BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

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

APRIL 2025

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APPENDIX 1 – GENERAL STATISTICAL REPORTING REQUIREMENTS

The Central Bank of Malta (henceforth 'the Bank') is empowered to collect, compile, disseminate and publish statistics by virtue of Article 23 of the *Central Bank of Malta Act (Cap. 204*), as amended from time to time. Concurrently, CBM Directive No. 5 (issued under the CBM Act) Part I provides for the collection of statistics from 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 also 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 Guidelines, the European System of Accounts 2010, the IMF's Monetary and Financial Statistics Manual (2016) and the international accounting standards when applicable.

On 27 January 2021 the ECB adopted a new Regulation on the balance sheet items of credit institutions and of the monetary financial institutions sector (Regulation ECB/2021/2). This Regulation came into effect on 26 June 2021, replacing Regulation ECB/2013/33and takes effect from January 2022. The Regulation is addressed directly to credit institutions and imposes obligations directly on them. In this regard, the Bank is obliged to carry out, on behalf of the ECB, the compulsory collection of the statistics as required by this Regulation from 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 13 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 incl. loans and repos (liabilities) by residence**	**Monthly**	**15th**
LD2	**Analysis of MFI and remaining sectors' deposits, loans and repos (liabilities) by residence and currency**	**Monthly**	**15th**
LD3	**Analysis of deposit liabilities (incl. loans and repos) by currency**	**Monthly**	**15th**
LD4	**Analysis of deposits including loans and repos (liabilities) by country of residence**	**Monthly**	**15th**
LD5	**Analysis of deposits (excl. loans and repos) by ownership and by term to maturity**	**Monthly**	**15th**

Code	Title	Frequency	Submission Date*
LD6	**Analysis of deposits excl. loans and repos (non-MFI) by type and interest rates**	**Monthly**	**15^{th}**
LD8	**Analysis of deposits (excl. loans and repos) by economic activity (NACE Rev. 2) and residence**	**Monthly**	**15^{th}**
LS1	**Debt Securities Issued by residence, instrument and currency**	**Monthly**	**15^{th}**
LS2	**Debt securities by type of holder and maturity (at nominal value)**	**Monthly**	**15^{th}**
LS3	**Debt securities by type of holder and maturity (at market value)**	**Monthly**	**15^{th}**
LC	**Analysis of capital and reserves/shareholder's funds**	**Monthly**	**15^{th}**
LR	**Analysis of unallocated liabilities**	**Monthly**	**15^{th}**
A	**Core Balance Sheet Assets**	**Monthly**	**15^{th}**
AL1	**Analysis of Loans (including Deposits & reverse repos) by sector and original maturity**	**Monthly**	**15^{th}**

Code	Title	Frequency	Submission Date*
AL2	**Analysis of Loans (including Deposits) by country of residence and original maturity**	**Monthly**	**15th**
AL3	**Analysis of Loans (including Deposits & reverse repos) by currency**	**Monthly**	**15th**
AL4	**Analysis of Loans (excl. deposits & reverse repos) by economic activity (NACE Rev.2) and by currency**	**Monthly**	**15th**
AL5	**Analysis of Loans (excl. deposits & reverse repos) by Economic activity (NACE Rev.2) and residence**	**Monthly**	**15th**
AL6	**Analysis of Loans (excl. deposits & reverse repos) by Economic Activity (NACE Rev.2) and interest rates**	**Monthly**	**15th**
AL7	**Analysis of Loans (excl. deposits & reverse repos) by term to maturity and residence**	**Monthly**	**15th**
AL8	**Analysis of Loans (excl. deposits & reverse repos) limits, balances, excesses and prepayments**	**Quarterly**	**15th**

Code	Title	Frequency	Submission Date*
AL9	**Analysis of Loans (including Deposits) by sector and real estate collateral**	**Quarterly**	**15th**
AL11	**Analysis of loans (incl. deposits & reverse repos) subject to interest rate reset**	**Quarterly**	**15th**
AL12	**Analysis of Credit Cards Credit by sector & E-Money**	**Monthly**	**15th**
AL13	**Securitisation of loans, other loan transfers and other assets**	**Monthly**	**15th**
AS1	**Analysis of debt securities held by sector and maturity**	**Monthly**	**15th**
AS2	**Analysis of debt securities held by country of residence**	**Monthly**	**15th**
AS3	**Analysis of debt securities held by currency**	**Monthly**	**15th**
AS5	**Analysis of debt securities held by main sector and term to maturity - Amortised Cost securities (AMC)**	**Monthly**	**15th**
AS6	**Analysis of debt securities held by main sector and term to maturity - Fair Value through Other**	**Monthly**	**15th**

Code	Title	Frequency	Submission Date*
	Comprehensive Income securities (FVOCI)		
AS7	Analysis of debt securities held by main sector and term to maturity - Securities designated at inception at Fair Value Through Profit and Loss (FVTPL)	Monthly	15th
AS8	Analysis of impaired debt securities held	Quarterly	15th
AS9	Analysis of Debt Securities held by Credit Rating	Quarterly	15th
AS10	Analysis of Encumbered/Unencumbered Assets	Monthly	15th
AS11	Analysis of debt securities held, split by country of issuer - FOR SECURITIES NOT REPORTED ON SBS BASIS ONLY	Monthly	15th
AE1	Analysis of Equity and investment fund shares/units by residence and type	Monthly	15th
AE2	Equity held in banks, companies or group of connected persons	Monthly	15th

Code	Title	Frequency	Submission Date*
AE3	**Analysis of Equity and investment fund shares/units by sector**	**Monthly**	**15^{th}**
AE4	**Analysis of equity by country of residence and type at market value – For EQUITIES NOT REPORTED ON SBS BASIS ONLY**	**Monthly**	**15^{th}**
AR	**Analysis of Other Unallocated Assets**	**Monthly**	**15^{h}**
Flows 1	**Reclassifications**	**Monthly**	**15^{h}**
Flows 2	**Price Revaluations**	**Monthly**	**15^{h}**
Flows 3	**Exchange Rate Adjustment**	**Monthly**	**15^{h}**
Flows 4	**True Transactions**	**Monthly**	**15^{th}**
Flows 5	**Services, Transfers and Compensation of Employees**	**Monthly**	**15^{th}**
Flowloans	**Flows 6: Flow loans (including loans and reverse repos)**	**Monthly**	**15^{th}**
Flowdeposits	**Flows 7: Flow deposits (including loans and repos)**	**Monthly**	**15^{th}**
Flowssecuritisation	**Flows 8: Reclassifications and Revaluations on Securitisation of**	**Monthly**	**15^{th}**

Code	Title	Frequency	Submission Date*
	loans, other loan transfers and other assets		
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**	**Monthly**	**15th**
SL	**Analysis of syndicated loans by sector (assets and liabilities)**	**Monthly**	**15th**
FD	**Financial Derivatives and Employee Stock Option by sector (Assets and Liabilities)Financial Derivatives by sector (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**
SBSA HH NOM	**Security-by-security attributes – Securities held on behalf of the resident households sector**	**Monthly**	**15th**

Code	Title	Frequency	Submission Date*
SBSA NFC NOM	**Security-by-security attributes – Securities held on behalf of resident non-financial corporations**	**Monthly**	**15th**
NONSBS DEBT NOM	**Analysis of debt securities by country of residence - For securities issued by non-residents and held on behalf of resident households and non-financial corporations (Nominee business if not reported on s-b-s basis only)**	**Monthly**	**15th**
NONSBS EQUITY NOM	**Analysis of equity by country of residence and type: For equity securities issued by non-residents and held on behalf of residents households and non-financial corporations (Nominee business if not reported on s-b-s basis only)**	**Monthly**	**15th**
SBSADANRNOM	**Security-by-security attributes – Securities issued by residents and held on behalf of non-residents**	**Monthly**	**15th**
NONSBSDADEBTNOM	**Analysis of debt securities by country of residence - For securities issued by residents and**	**Monthly**	**15th**

Code	Title	Frequency	Submission Date*
	held on behalf of non-residents (if not reported on s-b-s basis only)		
NONSBSDAEQUITYNOM	**Analysis of equity by country of residence and type: For equity securities issued by residents and held on behalf of non-residents (if not reported on s-b-s basis only)**	**Monthly**	**15th**
PL	**Income Statement**	**Quarterly**	**15th**
LH	**Analysis of shareholders by sector and residence (including both perpetual preference shares and ordinary shares)**	**Quarterly**	**15th**
RW	**Recoveries and Write-offs**	**Quarterly**	**15th**
CL	**Contingent Liabilities**	**Quarterly**	**15th**
DLGOZO	**Deposits and lending in Gozo**	**Quarterly**	**15th**
Annual	**Annual data: by Gender, mobile & internet banking & FX turnover**	**Annual**	**15th**
CRE	**Commercial Real Estate: Flows & stocks data**	**Quarterly/Annual**	**15th**

Submission date refers to the 15th calendar day following the end-of-month/quarter/annual reporting period unless otherwise stated. This means that the deadline remains the 15th of the month even if it falls on a Saturday or Sunday[1]. Reporting agents are reminded of the importance of submitting all statutory returns promptly by closing business on the specified date. Reporting agents should inform the Bank in advance of any difficulty they may have in meeting a deadline.

The statutory returns should be accompanied by the declaration forms duly filled in, in accordance with the relevant instructions. The declaration 1 should also be duly filled by the person responsible for the compilation of the reported data. The returns are to be submitted in XML format via uploading of the returns in the INFOSTAT portal.

When a revision of the data is submitted to the CBM, please include versioning number i.e.: - for revisions, the files are to have the following naming convention: BANK X Revision 1, BANK X Revision 2 etc.

A version number of the BR/06 return has been added to the declaration 1 sheet to help easily identify the version being used for submissions.

In case of problems when transmitting the data, the submission of the BR/06 returns is to be carried out by credit institutions via e-mail on: mbs@centralbankmalta.org. **The BR06 return in excel format is still required by MFSA therefore the return should also be sent in duplicate to the MFSA on: bankingoffsite@mfsa.com.mt**

To ensure the accurate classification of entities in the respective categories, when reporting transactions with counterparties reporting agents are expected to utilise (1) the lists of resident Monetary Financial Institutions and (2) the "INFOSTAT Business Register" containing a list of resident companies pertaining to other economic sectors, as provided by the Bank. These lists will be updated periodically by the CBM's Statistics Department 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 using the following link:

https://www.ecb.europa.eu/stats/financial_corporations/list_of_financial_institutions/html/index.en.html

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 institution 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 directly in the INFOSTAT portal 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.

[1] As agreed during the 'Forum for CBM Statistics' held on 9th February 2021.

Data should be reported in **€ thousands**.

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

1. 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.

2. 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.

3. In line with CBM Directive No. 5 Section 16 the bank is authorised to verify the accuracy and quality of the submitted statistical information. In this respect, the Return is 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.

Retention of Records

1. Credit institution must retain working papers and other records used in the preparation of these reports for at least two years from reference reporting date.

2. Should the need arise, the authorities using the data submitted by the banks may ask for revisions to back data. However, such a situation would be discussed on a bilateral basis with the reporting agent in question.

Summary of reclassifications to be reported within the BR06 set of returns as a result of countries joining the euro area – CHANGE WITH AFFECT AS FROM REFERENCE DATA OF JOINING.

The residents of the joining country will become residents of the euro area as from the date of joining eg.1 January 20XX, giving rise to a **residency change** of that country from Rest of the World (ROW) to Other Monetary Union Member States (MUMS), for all the assets and liabilities of credit institutions vis-à-vis that country’s residents. The domestic currency of the joining country will become the euro, giving rise to a **currency change** from the national currency to Euro, for all the assets and liabilities of credit institutions denominated in the country’s local currency.

IMPLICATIONS:

Reclassification in flow statistics due to shift in country breakdown

Let's take the example of a bank which holds a deposit of €1m from a client who is resident in the joining country. This reclassification implies that the bank reports a negative €1m under ROW and a positive €1m under MUMs in Flows 1 (Reclassification schedule). Kindly note that Flowloans and Flowdeposits schedules should also be amended accordingly.

Schedules comprising data split by currency

In the case of a loan or any other instrument denominated in the joining country's local currency, which is now converted to euro, the outstanding amounts need to be reported as euro within the BR06 returns split by currency, namely LD3, LS1, AL3, AL4 and AS3. In view that reclassifications split by currency are not collected, **please inform the Central Bank of Malta about these converted positions within the same email when submitting the excel file, since these positions / reclassifications need to be sent to the ECB respectively.**

Surrender of licence

In case of surrender of licence, the determining factor will be the date when the licence has been voluntarily terminated or surrendered by the bank, that is, the obligation of reporting will cease after this official date. So, to clarify taking the example of a credit / financial institution which has terminated its licence on 13 June xxxx, the institution will be obliged to report data until that date as follows: 1) The full set with closing balances as at end May; and if the closing balances as at end May were not equal to zero, (2) the full set with closing balance as zero and adjusted using the reclassification fields as at 13 June or latest date available.

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 always deemed to be residents in the euro area but there are instances where these are instead treated as 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.

   The allocation of all supranational and international organisations is to be done according to the information provided by the CBM on a monthly basis. This information is published on the restricted part of the CBM website together with the NSO Business Register, within the sheet ‘Supranationals’.

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. CAPTIVES (RESIDENT_2) are companies registered in Malta which, accordingly, are regulated by the Companies Act, but which carry on trading activities from Malta but not in Malta, with persons outside Malta who are not resident in Malta. Such entities 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 CAPTIVES (RESIDENT_2) may include banking, insurance and investment services activities provided the necessary licences are obtained. CAPTIVES (RESIDENT_2) 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 the purpose of this Return and reported as an ‘of which captives’ in line with the business register accessed through the CBM restricted access path.

8. In line with the ESA2010 residency concept, transactions with entities which are neither incorporated in Malta nor have a centre of economic interest in Malta, are to be reported as transactions with the incorporated foreign legal entity which resides outside Malta, that is, as per their incorporation address.

9. Transactions with residents of the Turkish Republic of Northern Cyprus are to be reported as follows:
In BSI / MIR: to be reported as residents of Rest of the World; Other countries n.e.c.
In Anacredit and CCR; to be reported as residents of Monetary Union Member states; Cyprus (CY)

Shipping and aviation companies

Transactions with flag registered shipping and aviation companies should be reported under Rest of the World: 'other countries not elsewhere specified'.

APPENDIX 3 – INSTITUTIONAL SECTORS OF THE ECONOMY

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 2010 sector classification. For ease of reference one may refer to the ESA 2010 document using the following link: https://ec.europa.eu/eurostat/documents/3859598/5925693/KS-02-13-269-EN.PDF/44cd9d01-bc64-40e5-bd40-d17df0c69334

Reporting agents are to abide with the list of entities within selected institutional sectors which will be provided periodically by the Statistics Department of the Central Bank of Malta.

Non-financial companies (S.11)

The non-financial corporations sector (S.11) consists of institutional units which are independent legal entities and market producers, and whose principal activity is production of goods and non-financial services. This sector also includes non-financial quasi-corporations (ESA 2010, paragraphs 2.45 to 2.54). This sector includes:

i. Public non-financial companies comprise 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. Reporting agents are expected to refer to the Business Register, which is available on the CBM's restricted website, and check whether the variable 'PCEBUOTH' is recorded as GOVERNMENT. In these cases, the sector is Non-Financial Corporation; of which public non-financial corporation.

ii. Private non-financial companies comprise companies that are controlled by non-government resident or non-resident units.

The sector "**Monetary Financial Institutions**" (MFIs) **(S.12)** 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.123) 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 non-MFI credit institutions, recognised as class 1 systematic Investment Firms that are authorised as credit institutions pursuant to CRR Article 4 (1)(1) but which are not authorised to take deposits and to grant credits for own account. Moreover, this sub-sector also includes 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)

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.

For statistical reporting purposes, there are two levels of government in Malta, namely the (a) central government sector and the (b) 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*.

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 (PNMUs). 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. To identify the PNMUs (also known as EBUs), reporting agents are expected to refer to the Business Register, which is available on the CBM's restricted website, and check whether the variable 'PCEBUOTH' is recorded as EBUS. In these cases, the sector is Central Government; of which public non-market units.

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

Non-MMF investment funds (S124) IFs as defined in Regulation (EU) No 1073/2013 (ECB/2013/38). The subsector consists of all collective investment undertakings, except MMFs, that invest in financial and/or non-financial assets, to the extent that the objective is investing capital raised from other sectors of the economy:

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 also 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 Bank.

Other financial intermediaries, except insurance corporations and pension funds + financial auxiliaries + captive financial institutions and money lender (S.125)
The other financial intermediaries, except insurance corporations and pension funds subsector (S.125), consists of all financial corporations and quasi- corporations which are principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits (or close substitutes for deposits), investment fund shares/units, or in relation to insurance, pension and standardised guarantee schemes from institutional units (ESA 2010, paragraphs 2.86 to 2.94). The financial auxiliaries subsector (S.126) consists of all financial corporations and quasi-corporations which are principally engaged in activities closely related to financial intermediation but which are not financial intermediaries themselves. This subsector also includes head offices whose subsidiaries are all or mostly financial corporations (ESA 2010, paragraphs 2.95 to 2.97);

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.

Financial auxiliaries (S126) 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 also 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.

The **Captive Financial Institutions and money lenders subsector (S.127)** consists of all financial corporations and quasi-corporations which are neither engaged in financial intermediation nor in providing financial auxiliary services, and where most of either their assets or their liabilities are not transacted on open markets. This subsector includes holding companies that hold 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 (ESA 2010, paragraphs 2.98 to 2.99).

