

# **Instructions for reporting of balance statistics for monetary financial institutions (MFI) and for lending statistics for housing credit institutions and alternative investment funds engaged in lending (UBA)**

Applicable as of the reporting for September 2019<sup>1</sup>

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<sup>1</sup> For housing credit institutions and alternative investment funds, applicable as of the reporting for December 2018 in January 2019.

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## 1. Introduction

The following instructions apply to the survey *Balance statistics for monetary financial institutions (MFI-form version 31)* from the reporting for September 2019 and onwards. Respondents include banks, housing credit institutions and financial corporations in Sweden and their foreign branches.

The survey is a total population survey of sector S.122 'Monetary financial institutions' according to the European national accounts system ENS. It is collected through the reporting of a special balance sheet referred to as the MFI form. The survey is conducted by Statistics Sweden on behalf of the Riksbank.

Parts of the instruction also apply to the reporting of the survey *Lending statistics for housing credit institutions and alternative investment funds engaged in lending (UBA-form version 1B)*, starting from the reference period December 2018. Respondents include housing credit institutions and managers of alternative investment funds that manage funds whose assets chiefly comprise loans to Swedish households and non-financial corporations. The survey *Lending statistics for housing credit institutions and alternative investment funds engaged in lending* is a reduced version of *Balance statistics for monetary financial institutions* that has been adapted to the activities of housing credit institutions and fund managers. However, the definitions for the variables collected are the same as for monetary financial institutions. See section 8 for more information about what housing credit institutions and alternative investment funds report.

General instructions regarding the data requested in the surveys are provided in the Riksbank's regulations and general guidelines (RBFS 2018:1) on the reporting by institutions of financial market statistics. The following instructions provide complementary instructions, intended as support for respondents.

These instructions, the Riksbank's regulations, forms and other supporting documents are available at Statistics Sweden's respondent page at the address [www.scb.se/mfi](http://www.scb.se/mfi).

### 1.1 Legal basis and obligation to provide information

The obligation to provide information is based on Chapter 6, Article 9 and 1<sup>st</sup> paragraph of the Sveriges Riksbank Act (1988:1385).

### 1.2 Reporting population

All monetary financial institutions in Sweden, except the Riksbank and money market funds, are obliged to provide information according to Chapter 1, Article 5, 1<sup>st</sup> paragraph of the Riksbank's Statue Book (RBFS

2018:1).<sup>2</sup> Institutions that report their securities holdings pursuant to the Riksbank's regulations on the reporting of holdings of securities (VINN) are not obliged to report detailed securities information in the MFI according to Chapter 1, Article 7 of the Riksbank's Statute Book (RBFS 2018:1).

Housing credit institutions and managers of alternative investment funds that manage funds whose assets chiefly comprise loans to Swedish households and non-financial corporations are obliged to provide information according to Chapter 1, Article 26, 1<sup>st</sup> and 2<sup>nd</sup> paragraph of the Riksbank's Statute Book (RBFS 2018:1). Managers of alternative investment funds submit one report per fund.

### **1.3 Use**

The data from the surveys are used in the Riksbank's financial market statistics, in the quarterly financial accounts, in Statistics Sweden's publication in the Statistical Database and in reports to the ECB, the BIS, the OECD and the IMF.

The data are also used by the Riksbank for statistical purposes. The Swedish Financial Supervisory Authority and the Riksbank may also use the data for oversight and supervision of the financial markets in accordance with Act (2014:484) on a Database for the Oversight and Supervision of the Financial Markets.

### **1.4 Reporting method**

Reports shall be submitted to Statistics Sweden in electronic form.

The current MFI form is obtained from Statistics Sweden's respondent page [www.scb.se/mfi](http://www.scb.se/mfi). The current UBA form is obtained from Statistics Sweden's respondent page [www.scb.se/uba](http://www.scb.se/uba). Form and instructions are available in both Swedish and English. A version of the form with linked cells of the totals and a version with variable codes are also available.

The respondent completes the form and submits it via Statistics Sweden's web portal, which can be reached under the heading 'Lämna uppgifter' and the wording 'Logga in' on the respondent page [www.scb.se/mfi](http://www.scb.se/mfi) or [www.scb.se/uba](http://www.scb.se/uba). In case of any inquiries contact [fmr@scb.se](mailto:fmr@scb.se).

### **1.5 Requirement to report statistics**

The survey is aimed at MFI (legal entities or branches) in Sweden. Housing credit institutions and managers of alternative investment funds are to submit a reduced version of the survey. The following reports are requested:

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<sup>2</sup> Statistics are also collected for the Riksbank and for money market funds, but using other forms.

- An MFI, in the form of a legal entity or a branch in Sweden, shall submit a form regarding the institution's assets and liabilities, including any branches abroad.
- An MFI, in the form of a legal entity in Sweden that has branches abroad, shall also submit a joint consolidated branch form for the assets and liabilities of the branches.
- A housing credit institution or manager of an alternative investment fund, in the form of a legal entity or a branch in Sweden, shall submit a reduced form referring to the institution's lending to Swedish non-financial corporations and households, purchased and sold loans, the administration of loans and revaluations of loans, including any branches abroad. Managers of alternative investment funds are to submit one form per fund.
- A housing credit institution or manager of an alternative investment fund, in the form of legal entity in Sweden that has branches abroad, shall submit a consolidated branch form on the branches' lending to Swedish non-financial corporations and households, purchased and sold loans, the administration of loans and revaluations of loans. Foreign branches to managers of alternative investment funds are to submit one form per fund.

The forms are to be received by Statistics Sweden no later than the ninth banking day after the end of the reporting period in question.

The data submitted are to be stored for at least two years from the end of the reporting period to which the data refer. It must be possible to submit corrections of previously submitted data for up to two years back in time in accordance with Riksbank's Statue Book (RBFS 2018:1).

Example: In October 2019, revisions dating back to October 2017 may be requested. However, it will not be possible to request revisions for earlier periods than that.

## **1.6 General methods and definitions**

This section describes general methods and definitions that are common to several parts of the MFI form.

