

Completion Instructions

Returns of Assets and Liabilities Form MA(BS)1, Form MA(BS)1A, Form MA(BS)1B and Part I of Form MA(BS)1H

Introduction

1. These completion instructions are applicable to the following 4 return forms: MA(BS)1, MA(BS)1A, MA(BS)1B and Part I of MA(BS)1H.
2. Section A gives instructions on the general reporting requirements. Section B explains the reporting requirements for each individual item in the return forms.

Section A : General Instructions

3. The general reporting requirements for the 4 forms are as follows:

Form	To be reported by	Coverage	Reporting frequency and submission deadline
MA(BS)1	All authorized Institutions	Positions of the HK offices	Monthly; not later than <u>14 days</u> (except Parts IX and X which may be submitted not later than 1 month) after the last day of each calendar month
MA(BS)1A	Overseas branches of locally incorporated institutions	Position of overseas branches in each country	Half yearly; not later than 1 month after 30 June and 31 December
MA(BS)1B	Locally incorporated institutions with overseas branches	Combined positions of the HK offices and overseas branches	Quarterly; not later than <u>1 month</u> after 31 March, 30 June, 30 September and 31 December
Part I of MA(BS)1H	Licensed banks incorporated in Hong Kong that have one or more subsidiaries which are banks.	Consolidated positions of the HK offices, overseas branches and ALL subsidiaries consolidated in published accounts	Quarterly; not later than <u>1 month</u> after 31 March, 30 June, 30 September and 31 December

If the submission deadline falls on a public holiday, it will be deferred to the next working day. Report the positions as at the last calendar day of each month/quarter.

4. Except where otherwise stated, book value should be used for reporting these returns. Report figures on an accrual basis and report the gross and not the net position. However, where the accrued interest has been credited to the interest in suspense account instead of the profit and loss account, it should be netted off against the corresponding accounts in suspense whether or not it has been capitalised. Total liabilities must equal total assets less provisions.
5. Institutions should apply consistent accounting policies in compiling the returns. Any change in accounting policies (i.e. different to those used in previous returns or the institution's most recent statutory accounts) should be notified to the Monetary Authority in writing.
6. Amounts should be shown to the nearest thousand in HK\$ or HK\$ equivalent in the case of foreign currency items. Transactions denominated in gold should be reported under the column of "other currencies". The closing middle market T/T rates should be used for conversion purposes.
7. For the purposes of these returns:
 - (i) "Authorized institutions" refer to institutions authorized under the Banking Ordinance and "authorized institutions in Hong Kong" refer to the Hong Kong office of authorized institutions.
 - (ii) "Banks" refer to institutions which are regarded by the appropriate supervisory authorities as banks in their place of incorporation, and the central bank of a country. "Banks outside Hong Kong" refer to the overseas offices of authorized institutions and banks which are not authorized institutions.
 - (iii) "Repo and Reverse Repo" refer to
 - (a) sale & repurchase agreement ("Repo")/Stock lending
 - (b) purchase & resale agreement ("Reverse Repo")/Stock borrowing

Report repo/reverse repo by economic substance approach. Detailed reporting instructions are provided in Annex 1.
 - (iv) Report securities transactions by trade date approach. The reporting treatments of unmatured purchases and unmatured sales are provided in Annex 2.
 - (v) Capital, reserves and profit/loss and general provisions should be reported in the base currency of the reporting institution or in the currency in which the capital is denominated. Specific and country risk provisions should be reported in the currency of the underlying assets against which the provisions are made.
 - (vi) The aggregate balance of the exchange position account (commonly known as "exchange equalisation account") should be reported in the base currency of the reporting institution. This refers to the balancing item which arises due to the need to translate the balance sheet into the base currency for reporting

purposes. Report as “other liabilities” in the case of a net credit balance and “other assets” in the case of a net debit balance under item 10.3 or 22.4 of MA(BS)1, item 8 or 18 of MA(BS)1A, item 10 or 21 of MA(BS)1B and item 11.4 or item 24.4 in Part I of MA(BS)1H, as the case may be.

