



Banc Ceannais na hÉireann  
Central Bank of Ireland

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Eurosystem

Resident Offices Return (RS3)

Revaluation Adjustment Return (RV3)

Reclassification Adjustment Return (RC3)

## Notes on Compilation

Version 1.3

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Version	Date	Comment
V1.0	20.01.2022	Original document
V1.1	11.08.2022	Additional clarifications added in the areas of NACE sectors, SME definitions and other clarifications emanating from the new Regulation
V1.2	11.04.2023	Additional clarifications added in the areas of cryptocurrencies, counterpart liabilities to non-derecognised loans, write-downs/write-backs at time of loan sale, FAQ on loans no longer serviced on RS3:OAT, reporting of quarterly revaluations
V1.3	22.08.2023	Additional clarification on how to report serviced loans where carrying value differs from sale/securitisation value Clarification on the reporting of ICAVs

These notes on compilation aim to assist credit institutions resident in Ireland in relation to the reporting of the Resident Offices Return (RS3), Revaluation Adjustment Return (RV3), and the Reclassification Adjustment Return (RC3), which are effective from January 2022.

These notes provide definitions of the instrument (assets/liabilities), residency, currency, sector and other categories included on these returns, details of reporting deadlines and valuation methods etc. Whilst the requirements and rules underpinning the document are fixed, this document can be updated and refined as required, including taking on board views of reporting agents. Comments on the document are welcomed, and can be sent to [creditinst@centralbank.ie](mailto:creditinst@centralbank.ie).

The notes are structured as follows: Section 1 gives guidance on general and technical aspects of reporting the returns. Section 2 provides guidance on reporting rules and treatment of various issues that generally apply across the three returns and their formats. This section includes guidance on valuation and accounting aspects, and on the instrument, maturity, residency, currency and sector breakdowns. Section 3 highlights specific reporting rules and details of the Resident Offices Return (RS3), and gives a brief overview of each reporting format, including information not covered by the general guidance in section 2. Section 4 is devoted to Flow statistics and the associated Revaluation Adjustment Return (RV3) and Reclassification Adjustment Return (RC3). Finally, frequently asked questions (FAQs) and appendices providing specific details are included at the back of these notes for your convenience.

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## Section 1: Return Characteristics

The primary aim of the returns is to inform national and euro area policy-making. The returns also satisfy credit institutions' reporting requirements as laid down in Regulation (EU) No 2021/379 of the ECB of 22 January 2021 concerning the balance sheet of credit institutions and of the monetary financial institutions sector (Recast) (ECB/2021/2)<sup>1</sup>.

### 1. Reporting population

The reporting population is all credit institutions resident in Ireland. These are:

- institutions incorporated and located in the Republic of Ireland, including subsidiaries of parent companies located outside the Republic of Ireland;
- and**
- branches of institutions that have their head office outside the Republic of Ireland

A reporting institution should report the return in respect of its resident offices only, and consolidate the business of all resident offices only. A resident office means an office (registered or head office) or branch of the reporting institution, which is located in 'the State' (the Republic of Ireland). Directly or indirectly controlled associates or subsidiaries of the reporting institution resident in the State or abroad, branches abroad or a parent or any other group entity abroad should not be consolidated, and be treated as if they were non-affiliates.

### 2. Reporting frequency and reference date

The following must be reported on a **monthly basis**, the reference date is the end of the month:

- **Resident Offices Return (RS3)**
  - Balance Sheet Overview (BSO)
  - Balance Sheet - Irish Resident Euro (IES)
  - Balance Sheet - Irish Resident Non-euro (INS)
  - Balance Sheet - Other Monetary Union Member State Resident, Euro (OES)
  - Balance Sheet - Other Monetary Union Member State Resident, Non-euro (ONS)
  - Balance Sheet - Rest of World Resident, All Currency (RWS)
  - Reserve Requirement Calculation (REQ)
  - Formal Write-Downs/Write-Offs (MWR)
  - Off-Balance Sheet (OBS)
  - Notional Cash Pooling (NCP)
  - Net Loan Transfers (Acquisitions minus Disposals) (NLT)
  - Outstanding Amounts of Transferred Loans (OAT)
  - Sectoral Breakdown Supplement (SBS)
- **Revaluation Adjustment Return (RV3)**
  - Monthly Revaluation Adjustment (REV)
  - Revaluation Adjustments of Transferred Loans (OAV)
  - Revaluations on Notional Cash Pooling Positions (NCV)

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<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0379&from=EN>

- **Reclassification Adjustment Return (RC3)**
  - Balance Sheet Overview Reclassifications (BOC)
  - Balance Sheet Reclassifications - Irish Resident Euro (IEC)
  - Balance Sheet Reclassifications - Irish Resident Non-euro (INC)
  - Balance Sheet Reclassifications - Other Euro Area Member State Resident Euro (OEC)
  - Balance Sheet Reclassifications - Other Euro Area Member State Resident Non-euro (ONC)
  - Balance Sheet Reclassifications - Rest of World Resident, All Currency (RWC)
  - Off-Balance-Sheet Reclassifications (OBC)
  - Outstanding Amounts of Transferred Loans – Reclassifications (OAC)
  - Reclassifications of Notional Cash Pooling positions (NCC)
  - Sectoral Breakdown Supplement Reclassifications (SBC)

In addition the following must be reported on a **quarterly basis**, with reference date end of the quarter:

- **Resident Offices Return (RS3)**
  - Sector Analysis of Selected Liabilities and Assets (QSA)
  - Country Breakdown (QCO)
  - Currency Breakdown (QCU)
  - Interest Rate Reset (IRR)
- **Revaluation Adjustment Return (RV3)**
  - Revaluations – Sector Analysis of Selected Liabilities and Assets (REG)
- **Reclassification Adjustment Return (RC3)**
  - Reclassifications – Sector Analysis of Selected Liabilities and Assets (IPC)
  - Reclassifications - Interest Rate Reset (IRC)

### 3. Reporting deadline

The reporting deadline for all returns (monthly and quarterly) is the 10th working day after the last working day of the reference period (T+10). Working days exclude weekends and Irish public holidays. A schedule of reporting deadlines for returns is available on the website of the Central Bank of Ireland, <https://www.centralbank.ie/statistics/statistical-reporting-requirements/schedule-of-dates>.

### 4. Reporting currency

All monetary values should be reported in thousands of euro, with the exception of the REQ format on the RS3, which should be reported to the nearest euro.

Amounts denominated in foreign currencies should be converted into euro at market exchange rates prevailing on the date to which the data relate, i.e. the last working day of the month/quarter. ECB reference exchange rates should be used. The Central Bank provides a range of exchange

rates for use in statistical returns on the Central Bank website<sup>2</sup>. If an exchange rate is not provided for a particular currency, institutions should use the same rate as that used in their own internal accounts.

## 5. Memorandum Items

Throughout the forms, memorandum items are requested. These are aimed at collecting an additional breakdown of items already reported in the main part of the format. If not stated otherwise in this document, memorandum items are 'of which' positions.

## 6. Technical aspects of reporting

The returns must be submitted via the Central Bank of Ireland's Online Reporting System (ONR). Credit institutions may supply the data by inputting the data into the provided excel reporting templates and uploading these respective excel reporting templates onto the ONR System, or by uploading the data onto the system in an XML format. Details on transmitting the return via the ONR System, and specifications for uploading data onto the system, may be found in separate documents, which will be available on the Central Bank's website<sup>3</sup>.

## 7. Minimum standards

The required statistical information shall be reported in accordance with the minimum standards for transmission, accuracy, conceptual compliance and revisions as set out in Annex IV of Regulation (EU) No 2021/379 of the ECB of 22 January 2021 concerning the balance sheet items of credit institutions and of the monetary financial institutions sector (Recast) (ECB/2021/2).

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<sup>2</sup> <https://www.centralbank.ie/statistics/interest-rates-exchange-rates/exchange-rates>

<sup>3</sup> <https://www.centralbank.ie/statistics/statistical-reporting-requirements>



## Section 2: General concepts and definitions

This section includes guidance on the valuation and accounting principles, the instrument breakdown, maturity, residency, currency and sector breakdown that applies across the formats of the RS3, RC3 and RV3 return. Exemptions from these general guidance and specific features in certain formats are highlighted, and also specified in sections 3 and 4.

### 1. Valuation and accounting principles

#### 1.1 Valuation principles

Deposits and loans should be reported at their principal amount outstanding (nominal value) on the reporting date, excluding amounts written off or written down. This should include any interest arrears which have been recapitalised, but exclude accrued interest payable.

The valuation of liabilities and assets should not include accrued interest payable or receivable on relevant accounts, nor should it include unearned interest or charges. Accrued interest payable/receivable should be included in 'Remaining Liabilities/Assets'. However, where a liability or asset is valued at market price, which indistinguishably includes interest, such accrued interest may form part of the valuation, or where interest is paid by means of discount (for example, Exchequer Notes), such interest may be included in the book value of the asset if it is the accounting practice of the reporting institution to do so.

Debt securities, listed or unlisted equity, investment fund shares/units and financial derivatives should be reported at market value or close equivalent (fair value). It is accepted that in practice MFIs may continue to use local accounting rules requiring valuation other than current market value, such as acquisition value or the lower of market price and acquisition value (as long as the book value does not diverge significantly from the market value).

Mark-to-market values are usually obtained by attaching current market prices to nominal positions held, taking into account accrued interest and other realisation costs such as commissions and the bid/offer spread. The fair value is the amount at which an instrument could be exchanged on a current transaction between willing parties and should take account of future costs including the cost of credit and other risks. An adjustment should be made to the price in circumstances where it is considered that the indicative market price may not be achievable. This would include instances of market illiquidity or where trades would be of sufficient size to cause a change in the market price.

Unless otherwise specified, all other liabilities and assets, including off-balance sheet items, should be recorded at the value standing in the reporting institution's books (i.e., book value) on the reference date. In some cases, book value may reflect revaluations and internal transfers.

## 1.2 Provisions for bad and doubtful debts

'Loans' should be measured **gross** of provisions for bad and doubtful debts, i.e. the nominal amount outstanding on the loan should be reported.

Provisions for bad and doubtful should be reported separately as memorandum items for loans, securities and other items. Provisions for bad and doubtful debts will mainly apply in relation to loans and securities, however, should provisions arise for any other item apart from the above, it should be reported under 'Other'.

The bad and doubtful debt provisions in the balance sheet comprise:

- Specific Provision;
- Collective Provision; and
- Suspended Interest (if this is not already included within the Specific Provision).

Specific and collective provisions and interest suspense accounts should be allocated on the basis of the residency and institutional sector of the borrower of the particular loans to which they refer. However, where collective provisions are not available on a residency basis, they should be allocated in proportion to the residency and sector of the lending to which such provisions apply.

## 1.3 Netting

Deposit liabilities and loans must not be netted against each other or against any other assets or liabilities. Without prejudice to accounting practices and netting arrangements (e.g. Master netting agreements), all financial assets and liabilities must be reported on a **gross** basis.

One exception is the treatment of debt and equity positions which should be reported net of any holdings of own debt securities and own equity, (i.e. the holding and the liability should not be recorded gross on separate sides of the balance sheets).

No netting is permitted in respect of funds deposited with or borrowed from monetary financial institutions or credit institutions.

Other loans and deposits which fulfil all of the eight conditions set out below may be reported on a net basis by the reporting institution for statistical purposes. Such netting may be applied to both principal and interest and may exist between:

- Current accounts and overdrafts;
- Deposit accounts and overdrafts; and
- Deposit accounts and other loans.

The eight conditions which qualify loans and deposits to be reported on a net basis for statistical purposes are:

1. The related loan and deposit are not of a normal deposit/loan nature in that the institution (at the instigation of an outside party) is merely acting as a 'clearing house' for that party's transactions;

2. The institution has established that it is not, in consequence of the deposit that is to be netted against the loan, exposed to any risk in respect of the loan;
3. The loan is conditional upon the deposit;
4. Both the loan and the deposit are in the same currency (or are otherwise protected from the effect of currency fluctuations);
5. Both the loan and the deposit have identical maturities;
6. The loan and the deposit relate to the same group of companies or individuals;
7. A legal right of 'offset' is embodied in the deposit/loan agreement; and
8. Both the loan and the deposit must be located in the customer's country of residence.

#### 1.4 Short positions in securities

A short position should be recorded as a negative asset. Short positions in Securities should, therefore, be netted against the relevant assets on the Resident Offices Return.

## 2. Currency breakdown

All balances should be allocated according to the currency in which they are denominated. Balances are reported for total currencies or separately for amounts denominated in euro and in non-euro/foreign currencies, with non-euro denominated amounts converted into euro. All currencies other than euro, including currencies of EU member states, which have not adopted the single currency, are treated as non-euro/foreign currencies.

The QCU format of the Resident Offices Return (RS3) requires a breakdown in currencies of other non-euro area EU member states and into major international currencies.

## 3. Counterpart residency

Balances are reported for total, for Irish resident (i.e. residents in the Republic of Ireland), other monetary union member (OMUM) (i.e. other euro area countries) resident or rest of the world resident.

The residency classification is based on the residency of the counterpart and not on the location of the branch in which the account is maintained. Residency means having the centre of economic interest in a country, i.e. engaging in economic activities and transactions on a significant scale in a country. The residency classification is based on international statistical standards and does not correspond to tax residency.

- A person is considered to be an Irish resident if he/she is currently living in the Republic of Ireland ("the State") and has been so for at least one year. A person who is newly arrived in the State is considered to be an Irish resident if he/she intends to live here for an indefinite period, or for a period of not less than one year. An equivalent definition applies for designating persons to Other monetary union resident or Rest of the world resident.
- Any business operating in the State is considered as an Irish resident irrespective of whether it is owned or controlled by Irish residents or by non-residents. An equivalent

definition applies for designating businesses to Other monetary union resident or Rest of the world resident.

- Monetary Union (or euro area) comprises all member states of the Monetary Union **AND** the European Central Bank (ECB), the European Stability Mechanism (ESM) and the European Financial Stability Fund (EFSF).
- Rest of the world refers to all non-Monetary Union member states and international organisations except ECB, ESM and EFSF. Only in the QCO format of the RS3, a separate reporting of Rest of the World' excluding the European Union is required.

A list of the member states of the Economic and Monetary Union is available here:

<https://www.ecb.europa.eu/euro/intro/html/index.en.html>.

In the QCO format of the RS3 return the distinction between the Monetary Union and the European Union is relevant, and a country breakdown into countries of the European Union and the United Kingdom is required.

For the treatment of international organisations, including institutions of the euro area as well as institutions and bodies of the European Union (see box 2).

#### 4. Sectoral breakdown

Counterparties should be classified under their institutional sector following the principles that are consistent with the European System of Accounts (ESA 2010), Chapter 2<sup>4</sup>. For counterparties resident in rest of the world less sector details are required than for residents in Ireland and in other Monetary Union member states<sup>5</sup>.

Certain sectors, particularly financial sectors, are defined in European Union legislation. While in the strict sense these definitions are not applicable for non-EU member states, the core principles of the classifications also apply for residents outside the EU.

The institutional sector classification groups units into sectors and sub-sectors based on their principal economic activities and behaviours. The main distinction is between monetary financial institutions (MFIs), general government and 'other sectors' and their respective sub-sectors. 'Other sectors' comprises all non-MFI, non-government private sectors.