The MFI form include a special balance sheet with different sections (tabs). The balance sheet is special both in that it contains a breakdown by currency and in that certain deviations are made from general accounting principles. The deviations to be made are described in each section. For this reason, the reported value on the MFI form is not required to correspond exactly to the 'book value' in the internal and external accounts.

### **1.6.1 Unit**

Items are reported in SEK thousands.

The following exception applies to the following data, which are to be reported in units:

- Number of debit and/or credit cards (Spec T3 Credit card credit);
- Number of deposit and borrowing accounts (Spec S1 Transferable deposits).

#### **1.6.2 Reporting currency**

Items are reported in SEK (see also 1.6.1 about unit). The rate to be used is the closing rate on the balance sheet date.

#### **1.6.3 Reporting frequency**

The reporting of the MFI form shall be made monthly with the exception of institutions that have been assigned quarterly or annual reporting according to Chapter 1, Article 5, 2<sup>nd</sup> paragraph of the Riksbank's Statute Book (RBFS 2018:1).

The reporting of the UBA form shall be made monthly with the exception of institutions that have been assigned quarterly or annual reporting according to Chapter 1, Article 26, 3<sup>rd</sup> paragraph of the Riksbank's Statute Book (RBFS 2018:1).

#### **1.6.4 Reporting period**

The reporting period for balance sheet values refers to data at the end of every month, quarter or year, depending on the reporting frequency assigned to the respondent.

The reporting period for revaluations, purchased and sold loans, new loans of housing credit institutions and certain leasing items refers to flows in the month, quarter and year, respectively, depending on the reporting frequency assigned to the respondent.

#### **1.6.5 Parent and head office**

According to Article 4, in the Riksbank's Code of Statutes (RBFS 2018:1) the legal entity is defined in two parts as follows:

- Head office, the legal entity's Swedish part of the business
- Foreign branch, Swedish legal entities' branches located abroad

Head office also include a foreign legal entity's branch located in Sweden. This means that when the term *head office* is used, it means the Swedish part of the legal entity, that is, the parent minus the branch plus any balances between the head office and the branch.

The term *parent* is used to describe the legal entity including foreign branches.

For foreign branches in Sweden, the term of the parent and head office is equalized.

### 1.6.6. Structure of the form

The MFI form contains a number of tabs where assets and liabilities are to be reported with various breakdowns. The tab 'Innehåll' (Contents) provides an overview of the various tabs.

#### *Controls*

In tab 'Kontroller' (Controls), you can see whether there are inconsistencies in the form or if something in the form seems implausible. A number of checks are made, both within and between tabs, to ensure that the form summarises the various parts correctly. If a control shows that a total figure is wrong, the error must be corrected before the form is submitted. The plausibility controls are phrased as questions, such as 'repurchase agreements against households?' The fact that a plausibility check indicates that something is implausible does not necessarily mean that there is a reporting error; there may be a reason why the value deviates from the expected.

By clicking on the file name for verification, you arrive in the tab where the check indicates an error. By double clicking on a cell with an incorrect total figure, you can see which cells have been summarised to produce the total figure.

#### *Checking negative values*

At the end of the form is a tab called Summary. It contains all values on the form. This is where you can check negative balance sheet values by copying the entire worksheet into a new document and sorting the values, from the lowest to the highest. Normally there should not be any negative stocks, but there are some exceptions. Revaluations often have negative values. Negative values are also possible in Profit or loss brought forward, Accrued result and Account adjustments (Spec T7 and Spec S3). Accrued interest (Spec S4 and T8) may also have negative values.

#### *Head office-branch consistency check*

For institutions with branches abroad, an aggregated report for the branches is collected. For certain statistics deliveries compiled by Statistics Sweden, a Swedish part/ head office is calculated as the parent values minus the branches' values, plus any balances between the head offices and the branches. The branches should generally not have higher values than the parent. This is verified as follows:

- Go to the Summary tab, which is located at the end of the form. Copy the Value column from the branch report and paste it next to the Value column for the parent report.
- Then calculate the difference between the parent and the branches for all variables, looking up any negative values by

using a filter (place the cursor in one of the completed columns and choose the menu Data/Filter/Autofilter in Excel), or by sorting on the Diff column. Remember that revaluations may be greater for branches than for the parent; the verification is only meant to work for balance sheet values.

- As long and short positions in a single security can be reported net in accordance with the accounting rules, a branch may in some cases have a greater securities holding or short position than the parent.

For example, if the head office has a short position in a SEK 60 million security while the branch has a long position of SEK 60 million, and these are offset for the parent, the parent report will not recognise an asset or a liability, while the branch reports a holding of SEK 60 million, which is then greater than the value reported by the parent.

### **1.6.7 Negative balances**

Negative balances in the deposit and lending accounts will be moved on the form from deposits (liabilities) to lending (assets) and vice versa. This should apply to all individual accounts with negative balances.

Negative balances in demand deposit accounts are listed as assets under the transaction account item with credit and revolving loans. Similarly, negative balances in lending accounts is to be moved to a corresponding item under deposits on the liability side.

The same applies to nostro accounts (usually between two banks), where a balance that entails a receivable (nostro) is to be reported as lending, while a balance that entails a liability (vostro) is to be reported as borrowing.

Lending and Deposits and borrowing are to be reported at nominal value. Differences arising due to this provision are to be reported under Account adjustments in Other assets if they refer to the asset side and Other liabilities if they refer to the liability side.

### **1.6.8 Valuation of lending, deposits and borrowing**

Lending, deposits and borrowing are to be reported at the nominal value, which is a deviation from Financial Supervisory Authority regulations and general guidelines (FFFS 2008:25) regarding the annual accounts of credit institutions and investment companies.

Nominal value is the sum that a debtor has a contractual liability to repay the creditor. The amount includes upcoming and overdue amortisations and overdue interest payments and fees.<sup>3</sup> The fact that

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<sup>3</sup> With regard to amortisations, it should be noted that an upcoming or overdue amortisation does not as such increase the nominal amount. If the borrower owes SEK 100 thousand and should amortise SEK 20 thousand according to the agreement but does not do so, the nominal amount will remain SEK

overdue interest payments on lending are to be reported under lending and must not be reported under Other assets is a deviation from FFFS 2008:25.