- (vii) With the exception of securities transactions, all other unmatured spot or forward contracts are regarded as forward transactions (i.e. off- balance sheet items). Matured but unsettled spot or forward contracts are regarded as spot transactions (i.e. on-balance sheet items) except for FX margin trading arrangements where such contracts are also regarded as forward transactions.
8. For the purposes of Form MA(BS)1 and Part I of MA(BS)1H, two institutions are regarded as connected if one institution holds directly or indirectly 20% or more of the voting capital of another institution, or both institutions are members of the same group of companies (items 8.1 and 17.1 of MA(BS)1 and items 9.1, 9.3, 18.1 and 18.3 in Part I of MA(BS)1H).
9. For Form MA(BS)1, “overseas offices” refer, in the case of a locally incorporated institution, to its branches and representative offices outside Hong Kong and, in the case of an institution incorporated outside Hong Kong, to its head office and other branches and representative offices outside Hong Kong.
10. For items with maturity classifications, the remaining period to maturity as at reporting date should be used as the basis for reporting. The remaining period to maturity should be counted by reference to calendar days. Some examples are given in Annex 3.
11. Definition of residency:

An individual who has, or will have, resided in Hong Kong for over a consecutive period of one year. The individual’s residency in Hong Kong should be supported by his Hong Kong home address for the period of his residency. If the place and/or period of residency cannot be ascertained, the holding of Hong Kong Identity Card may be used as a proxy for residence.

A company has its place of operation (e.g. production of goods and/or provision of services) in Hong Kong for over a consecutive period of one year. The company’s operation in Hong Kong should be supported by its Hong Kong business address for the period of its residency. If the place of operation and/or the period of operation cannot be ascertained, the holding of Hong Kong business registration certificate and the business address appearing on the certificate may be used as a proxy for residence.

For address in Hong Kong, both temporary address and correspondence address should not be considered unless the residency cannot be ascertained by the reporting institution.

For negotiable debt instruments issued by the reporting institution, they should, to the extent possible, be allocated on the basis of the residency of the holder. Where this cannot be ascertained, the place of issue may be used as a proxy of residence.

12. As stipulated in our guidance note “Review on Impact of the New Hong Kong Accounting Standards on Authorized Institutions’ Capital Base and Regulatory Reporting” issued to all AIs on 12 April 2005, locally incorporated AIs and overseas-incorporated AIs whose head offices have chosen to adopt IFRS or comparable standards shall neglect any reference made thereto in this return on “interest in suspense’ and “country risk provision”.
13. Specific provisions or general provisions mentioned in this completion instruction should follow the definitions of specific provisions and collective provisions defined in section 2(1) of the Banking (Capital) Rules respectively. The categorisation of accounting provisions into specific provisions or general provisions follows the treatment adopted in MA(BS)3.
14. In reporting Part I of MA(BS)1H, authorized institutions should use the same scope of reporting as their published consolidated accounts.

Section B : Specific Instructions

Item Reference

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
I.	I.	I.	I.	LIABILITIES
-	-	1.	-	<u>Capital & reserves</u> This is the sum of paid-up capital, reserves and current profit/(loss) of the institution as a whole.
1.1	-	-	1.1	<u>Paid-up capital</u> Report all the paid-up share capital of the authorized institution at paid-up value ¹ . This includes ordinary and preference share capital.
1.2	-	-	1.2	<u>Reserves</u> Report all published reserves, including retained earnings, general reserves and revaluation reserves but exclude provisions however described. The amount to be included shall be net of any dividends paid or declared (i.e. on or before the reporting date) out of retained earnings. Accumulated losses, if any, should also be reported in this item. Subsequent changes of published reserves should be confirmed by auditors.
1.3	-	-	1.3	<u>Current profits/losses</u> Report any balance in the current year's profit and loss account (which should be the same as the amount reported in item 17 of the Return of Current Year's Profit & Loss Account [MA(BS)1C]) less any dividend which has been paid or declared (i.e. on or before the reporting date) out of the current year's profit or, in the case of an institution incorporated overseas, any amount which has been remitted back to the head office. Unaudited profit/loss of the previous year, net of dividends paid and declared, should also be reported in this item.

¹ This includes share premium accounts and capital redemption reserves which were previously included in reserves (item 1.2) before commencement of the new Hong Kong Companies Ordinance (Cap. 622) section 135 on 3 March 2014.