##### 4.1 Monetary financial institutions (MFIs)

Monetary financial institutions' (MFIs) comprises the sub-sectors central banks, deposit-taking corporations (except central banks), and money market funds (MMFs).

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<sup>4</sup>Published on the Eurostat website [www.ec.europa.eu/eurostat](http://www.ec.europa.eu/eurostat):

<https://ec.europa.eu/eurostat/documents/3859598/5925693/KS-02-13-269-EN.PDF/44cd9d01-bc64-40e5-bd40-d17df0c69334>

<sup>5</sup> Some guidance on the sectoral breakdown of counterparts is available in the ECB's "Monetary Financial Institutions and Market Statistics Sector Manual: Guidance for the Statistical Classification of customers" (<http://www.ecb.int/pub/pdf/other/mfimarketstatisticssectormannual200703en.pdf>). Please note this manual follows the principals of the previous version of the European System of Accounts, the ESA 1995 and was published in 2007. However, the manual explains the core principles of the classification by institutional sectors, and addresses country specifics.

Deposit-taking corporations include credit institutions and other deposit-taking corporations, i.e. other financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities and for their own account (at least in economic terms) to grant credits and/or to make investments in securities, and electronic money institutions.

The ECB maintains and regularly updates a list of monetary financial institutions in Ireland and in the other European Union member states, including information on the institutions' MFI sub-sector: [https://www.ecb.europa.eu/stats/financial\\_corporations/list\\_of\\_financial\\_institutions/html/elegass.en.html](https://www.ecb.europa.eu/stats/financial_corporations/list_of_financial_institutions/html/elegass.en.html).

Please note that this list includes the European Investment Bank (EIB), which should be excluded from MFIs for the purpose of statistical reporting and reported under other financial institutions (OFIs) resident European Union (see box 2).

#### *4.1.1 Central banks*

This MFI sub-sector includes national central banks and central monetary agencies of essentially public origin, which keep a complete set of accounts and enjoy autonomy of decision in relations to central government. Central banks' 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 a country.

Central banks resident in OMUM include the national central banks of the euro area member states and the ECB. Rest of the world central banks include national central banks and certain international organisations classified as central banks, e.g. Bank for International Settlements, also see Box 2.

#### **Box 1: Treatment of Central Banks**

In the sectoral classification based on ESA 2010, central banks are generally included in the MFI sector. However, in the balance sheet overview and residency formats of RS3, RC3 and RV3, all balances with central banks (assets and liabilities) should be reported as separate positions ('quasi-instruments'), and are not included in the respective instrument vis-à-vis MFIs (e.g. loans to MFIs and total loans).

Where no separate reporting of Central bank positions is required, e.g. on the quarterly formats, balances with central banks should be reported under the respective instrument type within the MFI sector.

#### *4.1.2 Deposit-taking corporations*

Deposit-taking corporations except central banks includes credit institutions and other deposit-taking corporations.

##### *4.1.2.1 Credit Institutions*

Article 4(1)(1) of Regulation (EU) No 575/2013 (CRR) defines a 'credit institution' as an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account.

Credit institutions authorised in Ireland comprise banks licensed under Section 9 of the Central Bank Act, 1971, building societies authorised under the Building Societies Act, 1989 and Banks licensed pursuant to Section 9 of the Central Bank Act, 1971, and registered as designated credit institutions under Section 14 of the Asset Covered Securities Act, 2001.

Credit institutions resident in Ireland include **Credit Unions** as regulated by the Registrar of Credit Unions. Positions with credit unions must be separately identified as a memorandum item in the IES and INS formats on the RS3 return. Separate identification of credit unions is not required on OES and ONS formats.

Please note that Systemic investment firms (SIFs) that conduct business referred in Art.4 (1)(1) b are credit institutions for minimum reserve requirement purposes but excluded from the institutional MFI sector, and not included in the ECB's MFI list<sup>6</sup>.

Counterparties in non-EU member states should only be recorded under credit institutions if they hold a full or restricted banking licence.

#### *4.1.2.2 Other deposit-taking corporations*

Deposit-taking corporations other than credit institutions include

- other financial institutions which are principally engaged in financial intermediation and whose business is to receive deposits and/or close substitutes for deposits from institutional units, not only from MFIs and for their own account, at least in economic terms, to grant loans and/or make investments in securities
- electronic money institutions; for Ireland and the European Union residents as defined in Article 2(1) of Directive 2009/110/EC<sup>7</sup>, that are principally engaged in financial intermediation in the form of issuing electronic money.

#### *4.1.2.3 Affiliates*

In the residency formats, balances with affiliated credit institutions and with affiliated other deposit-taking corporations should be reported separately. An affiliate is a parent, a directly or indirectly controlled associate or subsidiary of the reporting institutions. Entities with the same parent or ultimate parent, i.e. entities of the same corporate group, are also considered affiliates. Non-resident branches of the reporting institutions should be treated as non-resident affiliates. Balances with affiliates that are neither a credit institution nor another deposit-taking corporations should be excluded here. A separate reporting of loans to these affiliates is required as memorandum items.

#### *4.1.3 Money market funds*

Money market funds (MMFs) issue investment fund shares or units or close substitutes for deposits for their own account, to invest primarily in money market instruments and/or MMF fund

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<sup>6</sup> Please note that this list differs from the list of credit institutions for minimum requirement purposes. For the classification as credit institution in the sectoral breakdown only the ECB's MFI list is relevant.

<sup>7</sup> <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32009L0110>

shares/units, and/or other transferable debt instruments with a residual maturity of up to and including one year, and/or in bank deposits.

For Irish and European Union residency, MMFs are defined in Article 4 of Regulation (EU) 2017/1131 and included in the ECB's list of MFIs.

## **4.2. General government**

General government includes 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, and which are financed by compulsory payments (made by units belonging to all other sectors).

### *4.2.1 Central government*

All administrative departments and other central agencies, foundations, institutes and similar state bodies, whose competence extends normally over the whole economic territory (with the exception of the administration of social security funds - see below).

### *4.2.2 Other general government*

Other general government is divided into the following three sub-sectors:

- **State/regional government:** Institutional units exercising some of the functions of government at a level below that of central government and above that of local government (with the exception of the administration of social security funds - see below); this level of government does not exist in Ireland.
- **Local government:** Those types of administrative departments, agencies, etc. of the state, the competence of which covers only a local part of the economic territory of a country (excluding the local agencies for social security funds see below).
- **Social security funds:** Schemes managed by central, state/regional or local government, whose principal objective is to provide social benefits to the population of the country. Certain population groups are obliged to pay contributions to these schemes. Social security funds are not classified separately in Ireland.

In Ireland, all other government is local government; no request is made for state government and social security funds.

## **BOX 2: Statistical Classification of International Organisations**

International organisations are entities established by formal political agreements between their member states, and have the status of international treaties. International organisations are not treated as resident in the country in which they are located, but classified under rest of the world or, with the certain exceptions for institutions and bodies of the euro area and the European Union (see below).



Most international organisations are classified as central government in the general government sector. Certain financial international organisations are considered MFIs in the ECB MFI sector manual (e.g. Bank for International Settlement, BIS); others are considered OFIs (e.g. European Bank for Reconstruction of Development, EBRD).

A list of international organisations and their sector classification can be found in Appendix 11 of the Balance of Payments Vademecum published by Eurostat<sup>8</sup>.

#### Treatment of institutions and bodies of the euro area and the European Union

The European Central Bank (ECB), the European Stability Mechanism (ESM) and the European Financial Stability Fund (EFSF) should be classified as resident in the Monetary Union, and to be included in 'OMUMs Total' on the QCO. These institutions are not treated as resident in the country in which they are located, e.g. the ECB is not reported as resident in Germany.

The ECB is classified as a central bank in the MFI sector resident in the Monetary Union. ESM and EFSF are classified as central government in the general government sector resident in the Monetary Union.

The Single Resolution Board (SRB), the European Investment Bank (EIB) and all other (not specified) European Union bodies and institutions are not resident in the Monetary Union or the country in which they are located. On the QCO, they should be included in the EU Total (excluding Ireland) but excluded from 'OMUMs Total'. In all other formats, they should be treated as rest of the world.

For sectoral breakdown, the Single Resolution Fund (SRF) should be reported as part of the Single Resolution Board (SRB) and to be classified as a central government entity in the general government sector. For statistical purposes, the European Investment Bank (EIB) should be classified under Other Financial Institutions (OFIs), albeit being included in the list of MFIs published by the ECB.

Most other EU institutions and bodies are classified under central government in the general government sector. Currently there are no EU institutions and bodies other than the ECB classified as MFIs. A list of European Union institutions and bodies and their sector classification is available in Eurostat's Balance of Payments Vademecum.

### 4.3 Other sectors

The RS3, RV3 and RC3 returns generally refer to the non-MFI, non-government sectors as 'other sectors'. This includes non-MMF investment funds, other financial intermediaries, financial auxiliaries and captive financial institutions and money lenders, insurance corporations, pension funds, non-financial corporations and households, incl. non-profit organisations serving households (NPISHs).

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<sup>8</sup>[www.ec.europa.eu/eurostat](http://www.ec.europa.eu/eurostat):

<https://ec.europa.eu/eurostat/documents/39118/40189/BOP+Vademecum+December+2019.pdf/8a654ca7-d204-e1a9-66e0-a1c5df42d56d>. The manual uses the ESA 2010 codes for institutional sectors with S121 – central banks, S125 OFIs, S126 Financial Auxiliaries, S13 General Government.



#### *4.3.1 Non-Money Market Fund (Non-MMF) investment funds*

Investment Funds consists of all collective investment undertakings, except MMFs, which issue investment fund shares or units, which are not close substitutes for deposits, and invest on their own account in financial assets other than short-term financial assets and in non-financial assets (e.g. real estate).

#### *4.3.2 Other financial intermediaries (OFIs), financial auxiliaries and captive financial institutions and money lenders*

##### *4.3.2.1 Other financial intermediaries (OFIs)*

This sector consists of all financial corporations and quasi-corporations (except insurance corporations and pension funds) principally engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and/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).

This sector includes hire purchase companies, securities and derivative dealers, financial leasing and factoring, venture and development capital companies, export/import companies, financial vehicle corporations (FVCs), central counterparty clearing houses (CCPs) and systemic investment firms that are considered non-MFI credit institutions.

##### *(i) Financial vehicle corporations*

Financial vehicle corporations (FVCs) are securitisation vehicles. An FVC is defined in Article 1 of Regulation ECB/2013/409. An excerpt of this states that an FVC, means an undertaking:

- a) whose main function is to carry out one or more securitisation transactions, the structure of which insulates the FVC from the credit risk of the originator, or the insurance or reinsurance undertaking; and
- b) which issues securities that are offered for sale to the public or sold on the basis of private placements

##### *(ii) Central Counterparties (CCPs)*

A central counterparty (CCP) is an entity that legally interposes itself between counterparties to contracts traded in financial markets, becoming the buyer to every seller and the seller to every buyer. CCPs carry out inter-MFI repurchase agreement transactions.

A list of CCPs in the European Union is available on the website of the European Securities and Market Authority (ESMA): <https://www.esma.europa.eu/supervision/tc-ccps>.

##### *(iii) Non-MFI credit institutions*

Non-MFI credit institutions, are systemic investment firms that only conduct the business referred to in Article 4 (1)(1)(b) of the Capital Requirements Regulation, Regulation (EU) No. 575/2013.

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<sup>9</sup> [http://www.ecb.europa.eu/ecb/legal/pdf/en\\_02013r1075-20131127-en.pdf](http://www.ecb.europa.eu/ecb/legal/pdf/en_02013r1075-20131127-en.pdf)

Albeit named credit institutions these systemic investment firms should not be treated as MFI credit institutions in the institutional sector breakdown, but as OFIs.

Non-MFI credit institutions are marked with S125 in the category column in the list of institutions subject to minimum reserve requirements on the ECB website:

[https://www.ecb.europa.eu/stats/financial\\_corporations/list\\_of\\_financial\\_institutions/html/monthly\\_list-MID.en.html](https://www.ecb.europa.eu/stats/financial_corporations/list_of_financial_institutions/html/monthly_list-MID.en.html).

Systemic Investment firms authorised as credit institutions and investment firms that carry out business under Art 4 (1)(1) (a) of the CRR should be classified as MFIs. They are marked with S122 in the category column and are also included in the ECB's MFI list.

#### *4.3.2.2 Financial auxiliaries*

This sub-sector consist of all financial corporations and quasi-corporations that are principally engaged in auxiliary financial activities which are closely related to financial intermediation but which are not financial intermediaries themselves (ESA 2010, paragraphs 2.95 to 2.97)

Examples are insurance brokers, insurance and pension consultants etc., loan brokers, investment advisors, securities brokers etc., corporations providing infrastructure for financial markets, managers of pension funds, mutual funds etc., payment institutions that facilitate payments between buyer and seller. This sub-sector also includes head offices whose subsidiaries are all or mostly financial corporations.

#### *4.3.2.3 Captive financial institutions and money lenders*

This sub-sector are all financial corporations and quasi-corporations that neither engage in financial intermediation nor in providing financial auxiliary services. This 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 business.

Trusts, estates, agencies accounts or 'brass plate' companies are also included in this subsector, as well as special purpose entities (SPEs) that raise funds in open markets to be used by their parent corporation.

### **Box 3: International Financial Service Companies**

In the IES and INS formats of the RS3 return, reporting agents are requested to separately identify International Financial Services Companies as a memorandum item. These are companies resident in Ireland whose primary role is in supplying financial services to non-residents. These companies may be included 'financial auxiliaries' and 'captive financial institutions and money lenders' in the sectoral breakdown.

#### *4.3.3 Insurance corporations (ICs)*

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. This includes life and non-life insurance activity.

#### *4.3.4. Pension funds (PFs)*

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). Only pension schemes with autonomy of decision-making and with a complete set of accounts are included here. Other pension funds, which remain part of the entity, which set them up, e.g., company pension funds, should not be reported here.

#### *4.3.5. Non-financial corporations (NFCs)*

This sector includes all private and public institutional units, which are independent legal entities active in the production of goods and non-financial services with the object of generating profit (i.e. market producers). This sector also includes non-financial quasi-corporations and head offices whose subsidiaries are all or mostly non-financial corporations.

#### *4.3.6 Households*

Households are individuals or groups of individuals acting as (i) consumers; (ii) producers of goods and non-financial services for exclusively their own final consumption and (iii) small-scale market producers of goods, non-financial and financial services (such as sole proprietorships and partnerships without independent legal status, usually drawing on their own labour and financial resources).

For the purpose of the RS3, RC3 and RV3, non-profit institutions serving households (NPISHs) are generally included in the household sector. NPISHs are defined as separate legal institutional units which are principally engaged in serving particular groups of households and the main resources of which derive from occasional sales, voluntary contributions, occasional financing by general government and property income.

#### *4.3.7 Other definitions*

The following definitions apply across the sub-sectors of the 'other sectors' category.

##### *4.3.7.1 Quasi-Corporations*

As defined above, various sub-sectors of 'other sectors' include not only corporations, i.e. legal entities, but also quasi-corporations. Quasi-corporations are entities, which keep a complete set of accounts and have no legal status. They have an economic and financial behaviour that is different from that of their owners and similar to that of corporations. They are deemed to have autonomy of decision and are considered as distinct institutional units.

