

Guidelines for the reporting of financial information pursuant to Section 25(1) sentence 1 of the German Banking Act (*Gesetz über das Kreditwesen – KWG*) by financial services institutions and securities trading banks

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1	PRELIMINARY REMARKS	4
1.1	Legal basis.....	4
1.2	Institutions obliged to report financial information.....	4
1.3	Nature and scope of the financial information and additional information....	5
1.3.1	Securities trading banks and financial services institutions	5
1.3.2	Exemptions.....	5
1.3.3	Supplementary information under the Financial and Internal Capital Adequacy Information Regulation.....	5
1.3.3.1	Information about non-EEA deposit broking	5
1.3.3.2	Information about foreign currency dealing.....	6
1.4	Calculation of the capital ratios pursuant to Article 92(1) of the CRR and the ratio pursuant to Article 97 of the CRR ⁴	6
1.5	Reporting period.....	6
1.6	Submission channel and deadline.....	6
1.7	Prudential measures in the event of a delay or failure to report financial information.....	7
2	GUIDANCE ON REPORTING INDIVIDUAL FINANCIAL INFORMATION ITEMS	7
2.1	Notes on the individual items of the statement of assets and liabilities	7
2.2	Notes on the individual items on the profit and loss account	21
2.3	Notes on the individual items of the EKRQU reporting form.....	24
2.3.1	Own funds calculation	24
2.3.2	Determination of costs.....	27
2.3.3	Calculation of the own funds to costs ratio	29
2.3.4	Calculation of capital ratios pursuant to Article 92 of the CRR	29
2.4	Other information required under the Financial and Internal Capital Adequacy Information Regulation	30
2.4.1	Non-EEA deposit broking	30
2.4.2	Foreign currency dealing.....	30
3	NOTES ON THE CONTENT AND PREPARATION OF REPORTS ..	31
3.1	Formal guidance.....	31
3.1.1	Reference data.....	31
3.1.2	Amount data	31
3.2	Mathematical checks.....	32
3.3	Plausibility checks	32
4	INDEX	33

1 Preliminary remarks

1.1 Legal basis

Pursuant to Section 25(1) sentence 1 of the German Banking Act (*Gesetz über das Kreditwesen – KWG*),¹ institutions shall report information on their financial situation (financial information) to the Deutsche Bundesbank immediately after the end of each quarter.

Moreover, Section 25(3) of the German Banking Act grants authority to issue regulations on more detailed provisions on the nature and scope of the financial information as well as on additional information, in particular to get an insight into the developments in institutions' assets and liabilities position and profitability. On the basis of Section 25(3) of the German Banking Act, the German Federal Ministry of Finance, in consultation with the Deutsche Bundesbank, therefore issued the **Financial and Internal Capital Adequacy Information Regulation pursuant to the Banking Act (Verordnung zur Einreichung von Finanz- und Risikotragfähigkeitsinformationen nach dem Kreditwesengesetz – FinaRisikoV)**.²

The objective of the **Financial and Internal Capital Adequacy Information Regulation** is to ensure that the supervisory authorities receive all the information they require in order to monitor institutions' business developments on an ongoing basis.

1.2 Institutions obliged to report financial information

Institutions obliged to report financial information are basically all institutions within the meaning of Section 1(1b) of the German Banking Act, i.e. credit institutions (including securities trading banks [Section 1(3d) sentence 5 of the German Banking Act] and financial services institutions as well as parent companies within the meaning of Section 10a(1) sentence 2 and sentences 4 to 8 of the German Banking Act and Section 10a(2), each also in conjunction with Section 10a(3). Pursuant to Section 31(2) of the Banking Act, the Federal Financial Supervisory Authority (BaFin) may exempt individual institutions from the obligation to report financial information pursuant to Section 25 of the Banking Act.

Financial services institutions that provide only factoring and/or financial lease services within the meaning of Section 1(1a) sentence 2 numbers 9 or 10 of the German Banking Act are exempt from the obligation to report financial information (Section 2(7a) of the German Banking Act).

¹ Here and in the remainder of this document, quotations from the German Banking Act are taken from the version announced on 9 September 1998 (Federal Law Gazette I, p. 2776), as last amended by Article 14(2) of the Act of 17 July 2017 (Federal Law Gazette I p. 2446).

² Here and in the remainder of this document, quotations from the Regulation are taken from the version published on 6 December 2013 (Federal Law Gazette I, p. 4209), as last amended by Article 1 of the Regulation of 4 July 2018 (Federal Law Gazette I p. 1086)

1.3 Nature and scope of the financial information and additional information

1.3.1 Securities trading banks and financial services institutions

Securities trading banks and financial services institutions must submit a statement of their assets and liabilities as at the end of the relevant reporting period and a profit and loss account for the period since the end of the last financial year using the following reporting forms:

1. Financial information pursuant to Section 25(1) sentence 1 of the German Banking Act – statement of assets and liabilities (STFDI form)
2. Financial information pursuant to Section 25(1) sentence 1 of the German Banking Act – profit and loss account (GVFDI form)

Portfolio managers, contract brokers and investment managers that are not authorised to take ownership or possession of customer money or securities in the course of conducting financial services and that do not trade in financial instruments for their own account (also referred to as IIIa-institutions) must additionally submit quarterly reports on the ratio of their own funds to costs and on their capital ratios using the form “EKRQU report on own funds”.

1.3.2 Exemptions

Financial services institutions which do not conduct any business requiring authorisation pursuant to the Banking Act other than non-EEA deposit broking and foreign currency dealing within the meaning of Section 1(1a) sentence 2 numbers 5 and 7 of the German Banking Act need only submit supplementary information pursuant to Section 7 of the Financial and Internal Capital Adequacy Information Regulation (see Point 1.3.3). They do not need to submit a statement of assets and liabilities (STFDI), profit and loss account (GVFDI) or own funds report (EKRQU).

1.3.3 Supplementary information under the Financial and Internal Capital Adequacy Information Regulation

1.3.3.1 Information about non-EEA deposit broking

Financial services institutions authorised to conduct non-EEA deposit broking within the meaning of Section 1(1a) sentence 2 number 5 of the Banking Act must also provide supplementary information pursuant to Section 7(1) of the Financial and Internal Capital Adequacy Information Regulation. If no deposits were brokered to enterprises established in countries outside the European Economic Area (EEA)³ during the reporting period, a nil report must be submitted.

³ The European Economic Area (EEA) comprises the Member States of the European Union as well as the other signatories to the Agreement on the EEA of 2 May 1992 (Iceland, Liechtenstein and Norway). All countries outside the EEA are non-EEA states pursuant to Section 1(5a) of the Banking Act.

1.3.3.2 Information about foreign currency dealing

Financial services institutions authorised to conduct foreign currency dealing within the meaning of Section 1(1a) sentence 2 number 7 of the German Banking Act must provide information pursuant to Section 7(2) of the Financial and Internal Capital Adequacy Information Regulation. If no foreign currency dealing was conducted during the reporting period, a nil report must be submitted.

1.4 Calculation of the capital ratios pursuant to Article 92(1) of the CRR and the ratio pursuant to Article 97 of the CRR⁴

Financial services institutions which conduct portfolio management and/or contract broking and/or asset management and which are not authorised to take ownership or possession of customer money or securities in the course of conducting financial services and which do not trade in financial instruments for their own account must comply with the capital ratios prescribed by Article 92(1) of the CRR.

In accordance with Article 95(2) of the CRR, such financial services institutions are required, pursuant to Article 97(1) of the CRR, to hold eligible capital of at least one-quarter of the fixed overheads of the preceding year at all times. Institutions authorised to conduct placement business and operators of multilateral trading facilities must also comply with the provisions of Article 95 of the CRR.

All the aforementioned institutions that have not completed business for one year (from commencing business operation) must hold eligible capital of at least one-quarter of the fixed overheads projected in their business plan, except where the competent authority requires the business plan to be adjusted (Article 97(3) of the CRR).

The updated reporting form "EKRQU report on own funds" can be used to calculate the ratio and the capital ratios, and it also specifies the cost items to be entered.

1.5 Reporting period

Pursuant to the Financial and Internal Capital Adequacy Information Regulation, the **reporting period** is **one quarter**. In each case, the **reporting date** is the **last calendar day of the reporting period** (Section 3(1) of the Financial and Internal Capital Adequacy Information Regulation).

