classified in Columns E and F respectively.

19. A sub-category of overnight deposits, Transferable deposits includes all deposits that can be used to make frequent payments by means of credit transfer and direct debit, possibly also by credit and debit card, e-money transactions, cheques or similar means, without significant delay, restriction or penalty. Also current accounts are considered to be a part of the category overnight deposits. Deposits that can only be used for cash withdrawal and/or deposits from which funds can only be withdrawn or transferred through another account of the same owner are not to be included as transferable deposits.
20. Note: Item 7.1. 'Interest accrued and unpaid on deposits' includes loans.

Liabilities LD1 – Analysis of General Government deposits and loans (liabilities) by residence

21. Report in the row classification General Government deposits (by the indicated original maturity) classified by sub-sector classification and by type of deposit. The categories State Government and Social Security Funds are not applicable for Malta. The term public non-market units, is applicable only for Malta. In the column classifications report the residency of the depositor. Distinction should be made between deposits and loans (both on the liability side of the Balance sheet) in accordance with Appendix 5 of the instructions.

Liabilities LD2 – Analysis of Monetary Financial Institutions' and remaining sectors' deposits and loans (liabilities) by residence and major currencies

22. Report in the row classification deposits classified by sector and type of deposit. In the column classifications report the residency of the depositor and the currency denomination of the deposit account, that is in Euro or any other currency. Please note that money market funds (MMFs) are to be treated as MFIs in line with ECB Regulation.
23. In memorandum item report positions with Special Purpose Entities for various types of deposits and loans classified by sector. Such entities are companies registered in Malta which do business exclusively with non-residents and therefore are normally treated as non-residents.
24. Hereunder please find an explanation of how to report under item 3 : Other financial intermediaries (OFIs) and financial auxiliaries (FAs)

Item 3 includes figures reported under item 3.1 (OFIs) and item 3.5 (FAs). Footnotes 3 attached to this item relates to memo item 2 in connection with SPEs. Items 3.2 and 3.3 are included within item 3.1, hence 'of which' items, while item 3.4 is included under item 3.3 and implicitly under item 3.2, as an 'of which' item from item 3.3.

25. Under item 3.6 ‘***of which Financial Institutions licensed under the Financial Institutions Act 1994 (FIA 94)’ report deposits placed by institutions licensed under the FIA 94 in line with mfsa website (<http://www.mfsa.com.mt/>) under Banking; Financial Institutions; Licence holders.

Liabilities LD3 – Analysis of deposits and loans (liabilities) by currency

26. Report in this schedule the currency breakdown of deposits and loans according to their residency.
27. In the column classifications report deposits classified by residence and by main sector, i.e. deposits of MFIs (or Banks for ROW purposes) and deposits from the “Other” sectors. MFIs and Banks both include credit institutions and money market funds. Furthermore, deposits placed by the Special Purpose Entities need to be reported under residents of the Rest of the World. Distinction should be made between deposits and loans (both on the liability side of the balance sheet) in accordance with Appendix 5 of the Instructions.

Liabilities LD4 – Analysis of deposits and loans (liabilities) by country of residence

28. Report in this schedule the country breakdown of deposits and loans.
29. The column classification should distinguish between deposits and loans placed by Monetary Financial Institutions and by the other sectors with an original maturity of “up to 1 year” and “over 1 year”. Distinction should be made between deposits and loans (both on the liability side of the balance sheet) in accordance with Appendix 5 of the Instructions.
30. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the month.
31. **In column F- Accrued interest on deposits (incl. loans) -** report the amount of accrued interest at the end of the reporting month. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the month.
32. **In column G – transactions during the month up to 1 year. -** report the net transactions relating to the acquisition and or disposal of the reporting bank’s financial claims on and/or liabilities to non-residents. Under this column report deposits (incl. loans) with an original maturity of up to 1 year.

33. **In column H – transactions during the month over 1 year** - report the net transactions relating to the acquisition and or disposal of the reporting bank's financial claims on and/or liabilities to non-residents. Under this column report deposits (incl. loans) with an original maturity of more than 1 year.
34. **In column I - Accrued interest in the course of the month on deposits (incl. loans)** - report interest accrued during the course of the month i.e. accrued interest payable, which has not yet been credited to the relevant accounts. Accrued interest should be converted to Euro by using the middle rate of the appropriate buy and sell rates for the period when the interest accrues.
35. **In column J – Interest paid on deposits (incl. loans) in the course of the month** – report interest actually paid during the reporting month. When interest matures and part of this interest is not paid, record all the interest in this column.
36. **In column K – Net purchased and sold interest in the course of the month** – report the net interest actually purchased or sold during the reporting month.

Liabilities LD5 – Analysis of deposits by ownership and by term to maturity

37. Report in the row classification deposits by sector and type of deposit. For the purposes of this schedule, deposits are to be classified by term to maturity. In the column classifications report the number of accounts and amount of deposits classified by main residence.

Liabilities LD6 – Analysis of deposits (non-MFI) by type and interest rates

38. Report in the row classification deposits classified by type of deposit and according to original maturity.
39. In the column classifications report deposits, according to currency denomination of deposit, that is, either in Euro or foreign currency. In both currency categories report the number of accounts, the residency of the depositor and the applicable interest rates. In the latter category report the weighted average rate, the minimum rate and maximum rate on each type of deposit. The weighted average interest rate is the annualised rate calculated by multiplying the amount of each deposit in each type of deposit account by the interest rate applied thereto and dividing by the respective total amount in each type of deposit. This procedure is also to be used to arrive at the total weighted average interest rate.

Liabilities LD7 – Analysis of deposits covered under the Depositor Compensation Scheme

40. Report here deposits in euro, UK sterling and other European Economic Area¹⁰ currencies deposited by “depositors” for the purposes of regulation 26 of Legal Notice 369 of 2003, as amended by Legal Notices 35 of 2006, 425 of 2007, 227 of 2009 and 109 of 2010
41. Refer to Appendix 10 for explanatory notes relating to this Schedule.
42. Queries relating to the compilation of this Schedule are to be referred to the Secretary, Depositor Compensation Scheme (Direct: 25485313, gbezzina@mfsa.com.mt)

Liabilities LS1 – Debt securities issued by residence, instrument and currency

43. Report in the row classifications debt securities issued by the reporting institution classified by residence of holder, type of instrument and original maturity. Report in the column classifications debt securities issued by currency of issue. Under Memo item report any debt securities issued by the reporting institution and taken up by the Special Purpose Entities (see appendix 3 section18).

Liabilities LS2 – Debt securities by sector and maturity (at nominal value)

44. Report in the row classifications debt securities issued at nominal value, held by institutional units classified as residents of Malta, the Monetary Union Member States and the Rest of the World, and sub-classified in accordance with the indicated institutional unit. Report in the column classification debt securities issued by the indicated original maturity, and on a gross basis.
45. In memorandum item report debt securities issued by the reporting MFI which have a nominal capital guarantee below 100%. These deposits normally have embedded derivatives such as retail derivatives or certificates. The payoff structure earned usually depends on the development of another asset or asset price indicator such as shares, equity indices or commodity prices. Depending on the market conditions, the investor may lose up to 100% of the capital invested. The 100% would include any guaranteed payments during the lifetime of the security such as interest. Report such securities issued in euro and in any other currencies.

Liabilities LS3 – Debt securities by sector and maturity (at market value)

46. Report in the row classifications debt securities issued at market value, held by institutional units classified as residents of Malta, the Monetary Union Member States and the Rest of the World, and sub-classified in accordance

¹⁰ Countries forming part of the EEA include all 25 European Union member states, Iceland, Liechtenstein and Norway.

with the indicated institutional unit. Report in the column classification debt securities issued by the indicated original maturity.

47. Report interest accrued (i.e. receivable/payable) during the course of the month. Accrued interest should be converted to Euro by using the middle rate of the appropriate buy and sell rates for the period when the interest accrues. Report interest actually paid or purchased/sold during the reporting month.
48. **In column E-** Accrued interest on debt securities - report the amount of accrued interest at the end of the reporting month. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the month.
49. **In column F** – Interest paid on Debt Securities in the course of the month – report interest actually paid during the reporting month. When interest matures and part of this interest is not paid, record all the interest in this column.
50. **In column G** – **Net purchased and sold interest in the course of the month** – report the net interest actually purchased or sold during the reporting month.

Liabilities LC – Analysis of Capital and Reserves/Shareholders Funds

51. Item 1 Capital

Item 1.1 Ordinary shares

Report fully paid equity instruments that are subordinate to all other classes of equity instruments.

Item 1.2 Share Premium

Report the difference between the par value of a share and its issue price, where the latter is the higher amount.

Item 1.3 Perpetual preference shares

Report non-redeemable shares with no maturity date, which rank ahead of ordinary shares for the purposes of claiming dividend payments, or any assets of the company should it be wound up.

Item 2 Reserves

Item 2.1 Revaluation reserves

Report the increase in the carrying amount of an asset as a result of a revaluation under International Accounting Standard 16 which should be credited directly to equity, unless it reverses a revaluation decrease previously recognised as an expense. Revaluation increases and decreases should only be offset where they relate to the same asset. A revaluation decrease should be charged directly against any related revaluation surplus, with any excess being

recognised as an expense. Each year an entity may transfer from revaluation reserve to retained earnings the difference between the depreciation based on the revalued carrying amount and the depreciation based on the asset's original cost. This annual transfer from revaluation surplus to retained earnings is not made through the income statement.

Item 2.2 Capital reserve

Report the amount set aside in a fund for specific purposes, which thereby cannot be distributed for other uses.

Item 2.3 Hedging reserve

In accordance with International Accounting Standard 39, this item comprises of fair value hedges, cash flow hedges and hedges of net investment in a foreign entity. Any changes in their fair values are passed through the hedging reserve.

Item 2.4 Unrealised fair value reserve

Any profits registered on marking to market held-for-trading financial instruments which are recognised in the income statement but which have not been realised (disposal not yet carried out) should be recycled out of the profit and loss account reserve into the unrealised fair value reserve.

Item 2.5 Exchange rate revaluation reserve

Report an increase/decrease in the foreign exchange value of a currency that is pegged to other currencies or gold.

Item 2.6 Currency revaluation/devaluation reserve

Report any deliberate upward or downward adjustment in the official exchange rate established by government against a specified standard, such as a basket of currencies.

Item 2.7 Dividend reserve

Report any dividend proposed up till year end but not yet paid as at that date should be transferred from the profit and loss reserve to dividend reserve.

Item 2.8 Other reserves

This item shall comprise the cumulative net change in fair values of available-for-sale financial assets held by the bank, together with all other reserves which are not being shown separately on the face of the balance sheet.

Item 2.9 Retained earnings from previous years

Report any retained realised profits/losses from previous years, which are available for distribution to shareholders.

Item 2.10 Profit/loss for current financial year

Report any realised profits/losses of the current financial year, which are available for distribution to shareholders. Reporting institutions should also provide information on trading profits, non-trading profits, trading gain/loss on foreign exchange dealings, other foreign exchange gain/loss, and provision

for contingent liabilities, commitments, amortisation and net impairment losses.

Item 2.10.1 Trading Profits

Refer to Profit and loss item 4.2.

Item 2.10.2 Non Trading Profits

Refer to Profit and loss item 4.3.

Item 2.10.3 Trading gain/loss on foreign exchange dealings

Refer to Profit and loss item 4.4.2.

Item 2.10.4 Other foreign exchange gain/loss

Refer to Profit and loss item 4.4.4

Item 2.10.5 Provisions for contingent liabilities, commitments and other charges

Refer to Profit and loss item 5.3.2.

Item 2.10.6 Amortisation

Refer to Profit and loss item 5.4

Item 2.10.7 Net impairment losses

Refer to Profit and loss item 6.

Item 3 Capital Contributions

Report any cash or property acquired from a shareholder without the receipt of additional stock.

Memo Item 1

Report all dividends paid during the month.

Memo Item 2

Reserves related to Depositor Compensation Scheme

Report reserves set aside from profits in respect of reserves related to the Depositor Compensation Scheme. The figure reported should either form part of schedule A; item 2.1.2. or equal to schedule AR; memo item 1.2.1. (refer to point 68 below).

Liabilities LR – Analysis of unallocated liabilities

Report in the row classification other unallocated liabilities by type of instrument and sector (where applicable). In the column classification report total other unallocated liabilities broken down by currency and residency.

ASSETS SCHEDULES

Core Assets

52. Report all assets at their market value in thousands of Euro held by the reporting institution as at the end of the reference month. Vertically, balances are classified according to the claim on the major institutional units and by the instrument. Horizontally, balances are classified by the residency of the counterparty, in the form of residents of Malta, residents of the Monetary Union Member States and residents of the rest of the world and by currency denomination of the asset, in the form of Euro and Other currencies. The “Other” comprises all other currencies excluding Euro.
53. Another column entitled “Not allocated” is added in the core balance sheet. The purpose of this column is solely for specific items where no data is being requested by residency of the counterparty for such items. Do not report in shaded cells.
54. All transactions with residents of Malta should be classified in Columns A and B, transactions with residents of euro area participating member states (MUMs) should be classified in Columns C and D while transactions with non-residents should be classified in Columns E and F.
55. **Funds placed by the reporting agents with the Central Bank of Malta (CBM) with respect to the Depositor Compensation Scheme (DCS).**
Any funds which a reporting institution places with the CBM in its own account and pledged in favour of the DCS are to be reported under item 2.1.2. (Claims on the CBM; Other deposits).
Funds paid directly to the DCS are to be reported under item 8.5 (Remaining Assets; Other Unallocated Assets) and in schedule AR under item 1.2 (Other n.e.c.). This should also be reported separately under memorandum item 1.2.1. (Funds paid directly to DCS)
56. **Memo item 6.1 Real estate**
Report real estate holdings including investment property abroad. These should be valued at market prices.
57. **Assets managed but not owned by credit institutions:**
These are off-balance sheet items including assets which are managed by credit institutions on behalf of other sectors. The role of these assets is similar to that of trusts whereby risks and rewards from these assets still fully remain on the clients’ side.

Assets AL1 - Analysis of loans (incl. deposits) by sector and maturity

58. Report all loans advanced and deposits placed by the reporting institution classified by institutional units of the economy as explained in Appendix 3 of the instructions. Distinction should be made between loans and deposits (both on the assets side of the balance sheet) in accordance with Appendix 5 of the Instructions.

59. For the purposes of this schedule, loans and deposits are to be classified by original maturity and recorded gross of all the related provisions and interest in suspense until they are written off by the reporting institution. Do not report in the shaded cells, as these sectors are not applicable for Malta.
60. In item 1.4.4.1, 2.4.4.1 and 3.4.4.1 “Consumer credit” report loans granted for the purpose of personal use in the consumption of goods and services.
61. In item 1.4.4.2, 2.4.4.2 and 3.4.4.2 “Lending for house purchase”, report loans granted for the purpose of investing in housing, including building and home improvements. Include also loans secured on residential property that are used for the purpose of house purchase and, where , other loans for house purchases made on a personal basis or secured against other forms of assets.
62. In item 1.4.4.3 and 2.4.4.3 “Other (loans)” report other loans to Households and the non-profit Institutions, i.e. loans granted for the purpose such as business, debt consolidation, education etc. Loans granted to sole proprietors/unincorporated partnerships which are not recognised as independent legal entities are to be reported here. For the purposes of reporting in the schedules classified by economic activity, such as AL6, these loans should not be reported under households and individuals but according to the primary activity (NACE Rev2).
63. Memo item 1 – Revolving loans and overdrafts

Report revolving loans and overdrafts (for definition, please refer to Appendix 5; Asset Categories) by residency and by sector. Sectors required are non-financial corporations (public plus private), Households and non-profit institutions (incl. sole-proprietors) and Others Sectors (incl. MFIs and General Government).

64. **Questions and Answers to assist better reporting in this schedule**

Revolving loans - temporary/permanent stop of crediting

Question:

A question concerning the (re)classification of revolving loans.

Ar bank has provided a revolving loan, however for a specific period of time the client does not meet all conditions being fixed in the revolving loan agreement. Therefore for this period the bank temporarily stops providing another credit to that client (as a consequence such a loan does not meet all features of revolving loans in according to the ECB/2008/32).

The question therefore is if this loan should still be classified as a revolving loan during this temporary stop of crediting or should be reclassified as a "normal" non-revolving loan? The same question in case when there is a permanent stop of crediting.

Answer:

We are in favour of the following approach: as long as the revolving loan / overdraft facility contract between bank and client exists, amounts outstanding in this context should still be considered revolving loans and overdrafts. A temporary suspension of further drawing possibilities without a change in the contract would thus not change anything in the BSI reporting. We assume that the customer still has to pay the same interest rate as previously, so with reference to MIR reporting no changes would be required either.

Only when the contract is terminated, amounts outstanding should no longer be reported within the revolving loan and overdraft category. At that point in time, the customer's debt is most probably converted into a normal loan, with a different repayment schedule and a different interest rate. A reclassification adjustment would then not be required, as it is assumed that there is a termination of one contract and the creation of a new contract, which is a genuine transaction

Assets AL2 - Analysis of loans (incl. deposits) by country of residence

65. Report all loans advanced and deposits placed by the reporting institution classified by country of residence, and distinguished between MFIs and 'others'. Also in this schedule report separately the positions for MFIs and Others for loans up to 1 year and over 1 year and the respective transactions for MFIs and others jointly. The 'other' sector includes all the institutional units excluding MFIs as explained in Appendix 3 of the instructions. Distinction should be made between loans and deposits (both on the assets side of the balance sheet) in accordance with Appendix 5 of the Instructions.
66. For the purposes of this schedule, loans are to be recorded gross of all the related provisions and interest in suspense until they are written off by the reporting institution.
67. Funds placed with institutions other than MFIs should be treated as loans, even though a distinction between loans and deposits is not requested for the category "Others" in this schedule.
68. **In column F- Accrued interest on Deposits (incl. loans)** - report the amount of accrued interest at the end of the reporting month. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the month.
69. **In column G – transactions during the month up to 1 year** - report the net transactions relating to the acquisition and or disposal of the reporting bank's financial claims on and/or liabilities to non residents. Under this column report deposits (incl. Loans) with an original maturity of up to 1 year.
70. **In column H – transactions during the month over 1 year** - report the net transactions relating to the acquisition and or disposal of the reporting bank's financial claims on and/or liabilities to non residents. Under this

column report deposits (incl. Loans) with an original maturity of more than 1 year.

71. **In column I - Accrued interest in the course of the month on deposits (incl. loans)** - report interest accrued during the course of the month i.e. accrued interest receivable which has not yet been credited to the relevant accounts. Accrued interest should be converted to Euro by using the middle rate of the appropriate buy and sell rates for the period when the interest accrues.
72. **In column J – Interest received on Deposits (incl. Loans) in the course of the month** – report interest actually received during the reporting month. When interest matures and part of this interest is not received, record all the interest in this column.
73. **In column K – Net Purchased and sold interest in the course of the month** – report the net interest actually purchased or sold during the reporting month.

Assets AL3 - Analysis of loans (incl. deposits) by currency

74. For the purposes of this schedule, loans are to be classified by original maturity and recorded gross of all the related provisions and interest in suspense until they are written off by the reporting institution.
75. Funds placed with institutions other than MFIs should be treated as loans, even though a distinction between loans and deposits is not requested for the category “Others” in this schedule. Note that the concept of MFIs does not apply for the ‘Rest of the World’ category. Counterparties located in the territory of the participating Member States are identified according to their sector in accordance with the list of MFIs for statistical purposes and the guidance for the statistical classification of counterparties provided in the ECB's Sector Manual. Banking institutions located outside the Member States are referred to as 'banks' rather than as MFIs. The sector “banks” for rest of the world also includes central bank and money market funds. Similarly, the term 'non-MFI' refers only to the Member States; for other countries the term 'non-banks' is used.
76. Report all loans granted and deposits placed by the reporting institution classified by currency denomination of the instrument and by residency (i.e. residents of Malta, MUMs and ROW countries) and by main economic sector. Distinction should be made between loans and deposits (both on the assets side of the balance sheet) in accordance with Appendix 5 of the Instructions.
77. For the purposes of schedules AL4, AL5, AL6, AL7, AL8 and AL9, loans must be recorded gross of all the related provisions and interest in suspense until they are written off by the reporting institution. Moreover purchase/resale agreements are to be excluded from the loan figures in the

industry classification. However they are reported separately as an additional item.

Assets AL4 - Analysis of loans (excl. repos) by economic activity (NACE Rev.2) and by currency

78. Report loans (excluding deposits) granted by the reporting institution to all institutional units classified by economic activity in accordance with NACE Rev. 2 and classified by indicated currency denomination of the loan.
79. Detailed notes of the economic activity NACE Rev. 2 can be found in Appendix 6 of the Instructions.
80. For the purposes of this schedule, loans must be recorded gross of all the related provisions and interest in suspense until they are written off by the reporting institution.
81. Households and individuals in this context excludes loans granted to sole proprietors and unincorporated partnerships, as these loans should be reported according to the borrower's main activity.

Assets AL5 - Analysis of loans (excl. repos) by economic activity (NACE Rev.2) and residence

82. Report loans (excluding deposits) granted by the reporting institution to all institutional units classified by economic activity in accordance with NACE Rev. 2 and classified by residency into residents of Malta, MUM and ROW countries. Moreover, under the residency category data is sub-classified into General Government and Public Corporations and Other. Only under residents of Malta the item "Other" an of which "small and medium sized enterprises" is to be reported.
83. Detailed notes of the economic activity NACE Rev. 2 can be found in Appendix 6 of the Instructions.
84. For the purposes of this schedule, loans must be recorded gross of all the related provisions and interest in suspense until they are written off by the reporting institution. Do not report in the shaded cells since they are not applicable. Report Interest in Suspense as a memorandum item.
85. Households and individuals in this context excludes loans granted to partnerships and soletradors, as these loans should be reported according to the borrower's main activity.
86. Small and medium-sized enterprises (SMEs) should be in line with the definition of the European Commission. SMEs consist of enterprises which:
 - employ fewer than 250 persons and

- have an annual turnover not exceeding EUR 40 million, and/or an annual balance sheet total not exceeding EUR 27 million
- conform to the criteria of the type of enterprise and relationship which an enterprise might have with another as indicated by the definition.