**Item
Reference**

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
-	-	-	2.	<u>Non-controlling interests</u> Report the amount of non-controlling interests under this item.
2.	-	2.	3.	<u>Qualifying capital instruments</u> This comprises other capital instruments accepted by the Monetary Authority for capital adequacy ratio purposes, e.g. perpetual subordinated debt and qualifying term subordinated debt. Report the book value of these instruments.
3.	-	3.	4.	<u>Other capital-type instruments</u> This comprises loan capital and capital instruments other than those qualifying capital instruments reported in item 2 of MA(BS)1, MA(BS)1B and item 3 in Part I of MA(BS)1H.
4.	-	4.	5.	<u>Notes in circulation</u> This comprises bank notes issued by the reporting institution.
-	1.	-	-	<u>Capital from head office</u> Report balances which are of a capital nature due to the head office in Hong Kong.
-	2.	-	-	<u>Statutory reserves</u> Report all statutory reserves required by local laws in the country where the reporting overseas branch is located.
5.	3.	5.	6.	<u>Due to Exchange Fund</u> Report balances due to the Exchange Fund. Where balances due to the Exchange Fund arise from repo transactions with the Hong Kong Monetary Authority for Discount Window purposes, they should be reported under item 7 of MA(BS)1 and M(BS)1B, item 5 of MA(BS)1A, and item 8 in Part I of MA(BS)1H.

**Item
Reference**

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
6.	4.	6.	7.	<u>Deposits from customers</u> Report all deposit liabilities (including balances denominated in gold) due to parties other than banks and other authorized institutions. Include deposits from the Hong Kong Government (e.g. The Treasury) but exclude deposits from the Exchange Fund, which should be reported under item 5 of MA(BS)1 and MA(BS)1B, item 3 of MA(BS)1A and item 6 in Part I of MA(BS)1H. Exclude negotiable debt instruments issued by the reporting institution. Exclude also cash margins which do not form part of the savings, current or other deposit accounts. “Cash margins” refers to cash collateral pledged by a customer for obtaining general banking facilities such as leveraged foreign exchange trading. Such amounts should be reported under item 10.3 of MA(BS)1, item 8 of MA(BS)1A, item 10 of MA(BS)1B and item 11.4 in Part I of MA(BS)1H. However, where the cash margins form part of the deposit accounts, they should be reported under this item. When reporting deposits with embedded derivative contract, the value of the deposit leg before adjusting the effect of fair value on the embedded derivative contract should be reported under this item, while the fair value of the embedded derivative contract should be reported as “other liabilities” in the case of losses arising from changes in fair value of derivatives and “other assets” in the case of gains arising from changes in fair value of derivatives under item 10.3 or 22.4 of MA(BS)1, item 8 or 18 of MA(BS)1A, item 10 or 21 of MA(BS)1B and item 11.4 or 24.4 in Part I of MA(BS)1H, as the case may be. The term “deposit” is defined in section 2 of the Banking Ordinance.
6.1	-	-	7.1	<u>Demand deposits and current accounts</u> Report all demand deposits and current accounts, analysing them into interest bearing and non-interest bearing, based on the product feature of the deposit accounts. Interest bearing deposits shall continue to be classified as such even though the prevailing interest rates offered on them fall to zero or the depositors are not entitled to receive interest

**Item
Reference**

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
				because the average balance of their deposits is below a minimum threshold specified by the reporting institution.
7.	5.	7.	8.	<u>Amount payable under repos</u> Report the amount payable to the counterparty under “repo” transactions.
8.	6.	8.	9.	<u>Due to banks</u> In MA(BS)1, 1A, 1B, and Part I of MA(BS)1H this includes interbank takings and borrowings from other authorized institutions in Hong Kong, banks abroad, and overseas head office and branches of the reporting institution. Negotiable debt instruments issued by the reporting institution should be reported in item 9 of MA(BS)1 and MA(BS)1B, item 7 of MA(BS)1A and item 10 in Part I of MA(BS)1H. In the case of an institution incorporated overseas, balances due to head office which are of a capital nature should be reported under item 8.3 of MA(BS)1.
9.	7.	9.	10.	<u>Negotiable debt instruments issued and outstanding</u> If the reporting institution’s own negotiable debt instruments are being repurchased, whether for trading or market making purposes, they should be netted off under this item.
9.1	7.1	9.1	10.1	<u>Negotiable certificates of deposit (NCDs)</u> This comprises all outstanding NCDs issued by the reporting institution. Report the issue, redemption, repurchase and sale of the reporting institution’s own NCDs in nominal value. The difference between the nominal value and the book value should be reported in item 10.3 or 22.4 of MA(BS)1, item 8 or 18 of MA(BS)1A, item 10 or 21 of MA(BS)1B and item 11.4 or 24.4 in Part I of MA(BS)1H as appropriate. These transactions