The nominal amount is to be reported before any write-downs (provisions for doubtful receivables) and provisions for transfer risks or changes in fair value due to credit risk. However, accrued interest is not included, and the amount is to be reported after deduction for depreciation, i.e. actual loan losses.

The difference between the nominal value and the book value that may arise for lending and borrowing, and that cannot be reported under another item (which is the case for accrued interest and provisions) is to be reported in Other assets, Account adjustments if they refer to the asset side, or Other liabilities, Account adjustments if they refer to the liability side. The items Account adjustments are further explained in Section 8, Spec S3 – Other liabilities.

Lending, deposits and borrowing here does **not** include issuance of negotiable or transferable securities, i.e. the specifications referred to T3 and S1 and corresponding specifications. Subordinated liabilities in the form of loans are to be reported as deposits and borrowing.

#### **1.6.9 Accrued interest**

Accrued interest is to be reported under Prepaid expensed and accrued income (Spec T8) or Accrued expenses and deferred income (Spec S4). Accrued interest should not be reported together with the main instrument, which is a deviation from FFFS 2008:25.

## **2. Classification of different balance sheet items**

### **2.1 Criteria for classifications**

In the classification of balance sheet items, the instructions provided in RBFS 2018:1 and its references to FFFS 2008:25 apply. Please note that for reporting the MFI-form, the provisions regarding Deviations from the balance sheet layout according to FFFS (2008:25), Chapter 3, Article 2 and the Act on Annual Reports for Credit Institutes and Securities Companies (1995:1559), Chapter 3, Article 1, 2<sup>nd</sup> paragraph.

The criteria for how an instrument is classified in the MFI survey depend on the instrument's characteristics. The purpose of a holding, i.e. whether the instrument is held in the short term or long term, is not relevant to the report. For example, a fixed interest security is not to be

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100 thousand, even if overdue interest payments or late payment fees may be added, thus increasing the nominal amount.

classified as lending even if the purpose is to keep the security until maturity.

According to FFFS 2008:25 (appendix 1, Article 4, 5 and 6) the primary criteria for the demarcation between fixed-interest securities and lending is whether the receivable is negotiable and/or transferable. Investments that correspond to promissory notes are generally reported under bonds and fixed-interest securities, while IOUs are generally reported under one of the lending items.

## **2.2 Gross and net reporting**

Receivables and liabilities are to be reported in gross terms (with an exception for short and long positions in a single security, see below). This means that the opportunity for netting (offsetting) according to the International Accounting Standard (IAS) 32, items 42–50, cannot be applied in the MFI report. The rules for hedge accounting also apply to the statistics reporting and the repurchase of own issued securities shall, like in the accounts, be deducted from the liability item.

The following should be particularly noted:

- Lending and deposits are to be reported in gross terms. This also applies to repurchase agreements, i.e. a repurchase agreement and a reverse repurchase agreement with the same counterparty and/or underlying security must not be offset.
- Derivatives on the asset side and the liability side cannot be offset, even if there is a legal right to offset.

Short and long positions in a single security may however be exempt from the requirement to report in gross terms. This exemption applies if there is a legal right to offset the asset and the liability according to the accounting rules, and the holder intends to settle the positions with a net amount, or realise the asset and settle the debt at the same time. This means that for head office reports, short and long positions in securities may be treated in the same manner in the MFI report as in the accounting. In the branch reports, the branches are to be regarded together as a separate institution. In other words, long and short positions held by branches are to be offset in the branch report, but without any consideration for positions held by the head office.

### **Example 1:**

The respondent holds derivatives with a positive market value of SEK 80 million and derivatives with a negative market value of SEK 30 million, with the same counterparty. There is a legal right to offset, and the respondent intends to realise the asset and settle the debt at the same time. Consequently, an asset of SEK 50 million is to be reported as an asset in the accounts, but no liabilities. However, in the MFI report,

this shall be reported as SEK 80 million in assets and SEK 30 million in liabilities.

**Example 2:**

The respondent has a long position of SEK 100 million in share A, valued at fair value, and a short position in share A, valued at a fair value of SEK 40 million. In the accounts, the respondent treats this as a SEK 60 million holding in share A. The same figure may be used in the MFI report.

**Example 3:**

If the head office has a short position of SEK 60 million in share B while the branch has a long position of SEK 60 million in share B, and these are offset for the parent, the parent's report will not include an asset nor a liability, while the branch report will report a holding (a long position) of SEK 60 million.

### **3. Breakdown by counterparty**

#### **3.1 Households**

For households (natural persons), a person who is registered as living in Sweden is to be counted as Swedish. For natural persons who are not registered in Sweden, their domicile is determined by the person's address abroad.

In the form, the term 'Household' refers to entrepreneurial households and other households. This distinction is specified for Swedish households. In Sweden, sole proprietorships/independent business activities and basic companies (where the participants are not legal entities) are regarded as entrepreneurial households, which are also included in Statistics Sweden's Business Register. Partnerships, limited partnerships and limited companies, on the other hand, are regarded as corporations (financial or non-financial). Other Swedish households include persons who are not considered to be an entrepreneurial household and are registered in Sweden. Their personal identity numbers are not included in the Business Register.

#### **3.2 Corporations**

For corporations (legal entities), the main rule is that the domicile of the corporation is determined depending on where the legal entity has unlimited tax liability. However, branches are always considered to be domiciled in the host country, i.e. the country in which the branch is established. The domicile is not affected by the legal entity being wholly or partly exempt from tax liability (such as the government, municipalities and certain foundations). For investment funds and alternative investment funds, the fund's – not the fund manager's – country of registration determines the domicile.

Foreign branches of Swedish corporations are classified as foreign counterparties.

For the country classification of international organisations, see Section 3.8.