Captives (Resident_2)

Special Purpose Entities also referred as "Captives" (RESIDENT_2) are companies registered in Malta which, accordingly, are regulated by the Companies Act, but which carry on trading activities from Malta but not in Malta, with persons outside Malta who are not resident in Malta. Such entities may only perform in Malta such trading activities as are strictly necessary for the conduct of their operations from Malta. Besides general trading activities, the activities of Captives (Resident_2) may include banking, insurance and investment services activities provided the necessary licences are obtained. Captives (Resident_2) 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 the purposes of this Return.

Insurance corporations (S.128) consists of all financial corporations and quasi- corporations which are principally engaged in financial intermediation as a consequence of the pooling of risks mainly in the form of direct insurance or reinsurance (ESA 2010, paragraphs 2.100 to 2.104).

Pension funds (S.129) subsector consist of all financial corporations and quasi-corporations which are principally engaged in financial intermediation as the consequence of the pooling of social risks and needs of the insured persons (social insurance). Pension funds as social insurance schemes provide income in retirement, and often benefits for death and disability (ESA 2010, paragraphs 2.105 to 2.110).

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

The Households sector (S.14) consists of individuals or groups of individuals as consumers and as entrepreneurs producing market goods and non-financial and financial services (market producers) provided that the production of goods and services is not by separate entities treated as quasi-corporations. It also includes individuals or groups of individuals as producers of goods and non-financial services for exclusively own final use (ESA 2010, paragraphs 2.118 to 2.128).

The non-profit institutions serving households (NPISHs) sector (S.15) consists of non-profit institutions which are separate legal entities, which serve households and which are private non-market producers. Their principal resources are voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general governments and from property income (ESA 2010, paragraphs 2.129 to 2.130).

Sole proprietorships and partnerships without legal status (sub-population of 'Households').

These include sole proprietorships and partnerships without independent legal status, other than those created as quasi-corporations, and which are market producers (ESA 2010, paragraph 2.119d).

Financial institutions (incl. those 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.

APPENDIX 4 – VALUATION GUIDELINES

Credit institutions are expected to report the statutory returns in compliance with the valuation guidelines as included under the Companies Act and with the prevailing International Accounting Standards, as issued from time to time by the International Accounting Standards Board. The IFRS 9 Financial Instruments is the International Accounting Standards Board's replacement of IAS 39 Financial Instruments. However, in certain instances, due to statistical/prudential requirements, credit institutions are required to submit the returns in accordance with specific statistical requirements as may be found in the rest of this document.

Furthermore, the statutory returns are to be prepared <u>on the accrual basis of accounting</u>. 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 receivable on loans, accrued interest payable on deposits and accrued interest on holdings of debt securities and on debt securities issued should be reported gross but should be kept separate from the instrument to which it relates, until the interest due date, reported under Remaining Assets / Remaining liabilities. The same concept of gross reporting applies to <u>loans with interest paid upfront</u>, whereby the principal amount borrowed by the customer needs to be reported as outstanding loan amount, while the unamortised interest paid upfront will be reported as deferred income throughout the life of the loan under Remaining liabilities, with its contra-entry in the profit and loss account.

While accrued interest on loans is recorded under remaining assets, loan interest which falls due and remains unpaid (interest arrears), should be included in the outstanding nominal amount of the loan. Unpaid interest on overdue or bad loans is also recorded alongside the loan to which it relates. Where the interest arrears are no longer recorded on the accounting balance sheet, write-offs (revaluation adjustments) should be made to reflect the removal of the unpaid interest from the asset category, thus avoiding a negative transaction under "loans".

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.

Financial Liability

Any liability that is a contractual obligation; to deliver cash or another financial asset to another person; or to exchange financial instruments with another person, under conditions that are potentially unfavourable. Following the change in financial instruments' accounting, hereunder is a table comparing IAS 39 and IFRS 9 classifications and measurement models. IFRS 9 became effective for annual periods beginning on or after 1 January 2018. Under IAS 39, how assets are classified generally determines the basis for their measurement. Under IFRS 9, the reverse is true—the basis on which assets are measured is the way they are classified.

IFRS 9	**IAS 39**	
Classifications and measurement models	**Classifications**	**Measurement Model**
Amortised Cost	Loans and Receivables	Amortised cost
FVPL	FVPL	FVPL
FVOCI	Available for sale	FVOCI
	Held to Maturity	Amortised cost

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, according to their measurement and classification in line with the business model.

In the case of Loans, for the purposes of statutory reporting, these are measured at book value and are subject to the provisions of Banking Regulation (BR 09) – *Credit and Country Risk Provisioning.*

Classification of Financial Assets:
In line with IFRS 9, financial assets should be classified and measured at fair value, with changes in fair value recognized in profit and loss as they arise ("FVPL"), unless restrictive criteria are met for classifying and measuring the asset at either Amortised Cost or Fair Value Through Other Comprehensive Income ("FVOCI").

1. At Amortised Cost

The asset is measured at the amount recognised at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognised in profit and loss. Changes in fair value are recognised in profit and loss when the asset is derecognised or reclassified.

Amortised cost classification applies predominantly to financial instruments which meet the following criteria:

- The business model of the company which owns such financial assets is to collect the contractual cash flows rather than to sell the asset to realise any capital gains.
- The contractual cash flows of specific financial asset under consideration are on account of repayment of principal and interest and they occur on specified dates.

2. Fair Value Through Other Comprehensive Income (FVOCI)

The asset - Loans and receivables is measured at fair value. Interest revenue, impairment gains and losses, and a portion of foreign exchange gains and losses, are recognised in profit and loss on the same basis as for Amortised Cost assets. Changes in fair value are recognised initially in Other Comprehensive Income (OCI). When the asset is derecognised or reclassified, changes in fair value previously recognized in OCI and accumulated in equity are reclassified to profit and loss on a basis that always results in an asset measured at FVOCI having the same effect on profit and loss as if it were measured at Amortised Cost.

All equity investments in scope of IFRS 9 are measured at fair value in the statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to present value changes in other comprehensive income. Dividends are recognized when the entity’s right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognised in profit and loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in OCI. Changes in fair value are recognised in OCI and are never recycled to profit and loss, even if the asset is sold or impaired.

3. Fair Value through Profit and Loss (FVPL)

The asset is measured at fair value. Changes in fair value are recognised in profit and loss as they arise.

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.

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).

Examples of financial assets classified and measured after initial recognition:

Loans and receivables "Basic" loans and receivables where the objective of the entity's business model for realizing these assets is either: • Collecting contractual cash flows; or • Both collecting contractual cash flows and selling these assets All other loans and receivables.	Amortized Cost FVOCI FVPL
Mandatorily redeemable preferred shares and "puttable" instruments (e.g., investments in mutual fund units)	FVPL

Freestanding derivative financial assets (e.g., purchased options, forwards and swaps with a positive fair value at the balance sheet date) and financial assets with embedded derivatives	FVPL
Investments in equity instruments Entity irrevocably elects at initial recognition to recognize only dividend income on a qualifying investment in profit and loss, with no recycling of changes in fair value accumulated in equity through OCI.	FVOCI FVPL

Note: FVPL may be used if an asset qualifies for FVOCI or Amortized Cost to avoid an accounting mismatch.

Examples of financial liabilities measurement:

Derivatives / financial liabilities with embedded derivatives	▪ FVPL
Financial liabilities held-for-trading	▪ FVPL
Deposit Liabilities	▪ Book Value
Debt securities Issued	▪ Nominal Value
Other financial liabilities	▪ Amortised cost

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 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 European Central Bank closing exchange rate https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html. 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 European Central Bank exchange 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 with their original maturity. The remaining term to maturity corresponds to the time between the reporting date of the instrument and its legal final maturity date.

In calculating both the original and the remaining maturity a year is calculated as the difference between settlement date / today's date respectively and the same date in the following year. The below example refers:

settlement date	01.01.2020	**original maturity up to 1 year**
legal final maturity date	01.01.2021	

The original maturity bracket of instruments without a contractually agreed legal final maturity date, such as overdrafts, is to be reported within the 'up to 1 year' bracket.

In the case of loans, the original maturity should be calculated as the difference between the settlement date and the legal final maturity date.

Let's take the below example when calculating the original maturity:

Borrower A goes to Bank B and signs a contract of a loan on 01.01.2024 (the inception date) for EUR1000. The loan has the legal final maturity date of 28.02.2025. Borrower A withdraws the amount of EUR400 on 31.03.2024

1. The original maturity band in BSI should be up to 1 year (i.e. taking the legal final maturity date less the settlement date)
2. The new business volume in MIR, amounts to Eur1000 reported in January 2024 only.
3. The outstanding amount in BSI amounts to EUR400 as at end March 2024, changing in the future months according to payments / withdrawals.

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. 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. The residency of provisions 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 r, 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 2010 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 by the MFI on its balance sheet should be reported according to the statistical classification of the ultimate beneficiary.

(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 to be applied under Article 6 of Regulation (EU) 2021/378 (ECB/2021/1). Any earmarked shares relating to loans granted by the reporting agent 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. Where a reporting agent holds shares classified as deposits that have been issued by other reporting agents, the holdings are to be classified as loans on the asset side of its balance sheet instead of as 'equity'.

(e) **Securitization liabilities**

Counterpart to the payment received in exchange for loans and/or other assets disposed of in a securitisation but which are still recognised on the statistical balance sheet.

(f) **Fiduciary Deposits placed through an online deposit platform via a partner bank or a neo-broker**

This includes scenarios where a foreign bank, or a neo-broker classified as an OFI, will advertise various bank accounts from different countries offering different rates through an online deposit platform. The offers will include details about the interest rate, term, and deposit protection scheme offered in line with Maltese law. The depositor, let's say an individual household from Germany, decides to take an offer to deposit with an MT MFI and places EUR1000 through the platform, knowing that the funds will be deposited with the MT MFI. The foreign bank located in Germany may be acting as a trustee on behalf of its client, through his partnership with the Maltese bank, will channel these funds to the MT MFI. The foreign bank receiving funds or deposits as a trustee/fiduciary from its client (the trustor/beneficiary) for placement on deposit with another MFI should not report them as a deposit on its own balance sheet. This conforms to the ESA 2010 requirement to recognise the principal party to a transaction. The funds should be recorded as a deposit on the recipient's balance sheet only. In this scenario the MT MFI, will record the transfers of these funds received into a term deposit product based on the tenor requested, showing a liability to the ultimate depositor, in this case MUM household individual. According to the ECB's manual on MFI Balance sheet statistics section 4.4.8.7, "Where an MFI is the recipient of fiduciary deposits from a trustee, it should make every effort to classify such accounts based on the classification of the beneficial owner as derived from the information that is usually available to MFIs. If, however, the recipient bank has insufficient information about the beneficiary to provide an accurate sector classification, the deposit should be classified according to the residency and sector of the trustee ..."

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.
- notional cash pool positions which are overnight deposits held in notional cash pools by pool participants.

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, which are either evidenced by non-negotiable documents or not evidenced by documents, 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) Securitization liabilities. Counterpart of loans and/or other assets disposed of in a securitization but still recognized 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 Notional cash pooling

For notional cash pooling**,** all accounts maintain a separate legal status (e.g. IBAN accounts) and the participating entities are the direct counterparties of the bank. The pooling is performed by the bank, which provides liquidity to the counterparties in need by means of overdrafts, generally on condition that the "pool" is in surplus overall. As such, from an economic point of view these loans do not constitute a genuine provision of additional financing to the economy provided by the MFI sector. In line with Article 8(2) and (3) of Regulation ECB/2013/33, notional cash pool positions should be reported on a gross basis and not netted against any other assets or liabilities. Notional cash pool loans should be reported under "revolving loans and overdrafts" and/or "loans with a maturity of up to and including one year", as applicable. To separate out the impact of such positions from that of other loans and deposits on the balance sheets of MFIs, statistical information on notional cash pools on the balance sheets of reporting agents is provided by NCBs where the data are available in accordance with Table 5 in Part 1 of Annex II to Guideline ECB/2014/15 (as amended by Guideline ECB/2018/17).60 Loans (overdrafts) which are provided by MFIs to pool participants can therefore be separately identified. Loans which are not contractually covered by the cash pool arrangement but are granted to pool participants must not be included in the reporting requirements. Section 7.4 details the adjustment applied by the ECB to the aggregated loan series to derive a growth rate adjusted for notional cash pooling positions.

2.6. 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 'debt securities'. 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. This item represents the total liability to the MMF's shareholders. Funds arising from non-distributed benefits or funds set aside by the MMF in anticipation of likely future payments and obligations are also included.

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 under deposits).

(c) Subordinated debt issued by MFIs is to be treated in the same way as other debt incurred by MFIs for the purposes of monetary and financial 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.

This category comprises the following breakdowns:
(a) Equity capital raised.
Includes all funds contributed by the owners, from the initial contribution to any subsequent issuance of forms of ownership and reflects the full amount of capital raised, including the share premium.

(b) profit or loss accumulated in the accounting period
Includes all profits and losses of the current accounting period as recorded in the profit and loss statement that have not yet been transferred to retained earnings.

(c) income and expenses recognised directly in equity
Includes the counterpart to the net revaluations of assets and liabilities which are recorded directly in equity and not in the statement of profit and loss according to the accounting framework.

(d) funds arising from income not distributed to shareholders
Includes reserves and other funds (e.g. profit or loss brought forward after the end of the accounting period and before a decision on the distribution of dividends or appropriation as reserves has been made) not distributed to shareholders.

(e) specific and general provisions against loans, securities and other types of assets.
These provisions should include all allowances for impairments and loan losses to the extent they are not netted from the asset category to which they refer in the statistical balance sheet.

Any shift between the above reserves should be reported as a reclassification within the flows rather than a true transaction movement, please refer to the Flows Section for further information.

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) accrued interest on debt securities issued, where the accrued interest is not recorded with the instrument in ‘debt securities issued’.

(f) Dividends to be paid.

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

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

(i) 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.

(j) 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. Digital assets issued by central banks where a liability is recognized are also to be included here.

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 holdings of financial assets created when creditors lend funds to debtors, which are not evidenced by documents or are evidenced by non-negotiable documents. This item also includes assets in the form of deposits placed by reporting agents. NCBs may also require the full sector breakdown for this item. This item includes:

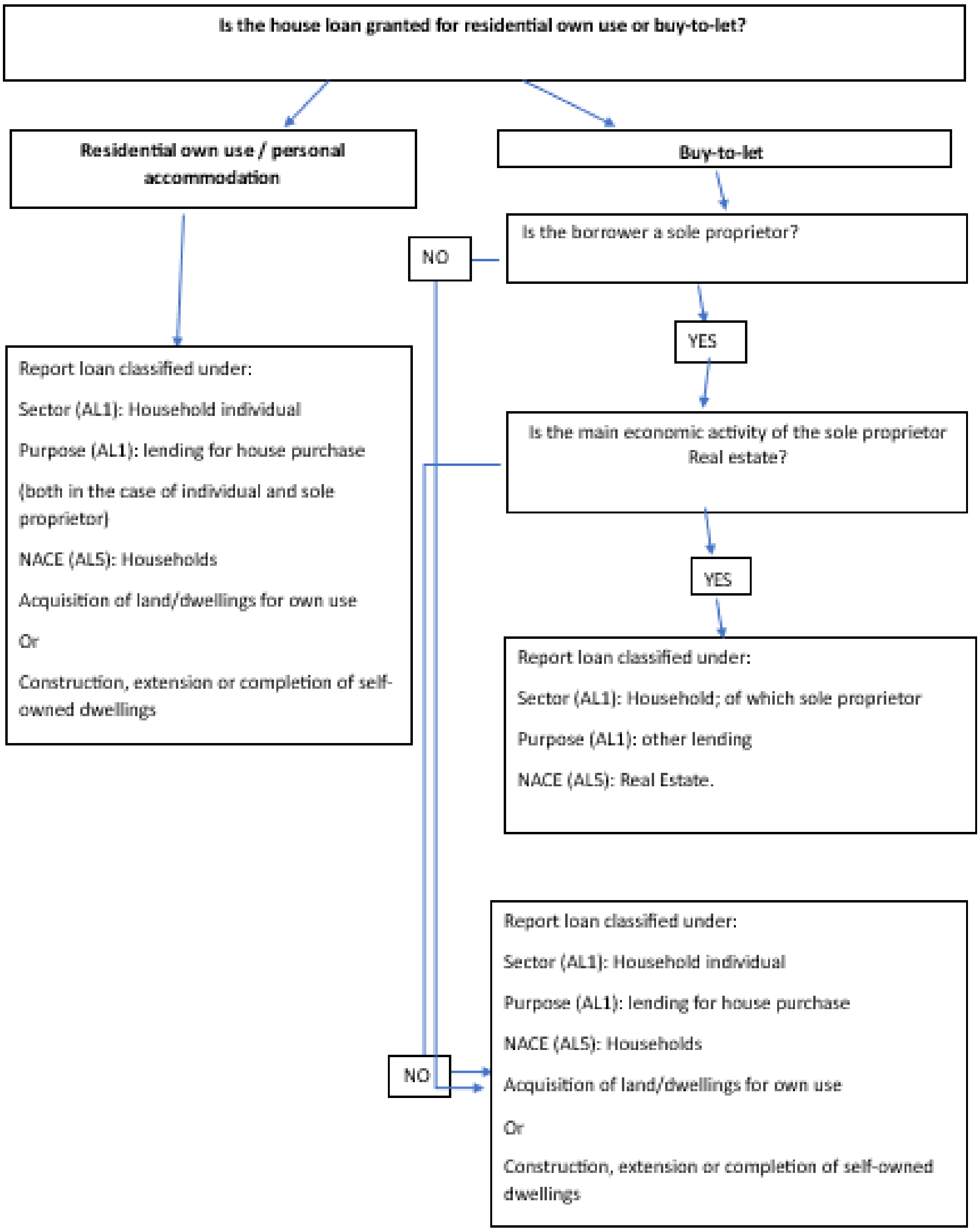
(a) Loans granted to households and non-profit institutions serving households, broken down by:
— <u>credit for consumption</u> (loans granted for the purpose of mainly personal use in the consumption of goods and services). Credit for consumption granted to sole proprietors/partnerships without legal status is included in this category, if the reporting MFI knows that the loan is predominantly used for personal consumption purposes. Loans included in this category may or may not be collateralised by various forms of security or guarantee. Typical examples of loans in this category are loans granted for the financing of motor vehicles, furniture, domestic appliances and other consumer durables, holiday travel, etc. Overdrafts and credit card loans also typically belong in this category.