**Item
Reference**

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
				should also be reported under Memorandum items IV(a)1, IV(a)2, IV(a)3 and IV(a)4 of MA(BS)1 respectively.
9.2	7.2	9.2	10.2	<u>Other negotiable debt instrument</u> This refers to negotiable securities, other than shares, stocks or negotiable certificates of deposit, issued by the reporting institution. These include instruments such as promissory notes, bonds, bills, bankers' acceptances, etc.
10.	8.	10.	11.	<u>Other liabilities</u> Report all other liabilities of the reporting institution that have not been reported elsewhere. For MA(BS)1A only, the current year's profit/loss and any unremitted profit/loss of the reporting branch(es) should also be reported in this item.
10.1	-	-	11.1	<u>Accrued interest payable</u> Report all accrued interest payable.
10.2	-	-	11.2	<u>Suspense items</u> This comprises all credit balances not in customers' names but relating to customers' funds, e.g. accounts holding customers' funds awaiting investment, meeting acceptances or other payments. Exclude interest in suspense which has been netted off from the corresponding accounts.
-	-	-	11.3	<u>Insurance contract liabilities</u> <u>Report all insurance contract liabilities outstanding.</u>
10.3	-	-	11.4	<u>Others</u> Report all other liabilities of the reporting institution that have not been reported elsewhere including its net short positions of individual issues in Exchange Fund Bills and Notes, Hong Kong Government Bonds and other money and capital market instruments, i.e. netting between long and short position in different issues is not required.

**Item
Reference**

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
				Cash margins (which do not form any part of the savings, current or other deposit account) held by the reporting institution for the provision of credit facilities should be reported under this item. Include also the amount payable on unmatured spot and forward purchases of securities.
11.	9.	11.	12.	<u>Total liabilities</u> This is the total of items 1 to 10 of MA(BS)1, MA(BS)1B, items 1 to 8 of MA(BS)1A and items 1 to 11 in Part I of MA(BS)1H.
II.	II.	II.		ASSETS
12.	10.	12.	13.	<u>Cash</u> Report holdings of all notes and coins in any currency.
13.	-	13.	14.	<u>Government certificates of indebtedness for notes issued</u> Report holdings of Hong Kong Government certificates of indebtedness for bank notes issued.
14.	11.	14.	15.	<u>Due from Exchange Fund</u> Report all balances due from the Exchange Fund.
15.	12.	15.	16.	<u>Loans and advances to customers</u> Report all loans and advances to customers other than the Exchange Fund, banks and other authorized institutions in gross amount before provisions. Holdings of debt instruments which are not negotiable should be regarded as loans and advances. However, interest in suspense should be netted off against the corresponding loan accounts where the accrued interest has been capitalised.

**Item
Reference**

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
				Exclude holdings of negotiable bills accepted or payable by banks or non-banks which should be reported as negotiable debt instruments.
15.3	-	-	-	<u>Other loans for use in Hong Kong</u> A loan is regarded as for use in Hong Kong if it finances or has a direct impact on the economic activity of Hong Kong. This is usually determined by the place of business of the customer or by the place in which the loan is drawn.
15.5 & 15.6	-	-	-	<u>Other loans where the place of use is not known</u> Include in item 15.5 all other loans to a customer in Hong Kong which are not included in item 15.1 or 15.2 and the place of use is unknown; include in item 15.6 if the loans are made to a customer outside Hong Kong and the place of use is unknown.
-	-	-	16.1	<u>Loans and advances other than trade financing</u> Report loans for use in Hong Kong, loans for use outside Hong Kong and other loans where the place of use is not known in this item.
-	-	-	16.2	Trade financing should include loans and advances covering finance of imports to Hong Kong, exports and re-exports from Hong Kong and merchandising trade.
15.7	-	-	16.3	<u>Total loans and advances to customers</u> All loans, with the exception of overdrafts, are to be classified according to their residual maturity. For MA(BS)1, loans to the extent of the amount which is actually overdue should be reported under item 15.7b. Institutions should note that the instructions for reporting overdue loans in the Return of Loans and Advances and Provisions [MA(BS)2A] and in the Return on Liquidity Monitoring Tools [MA(BS)23] are not the same as those mentioned above.