1.6 Submission channel and deadline

Institutions must submit the financial and supplementary information to the relevant Bundesbank Regional Office **in electronic format only** by close of business **on the following dates** (Section 3(2) and (3) of the Financial and Internal Capital Adequacy Information Regulation):

12 May, 11 August, 11 November and 11 February.

To submit reports electronically, **institutions must first register to use the Bundesbank's ExtraNet platform**. More information about registration and the

⁴ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as last amended by Commission Delegated Regulation (EU) 2015/61 of 10 October 2014. Visit EUR-Lex for a full version of the CRR: <https://eur-lex.europa.eu/homepage.html><http://eur-lex.europa.eu/homepage.html>

technical procedure can be found on the Bundesbank's website (navigate to Service -> ExtraNet). Institutions should continue to submit supplementary information on non-EEA deposit broking and foreign currency dealing to the responsible Bundesbank Regional Office in writing (no special form required) (Section 3(4) in conjunction with Section 7 of the Financial and Internal Capital Adequacy Information Regulation).

Other notifications concerning financial information (such as notes on significant changes in individual items) should be submitted in writing (no special form required).

1.7 Prudential measures in the event of a delay or failure to report financial information

Pursuant to Section 56(2) number 11 of the German Banking Act, failure to submit financial information is deemed to be an administrative offence which, pursuant to Section 56(6) number 4 of the German Banking Act, may lead to the imposition of a **fine of up to €100,000**.

If an institution fails to report financial information over multiple reporting periods, it may be deemed to have persistently contravened the regulations for the implementation of the German Banking Act, which, pursuant to Section 35(2) number 6 of the Banking Act, constitutes **grounds for authorisation to be revoked**.

In this case, BaFin, instead of revoking authorisation, also has the option of demanding the **removal of the responsible management board members** and it may also prohibit these management board members from carrying out their activities at institutions organised in the form of a legal person (Section 36(1) of the German Banking Act).

It is not possible to **extend the reporting deadline**.

2 Guidance on reporting individual financial information items

2.1 Notes on the individual items of the statement of assets and liabilities

Assets

010 Cash holdings

Legal tender, including foreign banknotes and coins, postage stamps and court fee stamps have to be shown as cash holdings. Commemorative coins acquired at an amount exceeding their nominal value and gold bullions (even if they have legal tender status) shall be included in item 170 "other assets".

020 Balances (deposits) at central banks

This item may include only bank balances due at call, including foreign currency balances due at call at central banks of the countries in which the reporting institution is established.⁵ The central bank in Germany is the Deutsche Bundesbank, which holds accounts for credit institutions.

⁵ Countries in which the institution is established" are all countries – including the main country of domicile – in which the reporting institution conducts banking business, provides financial services, offers other services or is represented for other reasons, irrespective of the form (office, branch, representative office) in which it operates in the country concerned.

030 Treasury bills, non-interest bearing treasury bonds and similar debt instruments of public entities, eligible for refinancing

Treasury bills, non-interest bearing treasury bonds and similar debt instruments of public entities that were accepted with a discount and are eligible for refinancing at the central banks of the countries in which the reporting institution is established, and whose original maturity does not exceed one year are to be shown under this item.

This item has almost no practical significance for securities trading banks and financial services institutions.

Debt instruments of public entities that do not meet the designated conditions have to be shown under item 071 "Money market papers" or under item 072 "Bonds and notes", provided that they are negotiable, otherwise under item 060 "receivables from customers" if they are not.

Public entities within the meaning of this provision shall mean public budgets including their special pools of assets.

040 Bills of exchange eligible for refinancing

Bills of exchange held in the institution's portfolio that were accepted with a discount and are eligible for refinancing at the central banks of the countries in which the reporting institution is established have to be shown under this item. Purchasing bills not yet due and shall be net of interest for credit granting requires authorisation to conduct discount business pursuant to Section 1(1) sentence 2 number 3 of the German Banking Act.

This item therefore has no practical significance for securities trading banks and financial services institutions.

050 Receivables from credit institutions

All kinds of receivables arising from banking transactions and all receivables of financial services institutions from German and foreign credit institutions have to be shown under this item. Receivables from credit institutions also include:

- claims arising from genuine repurchase agreements
- registered debt securities, non-negotiable bearer debt securities, bonds made out to order that are not part of a total bonds issue and non-negotiable bonds made out to order that are part of a total bonds issue, registered money market papers and non-negotiable bearer money market papers;
- registered profit participation certificates, non-negotiable bearer and other non-securitised repayable participation rights;
- debit balances arising from securities transactions and clearing accounts;
- credit balances related to concluded home savings contracts claims arising from lending transactions denominated in gold and other precious metals.

060 Receivables from customers

All kinds of assets that qualify as receivables from German and foreign non-banks (customers), provided that they do not qualify as negotiable debt securities within the meaning of item 070, have to be shown here.

These also include, in particular, commission due from customers, sales partners or enterprises to which services have been provided.

Recognition follows the provisions of Section 15 of the Credit Institutions Accounting Regulation (*Verordnung über die Rechnungslegung der Kreditinstitute – RechKredV*).

070 Bonds and other fixed-income securities

The following rights, if they are negotiable⁶ and do not belong to item 030, have to be shown under bonds and other fixed-income securities:

- fixed-income bearer bonds;
- bonds made out to order that are part of a total bonds issue;
- Treasury bills, Treasury bonds and other securitised rights (e.g. commercial paper, euro notes, certificates of deposit, “bons de caisse”);
- medium-term notes (*Kassenobligationen*);
- debt register claims.

Securities that are equipped with a variable interest rate shall be deemed as fixed interest securities, provided that such interest rate is linked to a defined reference rate (such as an interbank rate or Euro money market rate) and zero coupon bonds, and asset-backed securities.

071 Money market papers

Money market papers within the meaning of Section 16(2a) of the Credit Institution Accounting Regulation encompasses all bonds and other fixed-income securities, regardless of their designation, provided that their original maturity does not exceed one year. It includes, in particular, negotiable⁶ Treasury bills, Treasury bonds and other money market papers (commercial papers, Euro notes, certificates of deposit, “bons de caisse” and similar securitised rights).

The definition used here is not identical in meaning to the term “money market instruments” in Section 1(11) sentence 2 of the German Banking Act. Since the category mentioned in the German Banking Act concerns non-securitised claims, these are to be reported under items 050 and 060.

072 Bonds and notes

The following rights, if they are negotiable, have to be shown under bonds and notes:

- fixed-income bearer debt securities (e.g. corporate bonds, bank debt securities);
- bonds made out to order that are part of a total bonds issue;
- medium-term notes (*Kassenobligationen*) and debt register claims (particularly bonds issued by central government and its special funds, state government – including their coupon-bearing Federal Treasury notes (*Schatzanweisungen*) and those issued as zero coupon bonds – and local government);
- bonds and debt securities which have no stated final maturity (“perpetual bonds”);
- zero coupon bonds, bonds and debt securities that are equipped with a variable interest rate, provided that such interest rate is linked to a defined reference rate (such as an interbank rate or Euro money market rate)

073 Own debt securities

Repurchased negotiable own debt securities have to be shown under this item.

080 Shares and other non-fixed-income securities

Shares that have not be shown under items 090 or 100 are to be reported here, such as:

- interim certificates;
- subscription rights;

⁶ Securities are negotiable if they qualify for admission to trading on a stock exchange; in the case of debt securities, it is sufficient if all securities in one issue are subject to uniform terms with respect to the coupon, start of term and maturity.

- mutual fund shares including property fund certificates issued by open-ended real estate funds;
- warrants;
- dividend coupons;
- negotiable profit participation certificates in bearer form or made out to order;
- other non-fixed-income securities, provided that they are listed on an exchange.⁷

081 Trading portfolio⁸

This item can only be reported by institutions that (are authorised to) trade in financial instruments for their own account.

It should be used to record the trading portfolio stock, i.e. all positions in financial instruments and commodities held by an institution either with trading intent,⁹ or in order to hedge other positions held with trading intent (see Article 4(1) numbers 85 and 86 in conjunction with Article 102 et seq. of the CRR).

Pro-rata interest as defined pursuant to Section 11 of the Credit Institutions Accounting Regulation also forms part of the trading portfolio.