Assets AL6 - Analysis of loans (excl. repos and deposits) by economic activity (NACE Rev. 2) and interest rates

87. Report loans granted by the reporting institution to all institutional units classified by section of the economic activity in accordance with NACE Rev. 2.
88. Detailed notes of the economic activity NACE Rev. 2 can be found in Appendix 6 of the Instructions.
89. In the column classification report separately loans denominated in euro and loans denominated in foreign currency. For each category, report also the number of loans, the utilised balance (outstanding amount), the weighted average interest rate, and the minimum and maximum interest rates applicable on loans to each economic sector.
90. The weighted average interest rate is the annualised rate calculated by multiplying the amount of each loan in each economic sector by the interest rate applied thereto and dividing by the respective total amount in each sector. This procedure is also to be used to arrive at the total weighted average interest rate.
91. For the purposes of this schedule, loans must be recorded gross of all the related provisions and interest in suspense until they are written-off by the reporting institution. In item 3.1 report loans to non-financial companies resident in Malta. This comprises loans granted to companies registered in Malta excluding the financial intermediation sector.
92. Report also as a memorandum item, loans granted by the reporting institution to all institutional units including loans relating to non-financial corporations (split by residency) and by size of the loan according to the category provided. In the column classification report separately the number of accounts and the total utilised balance (outstanding amount) in each category.
93. Households and individuals in this context excludes loans granted to partnerships and soletraders, as these loans should be reported according to the borrower's main activity

Assets AL7 - Analysis of loans (excl. repos and deposits) by term to maturity and residence

94. (1) Maturity of Loans

Report loans by the ultimate maturity in accordance with the breakdown of the Schedule.

(2) Loans and advances collateralised by

The security is that security which the bank or credit institution regards as extendible. The total extendible security is to be shown in full under the separate headings and the percentages are to be calculated on the total extended value of all securities and on total lending.

Prime bank guarantees

Report the balances outstanding and percentage of loans and advances secured by prime bank guarantees.

Cash or quasi cash

Report the balances outstanding and percentage of loans and advances secured by a pledge on cash deposits, marketable securities or insurance policies with a surrender value limited to the current surrender value.

Guarantees issued by the Malta Government, the Central bank of Malta or Public Agencies

Report the balances outstanding and percentage of loans and advances secured by guarantees issued by the Malta Government, the Central Bank of Public Agencies.

It is the responsibility of the lending bank or credit institution to ensure that any such institution must legally have in its statute a clause to the effect that any such guarantees are issued with the backing of the Malta Government and should furthermore obtain a copy of such government authorisation for each guarantee.

Letters of comfort

Report the balances outstanding and percentage of loans and advances secured by letter of comfort issued either by the Malta Government or the Central Bank of Malta. Banks and credit institutions are to ensure that every effort is made to avoid sanctioning facilities against such security.

Guarantees by prime institutions

Report the balances outstanding and percentage of loans and advances secured by guarantees by prime institutions such as export credit insurance agencies.

Immovable property

Report the balances outstanding and percentage of loans and advances secured by immovable property.

Bills as security

Report the balances outstanding and percentage of loans and advances secured by Bills of Exchange.

Personal guarantees

Report the balances outstanding and percentage of loans and advances secured by personal guarantees.

Other

Report the balances outstanding and percentage of loans and advances secured by other security including general hypothecs etc.

Assets AL8 – Analysis of loan (excl. repos) limits, balances, excesses and prepayments

95. Report loans and advances before adjustments for specific and general provisions for bad and doubtful debts and interest in suspense.

Report encroachments i.e. unauthorised overdrawn current accounts.

Report all other facilities such as bills discounted, credit cards and commercial paper, other than loans and overdrafts.

Limits Report the actual amount sanctioned under the facilities (Loans) provided less limits irrespective of whether the payment has been effected or not. Limits a

In the case of overdrafts report the actual amount sanctioned under the facilit

In the case of other facilities (other than loans and overdrafts) report the ac reduced by time.

Utilised Balances Report the debt owed by the customer.

Report loans which have expired or have not been reviewed on time because which, for all intents and purposes, the reporting credit institution would mos

Loans which have expired and the reporting credit institution has no intentio
Report overdrafts which have expired or have not been reviewed on time be and which, for all intents and purposes, the reporting credit institution would

Overdrafts which have expired and the reporting credit institution has no int

Report facilities which have expired or have not reviewed on time because which, for all intents and purposes, the reporting institution would most prob

Facilities which have expired and the reporting credit institution has no inte

Unutilised Balances Report the amount of facilities within the limits not utilised. Amounts should not be offset but individual accounts should be reported separately.

Unauthorised Report any portion of balances over the limit or amount in excess

Excesses of the facilities provided.

Report loans overdrafts and other facilities which have expired and which the reporting credit institution has no intention of renewing.

Report any unauthorised excess over the sanctioned limit where balance exceeded limit without prior arrangement.

Do not report any authorised excess where:

(a) authorised temporary excess has been granted;

(b) prior arrangement for temporary excess with Manager has been reached.

Prepayments Report payments made in anticipation of what is due or in addition to those due.

The reporting credit institution should keep track of such loans which are included under “Excesses”.

A detailed list showing actual excess and/or expired limits would be required from time to time by the Competent Authority.

Assets AL9 – Analysis of loans (incl. deposits) by sector and real estate collateral

96. On a quarterly basis, report loans granted by the reporting institution which are collateralised to all institutional units classified by sector and residency denominated in euro and other currencies. For the purpose of this reporting schedule the outstanding loan/collateral ratio requires to be 1 or below 1. Also in this schedule report the revaluation adjustments (flows statistics, write-offs only) for those loans denominated in euro and other currencies. In view that this schedule is required on a quarterly basis, the quarterly flow figure reported should represent the sum of three monthly transactions in the quarter.
97. The concept of “real estate collateral” means the residential real estate property which is or will be occupied or let by the owner, or the beneficial owner in the case of personal investment companies, and commercial real estate property, that is, offices and other commercial premises. Real estate encompasses not only land on which residential or commercial buildings/houses have already been built, but also "just" land.
98. Loans to Households and non-profit institutions are also classified by purpose as lending for house purchase, consumer credit and other lending.
99. Questions and Answers to assist better reporting re: ‘loans backed by real estate collateral’

Multiple loans over time and one collateral - how to assess their being backed by real estate collateral

Question: In a case where there are multiple loans for a particular client on the books of an MFI in June 2010 and are secured by the same collateral, which will be the eligibility criterion for reporting?

For ease of understanding this question the following numerical example is provided:

Date of Inception for all credit facilities	Amount	Real estate collateral
1990 Loan "A"	EUR 50 million	
1995 Loan "B"	EUR 30 million	EUR 100 million
1997 Loan "C"	EUR 25 million	
1997 "Overdraft"	EUR 5 million	

Which of the above loans will be eligible for being reported as secured by collateral? "A", "B" and "Overdraft"? "B", "C" and "Overdraft"? "A", "C" and "Overdraft"?

The same question is relevant also in the case of new loans granted to the same customer in the future.

Answer:

It depends on the redemption patterns of the earlier loans, whether for subsequent loans sufficient collateral is currently "free" (or not) to back the new loans in the meaning of ECB/2008/32.

At the inception of any new loan, the collateral is examined and its current value is taken into consideration. If this leads to the conclusion that the total amounts currently outstanding from previously granted loans are less than the current value of the collateral, then the new loan should be considered fully collateralised on the condition that the new loan is smaller than the free part of the collateral.

In the example it seems that there is no re-payment of existing loans and no change of collateral value over time, so in that case loans A, B and Overdraft should be considered fully collateralised with real estate.

It is not expected an optimisation to be applied, in order to calculate the maximally possible coverage of loans by collateral, a sequential assessment of each loan when it is in the process of being granted is sufficient.

Treatment of credit lines partially collateralised with real estate collateral

Question: What should be done in the following example: Suppose there is a credit line agreement of EUR 100 million between a reporting MFI and a non-financial corporation, guaranteed by real estate collateral valued in EUR 80 million. In the first reporting period after this agreement, the non-financial corporation had EUR 20 million borrowed under this credit line deal. For BSI statistic purposes, should these EUR 20 million be reported as guaranteed credit or not? The same problem arises in what concerns new business in MIR statistics. Should the EUR 20 million of new business be also reported as being secured with collateral and/or guarantees? And what if the borrower had EUR 90 million by the end of the reference period?

Answer: It seems reasonable that in this example the EUR 20 million and, more generally speaking, any drawing of up to EUR 80 million should be treated as “backed by real estate collateral”. If the threshold of EUR 80 million is exceeded, there are two options: either the full amount of i.e. EUR 90 million is treated as “not backed by real estate collateral” in the BSI sense, or only the amount in excess of the threshold (i.e. EUR 10 million) is treated as “not backed”, while EUR 80 million continue to be backed by real estate collateral in the meaning of ECB/2008/32.

The latter option of treating outstanding amounts below the threshold separately from outstanding amounts in excess of the threshold seems more precise and therefore preferable. However, it is not necessarily the case that in actual facts these two parts of “the credit line” can be separately identified. If it was not possible, the full amount of EUR 90 million in your example should be treated as “not backed by real estate”.

Movements of outstanding amounts around the threshold (i.e. from EUR 70 million to 90 and back to 60, etc.) can frequently happen with credit lines. In the case that the loan cannot be split into separate parts, larger volumes would change from “secured” to “unsecured” and vice versa. Ideally, reclassification adjustments could smooth these effects, but it is assumed that it is not possible to send reclassification adjustments any time the threshold is passed.

With reference to MIR reporting, please also include the respective amounts into new business whenever additional financing is drawn.

Relationship between BSI “real estate collateral” and MIR “collateral and guarantees”

Question: What should be done in the following example: a loan is only 90% secured by a real estate collateral but having an additional personal guarantee associated (unfunded credit protection, as described in the Directive 2006/48/EC of 14 June 2006) (generally, a third party such as relatives or friends). This loan would not be eligible for the category loans, of which real estate collateral (in BSI statistics), but would it be reported as new business (in MIR statistics), knowing that the LTV for this operation considering real estate collateral and the unfunded credit protection is below 1?

Answer: Correct, the loan would not be eligible for BSI purposes as backed by real estate collateral. For MIR on the other hand, the unfunded credit protection in form of personal guarantees also counts as collateral, so indeed the loan should be included as collateralised within MIR new business.

Question: In another scenario allow me to ask you for some clarification with regards a loan that is fully guaranteed but only 90% is secured by real estate collateral. Am I correct to say that such a loan does not qualify as a loan backed by real estate collateral since it is not 100% backed by real estate collateral. In other words for the purposes of ECB/2008/32 the bank should not report such loan under “loans backed by real estate collateral” category when it is not 100% real estate collateral.

Answer: Yes, it is correct in saying that such a loan is not backed by real estate collateral in the meaning of ECB/2008/32.

Indirect loans backed by real estate collateral

Question: A scenario of a foreign branch registered in our country whose loan portfolio is being guaranteed by the Head office located abroad. Hence the following questions:

1) In a situation where the branch is reporting loans supported by a prime bank guarantee (in this case by the head office) and therefore it seems that such loans are not directly guaranteed by a real estate collateral, is it supposed to request the branch to provide the information from the Head Office if this loan is guaranteed by real estate? In other words, the branch operating in another country is guaranteed by the Head Office that if the borrower defaults, funds will be received from the head office, with the latter using the security (real estate) against the borrower.

2) Does it make any difference if the head office is situated in a euro-area country or not?

Answer : On the side of the head office, the guarantee would be off-balance sheet, similarly as the collateral, so from the head office there is no data to be statistically reported. This would also support the approach that the local bank should include this loan within the category "backed by real estate collateral", as otherwise a loan which is (indirectly, but still) backed by real estate collateral would appear in our statistics as if there was no real estate involved at all.

Given the above one would be in favour of having the loan reported as backed by real estate. The local branch would need to contact the head office to obtain the relevant information, if it is not specified somewhere in the contract.

2) Whether the head office is located in a euro area country or not it does not count. The real estate collateral is pledged according to the law of the country of residence, so the residency of the head office does not make a difference as to the usability of the collateral.

Assets AL10 – Loans (excl. deposits) by collateral value and income bracket

Report loans granted to Households and Individuals which are backed by residential property. Loans, classified by residency (i.e. Residents of Malta, MUMs and ROW) ought to be reported at the time that the loan is sanctioned. E.g. A client who borrows €233,300 – €163,100 to buy a shell form property and €69,900 to be withdrawn on different dates at a later stage – the whole €233,300 should be reported on contract date. The property valuation should refer to the actual market value as recorded by the bank.

N.B. If the value of the collateral is unavailable do not report the value of the loan.

Loans to Households and Individuals should be split into those granted for the purpose of acquisition, construction, extension or completions of land/dwellings for own use and those granted to households for all other purposes.

Distinction should also be made between the outstanding amount and new loans and increases in existing loans. New loans refer to any new household loans, backed by residential property, which were made during the reporting period, whereas increases in existing loans refer to those loans which had a change in capital.

Example: If a client had a loan of €23,300 backed by residential and an additional €11,650 were granted during the reporting period, the whole €34,950 should be reported under new household loans and increases in capital of an existing loan.

New loans and increases in existing loans - Acquisition, construction, extension or completion of land/dwellings for own use

Loans up to €125,000

Loans between €125,001 and less than €250,000

Loans over €250,001

224. Report the **flow** for the quarter of residential property backed loans, split into those granted for the purpose of acquisition, construction, extension or completion of land/dwellings for own use and those granted to households for all other purposes, according to the borrowers' reported income. Report also the number of accounts which fall within each particular income bracket.

Acquisition of land/dwellings for own use and other household loans excl. acquisition of land/dwellings for own use

Income from €0 to €10,000

Income from €10,001 to €20,000

Income from €20,001 to €30,000

Income over €30,001

Assets AL11 – Analysis of Loans (incl. deposits) subject to interest rate reset

100. This schedule is to be reported on a quarterly basis and with a sector breakdown limited to Households and Non-Financial Corporations, for domestic and euro area. Report data on loans with a remaining maturity of less than 1 year (2 years) for both fixed and floating rate loans, and data on loans with a remaining maturity of more than 1 year (2 years) that are subject to an interest rate reset in the next 12 months (24 months) denominated in euro and other currencies. Data required can be better understood by means of the following example:

Let's take data required under item1 - Residents of Malta; Non-financial corporations

Item 1.1 which is not required in this schedule should tally with loans to non-financial corporations reported by original maturity in the bands 'over 1 year and up to 5 years' plus 'over 5 years' in schedule AL1 (items 1.4.3. C,D,E,F).

Item 1.1.1. represent part of the loans reported under item 1.1 which will mature within the next twelve months, consisting of both fixed and floating rate loans.

Item 1.1.2. represent another part of the loans reported under item 1.1 which will mature after the next twelve months, and carry floating interest rate for the next twelve months. Hence, those loans with remaining term to maturity

of more than twelve months and with fixed rate for the next twelve months should be eliminated. On the other hand, floating-rate loans with remaining term to maturity of more than 1 year, which will automatically be converted into fixed-rate loans after the next 12 months still have to be reported.

The above shows that the sum of items 1.1.1 and 1.1.2 may not tally with the figure calculated (if necessary) under item 1.1.

101. An interest rate reset is a change in the interest rate of a loan which is foreseen in the current loan contract. Loans subject to interest rate reset include, inter alia, loans with an interest rate that is periodically revised in accordance with the evolution of an index (e.g. Euribor), loans with interest rates which are revised on a continuous basis (floating rates) and loans with interest rates which are revisable at the bank's discretion.

Assets AL12 - Analysis of credit cards credit by sector

102. Report all Credit card credit by type and residency – residents of Malta, resident of MUMs, Rest of World and a split by sector. In this schedule the amount should be split into those denominated in euro and other currencies. Convenience credit shall be defined as credit granted to a customer at 0% interest between the use of the card (payment transaction) and the monthly settlement of the bill. Meanwhile, extended credit represents the credit granted to a customer at a rate which is higher than 0% for the amount of the balance which is not settled by the first statement after the use of the card.

103. **E-money outstanding amounts (All Residents)**

Report balances representing prepaid amounts in the context of electronic money – either in the form of “hardware-based” e-money (e.g. prepaid cards) or “software-based” e-money, that is, value stored on virtual accounts (internet-based) – issued by MFIs.

Assets AL13 - Securitisation of loans and other loan transfers to non-MFIs

Securitisation is the process of conversion of existing assets or future cash flows into marketable securities. In other words, securitisation deals with the conversion of assets which are not marketable into marketable ones. The conversion of existing assets into marketable securities is known as asset-backed securitisation and the conversion of future cash flows into marketable securities is known as future-flows securitisation. A variety of assets or future income streams may be securitised including, among others, residential and commercial mortgage loans; consumer loans; corporate loans, government loans; insurance contracts; credit derivatives; and future

1. revenue. Report flow transactions for all loans sold or otherwise transferred during the reporting period to either a securitisation vehicle or a non-MFI acquirer. The data is to be separately reported by residency and by sector in terms of disposals and acquisitions. The latter requirement consists of those loans bought back by the reporting MFI from a non-MFI. This is particularly important, since many such transactions contain provisions whereby the originator is entitled to buy back certain securitised loans from the Financial Vehicle Corporations. The so-called “clean up call”, that allows to wind down the securitisation vehicle when the largest part of the securitised loans have already been repaid, is one such example.

2. A further distinction is required between those transactions that give rise to derecognition of the loans from the statistical balance sheet and the rest. The schedule also requires data on the amounts outstanding of the loans serviced by a bank on behalf of a securitisation vehicle. The administrator or the servicer is appointed to collect payments from the obligors (the original borrowers of the loan).

Assets AS1 - Analysis of securities other than shares by sector and maturity

3. Report securities other than shares held by the reporting institution as at the end of the reference month.
4. Report in the row classifications holdings of securities other than shares issued by institutional units classified as residents of Malta, the Monetary Union Member States and the Rest of the World, and sub-classified in accordance with the indicated institutional unit. Report in the column classification securities other than shares by the indicated original maturity and by the indicated currency denomination of the security.
5. Memorandum item in the schedule represents debt instruments issued by Special Purpose Entities which the reporting MFI invested in. Report in the column classification securities other than shares by the indicated original maturity and by the indicated currency denomination of the security.

Assets AS2 - Analysis of securities other than shares by country of residence

6. Report securities other than shares held by the reporting institution by country of issuer. In the column classification report separately securities other than shares issued by MFIs and by others, which comprise all the remaining institutional units, excluding MFIs. In the former category report also the original maturity of the security other than share in the classification provided.

Assets AS3 – Analysis of securities other than shares by currency

7. Report securities other than shares held by the reporting institution by currency denomination in the classification provided.
8. In the column classifications report holdings of securities other than shares issued by residents of Malta, MUMs and the ROW. In each category distinguish between securities other than shares issued by MFI (or Banks for the ROW) and Others. Also report securities held by the reporting institution issued by Special Purpose Entities in the column ROW under Others an “of which Special Purpose Entities”.

Assets AS4 - Analysis of securities other than shares by main sector and term to maturity - Held for Trading

9. Refer to instructions in *Appendix 4 – Valuation Guidelines*

Assets AS5 – Analysis of securities other than shares by main sector and term to maturity – Held to maturity

10. Refer to instructions in *Appendix 4 – Valuation Guidelines*

Assets AS6 – Analysis of securities other than shares by main sector and term to maturity – Available for sale

11. Refer to instructions in *Appendix 4 – Valuation Guidelines*

Assets AS7 – Analysis of securities other than shares by main sector and term to maturity - Securities designated at inception at fair value through profit and loss

12. Refer to instructions in *Appendix 4 – Valuation Guidelines*

Assets AS8 – Analysis of impaired securities other than shares

13. Analysis of impaired securities other than shares is reported according to the classification of the financial asset category and by sector. An entity is required to assess at each balance sheet date to determine whether there is any objective evidence that the financial asset is impaired.
14. Securities qualify as past due when a counterparty has failed to make a payment of interest and/or capital when contractually due. Doubtful and non-performing securities should be treated identical as to that of loans i.e. due by more than 90 days and over. In other words, past-due period necessary for the asset to be considered as non-performing is that of 90 days and over. However, circumstances may arise through which, irrespective of the repayment not being overdue by 90 days, the credit institution has reasons to doubt the eventual recoverability of funds. In such instances, credit institutions are to consider the asset as non-performing.
15. Amounts due which are considered uncollectible and of such little value that their continuance as banking assets is not warranted attract a possible write-off should also be considered as non-performing securities. This does not mean that the security has absolutely no recovery or salvage value but, rather, it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be effected in the future.

Assets AS9 – Analysis of Securities other than Shares by Credit Rating

16. Report securities other than shares held by the reporting institution classified by residency and sub-classified in accordance to the indicated credit rating categories:

High	Standard & Poor Moody IBCA	AAA to AA- Aaa to Aa3 AAA to AA-
Medium	Standard & Poor Moody IBCA	A+ to A- A1 to A3 A+ to A-
Low	Standard & Poor Moody IBCA	BBB+ to BBB- Baa1 to Baa3 BBB+ to BBB-

17. In the row classifications, report holdings of securities other than shares held by the reporting institutions, classified by Bloomberg's industry classifications. Unrated Government securities should be given the same rating as the government issuing those securities.

Assets AS10 - Analysis of Pledged Assets

18. Eurosystem eligible securities should include those securities which are eligible according to the list maintained by the ECB <http://www.ecb.int/paym/coll/assets/html/index.en.html>. Securities include treasury bills, and other debt instruments valued at market prices. Pledged securities include those securities that are actually being used as collateral for monetary policy operations, intra-day credit, and any other operation with/outside the Eurosystem. Securities sold under repurchase agreement are to be reported under item 1.2. 'Remaining securities eligible for the Eurosystem' are those securities that are eligible for the Eurosystem but are as yet unpledged or used in a repo transaction.
19. 'Other remaining unpledged securities' represent those securities other than shares which are not eligible for the Eurosystem operations split according to their credit rating.
20. Under item 3 'Other Pledged Assets', banks should report all assets, including debt securities, equities and any other assets which have been pledged by the bank, other than those included in items 1.1 and 1.2.
21. Note: AS10 should **not** tally with AS1 due to different valuation methodology, since all assets should be valued at market value, including those held to maturity. Moreover AS10 should also include those securities other than shares classified as loans and receivables.

Assets AS11 - Analysis of securities other than shares by country of residence - FOR SECURITIES NOT REPORTED ON SBS BASIS ONLY

22. This schedule should only be filled in for those debt securities which were not reported in schedule SBSA i.e. for foreign debt securities which do not have ISIN codes.
23. Positions should be reported at market value. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the month.
24. **Transactions** are considered to have taken place when both the creditor and the debtor have recorded the claim and liability respectively in their books. In most transactions, the market price (almost) always corresponds with the agreed transaction price. Transactions in foreign currency should be converted into Euro either using the official middle rate on the transaction day or the actual exchange rate used in the transaction.