##### *4.3.7.2 Sole proprietors/ partnerships*

Sole proprietors and unincorporated partnerships without independent legal status, which are market producers of goods, non-financial or financial services, do not fall under the definition of quasi-corporations, and should be reported under households. The economic and financial behaviour of these entities cannot be differentiated from that of their owners.

This includes unincorporated business, (partnerships of) self-employed lawyers, doctors etc. In the case of sole proprietors, the business entity is inseparably linked to the natural person(s) who

is/are the owner(s), combining all rights and obligations arising from the business and the private sphere.

#### *4.3.7.2 Small and medium sized enterprises (SMEs)*

The SME classification is based on the Commission Recommendation 2003/361/EC<sup>10</sup>:

Small enterprises employ fewer than 50 persons, and having an annual turnover or annual balance sheet less than or equal to €10 million.

Medium sized enterprises employ fewer than 250 persons and having an annual turnover of greater than €10 million and less than or equal to €50 million, or an annual balance sheet greater than €10 million and less than or equal to €43 million. If there are any instances where borderline cases exist using these definitions of small and medium sized enterprises, the employee number threshold is to take precedence.

Generally, these definitions apply to enterprises irrespective of their legal form and institutional sector and economic activity. This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity. This definition applies in the SBS and SBC formats of the RS3 and RC3 returns, as SMEs should be reported as an of which position of 'other sectors'.

However, on the IES, OES, ONS and OES formats in the RS3, the IEC, INC, OEC, ONC formats in the RC3 and the REV format in the RV3 return, only SMEs within the NFC sector should be reported.

Albeit the sector classification is generally based on immediate counterpart basis, the classification of SMEs should be based on a linked firm or group basis. This means that if an entity is owned by, linked to or partnered with a larger enterprise, the entire group size should be considered when deciding on the SME distinction.

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<sup>10</sup> <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:124:0036:0041:en:PDF>

## 5. Instrument breakdown

The following provides a description of the instruments required in the returns. It does not list all financial instruments, and the descriptions are not exhaustive.

### 5.1 Asset instrument categories

#### 5.1.1 Cash

Holdings of euro and foreign banknotes and coins that are issued or authorised by monetary authorities and commonly used to make payments. This includes cash held by the reporting agents to meet day-to-day business needs, e.g. cash in transit between branches and head office, and cash held in ATMs.

Only holdings of physical cash should be reported. Electronic money (e-money), digital currencies and cryptocurrencies are excluded. Cryptocurrency assets should be reported under non-financial assets.

Some deposits accounts are commonly referred to as 'cash accounts' and these should be included in the loans/deposits category and not in the cash category.

Holdings of euro currency should be reported under Irish residency and holdings of all non-euro currencies should be recorded under rest of world residency.

#### 5.1.2 Loans

Loans are defined as funds lent by the reporting institution to borrowers, which are not evidenced by documents or are represented by a single document (even if it has become negotiable). A loan is an unconditional debt to the creditor which has to be repaid by maturity and which is interest-bearing.

All of the following should be included here; the list is not exhaustive. In certain cases a separate reporting is required.

a) Loans to households, incl. non-profit institutions serving households, broken down by purpose of the loans as follows:

- *Loans for house purchase* - this includes loans secured on residential property that are used for the purpose of house purchase and, where identifiable, other loans for house purchase made on a personal basis or secured against other forms of assets. Housing loans granted to sole proprietors/unincorporated partnerships are included in this category unless the reporting agent knows that the loan is predominantly used for business related purposes, in which case it is reported as loans for other purposes and also separately identifies in the 'of which sole proprietors' column. Loans for house purchase should include bridging loans, and credit extended for the purpose of investing in housing, including building and home improvement.

*Of which Capitalised Interest* – For household loans for house purchase, capitalised interest should be reported as an 'of which' item. This includes

interest owed coming due, which is capitalised in the outstanding balance figure.

- *Loans for consumption purposes* - this includes loans granted for the purpose of personal use in the consumption of goods and services. Credit for consumption granted to sole proprietors/unincorporated partnerships is included in this category, if the reporting agent knows that the loan is predominantly used for personal consumption purposes and not for lending for house purchases.
- *Loans for other purposes* - this includes other loans such as business loans, debt consolidation, education, etc; this category may include loans for consumption purposes to sole proprietors/unincorporated partnerships if these are not reported under the category 'loans for consumption'. An 'of which' position is to be reported, separately identifying within this category the loans granted to sole proprietors/partnerships.

#### **Box 4: Loans for car purchase**

Loans for consumption are broken down into car-finance lending. Car-related loans are split into 'car finance, other than hire-purchases agreements', and 'hire purchase agreements'. Further breakdowns within 'hire purchase agreements' are also required for Personal Contract Plans (PCPs) and follow-on PCPs. Positions are collected on the basis of outstanding stock amounts, new loan amounts drawn down during the month, and the related number of contracts. The respective positions should be reported in a separate return to [creditinst@centralbank.ie](mailto:creditinst@centralbank.ie) on a monthly basis (by t+10).

Please email [creditinst@centralbank.ie](mailto:creditinst@centralbank.ie) should your institution require this separate Car Finance Survey return template for the reporting of loans for the purpose of car purchase. Explanatory notes on completing this return are contained within the template.

#### **b) Credit card debt**

For statistical purposes, this category comprises credit granted to households or non-financial corporations either via delayed debit cards (i.e. cards providing convenience credit) or via credit cards (i.e. cards providing convenience credit and extended credit). Credit card debt is recorded on dedicated card accounts and is therefore not evident on current overdraft accounts.

- *Convenience credit* is defined as the credit granted at an interest rate of 0 per cent in the period between payment transaction(s) undertaken with the card during one billing cycle and the date at which debit balances from the specific billing cycle becomes 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 accounts that have not been settled when this was first possible, for which an interest rate or tiered interest rates usually greater than 0 per cent charged. Often minimum instalments per month have to be made to at least partially repay extended credit.

Reporting agents are requested to identify convenience credit card debt and extended credit card debt separately as memorandum items.

c) Revolving loans and overdrafts

Revolving loans are loans that have all the following features:

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

Revolving loans include the amounts obtained through a line of credit and not yet repaid (outstanding amount). 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/her discretion before a defined date. Amounts available through a line of credit that have not been withdrawn or already been repaid are not to be included in any balance sheet item (this should be reported on the Off-Balance Sheet format (OBS)). 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 regards to size and/or maximum period of the loan.

Reporting agents are requested to identify revolving loans and overdrafts separately as memorandum items for the NFC and household sectors.

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 'lead manager') and is actually made by various participants in the syndicate. Participants, including the lead manager, all report their share of the loans vis-a-vis the borrower (i.e. not vis-a-vis the lead manager).

Reporting agents are requested to identify syndicated loans separately as memorandum items.

e) Deposits placed with other monetary financial institutions (MFIs).

Please note, that in certain monthly formats of the RS3, RC3 and RV3 returns, deposits placed with central banks are not included in the loan category and should be reported under 'Balances with central banks (A)'.

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 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 goods). Financial leases granted by the reporting institution (acting as the lessor) should be reported on the balance sheet and should be reported under loans. The assets (durable goods) which have been lent to the lessee should not be reported on the reporting institution's balance sheet.

g) Bad debt loans that have not yet been repaid or written off

Bad debt loans are defined as loans in respect of which repayment is overdue or otherwise identified as being impaired.

h) Holdings of non-negotiable securities

Holdings of debt securities which are not negotiable and cannot be traded on secondary markets, see also the definition of traded loans below.

i) Traded loans

Loans that have de facto become negotiable are reported here, provided they continue to be evidenced by a single document and are, as a general rule, only traded occasionally.

j) Subordinated debt in the form of deposits or loans

Subordinated debt instruments provide a subsidiary claim on the issuing institution that can only be exercised after all claims with a higher status, e.g. deposits/loans, have been satisfied, giving them some of the characteristics of Investment fund shares/units and equity. For statistical purposes, subordinated debt is treated according to the nature of the financial instrument, i.e., classified as either loans or debt securities held according to the nature of the instrument. Where all forms of subordinated debt held by the reporting institution are identified only as a single figure, this figure should be reported as debt securities held, on the grounds that subordinated debt is predominately constituted in the form of securities, rather than as loans.

k) Claims under reverse repos

The counterpart of cash paid out in exchange for securities purchased by the reporting institution; see also the definition of repos in liability categories.

l) Notional cash pool positions



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

Notional cash pool positions are also required to be reported separately as 'of which' positions.

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

Loans granted on a trust basis which are defined as trust loans or fiduciary loans or loans made in the name of one party (the trustee) on behalf of a third party (the beneficiary). For statistical purposes, trust loans should not be reported on the trustee's balance sheet 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: (i) the beneficiary assumes the credit risk of the loan, i.e., the trustee is responsible only for the administrative management of the loan; or (ii) 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.

#### *5.1.3 Balances with the central banks (A)*

Balances with central banks on the asset side (A) include all amounts of funds placed with the European System of Central Banks (ESCB), i.e. the Central Bank of Ireland, the European Central Bank (ECB) and the other National Central Banks (NCBs) of monetary union member states, and with National central banks and other official monetary authorities resident in the rest of the world (see 4.1.1).

This includes the following instrument categories, for which a separate reporting as 'of which' positions is required on the monthly on the monthly residency formats of the RS3, RC3 and RV3 (IES, INS, OES, ONS, RWS, IES, INS, OES, ONS, RWS, REV):

- loans - deposits placed with central banks
- debt securities - holdings of debt securities issued by central banks
- equity - holdings of equity issued by central banks

Other amounts placed with central banks that do not fall into these categories should be included in the total for balances with central banks (A).

To avoid double-counting, these balances should not be included in the respective instrument categories vis-à-vis MFIs on these formats.

If no separate reporting of balances with central banks is required, e.g. in the quarterly formats, positions with central banks should be included under the respective instrument within the MFI sector, also see box 1.

The balance sheet overview on the BSO format requires the following breakdown:

- Reserve requirement

Funds placed by the reporting institution in its reserve requirement deposit account with the Central Bank of Ireland or with the other National Central Banks (NCBs) of the monetary union area.

- Discretionary term deposits

This comprises funds placed with the Central Bank of Ireland by the reporting institution which are in excess of those required in Deposit Protection Account Balance and reserve requirement and which have a fixed term of overnight or longer, or other funds as agreed with the Central Bank of Ireland.

- ECB debt certificates

Certificates which constitute a debt obligation of the ECB vis-à-vis the holder of the certificate and which are issued with the aim of adjusting the structural position of the Euro system vis-à-vis the financial sector.

- Other balances

This comprises the reporting institution's overnight and current/settlement account balances with the Central Bank of Ireland and all balances with other central banks. This also includes deposit protection account balances and any supplementary deposits.

#### *5.1.4 Debt securities held*

Holdings of debt securities which are negotiable financial instruments serving as evidence of debt 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 includes:

- Holdings of securities, whether or not evidenced by documents, which give the holder the unconditional right to a fixed or contractually determined income in the form of coupon and/or a stated fixed sum at a specific date or dates or starting from a date defined at the time of issue;
- 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 'loans' (see also traded loans above);
- Subordinated debt in the form of debt securities
- Commercial papers, treasury bills, promissory notes, bill acceptances, bill endorsements, and certificates of deposits
- Hybrid instruments - negotiable instruments with a combination of debt and derivative components

- 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.

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 temporary acquirer's balance sheet where there is a firm commitment to reverse the operation and not imply 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 temporary acquirer's balance sheet as a negative position in the securities portfolio.

Accrued interest is not recorded in this position but under other assets.

Holdings of own debt securities are generally excluded. On the BSO format in the resident office return and the BCO format in the reclassification adjustment return, holdings of own debt securities are to be reported individually and separate from total assets. This position comprises debt securities that were purchased by another investor at issue and then re-purchased by the reporting institution, as well as securities effectively issued and retained by the holder at issuance.

On the monthly formats, holdings of debt securities issued by central banks should be excluded from MFI balances (?) and reported under balances with central banks (A).

#### *5.1.5 Investment fund shares/units*

Holdings of 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 Money Market Funds (MMFs) and non-MMF, investment funds.

Shares/units issued by investment funds should never be classified as equity.

#### *5.1.6 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. Ownership in legal entities is usually evidenced by shares, stocks, depository receipts, participations and similar documents.

This item includes:

- Listed shares: equity securities listed on an exchange, which 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
- Unlisted shares: equity securities not listed on an exchange. This includes shares issued by unlisted limited liability companies, e.g. capital shares, which give the holders the status of joint owners, redeemed shares, dividend shares, participating preference shares.
- Other equity: all forms of equity other than those classified as listed or unlisted shares. In particular, this includes capital invested by a reporting agent in non-domestic branches.

On the BSO format of the RS3, a separate 'of which Equity investments holdings greater than 10%' is required for OMUM and ROW residency. This should correspond to the foreign direct investment part of the quarterly Survey of Credit institutions Return CRS2. Investments of the reporting agents of 10% or more in companies (financial and non-financial entities) and branches abroad are to be included under this heading.

Holdings of own equity' should be excluded. On the BSO format in the RS3 and the BCO formats in the RC3, holdings of own equity are to be reported individually and separate from the balance sheet total. This position comprises equity that was purchased by another investor at issue and then re-purchased by the reporting institution, as well as securities effectively issued and retained by the holder at issuance.

On the monthly formats, holdings of equity issued by central banks should be excluded under MFI (?), and reported under balances with central banks (A).

#### *4.2.7 Non-financial assets (including fixed assets)*

Tangible or intangible assets other than financial assets. This comprises produced non-financial assets used repeatedly or continuously for more than one year, e.g. real estate, machinery and equipment, fixtures and fittings, company cars, valuables, and intellectual property products such as computer software and databases. These assets should be recorded net of accumulated depreciation. Cryptocurrency assets should be reported under non-financial assets also.

Real estate, i.e. dwelling, other buildings and structures and land legally owned by the reporting agents, is to be reported as a separate item in the quarterly sector analysis formats (QSA, QCA, REG).

Operating lease assets subject to on-balance-sheet recognition under IFRS 16 are included under non-financial assets, except short-term leases or those with a low value underlying asset. The offsetting entry to an operational lease obligation is recorded under "remaining liabilities".

#### *4.2.8 Remaining assets*

This comprises all other assets not included in other asset categories on the balance sheet. These include sundry debit items such as: prepayments or debit balances on operating accounts of the reporting institution such as salaries, wages, rent, rates, stationery, heating and lighting, insurance, stamp duty, PAYE, VAT, etc.; any net claim on non-resident offices; and any net debit valuation adjustment.

A breakdown of remaining assets is required:

- *a) Derivative contracts*

Financial derivative positions that are subject to on-balance sheet reporting and have gross positive market values / positive replacement values should be recorded here. Also, see box 5.

- *b) Interest accrued on lending*

Interest receivable on loans should be recorded on-balance sheet as it accrues rather than when it is actually received. Accrued interest on loans is classified on a gross basis. Accrued interest is excluded from the loan to which it relates. The accrued interest on loans should relate to assets classified in the 'Loans' category above.

- *c) Other interest receivable*

All accrued interest not included in 'interest accrued on lending'. This includes accrued interest on the category 'debt securities held', which should also be recorded separately under remaining assets on a quarterly basis.