090 Participations

The contents of this item are defined by Section 271(1) of the German Commercial Code (*Handelsgesetzbuch* – HGB).¹⁰ This item also includes ownership interests not evidenced by securities such as

- shares in limited liability companies (GmbH);
- participations held as a general partner in general commercial partnerships, limited partnerships, partnerships limited by shares;
- shares held as a limited partner;
- participations held as a silent partner;
- claims arising from capital commitments to institutions that constitute Common Equity Tier 1 (CET1) items within the meaning of Article 26 of the CRR at such institutions.

In cases of doubt, shares in a corporation whose nominal amounts in the aggregate exceed one-fifth of the nominal capital of that company shall be treated as participation.

⁷ Listed securities are securities admitted to official trading on a German stock market or to trading on regulated markets, as well as securities admitted to, or traded on, foreign stock exchanges. Open market (Freiverkehr) securities are not deemed to be listed within the meaning of Section 17 of the Bank Accounting Regulation.

⁸ All financial instruments (including derivatives, liabilities issued and repurchased in the short term, and foreign exchange assets) and precious metals are to be assigned to the trading portfolio.

⁹ Trading intent may be assumed to exist in cases where an institution holds positions in its own portfolio with a view to reselling them in the short term or profiting from existing or anticipated short-term differences between the purchase and sales prices or other fluctuations in market or interest rates.

¹⁰ Section 271(1) HGB:

Long-term equity investments are defined as interests in other companies that are designed to serve the reporting company's own business through the establishment of a long-term relationship with those other companies. It is irrelevant in this respect whether or not the shares are evidenced by securities. In cases of doubt, shares in a corporation that in the aggregate exceed one-fifth of the nominal capital of that company shall be treated as a long-term equity investment. Section 16(2) and (4) of the Stock Corporation Act (*Aktiengesetz* – AktG) shall apply, with the necessary modifications, to the method of calculation. Membership of a registered cooperative shall not be deemed a long-term equity investment within the meaning of this book.

If a shareholding simultaneously represents a corporate affiliation pursuant to Section 271(2) of the Commercial Code, it should be reported under item 100 rather than under item 090 “participations”.

Note: Equity interests recorded as participations are to be reported to BaFin and the Bundesbank pursuant to Section 24(1) number 13 of the German Banking Act where holdings of capital shares or voting rights exceed 10% (see also Section 7 of the Reports Regulation (*Anzeigenverordnung – AnzV*)).

“Sub-items” 091 and 092 are to be reported pursuant to the definition provided in Section 1 of the German Banking Act.

100 Shares in affiliated companies

Shares in other companies are to be shown as “shares in affiliated companies” if the requirements set out in Section 271(2) of the German Commercial Code¹¹ are met. If an affiliation meets the requirements pursuant to Section 271(1) of the German Commercial Code (participations) as well as those pursuant to Section 271(2) of the German Commercial Code (shares in affiliated companies), it should preferably be reported under “shares in affiliated companies” rather than under “participations”.

Note: Shares recorded as shares in affiliated companies are to be reported to BaFin and the Bundesbank pursuant to Section 24(1) number 13 of the German Banking Act where holdings of capital shares or voting rights exceed 10% (see also Section 7 of the Reports Regulation (*Anzeigenverordnung – AnzV*)).

“Sub-items” 101 and 102 are to be reported pursuant to the definition provided in Section 1 of the German Banking Act.

110 Trust assets

Assets which the reporting institution administers in its own name on behalf of third parties have to be shown under this item. Assets and liabilities administered by an institution on behalf of and for the account of a third party may not be recorded.

The corresponding liabilities item is item 240 “trust liabilities”, which is similar in content (see Section 6(1) of the Credit Institutions Accounting Regulation).

120 Compensation claims against the public sector

This is reported pursuant to Section 19 of the Credit Institutions Accounting Regulation. Usually, this provision is unlikely to apply to securities trading banks and financial services institutions.

¹¹ Section 271(2) HGB:

Affiliated companies within the meaning of this book are defined as companies that are required to be included as parents or subsidiaries (Section 290 of the Commercial Code), in accordance with the provisions governing consolidation, in the consolidated financial statements of a parent that is the ultimate parent required to prepare the most comprehensive consolidated financial statements in compliance with subpart two, even if such financial statements are not actually prepared, or that prepares or could prepare exempting consolidated financial statements in accordance with Section 291 of the Commercial Code or under a regulation issued by virtue of Section 292 of the Commercial Code; subsidiaries that are not consolidated under Section 296 of the Commercial Code are also affiliated companies.

130 Intangible assets

These include:

- purchased goodwill;
- domain names;
- computer software;
- internally generated industrial property rights and similar rights and assets;
- concessions acquired for a consideration, industrial property rights and similar rights and assets, and licences to such rights;
- prepayments on intangible fixed assets;
- business start-up and expansion expenses, if these have been included as part of the cost of assets.

140 Tangible assets

These include:

- real estate, land rights and buildings, including buildings on third-party land;
- technical equipment and machines;
- other plants, operating and office equipment;
- prepayments and plants under construction, if these are deemed to be assets.

Reporting these items under tangible assets presupposes that the assets are intended to serve the entity's business operations in the long term (Section 247(2) of the German Commercial Code). Assets that do not meet this condition are to be reported under item 170 "Other assets".

141 Called but unpaid capital

This item is used to report called capital which has not yet been paid in.

In the case of no-par value shares, the accounting par value (to be calculated as issued capital divided by the volume of shares issued) is to be used.

170 Other assets

Receivables and other assets that cannot be reported under any other item have to be shown under this item. Examples are:

- receivables from shareholders;
- claims for tax refunds;
- commemorative coins bought at a price higher than the nominal value;
- gold coins, even if they have legal tender status;
- gold bars, silver coins that are not legal tender, and other precious metals (e.g. platinum);
- mature bonds, non-repayable unsecuritised participation rights.

180 Prepaid expenses

Recognition follows the general rules of Section 250(1) German Commercial Code.¹²

¹² Section 250(1) of the Commercial Code:

Expenditure prior to the balance sheet date that represents an expense for a specific period after that date shall be reported as prepaid expenses on the assets side of the balance sheet.

181 Remaining assets

Besides remaining assets (e.g. deferred tax assets, active difference resulting from asset offsetting), this item should be used to report any loss for the reporting period of the current financial year and to record the loss for the financial year as reported in the last annual financial statement, if it has not yet been approved.

In the case of sole proprietorships or general partners, the negative balance on the variable capital account (e.g. due to withdrawals), is generally to be recorded under this item. For IIIa institutions, a distinction should be made between two cases:

- If the negative balance on the variable capital account is not fully covered by the profit for the period, the full amount of the negative balance has to be shown under item 040 "Withdrawals by shareholders" of the EKRQU reporting form and deducted from fixed capital. The profit for the period should continue to be reported in its full amount under item 322 "Remaining liabilities".
- If the variable capital account shows a negative balance and a loss was also recorded for the period, the negative variable capital should be deducted in its full amount under item 040 "Withdrawals by shareholders" of the EKRQU reporting form. The existing loss for the period should be recorded under item 090 "Losses for the current financial year" of the EKRQU reporting form.

182 Loss for the period

The "sub-item" is identical to a loss for the period of the current financial year entered in the profit and loss account under item 260 in the GVFDI form.

190 Deficit not covered by shareholders' equity

Recognition follows the general rules of Section 268(3) of the German Commercial Code.¹³

Liabilities

210 Liabilities due to credit institutions

All kinds of liabilities arising from banking transactions and all liabilities of financial services institutions due to German and foreign credit institutions have to be recorded as liabilities due to credit institutions, provided that they do not qualify as securitised or subordinated liabilities. This item also includes liabilities arising from registered bonds and bonds made out to order that are not part of a total bonds issue;

- credit balances arising from securities transactions and from clearing accounts.

Institutions with branches abroad and the domestic branches of foreign institutions must include their liabilities to their own enterprises abroad,¹⁴ with the exception of working capital received.

In the event of a change of creditor, the institution to which the liability is owed on the reporting date is deemed the creditor.

¹³ Section 268(3) of the Commercial Code:

If the company's equity has been depleted by losses such that there is an excess of liabilities over assets, this amount shall be shown separately on the assets side as the final item in the balance sheet under the heading "Deficit not covered by equity".

¹⁴ Affiliates abroad are deemed to be,

- a) in the case of domestic branches of foreign institutions, head offices and other branches abroad;
- b) in the case of domestic institutions, legally dependent branches abroad.