### **3.3 Sectors in Sweden**

For determining the sector classification of Swedish counterparties, Statistics Sweden's Business Register can be used at no cost by respondents. For access to the register data, contact Statistics Sweden by calling +46 19 479 65 80 or emailing [scbforetag@scb.se](mailto:scbforetag@scb.se).

Different sectors are described in Statistics Sweden's Statistics Standard Classification by Institutional Sector 2014 (MIS 2014:1). The Riksbank provides a list of monetary financial institutions. The list is available on MFI:s respondent page, [www.scb.se/mfi](http://www.scb.se/mfi).

It should be noted that the Seventh Swedish National Pension Fund (Sjunde AP-fonden) is classified in the sector Financial auxiliaries [126100] while the other general pension funds (AP-funds) belong to the Social insurance funds sector [131400]. The Swedish Pensions Agency also belongs to the sector Social insurance funds.

The bracketed numbers accompanying the sectors are from the Statistics Sweden Business Register.

#### **Swedish MFIs**

- Sveriges Riksbank (The Swedish central bank) [121000]
- Banks (except the central bank) [122100]
- Foreign banks' branches in Sweden [122200]
- Housing credit institutions [122300]
- Other monetary credit market corporations [122400]
- Money market funds [123000]
- Monetary security and derivative dealers [122500]
- Other monetary financial institutions [122900]

#### **Swedish non-MFIs**

Public sector:

- Swedish National Debt Office [131120]
- Swedish local governments:
  - a. Municipalities (Primary local government) [131311, 131312, 131313]
  - b. County Council (Secondary local government) [131321, 131322, 131323]
- Social security funds [131400]
- Central government excluding the Swedish National Debt Office [131110, 131130, 131200]

Other counterparties

- Non-monetary investment funds [124000]
- Non-monetary security and derivative dealers [125200]
- Insurance corporations [128100, 128200, 128300]
- Pension funds [129100, 129200, 129300, 129400]
- Financial Vehicle Corporations (FVC) [125100]

Other financial corporations, non-MFI

- Financial auxiliaries [126100]
- Non-profit institutions serving financial corporations [126200]
- Investment companies [125400]
- Financial corporations engaged in lending [125300]
- Captive financial institutions and money lenders [127000]
- Other financial intermediaries [125900]

Non-financial corporate sector [111000, 112000, 113000, 114000]

- Local government-owned [Sector 111000 and 114000 with owner category 20 and 30]
- Tenant-owner associations [Sector 114000<sup>4</sup> and legal form 53]
- Other non-financial corporations

Households, etc.

- Entrepreneurial households (sole proprietors) [141000, 142000]
- Other households
- Non-profit institutions serving households [151000, 152100, 152200]

In the few cases where a tenant-owner association (legal form 53) belongs to owner category 20 (municipality) or 30 (county councils), the counterparty is still to be classified as a tenant-owner association.

The form contains the sector 'Other financial corporations, non-MFI' for a Swedish counterparty that deviates from the sector 'Other financial corporations' in the above list. The differences are specified in a note to the specification in question.

For classification of central counterparties and Financial Vehicle Corporations (FVCs), see sections 3.6 'Central counterparties' and 3.7 'Financial Vehicle Corporations (FVC)'.

### 3.4 Investment funds

The sector 'Non-monetary investment funds' includes non-monetary investment funds and alternative investment funds (AIFs).

The sector includes:

- Equity funds

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<sup>4</sup> In 2019t, tenant-owner associations changes sector from 111000 to 114000. For more information please contact För mer information vänligen kontakta Statistics Sweden at [scbforetag@scb.se](mailto:scbforetag@scb.se).

- Fixed income funds (that are not classified as money market funds), fund of funds (FOF).
- Exchange-traded funds (ETF)
- Special funds
- Private equity funds and other alternative investment funds, except special funds

With regard to the division between private equity funds and shares or participations in unlisted corporations, private equity funds often have a specified investment period, after which the holdings are sold and the assets are distributed to the owners, which sets them apart from unlisted corporations. Private equity funds often have a legal structure, such as a limited partnership, where the ownership does not confer a right to vote. Private equity funds are often managed by a company, even if such company is largely involved in the operations of the companies in which the funds invest.

### **3.5 Sectors abroad**

Statistics Sweden's Business Register has no information about foreign counterparties. In case of unclear cases, contact Statistics Sweden for corroboration. See contact details on the respondent site [www.scb.se/mfi](http://www.scb.se/mfi).

ECB publishes a list of MFIs in the EU. A link to this list is available at Statistics Sweden's website for respondents, [www.scb.se/mfi](http://www.scb.se/mfi), 'Se även' under 'Förtäckning över svenska och utländska finansiella institut' - 'MFI-listor, EU'.

'Bank' refers to those institutions in the rest of the world that are classified in the EU as an MFI. Besides banks, this includes other financial institutions that have lending to the general public and deposits or close substitutes to deposits from the general public as a major part of their activities.

The classification of international organisations and authorities in the EU and other international areas, see section 3.8 'International organisations and authorities abroad'.

### **3.6 Central counterparties**

'Central counterparties' (CCPs) refers to institutions functioning as intermediaries in financial transactions. In Sweden, Nasdaq Clearing Aktiebolag (organisational identity number 556383-9058) is classified as a CCP and is included in the sector Other financial intermediaries. CCPs in EMU countries are included in the sector Other financial corporations, non-MFI. Repurchase agreements (lending and borrowing) for CCPs in Sweden and EMU countries are to be reported separately.

An updated list of CCPs in Europe is published by the European Securities and Markets Authority (ESMA). A link to this page can also be found on Statistics Sweden's website for respondents, [www.scb.se/mfi](http://www.scb.se/mfi), under 'Se även' - 'Förtäckning över svenska och utländska finansiella institut'.