- *d) Transit items*

Transit items represent funds, usually belonging to customers, which 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.

- *e) 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.

- f) Other items

This includes financial assets not classified elsewhere, e.g. dividends to be received and amounts receivable not related to the main business. Certain financial instruments that do not the form of financial assets, such as guarantees, commitments, administered and trust loans are not to be included as they are recorded off-balances sheet.

On a quarterly basis, separate reporting of the following 'of which' items is required:

- *Accruals on debt securities held*
- *Prepayment of insurance premiums and reserves for outstanding claims:* The part of gross premiums paid by the reporting agent which is to be allocated to the following accounting period, plus claims by the reporting agent that are not yet settled.
- *Revaluation accounts:* This includes balances which affect the total amount of assets recorded on MFI balance sheets, such as revaluations and changes in the valuation of instruments and have not been reported in the relevant category elsewhere (typically under capital and reserves). Revaluation accounts are to be reported on a net basis.
- *Asset adjustment accounts:* This relates to the asset discrepancy when the statistical balance sheet is derived from the accounting one. This is only required when not reported elsewhere in other asset positions.

The following items are only required where not reported elsewhere on the RS3:

- Claims/capital injections into non-resident branches/offices
- Credit balance on income/expenditure accounts; current/previous years' profits/losses; securities lending business

An explanation is required for balances reported for these items and should be forwarded to [creditinst@centralbank.ie](mailto:creditinst@centralbank.ie).

## 5.2 Liability instrument categories

### 5.2.1 Deposits

Funds received inclusive of all active and dormant current accounts adjusted for net debit items in transit. Deposits are defined as amounts owed to creditors by the reporting institution, other than those arising from the issue of negotiable securities or MMF shares/units.

The following are to be included in the deposit category:

- a) deposits and loan liabilities

Deposits also cover loans as liabilities of credit institutions. In conceptual terms, loans represent amounts received by credit institutions that are not structured in the form of deposits. 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 loans are to be classified indistinguishably under the item 'deposits'. Loans to credit institutions are to be broken down in accordance with the requirements of the reporting scheme. Syndicated loans received by credit institutions fall under this category.

- 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 cannot be traded owing to the absence of an organised market. Non-negotiable instruments issued by the reporting agents that subsequently become negotiable and that can be traded on a secondary market should be reclassified as 'debt securities issued'.

- c) Margin deposits

Margin deposits made under derivative contracts should be classified as deposit liabilities where they represent cash collateral deposited with the reporting agent and where they remain in the ownership of the depositor and are repayable to the depositor when the contract is closed.

- d) Certain shares issued by the reporting agent classified as deposits

This primarily relates to credit union shares. Shares issued by the reporting agents are classified as deposits instead of capital and reserves if:

- (i) There is a debtor/creditor economic relationship between the issuing reporting agent and the holder, and
- (ii) 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);
- 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 shares 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 deposit category. These notice periods apply when calculating the reserve ratio. Any earmarked shares relating to loans made by the reporting agent should be classified by the maturity of the underlying loan.

- e) Securitisation liabilities

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

This item also includes counterpart liabilities related to securitisation transactions in

which the loans or other assets remain on the MFI's statistical balance sheet (i.e. they are not derecognised from the balance sheet). In this case a balancing liability to the consideration received for the loan sale is recorded vis-à-vis the transferee, which by convention is assigned to deposits with agreed maturity over two years.

#### f) Earmarked balances

Funds (deposits) received on a trust basis are not treated as deposits (see above, 5.1.2)

For the purpose of this reporting scheme, deposits are broken down into overnight deposits, deposits with agreed maturity, deposits redeemable at notice and repurchase agreements

#### a) 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.

Overnight deposits must be broken down as follows:

- *Current accounts*

Current accounts (adjusted for net debit items in transit) placed with the reporting institution. Current accounts are defined as 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. Balances (interest bearing or not) representing prepaid amounts in the context of hardware-based or software based e- money (e.g. prepaid cards);

- *Demand Deposits*

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 is made, without significant penalty or restriction. Loans liabilities of the reporting agent to be repaid by close of business on the day following that on which the loan was granted.

This item excludes deposits which are technically withdrawable on demand but which are subject to significant penalties, which should be reported as 'deposits redeemable at notice'.

#### *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.

Transferable deposits should be reported separately as memorandum items.

#### b) Deposits with agreed maturity

Deposits with agreed maturity are defined as 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 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 at demand subject to certain penalties, these features are not considered to be relevant for classification purposes.

Deposits with agreed maturity are broken down into the maturity bands of up to and including one year, over one year and up to and including two years and with agreed maturity over two years.

All of the following should be reported according to maturity:

- Margin payments made under derivative contracts, 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;
- Loans liabilities of the reporting agent evidenced by non-negotiable documents or not evidenced by documents;
- Non-negotiable debt securities issued (evidenced or not by documents);
- Subordinated debt issued by MFIs in the form of deposits or loans;
- Securitisation liabilities - counterpart of loans and/or other assets disposed of in a securitisation but still recognised on the statistical balance sheet. These liabilities are classified in the maturity breakdown 'over two years' agreed maturity.

*Deposits of over two year's agreed maturity also include balances in which the interest rates and/or terms are specified in national legislation and which are designed to be held for specific purposes (regardless of maturity, even if technically redeemable on demand)*

- c) Deposits redeemable at notice

Deposits redeemable at notice are defined as non-transferable deposits without any agreed maturity, which cannot be converted into currency without a period of prior notice, before the term of which the conversion into cash 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 and investment accounts without period of notice or agreed maturity, but which contain restrictive drawing provisions.

This includes

- Balances placed without a fixed maturity that can be withdrawn only subject to notice or a pre-announcement;
- Balances placed where, if redemption occurs prior to a notice period (or even on demand), it involves the payment of a penalty;
- Balances placed with a fixed term to maturity that are non-transferable but that have been subject to a notification for an earlier redemption;

Deposits redeemable at notice are broken down according to the notice period:

- redeemable at notice up to and including three months:  
Non-transferable sight savings deposits and other types of retail deposits which, although legally redeemable on demand, are subject to significant penalties should be included in redeemable at up to and including three months
- redeemable at notice of over three month:  
Investment accounts without a period of notice or agreed maturity, but which contain restrictive drawing provisions should be included in redeemable at notice of over three months.

- d) Repos (Funds received under repurchase agreements)

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. Funds received under sale/buy-back transactions should also be reported here.

Amounts received by the reporting institution in exchange for securities transferred to a third party (temporary acquirer) should 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 the reporting institution retains effective (economic) ownership of the underlying securities during the operation. In this respect, the transfer of legal ownership is not the relevant feature for determining the treatment of repo-like operations.

The following variants of repo-type operations should be reported here:

- Amounts received in exchange for securities temporarily transferred to a third party in the form of a repurchase agreement;

- Amounts received in exchange for securities temporarily transferred to a third party in the form of bond 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 as per 'debt securities' on the assets side of the balance sheet. Operations involving temporary transfer of gold against cash collateral are also to be included here.

#### *4.3.2 Balances with central banks (L)*

Balances with central banks on the liability side (L) include all borrowings from and any funds placed by the European System of Central Banks (ESCB), i.e. the Central Bank of Ireland, the European Central Bank (ECB) and the other National Central Banks (NCBs) of monetary union member states, and with National central banks and other official monetary authorities resident in the rest of the world (see 4.1.1). This includes sale and repurchase agreements with central banks and other secured advances.

All borrowings from central banks should be reported under 'of which Deposits' as deposits cover loans to the reporting institution as liabilities.

To avoid double-counting, these balances should not be included in the respective instrument categories vis-à-vis MFIs on these formats.

If no separate reporting of balances with central banks is required, e.g. in the quarterly formats, central banks should be treated as counterpart in the MFI sector, also see box 1.

The balance sheet overview in the BSO format requires the following breakdown:

- Marginal lending facility

Short-term borrowing from the ECB, the Central Bank of Ireland or the other NCBs of the monetary union area on an overnight basis under their marginal lending facility.

- Main refinancing operations

This includes open market operations, consisting of one-week liquidity providing operations

- Longer Term Refinancing operations

This includes open market operations that provide three-month liquidity and non-standard monetary policy measures that provide longer-term refinancing to the financial sector, e.g. Targeted longer-term refinancing operations (TLTRO) or asset purchase programmes

- Other

Any funds received or borrowed other than on a marginal lending facility, and sale/repurchase or other secured advances reported under main refinancing operation and longer term refinancing operations.

#### *4.3.3 Debt securities issued*

Securities other than equity issued by the reporting institution, which are 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:

- 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;
- Non-negotiable instruments issued by reporting institutions that subsequently become negotiable should be reclassified as debt securities;
- Subordinated debt issued by MFIs is to be treated in the same way as other debt incurred by MFIs for the purposes of money and banking statistics. Hence, subordinated debt issued in the form of securities is to be classified as debt securities issued whereas subordinated debt issued by MFIs in the form of deposits or loans is to be classified as deposit liabilities. Where all forms of subordinated debt held by the reporting institution are identified only as a single figure, this figure is to be classified under the item 'debt securities held', 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;
- All commercial paper, certificates of deposit, notes and bonds, which have been issued by the reporting institution should be shown here; Commercial papers, treasury bills, promissory notes, bill acceptances, bill endorsements, and certificates of deposits
- Hybrid instruments - negotiable instruments with a combination of debt and derivative components
  - 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.

Debt securities up to two years and nominal capital guarantee below 100%

As a memorandum item, hybrid instruments, as discussed above, issued by the reporting agent should be reported separately which have an original maturity of up to two years and at maturity have a contractual redemption value in the issuing currency lower than the amount originally invested due to their combination of debt and derivative components.

Where the holders of debt securities are not directly observable, e.g. due to trading on secondary markets, reporting agents should allocate debt securities to the residency and sector of the initial holder.

#### *4.3.4 Capital and reserves*

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 credit institution and generally an entitlement to a share in its profits and to a share in its own funds in the event of liquidation (capital). Funds arising from non-distributed benefits or funds set aside by reporting agents in anticipation of likely future payments and obligations are also included (reserves).

The category is broken down as follows:

- a) equity capital raised – all funds contributed by the owners, from the initial contribution to any subsequent issuance of forms of ownership, reflecting the full amount of capital raised, including the share premium  
This 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.
- b) profit and loss accumulated in the accounting period – all profits and losses of the current accounting/reporting period as recorded in the profit and loss statement that have not yet been transferred to retained earnings. At the end of the accounting period the accumulated profit or loss is reclassified as retained earnings within the item “funds arising from income not distributed to shareholders” until a decision on the distribution of dividends or appropriation as reserves has been made.
- c) income and expenses recognised directly in equity – the counterpart to 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 – reserves and other funds (e.g. profit and loss brought forward after the end of the accounting/reporting period and before a decision on the distribution of dividends or appropriation as reserves has been made) not distributed to shareholders  
This 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.
- e) specific and general provisions against loans, securities and other types of assets – 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. This excludes provision representing liabilities against third parties, such as provisions for pending legal issues and litigations, pensions and related benefits etc. which should be reported under ‘remaining liabilities’.

All institutions other than those which are publicly quoted Irish companies should allocate capital and reserves on the basis of the residency and sector of the shareholders (unless otherwise agreed with the Central Bank of Ireland).

Entities which are publicly quoted Irish companies should allocate all capital and reserves to Irish residents, with the exception of preference share capital, which should be allocated on the basis of the residency and sector of the shareholders. If the shares of the public company are not quoted, capital and reserves should be allocated in proportion to the residency and sector of the shareholders.

Any provision amounts reported in capital and reserves should be allocated on the basis of the residency and sector of the counterpart of the particular instrument (e.g. loan) to which they refer.

Subordinated loan capital including floating rate notes should be allocated on the basis of the residency of the holders of the subordinated loan capital and not on the basis of the currency in which such capital is denominated.

A credit institution operating in Ireland on a branch basis should allocate capital (if any) and reserves, including current year profit/loss, in proportion to the residency of its shareholders. Therefore, if all its shareholders are non-resident, the branch will allocate all of its current year profit/loss and accumulated revenue reserves to non-residents.

#### *4.3.5 Remaining liabilities*

This comprises all other liabilities of the reporting institution not already included in other liabilities categories on the return. These include sundry credit items such as: accrued expenses or net credit balances on accounts relating to the operating costs of the reporting institution such as salaries, wages, rent, rates, stationery, heating and lighting, insurance, stamp duty, PAYE, VAT, etc.; any gross credit balances on impersonal accounts not relating to customers' funds; any leasing rentals paid in advance by customers; any commissions; and any net liability to non-resident offices.

Any valuation adjustment in respect of foreign-currency swaps or technical imbalances arising from the fact that the notes on compilation may require balance sheet items to be valued in a manner which differs from that followed in the reporting institution's own books, should be entered here or remaining assets, as appropriate. A breakdown of remaining liabilities is required as follows:

- *Derivative contracts*

Financial derivative positions that are subject to on-balance sheet reporting and have gross negative market values/negative replacement values should be recorded here. See box 6.

- *Interest payable on deposits*

Interest payable on deposits should be recorded on-balance sheet as it accrues rather than when it is actually paid. Accrued interest on deposits is classified on a gross basis. Accrued interest is excluded from the deposit to which it relates. The accrued interest on deposits should relate to liabilities classified in the 'deposit' category above.

- *Other interest payable*

All accrued interest not included in 'accrued interest on 'deposits'. This includes accrued interest on the category 'debt securities issued, which should also be recorded separately under remaining liabilities on a quarterly basis.

- *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;

- *Transit items*

Transit items represent funds, usually belonging to customers, which 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;

- *Other liability items*

Liabilities not classified elsewhere on the monthly formats of the RS3 are included here. This includes provisions representing liabilities against third parties, such as provisions for pending legal issues and litigations, pensions and related benefits etc.

On a quarterly basis, separate reporting of the following 'of which' items is required

- Accruals on debt securities issued
- *Net equity of households in pension funds reserves*

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.

- *Revaluation accounts*

This account includes balances which affect the total amount of liabilities recorded on MFI balance sheets, such as revaluations and changes in the valuation of instruments that have not been reported in the relevant category elsewhere on the RS2 (typically under capital and reserves). Revaluation accounts are to be reported on a net basis.

- Liability adjustment accounts

This relates to the liability discrepancy when the statistical balance sheet is derived from the accounting one. This is only required when not reported elsewhere in other liability positions.

For monthly reporting, in the BSO format liability adjustment accounts are net of asset adjustment accounts under remaining liabilities, of **which Adjustments for accounting/statistical discrepancies**.

The requested items 'liability to non-resident branches/offices' and 'debit balance on income/expenditure accounts; current/previous year profit/losses; securities lending business; short positions in securities; depreciation' are only required where not reported elsewhere on the RS3.

An explanation is required for balances reported for these items and should be provided to [creditinst@centralbank.ie](mailto:creditinst@centralbank.ie).



## 6. Maturity breakdown

For loans, deposits with agreed maturity and for debt securities held and issued breakdowns by original maturity are required.

Original maturity, i.e. maturity at issue, refers to the fixed period of life of a financial instrument before which it cannot be redeemed, e.g. debt securities, or before which it can be redeemed only with some kind of penalty, e.g. some types of deposits. The notice period corresponds to the time between the moment the holder gives notice of an intention to redeem the instrument and the date on which the holder is allowed to convert it into cash without incurring a penalty. Financial instruments are classified according to the notice period only when there is no agreed maturity.