Positions

25. In columns A,B and C report the holdings including the position of accrued interest of those debt securities issued by non residents MFIs and which were not reported in schedule SBSA.
26. In columns D, E and F report the holdings including the position of accrued interest of those debt securities issued by foreign governments and which were not reported in schedule SBSA.
27. In columns G, H and I report the holdings including the position of accrued interest of those debt securities issued by other non residents sectors and which were not reported in schedule SBSA.

Transactions (purchase and sale of debt securities during the month)

28. In columns K and L report the net purchases and sales of those debt securities issued by non residents MFIs and which were not reported in schedule SBSA.
29. In columns M and N report the net purchases and sales of those debt securities issued by foreign governments and which were not reported in schedule SBSA.
30. In columns O and P report the net purchases and sales of those debt securities issued by other non residents sectors and which were not reported in schedule SBSA

Interest during the month

31. **In column R** report interest accrued during the course of the month i.e. accrued interest receivable which has not yet been credited to the relevant accounts on those debt securities issued by non resident MFIs.

32. **In column S – report** interest actually received during the reporting month on those debt securities issued by non residents MFIs. When interest matures and part of this interest is not received, record all the interest in this column.
33. **In column T – report** the net interest actually purchased or sold during the reporting month on those debt securities issued by non residents MFIs
34. **In column U** report interest accrued during the course of the month i.e. accrued interest receivable which has not yet been credited to the relevant accounts on those debt securities issued by foreign governments.
35. **In column V – report** interest actually received during the reporting month on those debt securities issued by foreign governments. When interest matures and part of this interest is not received, record all the interest in this column.
36. **In column W – report** the net interest actually purchased or sold during the reporting month on those debt securities issued by foreign governments.
37. **In column X** report interest accrued during the course of the month i.e. accrued interest receivable which has not yet been credited to the relevant accounts on those debt securities issued by other non resident sectors.
38. **In column Y – report** interest actually received during the reporting month on those debt securities issued by other non residents sectors. When interest matures and part of this interest is not received, record all the interest in this column.
39. **In column Z – report** the net interest actually purchased or sold during the reporting month on those debt securities issued by other non residents sectors.

Assets AE1 – Analysis of shares and other equity by residence and type

40. Report shares and other equity held by the reporting institution classified by country of issuer in the country list provided. In the column classifications report holdings of money market funds' shares/units, collective investment schemes' shares/units and other shares/ equity in columns A to C, respectively.

Assets AE2- Shares and other equity held in banks, companies or group of connected persons

41. This schedule is required under Appendixes 15(1)(d) and (e) of the Banking Act 1994. Report all acquisitions, subscriptions, or holdings of any part of the share capital of, or direct interest in, any one bank, or other company or group of connected persons.

Name of bank, Company, or Group of Companies	Report name of the bank, company or group of connected persons.
Percent Owned	Report the percentage owned by the reporting credit institution in that other bank, company, or group of connected persons. If bank, company or group of connected persons is jointly owned by other parties, indicate only the percentage owned by the reporting credit institution.
Code	Report the appropriate code for each bank/company (etc.) as detailed in the code explanation on the schedule.
B - Banks	Banks or credit institutions as defined by Appendix 2 (1) of the Banking Act 1994.
C – Companies or group of connected persons	Companies and group of connected persons as defined by the Banking Act 1994.
O - Other	Any other entity not falling under the above two definitions.
Date acquired	Report the date the investment was first acquired or held by the reporting bank.
Market/Fair Value	Report the market or Fair valuation in Maltese Liri as at the date of the report.
Original Cost	Report the original cost of the holdings.
% Own Funds	Report the percentage of the original cost to own funds. Appendix 15(d) and (e) sets out the maximum holdings in banks, companies or group of connected persons.
Indirect Holdings	Report acquisitions, subscriptions, or holdings of any part of the share capital of any one bank, or other company or group of connected persons which are held by any subsidiary of the reporting bank.

Assets AE3 – Analysis of shares and other equity by sector

42. Report shares and other equity held by the reporting institution as at the end of the reference month.

43. Report in the row classifications holdings of shares and other equity issued by institutional units classified as residents of Malta, the Monetary Union Member States and the Rest of the World, and sub-classified in accordance with the indicated institutional unit.

Assets AE4 – Analysis of shares and other equity by country of residence and type: FOR EQUITY SECURITIES NOT REPORTED ON SBS BASIS ONLY

44. The schedule is to be reported only if quoted shares, investment fund shares/units or other shares and equity (usually unquoted shares) do not have an ISIN number. The reporting institution is to report their holding of shares and other equity by residency, country and a split between MFI sector and other remaining sectors for both position and transactions.
45. This schedule should only be filled in for those equity securities which were not reported in schedule SBSA i.e. for foreign equity securities which do not have ISIN codes.
46. For equity securities issued by non resident MFIs and other non resident sectors a further distinction in holdings of more than 10% and less than 10% is being requested.
47. Equity investment in a non-resident enterprise in which the reporting bank owns 10 percent or more of the ordinary shares or voting power is to be reported under the column “holdings of more than 10%”. This includes those entities that are subsidiaries, associates and branches either directly or indirectly owned by the reporting bank. The purpose of the equity investment must be one of acquiring a more or less permanent interest in the enterprise, whereby a certain degree of control (i.e. ‘significant influence’ and a ‘long-term relationship’) is obtained in the management of the enterprise, which contrasts with the motives of, say, investors in securities. Equity investment of less than 10 percent should be reported under the column “holdings less than 10%”.
48. Positions should be reported at market value. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the month.
49. Transactions are considered to have taken place when both the creditor and the debtor have recorded the claim and liability respectively in their books. In most transactions, the market price (almost) always corresponds with the agreed transaction price. Transactions in foreign currency should be converted into Euro either using the official middle rate on the transaction day or the actual exchange rate used in the transaction.

Positions

50. **In column A** report the holdings of those equity securities issued by non residents Investment Funds and which were not reported in schedule SBSA.

51. **In column C** report equity holdings issued by a non-resident MFI in which the reporting bank owns 10 percent or more of the ordinary shares or voting power. Equity investment of less than 10 percent should be reported in column B.
52. **In column E** report equity holdings issued by other non-resident in which the reporting bank owns 10 percent or more of the ordinary shares or voting power. Equity investment of less than 10 percent should be reported in column D.

Transactions (purchase and sale of equity securities during the month)

53. **In column G** report the net purchases and sales of those equity securities issued by non residents IF and which were not reported in schedule SBSA.
54. **In column I** report the net purchases and sales of those equity securities issued by foreign MFIs in which the reporting bank owns 10 percent or more of the ordinary shares or voting power and which were not reported in schedule SBSA. Equity investment of less than 10 percent should be reported in column H.
55. **In column K** report the net purchases and sales of those equity securities issued by foreign MFIs in which the reporting bank owns 10 percent or more of the ordinary shares or voting power and which were not reported in schedule SBSA. Equity investment of less than 10 percent should be reported in column J.
56. **In column M** – report any dividends and remittances of profits earned from the ownership of stock (shares) or equivalent equity interest in non resident enterprises. These amounts should be recorded on the basis of dividends actually received/paid from/to non-residents during the month.

Assets AR - Analysis of other unallocated assets

57. Report interest due and unreceived on loans, deposits (assets), securities other than shares and other. It is interest, which the bank has earned but not yet been collected. Report also all other unallocated assets of the reporting institution not already included elsewhere. In addition, report and specify any item that exceeds 10 percent of the other not elsewhere specified under the memorandum items section.

PS1 – Analysis of Payments Systems data by Volume – Payment Card Functions and Accepting Devices.

58. Report the volume of all payment cards in **actual** figures. General remarks regarding this return:
 - If a card offers several functions, it is counted in each applicable sub-category. Thus, the total number of cards may be smaller than the sum

of the sub-categories, and sub-categories should not be added up to avoid double-counting. The total number of cards is stated separately in “Total number of cards (irrespective of the number of functions on the card)” – Item 1.

- Cards are counted on the card issuing side. Each country reports the number of cards which have been issued in the country (and used for transactions within and outside the country of issue) and not those used in the country.
- The nationality of the card with an international brand is determined by the nationality of the issuing bank, and not by the location of the card brand.
- All valid cards in circulation are included, irrespective of when they were issued or how actively they are used. A card is included from the moment it is posted to the cardholder by the card issuer, irrespective of the fact whether the cardholder activated it.
- Expired or withdrawn cards are not included. Cards that are inactive because of a temporary stop which is effective at the time of reporting are only temporarily unused, and are therefore included.
- Includes cards issued by three-party schemes – e.g. American Express or Diners.
- Cards issued by merchants (retailer cards) are not included, unless they have been issued in cooperation with a credit institution (co-branding). Where business with retailer cards is substantial, the relevant data will be provided in a note.
- Cards linked to savings accounts are included according to the function(s) offered by the card.
- Cards linked to a prepaid account are considered to be “Other e-money storages”, which are not counted in the statistics.

59. In Item 1, “Total number of cards (irrespective of the number of functions on the card)”, the total number of physical cards in circulation should be included. These may have one or more of the following functions: cash, debit, credit, delayed debit, e-money function. Cards with multiple functions should be counted only once in order to avoid double-counting. (See also no. 1 above).

Measurement: number of physical cards.

60. Item 1.1, “Cards with a combined debit, cash and e-money function” refers to cards issued by a credit institution which has at least a cash, debit and e-money function.

A card with a combined function is counted in each of the sub-categories:
– “Cards with a cash function”

- “Cards with a debit function”
- “Cards with an e-money function”.

A card with a combined function may offer additional functions. In that case it is also counted in each additional applicable sub-category.

Measurement: number of cards.

61. In item 1.2 “Cards with a cash function” report cards enabling the holder to withdraw cash from a cash dispenser or to deposit cash. In addition, the cash function is usually (but not always) combined with a payment function.

Measurement: number of cards.

62. Item 1.3 “Cards with a payment function (except e-money function)” should include cards which have at least one of the following functions: a debit function, delayed debit function or credit function. The card may also have other functions, such as e-money function, but cards with only an e-money function are not included in this category.

The following breakdown is provided:

- “Cards with a debit function”
- “Cards with a delayed debit function”
- “Cards with a credit function”
- “Cards with a debit and/or delayed debit function”
- “Cards with a credit and/or delayed debit function”.

The sub-categories “Cards with a debit and/or delayed debit function” and “Cards with a credit and/or delayed debit function” are only reported if the data cannot be broken down into the first three categories. If a card could have any of the three functions but it is impossible to determine which of these it actually has, the card is reported under “Cards with a payment function (except an e-money function)”, and no further breakdown is made.

If a card has several functions, it is counted in all relevant sub-categories. Thus, the total number of cards with a payment function may be smaller than the sum of the sub-categories, and sub-categories should not be added up in order to avoid double-counting.

Measurement: number of cards.

63. In item 1.3.1 “Cards with a debit function” include cards issued by a credit institution and enabling the holder’s purchases to be charged directly to funds on his/her current account at a deposit-taking institution in accordance with the terms of the contract between the card issuer and the cardholder.

A card with a debit function may be linked to an account offering overdraft facilities as an additional feature. The number of cards with a debit function refers to the total number of cards in circulation and not to the number of accounts to which the cards are linked.

The distinguishing feature of a card with a debit function, as compared with a card with a credit or delayed debit function, is the contractual agreement whereby the cardholder’s purchases are charged directly to funds on his/her current account.

Measurement: number of cards.

64. In item 1.3.1.1 “EMV-chip cards” includes all debit cards which are chip-and-pin cards.
Measurement: number of cards.
65. Item 1.3.2 “Cards with a delayed debit function” should include cards issued by a credit institution and indicating that the holder can charge his/her account up to an authorised limit, in accordance with the terms of the contract between the card issuer and the cardholder. It allows holders to make purchases but does not offer extended credit, the full amount of the debt incurred having to be settled at the end of a specified period. The holder is usually charged an annual fee.
The distinguishing feature of a card with a delayed debit function, as compared with a card with a credit or debit function, is the contractual agreement whereby the cardholder is granted a credit line but is obliged to settle the full amount of the debt incurred at the end of a specified period.
Measurement: number of cards.
66. Item 1.3.3 “Cards with a credit function” relates to cards indicating that the cardholder has been granted a line of credit by the card issuer according to the terms of the contract between them. It enables the holder to make purchases and/or withdraw cash up to a prearranged ceiling; the credit granted can be settled in full by the end of a specified period or can be settled in part, with the balance taken as extended credit. Interest is usually charged on the amount of any extended credit and the holder is sometimes charged other fees, such as an annual fee.
The distinguishing feature of a card with a credit function, as compared with a card with a debit or delayed debit function, is the contractual agreement whereby the cardholder is granted a credit line and is allowed to draw extended credit (irrespective of whether the cardholder actually makes use of this feature or chooses to settle the full amount of the debt incurred at the end of a specified period).
Cards with a credit function can be issued by a credit institution or by another undertaking which is a member of a card scheme (in the case of a four-party scheme) and by the schemes themselves (in the case of three-party schemes).
Measurement: number of cards.
67. In item 1.3.3.1 “EMV-chip cards” includes all credit cards which are chip-and-pin cards.
Measurement: number of cards.
68. In item 1.3.4 “Cards with a debit and/or delayed debit function” include cards which have a debit and/or a delayed debit function. This category is only reported if the data cannot be broken down into “Cards with a debit function” and “Cards with a delayed debit function”.
This would be the case if it is clear that the card in question is used to debit an account at a credit institution, but it is not possible to distinguish whether, under the contract between the card issuer and the cardholder, the account debited is the current account of the cardholder (the distinguishing feature of a “card with a debit function”), or whether the account debited is one that was set up to serve a credit line granted to the cardholder, which he/she has to

settle at the end of a specified period (the distinguishing feature of a “card with a delayed debit function”).

Measurement: number of cards.

69. Item 1.3.5 “Cards with a credit and/or delayed debit function” relates to cards which have a credit and/or a delayed debit function. This category is only reported if the data cannot be broken down into “Cards with a credit function” and “Cards with a delayed debit function”.

This would be the case if it is clear that the card in question has a line of credit attached to it, but it is not possible to distinguish whether by contract between the card issuer and the cardholder the latter is allowed to draw extended credit (the distinguishing feature of a “card with a credit function”, independently of whether or not the cardholder makes actual use of this feature), or whether by contract the cardholder is obliged to settle the full balance at the end of a specified period (the distinguishing feature of a “card with a delayed debit function”).

Measurement: number of cards.

70. Item 1.4 “Cards with an e-money function” should include cards on which electronic money can be stored.

Electronic money is a monetary value, as represented by a claim on the issuer, which is:

- stored on an electronic device;
- issued upon receipt of funds in an amount not less in value than the monetary value issued;
- accepted as a means of payment by undertakings other than the issuer.

(Based on Directive 2000/46/EC of the European Parliament and of the Council of 18 September 2000 on the taking up, pursuit of and prudential supervision of the business of electronic money institutions.) (See also CBM Directive No. 4, Electronic Payment Services).

Cards or other devices which only provide access to e-money stored elsewhere (e.g. scratch cards, virtual cards and cards which do not store e-money on a chip or a magnetic stripe but can be loaded by transferring value from another account and used for payments over the internet) are excluded, since the e-money is not stored directly on the card; instead, these constitute “Other e-money storages”.

Measurement: number of cards.

71. In Item 1.4.1 “Cards with an e-money function which have been loaded at least once” include cards with an e-money function which have been loaded at least once and can thus be considered activated. Loading may be interpreted as an indicator of the intention to use the e-money function.

Measurement: number of cards.

72. Item 2 “Terminals located in the country” should include the following:

- If a terminal offers several functions, it is counted in each applicable sub-category. Thus, the total number of terminals may be smaller than the sum of the sub-categories, and sub-categories should not be added up to avoid double-counting.

- All terminals located in the country are counted. For some countries, there may be double-counting in certain types of terminal where the data are reported per card issuer or per card scheme and if the same terminal can be used by several reporting agents. A footnote will alert the user when that is the case.
 - Each single POS, EFTPOS or e-money card-accepting terminal is counted separately, regardless of the existence of several terminals of the same type within one merchant location.
73. In item 2.1 “ATMs” – automated teller machines – include electromechanical devices allowing authorised users to withdraw cash from their accounts using a payment card and offering a range of other services, such as acceptance of cash deposits and credit transfers.
- The device usually also offers the possibility of making balance enquiries, though a device with only this function does not qualify as an ATM. The ATM may be operated online (with real-time reference to an authorisation system) or offline.
- The following breakdown of ATMs is provided:
- “ATMs with a cash withdrawal function”
 - “ATMs with a credit transfer function”.
- If an ATM performs both functions, it is counted in both sub-categories. Thus, the total number of ATMs may be smaller than the sum of the sub-categories, and sub-categories should not be added up in order to avoid double-counting.
- Measurement: number of terminals.
74. Item 2.1.1 “ATMs with a cash withdrawal function” should include ATMs allowing authorised users to withdraw cash from their accounts by using a card with a cash function.
- Measurement: number of terminals.
75. Under item 2.1.2 “ATMs with a credit transfer function” include ATMs allowing authorised users to make credit transfers using a payment card.
- Measurement: number of terminals.
76. Item 2.2 “POS terminals” – Point of sale terminals - relate to electromechanical devices allowing the use of a card with a debit, credit or delayed debit function at a physical (not virtual) point of sale for the purposes of a cashless payment transaction. Each single POS terminal is counted separately. This also applies where there are several POS terminals within one retail location. If data are not available with this level of precision, the available data are reported and an explanation included.
- The payment information is captured either manually on paper vouchers or by electronic means, and in some cases the POS terminal is designed to also transmit the information online (with real-time request for authorisation) or offline. Where the payment information is captured by electronic means, the terminal may be referred to as an electronic funds transfer at point of sale (EFTPOS) terminal and then also reported in the EFTPOS sub-category. Thus, “EFTPOS terminals” are included in “POS terminals”. If data on manual imprinters are not available, then the number of POS terminals equals the number of EFTPOS terminals, and an explanation is included.

Measurement: number of terminals.

77. Item 2.2.1 “EFTPOS terminals” – Electronic funds transfer at point of sale terminals - should include POS terminals which capture payment information by electronic means and are designed, in some cases, to transmit such information either online (with real-time reference to an authorisation system of the card issuer) or offline. Sub-category of “POS terminals”.
Each single EFTPOS terminal is counted separately, regardless of the existence of several terminals within one merchant location.
Measurement: number of terminals.

78. In item 2.3 “E-money card terminals” include terminals allowing the transfer of electronic value from an issuer of electronic money to a card with an e-money function and vice versa or from the balance on the card to the balance of a beneficiary.

The following breakdown of e-money card terminals is provided:

- “E-money card-loading/unloading terminal”
- “E-money card-accepting terminal”.

If an e-money card terminal fulfils both functions, it is counted in both sub-categories. Thus, the total number of e-money card terminals may be smaller than the sum of the sub-categories, and sub-categories should not be added up in order to avoid double-counting.

Measurement: number of terminals.

79. Item 2.3.1 “E-money card loading/unloading terminals” relates to terminals allowing the transfer of electronic value from an issuer of electronic money to the holder of a card with an e-money function and vice versa (loading and unloading).
Measurement: number of terminals.

80. Item 2.3.2 “E-money card accepting terminals” should include electromechanical devices at the point of sale that permit the holder of e-money on a card with an e-money function to transfer e-money value from his/her balance to the balance of the merchant or other beneficiary. Each single e-money card-accepting terminal is counted separately, regardless of the existence of several terminals within one merchant location.
Measurement: number of terminals.

81. Item 3 “Card fraud” should include the total card fraud resulting from items 3.1 to 3.12.
Measurement: volume and value of fraud transactions.

82. Item 3.1 “ATM – lost and stolen fraud” should comprise all card fraud that occurred at any ATM as a result of a lost and stolen card. A breakdown of this card fraud is requested by both debit and credit cards (items 3.1.1 and 3.1.2 respectively).
Measurement: volume and value of fraud transactions.

83. Item 3.2 “ATM – card not received fraud” should comprise all card fraud that occurred at any ATM in a card not received situation, i.e. if the card was stolen before it reached the customer. A breakdown of this card fraud is requested by both debit and credit cards (items 3.2.1 and 3.2.2 respectively).
Measurement: volume and value of fraud transactions.
84. Item 3.3 “ATM – counterfeit card fraud” should comprise all card fraud that occurred at any ATM using counterfeit cards. A breakdown of this card fraud is requested by both debit and credit cards (items 3.3.1 and 3.3.2 respectively).
Measurement: volume and value of fraud transactions.
85. Item 3.4 “ATM – other fraud” should comprise all card fraud that occurred at any ATM and not captured in any of the above items, i.e. items 3.1 – 3.3. A breakdown of this card fraud is requested by both debit and credit cards (items 3.4.1 and 3.4.2 respectively).
Measurement: volume and value of fraud transactions.
86. Item 3.5 “POS – lost and stolen fraud” should comprise all card fraud that occurred at any POS as a result of a lost and stolen card. A breakdown of this card fraud is requested by both debit and credit cards (items 3.5.1 and 3.5.2 respectively).
Measurement: volume and value of fraud transactions.
87. Item 3.6 “POS – card not received fraud” should comprise all card fraud that occurred at any POS in a card not received situation, i.e. if card was stolen before it reached the customer. A breakdown of this card fraud is requested by both debit and credit cards (items 3.6.1 and 3.6.2 respectively).
Measurement: volume and value of fraud transactions.
88. Item 3.7 “POS – counterfeit card fraud” should comprise all card fraud that occurred at any POS using counterfeit cards. A breakdown of this card fraud is requested by both debit and credit cards (items 3.7.1 and 3.7.2 respectively).
Measurement: volume and value of fraud transactions.
89. Item 3.8 “POS – other fraud” should comprise all card fraud that occurred at any POS and not captured in any of the above items, i.e. items 3.5 – 3.7. A breakdown of this card fraud is requested by both debit and credit cards (items 3.8.1 and 3.8.2 respectively).
Measurement: volume and value of fraud transactions.
90. Item 3.9 “Total card-not-present – lost and stolen fraud” should comprise all card fraud that occurred when making payments using a lost and stolen card, but where the card was not present during the payment (example, internet

payments). A breakdown of this card fraud is requested by both debit and credit cards (items 3.9.1 and 3.9.2 respectively).

Measurement: volume and value of fraud transactions.

91. Item 3.10 “Total card-not-present – card not received fraud” should comprise all card fraud that occurred when making payments by cards that were stolen before they reached the customer, but where the card was not present during the payment (example, internet payments). A breakdown of this card fraud is requested by both debit and credit cards (items 3.10.1 and 3.10.2 respectively).

Measurement: volume and value of fraud transactions.