**Item
Reference**

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
16.	13.	16.	17.	<u>Amount receivable under reverse repos</u> Report the amount receivable from the counterparty under “reverse repo” transactions.
17.	14.	17.	18.	<u>Due from banks</u> Report all placements with and advances to authorized institutions in Hong Kong, banks abroad and overseas head office and branches of the reporting institution but exclude holdings of negotiable certificates of deposit and other negotiable debt instruments issued by these parties. For locally incorporated institutions, balances due from overseas offices which are of a capital nature (i.e. capital injection) should be reported under item 17.3 of MA(BS)1. Holdings of export trade bills accepted and payable by banks should be reported in item 19.2 of MA(BS)1, item 15.2 of MA(BS)1A, item 18.2 of MA(BS)1B and item 20.2 in Part I of MA(BS)1H.
18.	15.1	18.1	19.	<u>Negotiable certificates of deposit (NCDs) held</u> Report all holdings of NCDs issued by authorized institutions in Hong Kong and banks abroad. Such holdings are to be reported in nominal values. The difference between the nominal value and the book value should be reported in item 10.3 or 22.4 of MA(BS)1, item 8 or 18 of MA(BS)1A, item 10 or 21 of MA(BS)1B and item 11.4 or 24.4 of Part I of MA(BS)1H as appropriate. NCDs issued by non-banks are regarded as other debt instruments.
19.	15.2	18.2	20.	<u>All negotiable debt instruments held, other than NCDs</u> Report holdings of all other negotiable debt instruments (such as floating rate notes, acceptances, bills of exchange, commercial paper, government debt securities and other negotiable debt instruments), other than NCDs, issued by authorized institutions, banks abroad, non-bank institutions in and outside Hong Kong and

**Item
Reference**

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
				governments.
19.2	-	-	20.2	<u>Acceptances and bills of exchange held</u> Report all acceptances and bills of exchange held (i.e. excluding those held as collateral for a loan and advance) by the reporting institution. Bills under own acceptances which have been discounted by the reporting institution itself should be reported as loans to customers on whose behalf the acceptances have been committed.
19.3	-	-	20.3	<u>Commercial papers held</u> Commercial paper is defined as a general debt obligation in the form of a promissory bearer note issued at a discount or interest-bearing basis by non-bank institutions. Its term to maturity is usually very short ranging from 30 to 90 days.
19.4	-	-	20.4	<u>Government bills, notes and bonds</u> Report all net long positions of individual issues in bills, notes and bonds issued by central and local governments including the Exchange Fund, i.e. netting between long and short position in different issues is not required.
19.5	-	-	20.5	<u>Other debt instruments held</u> Report all holdings of negotiable debt instruments not included elsewhere, e.g. corporate bonds, convertible loan stocks etc.
20.1	16.1	19.1	21.1	<u>Investments in shareholdings</u> Report all holdings of share capital of any other company owned (i.e. excluding those held as collateral for a loan or advance) by the reporting institution. This also includes the holdings of capital instruments (e.g. perpetual subordinated debts) and unit trusts which are established specifically for investments in shares.
-	-	-	21.2	<u>Investments in associates and joint ventures</u>

**Item
Reference**

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
				Report all investments in associates and joint ventures which are accounted for using equity method.
20.2	16.2	19.2	21.3	<u>Other investments</u> Report all other investments not included elsewhere. This includes gold, debentures and other securities.
21.	17.	20.	22.	<u>Interests in land and buildings</u> Report bank premises (including those for providing housing or amenities for staff of the reporting institution) and other interests in land and buildings, net of depreciation, owned by the reporting institution.
-	-	-	23.	<u>Goodwill and intangible assets</u> Report goodwill arising from business combination and other intangible assets.
22.	18.	21.	24.	<u>Other assets</u> Report all other assets of the reporting institution not included elsewhere.
22.1	-	-	24.1	<u>Accrued interest receivable</u> Report all accrued interest receivables. Exclude accrued interest which has not been recognised in the profit and loss account but credited as interest in suspense.
22.2	-	-	24.2	<u>Fixed assets</u> This comprises plant and equipment, vehicles, vessels, furniture and fixtures and other fixed assets. The fixed assets should be reported net of depreciation.
22.3	-	-	24.3	<u>Suspense items</u> This comprises all debit balances not in customers' names but relating to customers' funds, e.g. debit balances awaiting transfer to customers' accounts.