CCPs in Sweden and EMU countries (August 2018):

Name	Country	Identifier
<b>Counterparties in Sweden</b>		
NASDAQ CLEARING AKTIEBOLAG	SE Sverige	Organisational identity number 556383-9058 LEI 54930002A8LR1AAUCU78 BIC OMECSESSXXX
<b>Counterparties in EMU countries</b>		
CCP AUSTRIA ABWICKLUNGSSTELLE FÜR BÖRSENGESCHÄFTE GMBH (CCP.A)	AT Austria	LEI 529900QF6QY66QULSI15 BIC CAAHATWWXXX
CASSA DI COMPENSAZIONE E GARANZIA S.p.A. (CCG)	IT Italy	LEI 8156006407E264D2C725 BIC CCEGITRRXXX
EUROPEAN COMMODITY CLEARING AG	DE Germany	LEI 529900M6JY6PUZ9NTA71 BIC EEXCDE8LXXX
EUROPEAN CENTRAL COUNTERPARTY N.V.	NL The Netherlands	LEI 724500937F740MHCX307 BIC EMCFNL2A
ICE CLEAR NETHERLANDS B.V.	NL The Netherlands	LEI 7245003TLNC4R9XFDX32 BIC HCHANL2A
ATHENS EXCHANGE CLEARING HOUSE (ATHEX CLEAR)	GR Greece	LEI 213800IW53U9JMJ4QR40 BIC ATHCGRA1
BME CLEARING	ES Spain	LEI 5299009QA8BBE2O0B349 BIC MEFFESBBXXX
OMICLEAR – C.C., S.A.	PT Portugal	LEI 5299001PSX07X2JX4W10 BIC OMICPTPLXXX

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Please note that EUREX CLEARING AG (Germany) and Banque Centrale de Compensation-LCH Clearnet SA (France), which are included in the ESMA list, are classified as MFIs.

### 3.7 Financial Vehicle Corporations (FVC)

'Financial vehicle corporation' (FVC) refers to a legally independent institution that takes part in securitisation by purchasing assets, credit risks or insurance risks and issuing securities or derivatives. See also Loans, purchased and sold (Köpta\_och\_sålda\_lån).

FVC in Sweden has sector code 125100. More information can be obtained via [www.scb.se/mfi](http://www.scb.se/mfi), under 'Se även' - 'Förtäckning över svenska och utländska finansiella institut'.

The ECB also provides a list of FVCs in EU member states. A link to this list is available below the link described above.

### 3.8 International organisations and authorities abroad

In general, international organisations are classified under Remaining countries abroad, hence not under the country where they are physically located. There are three exceptions: the European Stability Mechanism (ESM), European Investment Bank (EIB) and the Single Resolution Board (SRB). ESM is classified as an EMU counterparty while EIB and SRB are classified as counterparties in Other EU member states.

Central banks are classified based on the country to which the authority belongs. There are two exceptions: the ECB is classified in Germany, and BIS, which is classified in Switzerland (Remaining countries abroad).

Below follows a sample of classifications of international organisations and monetary authorities in the MFI form. A more extensive list is available in the ECB's 'Monetary Financial Institutions and markets statistics sector manual'. It should be noted that none of these lists are exhaustive.

Name	Abbreviation	MFI Classification
European Central Bank	ECB	MFI, Germany, EMU countries
Bank for International settlements	BIS	MFI/Bank, Remaining countries abroad
International Monetary Fund	IMF	MFI/Bank, Remaining countries abroad
Arab Monetary Fund	AMF	MFI/Bank, remaining countries abroad
Danmarks Nationalbank		MFI, Denmark, Other EU countries
European Free Trade Association	EFTA	Public sector, Remaining countries abroad
African Union	AU	Public sector, Remaining countries abroad
World Health Organisation	WHO	Public sector, Remaining countries abroad
World Trade Organisation	WTO	Public sector, Remaining countries abroad

Name	Abbreviation	MFI Classification
International Committee of the Red Cross	ICRC	Public sector, Remaining countries abroad
Organisation of the Petroleum Exporting Countries	OPEC	Public sector, Remaining countries abroad
European Investment Bank	EIB	MFI, Other EU countries
Single Resolution Board	SRB	Public sector, Other EU countries
European Stability Mechanism	ESM	Other counterparties, EMU countries
OPEC Fund for International Development	OFID	Other counterparties, Remaining countries abroad
International Finance Corporation	IFC	Other counterparties, Remaining countries abroad
Nordic Investment Bank	NIB	Other counterparties, Remaining countries abroad
Asian Development Bank	ADB	Other counterparties, Remaining countries abroad
European Bank for Reconstruction and Development	EBRD	Other counterparties, Remaining countries abroad

### 3.9 Counterparties for securities

The counterparty for securities such as treasury bills, bonds and other debt securities, as well as shares and participation rights, is the issuer of the security. The issuer's domicile determines the country classification, i.e. not where its shares or debt securities are traded. The counterparty classification is not affected by whether there is a guarantor behind the securities issued.

For the counterparty classification of derivatives, see 'Derivative instruments' under Section 8, Spec T7 – Tangible assets and other assets.

#### Example 1:

The institution purchases bonds issued by a Swedish housing credit institution. The bond is denominated in USD. The holdings are to be reported at Spec T5 under counterparties in Sweden, Monetary Financial Institutions.

#### Example 2:

A Swedish non-financial corporation has shares listed on the Nasdaq OMX Stockholm Exchange, and the institution purchases them through a bank. The holdings are to be reported at Spec T6 under shares listed in a marketplace or platform, counterparties in Sweden, non-financial corporations.

**Example 3:**

A Swedish mutual fund corporation has a subsidiary in Luxembourg that manages many Luxembourg-based funds, and the institution has shares in two of these funds (one bond fund and one equity fund). The holdings are to be reported at Spec T6 under Shares in money market and investment funds, counterparties in EMU countries, Non-monetary investment funds.

**Example 4:**

The institution purchases shares (Swedish depositary receipts, SDB) in a Finnish non-financial corporation listed on the Nasdaq OMX Exchange in Stockholm. Such holdings are to be reported at Spec T6 under shares listed in a marketplace or platform, counterparties in EMU countries, non-financial corporations.

## 4. Breakdown by maturity

### 4.1 Breakdown of lending by interest rate fixation period

The underlying definition of an interest rate fixation period is the agreed period during which a financial instrument cannot be redeemed or can only be redeemed subject to some kind of penalty charge. The loan shall always be classified according to its current interest rate fixation period; any former interest rate fixation periods are not to be taken into consideration. If different interest rate fixation periods are set for different parts of the principal loan amount in a loan agreement, every part is to be considered as a separate loan.