For loans, the following maturity breakdowns are requested

- *Loans up to 1 year*  
Loans with an original maturity of up to and including one year should be recorded here.
- *Loans over 1 and up to 5 years*  
Loans with an original maturity of over one year and up to and including five years should be recorded here.

For NFCs and households, an additional breakdown of this category into 'over 1 and up to 2 years' and 'over 2 and up to 5 years' should be reported as memorandum items

- *Loans over 5 years*  
Loans with an original maturity of over five years should be recorded here.

Deposits with agreed maturity are broken down into the following maturity bands

- with agreed maturity up to and including one year;
- with agreed maturity of over one year and up to and including two years;
- with agreed maturity over two years

For debt securities held and debt securities issued the following maturity breakdowns are requested:

- *Debt securities held up to 1 year*  
Securities with an original maturity of up to and including one year should be recorded here.
- *Debt securities held over 1 and up to 2 years*  
Securities with an original maturity of over one year and up to and including two years should be recorded here.
- *Debt securities held over 2 years*  
Securities with an original maturity of over two years should be recorded here.

## Section 3: Resident Offices Return (RS3)

The Resident Office Return (RS3) collects a monthly and quarterly balance sheet from each credit institution resident in Ireland. There are thirteen monthly formats and four quarterly formats (see Section 1, paragraph 2).

Definitions of the required asset/liability categories, maturity, counterpart residency, counterpart sector and currency breakdowns are provided in Section 2. This section provides a description of the RS3 formats and highlights their specific characteristics.

### 1. Monthly Formats

#### (i) Balance Sheet Overview (BSO)

The Balance Sheet Overview (BSO) sheet aims to collect a high level balance sheet with a breakdown by main asset and liability categories, counterpart residency (Irish/OMUM/ROW) and currency (euro/non-euro). For 'Capital and reserves' and asset and liability positions vis-a-vis central banks a detailed breakdown is required.

Memorandum items are required identifying the breakdown of provisions for bad and doubtful debts. For the monitoring of foreign direct investment, an asset memorandum item identifying the breakdown of shares and other equity holdings greater than 10 per cent of the total share and other equity issued by the counterpart is required.

In addition, the reporting of holdings of own debt securities issued and of holdings of own equity issued is required as an off-balance sheet position. Holdings of own debt securities and equity should only be reported here, and be excluded from relevant asset and liability categories and total assets/liabilities on the BSO and all other RS3 formats. The holdings of own instruments issued should be reported on a net basis, i.e. the holding and the liability should not be recorded gross on separate sides of the balance sheet. An MFI's holdings of its own equity comprise securities, which were purchased by another investor at issue and then repurchased by the issuing MFI, as well as securities effectively issued and retained by the holder at issuance.

Holdings of own equity do not include share buybacks or stock repurchases, where the MFI purchase of the equity results in the shares being extinguished. Share buybacks are recorded as cash exchanged for a reduction in the number of outstanding shares (ESA 2010, 5.151). These operations would nevertheless have a similar impact on 'capital and reserves' as in the case above.

#### (ii) Balance Sheet - Irish Resident Euro (IES) and Balance Sheet - Irish Resident Euro (INS)

In the IES all euro-denominated positions vis-a-vis Irish Residents should be reported, in the INS all positions vis-à-vis Irish Residents that are denominated in any currency other than euro. Additional maturity, asset/liability category and sector breakdowns are requested to that of the BSO format.

In addition, assets memorandum items are required for loans to non-MFI affiliates, credit unions and international financial services companies. Syndicated loans granted, revolving loans and overdrafts, credit card loans (convenience and extended credit card loans) and reverse repos must also be reported for certain sectors. For NFCs and households, loans with an original maturity of over 1 and up to 2 years and of over 2 and up to 5 years are required.

On the liabilities side, memorandum items for syndicated loans received, transferable deposits, deposits from non-MFI affiliated companies and the counterpart liability to non-derecognised loans must be reported. The total of debt securities issued with up to two years original maturity but which nominal capital guarantee is below 100%, and a sectoral breakdown of provisions for bad and doubtful debts should also be separately identified.

### **(iii) Balance Sheet - Other Monetary Union Member State Resident Euro (OES) and Balance Sheet – Other Monetary Union Member (ONS)**

In the OES all euro-denominated positions vis-a-vis residents of monetary union member states (OMUM) should be reported, all positions vis-à-vis residents of other monetary union member states that are denominated in any currency other than euro should be reported in the ONS. OMUM residency includes the European Stability Mechanism (ESM), the European Financial Stability Fund (EFS) and the European Central Bank (ECB), (see Box 2).

As in the Irish residency formats, additional maturity, asset/liability category and sector breakdowns are requested from that of the BSO format. The same memorandum items are required for OMUM residency as in the IES and INS formats.

### **(iv) Balance Sheet - Rest of World Residents (RWS)**

All positions vis-a-vis rest of world residents should be recorded here. Both euro and non-euro position should be recorded separately. Additional maturity, asset/liability category and sector breakdowns are requested from that of the BSO format, to a lesser extent than for Irish and OMUM residency.

In addition, asset memorandum items are required for loans to non-MFI affiliates and syndicated loans. On the liabilities side memorandum items for syndicated loans received, transferable deposits, deposits of up to 1 year and of over 1 year original maturity, deposits from non-MFI affiliated companies and the counterpart liability to non-derecognised loans must be reported.

Debt securities issued with up to two years original maturity but which nominal capital guarantee is below 100% and a breakdown of provisions for bad and doubtful debts should also be separately identified.

### **(v) Reserve Requirement Calculations (REQ)**

Unlike all other reporting sheets, the REQ should be recorded to the nearest euro.

This format should be completed on an ‘all currency’ basis, i.e., no distinction should be made between euro and non-euro liabilities.

The liabilities included in the reserve base calculation are deposits as follows:

Deposits:

- overnight deposits;
- deposits redeemable at notice, and
- deposits with agreed maturity up to 2 years
- debt securities issued with maturity up to 2 years.

Debt securities issued by the reporting institution and held by credit institutions subject to the ESCB’s minimum reserve system are excluded from the reserve base *provided the issuer is able to prove the amount of such holdings*. In the absence of such proof, the reporting institution may apply a standardised deduction of a fixed percentage, currently set at 15 per cent (effective from reporting date 28 October 2016)<sup>11</sup>, to each of these balance sheet items.

The liabilities included in the reserve base to which a reserve ratio of 0 per cent is currently applied are as follows:

- deposits with agreed maturity over 2 years;
- funds received from repurchase agreements; and
- debt securities issued with agreed maturity over 2 years.

Given that MFIs subject to the Eurosystem’s minimum reserve system are excluded, the REQ sheet only requests balances with MFIs not subject to reserve requirements: balances from credit institutions subject to reserve requirements, the ECB, and national central banks of the euro area should be excluded from the REQ format.

Other sectors (non-MFI, non-government)’ on the REQ format exclude non-MFI credit institutions as these entities may be subject to Eurosystem’s minimum reserve requirements.

Liabilities excluded from the reserve base are as follows:

liabilities vis-à-vis other institutions subject to the Eurosystem’s minimum reserve system, according to the List of Monetary Financial Institutions and institutions subject to minimum reserves, published on the ECB’s website ([www.ecb.europa.eu](http://www.ecb.europa.eu): <https://www.ecb.europa.eu/paym/html/midMFI.en.html>); and liabilities vis-à-vis the Central Bank of Ireland, other national central banks of the euro area and the ECB.

Liabilities to the European Investment Bank (EIB) can be excluded in the ‘rest of the world resident’ positions. The EIB has been granted the status of eligible counterparty in the Eurosystem’s refinancing operations, and is subject to minimum reserves. The EIB is included in the list of MFIs published by the ECB, for operational purposes as a credit institution resident in Luxembourg/OMUM.

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<sup>11</sup> For reporting dates prior to October 2016, the deduction coefficient was set at 30 per cent.

Please note that that a negative amount must not be reported for '*Required amount to be deposited in next maintenance period*' on the REQ format.

#### **(vi) Formal Write-Downs/Write-Offs (MWR)**

Formal write-downs/write-offs vis-a-vis Irish residents, other monetary union members (OMUM) and rest of world residents should be recorded here. Both euro and non-euro positions should be recorded separately. A further breakdown by purpose of the loan is required for households.

Any reduction in the value of loans due to formal debt forgiveness during the reference month should be recorded here (as a positive number). Formal debt forgiveness is where the credit institution has formally informed the borrower that there is no longer an obligation to repay all or part of the capital amount outstanding.

The write-downs/write offs should be reported as a positive value.

This format should never be completed to account for any type of provision or internal write-off against the loan. Any decrease in the loan due to write-offs/write-downs at time of securitisation should not be recorded here, but on the Revaluation Adjustment Return (RV3).

#### **(vii) Off-Balance Sheet (OBS)**

The OBS format collects information on the total of undrawn credit facilities.

A breakdown into Irish residency, OMUM residency and rest of the world residency of the counterpart is required, with a breakdown by institutional sector for Irish and OMUM residency.

Undrawn credit facilities include agreements to end, purchase securities, provide guarantees or acceptance facilities. This includes all medium risk, medium/low risk and low risk undrawn credit facilities in accordance to Regulation (EU), No 575/2013.

#### **Notional Cash Pooling (NCP)**

The NCP format collects notional cash pooling as separate positions. Both euro and non-euro positions should be reported separately. A breakdown into Irish residency, OMUM residency and rest of the world residency is required, with a breakdown by institutional sector for Irish and OMUM residency.

Notional cash pooling, which is defined for statistical purposes as an arrangement provided by an MFI (or MFIs) to a group of entities (pool participants) to externalise their intragroup cash management where:

(i) the pool participants each maintain separate accounts;  
and

(ii) the interest to be paid or received by the MFI is calculated on the basis of a "notional" net position of all accounts in the pool;

and

(iii) pool participants may draw down overdrafts backed by deposits of other pool participants, without a transfer of funds between accounts.

Any notional cash pool overnight deposit liabilities and loan assets, including revolving loans and overdrafts and loans with a maturity of up to and including one year, should be reported as separate positions in this format, while being including in the respective instrument categories on all other formats.

For the purposes of statistical reporting, and in line with Article 8(2) and (3) of Regulation ECB/2021/2, notional cash pool positions must be reported on a gross basis and not netted on either the NCP or any other format.

### **(viii) Sectoral breakdown supplement (SBS)**

The SBS format collects the breakdown by functional sector based on NACE rev.2<sup>12</sup> for deposits vis-à-vis non-MFI, non-government entities resident in Ireland, OMUM and rest of the world, as well as for lending to Irish resident sole traders/partnerships.

No distinction is made between euro and foreign currency balances.

#### **Deposits vis-à-vis other sectors**

A breakdown by functional sector based on NACE rev.2 is required for deposits that are reported vis-à-vis non-MFI and non-government institutional sectors (“other sectors”) in the residency formats, IES and INS for Irish residency, OES and ONS for OMUM residency and RWS for rest of the world.

Other sectors in the SBS format include non-MMF Investment Funds, Other financial intermediaries and its sub-sectors, Financial auxiliaries, Captive financial institutions and money lenders, Insurance corporations, Pension funds, Non-financial institutions (NFCs), Households including Non-profit organisations serving households (NPISHs).

A separate reporting is required for SMEs in these non-MFI, non-government sub-sectors with residency in Ireland. For definition of SME see Chapter 4 Please note, that in contrast to the SME positions reported on the IES and INS formats, in the SBS all non-MFI, non-government entities should be included.

#### **Lending to Irish resident Sole Proprietors/Partnerships**

A breakdown by functional sector based on NACE rev.2 is required for loans to Irish resident sole proprietors/partnerships that are reported under other loans to households in the IES and INS formats.

The format requires reporting of total outstanding amounts at the end of the reporting month, and a separate reporting of outstanding amounts in the ‘Overdrafts and revolving facilities’ category.

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<sup>12</sup> Statistical classification of economic activities in the European Community. NACE is the acronym for “Nomenclature statistique des activités économiques dans la Communauté européenne”, published by Eurostat [www.ec.europa.eu/eurostat](http://www.ec.europa.eu/eurostat) (<https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>)

It also requires the reporting of the following positions:

- **New lending during the month** - Any drawdown of loans (excluding increased use of overdraft facilities or revolving credit facilities) that took place in the reporting month, which was not already part of closing stock of lending at the previous reporting month. Capitalisation of interest is included in this figure. Renegotiations of existing loans or renewals of overdraft facilities are not to be included here.
- **Renegotiation during the month**- Any new negotiations of loans (excluding overdraft facilities) which was part of the stock of lending in the previous month, apart from prolongations of existing loan contracts which are carried out automatically. These include any renegotiation of the terms and conditions of the contract (including the interest rate, repayment schedule and term of the loan) which require the active involvement of the counterparty.
- **Revaluations** – Write-offs/write-downs. Write-offs/write downs recognised at the time a loan is sold or transferred to a third party are also included, where identifiable. Write-downs/write-offs should be reported only when they occur, which implies that zeros would be reported for every month in which no loan write-downs/write-offs are recorded. Exchange rate adjustments should not be included.
- **Reclassifications and net flow of loans securitised/transferred** – Reclassifications include changes in the balance sheet stocks due to changes in the sole trader/partnerships population, or residency of lending, or sectoral classification, or changes due to the correction of long-term reporting errors. The net flow of loans securitised or otherwise transferred *is defined* as: loans securitised or otherwise disposed of during the reference month minus loans acquired during the reference month.

### Functional sector breakdown by NACE rev.2

The functional sector classification is primarily based on NACE rev.2, the official statistical classification of activities in the European Community, which is maintained by Eurostat. Details are available at <https://ec.europa.eu/eurostat/web/nace-rev2>. Reporting agents should refer to this documentation. Sectors on the SBS should be based on the economic activity of counterparties in accordance with the NACE revision 2 statistical classification as laid down in Regulation (EC) No 1893/2006 of the European Parliament and of the Council. This should align with reporting for the purposes of Anacredit, but may diverge from reporting in the SQ2, where some adjustments to the NACE 2 classifications had been requested. Please advise [creditinst@centralbank.ie](mailto:creditinst@centralbank.ie) if this treatment causes a divergence in values reported in the SBS compared to the SQ2 in terms of deposit balances.

The functional sector classification allows funds to be analysed based on the primary economic activity of the counterparty

The rows in the SBS format are allocated on the basis of the first-level sections (identified by an alphabetical code) only from NACE rev.2, which are consistent with the broad functional sector based on the main characteristics of goods and services that are produced.

- Please not the following specifications: Financial Intermediation (Excl. Monetary Financial Institutions) – MFIs are generally excluded from reporting under other sectors



in the institutional sector breakdown and therefore not included in the functional sector breakdown, i.e. central banks and deposit taking corporations in NACE rev.2 group 64.1 and money market funds in group 64.3 are excluded

- Public Administration and Defence – these activities are normally but not exclusively carried out by government sector entities, which are not included in the institutional sector “other sectors”
- Personal (private households) - Funds for the purpose of private consumption, as primary economic activity should be reported here, e.g. house mortgage finance, consumer lending, personal credit card borrowings, private current accounts, which are not covered by the NACE rev.2 classification. This also includes activities of households as employers (of domestic personal) and undifferentiated goods- and services-producing activities of households for own use (NACE rev.2. Section T).
- Extra-territorial organisations and bodies include only international organisations that are not classified as government or MFIs in the institutional sector breakdown, see Box 2.
- Unallocated – neither information on the primary economic activity of the counterparty nor the purpose of the fund is available. As soon as this information becomes available, funds should be allocated accordingly. This position is used solely for the purpose of collecting SBS data and ensure consistency across the formats. It is no section in the NACE rev.2 and expected to be zero or only temporarily populated.

