

In case of discrepancies between the French and the English text,
the French version shall prevail

Statistical reporting of credit institutions

Frequently Asked Questions (FAQ)

Banque centrale du Luxembourg

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1 Introduction

The objective of the document «Frequently Asked Questions» is to answer questions concerning the interpretation of reporting instructions asked by credit institutions and/or to provide additional clarifications for the instructions whenever these are not precise enough.

The update of the «Frequently Asked Questions» is the follow up of requests for clarification made by credit institutions and its publication on the BCL's website and should allow to complete the instructions for the statistical reporting of credit institutions.

On the one hand, the publication will allow credit institutions to find answers to questions if the latter have already been previously asked by other banks. On the other hand, it will contribute to improve the consistency of the interpretations of the reporting instructions that may be achieved.

2 Double reporting

We should like to recall that 2 copies of reports «B» and «S» including the security by security reporting must be transmitted; one copy to the CSSF and one copy to the BCL (see also circular CSSF 08/344 point 5).

3 Definitions and concepts

3.1 Accounting rules

The BCL wishes, as far as feasible, continuing to conform to the accounting rules set up by the CSSF. Hence, assets and liabilities will be valued according to the accounting rules recognised by the CSSF.

However, two particular cases will have to be considered.

As indicated in our circular letter, dated 23 January 2006, regulation ECB/2004/21 stipulates that, regardless of the incorporation of international accounting rule IAS 39 concerning financial instruments within the legislation of the European Union, for statistical purposes monetary financial institutions (MFIs) continue reporting stocks of loans and deposits at nominal value.

Hence, regardless of the accounting rules for the prudential reporting, assets and liabilities under the following items must be reported at their nominal value at monthly and quarterly frequency:

- Assets
 - Item 1-020 «Loans»
 - Item 1-021 «Consumer loans»
 - Item 1-022 «Loans for house purchase»
 - Item 1-023 «Other loans»
- Liabilities
 - Item 2-021 «Deposits / Overnight deposits»
 - Item 2-022 «Deposits / Deposits with agreed maturity»
 - Item 2-023 «Deposits / Deposits redeemable at notice»
 - Item 2-024 «Repurchase agreements»

3.2 Opening balance sheet

Except for loans and deposits, the accounting methods used to establish the opening statistical balance sheet according to IFRS may differ from those used under LUX GAAP. The adjustments, positive or negative, that result from this change have to be recorded under the item 070 «Reserves» on the liability side of the balance sheet.

The lump sum provision, the AGDL provision as well as value adjustments created according to article 62 of the law on bank accounts remain reported under item 2-060 «Liabilities assimilated to capital».

Adjustments that arise from the change of accounting standards must be considered as revaluations and therefore be provided on report S 1.4.

3.3 Treatment of accrued interest

According to the instructions of the CSSF (see circular CSSF 07/316), accrued but not matured interest has to be included in those items of financial instruments to which it relates to («*dirty price*»), except for loans and deposits that are reported at their nominal value.

Accrued but not matured interest on loans and deposits must be registered like before, under other assets and other liabilities.

3.4 Securities lending

Securities lending operations follow the same accounting treatment as repurchase operations.

Hence, the instruction concerning the reporting of «securities transferred to third parties within the framework of securities lending operations» in item 1-020 «loans» will be repealed.

3.5 Value adjustments

Loans and deposits (see point 3.1) must be reported at their nominal value (gross value to be corrected by value adjustments). These value adjustments must be reported under item 2-090 «Value adjustments».

The valuation of securities at fair value includes already value adjustments. Hence, the item 2-090 «Value adjustments» is no longer affected by value adjustments.

3.6 Financial derivatives

Following the introduction of IAS/IFRS accounting rules, financial derivatives will be reported at fair value (corresponding to a latent gain or latent loss) on the balance sheet under assets and liabilities. Financial derivatives that have a positive value will be recorded under financial assets and derivatives that have a negative value will be reported under financial liabilities, without compensation among them.

Given that current statistical reports do not foresee a specific item for the reporting of financial derivatives, the latter will be included under items 1-080 «Remaining assets» and 2-120 «Remaining liabilities».

At the time of the aforementioned/announced revision of the statistical reporting regarding credit institutions, the treatment of financial derivatives will be subject to a thorough analysis.

3.7 Retained earnings

Should the retained earnings be reported under item 1-070 «Réserve»?

No, the instructions remain unchanged. The retained earnings must be registered under item 1-100 «Résultats»

4 Classification of counterparts

4.1 European Investment Bank (EIB)

Assets and liabilities concerning the European Investment Bank (EIB) must be reported as follows:

1 Monthly reporting

Country	X4
Currency	Split according to currency
Economic sector	30000

2 Quarterly reporting S 2.5 «Quarterly statistical balance sheet»

Country	XD
Currency	Split according to currency
Economic sector	30000

5 Report S 1.4 «Adjustments due to valuation effects»

The new accounting rules require the reporting of financial instruments at their fair value and/or at impairment value. All foreseen valuation effects have to be reported within reporting frame S 1.4 below the corresponding items. Their related counterpart is classified under item «Results» of the same report.

During the initial switchover to IFRS accounting standards, the adjustments stemming from the establishment of the opening balance sheet are considered as adjustments due to valuation changes and must therefore be provided in report S 1.4.

6 Report S 2.5 «Quarterly statistical balance sheet»

6.1 Off-balance sheet items

Regardless of the fact that financial derivatives will be reported at fair value on the balance sheet under assets and liabilities, their reporting under items 3-040 «Operations linked to exchange rates», 3-050 «Operations linked to interest rates» and 3-060 «Operations linked to other market rates» of report S 2.5 «Quarterly statistical balance sheet» will continue to be accounted on the basis of their notional amounts.

7 Schedule of conditions

Crosschecks between tables S 1.1 and B 1.1 in their current version (which will be used until 31 December 2007), as defined in the "Schedule of the conditions" will be repealed.

Relationships between these tables are becoming more complex and it gets very difficult to build a table, based on the other. Against this background, it is preferable to develop each of the aforementioned statistical tables from the given data base.

Consistency checks can be established at an aggregated level, for example for securities held, by comparing the amounts of the corresponding lines or items, which refer to the securities for each table.