92. Item 3.11 “Total card-not-present – counterfeit card fraud” should comprise all card fraud that occurred when making payments by a counterfeit card and where the card was not present during the payment (example, internet payments). A breakdown of this card fraud is requested by both debit and credit cards (items 3.11.1 and 3.11.2 respectively).

Measurement: volume and value of fraud transactions.

93. Item 3.12 “Total card-not-present – other fraud” should comprise all other card fraud in card-not-present payments, example internet payments, which are not captured in items 3.9 – 3.12. A breakdown of this card fraud is requested by both debit and credit cards (items 3.12.1 and 3.12.2 respectively).

Measurement: volume and value of fraud transactions.

94. Item 4 “Total number of overnight deposits” should include the number of accounts of current/cheque deposits and savings deposits withdrawable on demand held by non-MFIs, irrespective of the currency of the account. i.e. the number of accounts held by the Central Government, other General Government and other remaining sectors excluding interbank.

95. Item 4.1 “Number of internet/PC linked overnight deposits” should include the number of overnight deposit accounts held by non-MFIs which the account holder can access and use electronically via the internet or with PC banking applications via dedicated software and dedicated telecommunication lines (in order, for example, to make credit transfers and pay bills). Often requires an extension of the contract between the account holder and his/her MFI to include such services, and may also require that the MFI provide electronic identifiers (PINs, TANs) to the account holder.

Overnight deposits with phone and mobile phone banking access are not included, unless they are also accessible via internet or PC banking applications.

96. Item 5 “Total number of transferable overnight deposit accounts” should include the number of accounts which contain transferable deposits. Transferable deposits are those deposits within the category ‘overnight deposits’ which are directly transferable on demand to make payments to other

economic agents by commonly used means of payment, such as credit transfer and direct debit, possibly also by credit or debit card, e-money transactions, cheques, or similar means, without significant delay, restriction or penalty. Deposits that can only be used for cash withdrawal and/or deposits from which funds can only be withdrawn or transferred through another account of the same owner are not to be included as transferable deposits.

97. Item 5.1 “Number of transferable internet/PC-linked overnight deposit accounts” comprises the number of accounts that hold transferable deposits (see Item 5 for definition of transferable deposits) which the account holder can access and use electronically via the internet or with PC banking applications via dedicated software and dedicated telecommunication lines (in order, for example, to make credit transfers and pay bills). Often requires an extension of the contract between the account holder and his/her MFI to include such services, and may also require that the MFI provide electronic identifiers (PINs, TANs) to the account holder .

Transferable overnight deposits with phone and mobile phone banking access are not included, unless they are also accessible via internet or PC banking applications.

PS2 – Analysis of Payments Systems data by Volume and Value

This return gives an overview of transactions carried out using the various payment instruments available in the country by volume and value (in Euros). **Actual data** is to be reported.

98. In item 1 “Total number of Transactions per type of payment instrument”, include the following reporting of transactions:
- Includes all transactions which are executed with the use of an intermediary, i.e. where payments are sent to another bank or to a payment system. Includes all transactions initiated with an explicit payment order (initiated either by a non-MFI, or by an MFI where the counterparty is a non-MFI) which take place between two accounts held at the same bank, with the transaction being settled on the accounts of the bank without ever leaving the bank (“On-us transactions”). The inclusion of transactions initiated by the bank and executed by simple book entry on the accounts of a customer (“Book-entry transactions”) is under review. (MFIs comprise resident credit institutions, as defined in Community law, and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs, and for their own account (at least in economic terms), to grant credits and/or make investments in securities. Includes central banks, credit institutions and other MFIs, mostly money market funds (MMFs)).
 - Funds transfers between accounts in the same name (and also between different types of account, such as savings and current accounts) are also included.

- Includes all transactions initiated by non-MFIs. Includes transactions initiated by MFIs where the counterparty is a non-MFI. (A non-MFI is any natural or legal person which does not belong to the MFI sector. Includes households, other general government including central government, non-financial corporations and non-profit institutions serving households).
- For the “Total number/value of transactions with payment instruments, cross-border transactions are included in each type of payment instrument. Cross-border transactions are counted in the country in which the transaction originates in order to avoid double-counting (i.e. in the country of the originator and not in the country of the beneficiary). In the case of countries for which figures for cross-border transactions (sent and received) are available as a separate item, this information may be included as a memorandum item.
- The difference between cross-border transactions sent and cross-border transactions received shows the net inflow or outflow of transactions into/out of the reporting country.
- Transactions denominated in foreign currency and initiated in the country are included. Data are recalculated using the ECB reference exchange rate.
- Money and postal orders are included in credit transfers.
- In the case of bulk payments, each individual payment is counted.
- Transactions with cards linked to a prepaid account are included under “E-money purchase transactions: with other e-money storages”.
- Funds transfers used to settle outstanding balances of transactions with cards with a credit or delayed debit function are included, as these are separate payments from the cardholder to the card issuer; they are shown in the sub-category of the payment instrument (e.g. credit transfer or direct debit) used for settlement. Direct debits resulting from the settlement of an individual card transaction should not be reported in order to avoid double-counting.
- Instruments should only be included if they are the sole means of settling the payment. If, for example, for settlement of a cheque, another instrument (such as a credit transfer) is needed, it is only the credit transfer that is counted.
- Does not include transactions which are initiated but not settled, such as unpaid cheques, unpaid direct debits and recalled credit transfers.
- The scope of payment transactions with cards reported in this section is larger than that of transactions reported in the section “Transactions per type of terminal”. The section “Transactions per type of payment instrument” includes card transactions at virtual points of sale, e.g. over the internet or the telephone, while such transactions are not reported in section “Transactions per type of terminal”.

99. Item 1.1 “Credit transfers” should include payment orders or possibly a sequence of payment orders made for the purpose of placing funds at the disposal of the beneficiary. Both the payment order and the funds described therein move from the credit institution of the payer to the credit institution of the payee (beneficiary), possibly via several other credit institutions as

intermediaries and/or one or more payment and settlement systems. The following breakdown of credit transfers is provided:

- “Paper-based credit transfers”
- “Non-paper-based credit transfers”

Each transaction is applied to only one sub-category, i.e. the sub-categories are mutually exclusive. Thus, the total number of credit transfers is the sum of the sub-categories.

Credit transfers are counted on the payer’s side. It includes SEPA Credit transfers and credit transfers performed via ATMs with a credit transfer function. Credit transfers involving cash at one or both ends of the payment transaction – e.g. money and postal orders – are also included. Credit transfers used to settle outstanding balances of transactions using cards with a credit or delayed debit function are also included, as these are separate payments from the cardholder to the card issuer. In the case of standing orders and bulk or batch payment orders, each individual payment is counted as one transaction. Includes deductions from the account of a payer resulting from a credit transfer order for the benefit of the same or a different customer or of the bank, and settled without intermediary. (“On-us transactions”). Also includes deductions from the account of the bank resulting from a credit transfer order for the benefit of a customer and settled without intermediary (e.g. salary payment to an account at the same bank). Credits to the account of a customer by simple book-entry without the use of the credit transfer instrument (e.g. dividend or interest payments by the account-holding bank) are not included, but these are reported under “Book-entry transactions”. Cash payments into the account using a bank form are not included under credit transfers. If data are available, they may be shown in the memorandum item “OTC cash deposits”. See also “Total number of Transactions per type of payment instrument” – no. 41.

Measurement: number/value of transactions. Currency: euro. Calculation: sum of “Paper-based credit transfers” and “Non-paper-based credit transfers”.

100. In item 1.1.1 “Credit transfers – paper-based” include credit transfers which the payer submits in paper-based form. Includes submissions by telefax or other means (e.g. non-automated telephone banking) if they require manual intervention in order to be transformed into electronic payments.

Includes credit transfers which are executed by the bank on the basis of a financial instrument (such as a documentary letter of credit) if the financial instrument is submitted in a paper-based form, or if the form of submission of the instrument is not known and the bank executed the transfer in a paper-based form.

Measurement: number/value of transactions. Currency: euro.

101. Item 1.1.2 “Credit transfers – non-paper based” includes any credit transfers which the payer submits without the use of paper forms, e.g. electronically or via telephone. Includes submissions by telefax or other means (such as automated telephone banking) if they are transformed into electronic payments without manual intervention.

Includes standing orders which are originally submitted in a paper-based form but then executed electronically. Also includes credit transfers which are executed by the bank on the basis of a financial instrument (such as a

documentary letter of credit) if the financial instrument is submitted in a non-paper-based form, or if the form of submission of the instrument is not known and the bank executed the transfer electronically. Includes credit transfers initiated at an ATM with a credit transfer function.

Measurement: number/value of transactions. Currency: euro.

102. Item 1.1.3 “Outward SEPA credit transfers” and item 1.1.4 “Outward non-SEPA credit transfers” should include all outward SEPA and non-SEPA transactions respectively. The two items are mutually exclusive and their total should tally with item 1.1 credit transfers.

Measurement: number/value of transactions. Currency: euro.

103. Item 1.1.5 “On-us transactions (including direct credits)” comprises all payment transactions which take place between two accounts held at the same bank, with the transaction being settled either on the accounts of the bank without ever leaving the bank or with the use of an intermediary (another bank or a payment system). Individual direct credits are also included.

Measurement: number/value of transactions. Currency: euro.

104. Item 1.1.6 “Initiated via internet banking” includes all credit transfers (including on-us transactions) initiated via internet banking.

Measurement: number/value of transactions. Currency: euro.

105. Items 1.1.7 and 1.2.1, “Credit transfers – book-entry transactions” and “Direct debits – book-entry transactions” respectively include credits to or debits from the account of a customer by simple book-entry without the use of a payment instrument.

Book-entry transactions are included in “Credit transfers” or “Direct debits” as follows:

Debit from/credit to a customer’s account as a result of:

1... an interest or dividend payment by the bank: “Credit transfers”

2... a deduction of banking fees: “Direct debits”

3... buying or selling securities or foreign exchange at the order of the customer: “Direct debit” (buying) or “Credit transfer” (selling)

4... cash deposited to / withdrawn from the account using a bank form; not included in “Credit transfers” or “Direct debits”, but in “OTC deposits” or “OTC withdrawals”

5... disbursement of the amount of a loan to the current account / loan repayments: “Credit transfers” (disbursement) or “Direct debits” (repayment)

6... funds transfer to the credit card account: “Direct debits”

7... transfer of funds to/from savings account, securities deposit account or other account of the same customer at the same bank: “Credit transfers” (transfer in) or “Direct debits” (transfer out).

Fees and taxes represent payments from the customers to the bank or the tax authorities and are therefore included in the statistics, as follows: If they are part of the transaction, i.e. deducted from or added to the payment itself, then the value of the payment for the statistics is different from the nominal value, but the number of transactions does not change. If the fee or tax payment is deducted from the account in a separate transaction, then it is counted as a separate transaction in both number and value of transactions.

Measurement: number/value of transactions. Currency: euro.

106. Item 1.2 “Direct debits” relates to an authorised debit, possibly recurrent, on the payer’s bank account initiated by the payee. Usually the direct debit is pre-authorised, i.e. the payer has given his consent to the payment transaction prior to it being initiated. Payments are counted on the payee’s side. SEPA direct debits are to be included.

Both one-off and recurrent direct debits are included. In the case of recurrent direct debits, each individual payment is counted as one transaction. Direct debits used to settle outstanding balances of transactions using cards with a credit or delayed debit function are included, as these are separate payments from the cardholder to the card issuer. Direct debits resulting from the settlement of an individual card transaction should not be reported in order to avoid double-counting. Direct debits also includes credits to the account of a payee resulting from a situation whereby a direct order is submitted to a bank for collection and then cleared within the same bank (“On-us transactions”). If applicable, includes credits to the account of the bank resulting from the use of a direct debit instrument settled without intermediary. Debits from the account of a customer by simple book-entry without the use of the direct debit instrument (e.g. banking fees or loan repayments to the account-holding bank) are not included; instead they are reported as “debits to the accounts by simple book-entry”. Cash payments out of the account using a bank form are not included under direct debits. If data are available, they may be shown in the memorandum item 5.0 “OTC cash withdrawals”.

Measurement: number/value of transactions. Currency: euro.

107. Item 1.3 “Card payments with cards issued in the country” (except cards with an e-money function) should include payment transactions performed with cards with a debit, credit or delayed debit function at a terminal or via other channels.

The following breakdown of card payments is provided:

- “Payments with cards with a debit function”
- “Payments with cards with a delayed debit function”
- “Payments with cards with a credit function”
- “Payments with cards with a debit and/or delayed debit function”
- “Payments with cards with a credit and/or delayed debit function”.

Each transaction is applied to only one sub-category, i.e. the sub-categories are mutually exclusive. Thus, the total number/value of card payments is the sum of the sub-categories.

The sub-categories “Payments with cards with a debit and/or delayed debit function” and “Payments with cards with a credit and/or delayed debit function” are only reported if the data cannot be broken down into the first three categories. If a card could have any of the three functions but it is impossible to determine which of these it actually has, then the transaction is reported as “Card payments with cards issued in the country (except cards with an e-money function)” and no further breakdown is made.

Includes deductions from the account of the payer resulting from a card transaction in which the acquirer and the issuer of the card are the same entity, in particular transactions at terminals on the premises of the bank (“On us

transactions). This therefore includes all payments with cards issued by three-party schemes – e.g. American Express or Diners.

Includes deductions from the account of the bank resulting from the settlement of a card transaction in which the acquirer and the issuer of the card are the same entity (e.g. corporate card).

E-money transactions and m-payment transactions are not included. (M-payment is a payment whereby a mobile phone is used to issue the payment order, and possibly also for the transfer of the means of payment).

Payments are counted on the card issuing side. Only transactions with cards issued in the country are reported; in the case of these cards, all transactions, both within and outside the country of issue, are reported.

Only payments are included. Cash withdrawals/deposits at ATMs represent the use of the cash function on the card and are reported as “ATM cash withdrawals” and “ATM cash deposits”. Credit transfers at ATMs are not included but are shown under “Credit transfers”. Cash advances at POS terminals are excluded if it is possible to distinguish them; these are included in “POS transactions” and reported under the memorandum item “Cash advances at POS terminals”. Payments by telephone and over the internet using a card are included. Payments with retailer cards are excluded, except where the retailer card was issued in cooperation with a credit institution. For countries with a significant volume of business with retailer cards, a footnote will indicate the number/value of payments with retailer cards.

Measurement: number/value of transactions. Currency: euro. Calculation: sum total of all sub-categories.

108. In item 1.3.1 “Payments with cards with a debit function” include payment transactions performed with cards with a debit function at a physical terminal or via other channels.

In sub-item 1.3.1.1 “card-not-present transactions” include all payments done with a debit card in situations where the card was not present (example, internet payments).

Measurement: number/value of transactions. Currency: euro.

109. Item 1.3.2 “Payments with cards with a delayed debit function” includes payment transactions performed with cards with a delayed debit function at a physical terminal or via other channels.

Measurement: number/value of transactions. Currency: euro.

110. Item 1.3.3 “Payment with cards with a credit function” includes payment transactions performed with cards with a credit function at a physical terminal or via other channels.

In sub-item 1.3.3.1 “card-not-present transactions” include all payments done with a credit card in situations where the card was not present (example, internet payments).

Measurement: number/value of transactions. Currency: euro.

111. In item 1.3.4 “Payment with cards with a debit and/or delayed debit function” include payment transactions performed with cards with a debit and/or delayed debit function at a physical terminal or via other channels. This sub-category is

only reported if the data cannot be broken down into “Payments with cards with a debit function” and “Payments with cards with a delayed debit function”.

Measurement: number/value of transactions. Currency: euro.

112. In item 1.3.5 “Payment with cards with a credit and/or delayed debit function” include payment transactions performed with cards with a credit and/or delayed debit function at a physical terminal or via other channels. This sub-category is only reported if the data cannot be broken down into “Payments with cards with a credit function” and “Payments with cards with a delayed debit function”.

Measurement: number/value of transactions. Currency: euro.

113. Item 1.4 “E-money purchase transactions” includes transactions whereby the holder of e-money transfers e-money value from his/her balance to the balance of the beneficiary, either with an e-money card or with other e-money storages.

Includes deductions from the account of the payer resulting from an e-money transaction in which the acquirer and the issuer of the e-money instrument are the same entity (“On-us transactions”). If applicable, includes credits to or debits from the account of the bank resulting from the use of an e-money instrument settled without an intermediary.

Transactions are counted on the issuing side of the card or other storage used. Only transactions with cards or storages issued in the country are reported; in the case of these cards and storages, all transactions, both within and outside the country of issue, are reported.

The following breakdown of e-money purchase transactions is provided:

- “E-money purchase transactions: with cards with an e-money function”.
- “E-money purchase transactions: with other e-money storages”.

Each transaction is applied to only one sub-category, i.e. the sub-categories are mutually exclusive. Thus, the total number of e-money purchase transactions is the sum of the sub-categories.

Measurement: number/value of transactions. Currency: euro. Calculation: sum of “E-money purchase transactions: With cards with an e-money function” and “E-money purchase transactions: With other e-money storages”.

114. Item 1.4.1 “E-money purchase transactions with cards with an e-money function” includes transactions whereby the holder of a card with an e-money function transfers e-money value from his/her balance to the balance of the beneficiary.

Measurement: number/value of transactions. Currency: euro.

115. In item 1.4.2 “E-money purchase transactions with other e-money storages” include transactions whereby the holder of an e-money storage other than a card with an e-money function transfers e-money value from his/her balance to the balance of the beneficiary. Includes transactions with e-money held on accounts or files.

Measurement: number/value of transactions. Currency: euro.

116. Item 1.5 “Cheques” includes all written orders from one party (the drawer) to another (the drawee; normally a credit institution) requiring the drawee to pay a specified sum on demand to the drawer or to a third party specified by the drawer.
- Cheques may be used for the settlement of debts and withdrawal of money from credit institutions, etc.; all types of transaction are counted in this category. Includes travellers’ cheques, bankers’ drafts and promissory notes. Cash withdrawals with cheques are included, but cash withdrawals using bank forms are not included (these are reported as “OTC cash withdrawals”, if available).
- Includes credits to the account of a payee resulting from a situation whereby a cheque is submitted to a bank for collection and then cleared within the same bank (“On-us transactions”). If applicable, includes credits to or debits from the account of the bank resulting from the use of cheques settled without an intermediary.
- Cheques are counted on the payee’s side when submitted for cheque clearing. Cheques issued but not submitted for clearing are not included.
- Measurement: number/value of transactions. Currency: euro.
117. Item 1.6 “Other payment instruments” comprise the payment instruments that may exist that cannot be included in any of the other categories of payment instrument – e.g. bills of exchange (including truncated bills of exchange). Does not include documentary letters of credit or bills for collection, unless they can be used directly for settlement. M-payments are not included. A footnote states which instruments are included.
- Includes credits to or debits from customers’ accounts as a result of “Other payment instruments” submitted to the bank and settled without an intermediary. Where applicable, also includes credits to or debits from the bank’s account as a result of the use of such an instrument, settled without an intermediary.
- Measurement: number/value of transactions. Currency: euro.
118. Memorandum Item 2, relates to cross-border transactions. This comprises the total of cross-border transactions received and cross-border transactions sent. See Memorandum items 2.1 and 2.2 below respectively.
119. Memorandum Item 2.1 “Cross-border transactions received” includes the total number/value of transactions with payment instruments involving non-MFIs received from outside the reporting country, i.e. where the party sending the transaction is located outside the reporting country (rest of the world except the reference area). Information is provided if available in the reporting country. No further breakdown by type of payment instrument is provided. The difference between “Cross-border transactions sent” and “Cross-border transactions received” shows the net inflow or outflow of transactions into/out of the reporting country.
- Credit transfers (including cross-border SEPA credit transfers) are counted on the payee’s (instruction recipient’s) side. Direct debits (including SEPA direct debits) and cheques are counted on the payer’s (instruction recipient’s) side. Card transactions are counted on the acquiring (payee’s) side.
- Measurement: number/value of transactions. Transaction currency: all. Reporting currency: euro.

120. Memorandum Item 2.2 “Cross-border transactions sent” includes the total number/value of transactions with payment instruments involving non-MFIs sent outside the reporting country, i.e. in which the party receiving the transaction is located outside the reporting country (rest of the world except the reference area). Information is provided if available in the reporting country. No further breakdown by type of payment instrument is provided. The difference between “Cross-border transactions sent” and “Cross-border transactions received” shows the net inflow or outflow of transactions into/out of the reporting country.
Credit transfers (including SEPA credit transfers) are counted on the payer’s (instruction sender’s) side. Direct debits (including SEPA direct debits) and cheques are counted on the payee’s (instruction sender’s) side. Card transactions are counted on the issuing (payer’s) side. Sub-category of “Total number/value of transactions with payment instruments”.
Measurement: number/value of transactions. Transaction currency: all. Reporting currency: euro.
121. In item 3 “Transactions per type of terminal” include
- Cash or cashless transactions performed at a physical (not virtual) terminal.
 - i. The scope of payment transactions with cards reported in this section is smaller than that of transactions reported in the section “Transactions per type of payment instrument”. The section “Transactions per type of payment instrument” includes card transactions at virtual points of sale, e.g. over the internet or the telephone, while such transactions are not reported in the section “Transactions per type of terminal”.
 - ii. Transactions per type of terminal are counted on three different levels:
 - a) transactions at terminals located in the country with cards issued in the country
 - b) transactions at terminals located in the country with cards issued outside the country
 - c) transactions at terminals located outside the country with cards issued in the country.
 - These different levels allow the calculation of all transactions at terminals located in the country, irrespective of where the card used was issued, and also of all transactions with cards issued in the country at terminals anywhere in the world.
 - If no distinction according to the nationality of the card is possible, transactions are included in “a) Transactions at terminals in the country with cards issued in the country” as the most common category, and an explanation is provided.
122. Item 3.1 “Transactions at terminals located in the country by cards issued in the country” relate to the total of transactions featured in 3.1.1 to 3.1.4.
123. Item 3.1.1 “ATM cash withdrawals” should include cash withdrawals performed at an ATM using a card with a cash function. Cash advances at

POS terminals using a card with a debit, credit or delayed debit function are not included but are reported under “POS transactions”; if it is possible to distinguish them, they are also reported as a memorandum item “Cash advances at POS terminals”.

Measurement: number/value of transactions. Transaction currency: all. Reporting currency: euro.