#### **(ix) Net loan transfers (NLT) and Outstanding amounts of transferred loans (OAT)**

Credit institutions are required to report any securitisation or other loan transfer activities. The respective net flows should be reported in the NLT format, the outstanding amounts of transferred loans in the OAT format.

Loan transfers are defined as acquisitions<sup>13</sup> or disposals of a loan or a pool of loans by the reporting institution, either by transfer of ownership or sub-participation. Therefore, net loan transfers are acquisitions during the month minus disposals during the month, recorded at transaction values, i.e. the value of purchases and sales, respectively. This includes situations where loans have been securitised or otherwise transferred in the same month as they have been issued.

Net flows of loans transferred from the balance sheet should be reported as a negative (disposals greater than acquisitions), whereas loans transferred or acquired onto the balance sheet (acquisitions greater than disposals) should be reported as positive net flows.

Outstanding amounts of transferred loans are defined as the end-month outstanding amounts of loans, which have been transferred by the reporting institution.

In both formats, a breakdown by residency and subsector of the borrower is required, for household loans the breakdown by purpose of the lending, and for loans to NFCs a breakdown by original maturity. No breakdown by sector is required for loans granted to rest of world residents.

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<sup>13</sup> Acquired loans are loans purchased by the reporting agent. It does not include loans granted in the normal course of business.



A distinction is made between securitisation and other loan transfers.

For securitisation involving FVCs resident in Ireland or another monetary union member state, separate reporting is required.

Securitisation is defined as a transaction that is either a traditional securitisation as defined in Article 2(9) of Regulation (EU) 2017/2402, or a securitisation as defined in Article 1(2) of Regulation (EU) 1075/2013 (ECB/2013/40) in which there is a disposal of the loan being securitised to an financial vehicle corporation.

Loans disposed of during a warehousing phase in a securitisation (when the securitisation is not yet completed because securities or other similar instruments have not yet been issued to investors) are treated as if they were already securitised.

An FVC is a securitisation vehicle. A full definition is available in 4.3.2.1(i).

For other loan transfers a separate reporting is required where the counterparty is a MFI resident in Ireland or another monetary union member state. This includes transfers as a result of merger, takeover or division of the reporting agent.

Loan transfers are also distinguished according to the impact on the loan outstanding amounts reported under loans in the monthly residency formats (IES, INS, OES, ONS and RWS)/ balance sheet amounts, into:

- Transfers which have an impact on the reported outstanding amounts, i.e. disposals resulting in derecognition and acquisitions resulting in recognition or re-recognition of loans  
These are further distinguished into:
  - loans transferred where the reporting agent acts as servicer (part 1 of NLT and OAT), and
  - loans transferred where the reporting agent does not act as servicer (part 2 of NLT)  
Servicer means the reporting agent manages loans underlying securitisation or loans that have otherwise been transferred in terms of the collection of principal and interest from the borrower
- Transfers which do not have an impact on reported outstanding amounts, i.e. disposals not resulting in derecognition of the loans due to the application of IFRS 9 or similar rules, and the (re)acquisition of loans that the reporting institution had previously transferred without derecognition (part 3 of NLT and OAT)  
Loans provided as collateral to the Eurosystem for monetary policy credit operation in form of credit claims which result in a transfer without derecognition are excluded.

In the OAT, the end-month outstanding amounts of loans which have been transferred with impact on the outstanding loan amounts on the balance sheet and for which the reporting agent acts as servicer (part 1), and the end-month outstanding amounts of loans of loans which have been transferred without an impact on the outstanding loan amounts on the balance sheet (part 3) should be reported separately.

Additional information on loan transfers should be send to [creditinst@centralbank.ie](mailto:creditinst@centralbank.ie), see Appendix 3.

## 2. Quarterly Formats

### (i) Sector Analysis of Selected Liabilities and Assets (QSA)

For selected liabilities and assets, the QSA format collects certain balances in addition to positions reported on the monthly residency formats. Balances are analysed by residency and sector of the counterpart. No distinction is made between euro and foreign currency balances with the exception of debt securities for which a separate reporting of euro denominated positions is required.

For the general government sector in Ireland and in the euro area an additional breakdown by subsectors is required for deposits, loans and debt securities held. The general government sector is comprised of central government and other general government. The other general government sector comprises state government, local government and social security funds. In Ireland, all other government is local government, no request is made for state government and social security funds (also see 4.2.2). In addition, for debt securities held vis-à-vis rest of the world residents a maturity breakdown is required.

For remaining liabilities and remaining assets specific of which items are required *vis-à-vis total counterparties* for monetary union financial accounts compilation purposes. In addition, for equity held the reporting of listed shares, unlisted shares and other equity should be reported broken down by residency and institutional sector of the issuer. Also the total of real estate holdings should be reported.

### (ii) Country Breakdown (QCO)

For selected liabilities and assets, a breakdown by country of the counterpart is collected in the QCO format for all other EU member states, including euro area and non-euro area countries, and EU institutions and bodies. Non-EU member states and non-EU international organisations should be aggregated together in the rest of world column, with a separate reporting of positions vis-à-vis United Kingdom.

Box 2 specifies the inclusion and exclusion of certain territories

Please note that for the QCO 'Rest of World' excludes the EU, i.e. all other EU member states and EU institutions and bodies, unlike the other formats where 'Rest of World' refers to all other non-Monetary Union member states and institutions.

Balances vis-a-vis the European Central Bank (ECB), European Stability Mechanism (ESM), Single Resolution Board (SRB), European Financial Stability Fund (EFSF) and European Investment Bank (EIB) are separately identified. All other bodies and institutions of the European Union should be aggregated together. These institutions should not be treated as resident in the country in which they are located, e.g. the ECB should not be included in positions vis-à-vis Germany. Please note that only the ECB, ESM and EFSF are included in OMUMs total. For this and information on the sector allocation of the EU institutions and bodies see box 2.

The balances are analysed by the residency of the counterparty.

The selected liability and asset categories are further analysed by institutional sector, with a breakdown by MFI and non-MFIs and a further breakdown for the non-MFI sector. No distinction is made between euro and foreign currency balances.

Please note that MFIs in the QCO format include the sub-sector central banks.

In relation to the use of Irrevocable Payment Commitments (IPCs) to fulfil the contribution to the Single Resolution Fund (SRF), the collateral used to guarantee these IPC payments should be recorded as a loan held against the SRB. These IPCs should also be recorded on-balance sheet, and included under remaining liabilities.

### **(iii) Currency Breakdown (QCU)**

For selected liabilities and assets, a currency breakdown is collected in the QCU format for Euro, EU member state currencies other than euro, and a selection of major non-EU member state international currencies (US dollar (USD), British pound (GBP), Japanese yen (JPY), Swiss franc (CHF)), and remaining currencies combined.

The balances are analysed by the denomination of the instrument

The selected liability and asset categories are further analysed by:

- residency of counterpart: domestic (Irish), other monetary union member state (other MUMs) or Rest of World resident;
- sector of the counterpart:
  - for domestic and OMUMS residents a sector breakdown by MFI, general government and other sectors is required;
  - For rest of world residents a sector breakdown by MFIs and non-MFIs is required;
- Original maturity: a breakdown by original maturity up to 1 year and by original maturity over 1 year is required for deposits from and loans to rest of world residents.

Please note that MFIs in the QCU format include the sub-sector central banks (also see box 1); the OMUM MFI sector excludes EIB (see box 2)

### **(iv) Interest Rate Reset (IRR)**

The IRR format collects information on the portion of loans that are due for interest rate reset or maturity within a given time period (i.e. what portion of loans may be affected by a change in official interest rates) to allow for a better monitoring of the monetary policy transmission mechanism

This information is only required for euro-denominated loans to Irish and OMUM resident non-financial corporations and households.

Loans with an original maturity up to one year will either be repaid or renewed within the short term, so no information beyond that already supplied in the monthly IES and/or OES is required.

For loans with a longer original maturity reported on the IES and/or OES, the following breakdown is required:

Loans with an original maturity over one year

- Of which with a remaining maturity of less than or equal to one year;
- Of which with a remaining maturity over 1 year and with an interest rate reset within the next 12 months.

Loans with an original maturity over two years must be broken down as follows:

- Of which with a remaining maturity of less than or equal to two years;
- Of which with a remaining maturity over two years and with an interest rate reset within the next 24 months.

An interest rate reset period is defined as a change in the interest rate of a loan, which is foreseen in the current loan contract. Loans subject to reset include loans with interest rates which are periodically revised in accordance with evolution of an index (e.g. Euribor), loans with interest rates which are revised on a continuous basis (floating rates); and loans which are revisable at the MFIs' discretion. They include:

- Variable rate loans
- Tracker rate loans
- Loans with a fixation period that is coming to an end within the requested period are to be considered due for reset. For example, a loan with a three-year fixed-interest rate, where the fixation period is due to finish in six months, is considered to have an interest rate reset within the next 12 months.

## Section 4. Flow Statistics

Flow statistics allow a distinction between true *transactions*, which are underlying business developments, (actual increases or decreases in business) and changes that arise due to developments that are not the result of transactions, i.e. *other influences*.

*Transactions* are defined as the difference between stock positions at end of reporting periods, from which the effect of changes due to *other influences (non-transactions)* is removed. The two main categories of other influences are revaluation adjustments which are captured on the RV3 return, and reclassifications which are captured on the RC3 return.

For the purposes of compiling flow data, the following are types of *other influences*:

- **Revaluation adjustments (RV3)**
  - write-offs/write-downs of loans and write-offs/write-downs at time of loan transfer;
  - revaluations and changes in the valuation of negotiable instruments, e.g., securities, fixed assets and remaining assets and liabilities caused by a change in their price;
- **Reclassifications and other adjustments (RC3)**
  - changes in the composition of the statistical reporting population, changes in the sector classification of counterparties, e.g., on privatisation, corrections of reporting errors in the absence of revisions.

Revaluation adjustments due to changes in the value of assets and liabilities denominated in a foreign currency due to a change in the exchange rate of the euro vis-à-vis foreign currencies are not captured. The Central Bank compiles and calculates the exchange rate influences from the date supplied in the quarterly QCU format on the RS3.

### 1. Revaluation Adjustment Return (RV3)

All reporting institutions should complete the *Revaluation Adjustment Return (RV3)* in respect of resident offices only – as defined in the General Guidance Section (chapter 1). It should be completed within ten working days of the reporting date.

The RV3 comprises of three monthly and one quarterly format. For the required asset/liability categories, maturity, counterpart residency, counterpart sector and currency breakdowns the definitions provided in Section 2 apply. This section provides a description of the RV3 formats and highlights their specific characteristics.

## 1.1 Monthly formats:

### (i) Revaluation adjustments (REV)

The REV format collects revaluations vis-a-vis Irish residents, other monetary union members (OMUMS) and rest of world residents in respect of items on the IES, INS, OES, ONS and RWS balance sheet formats of the RS3.

This includes

- write-offs/write-downs of loans and write-offs/write-downs at time of loan transfer
- price revaluations of securities (issued or held by the reporting institution), equity, non-financial assets, capital and reserves, remaining assets and liabilities

Price revaluation adjustments for non-marketable financial assets and liabilities (namely cash, deposits and loans) are not included, as these items are reported at nominal value in the RS3 return.

Depreciation of fixed assets should be reported along with any price revaluations.

**The REV must balance:** The Revaluation Adjustment Return records changes in the value of balance sheet items. Any write-off/write down or price revaluation must be accompanied by an adjustment elsewhere on the balance sheet. In practice, this usually means adjusting capital and reserves positions on the liabilities side of the balance sheet, e.g. the profit or loss accumulated in the reporting period as price revaluations are often reflected in the profit and loss statements

Balances are analysed by:

- residency of counterpart: Irish, other monetary union member state (OMUMS), rest of world resident
- institutional sector: total, MFI, general government and other sectors, with a detailed breakdown of other sectors for Irish and OMUM residency
- purpose of the loan for Irish and OMU households: lending for house purchase, consumption and other (incl. of which Sole proprietors/partnerships)
- original maturity for loans and debt securities (issued and held)
- currency for loans and debt securities (issued and held): euro and foreign currency. For the other balances no distinction is made between euro and foreign currency balances

### ***Treatment of specific revaluation adjustments***

- *Write-offs/Write downs of loans and write-offs/write-downs at time of loan transfer*

Write-offs/write-downs impact the value of the outstanding amounts of loans that is recorded in the RS3 balance sheet. To remove this impact when deriving transactions in loans, data on write-offs/write-downs should be reported on the REV format. This also includes write-offs/write-downs when loans are sold or otherwise transferred to a third party, including securitisation.

Write-offs/write-downs should be reported only when they impact the outstanding amounts of loans in the RS3, which implies that on the REV format zeros would be reported for every period in which no loan write-offs/write-downs are recorded. Changes in loan-loss provisions should not be included in the REV, as loans are reported on a nominal basis, i.e. gross of impairment of provisions in the RS3.

Write-downs/write-offs of loans that are a result of debt forgiveness (i.e. where the credit institution has formally informed the borrower that there is no longer an obligation to repay all or part of the capital amount outstanding) should not be included on the REV.

When loans are sold or transferred for a lower value than the nominal value of the loan, the difference between nominal value and selling/transfer price should be included as a negative figure in the REV, implying a write-down/write-off at the time of the sale/transfer.

Also, when loans are sold or transferred for a higher value than the nominal value of the loan, the difference between nominal value and selling/transfer price should be included as a positive figure in the REV, implying a write-back at the time of the sale/transfer.

Please see the section on OAV for information on the treatment of price revaluations for loans reported on the OAT post-transfer.

A number of examples for the reporting of both loan write-offs/write-downs and price revaluations are included in the Appendix.

- *Price Revaluation adjustments*

Data on price revaluations are reported in order to remove the impact of changes in the valuation of negotiable instruments due to changes in their price (excluding the effect of exchange rate changes).

The method used for the calculation of the revaluations adjustment includes the changes that occur over time in the value of end-period balance sheet stocks arising from holding gains/losses. It may also contain valuation changes that arise from transactions in securities, i.e., realised gains/losses.

The following should be excluded in the calculation of price revaluations:

- Revaluations on items that were bought within the month
- Revaluations on items that sold within the month
- Revaluations on items that were bought and sold within the same month

**Note:** an exception to the above rules is where there are write-downs/write-backs at time of loan transfer

- *Other Issues*

Revaluation adjustments primarily refer to asset categories 'debt securities', 'investment fund shares/units' and 'equity'. For the liability side of the balance sheet, it is assumed that the cells referring to debt securities issued are normally 'nil', and 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 reporting institution's accounting practice.

## **(ii) Revaluation adjustments of transferred loans (OAV)**

In the OAV format, revaluation adjustments are collected that reflect any changes in the end-month outstanding amounts reported in the OAT format caused by write-offs/write-downs of loans.