220 Liabilities due to customers

All kinds of liabilities due to German and foreign non-banks (customers) have to be shown under this item, provided that they do not qualify as securitised liabilities. This also includes, liabilities arising from registered bonds;

- bonds made out to order that are not part of a total bonds issue.

In the event of a change of creditor, the entity to which the liability is owed on the reporting date is deemed the creditor.

230 Securitised liabilities

Bonds and liabilities for which non-registered transferable deeds were issued, , have to be shown as securitised liabilities, regardless of their negotiability. Subordinated securitised liabilities should be recorded under item 280 "Subordinated liabilities".

231 Debt securities issued

Bearer bonds and bonds made out to order that are part of a total bonds issue, as well as issues based on new-issue certificates (*Jungscheine*) should be recorded under this item, regardless of their negotiability. Repurchased, non-negotiable own bonds have to be deducted.

Zero coupon bonds have to be shown including their pro rata interest.

232 Money market papers in issue

Only money market paper¹⁵ issued in the form of bearer instruments or instruments made out to order that are part of a total bonds issue have to be noted as money market papers, irrespective of

their negotiability. This includes commercial paper, euro notes, certificates of deposit, "bons de caisse" and similar securitised rights with an original maturity of up to one year.

233 Own acceptances and promissory notes outstanding

Own acceptances and promissory notes outstanding and not yet paid (including those deriving from transactions in goods) have to be shown under this item. Only acceptances issued by the reporting institution for its own refinancing and in respect of which it is the first party liable (the "drawee") have to be noted as own acceptances.

234 Other securitised liabilities

Securitised warrants issued by the reporting institution as well as securities granting the issuer the right to choose between repayment of an amount set in advance and repayment of an index-related amount, but that do not qualify as debt securities, should also be recorded under this item.

235 Trading portfolio

Liabilities arising from the trading book have to be shown under this item. For the requirements regarding the recording of this item, reference is made to item 081.

240 Trust liabilities

Liabilities which the reporting institution incurred in its own name but on behalf of third parties have to be shown under this item.

¹⁵ The definition used here is not identical in meaning to the term "money market instruments" in Section 1(11) sentence 2 of the German Banking Act. Since the category mentioned in the German Banking Act involves liabilities that are not evidenced by securities, these should be reported under items 210 and 220.

This item corresponds to item 110 “trust assets” and matches this item in terms of content (see Section 6(1) of the Credit Institutions Accounting Regulation).

250 Deferred credits to income

Recognition follows the general accounting rules set forth under Section 250 of the German Commercial Code and also the institution-specific instructions of Section 23 of the Credit Institutions Accounting Regulation, which includes the accounting of prepaid and deferred interest and commissions.

260 Provisions

The general rules for the recognition of provisions under Section 249 of the German Commercial Code¹⁶ apply here.

280 Subordinated liabilities

This item should be used for reporting any liabilities – whether securitised or not – that may be repaid in the event of liquidation or bankruptcy only after the claims of all other creditors have been met (Section 4(1) of the Credit Institutions Accounting Regulation).

290 Participation rights capital

Capital qualifying as own funds within the meaning of Article 72 of the CRR should be recorded under this item as soon as it has accrued to the reporting institution, irrespective of whether this capital is incorporated in securities or in some other form or provides a non-securitised right.

Capital that does not meet the requirements of Article 72 of the CRR should not be recorded under this item but rather, depending on its characteristics, to item 230 “Securitised liabilities”, to items 210/220 “Liabilities due to banks/customers” (depending on the creditor) or, in the case of non-repayable participation rights not incorporated in securities to item 320 “Other liabilities”.

291 Repayable within less than two years

"Sub-item" of item 290

300 Fund for general banking risks

Allocations to this fund are governed by Section 340g of the German Commercial Code. This general rule permits institutions to recognise a special reserve (“Fund for general banking risks”) on the liabilities side of their balance sheet to hedge against general (banking) risks, provided that this is necessary according to reasonable business judgement on the particular risks of the institutions’ business line. This item must not contain any provisions for risks of individual business positions and, like retained earnings, may also only be recognised out of income that has already been taxed. Pursuant to section 340e(4) of the German Commercial Code an amount corresponding to at least 10% of net income from the trading portfolio has to be added to this item in every financial year until 50% of the average of the annual net income from the trading

¹⁶ Section 249 of the German Commercial Code:

- (1) Provisions shall be recognised for uncertain liabilities and for expected losses from executory contracts. In addition, provisions shall be recognised for
 1. maintenance expenses deferred from the financial year to the first three months of the following year, land restoration expenses incurred during the following year;
 2. warranty expenses incurred without any legal obligation.
- (2) Provisions may not be recognised for purposes other than those set out in (1) above. Provisions may only be reversed if the reasons for their recognition no longer apply.

portfolio for the last five years of the preceding calculation date has been reached (see "sub-item" 301).

301 According to Section 340e(4) of the German Commercial Code

The "sub-item" should separately report the stock recognised from the net income from the trading portfolio pursuant to Section 340e(4) of the German Commercial Code.

310 Equity

In general, equity should be recorded as in the most recent approved annual balance sheet, including net profit recorded therein, provided that this increase in equity capital has been agreed upon. Equity capital figures should always be adjusted immediately to recognise any increase or reduction during the financial year.

311 Subscribed capital

All amounts that, according to the institution's legal form, shall be deemed as capital contributions subscribed by shareholders or other owners have to be shown under this item. Contributions made by silent partners and members' share capital contributions have to be included in this item.

Domestic branches of foreign institutions should use this item to disclose the working capital they have received from their foreign head offices and the operating profit they have retained to bolster their own funds.

In the case of sole proprietorships and commercial partnerships, only the amount from the fixed capital account should be recorded here; this should also be recorded under item 020 "Paid-up capital instruments (including share premium account)" in the EKRQU form.

312 Silent contributions

Silent contributions are only recorded under this "sub-item" when the silent contributions meet the requirements of Articles 26 and 28 of the CRR and can be recognised as own funds within the meaning of Part 2 of the CRR.

If the overall picture suggests that the silent partner is not an equity provider but a lender, recognition should be under subordinated liabilities, provided that there is a subordination agreement, otherwise under other liabilities.

313 Deduction items: Uncalled unpaid contributions

The capital must have been effectively accrued pursuant to Article 28(1)(b) of the CRR. This means that uncalled capital shares need to be deducted.

314 Reserves

All capital and revenue reserves are to be recorded here.

315 Profit carried forward/ loss carried forward

Profit carried forward or loss carried forward is, due to computational reasons, a residual profit or loss. The requirement for recording this item is the approved annual financial statement in which it has been agreed that profit or loss should be carried forward.

316 Net profit/net loss

The net profit shall be at the disposal of the shareholders; i.e. on the one hand it represents that part of the profit for the financial year has not been transferred to reserves, while on the other hand it includes profit/loss carried forward or also withdrawals from reserves in a previous period. Likewise, the net loss stands for the loss

after full or partial appropriation of the annual result.

If the annual financial statement has not yet been approved, the result of the last annual financial statement is not to be stated under this item but rather under items 181 “remaining assets” or 322 “remaining liabilities”.

The profit or loss for the period under item 260 of the profit and loss account (GVFDI form) should not be shown under this item but also under items 181 or 322, as well as the associated “sub-items” 182 “Loss for the period” or 323 “Profit for the period” as appropriate.

318 Called-up capital

The difference between subscribed capital (item 311) and uncalled subscribed capital unpaid (item 313) should be shown under this item.

320 Other liabilities

Those liabilities that cannot or cannot yet be allocated to any other item have to be shown under this item. These can include:

- liabilities to shareholders;
- trade payables (e.g. for tangible fixed assets);
- the company’s tax liabilities, retained taxes payable (wage tax) and social security contributions;
- interest accrued on zero coupon bonds;
- taxed general value adjustments (undisclosed contingency reserves pursuant to Section 340f(1) of the German Commercial Code and Article 31(2) sentence 2 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*);
- liabilities from as yet unredeemed interest coupons due;
- option prices received (options not evidenced by securities) where the option can still be exercised;
- initial margins and variation margins received in respect of outstanding financial futures contracts.

322 Remaining liabilities

Besides remaining liabilities (e.g. deferred tax liabilities), this item should be used to record the profit reported for the reporting period of the current financial year as well as the profit for the financial year as reported in the last annual financial statement, if it has not yet been approved.

The credit balance on the variable capital account of sole proprietorships or general partners should also be recorded here.