A separate loan according to the definition above is to be reported in the same interest rate fixation period interval in its entirety. This means that:

- A loan with an interest rate fixation period of three years is to be reported in the interval 'more than 1 year up to 5 years' until the end of the interest rate fixation period.
- A loan with **variable interest** is to be reported in the interval "Original fixed-interest rate of up to 3 months' in "Spec T3 Counterparties, maturity' and in the shortest interest rate fixation period (up to 1 year) in other specifications.

On some tabs in the form, the remaining interest rate fixation period is to be stated. The remaining interest rate fixation period is gradually reduced until the loan is to be renegotiated or repaid. For a more detailed explanation, see Section 8, Spec T3 Spec. of maturity.

### Transaction accounts with overdraft facilities and revolving loans

The category Transaction accounts with overdraft facilities and revolving loans includes cheque accounts with overdraft facilities, construction loans, extended credit card credits and convenience credit

card credits. 'Revolving loans' refers to loans with a certain approved overdraft, where such overdraft may be used freely as long as the borrower remains within the approved overdraft. Regular repayments may not be required, but when the loan is repaid, the borrower's credit line increases again.

#### **Repurchase agreements**

For repurchase agreements listed on the asset side (reverse repurchase agreements), the book value of the purchase price in a genuine repurchase agreement transaction (for the definition of a genuine repurchase agreement transaction, see FFFS 2008:25, Chapter 3, Article 8) is to be reported and the repayable liquid funds received as collateral for securities loans. Optional repurchase transactions (where the recipient party has the right but not the obligation to return the assets at a predetermined price) are also to be included here if it is apparent that the option to return assets will be exercised.

### **4.2 Breakdown of deposits and borrowing by maturity**

Below are the definitions of the various categories of deposits. To help in the classification, a decision tree is included in Appendix 1.

#### **Overnight loans**

'Overnight loans' refers to deposits with an agreed maturity of up to one Swedish banking day.

#### **Repurchase agreements**

'Repurchase agreements' refers to the paid and received purchase price in the event of a genuine repurchase agreement transaction (see the definition of genuine repurchasing transactions in FFFS 2008:25, Chapter 3, Article 8) and repayable liquid funds that have been used as collateral for securities loans. Optional repurchase agreement transactions (where the recipient party has the right but not an obligation to return assets at a predetermined price) are also included here if it is apparent that the option to return assets will be exercised.

#### **On demand deposits**

'On demand accounts' refers to deposits without agreed maturity, redemption notice period or significant restrictions in the terms and conditions for withdrawal. This includes both deposits that are directly transferable (see the definition of transferable deposits below) and deposits that are not directly transferable but that can be converted to cash within a banking day without giving rise to significant fees or a worsening of the interest-rate terms and conditions.

A significant restriction, fee or worsening of the interest-rate terms and conditions refers to a fee or worsening corresponding to more than 0.5 percent of the amount withdrawn, if the fee is expressed in percent of the amount withdrawn. If the withdrawal fee is expressed as a

predetermined, fixed amount, then a significant fee is one in excess of SEK 15 per withdrawal. 'Significant restriction' also refers to an account having a limited number of free withdrawals each year. Regardless of the fee that the non-free withdrawals are assigned, these accounts are to be considered among deposits with a redemption notice period of up to three months.

On demand accounts include current accounts, savings accounts with free withdrawals and debit card balances as established by the given institute.

Overnight loans or repayable liquid funds offered as collateral for derivatives or securities are not considered to be on demand accounts.

### **Deposits with agreed maturity**

'Deposits with agreed maturity' refers to deposits that cannot be withdrawn as cash or transferred to a different account before the agreed maturity, or that can only be withdrawn in cash or transferred to a different account for a fee or a worsening of the interest rate terms and conditions.

'Agreed maturity' refers to the original maturity at which the deposit was made. Fixed-rate accounts are usually deposits with agreed maturity, but also accounts with variable interest can fulfil the definition, since their duration may differ from the interest rate fixation period.

Administratively regulated deposits such as forest accounts are classified as a deposit with agreed maturity. Administratively regulated deposits where the maturity criteria are irrelevant are classified as deposits with an agreed maturity of more than 2 years.

Repayable liquid funds used as collateral for derivative contracts are also reported as deposits with agreed maturity. Repayable liquid funds used as collateral for securities loans are, in contrast, reported as repurchase agreements.

Private pension savings are not reported here. Such savings are instead included in private pension's savings with counterparty households.

### **Deposits redeemable at notice**

'Deposits redeemable at notice' refers to deposits that can only be withdrawn in cash or transferred to a different account after a period of notice, or that can only be withdrawn in cash or transferred to a different account before the period of notice for a fee or a worsening of the interest rate terms and conditions.

Deposits with a period of notice of up to three months include accounts without notice period or maturity, but where withdrawals are subject to

a significant fee or worsening of the interest rate terms and conditions. Accounts with a limited number of free withdrawals per year are to be included here, regardless of the size of the fee on non-free withdrawals.

A significant fee or worsening of the interest rate terms and conditions refers to a fee or worsening corresponding to more than 0.5 percent of the amount withdrawn, if the fee is expressed in percent of the amount withdrawn. If the withdrawal fee is expressed as a predetermined, fixed amount, then a significant fee is one in excess of SEK 15 per withdrawal.

‘Deposits with a notice period of over two years’ also include savings accounts without a period of notice or predetermined maturity, but with limitations on withdrawals that cannot be avoided by paying a fee or accepting a reduction in interest.