**Item
Reference**

Item

Form				
MA(BS)1	MA(BS)1A	MA(BS)1B	Part I MA(BS)1H	
22.4	-	-	24.4	<u>Others</u> Report all other assets not included elsewhere. Include also the amounts receivable on unmatured spot and forward sales of securities.
23.	19.	22.	25.	<u>Total assets</u> This is the total of all entries under items 12 to 22 of MA(BS)1, items 10 to 18 of MA(BS)1A, items 12 to 21 of MA(BS)1B and items 13 to 24 in Part I of MA(BS)1H.
24.	20.	23.	26.	<u>Less: Provisions</u> Report the provisions set aside for on- and off-balance sheet exposures. Provisions for expenditures, such as provision for taxation, retirement benefits, etc should be reported as other liabilities. General provisions should be reported in the base currency of the reporting institution and other provisions should be reported in the currency of the underlying assets. For MA(BS)1, the amount reported should agree with the amount reported in Part II — item 3 of the Return of Current Year's Profit & Loss Account [MA(BS)1C].
25.	21.	24.	27.	<u>Total assets less provisions</u> This is the net amount of total assets less provisions and should equal to the amount of total liabilities reported under item 11 of MA(BS)1 and MA(BS)1B, item 9 of MA(BS)1A and Part I item 12 of MA(BS)1H.

For MA(BS)1 only

<u>Item Reference</u>	<u>Item</u>
III – X	Memorandum items
III.	Foreign currency swap and HK\$ customer deposits
(a)	<u>Foreign currency swap deposits from customers</u> For the purpose of this return, a foreign currency swap deposit is defined as any deposit from a customer involving the customer buying at spot a foreign currency against Hong Kong dollars, placing the foreign currency proceeds on deposit and at the same time entering into a forward contract to sell on the maturity of the deposit such foreign currency (principal plus interest) for Hong Kong dollars.
(a)1	Includes foreign currency swap deposits booked locally which have been reported as foreign currency deposits in item 6 of Part I.
(a)2	Includes foreign currency swap deposits booked offshore which have not been reported under item (a)1 above and item 6 of Part I of the Return.
(b)	<u>Hong Kong dollar customer deposits booked offshore</u> It refers to Hong Kong dollar customer deposits arranged by the institution for offshore booking. (These deposits are not reported in item 6 of Part I)
IV.	Changes in liability and holding of NCDs (these changes are to be reported in nominal values)
(b)1	<u>Purchases by the institution in the primary market</u> Primary market refers to the market for the initial placing of NCDs with banks or authorized institutions by the group organised to handle the issue.
(b)2/(b)3	<u>Purchases/sales by the institution in the secondary market</u> Secondary market refers to the market for the sale and purchase of NCDs after the initial issue in the primary market. Purchases/sales should be reported by reference to the place where the deal is traded and not to where the NCDs are issued.

Item

<u>Reference</u>	<u>Item</u>
-------------------------	--------------------

V.	Value of securities
-----------	----------------------------

NCDs are to be reported in nominal value while other securities are to be reported at book value.

(a)	<u>Securities sold under repo agreements</u>
-----	--

Report the value of securities sold under repo agreements that have been reported under the relevant items in Part II. This does not include repo transactions where all the risks and rewards of ownership are substantially transferred to the buyer and which are regarded as outright sales (see Annex 1 (iii) for the reporting treatment of such transactions).

(b)	<u>Unmatured purchases of securities</u>
-----	--

Report the value of unmaturred spot and forward purchases of securities that have been reported under the relevant items in Part II.

(c)	<u>Securities acquired under reverse repo agreements</u>
-----	--

Report the value of securities acquired under reverse repo agreements. This does not include reverse repo transactions where the reporting institution has substantially taken up all the risks and rewards of ownership from the seller and which are regarded as outright purchases (see Annex 1(iv) for the reporting treatment of such transactions).