323 Profit for the period

The “sub-item” is identical to any profit for the period of the current financial year recorded in the profit and loss account under item 260 in the GVFDI form

340 Contingent liabilities

See Section 26 of the Credit Institutions Accounting Regulation.¹⁷

¹⁷ Section 26 of the Credit Institutions Accounting Regulation:

(1) Only endorsement liabilities and other contingent liabilities under bill-of-exchange law arising from the endorsement of rediscounted bills (including bills drawn by the bank) until their expiry are to be included under sub-item (a) “Contingent liabilities arising from the endorsement of rediscounted bills”. Liabilities on own acceptances outstanding and contingent liabilities on Treasury bills are not to be included.

(2) “*Ausbietungsgarantien*” and other guarantee obligations, irrevocable letters of credit, including incidental costs, are also to be shown under sub-item (b) “Sureties and guarantee agreements”, as are

350 Placing and underwriting commitments

See Section 27(1) of the Credit Institutions Accounting Regulation.¹⁸

360 Commitments deriving from sales with an option to repurchase

See Section 340b(5) sentence 2 of the German Commercial Code.¹⁹

370 Irrevocable loan commitments

See Section 27(2) of the Credit Institutions Accounting Regulation.²⁰

2.2 Notes on the individual items on the profit and loss account**010 Interest income**

Interest and similar income from banking business, including factoring business, as well as all interest and similar income of financial services institutions have to be shown under the item "Interest income", especially all income from the assets reported in the items 020, 030, 040, 050, 060 and 070 of the statement of assets and liabilities, irrespective of the form in which they are calculated. This also includes distributions on participation rights and profit bonds held in the portfolio (see Section 28 of the Credit Institutions Accounting Regulation).

020 Interest expense

Interest expense and similar expenses from banking business, including factoring business, as well as all expenses and similar expenses of financial services institutions have to be shown under this item, especially all expenses related to the liabilities reported in items 210, 220, 230 and 280 of the statement of assets and liabilities, irrespective of the form in which they are calculated (see Section 29 of the Credit Institutions Accounting Regulation).

issues and confirmations of letters of credit. These liabilities are to be shown in full if no earmarked covering balances are recorded under the item "Liabilities to banks" (liability-side item No 1) or under the item "Other liabilities to customers" (liability-side item No 2(b)).

(3) In sub-item (c) "Assets pledged as collateral on behalf of third parties", the amounts are to be shown at the book value of the assets pledged as collateral. The assignment of claims or movables as security for a loan, security deposits for third-party liabilities, movables and rights pledged and mortgages put up as collateral for third-party liabilities are to be shown under this item. If, in addition, a liability exists under a surety or guarantee agreement, only this is to be shown, specifically under sub-item (b) "Sureties and guarantee agreements".

¹⁸ Section 27(1) of the Credit Institutions Accounting Regulation:

Commitments arising from guaranteeing the placing or underwriting of financial instruments vis-à-vis borrowers who, during an agreed period of time, issue financial instruments in the money market on a revolving basis are to be shown under sub-item (b) "Placing and underwriting commitments". Only guarantees whereby a bank undertakes to underwrite financial instruments or to grant a corresponding loan if the financial instruments cannot be placed in the market are to be shown here. Commitments are to be shown net of the amounts actually drawn. The amounts drawn are to be reported on in the notes. If a guarantee is provided jointly by several banks, each bank involved has to show only its share in the loan.

¹⁹ Section 340b(5) of the German Commercial Code:

In the case of sales with an option to repurchase, the assets are recorded not on the seller's balance sheet but on that of the purchaser. The seller must record the amount agreed for the reverse transfer below the balance sheet.

²⁰ Section 27(2) of the Credit Institutions Accounting Regulation:

All irrevocable obligations that may give rise to credit risk are to be shown in sub-item (c) "Irrevocable lending commitments". The conclusion of a savings and loan contract is not deemed an irrevocable lending commitment.

030 Current income

This item includes all current income (dividends, profit distributions, etc.) arising from equity (shares, participations, shares in affiliated companies) as well as from other non-fixed-income securities. Three sub-items are available (items 031 to 033), to match the breakdown of equity on the assets side of the balance sheet.

Together with income from shares, income from other non-fixed-income securities, which also include investment certificates and foreign investment fund certificates, are recorded. Current income does not include write-ups on equity and other non-fixed-income securities or income relating to the sale of equity. These types of income are recorded under separate profit and loss account items.

Income from fixed interest securities and debt register claims is not recorded under current income as this is allocated to interest income (item 012).

040 Income from profit pooling, profit and loss transfer or partial profit transfer agreements

Profits received under profit pooling, profit and loss transfer or partial profit transfer agreements pursuant to Section 291 or Section 292 of the Stock Corporation Act should be recorded under this item.

050 Commission income

Commissions and similar income from service transactions are to be recorded here, such as

- commissions from securities commission and securities custody business;
- commissions and professional fees from asset management;
- commissions relating to financial services and the sale of foreign exchange, foreign notes and precious metals;
- commissions from brokerage activities in lendings, savings and home loan banking agreements and insurance contracts.
- Commission income also includes bonuses²¹ from a placement of securities.

060 Commissions expenses

Commissions and similar expenses from the service transactions referred to in item 050 have to be shown under this item.

070 Trading portfolio income

Recognition follows Section 340c(1) of the German Commercial Code and comprises income from transactions in financial instruments²² in the trading portfolio and trading in precious metals. This includes, in detail:

- realised capital gains from sales or redemptions;
- write-ups;
- income from the reversal of provisions for expected losses from financial transactions.

Income from dealing on own account within the meaning of Section 1(1a) sentence 2 number 4 of the German Banking Act is also to be recorded in this item.

²¹ Selling commissions are remuneration in the form of an underwriting discount. Selling commission income is accrued when new issues of fixed interest securities and mutual fund shares have been underwritten.

²² The term "financial instruments" within the meaning of Section 340c(1) of the German Commercial Code comprises options, interest rate swaps, futures contracts, forward contracts but also borrowers' note loans in the trading portfolio as well as other negotiable claims and is not identical with the definition of financial instruments within the meaning of Section 1(11) of the German Banking Act and of Article 4(1) number 50 of the CRR.

In line with the assignment to balance sheet items pursuant to Sections 28 and 29 of the Credit Institutions Accounting Regulation, current income from the trading portfolio belongs to net trading portfolio income. If trading is understood as a synonym for transactions, it is allowed to record current interest income under item 010 and dividends under item 30, provided that this approach is consistent with the internal management and the principle of continuity is respected (see also the IDW circular RS BFA 2 No 75).

For financial services institutions and credit institutions, insofar as the latter are lead brokers (Skontroführer) within the meaning of Section 27(1) sentence 1 of the Stock Exchange Act (*Börsengesetz - BörsG*), the offsetting of expenses and income from financial transactions is prohibited (Section 340(4) sentence 2 in conjunction with Section 340c(1) of the German Commercial Code).

080 Trading portfolio expense

Recognition follows Section 340c(1) of the German Commercial Code and comprises expenses from trading in financial instruments²² in the trading portfolio and trading in precious metals.

This includes, in detail:

- realised capital losses (including transaction costs) from sales or redemptions;
- write-downs;
- transfers to provisions for expected losses.

Expenses from dealing on own account within the meaning of Section 1(1a) sentence 2 number 4 of the German Banking Act are also to be recorded here.

Recognition of interest expenses follows the recognition of interest income from trading activities.

For financial services institutions and credit institutions, insofar as the latter are lead brokers (Skontroführer) within the meaning of Section 27(1) sentence 1 of the Stock Exchange Act, the offsetting of expenses and income from financial transactions is prohibited (Section 340(4) sentence 2 in conjunction with Section 340c(1) of the German Commercial Code).

090 Other operating income

This is a summary item that includes all income earned from ordinary activities that cannot be reported under any other item.

The main sources of "Other operating income" include:

- income from the reversal of provisions unless they relate to securities business;
- profit from the sale of tangible fixed assets;
- income from other services not included under commission income;
- cash surpluses;
- income from leases.

Income incurred outside the ordinary activities should be recorded under item 211 "Extraordinary income".

110 General administrative spending

111 Staff costs

Staff costs comprise all cash payments and benefits in kind incurred for salaried staff and members of the executive or management board as well as for the institution's commercial employees. Recognition follows Section 31 of the Credit Institutions Accounting Regulation.