## 5. Breakdown by country and currency in the MFI survey

### 5.1 Country groups

- Sweden
- EMU countries
- Other EU countries
- Other countries

### 5.2 Currency groups

- Swedish kronor
- Euro
- Other EU currencies
- Other foreign currencies

### 5.3 Individual countries and currencies in the groups

The EU countries’ country and currency groups as of 2019-09-30 are as follows:

#### ‘EMU countries’ and ‘Euro’

Country	Country code	Currency code
Belgium	BE	EUR
Cyprus	CY	EUR
Estonia	EE	EUR
Finland	FI	EUR
France	FR	EUR
Greece	GR	EUR
Ireland	IE	EUR
Italy	IT	EUR
Latvia	LV	EUR

Country	Country code	Currency code
Lithuania	LT	EUR
Luxembourg	LU	EUR
Malta	MT	EUR
Netherlands	NL	EUR
Portugal	PT	EUR
Slovakia	SK	EUR
Slovenia	SI	EUR
Spain	ES	EUR
Germany	DE	EUR
Austria	AT	EUR

#### **'Other EU countries' and 'Other EU currencies'**

Country	Country code	Currency code
Bulgaria	BG	BGN
Denmark	DK	DKK
Croatia	HR	HRK
Poland	PL	PLN
Romania	RO	RON
Czech Republic	CZ	CZK
Hungary	HU	HUF
United Kingdom <sup>5</sup>	GB	GBP

#### **"Other countries" and "other foreign currencies"**

Country	Country code	Currency code
US	US	USD
Japan	JP	JPY
Switzerland	CH	CHF
United Kingdom <sup>6</sup>	GB	GBP

## **6. Calculating revaluations**

Changes in volume in the current survey period that are not due to transactions, reclassifications<sup>7</sup> or currency exchange rate fluctuations are to be reported as 'revaluations'. However, for the item Shares and participation rights, currency exchange rate fluctuations shall be included in revaluations.

<sup>5</sup> Before the withdrawal of the United Kingdom from the European Union, January 2020.

<sup>6</sup> After the withdrawal of the United Kingdom from the European Union, January 2020.

<sup>7</sup> For example, 'reclassification' refers to when a counterparty changes sectors or when a listed share is delisted.

Revaluations are thus a measure of a change in value, for example the rising or falling value of stocks resulting from price shifts, changes in market value of bonds and write-downs on loans.

### **6.1 Revaluation of loans/actual loan losses**

Depreciations and impairment losses on loans, i.e. actual loan losses, are to be reported as revaluations. Revaluations of loans are reported with negative figures as depreciation and impairment losses reduce the loan stock. A recovered loan loss is to be reported as money coming in. This does not affect lending but only the income statement and shall therefore not be reported as a revaluation.

### **6.2 Revaluation of debt securities, except derivatives, valued at market value**

Two methods can be used for the revaluation of bonds and other debt securities and for shares and participation rights. One method bases the revaluation on transactions. The other method is based on acquisition value. The institution can select the method to be used but the choice should be consistent over time and for different instruments.

It should be noted that if both methods are used to calculate revaluations, it is not necessary for them to arrive at an identical result.

#### **6.2.1 Method 1 – Based on transactions**

This method calculates revaluations as the following:

Revaluation = CB - OB - Transactions - Reclassifications

‘CB’ refers to the balance sheet value at the end of the period (closing balance) and ‘OB’ is the balance sheet value at the end of the previous period (opening balance).

‘Transactions’ refers to changes in assets and liabilities that are not caused by revaluations (changes in value) or reclassifications. Transactions arise when assets or liabilities are established, settled, exchanged or transferred. The transaction value should not include charges, fees, commissions, brokerage or charges for similar services.

When calculating transactions, an increase (decrease) in assets or liabilities means a transaction with a positive (negative) amount.

The following are examples of transactions in bonds and other debt securities as well as shares and participation rights:

- Purchase or sale of shares, fund units, certificates and bonds;
- Securities that matured during the quarter;
- Dividends on shares and participation rights. If the dividends have the form of shares or reinvested fund units it is a positive transaction in shares and participation rights. In the event of a

cash dividend, there is no transaction in shares and participation rights.

In the case of securitisation of loans, the revaluation is adjusted so that the sale of the loan is not classified as a revaluation.

Event	Amount
OB	100
Shares are purchased for 300	+300 (Transaction)
Shares are sold for 120	-120 (Transaction)
CB	400
Transactions	+300-120=180
Revaluation = CB-OB-Transactions	400-100-180=120

The revaluation of bonds and other debt securities shall exclude the effects of exchange rate fluctuations.

The revaluation of shares and participation rights shall include the effects of exchange rate fluctuations.

Transactions in foreign currency shall be reported in SEK, using the exchange rate at the end of the business day.

Below follow some examples for how revaluations are calculated based on transactions. To keep the examples accessible and comprehensive, small amounts are used (however, amounts under SEK 500 are to be reported as zero on the MFI form).

#### Example 1: Revaluation of shares and participation rights valued at market value in SEK

In Example 1, the revaluation to be reported is SEK 120.

Event	Amount
OB	100
Shares purchased for 300	+300 (Transaction)
Shares sold for 120	-120 (Transaction)
CB	400

#### Example 2: Revaluation of bonds and other debt securities valued at market value in USD

Event	Amount
OB	\$100
Securities are purchased for \$30	\$+30
CB	\$140
Revaluation in USD = CB - OB - Transactions	140 - 100 - 30 = 10
Closing rate SEK/USD	7.0
Revaluation in SEK	10 X 7 = 70

Revaluations of securities with a market value (except for shares and participation rights) in foreign currency are to be calculated **excluding** the effects of exchange rate fluctuations. Revaluations are therefore first calculated in foreign currency and then translated into SEK according to the closing rate for the given period.

In Example 2, the revaluation to be reported is SEK 70.

### Example 3: Revaluation of shares and funds valued at market value in USD

Event	USD	SEK/USD	SEK
OB	\$100	6.0	600
Shares are purchased for \$30	\$30	7.0	210
CB	\$140	7.5	1 050
Revaluation in SEK = OB - CB - Transactions			=1 050- 600-210=240

[Källa]

For shares and participation rights, the revaluation is to include the effects of exchange rate fluctuations; the translation to SEK shall therefore occur before the revaluation is calculated.

In Example 3, the revaluation to be reported is SEK 240.