(d)	<u>Unmatured sales of securities</u>
-----	--------------------------------------

Report the value of unmaturred spot and forward sales of securities that have been excluded from the relevant items in Part II.

VI.	Market makers' short position
------------	--------------------------------------

Only authorized institutions that are Market Makers of Exchange Fund Bills/Notes need to report this part. Report the value of net short positions in individual issues of Exchange Fund Bills & Notes, i.e. no netting between long and short position in different issues is required. The short positions in MTRC notes should be excluded.

(Parts VII and VIII are for completion by institutions incorporated overseas only. Definitions for individual items in these Parts can be found in section 2 of the Banking (Capital) Rules (“BCR”).)

Item

Reference Item

Exposures in both the banking book and the trading book should be reported in Parts VII and VIII.

VII. Residential mortgages

(a) Residential mortgage loans

Please refer to the definition of “residential mortgage loan” in section 2(1) of BCR.

(b) Securities backed by, or participations in, residential mortgages

Report all residential mortgage-backed securities and participation in a pool of residential mortgages.

VIII. Off-balance sheet exposures

(a) Direct credit substitutes

Please refer to the definition of “direct credit substitute” in section 2(1) of BCR.

(b) Transaction-related contingent items

Please refer to the definition of “transaction-related contingency” in section 2(1) of BCR.

(c) Trade-related contingent items

Please refer to the definition of “trade-related contingency” in section 2(1) of BCR.

(d) Sale and repurchase agreements; asset sales or other transactions with recourse; forward asset purchases; amount owing on partly paid shares and securities; and forward forward deposits placed

Please refer to the definitions of “repo-style transaction”, “asset sale with recourse”, “forward asset purchase”, “partly paid-up shares and securities” and “forward forward deposits placed” in section 2(1) of BCR. Repo agreements involving securities should be reported by adopting “economic substance approach” as set out in Annex 1.

**Item
Reference**

Item

(e) Note issuance and revolving underwriting facilities

Please refer to the definition of “note issuance and revolving underwriting facilities” in section 2(1) of BCR.

(f) Other commitments

Other commitments include the undrawn portion of any binding arrangements which obligate the reporting institution to provide funds at some future date. Commitments with an original maturity of less than 1 year, or which can be unconditionally cancelled at any time - other than where the only reason for cancellation is “force majeure” – should be reported under item (f)1. This also includes any revolving or undated / open-ended commitments, e.g. overdrafts or unused credit card lines, providing that they can be unconditionally cancelled at any time and subject to credit review at least annually. Commitments with an original maturity of 1 year and over should be reported in item (f)2.

Original maturity is defined as the period between the date on which the reporting institution enters into the commitment and the earliest date on which the institution can, at its option, unconditionally cancel the commitment.

For the following items (g) to (k), report the notional principal of each contract.

(g) Exchange rate and gold contracts

Please refer to the definition of “exchange rate contract” in section 2(1) of BCR.

(h) Interest rate contracts

Please refer to the definition of “interest rate contract” in section 2(1) of BCR. The commitment to accept forward deposits should be included in this item.

(i) Equity contracts

Please refer to the definition of “equity contract” in section 2(1) of BCR.

For items (j) and (k)

Please refer to the definition of “commodity” in section 2(1) of BCR when reporting items (j) and (k).

(j) Precious metal other than gold contracts

Please refer to definition of “precious metal contract” in section 2(1) of BCR.

**Item
Reference**

Item

(k) Commodities other than precious metals and gold contracts

Please refer to the definition of “other commodity contract” in section 2(1) of BCR.

IX. Breakdown of liabilities to and claims on banks and non-banks outside Hong Kong

Report the liabilities to and claims on banks and non-banks to Mainland China, Japan, the United States, the United Kingdom and all other countries (including international organisations) in accordance with the completion instructions of the Return of International Banking Statistics – Locational Banking Statistics (MA(BS)21A Part I).

Other currencies refer to currencies other than Hong Kong dollar and US dollar.

International organisations listed in Annex 2 of the completion instructions of MA(BS)21 are classified under “non-bank customers” in Part IX. The list of international organisations may be updated from time to time. Please refer to the BIS website (www.bis.org) for an updated list. This classification is only for purposes of Part IX.