114 Other administrative expenses

All non-staff expenses should be recorded under this item, such as:

- costs of premises;
- office operating costs;
- communication and postage costs;
- motor vehicle operating costs;
- contributions paid to professional societies, for banking supervision, to the protection schemes and the like;
- income-related costs;
- representation costs;
- expenses under company law, e.g. for the shareholders' meeting and publication of the annual financial statements;
- compensation for supervisory board members;
- insurance premiums;
- legal, audit and advisory costs.

120 Depreciation and impairment of intangible and tangible assets

This item includes all scheduled and extraordinary depreciation, amortisation, write-downs and impairments of intangible and tangible assets. Write-downs and impairments of financial assets are not recorded here (see item 160).

130 Other operating expenses

This is a summary item that includes all expenses incurred from ordinary activities that cannot be reported under any other item.

The main sources of "Other operating expenses" include:

- disposal losses from asset sales as well as losses from the disposal of tangible assets;
- expenses in connection with other social benefits (e.g. grants towards company parties);
- operating expenses typical for the institution provided that they are not included under general administrative expenses, such as misprocessing in the securities business;
- expenses for land and buildings not used for the banking or financial services businesses;
- severance payments;
- statutory expenses;
- allocations to provisions for expected losses not related to securities trading.

Expenses incurred outside the ordinary activities should be recorded under item 212 "Extraordinary expenses".

140 Depreciation and value adjustments on receivables and certain securities and additions to provisions related to lending business

This expense item is only to be used for securities held in the liquidity reserve. In particular, the following are to be recorded here.

= As regards receivables:

- expenses for write-downs and value adjustments of receivables to credit institutions and customers;
- expenses for additions to provisions for contingent liabilities and credit risk;
- expenses for write-downs of receivables to credit institutions and customers for recognition of undisclosed reserves under Section 340f of the German Commercial Code;

- As regards securities held in the liquidity reserve:
- expenses for transactions involving securities in the liquidity reserve²³ (especially capital losses);
- expenses for write-downs of securities held in the liquidity reserve;
- expenses for write-downs of securities held in the liquidity reserve for recognition of undisclosed reserves under Section 340f of the German Commercial Code.

Items 140 and 150 may be offset and recorded in a single income or expense item.

Partial offsetting is not permitted (Section 340f(3) of the German Commercial Code).

150 Income from write-ups on receivables and certain securities and from reversals of provisions related to lending business

This income item is only to be used for securities held in the liquidity reserve. In particular, the following should be recorded here.

- As regards receivables :

- income from write-ups on receivables to credit institutions and customers;
- income from the reversal of specific value adjustments in respect of receivables;
- income from the reversal of provisions for contingent liabilities and credit risk;
- income from recoveries on receivables previously partially or fully written off;
- income from the reversal of undisclosed reserves pursuant to Section 340f of the German Commercial Code.

- As regards securities held in the liquidity reserve:

- income from transactions involving securities held in the liquidity reserve (especially capital gains);
- income from write-ups in respect of securities held in the liquidity reserve;
- income from write-ups in respect of securities held in the liquidity reserve for reversing undisclosed reserves pursuant to Section 340f of the German Commercial Code.

Items 140 and 150 may be offset and reported in a single income or expense item. Partial offsetting is not permitted (Section 340f(3) of the German Commercial Code).

160 Depreciation and value adjustments on participations, shares in affiliated companies and securities treated as investment assets

The following expense items should be recorded:

- write-downs of long-term financial assets²⁴ (Section 340c(2) sentence 1 of the German Commercial Code);
- expenses arising from transactions in financial assets, e.g. losses on sales (Section 340c(2) sentence 2 of the German Commercial Code).

Items 160 and 170 may be offset and recorded as a single income or expense item. Partial offsetting is not permitted (Section 340c(2) sentence 1 of the German Commercial Code).

²³ The securities in the liquidity reserve belong to the banking book of the institution at hand, as do any non-current securities.

²⁴ The term "long-term financial assets" refers to participations, shares in affiliated enterprises and securities treated as fixed assets.

170 Income from write-ups on participations, shares in affiliated enterprises and securities treated as investment assets

The following should be recorded as income:

- income from reversals of write-downs of long-term financial assets (Section 340c(2) sentence 1 of the German Commercial Code);
- income arising from financial investment business, e.g. profits from sales (Section 340c(2) sentence 2 of the German Commercial Code).

Items 160 and 170 may be offset and recorded as a single income or expense item. Partial offsetting is not permitted (Section 340c(2) sentence 1 of the German Commercial Code).

180 Expense from loss absorption

If a control or profit and loss transfer agreement exists, any annual loss for the financial year to be compensated pursuant to Section 302(1) of the Stock Corporation Act has to be reported under this item

Losses absorbed on the basis of agreements with enterprises having a different legal form or voluntarily should also be included.

181 Other income contributions

This item should be used to record contributions to the result that cannot be assigned to any other income or expense item.

190 Additions to special tax-allowable reserves

The unoffset amounts entered under item 270 "Special tax allowable reserves" in the statement of assets and liabilities should be recorded in this expense item.

200 Result from ordinary activities

211 Extraordinary income

Analogous to the German generally accepted accounting principles pursuant to Section 340a(2), sentence 5 of the German Commercial Code, extraordinary income is income generated outside an entity's ordinary activities. Prior-period income items do not qualify as extraordinary if they do not arise outside ordinary activities.

Extraordinary income items include:

- profit from the sale of branches or subsidiaries of institutions;
- restructuring gains.

212 Extraordinary expense

Analogous to the German generally accepted accounting principles pursuant to Section 340a(2) sentence 5 of the German Commercial Code, an extraordinary expense is an expense generated outside an entity's ordinary activities. Prior-period expense items do not qualify as extraordinary if they do not arise outside ordinary activities.

Extraordinary expense items include:

- losses from the sale of branches or subsidiaries of institutions;
- exceptional cases of loss or damage;
- social plans.

220 Taxes on income

The following should be reported here:

- corporation tax;
- trade income tax;
- foreign taxes corresponding to the German taxes on income.

230 Other taxes not reported under item 130 These include, in particular, the following types of tax:

- transaction taxes (e.g. company tax);
- property taxes (e.g. land tax);
- other taxes (e.g. motor vehicle taxes).

Corresponding foreign taxes should also be recorded as “other taxes”.

240 Income from loss absorption

This item should be used to record any payments actually received during the course of the year on the basis of a control or profit and loss transfer agreement pursuant to Section 302(1) of the Stock Corporation Act for the purposes of offsetting a loss for the financial year which would otherwise arise. This also applies to other legal forms with corresponding contracts and to losses absorbed on a voluntary basis.

250 Profits transferred under a profit pooling, profit and loss transfer or partial profit transfer agreement

Profits transferred under a profit pooling, profit and loss transfer or partial profit transfer agreement under Section 291 or Section 292 of the Stock Corporation Act should be recorded under this item.

260 Profit/loss for the period

This item should be copied to the corresponding items 182 or 323 in the statement of assets and liabilities (STFDI form).

2.3 Notes on the individual items of the EKRQU reporting form

2.3.1 Own funds calculation

010 Common Equity Tier 1 (CET1) capital

Common Equity Tier 1 (CET1) capital consists of the eligible CET1 items as provided for in Article 26 of the CRR in conjunction with Article 28 of the CRR under consideration of the deductions listed in Article 36 of the CRR. It is the sum of rows/items 020 to 110 (pay close attention to signs).

Note that the fund for general banking risks pursuant to Section 340g of the German Commercial Code qualifies as CET1 capital but does not belong to the initial capital as referred to in Section 33(1) sentence 1 number 1 of the German Banking Act.

020 Paid-up capital instruments (including share premium account)

All amounts should be reported here which, depending on the institution’s legal form, constitute equity subscribed by the shareholders or other owners.

If they meet the conditions contained in Article 26 of the CRR, silent partner contributions and paid-up shares should also be recorded here.

Share premium accounts arising in the event of capital increases should likewise be shown here. The term “share premium account” has the same meaning as under the applicable accounting framework.

In the case of sole proprietorships and commercial partnerships, only the amount of the fixed capital account should be reported here; this corresponds with STFDI item 311.

CET1 capital instruments funded directly or indirectly by the institution (loans granted to shareholders) do not meet the conditions pursuant to Article 28(1) of the CRR and may not be recognised here (see also Articles 8 and 9 of Commission Delegated Regulation (EU) No 241/2014).