It also includes, any difference between the outstanding amounts of loans transferred and the transaction value of the acquisition or disposal. This will often occur when a loan is sold or transferred at a discount, where a negative revaluation is reported in the REV format. The reported value of the loan will then revert to its outstanding amount, and a positive adjustment will need to be reported on the OAV to reflect this difference between the price at transfer as per the NLT and the carrying value as per the OAT. A negative OAV adjustment would be required if the opposite had occurred i.e. a loan is sold at a price above that of its carrying value.

This includes revaluation adjustments for loans transferred with impact on reported outstanding amounts: MFI acting as servicer and for loans transferred with no impact on reported outstanding amounts.

A distinction is made between securitisation and other loan transfers. For securitisation involving FVCs resident in Ireland or another monetary union member state, separate reporting is required. For other loan transfers a separate reporting is required where the counterparty is a MFI resident in Ireland or another monetary union member state.

Further, all balances are broken down according to residency and subsector of the borrower. For household loans the breakdown by purpose of the lending, and for loans to NFCs a breakdown by original maturity is required. No breakdown by sector is required for loans granted to rest of world residents.

## **(iii) Revaluations on Notional Cash Pool Positions (NCV)**

The NCV format collects data on any write-offs/write-downs of loans reported as notional cash pool positions reported in the NCP format. These write-offs/write-downs are also included in the REV format, but should be reported separately here.

Balances are analysed by:

- Currency of denomination: euro and foreign currencies
- residency of counterpart: Irish, other monetary union member state (OMUMS), rest of world resident
- institutional sector: total, MFI, general government and detailed breakdown of other sectors for Irish and OMUM residency, total for rest of the world residency

## **1.3 Quarterly format:**

### **(i) Revaluations – Sector Analysis of Selected Liabilities and Assets (REG)**



On the REG format, revaluation adjustments vis-a-vis Irish, other monetary union members (OMUMS) and rest of world residents in respect of items on the QSA format of the RS3 should be reported.

No distinction is made between euro and foreign currency balances with the exception of debt securities for which a separate reporting of euro denominated positions is required.

The purpose of this return is to collect data on revaluation adjustments, including:

- write-offs/write-downs of loans to general government sub-sectors resident in Ireland and OMUM, with a breakdown by original maturity
- price revaluations of holdings of securities and shares vis-à-vis general government subsectors resident in Ireland and OMUM, as well as for total rest of the world sectors, with a breakdown by original maturity
- price revaluations of equity positions, broken down by listed shares, unlisted shares and other equity in a detailed sectoral breakdown for Irish and OMUM residency and for total rest of the world residency
- price revaluations of selected remaining assets and remaining liabilities and real estate holdings, total positions only.

## 2. Reclassification Adjustment Return (RC3)

The purpose of this return is to collect data on reclassifications and other adjustments, which are not reported on Revaluation Adjustment Return (RV3),

This includes all changes in the balance sheet stock reported in the RS3 return that arise due to:

- changes in the classification of assets or liabilities by maturity, instrument category, residency or institutional sector, e.g., the change in the sector classification of a counterpart on privatisation or following a merger or acquisition.
- corrections of reporting errors for stocks reported in the absence of revisions

Changes in classifications can occur for a number of reasons. A change in the sectoral classification of counterparties may occur because a public sector body is transferred to the private sector or because mergers/demergers alter the principal activity of corporations.

In the case of corrections of reporting errors, reclassifications **may** be reported in place of revisions. **Such a reclassification should only occur following the prior agreement of the Central Bank.**

When entering a reclassification, the incorrectly reported portion of **the previous month's stock position should be entered**, so the Central Bank can observe (when we subtract the reclassification from the change in stock) the correct transaction(s) for that month.

The following example may be useful in understanding the RC3.

Example: On examination of its loan book, a bank identifies a loan for €100 million that was incorrectly recorded in Loans to Irish residents when it should have been recorded in Loans

to Other Monetary Union Member residents. This has an effect on the Resident Offices Return, as the stock of loans to Irish residents and OMUM residents is affected. The flow of loans during the month may be misleading to policy makers. To correct for such a transaction, the reporting institution must report this 'reclassification' of the loan (using the previous month's balance) on the RC3 Reclassification Adjustment Return, by recording a negative number in the cells where the loan was removed – in this case Loans to Irish Residents – and a positive number in the cells where the loan was added – Loans to OMUMS.

Where none of the above has occurred, the reporting institution reports a blank return.

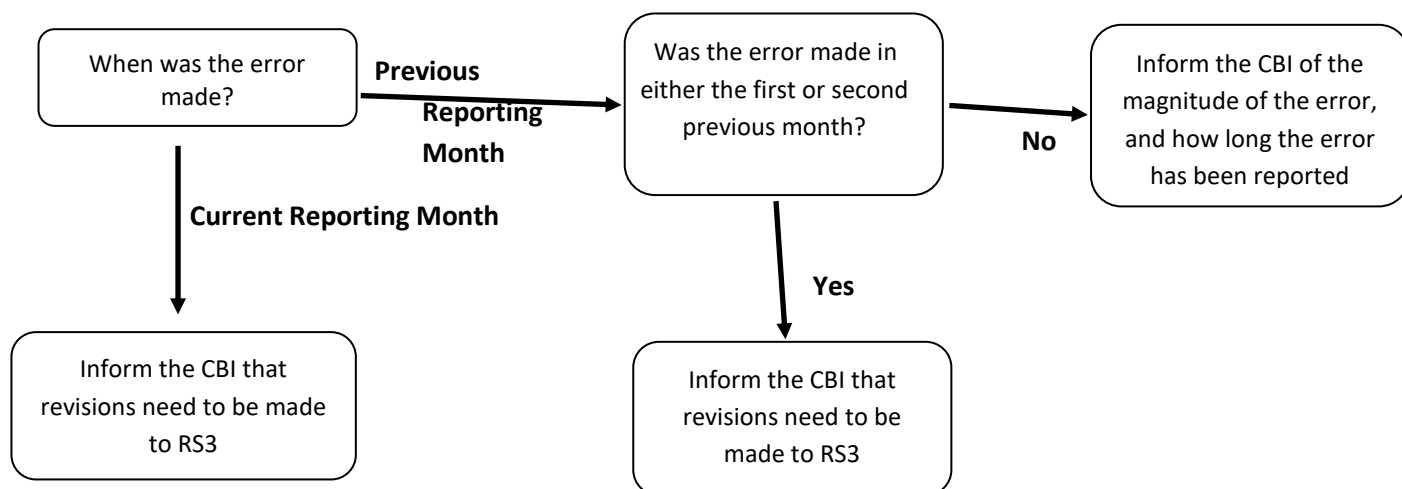
The RC3 return is laid out similar to the Resident Offices Return (RS3) as it aims to capture reclassification on the RS3. Each sheet of the RC3 corresponds to a sheet on the RS3. There are ten formats to be reported monthly and two to be reported quarterly. The corresponding formats on the RS3 and RC3 returns are detailed in the table below

Format on RC3	Corresponding format on RS3
<b>Monthly formats</b>	
BCO: Balance Sheet Overview	BSO
IEC: Irish resident euro	IES
INC: Irish resident non-euro	INS
OEC: OMUMs resident euro	OES
ONC: OMUMs resident non-euro	ONS
RWC: ROW resident, all currencies	RWS
OBC: Off-Balance-Sheet Reclassifications	OBS
OAC: Outstanding Amounts of transferred loans	OAT
NCC: Notional cash pooling positions	NCC
SBC: Sectoral breakdown supplement	SBS
<b>Quarterly formats</b>	
IPC: Sector Analysis of selected liabilities and assets	QSA
IRC: Interest rate reset	IRR

Please note that in the quarterly formats reclassifications should be reported only on stock positions that were held at end of previous quarter and the end of the current quarter. Should this break an internal 'aggregate' Central Bank rule because of its being omitted, please contact [creditinst@centralbank.ie](mailto:creditinst@centralbank.ie), indicating that this is the case

## Section 5: Frequently Asked Questions (FAQs)

### 1. When to Reclassify vs when to Revise



- Where an error is identified,
  - What is the balance sheet item/residency involved (if not already known)?
  - What the value of the item is?
  - How long the item has been misclassified?
- In general, where an item has been wrongly classified for three or less months, we'll request a revision; where misclassified for longer than three months, we'll request a reclassification
- Where a balance sheet item has changed maturity bands, we should always ask the following questions:
  - Why did the item change maturity bands?
  - Was there a new agreement with the customer?
  - Was it a rollover?

### 2. What is meant by 'counterpart liability to non-derecognised loans'?

*Counterpart liability to non-derecognised loans* is an 'of which' item under 18. *Deposits* on the IES, INS, OES, ONS and RWS formats of the RS3. This deposit item represents the counterpart liability to loans securitised, but not derecognised, from the MFI balance sheet.

### 3. How are positions with the European Investment Bank (EIB) treated?

All positions with European Investment Bank (EIB) are to be classified, as Rest of World - Other Sector - Other Financial Intermediary (OFI), notwithstanding that the EIB is listed as a credit institution/MFI resident in Luxembourg in the ECB MFI list. This treatment as MFI is for operational purposes only as the EIB is subject to minimum reserve requirements. Therefore, liabilities to the EIB can be excluded in the REQ format, for consistency purposes from rest of the world positions.

#### **4. What constitutes a *formal write-down/write-off* on the MWR format?**

Any reduction in the value of loans due to formal debt forgiveness agreed during the reference month should be recorded on the MWR format (as a positive number). Formal debt forgiveness is where the credit institution has formally informed the borrower that there is no longer an obligation to repay all or part of the capital amount outstanding.

Note that any decrease in the loan due to write-offs/write-downs at time of securitisation should not be recorded on the MWR (as the customer is usually not informed at this point), but instead should be recorded on the Revaluation Adjustment Return (RV3).

#### **5. What does the asset/liability adjustment account cover?**

When technical discrepancies arise between derivations of the statistical balance sheet from the accounting balance sheet, any discrepancy should be recorded under the remaining liabilities of which Adjustments for accounting/statistical discrepancies on the BSO format.

However, it would not envisage this item being regularly reported. Explanations for discrepancies should be forwarded to [creditinst@centralbank.ie](mailto:creditinst@centralbank.ie).

#### **6. When a loan is extended, how should the maturity be captured on RS3/RC3/RV3?**

If there is active engagement with the customer, where a new agreement is made regarding the terms of the loan, this is regarded as a new transaction, and the 'new' loan should be captured according to the latest agreed maturity of the loan.

#### **7. In which maturity bracket should revolving loans and overdrafts be captured on the RS3?**

While the Regulation does not explicitly state in which instrument or maturity category revolving loans and overdrafts should be reported, the ECB has acknowledged that from its correspondence with other euro area Central Banks, revolving loans and overdrafts are most frequently reported in the in the maturity category 'up to one year'. In relation to the maturity of revolving loans to households or NFCs, it is expected that the reporting agent knows the maturity of any revolving facilities granted, and we would ask that these are reported accordingly. Revolving loans should be reported according to the expected maturity, based on

the agreement with the customer. Please note also, that revolving loans should also appear in the memo item, Revolving Loans and Overdrafts. This should also match any reported maturities in the Anacredit returns.

#### **8. How should financial products with roll-over provisions be treated once rolled over?**

Financial products with roll-over provisions must be classified according to the earliest maturity. Term-extension should not be recorded where we have roll-over type products.

Example: A customer has a one-year deposit/security and on day 365 can choose to either redeem the product or the account will roll-over for another year – this product will remain classified as ‘up to one year’ and not move to a longer maturity. However, if the customer *changed* the product/deposit account to, say a two-year maturity; this is a transaction and will move maturity. In effect, the old account was redeemed and a new one was opened.

The prolongation of a contract, whether occurring automatically or as a result of engagement with the customer, should be treated on the RS3 return as if it were a new deposit. Therefore, the new conditions may imply a different classification in terms of original maturity.

Example 1: If a three-year term deposit reaches maturity and is rolled over for one additional year, this should now be reflected as a deposit with agreed maturity up to one year on the RS3 return.

Example 2: If a three-year term deposit reaches maturity and is automatically defaulted to an overnight deposit account, this should be treated as a transaction, where a decrease is seen in the term deposit category, and an increase in the overnight deposit category.

#### **9. Does a change in counterparty residency require a reclassification?**

Where a counterparty changes residency, then a reclassification is required. If the loan is restructured at the same time as the change in residency, then a reclassification would be not required.

#### **10. How should convertible debt securities be treated?**

Convertible debt securities such as contingent convertible (coco) bonds are recorded as debt securities as long as the conversion to equity has not taken place. The conversion from debt securities to equity is a transaction owing to the mutual agreement of both parties implicit in the characteristics of the convertible security and should **not** be treated as a reclassification between debt securities and equity. If there is a difference between the valuation of the debt securities (prior to conversion) and equity (at conversion), a revaluation adjustment should be made to debt securities.

#### **11. How should cash-back incentives be treated on the RS3?**

Example: if a mortgage of 300k is extended & 3k is given as a cashback incentive. We should see the 300k mortgage recorded as a loan. Any fees/costs owed by the bank should be recorded as a remaining liability if not yet paid out (3k), and not on balance sheet if paid when loan agreed.

**12. How should cash collateral received in the Public Sector Purchase Programme securities lending operations be classified?**

As of 8 December 2016, Eurosystem central banks have the possibility to accept cash as collateral in their Public Sector Purchase Programme (PSPP) securities lending facilities. From a statistical perspective, securities lending against cash collateral is equivalent to a repurchase agreement and should be recorded as such. In particular, the securities lent out remain on the balance sheet of the lender and cash collateral is treated as a repo liability. The repo shall be included in the relevant aggregate depending on the sector and residency area of the counterparty.

**13. How should negative interest be treated on the RS3?**

- Negative interest accruals on deposits and loans should be recorded on a gross basis (i.e. should be captured on the assets/liabilities side of the balance sheet to which they refer)
- Negative interest accruals are recorded with a negative sign on the respective side of the balance sheet where the underlying business is recorded (i.e., negative accrued interest on deposits should be recorded as a negative in **Interest Payable on Deposits** on the liabilities side of the balance sheet).
- There should be no netting between asset and liability sides of the balance sheet

**14. How should a novated derivative be treated on the returns?**

A derivative that was novated that results in changes to classifications on the RS3 should be treated as a transaction, and therefore it is not necessary to input a reclassification to account for the changes.