— <u>Lending for house purchase</u> (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/ partnerships without legal status 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/ partnerships without legal status'.

— <u>Other lending</u> refers to loans other than for consumption and house purchase, and includes loans granted to households for business, debt consolidation, education purposes, etc. Loans to sole proprietors/unincorporated partnerships without legal status predominantly for business purposes (as opposed to personal) are separately identified unless the conditions for reduced reporting apply. Loans included in this category may or may not be collateralised.

Scenario 1 – collateralised mortgage loan.
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. One may assume that this loan should be classified as “other” because it is not a mortgage loan. The ECB position states that such loan should be classified as “loan for house purchase” as it is the purpose which matters and not the type of collateral.

Scenario 2 – buy-to-let loans.
A Buy to Let mortgage is taken by borrowers intending to buy a property to rent out, rather than live in it. The below methodological decision tree should be used to determine whether the specific buy-to-let loans should be classified as ‘lending for house purchase’ or ‘other lending’, and whether it should be classified under individual or sole proprietor sector, with its relative impact on the NACE category.



(b) Credit card debt

For the purpose of this Return, 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 instalments 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;

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 Balance Sheet Items 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. This includes exceptional deposits placed by MFIs with non-MFIs which due to an ECB convention are treated as loans. This is also in consistency to the AnaCredit Regulation, which states deposits other than reverse repurchase agreements include 'any other deposits placed by the observed agent, irrespective of the institutional sector of the counterparty with whom they are deposited, with the exception of deposits which meet the definition of reverse repurchase agreements in paragraphs 85(e), 183 and 184 of Part 2 of Annex V to the amended ITS.

(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 instalments 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 Article 178 of Regulation (EU) No 575/2013;

(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 there is no evidence of secondary market trading. Otherwise they should be classified as debt securities.

(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 at a given price under a firm commitment to resell the same or similar securities at a fixed price on a specified future date, 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.

(l) notional cash pool positions
Loans (in the form of overdrafts) which are drawn down from notional cash pools by pool participants. Loans not contractually covered by the cash pool arrangement but

which are granted to pool participants are not included.

The following item is *not* treated as a loan:
— Loans granted on a trust basis by the reporting MFI. Loans granted on a trust basis (trust loans'/'fiduciary loans) are loans made in the name of one party (the trustee, in this case the reporting MFI) 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)

In case of loans granted by the reporting MFI to a third party acting on behalf of the client, the NACE, Sector, and other statistical data of the ultimate beneficiary should be reported. This concept applies throughout all statistical datasets. Conversely, if the trust is acting on own account, its sectoral classifications should be reported (in line with the Business Register in the case of MT entity).

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

(n) Factoring / trade receivables[2]
Factoring refers to the sale of a firm’s (the “factoring client’s”) claims (in full or in part), representing money due from its customers to a financial institution known as a “factoring company”. The factoring company, which may be an MFI, buys the receivables at a price which is lower than the face value of the invoice, thereby effectively charging the applicable fees and interest. The factoring company manages the sales ledger and the collection of the accounts under the terms agreed by the factoring client. The customers send their payments directly to the factoring company. The inception date for factoring is the date of the factoring contract made between the factoring company and the factoring client. In other words, it is the date when the contract was established. The date does not depend upon whether the debtor is the factoring client customer or the factoring client.

The factoring company may assume the full risk of default by the customer (“non-recourse factoring”), or this risk may be retained by the factoring client (“recourse factoring”), in which case the factoring company holds the factoring client liable if the ultimate debtor is unable to pay. In the case of recourse factoring the factoring company buys the receivables at a discount from the face value of the invoice. The discount is retained as collateral to cover the risks associated with the operation. Upon payment of the invoices by the customer, the factoring

[2] Factoring may also be referred to as trade receivables or invoice discounting, but the following guidance applies only where the factoring company is the reporting MFI who purchases accounts receivable from a third party. More information is found within the ECB BSI Manual item 4.3.9.15.
https://www.ecb.europa.eu/pub/pdf/other/ecb.manualmfibalancesheetstatistics201901~d2ebf72987.en.pdf

company transmits the proceeds net of the advanced cash and the applicable fees and interest charges to the factoring client. In the case of non-recourse factoring, however, the factoring company assumes the full risk of default by the customer and therefore fees and interest are charged immediately to the factoring client, who receives the full amount of the trade credit net of these charges.

MFIs acting as factoring companies should record their factoring operations as loans. In case that the same loan account is used as a line of credit, where funds can be repeatedly repaid and drawn again (whether in one amount or in instalments) up to an agreed contractual credit limit, the loan is to be reported as of which 'revolving loans and overdrafts.' For the purposes of the counterparty sector classification, in the case of non-recourse factoring the counterparty is the customer (the ultimate borrower), as the factoring company assumes the risk. In the case of recourse factoring, the ultimate debtor is the factoring client who should then be the counterparty of the loan.

Sector and NACE classification
As an example, let's take a bank which is the factoring company, the factoring client such as, a car dealer, and two individuals, who are the car dealer's customers. The car dealer has pending invoices towards both customers totalling to EUR1000.

If the factoring is with recourse, the reporting should be classified according to the sector and NACE of the car dealer (factoring client). If the factoring is without recourse, the sector and NACE will be of the ultimate borrower, that is the customers of the car dealer.

Number of accounts (AL6)
Continuing on the above example,

- In case of recourse factoring (where the debtor is the factoring client i.e. car dealer, the level of granularity is the individual factoring contract between the factoring company (the bank) and the factoring client (car dealer). In practice this means that if the car dealer goes to the factoring company (the bank) with twenty-four invoices and makes one contract / account with the bank covering all twenty-four invoices, only one instrument / account needs to be reported in the BR06 (AL6), regardless of the fact that between car dealer and ultimate debtor, the different invoices may be covered in two contracts. What matters is how many contracts there are between the factoring company and the factoring client. Suppose that between the factoring company and the factoring client, there are multiple contracts each covering a set of invoices, all with specific terms and agreements, then all these contracts should be considered separate trade receivable / factoring instruments within the statistical reporting.

- In the case of non-recourse factoring (where the debtor is the ultimate debtor i.e. the clients of the car dealer in our example: the level of granularity is at the level of the ultimate debtor in combination with the factoring contract between the factoring company (the bank) and factoring client (the car dealer). Since in the example there are two debtors (individuals), the number of accounts / instruments should reflect the number of ultimate debtors, in combination to the number of contracts between the factoring company (bank) and the factoring client (car dealer), which in this case is one account. The final reporting should read two accounts (2 debtors * 1 contract). Consequently, if in the contract between the factoring company (bank) and the factoring client (car dealer), there are invoices included towards different clients i.e. multiple debtors, only invoices relating to the same debtor can be treated as one instrument, hence reporting is not by the number of invoices but by the number of ultimate debtors multiplied by the number of accounts opened between the factoring company and the factoring client, including that debtor.

Accounting entries
In factoring with recourse, a loan is recorded towards the factoring client (car dealer) at the amount: nominal value of the invoice minus fees and interest minus discount retained as collateral.

T0:

Assets:
Loans vis-à-vis factoring client (car dealer): + EUR800
Cash: - EUR800

The retained amount of invoices as collateral, that is, part of the + EUR200 difference between the trade credit and the disbursed amount are considered as off-balance sheet items (please refer to BR06 sheet CL; factoring commitments).

T1:

Assets:
Loans vis-à-vis factoring client (car dealer): - EUR800
Cash: + EUR820 = + EUR1000 (payments from the ultimate debtors) and minus EUR180 (release of the retained amount of invoices to the factoring client (car dealer) (20%) minus fees and interests (e.g. 2%).

Liabilities:
Capital and Reserves: P&L + EUR20

In factoring without recourse, a loan is recorded towards the factoring client's customers (the ultimate debtors) at the amount: nominal value of the invoice minus fees and interest.

T0:

Assets:
Loans vis-à-vis the ultimate debtors (individuals): + EUR1000
Cash: - EUR800
Liabilities:
Remaining liabilities: Other accounts payable (LR; other n.e.c.) vis-à-vis the client + EUR200

T1:

Assets:
Loans vis-à- vis the ultimate debtors (individuals): - EUR1000

Cash: + EUR820 = + EUR1000 (payments from ultimate debtors) and - EUR180 (release of the retained amount of invoices to factoring client (20%) minus fees and interests (e.g. 2%)

Liabilities:
Capital and Reserves: P&L + EUR20
Remaining liabilities: Other accounts payable (LR; other n.e.c.) vis-à-vis the client - EUR200

General note relating to loans outstanding balance:
In consistency with section 4.4.9 of the AnaCredit Reporting Manual (II), underlying Regulation ECB/2016/13, and Appendix 4 – Valuation Guidelines within this document, the outstanding nominal amount of an instrument includes the following items terms when the amounts are pending collection at the reporting reference date and have not been written-off:

- principal not yet past due arising under the instrument;
- principal past due arising under the instrument;
- any unpaid interest past due relating to the instrument;
- any unpaid penalty fees or other fees charged to the instrument;
- claimable expenses past due and called in relation to the instrument that are due under the terms and conditions of the contract.

Conversely, the outstanding nominal amount does not include:

- accrued interest, as this is not to be added to the outstanding amount;
- any amounts written off, as these are to be deducted from the outstanding nominal amount; and
- any amounts of protection, as these amounts do not reduce the outstanding nominal amount (e.g. cash collateralised instruments).

3. Debt securities held

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) loans that have become negotiable on an organised market, i.e. traded loans, provided that there is evidence of secondary market trading, including the existence of market makers, and frequent quotation of the financial asset, such as provided by bid-offer spreads. Where this is not the case they should be classified under the asset item ‘;
(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.

(d) Asset or hybrid tokens should be classified as debt to the extent that they represent a debt claim on the issuer.

(e) Debt securities with embedded derivatives, which are not possible to be reported separately, hence classified and valued according to the main characteristics of the entire contract. Examples include: Exchange traded commodities and Exchange traded notes, which both track an index and have their prices depending on their underlying instrument. Where valuation changes arise from one reporting period to the next, they are reported as revaluation adjustments.

3a/3b/3c debt Securities 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. Investment Funds shares/units

Shares or units issued by investment funds, which are collective investment undertakings that invest in financial and/or non-financial assets, to the extent that the objective is investing capital raised from the public This item includes shares/units issued by MMFs pursuant to this Regulation and shares/units issued by non-MMF investment funds as defined in Article 1(1) of Regulation (EU) No 1073/2013 (ECB/2013/38). Exchange Traded Funds (ETFs) that are typically registered as collective investment vehicles and are governed by the respective laws on collective investment schemes are also classified as such.

5. Equity

Equity represents property rights on corporations or quasi-corporations; it is a claim on residual value after the claims of all creditors have been met. Asset or hybrid tokens should be classified as equity to the extent that they represent a equity claim on the issuer. This item includes the following breakdowns:

(a) **Listed shares**
Listed shares are equity securities listed on a Stock Exchange. Such an exchange may be a recognised stock exchange or any other form of secondary market. Listed shares are also referred to as quoted shares. The existence of quoted prices of shares listed on an exchange means that current market prices are usually readily available.
(b) **Unlisted shares**
Unlisted shares are equity securities not listed on a Stock Exchange.
(c) **Other equity**
Other equity comprises all forms of equity other than those classified in sub-categories listed shares and unlisted shares. In particular, this includes capital invested by a head office in non-domestic branches.

6. Fixed assets
Please report tangible fixed assets which include:
(a) real estate, i.e. dwellings, other buildings and structures (both existing and under development) and land legally owned by reporting agents, including for their own use. This item is reported as a separate 'of which' item;
(b) machinery and equipment;
(c) valuables.

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. Financial Derivatives
Report 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.

8. Remaining assets

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

(a) intangible assets, which are intended to be used repeatedly for more than one year, such as, (i) intellectual property products such as computer software and databases, (ii) crypto assets, which have no counterpart liability, and (iii) payment and utility tokens except when there is an issuer that recognizes a liability for the future service to be provided.

(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 and should be reported as a separate item in schedule AR under 'Interest due and unreceived on'. Where loan interest falls due and remains unpaid, it should be included in the outstanding nominal amount of the loan. Interest on overdue or bad loans is also recorded alongside the loan to which it relates, eg. in schedule AL1.

(e) accrued interest on holdings of debt securities, where the accrued interest is not recorded with the instrument in 'debt securities held';

(f) Dividends to be received.

(g) Amounts receivable not related to the main MFI business;

(h) Asset counterpart to coins issued by the central government (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).

10. Right of use of an asset

Right of use of an assets as defined in IFRS 16 are to be reported under this item.

The ECB Manual on MFI balance sheet statistics (January 2019) provides a comprehensive overview of the conceptual and methodological framework for data collection. Please use the following address link to access the Manual:

https://www.ecb.europa.eu/pub/pdf/other/ecb.manualmfibalancesheetstatistics201901~d2ebf72987.en.pdf

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. For ease of reference one can also refer to the NACE Rev.2 publication using the following link:
https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF

The NACE Rev.2 of corporations registered in Malta is allocated by the National Statistics Office (NSO). Such information is found in the Business Register. Loans granted by banks should be classified according to the economic sector (NACE Rev.2) to which the borrowing entity belongs in line with the Business Register.

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 holding companies

As per Nace Rev 2 statistical classification, 'Activities of holding companies' refer to legal entities, whose principal activity is owning the group, and that do not administer or manage the group. In consistency with the holding companies' sector which is '*Captive financial institutions and money lenders'(S.127)* in line with ESA2010, all loans granted to holding companies should be classified within Section K, Financial and Insurance Activities 64.20 – "Activities of Holding Companies" with regards to their economic sector (NACE). 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.

This differs from 'Activities of head offices', which besides owning the group their activities include overseeing and managing the related units, exercising operational control and day-to-day management. Head offices are allocated to the dominant non-financial corporations sector (S.11) of their subsidiaries, unless all or most of their subsidiaries are financial corporations, in which

case they are treated as financial auxiliaries (S.126) in the financial corporations sector. Where there is a mixture of non-financial and financial subsidiaries, then the predominant share-by-value-added determines the sector classification. Head offices are to be reported under NACE Rev.2 category M (70.10). In BR06 set of returns, where the sector is S.126 (financial auxiliaries), there will be failing checks between sector and NACE (AL1, AL4, AL5, AL6) since the sector is financial while the NACE is non-financial.
The above should align reporting in all statistical datasets.

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

It is important that reporting is done on a company by company basis rather than on a group level. Companies operating in two major distinct areas/sectors, should be reported according to their main economic activity as classified by the NSO within the Business Register. For example - If the debtor of the loan is an NFC that should be the counterparty of the loan, regardless of what it does with the money. Hence, banks should refer to either the Business Register or to the CBM staff for guidance.

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 economic 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 acquaculture (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.

1. Manufacture of general — purpose machinery (28.1)
2. Manufacture of other general-purpose machinery (28.2)
3. Manufacture of agricultural and forestry machinery (28.3)
4. Manufacture of metal forming machinery and machine tools (28.4)
5. 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)

XVI 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.

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 positions 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 Ft = Flow
St = Stock end of period
St-1 = Stock end of previous period
Ct = Reclassification adjustment
Vt = Revaluation adjustment
Et = 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 and institutional sector of the counterparty, with separate data for monetary financial institutions, general government and 'other resident (non-government) sector'.

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 and institutional sector of the counterparty. 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, The adjustment in respect of the price revaluation of securities refers to fluctuations in the valuation of securities that arise because of a change in the price at which securities are recorded or traded. The adjustment includes the changes that occur over time in the value of end-period balance sheet outstanding amounts because of changes in the reference value at which securities are recorded, i.e. potential gains/losses. It may also contain valuation changes that arise from transactions in securities i.e. realised gains/losses.

The price revaluations are reported according to the geographical location and institutional sector of the counterparty, 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 and 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 European Central Bank exchange rates.

Reporting agents that have a base currency different from the reporting currency (EUR) must use the same average exchange rate or the exchange rate used at the date of transaction to convert the outstanding amount into the legacy currency, when converting back to the Euro equivalent. This approach should be used to eliminate exchange rate flows on euro denominated transactions / balances. 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.

Schedules Flows 1 - 4

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.

Right of Use (Assets) / Lease liability (Liability)
Even though in schedules A and L the right of use and lease liability respectively are reported as separate balance sheet items, within the flows schedules 1 -4, these movements are to be

reported as added to the total amount of other unallocated assets (item 9.2; Grand total column) and liabilities (item 5.4;Grand total column). This item does not apply to reporting within Flows 5.

Capital and Reserves

Capital and Reserves flow movements are required to be reported as split into (3.1) equity capital raised, (3.2) profit and loss accumulated in the reporting period, (3.3) income and expenses recognised directly in equity, that is, including flow movements of financial assets classified as FVOCI (3.4) funds arising from income not distributed to shareholders, and (3.5) specific and general provisions against assets, hence mirroring the reporting of the balance sheet in schedules L and LC.

The splits (3.1) equity capital raised, and (3.4) funds arising from income not distributed to shareholders are not applicable for Flows 2 (price revaluation) reporting as explained below:

Equity capital raised (3.1) includes the amount raised through the issuance of equity including the share premium or discount, i.e. the difference between the nominal value of issued equity and the amount actually raised. A change in the amount is expected to be in response to transactions, i.e. the raising of new funds, share buybacks, withdrawal of equity by owners. Price revaluations in equity after issuance are not reflected in the amounts. Transactions in **equity capital raised** include new funds contributed by owners less withdrawal of equity. As equity is recorded net of own holdings, a buyback of the MFI's shares is recorded as a transaction, as is the conversion of bonds from debt to equity at the time of conversion.