124. In item 3.1.2 “ATM cash deposits” include cash deposits performed at an ATM using a card with a cash function. Includes all transactions in which cash is deposited at a terminal and the payer identifies himself/herself with a payment card. Measurement: number/value of transactions. Transaction currency: all. Reporting currency: euro.
125. Item 3.1.3 “POS transactions” (irrespective of type of card used) includes transactions performed through POS terminals using a card with a debit, credit or delayed debit function. Includes the number/value of transactions performed at EFTPOS terminals. Cash advances at POS terminals are also included. If these can be distinguished, they are also reported in the memorandum item “Cash advances at POS terminals”. Measurement: number/value of transactions. Transaction currency: all. Reporting currency: euro.
126. Item 3.1.4 “E-money card loading/unloading transactions” includes transactions allowing the transfer of e-money value from an issuer of electronic money to a card with an e-money function and vice versa. Both loading and unloading transactions are included. Measurement: number/value of transactions. Transaction currency: all. Reporting currency: euro.
127. Item 3.2 “Transactions at terminals located in the country by cards issued outside the country” relate to the total of transactions featured in 3.2.1 to 3.2.4.
128. For items 3.2.1 to 3.2.4 see descriptions under nos. 66 to 69 above.
129. Item 3.3 “Transactions at terminals located outside the country by cards issued in the country” relate to the total of transactions featured in 3.3.1 to 3.3.4.
130. For items 3.3.1 to 3.3.4 see descriptions under nos. 66 to 69 above.
131. For Memorandum Item 4 “Cash advances at POS terminals” include transactions in which the cardholder receives cash at a POS terminal, usually in combination with a POS payment for goods or services. Data are included in “POS transactions”. If it is possible to distinguish data on cash advances at POS terminals, these are also reported as a memorandum item “Cash advances at POS terminals”. Measurement: number/value of transactions. Transaction currency: all. Reporting currency: euro.
132. Memorandum Item 5 “OTC cash withdrawals” includes cash withdrawals from an account at the bank using a bank form. These transactions do not represent payments in the strict sense, comprising only a change from the

bank (account money) to the central bank (cash) as obligor of the claim. Thus, they are not included in the breakdown of payment instruments. However, data may be reported if available. Measurement: number/value of transactions. Transaction currency: all. Reporting currency: euro.

133. Memorandum Item 6 “OTC cash deposits” includes cash deposits to an account at a bank using a bank form. These transactions do not represent payments in the strict sense, comprising only a change from the central bank (cash) to the bank (account money) as obligor of the claim. Thus, they are not included in the breakdown of payment instruments. However, data may be reported if available. Measurement: number/value of transactions. Transaction currency: all. Reporting currency: euro.

CE – Statement of Changes in Equity

134. Statement of Changes in Equity

Ordinary share capital

Report fully paid equity instruments that are subordinate to all other classes of equity instruments.

Share Premium

Report the difference between the par value of a share and its issue price, where the latter is the higher amount.

Preference share capital

Report capital raised by an entity through the sale of preferred shares, and which rank ahead of ordinary shares for the purposes of claiming dividend payments, or any assets of the company should it be wound up.

Revaluation reserves

Report the increase in the carrying amount of an asset as a result of a revaluation under International Accounting Standard 16 which should be credited directly to equity, unless it reverses a revaluation decrease previously recognised as an expense. Revaluation increases and decreases should only be offset where they relate to the same asset. A revaluation decrease should be charged directly against any related revaluation surplus, with any excess being recognised as an expense. Each year an entity may transfer from revaluation reserve to retained earnings the difference between the depreciation based on the revalued carrying amount and the depreciation based on the asset's original cost. This annual transfer from revaluation surplus to retained earnings is not made through the income statement.

Capital reserve

Report the amount set aside in a fund for specific purposes, which thereby cannot be distributed for other uses.

Hedging reserve

In accordance with International Accounting Standard 39, this item comprises of fair value hedges, cash flow hedges and hedges of net investment in a foreign entity. Any changes in their fair values are passed through the hedging reserve.

Exchange rate revaluation reserve

Report an increase/decrease in the foreign exchange value of a currency that is pegged to other currencies or gold.

Currency revaluation/devaluation reserve

Report any deliberate upward or downward adjustment in the official exchange rate established by government against a specified standard, such as a basket of currencies.

Dividend reserve

Report any dividend proposed up till year end but not yet paid as at that date should be transferred from the profit and loss reserve to dividend reserve.

Other reserves

This item shall comprise the cumulative net change in fair values of available-for-sale financial assets held by the bank, together with all other reserves which are not being shown separately on the face of the balance sheet.

Others

Report any other item of equity and reserves not included elsewhere.

Retained earnings

Report any retained realised profits/losses from current and previous years, which are available for distribution to shareholders.

Revaluation on property

Report any increase in the carrying amount of any property, (in accordance with its open market value) as a result of revaluation under International Accounting Standard 16.

Fair value movements on available-for-sale instruments

This item shall comprise the cumulative net gains or losses in fair values of available-for-sale financial assets held by the bank.

Issue of share capital

Report any fresh issue or any other form of increase in ordinary and preference share capital, both through a rights issue bonus issue or otherwise.

Recycle of fair value profits not realised

Any profits registered on marking to market held-for-trading or available-for-sale financial instruments which are recognised in the income statement but which have not been realised (disposal not yet carried out) should be recycled out of the profit and loss account reserve into the unrealised fair value reserve.

Changes in accounting policies

Report the effects attributable to the introduction or amendments in accounting policies, due to a change in or an introduction of an International Accounting Standard, a change in legislation or directive or otherwise.

FLOWS SCHEDULES

135. In the flows schedules, with regards to particular instruments where a maturity breakdown of data is required, original maturity should be used. A detailed explanation of the concept of flows and of the flows schedules may be found in Appendix 7.

MFI Interest Rates (MIR) schedules

136. Detailed instructions on the MFI Interest Rates (MIR) schedules are provided in Appendix 8.

SL – Syndicated loans

137. Syndicated loans only cover cases where the borrower knows, from the loan contract, that the loan is made by several lenders. For statistical purposes, only amounts actually disbursed by lenders (rather than total credit lines) are regarded as syndicated loans. The syndicated loan is usually arranged and coordinated by one institution (often called the 'lead manager) and is actually made by various participants in the syndicate. Participants, including the lead manager, all report their share of the loan vis-à-vis the borrower (i.e. not vis-à-vis the lead manager) in their balance sheet assets.
138. On the assets side report syndicated loans by residence and by selected sector while on the liabilities side report total syndicated loans received by MFIs.

FD - Financial derivatives by sector (Assets and liabilities)

A financial derivatives contract is a financial instrument that is linked to a specific financial instrument, indicator, or commodity, and through which specific financial risks can be traded in their own right in financial markets. As a result, the value of a financial derivative is derived from the price of the underlying asset, even though transactions in financial derivatives are treated as separate transactions to which they are linked. Note that outstanding values of financial derivatives should be recorded in the balance sheet at their market prices, i.e. the value of a forward type contract should be derived from the difference between the agreed-upon contract price of an underlying item and the prevailing market price of that item. On the other hand, the price of an option depends on the difference between the strike price and the market price of an underlying item.

During the life of a financial derivative, the gain or loss, derived from the difference in the market value and the agreed price as explained above, made must be recorded separately as a financial derivative asset or financial derivative liability, while the counter-entry should feature in the Profit and Loss Account accordingly. The flow should be reported as price revaluation. In case that there is an exchange rate element which cannot be distinguished, this can be included with the figure reported as price revaluation.

When a financial derivative is settled, normally in cash, a transaction equal to the cash value of the settlement is recorded. Thus, no transaction in the underlying item is recorded. As a result of the settlement, the balance sheet will record a rise in the cash balances and a decrease in the financial derivative asset figure, if a cash payment is received. When on the other hand a payment in cash is made, there will be a drop in the cash figure and a compensating reduction in the financial derivative liability balance. It is important that where there is more than one financial derivative being settled at the same time, the transactions of each are recorded on a gross basis. When there is a contractual obligation on the issuer either to deliver or another financial asset to the holder or to exchange another financial instrument with the holder under conditions that are potentially unfavourable to the issuer, it is classified as a financial liability.

Derivatives should be recognised *on-balance sheet* and categorised as *held for trading* unless they are designated as hedging instruments.

PR – Provisions

139. Report provisions in accordance with the breakdown in the relative schedule.

BOP – Data used for balance of payments services (Assets and liabilities)

140. This is a schedule containing only links. Thus it is not required to be filled in.

SBSA – Security by Security Attributes - Assets

141. Report here securities held by the reporting credit institution

Security identifier code – Report the International Security Identification Code (ISIN) used to identify the security.

Number of units – For equity securities report the number of shares (both local and foreign) held by the reporting credit institution at the end of the reporting period.

Nominal value - Report the nominal value in euros of debt securities (both local and foreign) held by the reporting credit institution at the end of the reporting period.

Nominal currency – Report the currency code of the security held.

Market price - For equity securities report the market price per unit in nominal currency of the issue. For debt securities report the percent clean price of the security.

Securities purchased during the month - For each ISIN code, report in euros those transactions effected during the reporting quarter relating to the acquisition of both debt and equity securities by the reporting credit institution. In the case of debt securities report the clean price.

Securities sold or redemptions during the month - For each ISIN code, report in euros those transactions effected during the reporting quarter relating to the disposal or redemptions of both debt and equity securities. In the case of debt securities report the clean price.

Purchased Interest in the course of the month - Report in euros any purchased interest paid during the reporting quarter.

Received and sold interest in the course of the month - Report in euros any interest received or sold during the quarter.

Dividends received during the month - Report in euros any dividends actually received during the quarter, which were earned from the ownership of shares or equivalent equity such as holdings in Collective Investment Schemes.

SBSL – Security by Security Liabilities

142. Report here securities issued by the reporting credit institutions on foreign stock exchanges.

Security identifier code – Report the International Security Identification Code (ISIN) used to identify the security.

Number of units – For equity securities report the number of individual shares and mutual fund units issued on a foreign stock exchange and are currently outstanding at the end of the reporting period.

Nominal value - Report the total amount of the issue outstanding (nominal value) in euros at the end of the reporting period.

Nominal currency – Report the currency code of the issue of the principal.

Market price - For equity securities report the market price per unit in nominal currency of the issue. For debt securities report the percent clean price of the security.

Securities issued during the month - For each ISIN code, report in euros those transactions effected during the reporting quarter relating to the issue of both debt and equity securities on a foreign stock exchange by the reporting credit institution. In the case of debt securities report the clean price.

Redemptions of securities during the month - For each ISIN code, report in euros those transactions effected during the reporting quarter relating to the redemptions of both debt and equity securities. In the case of debt securities report the clean price.

Paid and purchased Interest in the course of the month - Report in euros any paid or purchased interest during the reporting quarter.

Sold interest in the course of the month - Report in euros any interest sold during the quarter.

Dividends received during the month - Report in euros any dividends actually paid during the quarter.

SBSA HH NOM - Security by Security Attributes – Foreign Securities held on behalf of the resident Households sector

143. This schedule collects monthly information on a security by security basis for those securities which have a valid ISIN code and are issued by residents and non-residents and held in own custody or with a non-resident custodian on behalf of the resident household sector i.e. acting as nominee for the resident household sector. Only those securities without a valid ISIN code are to be reported on an aggregated basis in schedule NON SBS DEBT NOM and NON SBS EQUITY NOM.
144. When a credit institution is submitting the return SBSA HH NOM for the first time, this institution should also report SBSA HH NOM for the previous reporting period. However, only the fields under the heading “position at end of period” are to be reported. The transactions effected during the previous reporting period are not to be filled in.

SBSA NFC NOM - Security by Security Attributes – Foreign Securities held on behalf of the resident non-financial corporations

145. This schedule collects monthly information on a security by security basis for those securities which have a valid ISIN code and are issued by residents and non-residents and held in own custody or with a non-resident custodian on behalf of the resident Non Financial sector i.e. acting as nominee for the resident non financial sector. Financial companies should be excluded. Only those securities without a valid ISIN code are to be reported on an aggregated basis in schedule NON SBS DEBT NOM and NON SBS EQUITY NOM.

146. When a credit institution is submitting the return SBSA NFC NOM for the first time, this institution should also report SBSA NFC NOM for the previous reporting period. However, only the fields under the heading “position at end of period” are to be reported. The transactions effected during the previous reporting period are not to be filled in.

NON SBS DEBT NOM – Analysis of securities other than shares by country of residence - Residents nominee business of households and non-financial corporations (For securities not reported on a SBS basis)

147. This return is only to be filled for those debt securities which do not have a valid ISIN code (thus not reported in schedules SBSA HH nom and SBSA NFC NOM) and were issued by non residents and held on behalf of the resident household and non financial sectors. Securities held on behalf on the financial sector should be excluded.
148. When a credit institution is submitting this return for the first time, this institution should also report this schedule for the previous reporting period. However, only the fields under the heading “Positions” are to be reported. The transactions effected during the previous reporting period are not to be filled in.
149. Positions should be reported at market value. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the month.
150. Transactions are considered to have taken place when both the creditor and the debtor have recorded the claim and liability respectively in their books. In most transactions, the market price (almost) always corresponds with the agreed transaction price. Transactions in foreign currency should be converted into Euro either using the official middle rate on the transaction day or the actual exchange rate used in the transaction.

Positions

151. **In columns A,B and C** report the holdings including the position of accrued interest of those debt securities issued by non residents MFIs and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
152. **In columns D, E and F** report the holdings including the position of accrued interest of those debt securities issued by foreign governments and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
153. **In columns G, H and I** report the holdings including the position of accrued interest of those debt securities issued by other non residents sectors and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.

Transactions (purchase and sale of debt securities during the month)

154. **In columns K and L** report the net purchases and sales of those debt securities issued by non residents MFIs and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
155. **In columns M and N** report the net purchases and sales of those debt securities issued by foreign governments and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
156. **In columns O and P** report the net purchases and sales of those debt securities issued by other non residents sectors and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM

Interest during the month

157. **In column R** report interest accrued during the course of the month i.e. accrued interest receivable which has not yet been credited to the relevant accounts on those debt securities issued by non resident MFIs and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
158. **In column S – report** interest actually received during the reporting month on those debt securities issued by non residents MFIs. When interest matures and part of this interest is not received, record all the interest in this column and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM
159. **In column T – report** the net interest actually purchased or sold during the reporting month on those debt securities issued by non residents MFIs and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM
160. **In column U** report interest accrued during the course of the month i.e. accrued interest receivable which has not yet been credited to the relevant accounts on those debt securities issued by foreign governments and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
161. **In column V – report** interest actually received during the reporting month on those debt securities issued by foreign governments. When interest matures and part of this interest is not received, record all the interest in this column and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
162. **In column W – report** the net interest actually purchased or sold during the reporting month on those debt securities issued by foreign governments and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
163. **In column X** report interest accrued during the course of the month i.e. accrued interest receivable which has not yet been credited to the relevant accounts on those debt securities issued by other non resident sectors and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.

164. **In column Y – report** interest actually received during the reporting month on those debt securities issued by other non residents sectors. When interest matures and part of this interest is not received, record all the interest in this column and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
165. **In column Z – report** the net interest actually purchased or sold during the reporting month on those debt securities issued by other non residents sectors and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.

NON SBS EQUITY NOM - Analysis of shares and other equity by country of residence and type - Residents nominee business of households and non-financial corporations (For equity securities not reported on a SBS basis)

166. This return is only to be filled for those equity securities which do not have a valid ISIN code (thus not reported in schedules SBSA HH NOM and SBSA NFC NOM) and were issued by non residents and held on behalf of the resident household and non financial sectors. Securities held on behalf of the financial sector should be excluded.
167. When a credit institution is submitting this return for the first time, this institution should also report this schedule for the previous reporting period. However, only the fields under the heading “Positions” are to be reported. The transactions effected during the previous reporting period are not to be filled in.
168. Positions should be reported at market value. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the month.
169. Transactions are considered to have taken place when both the creditor and the debtor have recorded the claim and liability respectively in their books. In most transactions, the market price (almost) always corresponds with the agreed transaction price. Transactions in foreign currency should be converted into Euro either using the official middle rate on the transaction day or the actual exchange rate used in the transaction.

Positions

170. **In column A** report the holdings of those equity securities issued by non residents Investment Funds and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
171. **In column C** report equity holdings issued by a non-resident MFI in which the resident household and or non financial sectors owns 10 percent or more of the ordinary shares or voting power. Equity investment of less than 10 percent should be reported in column B.

172. **In column E** report equity holdings issued by other non-resident in which the resident household and or non financial sectors owns 10 percent or more of the ordinary shares or voting power. Equity investment of less than 10 percent should be reported in column D.

Transactions (purchase and sale of equity securities during the month)

173. **In column G** report the net purchases and sales of those equity securities issued by non residents IF and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM.
174. **In column I** report the net purchases and sales of those equity securities issued by foreign MFIs in which the resident household and or non financial sectors owns 10 percent or more of the ordinary shares or voting power and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM. Equity investment of less than 10 percent should be reported in column H.
175. **In column K** report the net purchases and sales of those equity securities issued by foreign MFIs in which the resident household and or non financial sectors owns 10 percent or more of the ordinary shares or voting power and which were not reported in schedule SBSA HH NOM and SBSA NFC NOM. Equity investment of less than 10 percent should be reported in column J.
176. **In column M** – report any dividends and remittances of profits earned from the ownership of stock (shares) or equivalent equity interest in non resident enterprises. These amounts should be recorded on the basis of dividends actually received/paid from/to non-residents during the month

SBS DANR NOM - Security by Security Attributes – Domestic Securities held on behalf of the non-residents

177. This schedule collects monthly information on a security by security basis for those securities which have a valid ISIN code and are issued by residents of Malta and held in own custody on behalf of non- resident. Only those securities without a valid ISIN code are to be reported on an aggregated basis in schedule NON SBS DA DEBT NOM and NON SBS DA EQUITY NOM.
178. When a credit institution is submitting the return SBSA DANR NOM for the first time, this institution should also report SBSA DANR NOM for the previous reporting period. However, only the fields under the heading “position at end of period” are to be reported. The transactions effected during the previous reporting period are not to be filled in.

NON SBS DA DEBT NOM - Analysis of securities other than shares by country of residence – Domestic assets held on behalf of non-residents (For securities not reported on a SBS basis)

179. This return is only to be filled for those debt securities which do not have a valid ISIN code (thus not reported in schedules SBSA DANR NOM) and were issued by the resident sectors and held on behalf of non residents..
180. When a credit institution is submitting this return for the first time, this institution should also report this schedule for the previous reporting period. However, only the fields under the heading “Positions” are to be reported. The transactions effected during the previous reporting period are not to be filled in.
181. Positions should be reported at market value. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the month.
182. **Transactions** are considered to have taken place when both the creditor and the debtor have recorded the claim and liability respectively in their books. In most transactions, the market price (almost) always corresponds with the agreed transaction price. Transactions in foreign currency should be converted into Euro either using the official middle rate on the transaction day or the actual exchange rate used in the transaction.

Positions

183. **In columns A,B and C** report the holdings including the position of accrued interest of those debt securities issued by resident MFIs and held on behalf of non residents and were not reported in schedule SBSA DANR NOM.
184. **In columns D, E and F** report the holdings including the position of accrued interest of those debt securities issued by the Government of Malta and which were not reported in schedule SBSA DANR NOM.
185. **In columns G, H and I** report the holdings including the position of accrued interest of those debt securities issued by other residents sectors and which were not reported in schedule SBSA DANR NOM.

Transactions (purchase and sale of debt securities during the month)

186. **In columns K and L** report the net purchases and sales of those debt securities issued by residents MFIs and which were not reported in schedule SBSA DANR NOM.
187. **In columns M and N** report the net purchases and sales of those debt securities issued by the Government Malta and which were not reported in schedule SBSA DANR NOM.
188. **In columns O and P** report the net purchases and sales of those debt securities issued by other residents sectors and which were not reported in schedule SBSA DANR NOM

Interest during the month

189. **In column R** report interest accrued during the course of the month i.e. accrued interest receivable which has not yet been credited to the relevant accounts on those debt securities issued by resident MFIs.
190. **In column S** – report interest actually received during the reporting month on those debt securities issued by residents MFIs. When interest matures and part of this interest is not received, record all the interest in this column.
191. **In column T** – report the net interest actually purchased or sold during the reporting month on those debt securities issued by residents MFIs
192. **In column U** report interest accrued during the course of the month i.e. accrued interest receivable which has not yet been credited to the relevant accounts on those debt securities issued by the Government of Malta.
193. **In column V** – report interest actually received during the reporting month on those debt securities issued by the Government of Malta. When interest matures and part of this interest is not received, record all the interest in this column.
194. **In column W** – report the net interest actually purchased or sold during the reporting month on those debt securities issued by the Government of Malta.
195. **In column X** report interest accrued during the course of the month i.e. accrued interest receivable which has not yet been credited to the relevant accounts on those debt securities issued by other resident sectors.
196. **In column Y** – **report** interest actually received during the reporting month on those debt securities issued by other residents sectors. When interest matures and part of this interest is not received, record all the interest in this column.
197. **In column Z** – report the net interest actually purchased or sold during the reporting month on those debt securities issued by other residents sectors.

NON SBS DA EQUITY NOM - Analysis of shares and other equity by residence and type – Domestic assets held on behalf of non-residents (For equity securities not reported on a SBS basis)

198. This return is only to be filled for those equity securities which do not have a valid ISIN code (thus not reported in schedules SBSA DANR NOM) and were issued by the resident sectors and held on behalf of non residents..
199. When a credit institution is submitting this return for the first time, this institution should also report this schedule for the previous reporting period. However, only the fields under the heading “Positions” are to be reported. The transactions effected during the previous reporting period are not to be filled in.

200. Positions should be reported at market value. Positions denominated in foreign currencies should be converted to Euro using the exchange rate prevailing at the close of business on the last working day of the month.
201. **Transactions** are considered to have taken place when both the creditor and the debtor have recorded the claim and liability respectively in their books. In most transactions, the market price (almost) always corresponds with the agreed transaction price. Transactions in foreign currency should be converted into Euro either using the official middle rate on the transaction day or the actual exchange rate used in the transaction.

Positions

202. **In column A** report the holdings of those equity securities issued by resident Investment Funds and which were not reported in schedule SBSA DANR NOM.
203. **In column C** report equity holdings issued by resident MFI in which non residents owns 10 percent or more of the ordinary shares or voting power. Equity investment of less than 10 percent should be reported in column B.
204. **In column E** report equity holdings issued by other non-resident in which non residents owns 10 percent or more of the ordinary shares or voting power. Equity investment of less than 10 percent should be reported in column D.