Reporting institutions do not need to submit the information under Part IX for positions as at the end of March, June, September and December as the information will be included in MA(BS)21A Part I.

X. Breakdown of liability and asset items by residency

The sum of Hong Kong residents and non-Hong Kong residents of each item should reconcile with the amount reported under the relevant item in Part I or II of this return.

Reporting treatments of repo/reverse repo

- (i) Securities that have been sold under a repo agreement with a commitment to repurchase at a pre-determined price

	<u>On-balance sheet item</u>	<u>Off-balance sheet item</u>
Repo/ stock lending	The relevant asset which has been sold/lent should remain as an asset item. Cash received on the transaction is regarded as collateralised deposit and should be reported under items 7, 5, 7 and 8 of Part I of MA(BS)1, MA(BS)1A, MA(BS)1B and Part I of MA(BS)1H respectively. If the collateral received is not cash, it should not be reported on the balance sheet. No liability to the counterparty should be reported.	No need to report

- (ii) Securities that have been purchased under a reverse repo agreement with a commitment to sell back at a pre-determined price

	<u>On-balance sheet item</u>	<u>Off-balance sheet item</u>
Reverse repo/ stock borrowing	The relevant asset which has been purchased/borrowed should not be reported as an asset item. Cash given on the transaction is regarded as a collateralised loan to the counterparty and should be reported under items 16, 13, 16 and 17 of Part II of MA(BS)1, MA(BS)1A, MA(BS)1B and Part I of MA(BS)1H respectively. If the collateral given is not cash, it should continue be reported on the balance sheet. No exposure to the counterparty should be reported.	No need to report

- (iii) Securities that have been sold under a repo agreement under which all the risks and rewards of ownership have been transferred substantially to the buyer

	<u>On-balance sheet item</u>	<u>Off-balance sheet item</u>
Repo (regarded as outright sales)	The relevant asset that has been sold should no longer be treated as an asset item.	Where the commitment to repurchase has no pre-determined price, it should be reported at fair value (i.e. current market value) on the reporting date. For institutions incorporated outside Hong Kong, such a transaction should be reported in item (d) of Part VIII of MA(BS)1. For locally incorporated institutions, such a transaction should be reported in item 4 under Division B of Part III(a) or III(b) of MA(BS)3 for AIs adopting Basic or Standardized approach; and item 4 under Division D of Part III(c) of MA(BS)3 for AIs adopting IRB approach.

- (iv) Securities that have been purchased under a reverse repo agreement under which the reporting institution has substantially taken up all the risks and rewards of ownership from the seller

	<u>On-balance sheet item</u>	<u>Off-balance sheet item</u>
Reverse Repo (regarded as outright purchases)	The relevant asset that has been purchased should be reported as an asset item.	No need to report

Reporting treatments of unmatured securities transactions

	<u>On-balance sheet item</u>	<u>Off-balance sheet item</u>
Unmatured purchases of securities	Unmatured spot and forward purchases of securities are included on the balance sheet from the day of trade. The corresponding liability to the counterparty should be reported under items 10.3, 8, 10 and 11.4 of Part I of MA(BS)1, MA(BS)1A, MA(BS)1B and Part I of MA(BS)1H respectively.	No need to report
Unmatured sales of securities	Unmatured spot and forward sales of securities are excluded from the balance sheet from the day of trade. The corresponding receivable due from the counterparty should be reported under items 22.4, 18, 21 and 24.4 of Part II of MA(BS)1, MA(BS)1A, MA(BS)1B and Part I of MA(BS)1H respectively.	No need to report

Annex 3

Reporting Date	Money at call	Repayable or callable within 7 days	Repayable or callable within 1 month	Between 8 days and 1 month	Between 1 and 3 months	Later than 3 months
	Maturity dates					
31 January	1 February	1 - 7 February	1 - 28 (29*) February	8 - 28 (29*) February	1 March - 30 April	1 May onwards
28 (29*) February	1 March	1 - 7 March	1 - 28 (29*) March	8 - 28 (29*) March	29 (30*) March - 28(29) May	29 (30*) May onward
30 April	1 May	1 - 7 May	1 - 30 May	8 - 30 May	31 May - 30 July	31 July onwards

(* where February has 29 days)