Funds arising from income not distributed to shareholders (3.4) includes reserves set aside from the profits accumulated in previous accounting periods. The transfer of accumulated profit and loss to this item after the end of accounting period is to be recorded as reclassifications within capital and reserves. The item should not be affected by price revaluations. Transactions in funds arising from income not distributed to shareholders would include outflows arising from dividend distributions to shareholders. As above, the transfer of accumulated profit and loss to retained earnings should be recorded as a reclassification within capital and reserves.

Transactions in **profit or loss accumulated in the accounting period** would include income and expenses arising from actual business transactions, e.g. accrual of interest, reception of income from dividends, and income generated by fees. Conversely, any changes arising from gains or losses recorded in the statement of profit and loss are recorded as revaluation adjustments.

Transactions do not typically occur in income and expenses recognised directly in equity. Unrealised valuation changes should be recorded as revaluation adjustments. Realised valuation changes, which can represent an outflow of funds, occur when the valuation changes imputed to this item are realised and recorded in the statement of profit and loss, for example when a security whose valuation changes are recorded directly at equity is sold. This operation would be considered to be a reclassification adjustment, but as it is within capital and reserves the aggregate will not change.

Specific and general provisions are normally impacted by the creation of new provisions, their reversal, or the write-off/write-down (or revaluation) of assets. When a provision is created or reversed, a counterpart entry is made in the statement of profit and loss, meaning that capital and reserves remains unchanged in the aggregate. In statistical terms this effect can be viewed as an anticipation of future write-offs/write-downs on loans or revaluations on other assets and should therefore be treated as a revaluation adjustment. When a loan is written off/written down, the decrease in outstanding amounts is matched by a corresponding decrease in capital and reserves, impacting provisions (and the statement of profit and loss where the loss exceeds the imputed provisions). These effects should be treated as revaluation adjustments. The treatment of provisions imputed against securities or other types of assets at the time the corresponding asset is no longer recorded on the balance sheet (i.e. in the case of sale) is more complicated. The treatment depends on the valuation method applied for the assets (i.e. statistical discrepancies arising from different valuation). The reclassification adjustment covers the gains/losses already accumulated in equity, while newly incurred gains/losses at the time of sale are directly recorded in the statement of profit and loss and represent revaluation adjustments, hence, the underlying principle is that changes in provisions owing to such effects should not result in transactions.

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 F and S "Accounting, auditing, book-keeping and tax consulting services" include those activities related to accounting, book-keeping and tax consultancy services.

In columns G and T "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 H and U "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 I and V "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 J and W "Legal services" include legal advice, representation and documentation services.

In columns K and X "Insurance and pension services (include insurance premiums and claims for insurance placed directly abroad by the reporting enterprise.

In columns L and Y "Business and management consulting and public relations services" include planning, organisation cost projecting and human resource management.

In columns M and Z "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 N and AA "Penalties and fines" include any fines or penalties received/paid by the reporting bank.

In columns O and AB "Taxes" include any taxes received/paid by the reporting bank.

In column P and AC "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 – Flowloans (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.

Flows 7 – Flowdeposits 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 including 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.

Annex - FlowsSecuritisation

The aim of this schedule is to obtain flow adjustments (revaluations and reclassifications) on loans securitised and/or transferred to non-MFIs.
Data on revaluation adjustments is to reflect any changes in the end-of month outstanding amounts of loans reported within AL13 which are caused by the application of write-downs or write-offs of loans, and changes in provisions on loans (if outstanding amounts are recorded net of provisions). Revaluation adjustments also reflect, in the month of the loan transfer, any difference between the outstanding amounts of loans transferred and the transaction value of the acquisition or disposal.

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 Loan B Loan C Loan D	 100 100 100 0	 105 110 0 101
	31 January	**28 February**
Provisions Loan A Loan B Loan C Loan D	 40 20 0 0	 40 30 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 Operations	100 -	99 Bought 10 bonds	102 Sold 5 bonds	103

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

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-1st transaction	10000	990	40	-
Security B-2nd transaction	-	-510	10	-
Security B-holding gain/loss	-	0	285	10815

Security C-1st transaction	10200	500	0	-
Security C-2nd 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 Up to 1 y deposit 100		Overnight deposit 0 Up to 1 y deposit 100

2) January

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

3) February

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

4) March

A	STOCKS	L	A	TRANSACTIONS	L
		Overnight deposit 3 Up to 1 y deposit 100 Remaining liab. 0 (Profit and loss -3)			Overnight deposit +3 Up to 1 y deposit 0 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/€)	2.0	2.5	-0.5
Volume of securities	100	100	-
Value of securities (€)	500	800	**+300**

Reporting flows

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

Workings

Price Revaluation = (Volume * Change in Price)/Opening Exchange Rate
= (100*10)/2.0 = +500

Exchange Rate Revaluation = ((100*20)/2.5) - ((100*20)/2.0) = -200
= (Volume * Clos. Price)/Clos. Exch. Rate) – ((Volume * Clos. Price)/Open. Exch. Rate)

APPENDIX 8 - MONETARY FINANCIAL INSTITUTIONS INTEREST RATES RETURNS (MIR)[3]

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 2010.52 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 statistics[4].

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.

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 **annualised agreed rate** (AAR) is defined in paragraph 1 of Annex I to the ECB MIR Regulation as "the interest rate that is individually agreed between the reporting agent and

[3] Please also refer to the ECB Manual on interest rate statistics https://www.ecb.europa.eu/pub/pdf/other/manualonmfiinterestratestatistics_201701.en.pdf

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

the household or non-financial corporation for a deposit or loan, converted to an annual basis and quoted in percentages per annum". The AAR covers all interest payments on deposits and loans, but no other charges that may apply. 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	$1/2$
	Time 3 year	$1/3$
	Savings/current (end of year)	1
	Daily	365
	After x days	$365/x$

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 **annual percentage rate of charge** (APRC) is an effective lending rate that covers the total costs of the credit to the consumer, i.e. the interest payments as well as all other related charges. The concept of "total costs for the consumer" was designed for the purpose of consumer protection. The compilation of the APRC is defined in Directives 2008/48/EC and 2014/17/EU and further explained in Section 4.4 of the ECB MIR Manual.

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.

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:

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

Where:

R_W = the weighted average interest rate
A_n = the amount of each loan/deposit
r_{AARn} = the AAR or APRC

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.

The purpose of this schedule is to capture the weighted average interest rates on end-of-month balances on customers'[5] 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.

Unless the term 'with remaining term to maturity' is stated, the breakdown by maturity refers to the original maturity period agreed at the origin of the transaction. Requirements such as 'Loans with remaining maturity of over 1 year and with interest rate reset in the next 12 months' require to report the outstanding amount of the loans which have an original maturity of over one year or over two years as indicated in the return, but which will mature

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

within the next year. Additionally, their contracted interest rate is expected to change within the next twelve months.

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.

Payday Loans

Very short-term micro loans that credit institutions and other financial institutions offer to their customers, usually households, with the purpose of bridging the gap between one salary and another. The credit institutions charge very high fees. At maturity, the customer pays the fee and repays the loan. A rollover principle is not allowed. Data on the interest rate related to Payday Loans are excluded from the current MIR statistical breakdowns and included as a separate category within the same MIR sheet.

The following is a case for special consideration regarding Payday Loans:

<u>Case 1 – Payday Loan product with fee as charge</u>

Consider a product having a charge applied as a fee, therefore Payday Loans are granted at a 0% interest rate.

The fee has to be considered as an interest rate, unless the underlying "true" fee can be disentangled from the interest rate. This together with the other characteristics of payday loans, lead to the conclusion that they must be recorded both in NDER/AAR and the APRC figures, with the most appropriate classification being loans for consumption, given the fact that they are granted to bridge the gap between one salary and another and that, very probably, only a very urgent need for these loans, like consumption, would justify paying such high fees. In addition, the low amounts usually involved in such loans support such a classification.

Revolving loans and overdrafts

Revolving loans are loans that have all the following features (BSI Regulation ECB/2021/2):

1. The borrower may use or withdraw funds up 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.

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 balance sheet items category. That is, the sanctioned amount should not be reported under withdrawals took place. Overdrafts are debit balances on current accounts. 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.

Balances withdrawn under revolving loans and overdrafts are to be reported as outstanding amounts in schedule MIR1 (i) included with consumer credit, and (ii) identified separately as a memorandum item. Reported balances should tally with figures reported in BR06 schedule AL1.

The following are cases for special consideration regarding Revolving Loans and Overdrafts:

Case 1 – Revolving Loans

Consider a product having 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 obligation of regular repayment of funds; The regular repayment can be a fixed amount or a percentage of the outstanding debt and can be easily adjusted from one period to other.
5) the amounts involved are reduced;
6) counterparties are usually households as this instrument is used mainly as a kind of credit for consumption;
7) there is not usually a credit or solvency analysis, so rates are higher than those applied to other types of credit for consumption and much higher than the traditional credit lines used by non-financial corporations and entrepreneurs for their business.

If loans are granted using a credit card, then outstanding amount should be included in extended credit cards. An issue is raised however when no credit card is associated to the loan.

These loans should be recorded in the category 'revolving loans and overdrafts' in case there is no credit card associated to the loan, although they have features similar to credit cards

Case 2 – Credit with pre-approved renewal

Consider a product having the following features:

1) the borrower may use or withdraw funds to a pre-approved credit limit but it has to ask for prior authorization to use it each time;
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 obligation of paying the amount taken by a fixed deadline which usually is very short (days).
5) the amounts involved are very large;
6) counterparties are usually non-financial corporations.

Such Products should not be recorded in the category of "revolving loans and overdrafts" as the criteria are not met (the borrower must give prior notice to the lender), even though the product has some revolving characteristics. This implies therefore that the full amount of the limit should be reported in new business under the relevant loan category when the agreement is made.

Case 3 – Non-revolving line of credit

Consider a product with almost the same features as those of a line of credit. The only difference is that once the borrower withdraws an amount and reimburses it, the borrower cannot take advantage again of that amount.

This product should not be included in the reporting of "revolving loans and overdrafts" as the criteria are not met (the amounts of available credit decrease as funds are borrowed and repaid). This implies therefore that the full amount of the limit should be reported in new business under the relevant loan category.

Case 4 – "Partially" revolving line of credit

Consider a product having almost the same features as those of a line of credit. The difference is that along the term of the credit, at certain points in time, the amount available by the borrower is reduced every year.

The initial amount of the credit can be recorded as new business at the inception and then each amount withdrawn can be recorded in outstanding amounts.

The full amount of the limit for this product should be reported in new business under the relevant loan category when the agreement is made, and the outstanding amount should refer to the drawn amount on the reference date.

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.

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 rates[6]. 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.

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/ subsidized[7]interest rates that banks provide to their employees are also to be included.

Factoring / trade receivables

Factoring is a financial operation where a firm (factoring client) sells its invoices to a factoring company (which might be an MFI). In the case of recourse factoring, the factoring company purchases the invoices at a price that is less than the face value of the invoices. The discount is kept as collateral to cover any risks associated with the operation. After the customers have paid the invoices, the factoring company transmits the receivables net of the advanced cash (and the applicable fees and interest) to the factoring client.

In the case of non-recourse factoring, the fees and interest are charged immediately to the factoring client, which receives the full face value of the invoices net of these charges. In this type of factoring, the factoring company fully assumes the risk of non-payment by the customer; therefore, the fees and interest are higher. In particular, if the interest rate is calculated based on the difference between the face value of the invoices and the price paid by the factoring company, the annualised rate is very high, which has a visible impact on national aggregated interest rates. The annualised rate does not however reflect the true cost of the loan to the company, as these loans are typically of very short maturity (from a few days to a few weeks).

Given that the ECB MIR Manual gives the NCBs the option to exclude the AAR for non-recourse factoring, and since there is a high probability that the inclusion of these rates would artificially increase the aggregated AAR rates, it was decided that these AAR rates will be excluded from MIR, CCR and Anacredit (non-applicable) However, in particular cases where the factoring company is entitled to charge interest on late payment directly to the ultimate debtor, this needs to be reported.

Above-average Market Rates

Kindly report in this category the outstanding amounts and the annualised average rates (AAR) relating to those loans which are well above the average market rates, that is, where the AAR being offered by the reporting institution is above the maximum AAR rates being offered in the euro area. For instance, as at   June 2022 reference month, the maximum rate on loans

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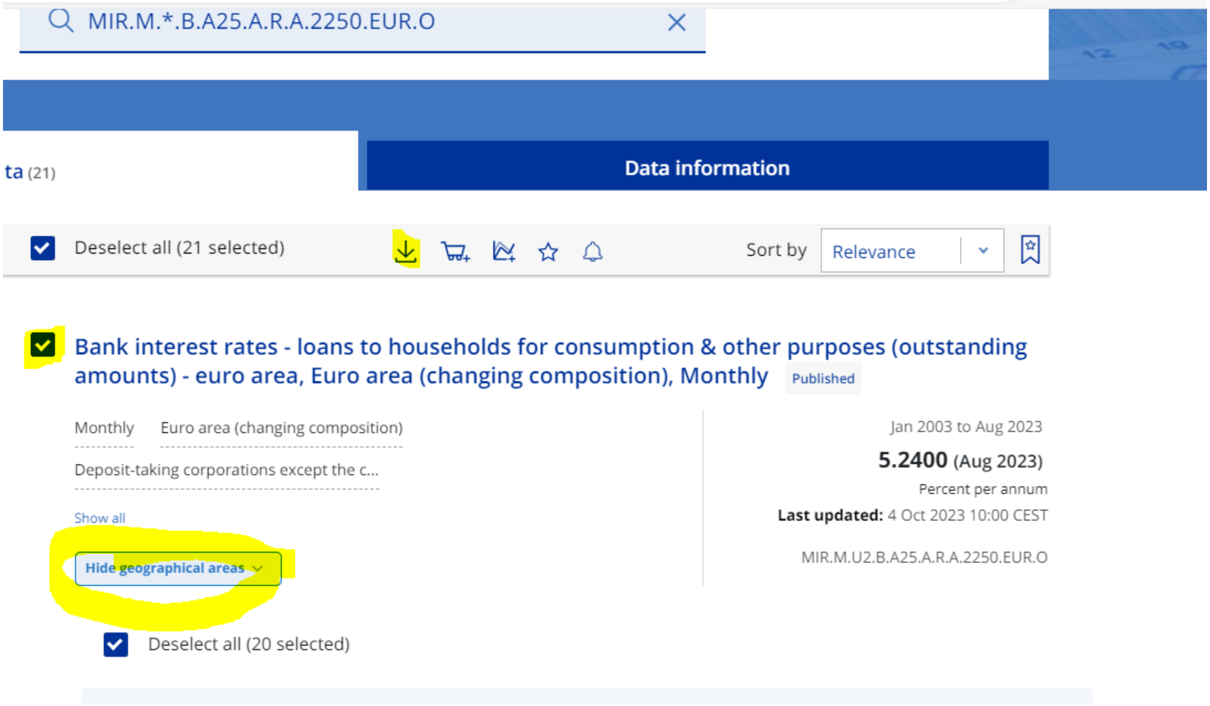
[6] The outstanding amount is included in the weighted average since data are being captured from the monthly BR/06 returns and the latter returns do not exclude loans granted at rates which are below market conditions.

[7] The point of view of the reporting agent determines the interest payment covered by MIR statistics. Refer to examples in Annex 1.

to households for consumption & other purposes stood at 10.34%. Reporting agents are asked to see the ECB link:
https://data.ecb.europa.eu/search-results?searchTerm=MIR.M.*.B.A25.A.R.A.2250.EUR.O
to be guided on the maximum AAR being offered in the euro area. One should click on the time series, click on the 'select all' geographical areas, and download the data in csv to view the data table consisting of all the euro area countries.

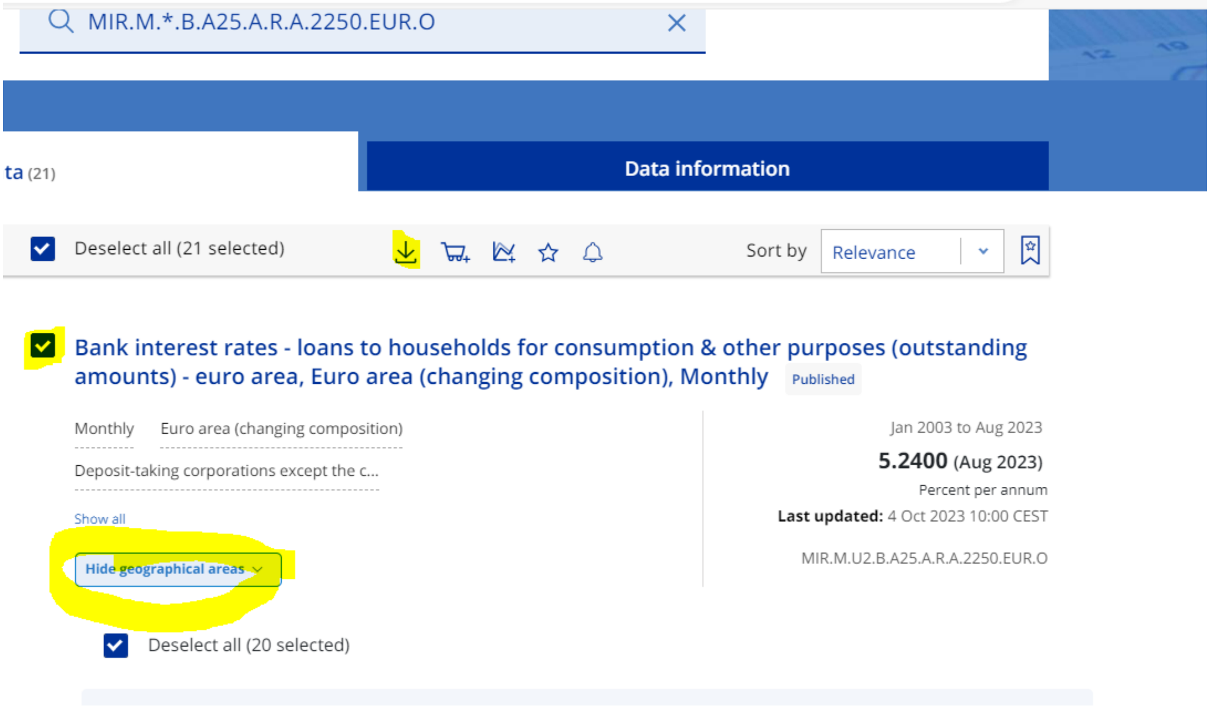


In view that at the time that the BR06 is reported, the available ECB MIR statistics released (Release calendar for the euro area bank interest rate statistics (europa.eu) on the Statistics Data Warehouse will relate to the previous reference month, please use rates as at t-1 as the benchmark.