030 Own CET1 instruments

This is for reporting components such as own shares held. The figure required is the nominal amount or, if that is unavailable, the accounting par value of any own shares acquired.

040 Withdrawals by shareholders

Withdrawals by shareholders are to be reported here.

Any negative balance on the variable capital account of sole proprietorships or general partners would also be reported here. See the notes on “remaining assets” (STFDI item 181) for guidance on making the appropriate entry.

050 Retained earnings

According to Article 4(1) number 123 of the CRR, the term “retained earnings” means profits and losses carried forward as a result of the application of the final profit or loss. In other words, net retained profits/net accumulated losses after approval of the annual financial statement and distribution need to be entered here (see the notes on STFDI item 316).

060 Other reserves

The CRR (Article 4(1) number 117) defines “other reserves” as “reserves within the meaning of the applicable accounting framework that are required to be disclosed under the applicable accounting standard, excluding any amounts already included in accumulated other comprehensive income or retained earnings”.

Capital reserves and revenue reserves as approved in the annual financial statement are normally recorded here, except for share premium accounts (see item 020). Intra-year changes in capital reserves must be recognised immediately following the cash flow in question.

070 Fund for general banking risk

This refers to the fund for general banking risk pursuant to Section 340g of the German Commercial Code, which is shown as a reserve in the balance sheet. See also the notes on the “Fund for general banking risks” under STFDI item 300.

080 Intangible assets, including recognised goodwill

This includes the assets listed in the notes on asset item 130 of these guidelines.

When calculating the deduction value, acquisitions and sales of intangible assets should be recognised dynamically. Given that a depreciation does not constitute an intra-year outflow, it may not be treated dynamically (potential discrepancy with the amount recorded under STFDI item 130). In this respect, intangible assets should be recorded unchanged as deductions for as long as the depreciation does not become effective through approval of the next annual financial statements.

Given that goodwill cannot be used independently, it does not count as an asset and, like intangible assets, it should be deducted in full from CET1 capital.

090 Losses for the current financial year pursuant to Article 36(1)(a) of the CRR

This item is identical to a loss for the period of the current financial year entered in the profit and loss account under GVFDI item 260.

100 Valuation allowance pursuant to Section 10(7) of the German Banking Act

If a valuation allowance has been prescribed with respect to **CET1 capital** by a BaFin notification pursuant to Section 10(7) of the German Banking Act in conjunction with Article 72 of the CRR, this should be entered here.

110 Other CET1 capital components or deductions

This item is for reporting all components of or deductions from CET1 capital that have not yet been offset and cannot be allocated to any other item. This includes, among other things, losses for the previous year that have not yet been approved (following approval of the annual financial statements these are reported under item 50), loans to managers liable to deduction pursuant to Section 15(1) sentence 5 of the German Banking Act, and recognised deferred tax assets (their realisation depend on the future profitability of the institution).

120 Additional Tier 1 capital pursuant to Article 51 of the CRR

Additional Tier 1 capital consists of the Additional Tier 1 items pursuant to Article 51 of the CRR after deduction of the items listed in Article 56 of the CRR, having regard to Article 79 of the CRR.

The figure to be entered here is the product of rows/item 130 to 150 (pay close attention to signs).

130 Paid-up capital instruments (including share premium account)

The paid-up capital instruments must meet the conditions set forth in Article 52 of the CRR. These capital instruments do not qualify as CET1 or Tier 2 capital items.

Share premium accounts related to the Additional Tier 1 items are also included here.

The term "share premium account" has the same meaning as under the applicable accounting framework.

140 Deductions from Additional Tier 1 items

All the deduction items specified in Article 56 et seq. of the CRR are added up here. Amongst other things, own Additional Tier 1 instruments held by the institution are to be deducted.

150 Valuation allowance under Section 10(7) of the German Banking Act

If a valuation allowance has been prescribed with respect to the **Additional Tier 1 capital** by a BaFin notification pursuant to Section 10(7) of the German Banking Act in conjunction with Article 72 of the CRR, this should be entered here accordingly (see also the notes on EKRQU item 100).

160 Tier 2 capital within the meaning of Article 71 of the CRR that is equal to or less than one-third of Tier 1 capital

An institution's Tier 2 capital consists of the Tier 2 items pursuant to Article 62 of the CRR after deduction of the items referred to in Article 62 of the CRR.

Since Tier 2 capital within the meaning of Article 71 of the CRR may only make up a maximum of one-third of Tier 1 capital, this figure to be carried over to item 160 should not exceed one-third of the sum of items 010 and 120.

170 Other Tier 2 capital components or deductions

If a valuation allowance has been prescribed with respect to **Tier 2 capital** by a BaFin notification pursuant to Section 10(7) of the German Banking Act in conjunction with Article 72 of the CRR, this should also be entered here accordingly (see also the notes on EKRQU item 100).

180 Total eligible capital

Eligible capital is the sum of items 010, 120 and 160 and is to be used for the purposes of calculating the own funds to cost ratio under Point 3 (item 300) of the EKRQU reporting form.

2.3.2 Determination of costs

Under Article 34b(2) of Commission Delegated Regulation (EU) No 241/2014, when calculating their fixed overhead costs within the meaning of Article 97(1) of the CRR, institutions must use the approved prior-year figures resulting from the applicable accounting framework. These can be derived from the profit and loss account prepared in accordance with German generally accepted accounting principles in conjunction with the Credit Institutions Accounting Regulation.

Fixed overheads are calculated by subtracting items enumerated in Commission Delegated Regulation (EU) No 214/2014 from the total expenses (after distribution of profits to shareholders).

If the annual financial statement for the first full financial year is not yet available, the relevant items should be taken from the current year's business plan (see 1.4).

If the most recent audited financial statement does not reflect a twelve-month period, a pro rata annual figure is worked out by dividing the calculated result by the number of months in the reporting period and then multiplying that result by twelve.

If the competent authority has required adjustments to be made to the fixed overheads (see Article 97(3) of the CRR), those adjusted values should be used.

190 Total expenses (including tax expense) as per profit and loss account of the last annual financial statement

Here, the following cost types should be summed using the "gross approach":

- interest expenses;
- commissions paid;
- general administrative spending (staff costs + other administrative expenses);
- Depreciation and value adjustments of intangible and tangible assets;
- other operating expenses;
- depreciation and value adjustments in respect of receivables and certain securities and also additions to provisions related to lending business;
- depreciation and value adjustments on participations, shares in affiliated companies and securities treated as investment assets
- expense from loss absorption;
- extraordinary expense;
- taxes on income;
- other taxes.

Additions to the “fund for general banking risk” pursuant to Section 340g(1) in conjunction with Section 340(4) of the German Commercial Code are not to be included when calculating “Total expenses” (expense items pursuant to Section 340f(1) of the German Commercial Code should be treated in the same way as under Section 340g(1) of the German Commercial Code).

200 Fully discretionary staff bonuses

This item is for reporting bonus payments made to employees on a fully discretionary basis. Fully discretionary means that there are no contractual or other agreements giving rise to an obligation to pay bonuses.

This deduction item does not have a blocking effect towards other deduction items for bonuses/remuneration that do not fall under the scope of this deduction item.

210 Profit shares of employees, management board members and shareholders, if fully discretionary

Profit shares of employees, management board members and shareholders that are granted on a fully discretionary basis should be reported here.

220 Other appropriations of profits and other variable remuneration, if fully discretionary

Intra-year bonuses, (interim) dividend and any special payments, for example, should be recorded here, provided that they are fully discretionary.

230 Shared commission and fees payable which are directly related to commission and fees receivables included within the total revenues, provided that the payment of these commission and fees is contingent upon actual receipt of the commission and fees receivable

Under Article 34b(1)(d) of Commission Delegated Regulation (EU) No 241/2014, certain shared commission and fees payable are deductible as variable costs for the purposes of the overheads calculation. The precondition for this is that the commission and fees in question are directly related to the commission and fees receivables included within the total revenues. The payment of the provision and fees in question must be tied to the actual receipt of the commission and fees receivables. The payment to the third party and the receipt of the commission are depending on each other in the sense of a “transmission” (receipt of third party remuneration is the condition for payment to the beneficiary).

240 Fees, brokerage and other charges payable to clearing houses, exchanges and intermediate brokers for the purposes of executing, registering or clearing transactions

Only fees, brokerage and other charges payable to clearing houses, exchanges and intermediate brokers for the purposes of executing, registering or clearing transactions are to be recorded.