**15. When a bank ceases to service a loan that was in prior month on the RS3:OAT format, how should that be treated on the returns?**

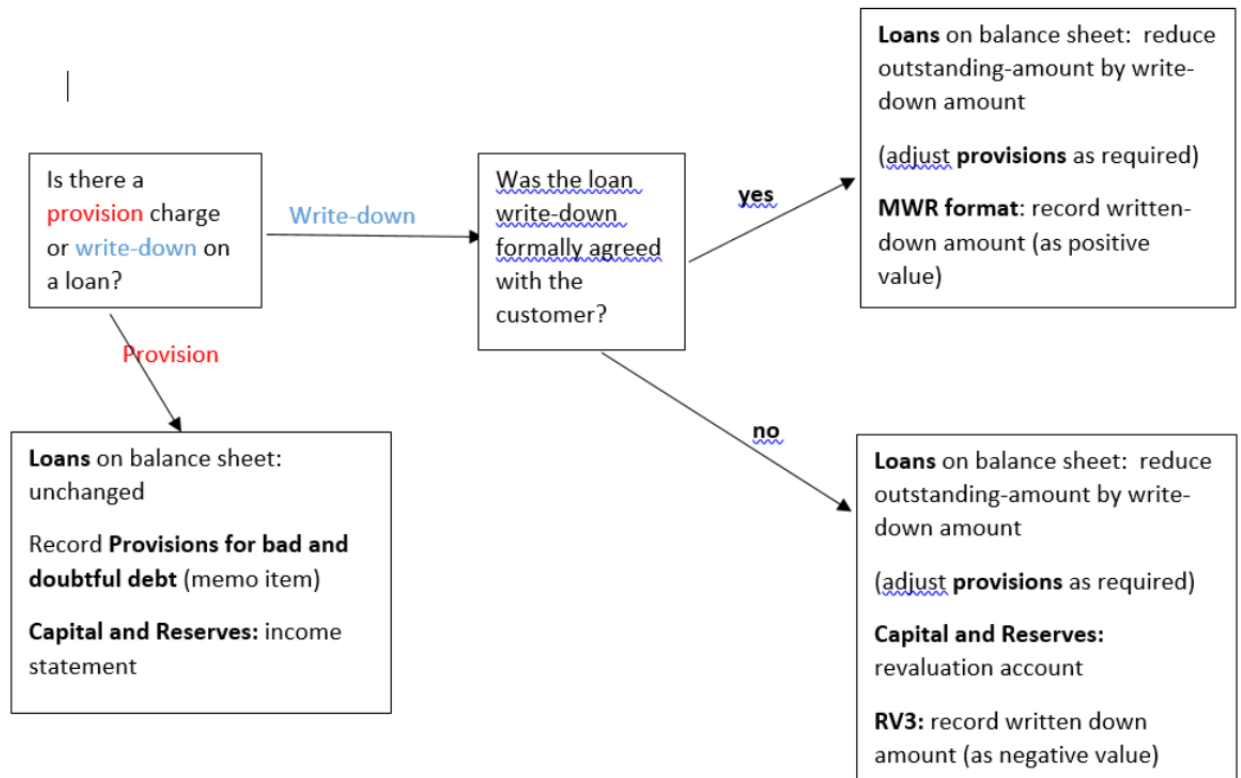
In the month a bank ceases to service the loans (from the OAT), a bank should submit a reclassification to reflect this on the RC3:OAC format, as a negative figure. This is to reflect that these loans are being serviced elsewhere, rather than reflecting repayments.

**16. What institutional sector should positions against Irish Collective Asset-management Vehicle (ICAVs) be reported?**

Positions against ICAVs, either umbrella or sub-funds, should be reported as non-MMF investment funds (S.124).

## APPENDIX 1:

### Reporting treatment of provisions (impairments and allowances) and write-downs/write-offs affecting on-balance sheet loans



Loans are always reported on the balance sheet gross of provisions

**Provisions:** specific, general and collective against loss incurred, and allowances for impairments and loan-losses

**Write-offs/write-downs:** loan losses incurred/charged. Can be with or without the knowledge of the customer. Includes write-offs, write-downs at time of loan sale or transfer (also recorded on the RV3)

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

Assume there are three loans in the portfolio below. Two of them are already partially provisioned (A and B) of which one will be recovered later (B). Another loan will be completely written-off (C) with the knowledge of the customer. No transaction occurs.

	January	February
<b>Loans Outstanding</b>		
Loan A	100	100
Loan B	100	100
Loan C	100	0
	January	February
<b>Provisions</b>		
Loan A	30	30
Loan B	20	0
Loan C	40	0
<b>Write-offs</b>		
Loan A	0	0
Loan B	0	0
Loan C	0	100

The following table indicates outstanding amounts, flows and adjustments, loan-by-loan and total amounts.

	January		February			
	Stock	Provisions for bad and doubtful	Stock	Provisions for bad and	Adjustments*	True flow
Loan A	100	30	100	30	0	0
Loan B	100	20	100	0	0	0
Loan C	100	40	0			0
Total	300	90	200	30	-100	0

\*reported in RV3 or RS3:MWR (see above)



## Changes in market value

Assume a portfolio composed of four euro-denominated securities with the same features (A, B, C and D). They were acquired and disposed at the date and price as described in the table below. The market value at the beginning and end of the last period is also shown:

	15 January	<b>31 January</b>	10 February	20 February	<b>28 February</b>
Market price	100	<b>99</b>	101	102	<b>103</b>
Operations	Buy A Buy B	----- -----	----- ----- Buy C Buy D	----- Sale B Sale C -----	----- -----

Note: Only *unrealised/holding* gains/losses and their corresponding flows are considered in these examples for the calculation of adjustments according to the 'balance sheet' method (these figures are marked in **bold** in the tables).

(Realised revaluations would only be considered in the revaluation adjustment according to the 'transaction method', together with revaluations related to transactions at market price. The balance sheet method, however, ignores the price that securities were sold for when calculating the revaluation adjustment.)

- Market value

Using the information above, the following table indicates outstanding amounts, flows and adjustments, security-by-security and total amounts.

	Stock end- January		Stock end- February	Revaluation Adjustment
Security A	99		103	<b>+4</b>
Security B	99	Sell for 102		
Security C		Buy/sell within Jan.		
Security D		Buy for 101	103	
Total	198		206	<b>+4</b>

The amount to be directly reported as an adjustment by the MFI is +4 according to the 'balance sheet method'.

- Lower of market/purchase

This table indicates outstanding amounts, flows and adjustments, security-by-security and total amounts.

	Stock end-January		Stock end-February	Revaluation Adjustment
Security A	99 <sup>14</sup>		100 <sup>15</sup>	<b>+1</b>
Security B	99	Sell for 102		
Security C		Buy/sell within Jan.		
Security D		Buy for 101	101 <sup>16</sup>	
Total	198		201	<b>+1</b>

The amount to be directly reported as an adjustment by the MFI is +1 according to the 'balance sheet method'.

- Purchase price (cost value)

This table indicates outstanding amounts, flows and adjustments, security-by-security and total amounts.

	Stock end-January		Stock end-February	Revaluation Adjustment
Security A	100		100	
Security B	100	Sell for 102		
Security C		Buy/sell within Jan.		
Security D		Buy for 101	101	
Total	200		201	<b>0</b>

The amount to be directly reported as an adjustment by the MFI is zero according to the 'balance sheet method'.

- Book value

This is a special case, where information on book value is not related to market price but to different criteria. In the example below it is supposed that the book value is 100 in January and 101 in February. The following table indicates outstanding amounts, flows and adjustments, security-by-security and total amounts.

	Stock end-January		Stock end-February	Revaluation Adjustment

<sup>14</sup> Since market price (99) < cost price (100), record at market price.

<sup>15</sup> Since market price (103) > cost price (101), record at cost price.

<sup>16</sup> Since market price (103) > cost price (101), record at cost price.

Security A	100		101	<b>+1</b>
Security B	100	Sell for 102		
Security C		Buy/sell within Jan.		
Security D		Buy for 101	101	
Total	200		202	<b>+1</b>

The amount to be directly reported as an adjustment by the MFI is +1 according to the 'balance sheet method'.

- Other Issues

- a.) The exchange rate adjustment is calculated by the ECB, while the price revaluation adjustment is reported by reporting institutions. However, the price revaluation adjustment also applies to **securities denominated in non-euro currency**. As a result, there is a possibility that overlapping of both adjustments could arise in respect of these securities.

*Therefore, how should the revaluation adjustment be calculated in respect of the debt securities denominated in foreign currencies?*

The revaluation should be calculated in the same way for euro denominated securities except that the price effect has to be calculated in the foreign currency, and then expressed in euro by using the average exchange rate of the period.

The procedure is as follows:

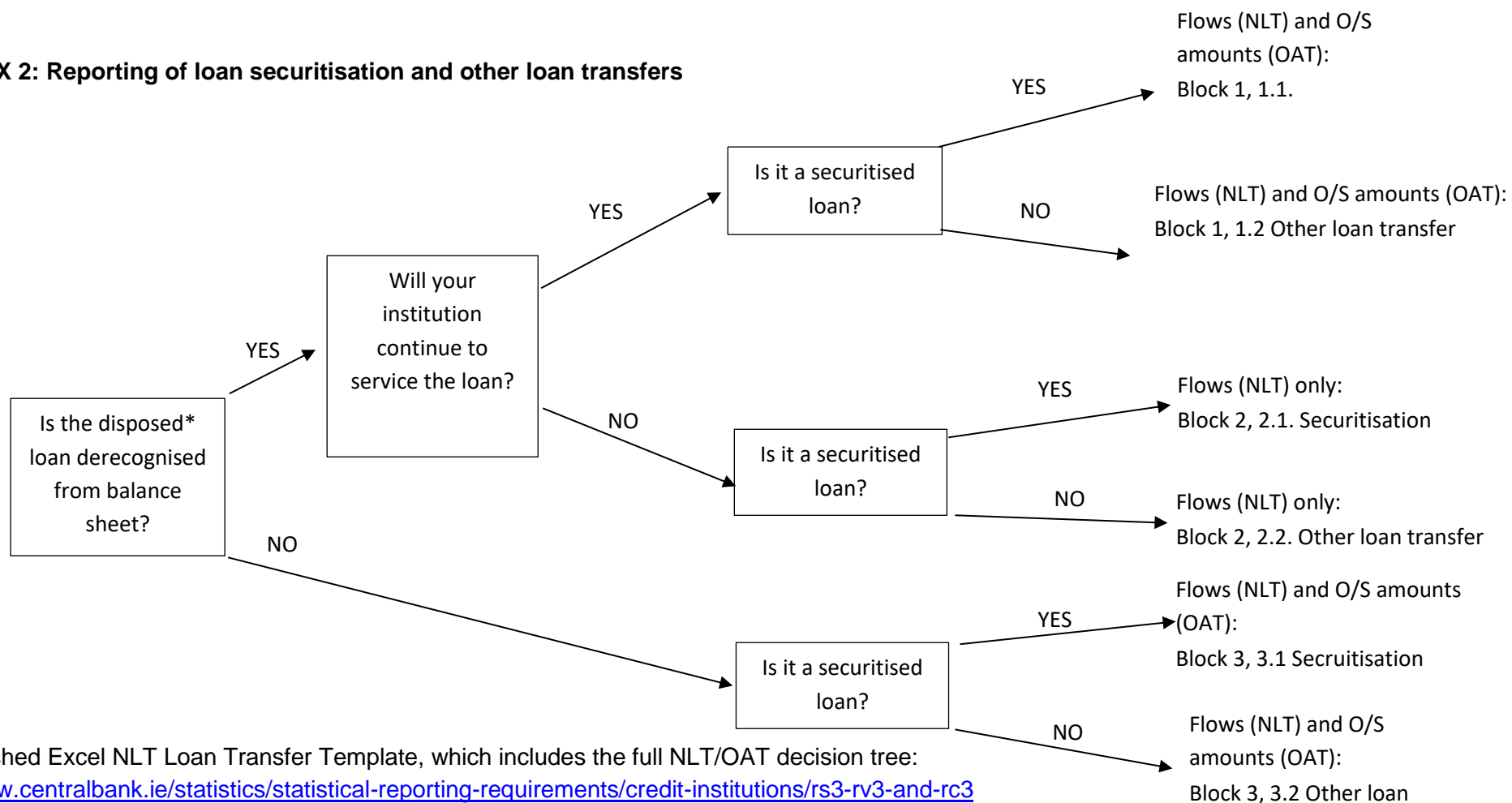
- begin with the balance sheet expressed in foreign currency;
  - calculate the adjustment in terms of foreign currency as the difference in price (in foreign currency terms) multiplied by the number of securities; and
  - convert the resulting adjustment into euro.
- b.) The exchange rate adjustment is not currently calculated in respect of the items 'investment fund shares/units' and 'equity' since Regulation (EC) No 1071/2013 does not require reporting institutions to supply a currency breakdown of 'investment fund shares/units' and 'equity', either as euro/non-euro in the monthly balance sheet (Table 1) nor a detailed currency breakdown for the USD, CHF, JPY as provided in Table 4.

Therefore, should the exchange rate effects be excluded when calculating the revaluation adjustment in respect of the item 'investment fund shares/units' and 'equity' as for any other item of the balance sheet? Or, should an exception be applied to this item, i.e., the price revaluation should contain all changes in value, also including the exchange rate adjustment?

In the case of 'investment fund shares/units' and 'equity' the currency in which the shares are quoted has no direct relevance for the price of the shares. Changes in the price of shares fully reflect the impact of changes in relative exchange rates. Hence, exchange rate effects must be considered together with the price effects. Furthermore, there is no link between the currency in which the share is listed and the response of that share price to changes in relative exchange rates.

The application of a separate exchange rate adjustment to 'investment fund shares/units' and 'equity' could result in an artificial distortion. Therefore, the ECB has indicated that the price revaluation adjustment of item investment fund shares/units' and 'equity' can be reported *including all changes in value*, not separating the part of the changes in value caused by the changes in the exchange rate.

## APPENDIX 2: Reporting of loan securitisation and other loan transfers



\* Where loans are transferred onto the balance sheet, a positive figure should be captured in the 'Net Flows' section; where loans are transferred off the balance sheet, a negative figure should be captured.

Losses and loan write-offs/write-downs at the time of the securitisation or other loan transfer are recorded on the RV3

## APPENDIX 3: Information on loan transfers

See published Excel NLT Loan Transfer Template, which includes a full NLT/OAT decision tree:

<https://www.centralbank.ie/statistics/statistical-reporting-requirements/credit-institutions/rs3-rv3-and-rc3>

Bank code	
Brief description of loan transfer	
Was the loan transfer a sale or purchase?	
Stock transferral from/to which RS3 format(s)	
What was the value of loans transferred? [broken down by counterparty sector(s) and residency, in units]	
What was the carrying value of the loans?	
Write-down(-)/Write-back(+) amount to be recorded on the RV3 [broken down by counterparty sector(s) and residency]	
Date of sale/purchase/transfer	
<i>If securitised, value of debt securities purchased</i>	
Date when purchaser will begin servicing	
Purchaser of loan book	
Servicer of loan book	

## APPENDIX 4: SBS Functional Sector Definitions

SBS Functional Sectoral Classifications	NACE Rev.2 Sections	Comments
Primary Industries	A,B	
Manufacturing	C	
Electricity, Gas, Steam and Air Conditioning Supply	D	
Water Supply, Sewerage, Waste Management and Remediation Activities	E	
Construction	F	
Wholesale/Retail Trade & Motor Vehicle Repairs	G	
Transportation and Storage	H	
Hotels and Restaurants	I	
Information and Communication	J	
Financial Intermediation (excl. Monetary Financial Institutions)	K	This excludes all MFIs (central banks, deposit taking corporations and money market funds) in NACE rev.2 groups 64.1 and 64.3
Real Estate Activities	L	
Business and Administrative Services	M, N	
Other Community, Social and Personal Services	R, S	
Education	P	
Human Health and Social Work	Q	
Personal (Private Households)	T	And private consumption without a NACE code, as primary economic activity, e.g. house mortgage finance, consumer lending, personal credit card borrowings, private current accounts
Public Administration and Defence	O	
Extra-Territorial Organisations and Bodies	U	
Unallocated		No NACE code