Such instruments are excluded from the Consumer credit and other residual lending reported within the sheet in the top part since this would lead to an artificial increase of interest rates and hence would not reflect its real value in the economy.

Above-average Market Rates revolving loans and overdrafts

If the consumer credit loan is classified as revolving loan since it satisfies the criteria mentioned above under revolving loans, kindly report in this category the outstanding amount and the annualised average rate (AAR) which are well above the average market rates, that is, where the AAR being offered by the reporting institution is above the maximum AAR rates being offered in the euro area. For instance, as at June 2022 reference date, the maximum rate on revolving loans and overdrafts (A2Z1) stood at 15.60%. Reporting agents are asked to see the ECB link:
Search Results | ECB Data Portal (europa.eu)
to be guided on the maximum AAR being offered in the euro area. One should click on the time series, click on the 'select all' geographical areas, and download the data in csv to view the data table consisting of all the euro area countries.



Please be reminded that revolving credit consumer loans are an of which category of consumer credit loans and hence should be reported as such over and above. In view that at the time that the BR06 is reported, the available ECB MIR statistics released (Release calendar for the euro area bank interest rate statistics (europa.eu) on the Statistics Data Warehouse will relate to the previous reference month, please use rates as at t-1 as the benchmark.

Annual percentage rate of charge (APRC)

The APRC shall be reported for the below instruments only:

- lending for house purchase;
- consumer credit excluding payday loans and revolving loans;
- payday loans;
- above average market rates loans excluding revolving loans.

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

New business is defined as any new agreement between the household or non-financial corporations 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.

The terms and conditions of a loan or deposit contract consist of:

- the agreed interest rate or the spread over a relevant reference rate;
- the size of the loan or the deposit;
- the access conditions;
- and other terms and conditions in the form of non-interest rate charges (e.g. fees), collateral or guarantees which the customer of an MFI needs to provide (including compensation balances), loan or deposit covenants and the agreed maturity.

The information listed in the terms and conditions above are included in the sanction letter. However, under 5.4.16 of the ECB Manual on MFI interest rate statistics, a loan offer is not new business. New business only arises when on the basis of the loan offer, the final loan contract has formally been signed. Only when the customer signs the legally binding contract does it constitute new business.

In other words, **only when the customer signs a legally binding loan agreement** does it qualify as new business. Offers or sanction letters—even if containing detailed terms—do not amount to new business unless a final, binding agreement is concluded. This is because once the draft sanction letter has been issued by the respective bank, the customer can reject or decide not to go through with the loan.

This interpretation aligns with Article 960 of the Maltese Civil Code (Chapter 16 of the Laws of Malta), which defines a contract as *"an agreement between two or more persons by which an obligation is created, regulated, or dissolved*" and reaffirms our agreement that only signed loan agreements—which give rise to binding obligations between the parties—should be included in the MIR statistics.

This schedule is to capture any new loan deeds 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 conditions of the contract, but the customer was actively involved in the renegotiations, such amounts should still be reported as new business. 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, at the date of signing the loan deed. Separate data should be reported for sole proprietors/unincorporated partnerships as part of households, but only in respect of new business for 'other lending purposes'.

Therefore, new business covers the ***flow*** as shown below:

- New deposit accounts opened during the reporting month
- New legally binding loan agreements signed during the month
- Renegotiations of existing deposits and loans with the active involvement of customers.

Within the MIR2 schedule these contracts are distinguished between 'First time loans' and 'Renegotiated loans'. Automatic rollovers, changes in variable interest rates caused by contractually predefined interest rate adjustments, or a previously agreed change from a fixed rate to a variable rate and vice versa are not new business. 'First time' loans granted for 'lending for house purchase' are furthermore requested to be split by the specific purpose of the loan, that is, whether the loans was taken to finance the purchase of a house, or to refurbish etc.

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, since these amounts need to reflect the whole period covered, that 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 deposits[8], 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. Hence, their outstanding balances and AAR are reported in MIR 1 only.

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.

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

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 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 t0). 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.

Above-average Market Rates:
Kindly report in this category the new business amounts, the annualised average rates (AAR) and the Annual Percentage rate of Charge (APRC) relating to those **new** loans which are well above the average market rates, that is, where the AAR being offered by the reporting institution is above the maximum AAR rates being offered in the euro area. For instance, as at June 2022 reference date, the maximum rate on credit for consumption and other lending stood at 10.34%. Reporting agents are asked to see the ECB link: Loans - Interest rates - Bank interest rates - ECB Statistical Data Warehouse (europa.eu) to be guided on the maximum AAR being offered in the euro area. In view that at the time that the BR06 is reported, the available ECB MIR statistics released (Release calendar for the euro area bank interest rate statistics (europa.eu) on the Statistics Data Warehouse will relate to the previous reference month, please use rates as at t-1 as the benchmark.
Such instruments are excluded from the Consumer credit and other residual lending reported within the sheet in the top part since this would lead to an artificial increase of interest rates and hence would not reflect its real value in the economy.

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.

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.

Scenario 1

In an instance of a borrower going to a bank to borrow €1000 with €500 collateralised by real estate, we need to ask whether the €500 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.

Annex 1 Scenarios to assist in reporting interest rate statistics[9]

Scenario 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:

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

Scenario 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.

Scenario 3: Loan in tranches

A bank grants a loan of €10,000 at time t_1 for 10 years fixed at a rate of 8% p.a. The customer decides to make the first drawdown of €1,000 at time t_2 and then draws further tranches of €1,000 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%	….

[9] 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.

Scenario 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'.

Scenario 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 where 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.

Scenario 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:

$$\boldsymbol{MIR}(\boldsymbol{NB}) = [(1+0.1038128)(1+0.098438)(1+0.093083)(1+0.087747)(1+0.082432)]^{\frac{1}{5}} - 1$$
$$= 0.093077 = 9.3077\%$$

	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%

Scenario 6: Time deposit

A customer deposits €1,000 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[10]
NB Rate	7%	-	7%
OA	1,000	1,000	1,000
OA Rate	7%	7%	7%

[10] NB is recorded since the process involves the active participation of the customer.

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%

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

Report all the liabilities outstanding as at the end of the reference month.

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.

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.

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.

Transferable deposits are those deposits within the categories “current & savings 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/savings accounts are considered to be a part of the category 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. Moreover, report in the row classification of the Central Government and other General Government deposits for both current and savings deposits an amount related to “notional cash pooling” which are overnight deposits held in notional cash pools by pool participants.

Note: Item 7.1. ‘Interest accrued and unpaid on deposits’ includes loans.

Below please find the definitions of the items not already included in Appendix 5 – Notes on Financial Instruments:

Net equity of households in pension reserves (Item 7.10)
Provisions representing liabilities against third parties which are liabilities of MFIs with households in the form of technical provisions established to provide pensions for employees. This typically refers to employee pension funds that have not been externalised to an independent institution.

Provisions representing liabilities against third parties (Item 7.11)
Provisions representing liabilities against third parties, eg. pensions and dividends.

Adjustment for accounting/statistical discrepancies (Item 7.12)
This item represents an adjustment, in net terms, made to balance the statistical balance sheet for discrepancies between the statistical and accounting valuations of reported assets and liabilities. The contra-entry of the **total** irrevocable payment contribution / commitment relating to Depositor Compensation Scheme (DCS) and Single Resolution Board (SRB) are reported under this item.

Liabilities relating to monetary policy operations
Report liabilities relating to monetary refinancing operations, such as TLTROs, with counterparty Central Bank of Malta (Resident of Malta; MFI) according to their original maturity.

Please report the 'Breakdown by type of instrument of borrowings from the CBM' relating to monetary operations in sheet L memo item 5.

LIABILITIES LD1 – ANALYSIS OF GENERAL GOVERNMENT DEPOSITS AND LOANS (LIABILITIES) BY RESIDENCE

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

Report in the row classification deposits classified by sector and type of deposit. Moreover, report in the row classification of all sectors for both current and savings deposits an amount related to "notional cash pooling" which are overnight deposits held in notional cash pools by pool participants. Notional cash pool positions should be reported on a gross basis and not netted against any other liabilities. 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.

Money market funds (MMFs) are to be treated as MFIs in line with ECB Regulation.

Report positions with Special Purpose Entities (captives) 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.

Hereunder please find an explanation of how to report under item : Other financial intermediaries (OFIs) financial auxiliaries (FAs) and captive financial institutions and money lenders

Item 6 includes figures reported under item 6.1(OFIs) and item (FAs). Footnotes 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.

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

Report in this schedule the currency breakdown of deposits and loans according to their residency.

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

Report in this schedule the country breakdown of deposits and loans.

The column classification should distinguish between deposits and loans placed by MFIs 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.

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.

- 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.

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.

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.

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.

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.

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

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

Report in the row classification deposits classified by type of deposit and according to original maturity.

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 has been REMOVED from the BR/06 Returns

Liabilities LD8 – Analysis of deposits (excl. loans and repos) by economic activity (NACE Rev. 2) and residence

In schedule LD8, deposits (excluding loans) placed by all institutional units with credit institutions should be reported by economic activity in accordance with NACE Rev. 2 and classified by residency into residents of Malta, MUMs and ROW countries. Moreover, under the residency category data is further sub-classified into General Government, Financial Sector (comprising Monetary, and Financial Institutions – MFIs, Insurance Companies and Pension Funds - ICPFs, Non-MMFs and Other Financial Institutions – OFIs), Public Non-Financial Corporations, Private Non-Financial Corporations and Households Non-Profit Institutions Serving Households. Items – 'of which; small and medium enterprises (which include micro' and 'of which; sole proprietors' are only required under Residents of Malta.

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

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 Captives (see appendix 3 section18).

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

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.

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 loose 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)

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

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.

Interest

In column J- **Closing Position of Interest** - report the position of accrued interest as at the end of the reporting month with residents of MUMs and ROW.
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.

In column K- **Accrued interest on debt securities** - report the amount of accrued interest (flows) at the end of the reporting month with residents of MUMs and ROW.
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.

In column L – **Interest paid on Debt Securities in the course of the month** – report interest actually paid during the reporting month with residents of MUMs and ROW. When interest matures and part of this interest is not paid, record all the interest in this column.

In column M – **Net purchased and sold interest in the course of the month** – report the net interest actually purchased or sold during the reporting month with residents of MUMs and ROW.

In **row 53** report **'long-term debt – redemption within 1 year'** with Residents of Malta (Column E), Residents of MUMs (Column F) and Residents with ROW (Column G).

LIABILITIES LC – ANALYSIS OF CAPITAL AND RESERVES/SHAREHOLDERS FUNDS

Item 1 Capital

Item 1.1 Ordinary shares

Report fully paid equity instruments that are subordinate to all other classes of equity instruments. An of which item include unlisted shares (item1.1.1), which are equity securities not listed on a Stock Exchange, broken down by specific sectors.

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 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 the IFRS9 accounting methodology, 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. This item should also be used to report the residual difference in case of banks having a non-euro base currency, and hence need to convert the profit / loss for the period using a different rate than the rest of the balance sheet (see notes under profit and loss).

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 including FVOCI

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. Include assets classified as crefair value through other comprehensive income (FVOCI). Investment in equity instrument is subsequently measured at fair value. Gains and losses on fair valuation are recorded as other comprehensive income or loss and are accumulated as a separate reserve in equity.

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 and other charges, 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 3

Important to note that Maltese entities should <u>not</u> be reported in the LC Schedule and <u>all</u> foreign shareholders should be reported <u>including those below 5%.</u> and that % Holding should be reported in percentage format.

Memo Item 3A

Ordinary Shares: please report details of the foreign immediate shareholders (incl. captives_residency_2)
Please report % shareholding of the foreign immediate shareholders from the drop-down menu. (less than 10% shareholding) and (10% or more shareholding). Please choose country of the foreign immediate shareholders from the drop-down menu.
<u>Example:</u>

	Immediate country	%	UBO country	%
Shareholder 1	FR	20	FR	20
Shareholder 2	IT	60	CH	55
Shareholder 6			IT	5
Shareholder 3	IT	9	CH	9
Shareholder 4	IT	6	DE	6
Shareholder 5	DE	5	DE	5
Total		100%		100%

For section 3A Immediate the following has to be reported as follows:

More than 10%	FR	20%
More than 10%	IT	60%
Less than 10%	IT	15%
Less than 10%	DE	5%

For section 3B UBO the following has to be reported as follows:

More than 10%	FR	20%
More than 10%	CH	55%
Less than 10%	IT	5%
Less than 10%	CH	9%
Less than 10%	DE	11%

Memo Item 3B

Ordinary Shares: please report details of the ultimate controlling parent (incl. captives_residency_2)
Please report % shareholding of the ultimate controlling parent from the drop-down menu. (less than 10% shareholding) and (10% or more shareholding). Please choose country of the ultimate controlling parent from the drop-down menu.

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.

Report the **total** irrevocable payment contribution relating to Depositor Compensation Scheme (DCS, classified as ROM) and Single Resolution Board (SRB, classified as ROW) under item 1.4 ; Other n.e.c. and also in the memo item 3 where the other n.e.c. are itemised.

ASSETS SCHEDULES

CORE ASSETS (A)

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.

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.

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.

Claims relating to monetary policy operations
Report claims relating to monetary policy operations with counterparty Central Bank of Malta (Resident of Malta; MFI) according to their original maturity.

Fixed Assets (Item 6)
Machinery and equipment would be included under Fixed Assets (item 6) but not under the ‘of which’ item 6.1 ‘Real estate’. Real estate is defined as dwellings, other buildings and structures (both existing and under development) and land legally owned by reporting agents, including for their own use. Under item 6.1 report real estate holdings including investment property abroad. These should be valued at market prices.

Prepayment for insurance premiums and reserves for outstanding claims (Item 8.5)
The part of gross premiums paid by MFIs which is to be allocated to the following accounting period plus claims by MFIs that are not yet settled.

Right of use of an asset (Item 9)
Right of use of an assets as defined in IFRS 16 are to be reported under this item.

Memo items
Assets managed but not owned by credit institutions (Item 6):
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.

Funds placed by the reporting agents with the Central Bank of Malta (CBM) with respect to the Depositor Compensation Scheme (DCS).

The DCS is a rescue fund for depositors of failed banks which are licensed by the Malta Financial Services Authority (MFSA); source MFSA website. As at January 2024, Maltese banks are obliged to make contributions in the form of:

1. Cash contributions directly paid into the DCS account held with the CBM (this amounts to 70% out of the total contribution obligation), and
2. Irrevocable Payment Commitments (IPC), which can be in the form of Cash pledged in favour of the Scheme or Securities pledged in favour of the Scheme (this amounts to 30% out of the total contribution obligation). In case the payment commitment is backed by the cash pledged, this can either be held in a separate Scheme's account held at the CBM or in an account held at the CBM on the credit institution's own account pledged in favour of the DCS.

In reporting the above, let's assume that a bank's total DCS contribution is EUR1000.

1. Cash contributions directly paid into the DCS account held with the CBM, treated as an expense for the credit institution:
   Decrease in b/s Liabilities
   - BR06 sheet LC, item 2.10 and PL, item 5.2.2 - P&L expense of EUR700

   Decrease in b/s Assets, with the equivalent amount, to simplify
   - BR06 sheet A - Cash EUR700

2. Irrevocable Payment Commitments (let's assume that from the EUR300 IPCs, EUR100 are backed by cash pledge, and EUR200 are backed by securities pledge).
   Leg 1
   Increase in b/s liabilities:
   - BR06 sheet LR - Remaining Liabilities, item 1.4 Other n.e.c. EUR300 (affecting sheet L indirectly item 7.8 which is linked to LR)
     Please also report item separately identifiable in memo item 3, as 'Funds paid directly to the Depositor Compensation Scheme'.

   Decrease in b/s liabilities:
   - BR06 sheet L item 7.12 - Adjustment for accounting/statistical discrepancies' EUR300

   Leg 2a – if the EUR100 cash pledge are deposited in the Scheme's Account (003K) held with the CBM, reporting should be as follows;
   Increase in b/s assets:
   - BR06 sheet A and ALs (eg. AL1 item 1.2.2) - Loans to General Government; Central Government – PNMU /EBU (DCS) EUR100. *In AnaCredit, to be reported as type of Instrument 'Deposits other than reverse repurchase agreements' to the Depositor Compensation Scheme.*

   Decrease in b/s assets, with the equivalent amount, to simplify:
   - BR06 sheet A - Cash EUR100

Leg 2b – if the EUR100 cash pledge are deposited in the account held at the CBM in the credit institution's own account pledged in favour of the DCS, reporting should be as follows;
Increase in b/s assets:

- BR06 sheet A and ALs (eg. A item 2.1.2) – Claims on the Central Bank of Malta; Other deposits. *In AnaCredit, to be reported as type of Instrument 'Deposits other than reverse repurchase agreements' to the Central Bank of Malta.*

Decrease in b/s assets, with the equivalent amount, to simplify :
BR06 sheet A - Cash EUR100

Interest accrued / paid by the CBM on pledged balances, based on the Deposit Facility Rate set by the ECB should be reported in the statistical returns separate from the loan / deposit instruments. No balance sheet entries take place for the securities pledge.