250 Fees paid to tied agents as defined by Article 4(25) of Directive 2004/39/EC of the European Parliament and of the Council

This item is for reporting fees incurred by the institution which are directly related to the use of tied agents. 100% of the costs should be entered here (for information on the 35% rule, see item 280).

260 Interest paid to customers on customer money

Deduction item is not applicable in Germany on account of the legal situation.

270 Non-recurring expenses generated outside ordinary activities

Non-recurring expenses generated outside ordinary activities are deducted from total expenses. In order for the aforementioned costs to be deductible, both conditions must be met simultaneously. Costs in connection with the authorisation procedure (e.g. BaFin fee, legal expenses, costs for external auditors and tax advisors), payments of damages, depreciation, amortisation and write-downs, or transfers to provisions **cannot** be deducted as non-recurring expenses since the condition “outside ordinary activities” is not met.

280 Investment firms which make use of a tied agent add 35% of all the fees related to the tied agent

Tied agents act solely for the account and under the liability of an investment firm. The investment firm therefore also bears their tied agents’ risk. In order to properly account for this risk, 35% of all the fees related to the tied agents, deducted under item 250, are added back to the sum of total expenses.

290 Total expenses

Sum of fixed overheads after deduction of the relevant items pursuant to Article 34b(2) of Commission Delegated Regulation (EU) No 241/2014.

2.3.3 Calculation of the own funds to costs ratio

(See also the guidance under 1.4)

The own funds to cost ratio must always amount to at least 25% of the figure determined for the previous financial year’s fixed overheads (based on the last approved profit and loss account). The following formula should be used to calculate the ratio:

$$\frac{(\text{Sum of eligible capital (item 180)}) * 100}{\text{Overall costs (item 290)}} \geq 25.0$$

2.3.4 Calculation of capital ratios pursuant to Article 92 of the CRR

(See also the guidance under 1.4)

The capital ratios can generally be calculated on the basis of Article 95(2)(b) of the CRR.²⁵

310 Calculation of the total capital ratio

$$\frac{(\text{CET1 capital (item 010)} + \text{additional Tier 1 capital (item 120)} + \text{Tier 2 capital (item 160)}) * 100}{0.25 * \text{overall costs (item 290)} * 12.5} \geq 8.0$$

²⁵ The provisions laid down in Article 95(2)(a) of the CRR must always be taken into account, parallel to those of Article 95(2)(b) of the CRR.

320 Calculation of the Tier 1 capital ratio

$$\frac{(CET1\ capital\ (item\ 010) + additional\ Tier\ 1\ capital\ (item\ 120)) * 100}{0.25 * overall\ costs\ (item\ 290) * 12.5} \geq 6.0$$

330 Calculation of the CET1 capital ratio

$$\frac{(CET1\ capital\ (item\ 010)) * 100}{0.25 * overall\ costs\ (item\ 290) * 12.5} \geq 4.5$$

2.4 Other information required under the Financial and Internal Capital Adequacy Information Regulation**2.4.1 Non-EEA deposit broking**

Financial services institutions that have brokered deposits to enterprises established in countries outside the EEA during the reporting period must, in addition to the financial information (STFDI and GVFDI reports), declare details of the name, head office and competent supervisory authority of these enterprises, broken down by country (Section 7 of the Financial and Internal Capital Adequacy Information Regulation).

These disclosures can be presented in tabular format to aid clarity.

Name of enterprise	Head office	Supervisory authority
.....

2.4.2 Foreign currency dealing

Financial services institutions that conduct foreign currency dealing are required, in addition to the financial information (STFDI and GVFDI reports), to declare the following details.

1. Name and head office of the enterprises they have engaged in the course of foreign currency dealing during the reporting period;
2. quantity and amount of transactions with customers, broken down by currency and, within each currency, by purchases and sales, each subdivided into the following size categories:
 - up to €2,500;
 - over €2,500 to €15,000;
 - over €15,000.

"Foreign currency" within the meaning of the Financial and Internal Capital Adequacy Information Regulation refers to foreign banknotes and coins that constitute legal tender and cashed travellers' cheques in foreign currency (Section 7 of the Financial and Internal Capital Adequacy Information Regulation).

Disclosures relating to foreign currency dealing can be presented in tabular format to aid clarity.

3 Notes on the contents and preparation of reports

All reporting forms can be found online on the Bundesbank's website (www.bundesbank.de/en) under -> Service ->Reporting systems -> Banking Supervision form centre -> Reports

3.1 Formal guidance

3.1.1 Reference data

The reference data for each and every report form needs to be completed correctly and in full, so that the institution can be accurately identified.

The same information should also be included in reports to be submitted on non-EEA deposit brokering and on foreign currency dealing, for which no special form is required.

The institution number is a number assigned by the Bundesbank and consisting of seven digits (plus a check digit). In the case of financial services institutions and securities trading banks, it will normally begin with 550....

The ISO currency code for euro is 888.

3.1.2 Amount data

Amounts should be entered in **round € figures without decimal points**, applying standard accounting rules for rounding.

Assets and liabilities should be entered at their book value. Foreign currency items should be converted into the reporting currency at the reference exchange rate established by the ECB on the relevant reporting date and published by the Deutsche Bundesbank ("ESCB reference rate"). When converting currencies for which no ESCB reference rate is published, the middle rates derived from ascertainable buying and selling rates quoted on the respective reporting date should be used. Assets which are not treated as being part of the foreign currency item may be converted at the exchange rate used at initial recognition. In the case of reports for branches abroad, foreign currency amounts should be converted directly into the reporting currency, not first into the currency of the country in which the institution has its head office.

"Sub-items" should be filled out in full.

Institutions should pay attention to ensure that entries for the subtotal "Result from ordinary activities" (GVFDI item 200), "Other contributions to the result" (GVFDI item 181), "Extraordinary result" (GVFDI item 210) and "Profit/loss for the period" (GVFDI item 260), or "Profit carried forward/loss carried forward" (STFDI item 315) and "Net profit/net loss" (STFDI item 316) are made with the correct signs.

Supplementary information on non-EEA deposit brokering and/or foreign currency dealing should be recorded on a separate sheet.

3.2 Mathematical checks

Sum fields and checksums must always be filled in. It is important to ensure that these items have been correctly calculated.

3.3 Plausibility checks

Own funds disclosures in the financial information and in the **EKRQU form** should be compared against each other.

If the institution also prepares **COREP reports**, the relevant values should also be compared for consistency.

4 Index

Additional Tier 1 capital	28	Non-EEA deposit broking.....	6
Balances with central banks	9	Other administrative expenses	22
Capital ratios.....	7, 32	Other assets	14
Cash in hand	9	Other contributions to the result	25
Commission income	21	Other liabilities	18
Commissions paid	21	Other operating expenses	23
Common Equity Tier 1 (CET1) capital	26	Other operating income	22
Contingent liabilities	19	Own funds to costs ratio.....	7, 31
COREP reports	35	Own funds	17
Current income	20	Participation rights capital	17
Debt securities	10	Prepaid expenses	14
Deferred income	16	Profit for the financial year	18
Expenses	29	Profit for the period	19
ExtraNet	7	Profit/loss brought/carried forward	18
Extraordinary expense	25	Provisions	16
Extraordinary income	25	Prudential measures.....	8
Failure to submit.....	8	Ratio pursuant to Article 97 of the CRR	7
Fiduciary assets	13	Reporting period.....	7
Fiduciary liabilities	16	Reserves	18
Foreign currency dealing	6	Retained earnings	27
Fund for general banking risk	17	Securitised liabilities	15
General administrative spending	22	Shares in affiliated companies	12
Intangible fixed assets	13	Shares	11
Interest expense	20	Silent contributions	18
Interest income	20	Staff costs	22
Liabilities to banks	15	Subordinated liabilities	16
Liabilities to customers	15	Sundry assets	14
Loans and advances to credit institutions	10	Sundry liabilities	19
Loans and advances to customers	10	Tangible assets	13
Long-term equity investments	12	Tied agents	31
Loss for the financial year	14	Tier 2 capital	28
Loss for the period	14	Trading portfolio expense	22
Money market paper	9	Trading portfolio income	21
Net retained profits/net accumulated losses	18	Trading portfolio	11, 16
		Treasury bills	9
		Treasury notes	10