Transactions (purchase and sale of equity securities during the month)

205. **In column G** report the net purchases and sales of those equity securities issued by residents IF and which were not reported in schedule SBSA DANR NOM.
206. **In column I** report the net purchases and sales of those equity securities issued by foreign MFIs in which non residents owns 10 percent or more of the ordinary shares or voting power and which were not reported in schedule SBSA DANR NOM. Equity investment of less than 10 percent should be reported in column H.
207. **In column K** report the net purchases and sales of those equity securities issued by foreign MFIs in which non residents owns 10 percent or more of the ordinary shares or voting power and which were not reported in schedule SBSA DANR NOM. Equity investment of less than 10 percent should be reported in column J.
208. **In column M** – report any dividends and remittances of profits earned from the ownership of stock (shares) or equivalent equity interest in non resident enterprises. These amounts should be recorded on the basis of dividends actually received/paid from/to non-residents during the month

PL – Income Statement

Item 1. Interest Receivable and Similar Income (including interest amortisation income of premium / discounts):

Item 1.1 Claims on the Central Bank of Malta

Item 1.1.1 Funds placed under reserve requirements

Report interest receivable from funds placed with the Central Bank of Malta as reserve requirement in accordance with Appendix 37 of the Central Bank of Malta Act.

Item 1.1.2 Loans

Item 1.1.3 Other deposits

Report interest receivable on deposits held with the Central Bank of Malta.

Item 1.1.4 Purchase / resale agreements

Report interest receivable from purchase/resale agreements held with the Central Bank of Malta

Item 1.1.3 Securities other than shares

Report interest receivable from securities issued by the Central Bank of Malta in terms of Appendix 15 (1) (f) of the Central Bank Act.

Item 1.2 Claims on the Eurosystem and other central banks

Report interest receivable on funds placed with the Eurosystem and other central banks, including:

- Interest receivable on funds placed under reserve requirement
- Interest receivable on sale / repurchase agreements / term deposits
- Interest receivable on securities other than shares
- Amortisation of premium/discount
- Interest receivable on other deposits

Item 1.3 Claims on MFI's

Item 1.3.1 Head Office, overseas branches, subsidiaries, parent and other related credit institutions

The above definition includes interest receivable from:

- Overseas branches of the reporting institution and/or related to the reporting institution
- Subsidiary credit institutions of the reporting institution
- Parent credit institution of the reporting subsidiary, branch or associate reporting institution
- Other related credit institutions, including any inter-group transactions (i.e. relating solely to credit institutions within the group or includes also other group companies) not mentioned above

Items 1.3.1.1 and 1.3.1.2 Reporting to be split into euro and in foreign currency

Item 1.3.1.1.1 and Item 1.3.1.2.1 Loans

Report interest receivable on loans to third parties.

Item 1.3.1.1.2 and Item 1.3.1.2.2 Deposits

Report interest receivable on deposits which the reporting institution placed with third parties (nostro accounts).

Definitions of the sub-classifications of the type of deposits which include current/cheque, savings and time with agreed maturity may be found in Appendix 5 Item 9 of the instructions.

Item 1.3.1.1.3 and Item 1.3.1.2.3 Purchase/resale agreements

Report income receivable from the purchase / resale agreements / term deposits with third parties.

Item 1.3.1.1.4 and Item 1.3.1.2.4 Securities other than shares

Report interest receivable from debt securities or other fixed income securities.

Item 1.3.1.1.5 and Item 1.3.1.2.5 Others

Report items not included in the afore-specified categories.

Item 1.3.2 Other credit institutions

Report interest receivable from credit institutions other than those already reported above.

Items 1.3.2.1 and 1.3.2.2 Reporting to be split into euro and in foreign currency

Item 1.3.2.1.1 and Item 1.3.2.2.1 Loans

Refer to item 1.3.1.1.1 above.

Item 1.3.2.1.2 and Item 1.3.2.2.2 Deposits

Refer to item 1.3.1.1.2 above.

Item 1.3.2.1.3 and Item 1.3.2.2.3 Purchase/resale agreements

Refer to item 1.3.1.1.3 above.

Item 1.3.2.1.4 and Item 1.3.2.2.4 Securities other than shares

Refer to item 1.3.1.1.4 above.

Item 1.3.2.1.5 and Item 1.3.2.2.5 Others

Report items not included in the afore-specified categories.

Item 1.3.3 Money market funds (including instruments)

Report interest receivable from money market funds as defined under paragraph 1 (iii) of *appendix 3 – Institutional sectors of the economy* of these instructions

Items 1.3.3.1 and 1.3.3.2 Reporting to be split into euro and in foreign currency

Item 1.3.3.1.1 and Item 1.3.3.2.1 Loans

Refer to item 1.3.1.1.1 above

Items 1.3.3.1.2 and Item 1.3.3.2.2 Others

Report interest receivable from money market funds not already reported in Item 1.3.3.1.1 and Item 1.3.3.2.1 above.

Item 1.4 Claims on general government

A detailed definition can be found in Appendix 3 para. 22 and 23.

Items 1.4.1 and 1.4.2 Reporting to be split into euro and in foreign currency

Item 1.4.1.1 and Item 1.4.2.1 Treasury bills

Report income receivable from treasury bills, being the difference between the discounted price at which the treasury bills were purchased and its current fair value.

Item 1.4.1.2 and Item 1.4.2.2 Other Government securities

Report interest receivable on government securities, being the difference between the discounted price at which the government securities were purchased and its current fair value.

Item 1.4.1.3 and Item 1.4.2.3 Loans

Report interest receivable on loans to local and foreign general governments i.e. includes regional governments

Item 1.4.1.4 and Item 1.4.2.4 Others

Report interest receivable not already reported under Item 1.4.3 above

Item 1.5 Claims on other remaining sectors

Refer to Appendix 3.

Items 1.5.1 and 1.5.2 Reporting to be split into euro and in foreign currency

Item 1.5.1.1 and Item 1.5.2.1 Securities other than shares

Refer to item 1.3.1.1.4 above

Item 1.5.1.2 and Item 1.5.2.2 Loans

Report interest receivable on loans including overdrafts and encroachments (in line with outstanding amounts as reported in schedule AL1)

Item 1.5.1.3 and Item 1.5.2.3 Others

Report interest receivable not already reported under the afore-specified categories.

Item 2 Interest Expense Payable on (including interest amortisation expense of premium / discounts):

Item 2.1 Borrowings from Central Bank of Malta

Item 2.1.1 Deposits

Item 2.1.2 Loans

Report interest expense on loans sanctioned by the Central Bank of Malta

Item 2.1.3 Sale/repurchase agreements

Report interest payable on sale/repurchase agreements with the Central Bank of Malta

Item 2.2 Borrowings from the Eurosystem and other central banks

Report interest payable on funds received from the Eurosystem and other central banks, including:

- Interest payable on sale/repurchase agreements
- Interest payable on loans
- Interest payable on standby loan facilities

Item 2.3 Liabilities with MFI's

Item 2.3.1 Head office, overseas branches, subsidiary, parent and other related credit institutions

The above definition includes interest payable on:

- Head office, overseas branches of the reporting institution and/or related to the reporting institution
- Subsidiary credit institutions of the reporting institution
- Parent credit institution of the reporting subsidiary, branch or associate reporting institution
- Other related credit institutions, including any inter-group transactions (i.e. relating solely to credit institutions within the group or includes also other group companies) not mentioned above

Item 2.3.1.1 In Euro

Report any interest payable on the following liabilities denominated in Euro.

Item 2.3.1.1.1 Deposits

Report interest payable on deposits.

Definitions of the sub-classifications of the type of deposits which include current/cheque, savings and time with agreed maturity can be found in Appendix 5 of the instructions.

Item 2.3.1.1.2 Loans

Report interest payable on borrowings.

Item 2.3.1.1.3 Debt securities issued

Report interest payable on debt securities issued by the reporting institution, including interest payable on subordinated loan capital. Interest payable on preference shares and on other perpetual securities should be reported here.

Item 2.3.1.1.5 Others

Report items not included in the afore-specified categories.

Item 2.3.1.2 Foreign currency

Report interest payable on the following liabilities denominated in foreign currency.

Item 2.3.1.2.1 Deposits

Refer to item 2.3.1.1.1 above.

Item 2.3.1.2.2 Loans

Refer to item 2.3.1.1.2 above.

Item 2.3.1.2.3 Debt securities issued

Refer to item 2.3.1.1.3 above

Item 2.3.1.2.5 Others

Report items not included in the afore-specified categories.

Item 2.3.2 Other credit institutions

Report interest payable to credit institution other than those reported in Item 2.3.1 above.

Item 2.3.2.1 In Euro

Refer to item 2.3.1.1 above.

Item 2.3.2.1.1 Deposits

Refer to item 2.3.1.1.1 above

Item 2.3.2.1.2 Loans

Refer to item 2.3.1.1.2 above.

Item 2.3.2.1.3 Sale/repurchase agreements

Refer to item 2.3.1.1.3 above.

Item 2.3.2.1.4 Debt securities issued

Refer to item 2.3.1.1.4 above

Item 2.3.2.1.5 Others

Refer to item 2.3.1.1.5 above

Item 2.3.2.2 Foreign currency

Refer to item 2.3.1.2 above.

Item 2.3.2.2.1 Deposits

Refer to item 2.3.1.2.1 above.

Item 2.3.2.2.2 Loans

Refer to item 2.3.1.2.2 above.

Item 2.3.2.2.3 Sale/repurchase agreements

Refer to item 2.3.1.2.3 above.

Item 2.3.2.2.4 Debt securities issued

Refer to item 2.3.1.2.4 above

Item 2.3.2.2.5 Others

Refer to item 2.3.1.2.5 above

Item 2.3.3 Money market funds

Report interest payable to money market funds as defined under paragraph 1(iii) of Appendix 3.

Item 2.3.3.1 In Euro

Refer to item 2.3.1.1 above

Item 2.3.3.2 In Foreign currency

Refer to item 2.3.1.2 above

Item 2.4 Liabilities with general government

Refer to item 1.4 above.

Item 2.4.1 In Euro

Refer to item 2.3.1.1 above.

Item 2.4.1.1 Deposits

Refer to item 2.3.1.1.1 above

Item 2.4.1.2 Loans

Refer to item 2.3.1.1.2 above.

Item 2.4.1.3 Sale/repurchase agreements

Refer to item 2.3.1.1.3 above.

Item 2.4.1.4 Debt securities issued (issued by the reporting institution and held by the General Government)

Refer to item 2.3.1.1.4 above

Item 2.4.1.5 Others

Refer to item 2.3.1.1.5 above.

Item 2.4.2 Foreign Currency

Refer to item 2.3.1.2 above.

Item 2.4.2.1 Deposits

Refer to item 2.3.1.2.1 above.

Item 2.4.2.2 Loans

Refer to item 2.3.1.2.2 above.

Item 2.4.2.3 Sale/repurchase agreements

Refer to item 2.3.1.2.3 above.

Item 2.4.2.4 Debt securities issued

Refer to item 2.3.1.2.4 above.

Item 2.4.2.5 Others

Refer to item 2.3.1.2.5 above.

Item 2.5 Liabilities with other remaining sectors

Refer to item 1.5 above.

Item 2.5.1 In Euro

Refer to item 2.3.1.1 above.

Item 2.5.1.1 Deposits

Refer to item 2.3.1.1.1 above.

Item 2.5.1.1.1 Equity/index linked deposits

Report interest expense on equity/index linked deposits.

Item 2.5.1.2 Loans

Refer to item 2.3.1.1.2 above.

Item 2.5.1.3 Sale/repurchase agreements

Refer to item 2.3.1.1.3 above.

Item 2.5.1.4 Debt securities issued

Refer to item 2.3.1.1.4 above.

Item 2.5.1.5 Others

Refer to item 2.3.1.1.5 above.

Item 2.5.2 Foreign currency

Refer to item 2.3.1.2 above.

Item 2.5.2.1 Deposits

Refer to item 2.3.1.1.1 above.

Item 2.5.2.1.1 Equity/index linked deposits

Refer to item 2.5.1.1.1 above.

Item 2.5.2.2 Loans

Refer to item 2.3.1.2.2 above.

Item 2.5.2.3 Sale/repurchase agreements

Refer to item 2.3.1.2.3 above.

Item 2.5.2.4 Debt securities issued

Refer to item 2.3.1.2.4 above

Item 2.5.2.5 Others

Refer to item 2.3.1.2.5 above.

Item 3

Net Interest Income

The difference between **Interest Receivable and Similar Income** (Item 1) and **Interest Expense Payable** (Item 2).

Item 4

Other Non-Interest Income

Item 4.1

Dividend income receivable

Report dividend income receivable.

Item 4.1.1 Dividend from subsidiary companies

Report dividend receivable from the reporting institution's subsidiary companies.

Item 4.1.2 Dividend from associated companies

Report dividend receivable from the reporting institution's associate companies.

Item 4.1.3 Dividend from joint ventures

Report dividend from joint ventures.

Item 4.1.4 Dividend from financial assets designated at inception at fair value through profit or loss (FVTPL)

Report dividend from financial assets designated at inception at fair value through profit or loss (FVTPL)

Item 4.1.5 Dividend from equity investments held for trading

Report dividends from equity instruments held for trading.

Item 4.1.6 Dividend from available-for-sale equity investments

Report dividends from available-for-sale equity investments.

Item 4.1.7 Dividend from held-to-maturity investments

Report dividends from held-to-maturity investments.

Item 4.1.8 Dividend from loans and receivables financial assets

Report dividends from loans and receivables financial assets.

Item 4.2

Trading Profits

Report profits derived from held-for-trading financial assets other than dividends already reported in Item 4.1.3.

Item 4.2.1 Gain/(loss) on disposal of financial assets and liabilities classified as held for trading

Report gains/(losses) derived from the disposal of financial instruments which were held for trading

Item 4.2.2 Fair value movements in financial assets and liabilities classified as held for trading

Report gains/(losses) derived from the change in fair value of trading financial assets/liabilities. These shall include any movements in the fair value of derivative financial assets, unless these are designated as effective hedging instruments.

Item 4.2.3 Gain/loss on disposal of financial assets and liabilities designated at inception at FVTPL

Report gains/losses on disposal of financial assets and liabilities designated at inception at FVTPL

Item 4.2.4 Fair value movements in financial assets and liabilities designated at inception at FVTPL

Report fair value movements in financial assets and liabilities designated at inception at FVTPL

Item 4.2.5 Gains (Loss) from hedge accounting

This consists of any gains/losses incurred on the value of the instrument rather than the fee paid for entering into such contracts.

Item 4.3 Non-trading profits

Report gains/(losses) on non-trading investments and on disposal of tangible fixed assets.

Item 4.3.1 Gains/(losses) on disposal of held-to-maturity financial assets

Report gains/(losses) derived from the disposal of held-to-maturity financial assets.

Item 4.3.2 Gains/losses on disposal of loans and receivables

Report gains/losses on disposal of loans and receivables.

Item 4.3.3 Gains/losses on disposal of financial liabilities at amortised cost

Report gains/losses on disposal of financial liabilities at amortised cost

Item 4.3.4 Gains/losses on disposal of available-for-sale financial assets

Report gains/losses on disposal of available for sale financial assets

Item 4.3.5 Gain/(loss) on disposal of shares in subsidiary companies

Report gain/(loss) on the disposal of shares in subsidiary companies.

Item 4.3.6 Gain/(loss) on disposal of shares in associate companies

Report gain/(loss) on the disposal of shares in associate companies.

Item 4.3.7 Gain/loss on disposal of shares in joint ventures

Report gains/loss on disposal of shares in joint ventures

Item 4.3.8 Gain/(loss) on disposal of tangible fixed assets

Report gain/(loss) on the disposal of tangible fixed assets.

Item 4.4 Other non-interest income

Item 4.4.1 Fees, commissions and charges on services provided

Report fees, commissions and charges receivable from services provided by the reporting credit to third parties, other than those already reported elsewhere.

Item 4.4.2 Trading gain/(loss) on foreign exchange dealings

Report gain/(loss) on foreign exchange dealings.

Item 4.4.3 Fees on foreign exchange

Report fees on foreign exchange dealings other than those reported elsewhere.

Item 4.4.4 Other foreign exchange gain/(loss)

Report other foreign exchange gain/(loss) other than those reported elsewhere.

Item 4.4.5 Other income

Report other non-interest income which has not been reported elsewhere. This item also includes premium received on financial derivative products, such as, options. Items exceeding 10% of total are to be explained in the sub-categories provided.

Item 5 Other Non-Interest Expenses

Item 5.1 Staff expenses

Item 5.1.1 Directors' remuneration

Report gross wages, salaries, overtime, bonuses, incentive schemes, extra compensation, fringe benefits, national insurance contributions etc. of all directors excluding any payments earned during the full-time employment with the entity.

Item 5.1.2 Wages, salaries and allowances

Report gross wages, salaries, overtime, bonuses, incentive schemes, extra compensation, fringe benefits, national insurance contributions etc. of all officers and employees of the credit institution, together with wages, salaries and allowances paid to all personnel employed at overseas representative offices.

Item 5.1.3 Retirement benefits

Report retirement benefits.

Item 5.1.3.1 Actually paid

Report actually paid retirement benefits.

Item 5.1.3.2 Provisions

Report provisions on retirement benefits.

Item 5.1.4 Other staff expenses

Report training, hospitality expenses and other staff costs not reported above.

Item 5.2 Other operating expenses

Item 5.2.1 Rents

Report operating lease, rental payments and other related charges paid by the reporting credit institution, including those paid by overseas representative offices.

Item 5.2.2 Fees and commissions payable

Report fees and commissions payable other than those reported elsewhere.

Item 5.2.3 Other administrative expenses

Administrative expenses relate to all the costs that are made for collecting deposits, management of funds, granting of loans etc. It concerns the costs directly related with the core activities of the reporting credit institution and which are not included in the fees and commissions payable (item 5.2.2 above). Provisions should **not** be included under this item.

Item 5.2.4 Other operating expenses

Other operating expenses relate to other costs made by the reporting institution which cannot directly be attributed to financial activities of the reporting institution, for example, consultancy fees, recruitment costs, insurance premiums etc...

Item 5.3 Other Expenses

Item 5.3.1 Depreciation

Report the systematic and rational allocation of the depreciable amount of an asset over its economic life, including normal and recurring depreciation charges including those of by overseas representative

offices. This item relates to depreciation on tangible assets, thus, all those items considered as forming an integral part of property, plant, and equipment. Classification of items depends on the accounting policy of each individual institution.

Item 5.3.2 Provisions for contingent liabilities, commitments and other charges

Report charges for provision against contingent liabilities and commitments.

Item 5.3.3 Other expenses

Report other expenses other than those reported elsewhere in the provided categories.

Item 5.4 Amortisation

This category refers to the initial costs/proceeds plus accrued finance income/cost less all capital and interest paid or received, which is to be transferred to the income statement over the life of the instrument. Positive and negative balances in this category are to be netted.

Item 5.4.1 Treasury bills

Refer to definition under 5.4 above.

Item 5.4.2 Held-to-maturity investments

Refer definition under 5.4 above.

Item 5.4.3 Available-for-sale investments

Refer definition under 5.4 above.

Item 5.4.4 Loans and receivables

Refer definition under 5.4 above.

Item 5.4.5 Intangible assets (other than goodwill)

Report any write-down of the book-value of an intangible asset over time or the systematic repayment of a debt. Intangible assets are considered to be those items which do not seem to form an integral part of property, plant, and equipment. This all depends on the accounting policy of each individual institution.

Intangible assets include resources of a business which have no easily measurable monetary value but which are nonetheless valuable, such as patents, copyrights, trademarks, goodwill etc.

Item 6 Net Impairment Losses

In the case of an impairment, the credit institution should estimate the recoverable amount of the asset and if necessary recognise an impairment loss for the excess of the carrying amount over the recoverable amount.

Item 6.1 Write-downs

Write-downs include:

- Provisions for bad and doubtful debts and other increases in the provisions for doubtful debts
- Provision for bad and doubtful debts comprise charges for amounts written off and for provisions made in respect of loans and advances

Item 6.1.1 Loans to Credit Institutions

Item 6.1.1.1 Specific provisions

Report the specific provision charge for the year, set aside to provide for specific doubtful/loss facilities which are not covered by collateral.

Item 6.1.1.2 Collective provisions

Report the general provision charge for the year on the lending portfolio, which may carry potential losses, but have not yet been unidentified as such.

Item 6.1.1.3 Bad debts written off

Report amounts written off as a loss.

Item 6.1.2 Loans to Customers

Item 6.1.2.1 Specific provisions

Refer to item 6.1.1.1 above

Item 6.1.2.2 Collective provisions

Refer to item 6.1.1.2 above

Item 6.1.2.3 Bad debts written off

Refer to item 6.1.1.3 above

Item 6.1.3 Investments

Provisions for impairment of financial assets includes reduction in the recorded value of the investment to take into account a fall in market prices of treasury bills, available-for-sale and held-to-maturity financial assets, including shares in associated undertakings and shares in group undertakings. Where a financial asset re-measured to fair value directly through equity is impaired, and a write-down of the asset has been recognised directly to equity, the write-down is transferred to the income statement and recognised as part of the impairment loss. Where an increase in fair value of an asset was previously recognised to equity, the increase is reversed to the extent the asset is impaired. Any additional impairment loss is recognised in the income statement.

Item 6.1.3.1 Treasury bills

Report write-down in treasury bill holdings.

Item 6.1.3.2 Financial assets measured at cost (unquoted equity)

Report the provision on financial assets measured at cost.

Item 6.1.3.3 Held-to-maturity investments

Report the provision on held-to-maturity investments.

Item 6.1.3.4 Available-for-sale financial assets - debt instruments

Report the provision on available-for-sale financial assets - debt security instruments.

Item 6.1.3.5 Available-for-sale financial assets - equity instruments

Report the provision on available-for sale equity investments. Such impairment loss must be charged to income when certain indicators are present, even if the chosen policy for fair value gains and losses is to charge such changes to equity.

Item 6.1.3.6 Loans and receivables

Report the provision on loans and receivables.

Item 6.1.3.7 Subsidiary companies

Report the provision on investments held in subsidiary companies.

Item 6.1.3.8 Associate companies

Report the provision on investments held in associate companies.

Item 6.1.3.9 Joint ventures

Report the provision on joint ventures using the equity measure of accounting.

Item 6.1.4 Non-financial assets

Report the provision on non-financial assets.

Item 6.1.4.1 Property, plant and equipment

Report the provision on property, plant and equipment.

Item 6.1.4.2 Investment properties

Report the provision on investment properties.

Item 6.1.4.3 Goodwill

Report the provision on goodwill.

Item 6.1.4.4 Intangible assets (other than goodwill)

Report the provision on intangible assets (other than goodwill).

Item 6.1.4.5 Other

Report the provision on other instruments.