Leg2 a	**Credit Institution**		**Central Bank of Malta**		**Depositor Compensation Scheme**	
	Asset	**Liability**	**Asset**	**Liability**	**Asset**	**Liability**
Cash	-100		100			
Loans incl. deposits	100 (on DCS)			100 (on DCS)	100 (on CBM)	
Remaining Liabilities		300				
Adjustment for accounting/statistical discrepancies		-300				
Capital and Reserves						100 (Special Contributions Fund)

Leg2 b	**Credit Institution**		**Central Bank of Malta**		**Depositor Compensation Scheme***	
	Asset	**Liability**	**Asset**	**Liability**	**Asset**	**Liability**
Cash	-100		100			
Loans incl. deposits	100 (on CBM)			100 (on credit institution)		
Remaining Liabilities		300				
Adjustment for accounting/statistical discrepancies		-300				
					* shown off balance sheet as a memorandum item 'Assets pledged in favour of the Scheme'.	

SRB	**Credit Institution**		**Banque de France**	
	Asset	**Liability**	**Asset**	**Liability**
Cash	-100		100	
Loans incl. deposits	100 (on SRB)			100 (on SRB)
Remaining Liabilities		300		

Adjustment for accounting/statistical discrepancies		-300		

CBM Reporting:
The cash collateral recorded as a loan of the credit institution vis-à-vis the DCS in the Scheme's Account, deposited at the Central Bank of Malta (CBM) is treated as a deposit liability by the CBM to the DCS (Central Government; PNMU), and the DCS would treat it as a claim on the CBM. Any interest paid to the credit institution as a result of the collateral agreement will be recorded as per BSI / BR06 instructions for interest income.
The cash collateral recorded as a deposit with the CBM in the credit institution's own account, will be treated as a deposit liability by the CBM to the respective credit institution. On the other hand, the DCS shows this pledge as a memorandum item.

The above reporting also applies for the Single Resolution Board contributions (SRB), whereby the total Irrevocable payment contributions are to be treated as remaining liabilities on the credit institutions' balance sheets. Cash transfers in the framework of IPCs collateralised with cash give rise to an asset. This is reported as a loan of the credit institutions vis-à-vis the SRB, in the BR06 returns, while in AnaCredit, this is to be reported as type of Instrument 'Deposits other than reverse repurchase agreements' to the SRB.

Further information can be found in the ECB BSI Manual, item 4.10.13 'Irrevocable payment commitments (IPCs)'.

In view that the DCS has NACE 64.30 - Trusts, other financial service activities except insurance and pension funding, a failing check will result between A and AL1, AL4, AL5 and AL6. The reason is that in sheets A and AL1 the DCS is reported as General Government; of which Public Non-Market Units (i.e. non-financial) while in sheets AL4, AL5 and AL6 DCS is reported under the financial economic activity.

Conversely, the check will not fail for the SRB, since the sector is classified as general government, and its economic activity is classified as - Public administration and defence; Compulsory social security NACE 84.

ASSETS AL1 - ANALYSIS OF LOANS (INCL. DEPOSITS) BY SECTOR AND MATURITY

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.

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.

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.

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.

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).

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).

<u>Questions and Answers to assist better reporting in this schedule</u>

Revolving loans - temporary/permanent stop of crediting

Question: A question concerning the (re)classification of revolving loans.
A 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/2013/33).
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 re-payment 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

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.

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.

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.

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.

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.

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.

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.

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.

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.

NOTE: The **Single Resolution Board (SRB) to be classified as General Government Sector and residency ROW**. All that would be relevant here would be the cash collateral placed in the context of the irrevocable payment commitments which are to be recorded as loans to the SRB as detailed in the attached note.

ASSETS AL3 - ANALYSIS OF LOANS (INCL. DEPOSITS) BY CURRENCY

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.

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.

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.

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

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.

Detailed notes of the economic activity NACE Rev. 2 can be found in Appendix 6 of the Instructions.

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.

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

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 (which also includes micro enterprises" is to be reported.

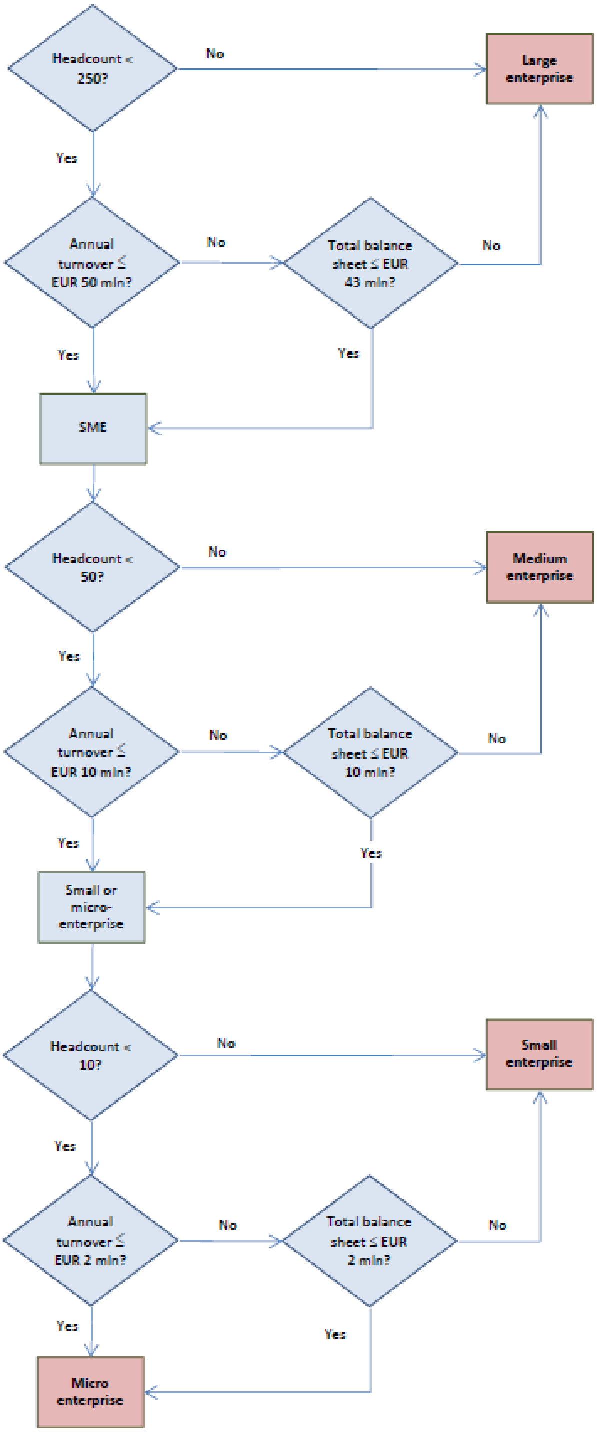
Detailed notes of the economic activity NACE Rev. 2 can be found in Appendix 6 of the Instructions.

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.

Households and individuals in this context excludes loans granted to partnerships and sole traders, as these loans should be reported according to the borrower's main activity.

To identify the Residents of Malta SMEs (also known as micro, small and medium sized enterprises), reporting agents are expected to refer to the Business Register, which is available on the CBM's restricted website, and check whether the variable 'SMENONSME**' is recorded as MICRO ENTERPRISE, SMALL ENTERPRISE, OR MEDIUM ENTERPRISE.

For non-residents, it is suggested that micro, small and medium-sized enterprises (SMEs) classification should be in line with the below decision tree put forward by the ECB based on the recommendation of the European Commission. If financials are not available, non-residents classification should alternatively be based on the staff headcount.
EUROPA – Enterprise – The new SME definition – User guide and model declaration (eusmecentre.org.cn).


Headcount < 250?
No
Large enterprise
Yes
Annual turnover ≤ EUR 50 mln?
No
Total balance sheet ≤ EUR 43 mln?
No
Yes
Yes
SME
Headcount < 50?
No
Medium enterprise
Yes
Annual turnover ≤ EUR 10 mln?
No
Total balance sheet ≤ EUR 10 mln?
No
Yes
Yes
Small or micro-enterprise
Headcount < 10?
No
Small enterprise
Yes
Annual turnover ≤ EUR 2 mln?
No
Total balance sheet ≤ EUR 2 mln?
No
Yes
Yes
Micro enterprise

ASSETS AL6 - ANALYSIS OF LOANS (EXCL. REPOS AND DEPOSITS) BY ECONOMIC ACTIVITY (NACE REV. 2) AND INTEREST RATES

Report loans granted by the reporting institution to all institutional units classified by section of the economic activity in accordance with NACE Rev. 2.

Above-average Market Rates loans are not within the scope of this return and hence their related interest rate should be totally excluded. For the consistency check of the utilised balance vis-à-vis other BR06 returns to hold, kindly still report the utilised balance relating to these above-average market rate loans but with a 0% interest rate. The reason is not to be taken with our aggregated weighted average rate.

Moreover, the reporting of **joint counterparties** according to the explained methodology is to be split according to the economic activity (NACE), sector (ESA 2010) and all splits of joint counterparties as applicable, for instance, by residency, size of loan as well as the value buckets within AL6.

For an illustration of how the reporting for joint counterparties should be carried out please refer to the following example: A joint counterparty loan of €1.5 million, should be reported in the row 'Over EUR 1,000,001', as well as split by the Joint account holder's nationalities. In general, the loan amount will be divided in half with the liable counterparties as though these were separate loans. This reporting is to be consistent within all sheets.

Consider a loan taken by two counterparties with one of the counterparties having NACE A and the other NACE B with a total outstanding balance of Eur1.5m. The reporting is to be carried out as follows:

	Number of accounts	**Outstanding amount**
NACE A	0.5	750
NACE B	0.5	750

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.

In the 'Memorandum items' section of the same schedule, considering a loan of €1.5 mil jointly taken by a financial company and a non-financial company, the reporting is to be carried out as follows:

Memorandum items:	**No of Accounts**	**Non-financial Corporations**

			Total Utilised Balance	ROM	ROM; of which SMEs	MUMS
Analysis by size	1	**1**	**1,500**	**750**	**0**	**0**
Up to EUR 5,000	1.1	0	0	0	0	0
Between EUR 5,001 to EUR 25,000	1.2	0	0	0	0	0
Between EUR 25,001 to EUR 50,000	1.4	0	0	0	0	0
Between EUR 50,001 to EUR 100,000	1.5	0	0	0	0	0
Between EUR 100,001 to EUR 250,000	1.6	0	0	0	0	0
Between EUR 250,001 to EUR 1,000,000	1.7	0	0	0	0	0
Over EUR 1,000,001	1.8	1	1,500	750	0	0

Detailed notes of the economic activity NACE Rev. 2 can be found in Appendix 6 of the Instructions.

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.

The weighted average interest rate is calculated by multiplying the amount of each loan in each NACE economic activity by the agreed interest rate per annum as at the end of the reference period applied thereto and divided by the respective total amount in each NACE economic activity. The grand total weighted average interest rate, (which is calculated automatically within the return), is derived by adding the total outstanding amount in each NACE economic activity, multiplied by their respective weighted average interest rate, divided by the grand total outstanding amount.
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.

Households and individuals in this context excludes loans granted to partnerships and sole traders, 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

(1) <u>Maturity of Loans</u>

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 secures 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 or 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

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 repayments due, whether paid or unpaid, i.e. balances due are deducted from the limits irrespective of whether the payment has been effected or not. Limits are reduced by time.
Limits should include off-balance sheet items from the point when the sanction letter is granted. In cases where the sanction letter expires without being utilised, the corresponding amounts should, of course, be removed from the reported figure.

In the case of overdrafts report the actual amount sanctioned under the facilities provided.

In the case of other facilities (other than loans and overdrafts) report the actual amount sanctioned under the facilities provided less repayments. Limits are 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 of delays for which the reporting credit institution or customer is not at fault and which, for all intents and purposes, the reporting credit institution would most probably renew.

Loans which have expired and the reporting credit institution has no intention of renewing are to be reported as Excesses.

Report overdrafts which have expired or have not been reviewed on time because of delays for which the reporting credit institution or customer is not at fault and which, for all intents and purposes, the reporting credit institution would most probably renew.

Overdrafts which have expired and the reporting credit institution has no intention of renewing are to be reported as Excesses.

Report facilities which have expired or have not reviewed on time because of delays for which the reporting credit institution or customer is not at fault and which, for all intents and purposes, the reporting institution would most probably renew.

Facilities which have expired and the reporting credit institution has no intention of renewing are to be reported as Excesses.

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 Excesses

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

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.

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.

Loans to Households and non-profit institutions are also classified by purpose as lending for house purchase, consumer credit and other lending.

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	Amount	Real estate collateral for all credit facilities
1990 Loan "A"	€50 million	
1995 Loan "B"	€ 30 million	€100 million
1997 Loan "C"	€ 25 million	
1997 "Overdraft"	€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/2008/32the 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 e 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 AL11 – ANALYSIS OF LOANS (INCL. DEPOSITS) SUBJECT TO INTEREST RATE RESET

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 - <u>Residents of Malta; Non-financial corporations</u>
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.

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

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.

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 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.

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

Report securities other than shares held by the reporting institution as at the end of the reference month.

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.

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

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

Report securities other than shares held by the reporting institution by currency denomination in the classification provided.

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 AS5 – ANALYSIS OF SECURITIES OTHER THAN SHARES BY MAIN SECTOR AND TERM TO MATURITY – AMORTISED COST (AMC)

Refer to instructions in *Appendix 4 – Valuation Guidelines*

ASSETS AS6 – ANALYSIS OF SECURITIES OTHER THAN SHARES BY MAIN SECTOR AND TERM TO MATURITY – FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

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 (FVTPL)

Refer to instructions in Appendix 4 – Valuation Guidelines

ASSETS AS8 – ANALYSIS OF IMPAIRED SECURITIES OTHER THAN SHARES

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 asses at each balance sheet date to determine whether there is any objective evidence that the financial asset is impaired.

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.

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

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

Any securities other than shares rated BB+ / Ba1 or below are to be reported as speculative.

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

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.

'Other remaining unpledged securities' represent those securities other than shares which are not eligible for the Eurosystem operations split according to their credit rating.

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.

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

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.

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.

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

From Column F to Column AF report the holdings (positions) up to 1 year and over 1 year together with the position of accrued interest of those debt securities issued by the following non-resident sectors: 'Central Banks', 'MFIs excluding MMFs and Central Banks', 'Money Market funds', 'General Government', 'Other Financial Intermediaries, financial auxiliaries, captives financial institutions and money lenders', 'Insurance Corporations and Pension funds', and 'Non-Financial Corporations' all of which were not reported in schedule SBSA. All this data must be reported by country of issuer.

In Rows 270 to Row 273, columns F and G please report Debt Securities denoted in Euro, USD, JYP, Other by Residents of MUMs and ROW.
In Row 276 Columns F and G please report long-term debt securities redeemable within one year for Residents of MUMs and ROW.

Transactions (purchase and sale of debt securities during the month)
From Column AJ to Column BC report the net purchases and sales up to 1 year and over 1 year of those debt securities issued by the following non-resident sectors: 'Central Banks', 'MFIs excluding MMFs and Central Banks', 'Money Market funds', 'General Government', 'Other Financial Intermediaries, financial auxiliaries, captives financial institutions and money lenders', 'Insurance Corporations and Pension funds', and 'Non-Financial Corporations' all of which were not reported in schedule SBSA. This data for transactions must also be reported by country of issuer.

Interest Accrued, Interest Received and Net Purchased/Sold Interest
From column BG to column CE report interest accrued, interest received, and net purchased/sold interest (flows) during the course of the month on those debt securities issued by the following non-resident sectors: 'Central Banks', 'MFIs excluding MMFs and Central Banks', 'Money Market funds', 'General Government', 'Other Financial Intermediaries, financial auxiliaries, captives financial institutions and money lenders', 'Insurance Corporations and Pension funds', and 'Non-Financial Corporations' all of which were not reported in schedule SBSA. This data for transactions must also be reported by country of issuer.

ASSETS AE1 – ANALYSIS OF SHARES AND OTHER EQUITY BY RESIDENCE AND TYPE

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

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

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

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

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, units and other equity by country of residence and by the following counterpart sectors for both positions and transactions: 'Investment Funds', 'Central Banks', 'MFI excluding CBM and MMF', 'Money market funds', 'Other Financial Intermediaries, Financial auxiliaries, captive financial institutions and money lenders', Insurance corporations and pension funds', and 'Non-Financial Corporations. 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.

For equity securities issued by the following non-resident sectors: 'Investment Funds', Central Banks', 'MFIs excluding MMFs and Central Banks', 'Money Market funds', 'General Government', 'Other Financial Intermediaries, financial auxiliaries, captives financial institutions and money lenders', 'Insurance Corporations and Pension funds', and 'Non-Financial Corporations', a further distinction in holdings of more than 10% and less than 10% is being requested.
Equity investment in a non-resident enterprise in which the reporting bank owns10 % 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.
Equity investment of less than 10 percent should be reported under the column "holdings less than 10%".

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.
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

From column G to column K report the holdings (positions) in Investment Funds shares/Units issued by non-residents and which were not reported in schedule SBSA.
The holdings in Investment Funds shares/Units must be reported by country of residence, by currency (EUR, USD, JPY and Other currencies) and by holdings of less than 10% and holdings of more than 10%.