Item 6.2 Recoveries and reversals

Recoveries concern upturns in the financial position of an institution's lending portfolio or investment holdings, thus representing actual cash receipts that were previously written-off. Since banks are expected to

report figures on a gross basis, any recoveries and reversals of provisions which had already been accounted for under write-downs (item 6.1) should be accounted for under this item. For clarification purposes, the term recovery means a reversal of an amount which had been accounted for during a financial year different to the accounting year in which the bank is reporting the write-back. Thus, the term reversal consist of a write-back of provision that has taken place within the same financial year. Having stated this, banks are not expected to distinguish between write-backs due to either recoveries or reversals.

Item 6.2.1 Loans to credit institutions

Report adjustments to provision for bad and doubtful debts including credits from the recovery of loans that have been written off, from other advances written back following earlier write-offs, and from the reduction of provisions previously made with respect to loans and advances.

Item 6.2.1.1 Specific provisions

Report any write-back on specific provisions carried out on loans which were previously classified as doubtful/loss, which have now been restructured.

Item 6.2.1.2 Collective provisions

Report any write back of provisions, which following a review and assessment of the bank's lending portfolio would result as being over-provided for.

Item 6.2.1.3 Bad debts recovered

Report any recoveries of debts which were previously written off.

Item 6.2.2 Loans to customers

Refer to item 6.2.1 above.

Item 6.2.2.1 Specific provisions

Refer to item 6.2.1.1 above.

Item 6.2.2.2 Collective provisions

Refer to item 6.2.1.2 above.

Item 6.2.2.3 Bad debts recovered

Refer to item 6.2.1.3 above.

Item 6.2.3 Investments

If in a particular period the amount of impairment loss of an investment decreases and the decrease can be linked objectively to an event occurring after write-down, the write-down is reversed through the income statement.

Item 6.2.3.1 Treasury bills

Report recoveries or reversals of treasury bills.

Item 6.2.3.2 Held-to-maturity investments

Report recoveries or reversals of shortfalls in expected receipts of both interest and capital of held-to-maturity investments.

Item 6.2.3.3 Available for sale debt financial assets – debt instruments

Report recoveries or reversals of shortfalls in expected receipts of both interest and capital of available-for-sale debt instruments.

Item 6.2.3.4 Available for sale financial assets – equity instruments

Report recoveries or reversals of past write-downs on available-for sale equity investments.

Item 6.2.3.5 Loans and receivables

Report recoveries or reversals of shortfalls in loans and receivables.

Item 6.2.3.6 Subsidiary companies

Report recoveries or reversals of past write-downs on investments in subsidiary companies.

Item 6.2.3.7 Associate companies

Report recoveries or reversals of past write-downs on investments in associate companies.

Item 6.2.3.8 Joint ventures

Report recoveries or reversals of past write-downs on investments in joint ventures.

Item 6.2.4 Non-financial assets

Report the recoveries or reversals of past write-downs on non-financial assets.

Item 6.2.4.1 Property, plant and equipment

Report recoveries or reversals of past write-downs on property, plant and equipment.

Item 6.2.4.2 Investment properties

Report recoveries or reversals of past write-downs on investment properties.

Item 6.2.4.3 Intangible assets (other than goodwill)

Report recoveries or reversals of past write-downs on intangible assets (other than goodwill).

Item 6.1.4.4 Other

Report recoveries or reversals of past write-downs on other instruments.

Item 8 Profit (Loss) before Tax for the Period

This amount should represent the surplus funds, generated by an institution in the course of one accounting period, after all expenses have been met and before charging the tax charge for the period.

Item 9 Tax on Profits

Report the tax charge for the period, net of any deferred tax movements.

Item 10 Profit (Loss) after Tax for the Period

This amount should represent the surplus funds, generated by an institution in the course of one accounting period after all expenses including the tax charge for the period, have been met.

Other statistical information

Item 10 Number of directors

Item 10.1 Executive directors

Report the number of executive directors of the reporting credit institution.

Item 10.2 Non-executive directors

Report the number of non-executive directors of the reporting credit institution.

Item 11 Number of employees

Item 11.1 Number of top level management

Top level managers are at the top of the hierarchy and are responsible for the entire organisation. They have such titles as president, chairperson, executive director, chief executive officer, but this depends on the organisational structure of the institution. Top level managers are responsible for setting organisational goals, defining strategies for achieving them, monitoring and interpreting the external environment and making decisions that effect the entire organisation.

Item 11.2 Number of middle level management

Middle level managers work at middle levels of the organisation and are responsible for business units and major departments. Examples of middle managers are department heads, division heads etc. However this depends on the institution's organisational structure. They are responsible for implementing the overall strategies and policies defined by top level managers, and they typically have two or more management levels beneath them.

Item 11.3 Number of first level management

First line managers are directly responsible for the procurement of the service. They are the first or second level of management and have such titles as supervisor, line manager, section chief, and office manager, but again dependent on the organisational structure of the institution. First line managers are responsible for groups of non-management employees and their

primary concern is the application of rules and procedures to provide efficient service, technical assistance and motivate subordinates.

Item 11.4 Number of clericals

Report the number of persons carrying out clerical duties, including persons employed on a reduced hour basis but excluding contracted part-time workers carrying out clerical duties.

Number 11.5 Number of non-clericals

Report the number of persons carrying out non-clerical duties, including maintenance workers, cleaners, drivers, messengers etc.

Number 11.6 Number of part-timers

Report the number of persons contracted with the institution on a part-time basis, but excluding full-time employees working on a reduced hour basis.

Number of branches (excluding head office)

A branch refers to the premises of a credit institution, other than its head office, from which the business of banking is undertaken. Branches are unincorporated entities (without independent legal status) totally owned by the parent

Report the total number of branches, whether owned, leased and rented. Agencies should be included in the number of branches if they carry out banking activities, unless the agencies are for information purposes only. Those agencies that offer only information services should be excluded.

Item 12 Number of branches in Malta

Report the number of branches, as specified in the afore-specified definition, in Malta.

Item 13 Number of branches in non-European Economic Area countries

Report the number of branches, as specified in the afore-specified definition, in non-European Economic Area countries.

Item 14 Number of branches in other countries

Report the number of branches in other countries

Item 15 Number of subsidiaries in Malta

Report the total number of subsidiaries owned by the reporting institution in Malta.

Item 16 Number of subsidiaries in other countries (specify country)

Report the total number of subsidiaries owned by the reporting institution in other countries (specify countries).

Item 17 Number of ATMs

Report the number of Automated Teller Machines (ATMs) which are currently in operation, including ATM's situated in automated offices.

Item 18 Number of representative offices

Report the number of overseas representative offices. A representative office is an office established by the bank outside Malta from which the business of banking is promoted or assisted in any way.

Item 19 Number of agencies in Malta

Report the number of agencies in Malta. An agency refers to the premises from where the bank offers selected services on a reduced opening hours' basis including those that are not in operation during the whole year.

MEMORANDUM ITEMS:**Item 1 Taxation for the period****Item 1.1 Tax on ordinary activities**

Report the tax expense on profits for the year, applying the prevailing statutory rate in accordance with current legislation.

Item 1.2 Tax on exceptional items

Report the tax expense on the current year's exceptional items, applying the prevailing statutory rate in accordance with current legislation.

Item 1.3 Deferred tax

Deferred tax should be provided in full for all temporary differences using the liability method. Deferred tax is calculated on all temporary differences, which are differences between the tax and accounting bases of assets and liabilities.

Item 1.4 Deferred tax on exceptional items

Refer to memorandum Item 2 (iii).??

Item 2 Report the following items relating to resident credit institutions**Item 2.1 Non-interest income of which:****Item 2.1.1 Fees and commissions receivable**

The amount of fees and commissions receivable from resident credit institutions

Item 2.1.2 Valuation gains/losses on holdings of shares and other equity

This item includes unrealised gains or losses.

Item 2.1.3 Gains/losses on disposal of shares and other equity

The item includes realised gains or losses

Item 2.1.4 Dividend income receivable

The amount of dividend that is receivable from resident credit institutions.

Item 2.1.5 Prorated share of an associate's earnings

The value of earnings receivable from an associate that is a resident credit institution.

Item 2.1.6 Other receivable income

Other income receivable includes all non-interest income receivable from resident credit institutions, other than those items already identified above.

Item 2.2 Operating expenses of which:

Item 2.2.1 Fees and commissions payable

The amount of fees and commissions that are payable to resident credit institutions.

Item 2.2.2 Other operating expenses payable

Other expenses payable includes all operating expenses payable to resident credit institutions, other than those items already identified.

Item 2.3 Specific provisions on loans

Specific provisions on loans to other resident credit institutions.

Item 2.4 Dividends payable

The amount of dividend that is payable to resident credit institutions.

Item 3 Dividends paid

Item 3.1 Dividends paid out of previous years' profits

Report dividends paid out of the previous years' profits.

Item 3.2 Dividends paid out of current year's profits

Report dividends paid out of the current year's profits.

Item 4 Compensation of employees

Compensation of employees is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the accounting period. Compensation of employees is broken down into:

- Wages and Salaries–
 - Wages and salaries in cash which include the values of any social contributions, income tax etc. payable by the employee even if they are actually withheld by the employer and paid directly to social insurance schemes, tax authorities etc.
 - Wages and salaries in kind which consist of goods and services, or other benefits provided free or at reduced

prices by employers, that can be used by employees in their own time and at their own discretion for the satisfaction of their own needs or wants or those of other members of their household.

- **Employers' Social Contributions**
 - Employers' actual social contributions consist of the payments made by employers for the benefit of their employees to insurers.
 - Employers' imputed social contributions represent the counterpart to unfunded social benefits paid directly by employers to their employees or former employees and other eligible persons without involving an insurance enterprise or autonomous pension fund, and without creating a special fund or segregated reserve for the purpose. Employers' imputed social contributions include an amount equal in value to the wages and salaries which employers temporarily continue to pay in the event of the sickness, maternity etc. of their employees.

Item 4.1 Social security contributions

Report social security contributions.

Item 4.2 Pensions and similar benefits

Report pensions and similar benefits.

Item 4.3 Equity/Shares-based payments

Report equity/shares-based payments.

Item 5 Transactions for Gozo branches

This should include all staff expenses, including wages , salaries and allowances.

Item 6 Report the non-resident part of the items requested.

Item 7 Report transfers to subsidiary, parent, head office and other related parties

Assets AD – Analysis of loans to directors and staff members

209. Report loans and other credit facilities to directors, whether such loans and advances are obtained by the directors or their spouses whether jointly or severally as well as with third parties.

Report loans and other credit facilities to any person in whom or in which the bank or any one or more of its directors is interested as a director, partner, manager, agent or member (other than as a shareholder in a company listed on the Malta Stock Exchange), or to any person of whom or of which any one or more of the bank's directors is a guarantor.

Report loans and other credit facilities to any body of persons in which the bank or any one or more of its directors jointly or severally maintains control, not being itself a bank or the parent undertaking of the bank, a subsidiary of this parent undertaking or a subsidiary of the bank.

Assets AT – Analysis of tangible fixed assets

210. (a) **Immovable Property**

Report the value of land and buildings, any payments on account and assets in course of construction, etc.

1. Net book-value of land and buildings occupied for own activities under Appendix 15(1)(f) of the Banking Act 1994.

Report the net book value of any land and buildings occupied for reporting bank's own activities.

2. Original cost of Other Property held under Appendix 15 (f)(iii) of the Banking Act 1994

Report that part of immovable property held under Appendix 15(f)(iii) of the Banking Act 1994, that is not for use for the purpose of conducting business, or for securing a debt.

Any such immovable property acquired needs prior approval of the Competent Authority and the original cost of which cannot in aggregate exceed five (5) per cent of the bank's own funds.

(b) **Movable Property**

Report the value of plant and machinery, fixtures and fittings, tools and equipment, etc.

Opening book-value

Report the book-value as at the beginning of the financial year.

Additions

Report any additions to tangible fixed assets during the year.

Surplus on revaluation

Report any surplus on the revaluation of tangible fixed assets.

Disposals

Report all disposals of tangible fixed assets during the year.

Opening depreciation

Report the balance of depreciation as at the beginning of the financial year end.

Charge for the year

Report the amount charges for the year to the profit and loss statement.

Disposals

Report the amount of depreciation relating to tangible fixed assets disposed of during the year.

Assets AQ – Analysis of assets acquired in satisfaction of debt

1. (a) Acquired Directly

Report assets acquired directly by the reporting credit institution in satisfaction of debt.

- | | |
|----------------------|--|
| Name | Report name of debtor. |
| Code | Report the appropriate code for each asset acquired in satisfaction of debt as detailed in the code explanation on the schedule. |
| Date Acquired | Report date of acquisition of the asset by the credit institution. |
| Book Value | Report the book value as at the date of the report. |
| Percent Owned | If the asset is jointly owned by any other parties, indicate the percentage owned by the credit institution. If the asset is wholly owned by the credit institution, enter 100%. |

(b) Acquired Indirectly

Report assets acquired by subsidiaries, associate, or connected companies of the reporting credit institution in satisfaction of debt unless reported under this directive by such entities.

- | | |
|----------------------|--|
| Name | Report name of debtor. |
| Code | Report the appropriate code for each asset acquired in satisfaction of debt as detailed in the code explanation on the schedule. |
| Date Acquired | Report date of acquisition of the asset by the subsidiary, associate or connected company. |
| Book Value | Report the book value as at the date of the report. |
| Percent Owned | If the asset is jointly owned by any other parties, indicate the percentage owned by the subsidiary, associate or connected company. If the asset is wholly owned, enter 100%. |

APD – Analysis of the Classification of Loans and advances

1. Report the data in line with Appendix 21 of the Banking Directive BD/09. Report the various items of the memorandum item strictly in line with the stated Appendix of Banking Directive BD/09.

APD1 – Analysis of Substandard, Doubtful and Loss facilities by economic sector and residency

2. Report the data in line with Appendix 21 of Banking Directive BD/09.

LH – Analysis of Shareholders by sector and residence (including both perpetual preference shares and ordinary shares)

3. Report in the row classification the participation of shareholders by sub-sector classification. In the column classification report the residence of the participating shareholders. In the actual number of shares section report the names of the shareholders holding five percent or more of share capital.

IBE - Analysis of InterBank Exposure by Ultimate Country Risk (Assets side)

4. The aim of the IBE return is to assess the interbank exposure that each credit institution has on the *asset side* of the balance sheet. The items included in the first column of the return are loans, deposits and repurchase agreements held with other credit institutions, excluding exposure with head office or other branches of the reporting bank. The total of this column of data should be equal to the total of core assets items 3.1.1, 3.1.3, 3.2.1, 3.2.3 and 3.3. The other exposures to be included are foreign currency exposures (spot transactions with other credit institutions) and derivative positions (including forward contracts) with credit institutions. In the last column of the return each institution is requested to itemise those exposures with a particular institution in a particular country, that exceed 10 per cent of own funds.
5. A fundamental difference between the IBE return and the core assets, is that whereas the balance sheet is compiled by residency, the IBE return classifies exposures by ultimate country. Ultimate Country Risk is considered to be the country where the claim ultimately resides, or where the head office of a legally dependent bank branch is located. For example, a claim on a UK subsidiary of a US bank is reported under UK. A claim on a Maltese branch of a Turkish bank is reported as a Turkish exposure.

IL – Interest and Fee Income on Loans

6. Report interest and fee income on Loans and Advances in accordance with the breakdown in the relative schedule.

PLHA – Gains (Losses) from Hedge Accounting

DRHT – Analysis of derivatives – Held for trading, analysis of derivatives – Hedge accounting, Analysis of derivatives – Cash flow hedges

RW – Recoveries and Write-Offs

7. Report the self-explanatory data in accordance with the breakdown in the relative schedule.

WO – Write-offs, credit facilities written-off exceeding Eur 23,000

8. Report the self-explanatory data in accordance with the breakdown in the schedule.

DF – Doubtful/Loss Facilities over €23,000

9. Report the self explanatory data in accordance with the breakdown in the relative schedule.

RF – Rescheduled Facilities over €23,000

10. Report loans and advances over €23,000 whose terms have been modified, because of a deterioration in the financial position of the borrower, to provide for revised payments of either interest or principal. Once a loan or advance has been rescheduled because of credit problems, it continues to be considered rescheduled until paid in full or until such time as the terms become normal.

Report hive-offs on hard-core elements on overdrafts when the customer defaults on the original repayment programme and a revised programme is entered into.

Report called-in overdrafts if the original repayment programme is defaulted and a revised programme is entered into.

Do not report any loan or advance which is eventually classified and is reported in Schedule DF – Doubtful / Loss Facilities over €23,000.

RP – Related Party Transactions

CL – Contingent Liabilities

11. Contingent Liabilities

- 1. Commitments to make loans and advances or extend credit**
Report commitments to make loans and advances
- 2. Commitments to purchase loans and advances**
Report commitments to purchase loans and advances.
- 3. Guarantees as security against loans and advances**
Report the balance on guarantees held as security against loans and advances.
- 4. Other guarantees and obligations**
 - 4.1 On behalf of governments and their agencies
Report other guarantees and obligations on behalf of governments and their agencies.
 - 4.2 On behalf of other customers
Report other guarantees and obligations on behalf of other customers.
- 5. Standby letter of credit**
Report outstanding and unused standby letter of credit and legally binding commitments to issue standby letters of credit.
- 6. Acceptances and endorsements**
Report acceptances and endorsements on account of customers, unmatured drafts, and bills of exchange accepted by the credit institution or by some other bank or credit institution as its agent.

By acceptance of an item, a credit institution undertakes the liability of the drawee, and it hereby ensures that the bill or draft will be paid at maturity by the drawee, or in case of dishonour, by the accepting bank or credit institution.
- 7. Confirmed and/or irrevocable documentary credits**
Report confirmed and/or irrevocable documentary credits opened on behalf of customers.
- 8. Other contingent liabilities**
Itemise other contingent liabilities in the spaces provided.

DLGOZO – Deposits and lending in Gozo

12. Report deposits and lending through branches in Gozo.

FATS – Annual Outwards FATS Survey

13. Report information, on an annual basis, on how the bank is expanding internationally. The results of the survey will provide information on the impact of foreign controlled enterprises in the EU economy. See European Legislation: Regulation (EC) No 716/2007 of the European Parliament and of the Council of 20 June 2007 on Community Statistics on the Structure and Activity of foreign affiliates. The principal variables collected comprise the activity and location of ownership of the banks plus details of foreign affiliates controlled by the bank. Details of foreign affiliates that are required are: Name of the affiliate, country in which it is located, activity of the affiliate, share in registered capital of foreign affiliate owned by the surveyed unit, turnover of the foreign affiliate and number of persons engaged in the foreign affiliate.

APPENDIX 10 - DEPOSITOR COMPENSATION SCHEME

Schedule LD7 - Submission by Credit Institutions for the purposes of regulation 26 of Legal Notice 369 of 2003, as amended by Legal Notices 35 of 2006, 425 of 2007, 227 of 2009 and 109 of 2010. (hereinafter referred to as “the Regulations”).

1. Introduction

1.1. This schedule should show the number of eligible depositors, deposit accounts and the total balance due in euro, UK Sterling and all other EEA currencies held by “depositors” as on the reporting date in stepped tiers.

The term ‘Eligible Depositor’ should be considered as a legal or natural person holding a deposit or a number of deposits. In the ‘Total’ column, reporting agents should only report the number of eligible depositors irrespective of the number of accounts held by the same person.

1.2. In terms of regulation 2 of the Regulations, a “depositor” is person who has entrusted a deposit to a credit institution, to the exclusion of persons listed in the First Schedule of the Regulations.

1.3. On this basis, the calculation of Supplementary and Special Contributions should be based on “eligible deposits” held by “depositors” in a “designated currency” (i.e. a currency of an EEA state), which for the purposes of this schedule, are to be interpreted as follows:

“Eligible deposits” (regulation 18) are defined as “*the aggregate liability of the credit institution to such depositor, including, as the case may be, any interest or premium accrued thereon in an account or accounts held in Malta in any designated currency or in a branch of a licensed credit institution other than in Malta.*”.

Therefore, the amount as “eligible deposits” in this schedule should include any interest credited as at the reporting date of the institution (i.e. the institution’s financial year end) but may exclude interest on fixed deposit accounts which have not matured as at reporting date.

1.4. The schedule requires reporting institutions to report deposits in US dollars for information purposes only.

1.5. **All figures should be reported in full (excluding decimal figures).**

1. **Item 1. — ALL “DEPOSITORS” EXCLUDING COMPANIES**

1.1. Report under **Item 1** deposits of “depositors” excluding companies (which are reported under Item 2.). For the purpose of compiling data for Item 1, “depositors” include, *inter alia*:

1.1.1. individuals,

- 1.1.2. households,
 - 1.1.3. groups of individuals and persons who are consumers and producers of goods and non-financial services exclusively intended for their own final consumption,
 - 1.1.4. non-profit institutions, which are principally engaged in the production of non-market goods and services, intended for particular sections of households,
 - 1.1.5. market-producing co-operatives, and
 - 1.1.6. partnerships and sole proprietorships which are not recognised as independent legal entities.
- 1.2. In broad terms, Item 1 should exclude deposits of:
- 1.2.1. Government and administrative authorities, national and international institutions, local and municipal councils or authorities;
 - 1.2.2. Directors and managers of the reporting agent and members of the credit institution with personal liability;
 - 1.2.3. Persons holding five percent or more of the capital of the reporting agent;
 - 1.2.4. The auditors of the credit institution;
 - 1.2.5. Persons of the same description (refer to **Error! Reference source not found.**, **Error! Reference source not found.**, and **Error! Reference source not found.** above) with respect to a company forming part of the same group of companies as the reporting agent;
 - 1.2.6. Close relatives, that is, ascendants, descendants or the spouse of the persons referred to in paragraphs **Error! Reference source not found.**, **Error! Reference source not found.**, **Error! Reference source not found.** and **Error! Reference source not found.** above;
 - 1.2.7. Bearer accounts;
 - 1.2.8. Depositors in respect of transactions in connection with which a criminal conviction has been obtained for money laundering in terms of the Prevention of Money Laundering Act, or under equivalent or similar foreign legislation.
- 1.3. The reporting agent should make reference to the First Schedule of the Regulations for a precise definition of the deposits which should not be disclosed in the schedule (given that they are excluded from claiming compensation in the event of a bank default).