From column M to column AU report holdings (positions) in equity issued by non-residents and which were not reported in schedule SBSA for the following sectors: Central Banks', 'MFIs excluding MMFs and Central Banks', 'Money Market funds', 'General Government', 'Other

Financial Intermediaries, financial auxiliaries, captives financial institutions and money lenders', 'Insurance Corporations and Pension funds', and 'Non-Financial Corporations'
The holdings in equity must be reported by country of residence, by currency (EUR, USD, JPY and Other currencies) and by holdings of less than 10% and holdings of more than 10%.

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

In columns AY and AZ report the transactions (net purchases and sales) in Investment Funds shares/Units issued by non-residents and which were not reported in schedule SBSA.
The transactions in Investment Funds shares/Units must be reported by country of issuer and by holdings of less than 10% and holdings of more than 10%.

From column BE to column BU report the transactions (net purchases and sales) holdings in equity issued by non-residents and which were not reported in schedule SBSA for the following sectors: Central Banks', 'MFIs excluding MMFs and Central Banks', 'Money Market funds', 'General Government', 'Other Financial Intermediaries, financial auxiliaries, Captives financial institutions and money lenders', 'Insurance Corporations and Pension funds', and 'Non-Financial Corporations'
The transactions in equity must be reported by country of residence and by holdings of less than 10% and holdings of more than 10%.

Report any dividends received from Investment Funds Shares/Units by country of issuer in column BB (where holdings were of less than 10%) and column BC (where holdings were of more than 10%). These amounts should be recorded on the basis of dividends actually received during the month.

Report any dividends received from the ownership of shares/equity or equivalent equity interest in non-resident enterprises (EXCLUDING investment Funds Shares / Units) by country in column BX (where holdings were of less than 10%) and column BY (where holdings of more than 10%) (because these would have already been recorded in columns BB and BC). These amounts should be recorded on the basis of dividends actually received from non-residents during the month.

ASSETS AR - ANALYSIS OF OTHER UNALLOCATED ASSETS

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.

CE – STATEMENT OF CHANGES IN EQUITY

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 the IFRS9 accounting methodology, 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

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

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

SL – SYNDICATED LOANS

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.

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.

BOP – DATA USED FOR BALANCE OF PAYMENTS SERVICES (ASSETS AND LIABILITIES)

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

SBSA – SECURITY BY SECURITY ATTRIBUTES - ASSETS

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.

Treatment of Exchange Traded Commodities, Exchange Traded Notes, Exchange Traded Funds & Warrants in the SBSA schedule

Despite sharing some similarities such as the fact that all three instruments track an index, providing investors relatively easy access of investing in various market segments and are all traded on exchanges, the manner by which these securities are reported in the Bank's statistical returns differs.

Exchange Traded Commodities (hereinafter ETCs) and Exchange Traded Notes (hereinafter ETNs) are legally treated as debt securities and regulated by the respective securities laws. This contrasts with Exchange Traded Funds (ETFs) that are typically registered as collective investment vehicles and are governed by the respective laws on collective investment schemes.

In the financial industry, ETCs are typically characterized as open-ended asset backed debt securities that track the performance of an underlying commodity or commodity index. They are typically issued by a special purpose vehicle (SPV) and also in some cases by banks and are often physically collateralised by holdings in the respective commodity such as metal, gold, platinum or Bitcoin.

Meanwhile, ETNs are typically defined as unsecured, unsubordinated debt securities. These are usually issued by banks and have long maturities normally spanning 10, 20 or 30 years from issuance. These types of instruments are backed only by the credit of the issuing bank (although some ETNs can also be collateralised). Their returns are directly linked to the performance of a benchmark index and upon maturity the investor receives cash based on the index's performance. ETN holders are lenders whose 'interest rate' is based on the performance of a selected index.

Consequently, both ETCs and ETNs are to be treated as bonds, hence one should fill in the Nominal Values in the SbSa sheet.

Conversely, ETFs are registered as Investment Funds, hence should be treated as equity, entailing that the Number of units column in the SbSA sheet should be filled in.

Similar to ETCs and ETNs, Warrants should always be treated as debt securities, hence the Nominal value is to be filled in whilst populating the SbSA sheet.

To summarise:

· ETCs – are to be reported as bonds – fill in Nominal Value in the SbSA sheet

· ETNs/structured products – are to be reported as bonds – fill in Nominal Value in the SbSA sheet;

· ETFs – are to be reported as equity since they are registered as investment funds – fill in Number of units in the SbSA sheet.

· Warrants – are to be reported as debt securities– fill in Nominal value in the SbSA sheet.

SBSL – SECURITY BY SECURITY LIABILITIES

Report here securities issued by the reporting credit institutions on foreign stock exchanges, not just the listed ones.

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 – Securities held on behalf of the resident Households sector

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.

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 – Securities held on behalf of the resident non-financial corporations

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.

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)

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.

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.

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.

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

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.

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.

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)

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.

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.

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

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.

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

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

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.

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.

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.

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.

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.

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)

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.

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.

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.

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

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.

In column C report equity holdings issued by a non-resident MFI in which the resident household and or non-financial sectors own 10 percent or more of the ordinary shares or voting power. Equity investment of less than 10 percent should be reported in column B.

In column E report equity holdings issued by other non-resident in which the resident household and or non-financial sectors own 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)

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.

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 own 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.

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 own 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.

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

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.

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)

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.

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.

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.

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 **€** either using the official middle rate on the transaction day or the actual exchange rate used in the transaction.

Positions

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.

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.

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)
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.

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.

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
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.

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.

In column T – report the net interest actually purchased or sold during the reporting month on those debt securities issued by residents MFIs

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.

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.

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.

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.

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.
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)

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.

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.

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.

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
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.

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.

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)
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.

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.

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.

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

Note of converting the profit and loss items into euro, where the base currency of the reporting financial institutions is non-euro.
To avoid volatility in the euro figures reported due to changes in the exchange rate, reporting agents are asked to convert the cumulative amounts by the average of the daily exchange rates of the whole reporting period, that is, if reporting data is as at September, to be converted by the average of the daily exchange rates of January to September (assuming December is the financial year end). If this method is not feasible, the second option is to convert the cumulative by the average of the end of month exchange rates of the whole reporting period, that is, if the reporting data is as at September, to be converted by the average of the end of month exchange rates of January to September (assuming December is the financial year end).

The above is to be applied to the profit and loss items reported in sheet PL on a quarterly basis, as well as to the profit and loss items reported in sheet LC on a monthly basis (item 2.10 'Profit/loss for current financial year' and its sub-items). The same chosen method should be used in the monthly and in the quarterly reporting.

The difference resulting from the conversion of figures to reconcile the assets to the liabilities should be reported in sheet LC item 2.6 'Currency revaluation/devaluation reserve'.

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)

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Item 4.1.6 Dividend from FVOCI equity investments
Report dividends from FVOCI equity investments.

Item 4.1.7 Dividend from amortised cost investments
Report dividends from amortised cost investments.

Item 4.2 Trading Profits
Report profits derived from held-for-trading financial assets other than dividends already reported in Item 4.1.

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 amortised cost financial assets
Report gains/(losses) derived from the disposal of amortised cost financial assets.

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 Gain/(loss) on disposal of FVOCI financial assets
Report gains/losses on disposal of FVOCI 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
This item should reflect all wages and remuneration (incl. social security costs) paid to all employees and directors reported in items 10 (Number of directors) & 11 (Number of employees).

Item 5.1.1 Directors' remuneration
Report the total remuneration, in cash or in kind, payable by an employer to directors in return for work done by the latter during the accounting period. This includes gross wages, salaries, overtime, bonuses, incentive schemes, extra compensation, fringe benefits, social security contributions / national insurance contributions etc. of all directors excluding any payments earned during the full-time employment with the entity in another role. This includes all directors – Maltese, Gozitans and those working in branches abroad who may not be Maltese residents.

Item 5.1.2 Wages, salaries and allowances
Report 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. This includes gross wages, salaries, overtime, bonuses, incentive schemes, extra compensation, fringe benefits, social security contributions / national insurance contributions etc. of all officers and employees of the credit / financial institution, together with wages, salaries and allowances paid to all personnel employed at overseas representative offices. This includes all employees – Maltese, Gozitans and those working in branches abroad who may not be Maltese residents.

Item 5.1.3 Retirement benefits

Report early 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. This item includes the reporting of 'Contribution to Protection funds' which are further explained in the following link; https://www.mfsa.mt/our-work/depositor-and-investor-compensation-schemes/

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 Amortised cost investments

Refer definition under 5.4 above.

Item 5.4.3 FVOCI investments

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 Amortised cost investments
Report the provision on amortised cost investments.

Item 6.1.3.4 FVOCI financial assets - debt instruments
Report the provision on FVOCI financial assets - debt security instruments.

Item 6.1.3.5 FVOCI 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 6.1.3.7 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 FVOCI 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 FVOCI financial assets – equity instruments
Report recoveries or reversals of past write-downs on available-for sale equity investments.

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.

Item 12 Number of branches in Malta (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 in Malta, 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 13 Number of branches in the EU member states and EFTA members (incl. Norway, Liechtenstein and Iceland) excluding Switzerland

Report the number of branches, as specified in the afore-specified definition, in EU member states and EFTA members (incl. Norway, Liechtenstein and Iceland) excluding Switzerland (specify countries using the drop-down menu).

Item 14 Number of branches in other countries not reported under 12 & 13 (specify country)

Report the number of branches, as defined for Item 12 above, in other countries not included under Items 12 and 13 of the same schedule (specify countries using the drop-down menu).

Item 15 Number of non-branch retail outlets in Malta

Report the number of legal entities separate from the financial institution—typically retail commercial outlets or stores, that are authorized to act on behalf of the financial institution. The range of financial services provided by agents is, in general, limited and typically includes account opening, cash-in and cash-out transactions. They are also known as ‘business correspondents’.

Item 16 Number of subsidiaries in Malta

Report the total number of subsidiaries owned by the reporting institution in Malta.

Item 17 Number of subsidiaries in other countries (specify country)

Report the total number of subsidiaries owned by the reporting institution in other countries (specify countries using the drop-down menu).

Item 18 Number of ATMs

Report the number of Automated Teller Machines (ATMs) which are currently in operation, including ATM's situated in automated offices.

Item 19 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 20 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. This includes all employees and directors – Maltese, Gozitans and those working in branches abroad who may not be Maltese residents. For consistency purposes, this figure is linked to items 5.1.1 + 5.1.2 as all the items falling under this memo item are classified as wages and salaries.

Compensation of employees **total** includes::

- 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.

Memo item 4.1 of which Social security benefits

Please refer to Employers' Social Contributions under memo item 4 for guidance. This consists of both directors and employees, and is included with the figure reported under items 5.1.1. and 5.1.2

Memo item 4.2 of which Pension and similar benefits

Please report fringe benefits of this kind (originally reported with the figure under items 5.1.1. and 5.1.2) excluding early retirement benefits reported under item 5.1.3.

Memo item 4.3 of which Equity / Shares based payments

Please report fringe benefits of this kind, originally reported with the figure under items 5.1.1. and 5.1.2

Item 5 Transactions for Gozo branches

This should include all staff expenses, including wages, salaries and allowances of all those working in Gozo branches irrespective of their nationality

Item 6 **Report the non-resident part of the items requested.**

Item 7 **Report transfers to subsidiary, parent, head office and other related parties**

LH – Analysis of Shareholders by sector and residence (including both perpetual preference shares and ordinary shares)

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. When reporting perpetual preference shares should be added to ordinary shares.

RW – Recoveries and Write-Offs

Report the self-explanatory data in accordance with the breakdown in the relative schedule.

CL – Contingent Liabilities

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 <u>On behalf of governments and their agencies</u>
   Report other guarantees and obligations on behalf of governments and their agencies.

   4.2 <u>On behalf of other customers</u>

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

Report deposits and lending through branches in Gozo.

Commercial Real Estate (CRE)

The **CRE tab** within the BR/06 is split into two – these are the 'flows' and the 'stocks'.

- The **flows** should be filled in on a quarterly basis (for reference months **March/June/September/December 20XX**), and the loans which should be included for the flows are:
  - **New loans** taken during the reference quarter,
  - Loans which were **renegotiated** (i.e., change in contract conditions, for example interest rate changes and repayment moratoria) during the reference quarter,
  - Loans for which a **draw-down** occurred during the reference quarter (i.e. loans taken in tranches and for which a withdrawal from this loan occurred).
- The **stocks** should be filled in on an annual basis (for reference month **December 20XX**) and should include **all active loans as at 31st December of the reference year.**

The CRE tab is based on Annex III Template B of ESRB Recommendation 2019/3 on closing real estate data gaps. This Recommendation was initially introduced as ESRB Recommendation 2016/14, but has since been amended by the former. A Questions and Answers document clarifying definitions and terms mentioned in this Recommendation is also available.

The figures to be filled in are the **aggregated amounts (in Euro thousands)** relating to the relevant attribute. For all reporting items except item 1.2 (i.e., investments in CRE – of which indirect CRE holdings), a **breakdown by property type and property location** of the total amount is expected, and the relevant subtotals are calculated automatically. The possible options for ‘property type’ and ‘property location’ are given below:

Property Type:

- Office
- Retail
- Industrial
- Residential
- Other

Property location:

- Domestic Prime*
- Domestic Non-Prime*
- Foreign

see next page for definitions

On the other hand, for item 1.2, the total should be supplied by the responding institution, and the breakdown by property type and property location is not required.

A breakdown by loan type is also expected for the following items:

- Lending to CRE (item 3),
- Non-performing CRE loans (item 4),
- Loan loss provisions on CRE lending (item 5).

In each of these three cases, CRE property currently under development or construction should also be included. Each of these three items should be broken down according by loans for acquiring:

- property held by owners for the purpose of conducting their business, purpose or activity, either existing or under construction (sub-items 3.1/4.1/5.1),
- rental housing (sub-items 3.2/4.2/5.2),
- income-producing real estate other than rental housing (sub-items 3.3/4.3/5.3),
- CRE property under development (sub-items 3.4/4.4/5.4),
- property held for social housing (sub-items 3.5/4.5/5.5).

The ‘Check’ column (Column N) is an automated check on each item that the totals on column H and column M are equal. If not, the text ‘ERROR’ will be displayed and the supplied figures need to be corrected.

Definitions and clarifications for a number of terms are given below. Where relevant, these are taken directly from the relevant Recommendation or from the corresponding Q&A document.

Direct and Indirect CRE holdings

Banks can buy property directly (direct investment). Direct investment also includes properties owned by investors for their own use. However, properties foreclosed by credit providers as a result of lending operations (as opposed to properties held for the purpose of generating income) are not part of direct investment. If a lender or investor uses a special purpose vehicle (SPV) as a dedicated CRE financing technique, such lending or investment should be regarded as direct CRE lending or investment (under the ‘look-through’ approach). On the other hand, **indirect investment comprises investments in securities funds,** such as funds or real estate investment trusts (REITs), **equity investments and holdings of commercial mortgage-backed securities** (CMBS).

Lending to CRE

Any loan extended to a legal entity aimed at acquiring income-producing real estate (or set of properties defined as income-producing real estate), either existing or under development, or real estate used by the owners of the property for conducting their business, purpose or activity (or set of such properties), either existing or under construction, or secured by a commercial real estate property (or set of commercial real estate properties.

The amount to be reported is the ‘Credit Limit’. This refers to the full amount (credit limit) granted to finance the loan.

Income-producing real estate (other than rental housing)

This includes **the development of CRE which is intended to produce income for the owner once complete**. For example, this should include (but is not limited to) the development of offices/industrial buildings/retail spaces for rental purposes and the development of residential property for resale by professional developers (but not by private individuals, as these should be considered as RRE as per the point on 'rental housing').

Income-producing property under development
This relates to **property currently under construction which is intended to provide the owner with income** (from sale and/or rental of the property) **on its completion**. If a property is classified as 'income-producing property under development', it is automatically included in CRE. Therefore, this includes the development of rented office buildings/business premises, the development of rental housing by professional developers, and the development of social housing. However, **rental housing constructed by private landlords and dwellings being constructed by natural persons for their own use should not be included in the CRE return.** The way in which banks decide whether a property is income-producing depends on the individual practices of banks. For example, **each loan may be reviewed on an annual basis, allowing one to reconfirm the income-producing nature of the CRE**.

Loan loss provisions on CRE lending
These represent the **total amount of provisions made on loan portfolios to account for potential future credit losses**.

Non-performing CRE loans
The definition of non-performing loans is the same as that used in FINREP under Commission Implementing Regulation (EU) No 680/2014. Therefore, for a loan to be considered as non-performing, one (or both) of the following conditions should be satisfied:

- there are material exposures that are **more than 90 days past due**,
- the debtor is assessed as **unlikely to pay its credit obligations in full without realisation of collateral** (regardless of any past-due amount or of the number of days past due).

Property location
For the purposes of the CRE return, **a domestic property shall be considered as 'domestic prime' if it is situated in one of the following localities**:

- **Attard**
- **Balzan**
- **Floriana**
- **Gzira**
- **Kalkara**
- **Pembroke**
- **Pieta**
- **Sliema**
- **St. Julians**
- **Swieqi**
- **Ta' Xbiex**
- **Valletta**
- **Vittoriosa**

A domestic property in **any other location (including Gozo)** shall be considered as **'domestic non-prime'**. Any property not situated in Malta or Gozo should be considered as 'foreign', even if this is within the EU/EEA.

Rental housing
This includes the **development of rental housing by professional developers**. Please note that **the development of rental housing by private landlords is not to be included** within CRE, as this is considered as RRE instead.

Social housing
Social housing is to be included in CRE. Moreover, social housing under construction is classified as '**income-producing property under development'**, since it is being built with the intention of producing income for its owner and should therefore be included in CRE. A similar approach is also to be applied to **loans taken out by a legal entity to fund social housing**. Such a loan may be used to acquire an existing property or construct a new one and should be classified as a CRE loan. If a natural person (e.g. an individual) purchases, for example, an apartment in a social housing property for own use, the status of this particular part of the property would change to owner-occupied RRE, and the loan taken out to fund the purchase would be an RRE loan.

Valuation adjustments
Valuation adjustments refer to **costs incurred** by an **investor to account for the potential future loss on investments** due to prevailing market conditions.

For additional guidance/clarifications/definitions, you may refer to the Questions & Answers Document issued by the ESRB.

ANNUAL DATA SHEET

PART 1: DATA BY GENDER

Number of depositors refers to all resident nonfinancial corporations (public and private) and individuals in the household sector who are the owners of deposit accounts in a financial institution. While calculating the number of depositors at each type of financial institution, please note the following:

- Corporate accounts must be counted as only one depositor, irrespective of the number of deposit accounts (checking, demand, saving, time deposits, etc.) held.
- Individual accounts must be counted as only one depositor, irrespective of the number of deposit accounts (checking, demand, saving, time deposits, etc.) held.
- For joint accounts, all depositors must be counted individually rather than as one depositor.

Number of depositors o/w SME is a sub-category of the number of depositors. It refers to only the SMEs which are owners of deposit accounts in at each type of financial institution.

Number of depositors of which (o/w) household sector is another sub-category of the number of depositors described above. It refers to depositors in the household sector.

The questionnaire asks for further disaggregation of this sub-category into female and male depositors. In case of joint accounts, please consider all owners separately, so that each account owner is counted individually. For instance, if it is a joint account of two brothers, count both the owners under “male depositors” and if it is a joint account of a husband and a wife, count the owners under both “male depositors” and “female depositors”.

Number of deposit accounts refers to the total number of checking, demand, saving, and time deposit accounts, etc. owned by resident non-financial corporations and individuals in the household sector. While calculating the number of deposit accounts at each type of financial institution, please note the following:

- The actual number of corporate accounts, individual accounts, joint accounts must be counted, as opposed to the number of depositors.
- All the accounts owned by an individual or a corporation should be counted.

Number of deposit accounts o/w SMEs is a sub-category of the number of depositors. It refers to deposit accounts owned by SMEs.

Number of deposit accounts o/w household sector is another sub-category of the number of deposit accounts described above. It refers to only the deposit accounts held by individuals in the household sector either singly or jointly. The questionnaire asks for further disaggregation of this sub-category into “women-owned deposit accounts” and “men-owned deposit accounts”. In case of joint accounts, please count the account under each owner separately. For instance, if it is a joint account of a husband and a wife, count the account under both “women-owned deposit accounts” and “men-owned deposit accounts”.

Number of borrowers refers to the number of resident nonfinancial corporations (public and private) and individuals in the household sector that have obtained credit (loans) from each type of financial institution.

• A corporate entity must be counted as one borrower, irrespective of the number of loans extended to that corporate borrower.

• An individual from the household sector must be counted as one borrower, irrespective of the number of loan accounts held.

• If a loan is extended to a group of borrowers, all borrowers must be counted individually rather than as one borrower.

Number of borrowers o/w SME is a sub-category of the number of borrowers described above. It refers to SME borrowers.

Number of borrowers o/w household sector is another sub-category of the number of borrowers described above. It refers to borrowers from the household sector.

The questionnaire asks for further disaggregation of this sub-category into male and female borrowers. In case of joint borrowing, all borrowers need to be counted individually. For instance, if a loan is jointly taken by two brothers, count both the individuals under “male borrowers” and if a joint loan is taken by a husband and a wife, count the individuals under both “male borrowers” and “female borrowers”.

Number of loan accounts refers to the total number of loan accounts of resident nonfinancial corporations (public and private) and individuals (household sector) that have obtained credit (loans) from the reporting institutions.

- The actual number of loans that nonfinancial corporations and individuals have received from the reporting institutions must be counted, as opposed to number of borrowers.
- Overdraft accounts should also be counted towards the total number of loan accounts.

Number of loan accounts o/w SME is a sub-category of the number of loan accounts described above. It refers to loan accounts of SMEs.

Number of loan accounts o/w household sector is another sub-category of the number of loan accounts described above. It refers to the loan accounts from the household sector.

The questionnaire asks for further disaggregation of this sub-category into men-owned and women-owned loan accounts. In case of joint loan accounts, all account owners should be counted separately. For instance, if it is a joint loan taken by husband and a wife, count the account under both “women-owned loan accounts” and “men-owned loan accounts”. It is therefore possible that the sum of men-owned and women-owned loan accounts may not necessarily be equal to the number of household sector loan accounts.

Outstanding deposits refer to the total amount (in millions of domestic currency) of all types of outstanding deposits (including accrued interest) of resident non-financial corporations and individuals from the household sector.

Outstanding deposits o/w SME is a sub-category of outstanding deposits described above. It refers to outstanding deposits of SMEs.

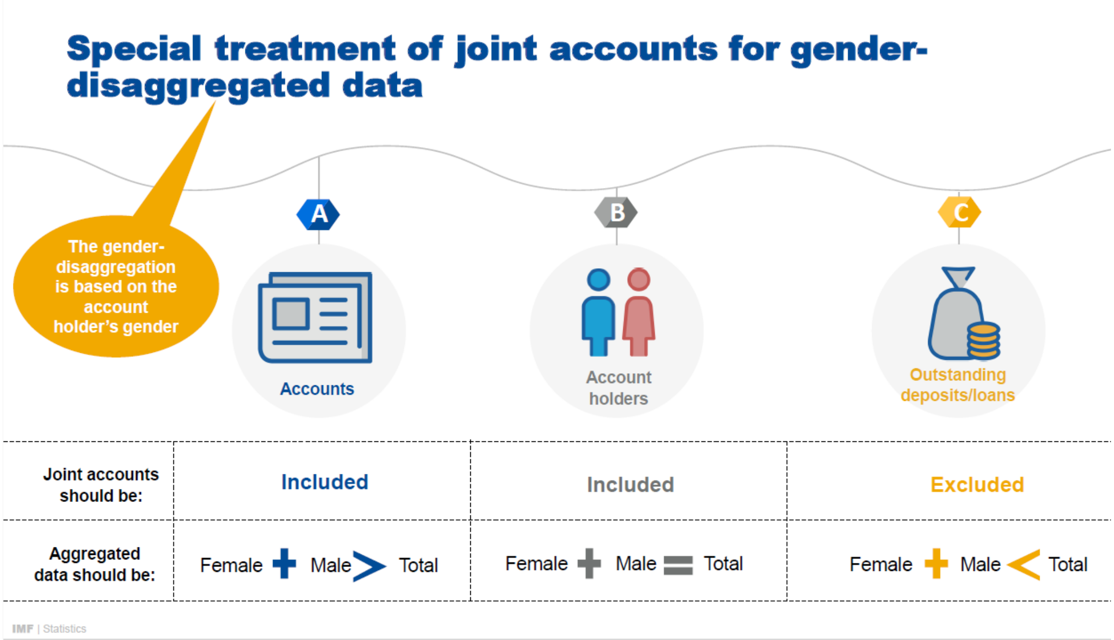
Outstanding deposits o/w household sector is a sub-category of outstanding deposits described above. It refers to outstanding deposits of the household sector.

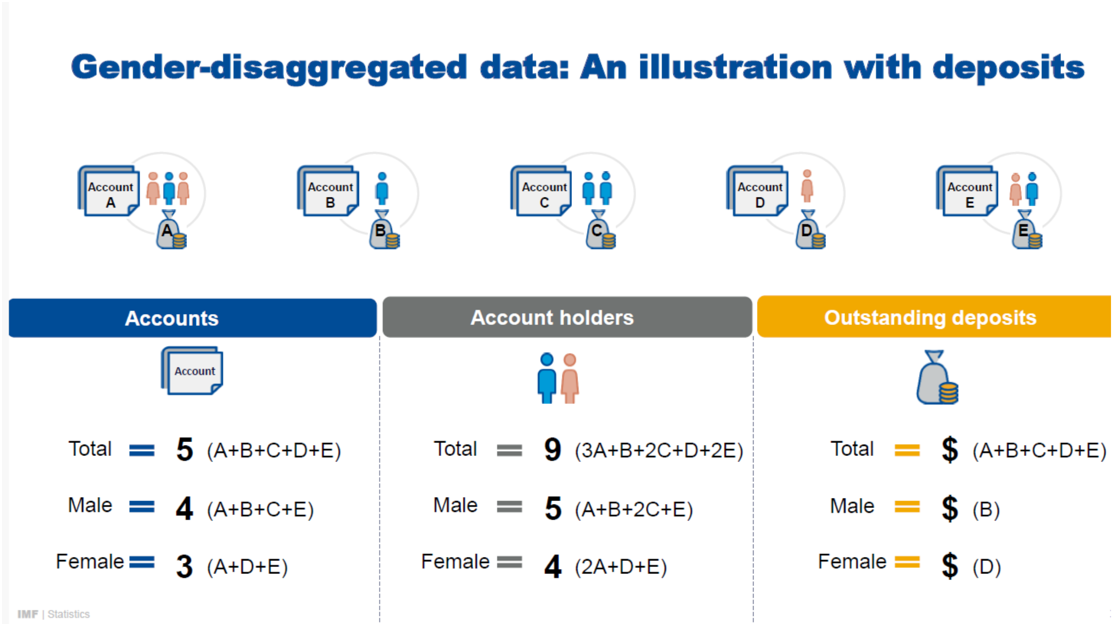
The questionnaire asks for further disaggregation of this sub-category into men-owned and women-owned deposits. Deposits held in joint accounts should be excluded and only information for individual accounts should be provided. It is therefore possible that the sum of men-owned and women-owned deposits may not necessarily be equal to the number of household sector deposits.

Outstanding loans refer to the total amount (in millions of domestic currency) of outstanding loans (including accrued interest) made by the financial institution to resident nonfinancial corporations and individuals from the household sector.

> **Outstanding loans o/w SME** is a sub-category of outstanding loans described above. It refers to outstanding loans to SMEs.
>
> **Outstanding loans o/w household sector** is another sub-category of outstanding loans described above. It refers to outstanding loans to the household sector.

The questionnaire asks for further disaggregation of this sub-category into loans to men and to women. Joint loans should be excluded and only information for individual loans should be provided. It is therefore possible that the sum of loans to men and loans to women may not necessarily be equal to the loans to the household sector. **The below slide assists in the reporting of Joint accounts within the Annual sheet**





PART 2: MOBILE AND INTERNET BANKING

Mobile and internet banking is the facility which enables customers of a financial institution to execute financial transactions (such as deposits, account transfers, bill payments, online shopping) electronically via the internet, either using a mobile phone or another electronic device. Mobile and internet banking is different from mobile money

Mobile money service provider (MMSP) refers to a mobile network operator or other entity that partners with mobile network operators to offer mobile money services to its clients through agents independent of the traditional banking network.

Mobile money is a pay-as-you-go digital medium of exchange and store of value using mobile money accounts, facilitated by a network of mobile money agents. It is a financial service offered to its clients by a mobile network operator or another entity that partners with mobile network operators, independent of the traditional banking network. Please note that the services that offer mobile phone as just another channel to access a traditional banking product are not considered mobile money. A bank account is not required to use mobile money services-the only pre-requisite is a basic mobile phone.

> **A registered mobile money account** is an account registered with a resident mobile money service provider that is primarily accessed using a mobile phone and can be used for basic financial transactions, including peer-to-peer transfers, bill payments, merchant payments and international remittances (wherever allowed).
>
> **An active mobile money account** refers to a registered mobile money account that has been used to conduct a mobile money or cash-in cash-out transaction over the past 90 days.

A registered mobile money agent outlet can be a person, quasi-corporation, corporation or a machine that facilitates mobile money account registration, cash-in cash-out transactions, and customer support. Small retail shops and other retailers typically serve as agents in low-income and emerging economies. 15.4. An active mobile money agent outlet refers to a registered mobile money agent outlet that has facilitated at least one transaction over the past 30 days.

Mobile money transaction refers to a financial payment or transfer to a third party using balances on a mobile money account via a mobile phone, including peer-to-peer (P2P) transfers, bill payments, merchant payments, and international remittances. Services that offer the mobile phone as just another channel to access a traditional banking product are not included. The service must offer an interface for initiating transactions for agents and/or customers that is available on basic mobile devices.

Number of mobile and internet banking transactions refers to the total number of mobile and internet banking transactions carried out by resident nonfinancial corporations and individuals from the household sector during the reference year

Value of mobile and internet banking transactions refers to the value (in millions of domestic currency) of mobile and internet banking transactions carried out by resident nonfinancial corporations and individuals from the household sector during the reference year.

Number of registered mobile money accounts refers to the total number of registered mobile money accounts of all mobile money service providers.

Number of active mobile money accounts refers to the total number of active mobile money accounts of all mobile money service providers.

Number of registered mobile money agent outlets refers to the total number of registered mobile money agent outlets of all mobile money service providers.

Number of active mobile money agent outlets refers to the total number of active mobile money agent outlets of all mobile money service providers.

Number of mobile money transactions refers to the total number of mobile money transactions carried out by customers of all mobile money service providers during the reference year.

Value of mobile money transactions refers to the total amount (in millions of domestic currency) of mobile money transactions carried out by customers of all mobile money service providers during the reference year.

Outstanding balances on active mobile money accounts refer to the total amount (in millions of domestic currency) of outstanding balances on active mobile money accounts of all mobile money service providers.

PART 3: FX TURNOVER

Total spot FX purchases plus spot FX sales effected during the year the total spot FX transactions represent ALL spot FX transactions undertaken by a financial institutions during a year; irrespective of the reportable thresholds of the Bank's FX dealers and also irrespective of the value-date of such the spot FX transaction; i.e. whether T+0, T+1, T+2 etc.

APPENDIX 10 – 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	ICSID(International Centre for Settlement of Investment Disputes
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
1U	Rest of UN Organisations N.I.E 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
4J1	European Parliament ORG
4J2	Council of the European Union ORG
4J3	Court of Justice ORG
4J4	Court of Auditors ORG
4J5	European Council
4J6	Economic and Social Committee ORG
4J7	Committee of Regions ORG
4J8	Other Small European Union Institutions (Ombudsman, data protection Supervisor ORG
4M	Single Resolution Board (SRB)
4R	EU-Africa Infrastructure Trust Fund
4S	ESM (European Stability Mechanism)

4T Joint Committee of the European Supervisory Authorities (ESAS)
4T1 EBA (European Banking Authority)
4T2 ESMA (European Securities and Markets Authority)
4T3 EIOPA (European Insurance and Occupational Pensions Authority)
4U Euratom
4V Femip (Facility for Euro-Mediterranean Investment and Partnership)
5A OECD (Organisation for Economic Co-operation and Development) ORG
5AA Multilateral Lending Agencies
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
5O BCEAO (Banque Centrale Des Etats de L'Afrique de l'Ouest)
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
5W BEAC (Banque Des Etats de L'Afrique Centrale)
5Z Other International Financial Organisations n.i.e ORG
6A Other International Organisations ORG (non-financial institutions)
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
6I EMBL (European Molecular Biology Laboratory)
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 OECD (Organisation for Economic Co-operation and Development) 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
7A WAEMU (West African Economic and Monetary Union)
7B IDB (Islamic Development Bank)
7C EDB (Eurasian Development Bank)
7D Paris Club Creditor Institutions
7E CEB (Council of Europe Development Bank)
7F International Union of Credit and Investment Insurers
7G Black Sea Trade and Development Banks
7H Afreximbank (African Export-import Bank)
7I BLADEX (Banco Latino Americano De Comercio Exterior)
7J FLAR (Fondo Latino Americano De Reservas)
7K Fonds Belgo-Congolais D'Amortissement Et de Gestion
7L IFFIM (International Finance Facility for Immunisation)
7M EUROFIMA (European Company for the Financing of Railroad Rolling Stock)
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
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
SX Sint Maarten (Dutch part)
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 11 – LIST OF MFIS IN MALTA AND RESPECTIVE DESIGNATED CODES
TO BE USED WHEN REPORTING THE BR/06 SET OF RETURNS
(AS AT SEPTEMBER 2021)

Central Bank: Central Bank of Malta

Credit Institutions:

Agribank plc (AGRI)
Akbank T.A.S (AKB)
APS Bank Ltd (APS)
BNF Bank Malta p.l.c (BAN)
Bank of Valletta plc (BOV)
Credit Europe Bank NV (CEB)
Credorax Bank Ltd (CRED)
Commbank Europe Ltd (COM)
ECCM Bank plc (ARM)
European Depositary Bank Malta (EDB)
FCM Bank Limited (FCM)
Ferratum Bank Limited (FER)
FIMBank plc (FIM)
HSBC Bank Malta plc (HSBC)
IIG Bank (Malta) Ltd (IIG)
Izola Bank Ltd (IZO)
Lombard Bank Malta plc (LOM)
MeDirect Bank (Malta) plc (MED)
Merkanti Bank Ltd (MFC)
NBG Bank (Malta) Ltd (FNS)
Novum Bank Limited (VCS)
SATA Bank plc (SATA)
Sparkasse Bank Malta plc (SPA)
Turkiye Garanti Bankasi A.S. (TUR)
YAPI Kredi (YAPI)

APPENDIX 12 – 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 2010	European System of Accounts 2010
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 13 - MINIMUM RESERVE REQUIREMENTS

1. An institution's reserve base shall comprise the following liabilities:

(a) deposits including loans
- Overnight deposits
- Deposits with agreed maturity up to (and including) 2 years
- Deposits redeemable at notice up to (and including) 2 years

(b) debt securities issued
- Debt securities with agreed maturity up to (and including) 2 year

2. A reserve ratio of 0% shall apply to the following liability categories:

- Deposits with agreed maturity over two years
- Deposits redeemable at notice over two years
- Repos
- Debt securities issued with an agreed maturity over two years

3. 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

4. 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.

5. 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.

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 €100,000 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.