2. **Item 2. — SMALL NON-FINANCIAL COMPANIES**

- 2.1. Report under Item 2 deposits of all *private* companies (irrespective of ownership structure) which satisfy any two of the following criteria (*refer to s185 of Chapter 386 of the Laws of Malta*):
 - 2.1.1. Their balance sheet total does not exceed €2,562,310.74;
 - 2.1.2. Their turnover does not exceed €5,124,621.48;

- 2.1.3. Their average number of employees during the accounting period: 50.
- 2.2. In broad terms, Item 2 should exclude deposits of :
 - 2.2.1. Banks
 - 2.2.2. Financial institutions
 - 2.2.3. Investment services licence holders (including funds etc)
 - 2.2.4. Insurance companies and intermediaries
 - 2.2.5. Pension funds
 - 2.2.6. Debt securities issued by the reporting agent and liabilities arising out of own acceptances and promissory notes
 - 2.2.7. Bearer accounts
 - 2.2.8. Related entities of the reporting agent
 - 2.2.9. “Public Limited Companies” (PLC).
 - 2.2.10. Nominees, trustees and third parties of any of the above
 - 2.2.11. Depositors in respect of transactions in connection with which a criminal conviction has been obtained for money laundering in terms of the Prevention of Money Laundering Act, or under equivalent or similar foreign legislation.
- 2.3. **If companies cannot be classified as private exempt small companies, reporting agents are requested to report deposits of all companies (i.e. private non-financial companies and public non-financial companies.)**
- 2.4. The reporting agent should make reference to the First Schedule of the Regulations for a precise definition of the deposits which should not be disclosed in the schedule (given that they are excluding from claiming compensation).

The total number of eligible depositors (grand total) may not be equal to the respective totals in each currency sector reported in schedule LD7 because of the following reasons:

1. A person holding deposits in different currency categories, e.g. in euro and in sterling should be reported as one depositor in the grand total. In view that most banks do not filter the number of depositors under the respective sectors, in my example the same depositor would be reported twice (in the euro and in the sterling sectors) and if you add the figures the result would not agree with the grand total. In certain cases, the total number of depositors per sector is filtered so that if one adds the totals, they should equal the grand total.
2. Regarding USD deposits, these are not eligible deposits and therefore are not included in the grand total. This is bound to change in the new future with the introduction of a new EU directive on deposit guarantee schemes which shall, inter alia, widen the scope of the DGS through the inclusion of all currencies as eligible deposits.

Queries relating to the compilation of this Schedule are to be referred to the Secretary, Depositor Compensation Scheme (Direct: 25485313, gbezzina@mfsa.com.mt)

APPENDIX 11 – CODE LIST OF COUNTRIES AND INTERNATIONAL ORGANISATIONS

- 1A International organisations ORG
- 1B United Nations organisations ORG
- 1C IMF (International Monetary Fund) ORG
- 1D WTO (World Trade Organisation) ORG
- 1E IBRD (International Bank for Reconstruction and Development) ORG
- 1F IDA (International Development Association) ORG
- 1G Other UN Organisations ORG
- 1H UNESCO (United Nations Educational, Scientific and Cultural Organisation) ORG
- 1J FAO (Food and Agriculture Organisation) ORG
- 1K WHO (World Health Organisation) ORG
- 1L IFAD (International Fund for Agricultural Development) ORG
- 1M IFC (International Finance Corporation) ORG
- 1N MIGA (Multilateral Investment Guarantee Agency) ORG
- 1O UNICEF (United Nations Children’s Fund) ORG
- 1P UNHCR (United Nations High Commissioner for Refugees) ORG
- 1Q UNRWA (United Nations Relief and Works Agency for Palestine) ORG
- 1R IAEA (International Atomic Energy Agency) ORG
- 1S ILO (International Labour Organisation) ORG
- 1T ITU (International Telecommunication Union) ORG
- 1Z Rest of UN Organisations ORG
- 4A European Union Institutions, Organs and Organisms (excluding ECB) ORG
- 4B EMS (European Monetary System) ORG
- 4C EIB (European Investment Bank) ORG
- 4D EC (European Commission) ORG
- 4E EDF (European Development Fund) ORG
- 4F European Central Bank ORG
- 4G EIF (European Investment Fund) ORG
- 4H ECSC (European Community of Steel and Coal) ORG
- 4J Other EU Institutions, Organs and Organisms covered by the General budget ORG
- 4K European Parliament ORG
- 4L European Council ORG
- 4M Court of Justice ORG
- 4N Court of Auditors ORG
- 4P Economic and Social Committee ORG
- 4Q Committee of Regions ORG
- 4Z Other European Union Institutions, Organs and Organisms (excluding ECB) ORG
- 5A OECD (Organisation for Economic Co-operation and Development) ORG
- 5B BIS (Bank for International Settlements) ORG
- 5C IADB (Inter-American Development Bank) ORG
- 5D AfDB (African Development Bank) ORG
- 5E AsDB (Asian Development Bank) ORG
- 5F EBRD (European Bank for Reconstruction and Development) ORG
- 5G IIC (Inter-American Investment Corporation) ORG

5H NIB (Nordic Investment Bank) ORG
 5J IBEC (International Bank for Economic Co-operation) ORG
 5K IIB (International Investment Bank) ORG
 5L CDB (Caribbean Development Bank) ORG
 5M AMF (Arab Monetary Fund) ORG
 5N BADEA (Banque arabe pour le développement économique en Afrique) ORG
 5P CASDB (Central African States' Development Bank) ORG
 5Q African Development Fund ORG
 5R Asian Development Fund ORG
 5S Fonds spécial unifié de développement ORG
 5T CABEI (Central American Bank for Economic Integration) ORG
 5U ADC (Andean Development Corporation) ORG
 5V Other International Financial Organisations ORG
 5Z Other International Financial Organisations n.i.e ORG
 6A Other International Organisations ORG
 6B NATO (North Atlantic Treaty Organisation) ORG
 6C Council of Europe ORG
 6D ICRC (International Committee of the Red Cross) ORG
 6E ESA (European Space Agency) ORG
 6F EPO (European Patent Office) ORG
 6G EUROCONTROL (European Organisation for the Safety of Air Navigation) ORG
 6H EUTELSAT (European Telecommunications Satellite Organisation) ORG
 6J INTELSAT (International Telecommunications Satellite Organisation) ORG
 6K EBU/UER (European Broadcasting Union/Union européenne de radio-télévision) ORG
 6L EUMETSAT (European Organisation for the Exploitation of Meteorological Satellites) ORG
 6M ESO (European Southern Observatory) ORG
 6N ECMWF (European Centre for Medium-Range Weather Forecasts) ORG
 6O EMBL (European Molecular Biology Laboratory) ORG
 6P CERN (European Organisation for Nuclear Research) ORG
 6Q IOM (International Organisation for Migration) ORG
 6Y Other International Organisations (financial institutions) ORG
 6Z Other International Organisations (non-financial institutions) ORG
 7Z International Organisations excluding European Union Institutions (for Eurostat needs) ORG
 A0 Other EEA countries (all countries excluding the reference area) ECO
 A1 World (all entities) ECO
 A2 EU-12 (Intra-EU-12) ECO
 A3 Belgo-Luxembourg Economic Union (BLEU) ECO
 A4 Extra-EU-12 ECO
 A5 EFTA (European Free Trade Association) ECO
 A6 EEA (European Economic Area) ECO
 A7 Extra-EEA ECO
 A8 OECD countries ECO
 A9 Countries from Central and Eastern Europe ECO
 AD Andorra COU
 AE United Arab Emirates COU
 AF Afghanistan COU

AG Antigua and Barbuda COU
 AI Anguilla COU
 AL Albania COU
 AM Armenia COU
 AN Netherlands Antilles COU
 AO Angola COU
 AQ Antarctica COU
 AR Argentina COU
 AS American Samoa COU
 AT Austria COU
 AU Australia COU
 AW Aruba COU
 AZ Azerbaijan COU
 B1 NAFTA (North American Free Trade Association) ECO
 B2 Latin America ECO
 B3 ASEAN (Countries for the Association of South-East Asian Nations) ECO
 B4 OPEC (Organisation of Petroleum Exporting Countries) ECO
 B5 ACP (African, Caribbean and Pacific countries signatories of the Lomé convention) ECO
 B6 African ACP countries ECO
 B7 Caribbean ACP countries ECO
 B8 Pacific ACP countries ECO
 B9 NICs1 (the Core Newly Industrialising Countries) ECO
 BA Bosnia and Herzegovina COU
 BB Barbados COU
 BD Bangladesh COU
 BE Belgium COU
 BF Burkina Faso COU
 BG Bulgaria COU
 BH Bahrain COU
 BI Burundi COU
 BJ Benin COU
 BM Bermuda COU
 BN Brunei Darussalam COU
 BO Bolivia COU
 BR Brazil COU
 BS Bahamas COU
 BT Bhutan COU
 BV Bouvet Island COU
 BW Botswana COU
 BY Belarus COU
 BZ Belize COU
 C1 NICs2A (Asian NICs of the second wave of industrialisation) ECO
 C2 NICs2LA (Latin American NICs of the second wave of industrialisation) ECO
 C3 Mediterranean Basin ECO
 C4 Offshore financial centres ECO
 C5 French Franc zone ECO
 C6 Commonwealth of Independent States (CIS) ECO
 C7 Countries from Maghreb ECO
 C8 Countries from Mashrek ECO

C9 Countries of the South Cone Common Market (MERCOSUR) ECO
 CA Canada COU
 CC Cocos (Keeling) Islands COU
 CD Congo, the Democratic Republic of the COU
 CF Central African Republic COU
 CG Congo COU
 CH Switzerland COU
 CI Côte d'Ivoire COU
 CK Cook Islands COU
 CL Chile COU
 CM Cameroon COU
 CN China COU
 CO Colombia COU
 CR Costa Rica COU
 CU Cuba COU
 CV Cape Verde COU
 CX Christmas Island COU
 CY Cyprus COU
 CZ Czech Republic COU
 D1 Asia-Pacific Economic Co-operation (APEC) ECO
 D2 EU-15 (Intra-EU-15) ECO
 D3 EU-27
 D4 Extra-EU-15 ECO
 D6 Candidate Countries (CCs) ECO
 D7 Mediterranean countries in the Euro-Mediterranean Partnership ECO
 D8 Acceding countries
 DE Germany COU
 DJ Djibouti COU
 DK Denmark COU
 DM Dominica COU
 DO Dominican Republic COU
 DZ Algeria COU
 E1 Europe GEO
 E2 Other European countries (not EU nor EFTA) GEO
 E3 Baltic countries GEO
 E4 Africa GEO
 E5 North Africa GEO
 E6 Other African countries GEO
 E7 America GEO
 E8 North American countries GEO
 E9 Central American countries GEO
 EC Ecuador COU
 EE Estonia COU
 EG Egypt COU
 EH Western Sahara COU
 ER Eritrea COU
 ES Spain COU
 ET Ethiopia COU
 F1 South American countries GEO
 F2 Asia GEO

F3 Near and Middle East countries GEO
 F4 Gulf Arabian countries GEO
 F5 Other Near and Middle East countries GEO
 F6 Other Asian countries GEO
 F7 Oceania and Polar regions GEO
 F8 Australian Oceania GEO
 F9 American Oceania GEO
 FI Finland COU
 FJ Fiji COU
 FK Falkland Islands (Malvinas) COU
 FM Micronesia, Federated States of COU
 FO Faroe Islands COU
 FR France COU
 G1 New Zealand Oceania GEO
 G2 Polar regions GEO
 GA Gabon COU
 GB United Kingdom COU
 GD Grenada COU
 GE Georgia COU
 GF French Guiana COU
 GG Guernsey (No official ISO 3166-1 country code, exceptionally reserved code elements) COU
 GH Ghana COU
 GI Gibraltar COU
 GL Greenland COU
 GM Gambia COU
 GN Guinea COU
 GP Guadeloupe COU
 GQ Equatorial Guinea COU
 GR Greece COU
 GS South Georgia and the South Sandwich Islands COU
 GT Guatemala COU
 GU Guam COU
 GW Guinea-Bissau COU
 GY Guyana COU
 HK Hong Kong COU
 HM Heard Island and McDonald Islands COU
 HN Honduras COU
 HR Croatia COU
 HT Haiti COU
 HU Hungary COU
 I1 Euro 11 ECO
 I2 Euro 12 ECO
 I3 Euro 13 ECO
 I4 Euro 15 ECO
 I5 Euro 16 ECO
 ID Indonesia COU
 IE Ireland COU
 IL Israel COU
 IM Isle of Man (No official ISO 3166-1 country code, exceptionally reserved code

elements) COU

IN India COU

IO British Indian Ocean Territory COU

IQ Iraq COU

IR Iran, Islamic Republic of COU

IS Iceland COU

IT Italy COU

J1 Extra-Euro 11 ECO

J2 Extra-Euro 12 ECO

J3 Extra-Euro 13 ECO

J4 Extra-Euro 15 ECO

J5 Extra-Euro 16 ECO

JE Jersey (No official ISO 3166-1 country code, exceptionally reserved code elements) COU

JM Jamaica COU

JO Jordan COU

JP Japan COU

K1 EU Member States not belonging to Euro 11 ECO

K2 EU Member States not belonging to Euro 12 ECO

K4 EU Member States not belonging to Euro 15 ECO

KE Kenya COU

KG Kyrgyzstan COU

KH Cambodia (Kampuchea) COU

KI Kiribati COU

KM Comoros COU

KN St Kitts and Nevis COU

KP Korea, Democratic People's Republic of (North Korea) COU

KR Korea, Republic of (South Korea) COU

KW Kuwait COU

KY Cayman Islands COU

KZ Kazakstan COU

L0 Other EU member states (all countries except the reference area) ECO

L1 Other Euro 11 member states (all countries except the reference area) ECO

L2 Other Euro 12 member states (all countries except the reference area) ECO

LA Lao People's Democratic Republic COU

LB Lebanon COU

LC Saint Lucia COU

LI Liechtenstein COU

LK Sri Lanka COU

LR Liberia COU

LS Lesotho COU

LT Lithuania COU

LU Luxembourg COU

LV Latvia COU

LY Libyan Arab Jamahiriya COU

M1 All areas other than Euro 11 and ref./home area ECO

M2 All areas other than Euro 12 and ref./home area ECO

MA Morocco COU

MC Monaco COU

MD Moldova, Republic of COU

ME Montenegro COU
MG Madagascar COU
MH Marshall Islands COU
MK Macedonia, the Former Yugoslav Republic of COU
ML Mali COU
MM Myanmar COU
MN Mongolia COU
MO Macau COU
MP Northern Mariana Islands COU
MQ Martinique COU
MR Mauritania COU
MS Montserrat COU
MT Malta COU
MU Mauritius COU
MV Maldives COU
MW Malawi COU
MX Mexico COU
MY Malaysia COU
MZ Mozambique COU
N1 Intra-Euro 11 not allocated ECO
N2 Intra-Euro 12 not allocated ECO
NA Namibia COU
NC New Caledonia COU
NE Niger COU
NF Norfolk Island COU
NG Nigeria COU
NI Nicaragua COU
NL Netherlands COU
NO Norway COU
NP Nepal COU
NR Nauru COU
NU Niue COU
NZ New Zealand COU
O1 Extra-Euro 11 not allocated ECO
O2 Extra-Euro 12 not allocated ECO
OM Oman COU
P1 World not allocated (Euro 11) ECO
P2 World not allocated (Euro 12) ECO
PA Panama COU
PE Peru COU
PF French Polynesia COU
PG Papua New Guinea COU
PH Philippines COU
PK Pakistan COU
PL Poland COU
PM Saint Pierre and Miquelon COU
PN Pitcairn COU
PR Puerto Rico COU
PS Palestinian Territory, Occupied COU
PT Portugal COU

PW Palau COU
 PY Paraguay COU
 QA Qatar COU
 R1 West Germany COU
 R2 East Germany COU
 RE Réunion COU
 RO Romania COU
 RS Serbia COU
 RU Russian Federation COU
 RW Rwanda COU
 S1 EU excluding Luxembourg (for ECB needs) ECO
 S2 EU12 including West Germany ECO
 S4 EU Member states not belonging to euro-zone excluding GB, DK, SE, and SK
 S5 EU Member states not belonging to euro-zone excluding GB, DK, and SE
 SA Saudi Arabia COU
 SB Solomon Islands COU
 SC Seychelles COU
 SD Sudan COU
 SE Sweden COU
 SG Singapore COU
 SH St Helena COU
 SI Slovenia COU
 SJ Svalbard and Jan Mayen COU
 SK Slovakia COU
 SL Sierra Leone COU
 SM San Marino COU
 SN Senegal COU
 SO Somalia COU
 SR Suriname COU
 ST Sao Tome and Principe COU
 SV El Salvador COU
 SY Syrian Arab Republic COU
 SZ Swaziland COU
 T1 Euro 11 excluding Luxembourg ECO
 TC Turks and Caicos Islands COU
 TD Chad COU
 TF French Southern Territories COU
 TG Togo COU
 TH Thailand COU
 TJ Tajikistan COU
 TK Tokelau COU
 TL Timor-Leste COU
 TM Turkmenistan COU
 TN Tunisia COU
 TO Tonga COU
 TP East Timor COU
 TR Turkey COU
 TT Trinidad and Tobago COU
 TV Tuvalu COU
 TW Taiwan, Province of China COU

TZ Tanzania, United Republic of COU
 U1 EUR-11 source ECB (for Eurostat needs) ECO
 U2 Euro-zone ECO
 U3 EU Member States not belonging to euro-zone ECO
 U4 Extra-euro-zone ECO
 U5 Other euro-zone member states (all countries except the reference area) ECO
 U6 Domestic (home or reference area) ECO
 U7 MU and the reference area ECO
 U8 All areas other than euro-zone and ref./home area ECO
 UA Ukraine COU
 UG Uganda COU
 UM United States Minor Outlying Islands COU
 US United States COU
 UY Uruguay COU
 UZ Uzbekistan COU
 V1 EU-27
 V2 Extra-EU-27
 VA Holy See (Vatican City State) COU
 VC St Vincent and the Grenadines COU
 VE Venezuela COU
 VG Virgin Islands, British COU
 VI Virgin Islands, U.S. COU
 VN Viet Nam COU
 VU Vanuatu COU
 W1 Gaza and Jericho COU
 W2 Intra-euro-zone not allocated ECO
 W4 Extra-euro-zone not allocated ECO
 WF Wallis and Futuna COU
 WS Samoa COU
 XK Kosovo
 YE Yemen COU
 YT Mayotte COU
 Z0 World not allocated (EU-12) ECO
 Z1 World not allocated (EU-15) ECO
 Z2 Intra-EU-12 not allocated ECO
 Z3 World not allocated (euro-zone) ECO
 Z4 Extra-EU-12 not allocated ECO
 Z5 World not allocated geographically GEO
 Z6 Intra-EU-15 not allocated ECO
 Z8 Extra-EU-15 not allocated ECO
 Z9 Rest of the World (World - Country or Entity) - (for Eurostat needs) ECO
 ZA South Africa COU
 ZM Zambia COU
 ZW Zimbabwe COU

APPENDIX 12 – LIST OF MFIS IN MALTA AND RESPECTIVE DESIGNATED CODE TO BE USED WHEN REPORTING THE BR/06 SET OF RETURNS (AS AT DECEMBER 2009)

Central Bank:	Central Bank of Malta
Credit Institutions:	Akbank T.A.S (AKB) APS Bank Ltd (APS) Banif Bank Malta p.l.c (BAN) Bank of Valletta plc (BOV) BAWAG Malta Bank Ltd (BAW) Credit Europe NV (CEU) Commbank Europe Ltd (COM) Erste Bank (Malta) Ltd (ERS) FIMBank plc (FIM) Finansbank (Malta) Ltd (FIN) Fortis Bank Malta Ltd (DIS) HSBC Bank Malta plc (MMB) Investkredit International Bank plc (INK) Izola Bank Ltd (IZO) Lombard Bank Malta plc (LOM) Mediterranean Bank plc (MTB) Nemea Bank Ltd (NEM) Raiffeisen Malta Bank plc (ARM) Saadgroup Bank Europe Ltd (SAD) Sparkasse Bank Malta plc (SPA) The International Banking Corporations (IBC) Turkiye Garanti Bankasi A.S. (TUR) Voicecash Bank Ltd Volksbank Malta Ltd (VOL)
Money Market Funds (MMFs):	La Vallette Euro Money Fund La Vallette Euro Malta Money Fund La Vallette Sterling Money Fund La Vallette United States Dollar Money Fund HSBC Maltese Money Market Fund

APPENDIX 13 – LIST OF ABBREVIATIONS

ATM	Automated teller machine
BAD	Bank Accounts Directive
Cap.	Chapter
CBM	Central Bank of Malta
CIU/S	Collective investment undertaking/scheme
CCP	Central Counterparty
EC	European Community
EUR	Euro
ECB	European Central Bank
EMU	European Monetary Union
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
EU	European Union
FVCs	Financial Vehicle Corporations
MBS	Money and banking statistics
MFI	Monetary Financial Institution
MMF	Money Market Fund
MU	Monetary Union
MUMs	Monetary Union Member states
n.e.s.	not elsewhere specified
para.	paragraph
repo	repurchase agreement
ROW	Rest of the World
SPEs	Special Purpose Entities

APPENDIX 14 – SPECIMEN COPY OF STATUTORY RETURNS

MINIMUM RESERVE REQUIREMENTS

1. An institution's reserve base shall comprise the following liabilities:
 - (a) deposits including loans
 - (b) debt securities issued
2. The following liabilities are excluded from the reserve base:
 - (a) Liabilities vis-à-vis other institutions included in the list of institutions subject to the Eurosystem's minimum reserve system
 - (b) Liabilities vis-à-vis the ECB and the participating NCBs
3. If an institution has liabilities in relation to a branch of the same entity, or in relation to the head office or registered office of the same entity, which are located outside the Euro Area, such institution shall include liabilities in the reserve base.
4. For the exclusion of interbank liabilities from the reserve base, any standard deduction to be applied to liabilities with a maturity of up to two years within the debt securities category should be based on the euro area-wide macro ratio.
5. A reserve ratio of 0% shall apply to the following liability categories:
 - (a) Deposits with agreed maturity over two years
 - (b) Deposits redeemable at notice over two years
 - (c) Repos
 - (d) Debt securities issued with an agreed maturity over two years
6. A reserve ratio of 1% shall apply to all other liabilities included in the reserve base.
7. The amount of minimum reserves to be held by each institution in respect of a particular maintenance period shall be calculated by applying the reserve ratios to each relevant item of the reserve base for that period.

Note: Maintenance period refers to the period over which compliance with reserve requirements is calculated and for which such minimum reserves must be held on reserve accounts.

8. An institution shall have complied with its reserve requirement if the average end-of-day balance on its reserve accounts over the maintenance period is not less than the amount defined for the period.
9. An allowance of EUR100,000 to be deducted from the amount of the minimum reserves, shall be granted to each institution.
10. Reserve accounts are denominated in Euro.
11. Holdings of required reserves are remunerated at the average, taken over the maintenance period, of the ECB rate.