### Example 4: Revaluation of a share valued at market value in SEK that was delisted in the period (reclassification)

Event	Item 1061 Shares listed in a marketplace	Item 1062 Shares not listed in a marketplace
OB	100	0
Shares are purchased for 200	+200 (Transaction)	
The share is delisted	-320 (Reclassification)	+320 (Reclassification)
CB	0	+320
Transactions	+200	0
Reclassifications	-320	+320
Revaluation = CB - OB - Transactions - Reclassifications =	<b>0-100-200-(-320)=20</b>	320-0-0-320=0

The opening balance of shares listed in a marketplace was SEK 100 and during the period, shares were purchased for SEK 200. When the share was delisted and the shares were reclassified to shares not listed in a market place, the value was SEK 320. From the beginning of the period until the delisting, there has an appreciation of SEK 20, which becomes a revaluation of shares listed in a market place.

As the shares were valued at SEK 320 both when the share was delisted and at the end of the period, the revaluation of shares not listed in a marketplace is zero.

### 6.2.2 Method 2 – Based on acquisition value

Instead of basing the calculation on transactions, this method uses the acquisition value to calculate revaluations.

For a portfolio where all securities are at valued at market value, revaluations are calculated as the change in ‘the difference between market value and acquisition value’ between the time of reporting and the previous time of reporting. ‘Acquisition value’ refers to:

- Amortised cost of securities other than shares and participation rights
- Original acquisition value of shares and participation rights

The change in the sum of ‘difference between market value and acquisition value’ for the portfolio since the previous time of reporting is to be reported as a revaluation.

Accordingly, the formula for calculating the period’ revaluation can be expressed as follows:

$$\text{Revaluation} = (MV_{CB} - AV_{CB}) - (MV_{OB} - AV_{OB})$$

Where

$MV_{CB}$  Market value at the end of the period

$AV_{CB}$  Acquisition value at the end of the period

$MV_{OB}$  Market value at the end of the previous period

$AV_{OB}$  Acquisition value at the end of the previous period

For a portfolio of securities valued at market value, the market value and the acquisition value for all securities in the portfolio are totalled. Thereafter, the difference between the two can be calculated to reach the revaluation.

The revaluation of bonds and other debt securities shall exclude the effects of exchange rate fluctuations.

For shares and participation rights, the revaluation shall include the effects of exchange rate fluctuations.

### Revaluation of securities valued at market value (including shares and participation rights) in SEK

**Example 1:** Revaluation of a security valued at market value in SEK

	OB	CB
Acquisition value	90	90
Market value	85	100
Market value – Acquisition value	-5	10
Revaluation	10-(-5)=15	

Using the designations in the formula from the previous page,  $MV_{CB}=100$ ,  $AV_{CB}=90$ ,  $MV_{OB}=85$  and  $AV_{OB}=90$ .

The revaluation is then calculated as:

$$(MV_{CB} - AV_{CB}) - (MV_{OB} - AV_{OB}) = (100-90)-(85-90)=10-(-5)=15.$$

In Example 1, the revaluation to be reported is SEK 15.

### **Revaluation of securities valued at market value (including shares and participation rights) in foreign currency**

Revaluations of securities with a market value (except for shares and participation rights) in foreign currency are to be calculated **excluding** of the effects of exchange rate fluctuations.

A revaluation is first calculated in the foreign currency, after which the revaluation is translated into SEK according to the closing rate for the given period.

#### **Example 2:** Revaluation of a security valued at market value in Euro

	<b>OB</b>	<b>CB</b>
Acquisition value, Euro	€90	€90
Market value, Euro	€85	€100
Market value - Acquisition value	€-5	€10
Revaluation in Euro	10-(-5)=15	
Closing rate SEK/EUR	9.0	
Revaluation in SEK	<b>15 X 9 = 135</b>	

Using the designations in the formula from the previous page:

$$MV_{CB}=\text{€ } 100, AV_{CB}=\text{€ } 90, MV_{OB}=\text{€ } 85 \text{ and } AV_{OB}=\text{€ } 90.$$

The revaluation in Euro can then be calculated as:

$$(MV_{CB} - AV_{CB}) - (MV_{OB} - AV_{OB}) = (100-90)-(85-90) = 10-(-5) = \text{€ } 15. \text{ This is then translated to SEK using the period's closing rate, which is 9 SEK/EUR in our example.}$$

In Example 2, the revaluation to be reported is SEK 135.

### **Revaluation of shares and participation rights valued at market value in foreign currency**

For shares and participation rights in foreign currency valued at market value, revaluations are to include all changes in value, **including** the effects of currency exchange rate fluctuations.

Consequently, the adjustments for the revaluation of shares and participation rights in foreign currency are calculated according to the same method as used for shares and participation rights in SEK.

**Example 3:** Revaluation of shares and participation rights valued at market value in Euro

	OB	CB
Rate SEK/EUR	8.5	9.0
Acquisition value, Euro	€90	€90
Acquisition value, SEK	765	810
Market value, Euro	€85	€100
Market value, SEK	723	900
Market value, SEK - Acquisition value, SEK	-42	90
Revaluation in SEK	<b>90-(-42)=132</b>	

In Example 3, the revaluation to be reported is SEK 132.

### 6.3 Revaluation of securities, except derivatives, valued at lower cost or market (LCM)

According to RBFS 2018:1, transferable securities are generally valued at fair value. Lower cost or market (LCM) valuation of securities, described below, therefore only applies in exceptional cases.

If revaluations are calculated based on acquisition value for items where LCM is applied, the same method is used as for securities valued at market value, with the difference that the formula used in the calculation of the revaluation for the period is:

$$\text{Revaluation} = (\text{LCM}_{\text{CB}} - \text{AV}_{\text{CB}}) - (\text{LCM}_{\text{OB}} - \text{AV}_{\text{OB}})$$

where

$\text{LCM}_{\text{CB}}$	Value according to LCM at the end of the period
$\text{AV}_{\text{CB}}$	Acquisition value at the end of the period
$\text{LCM}_{\text{OB}}$	Value according to LCM at the end of the previous period
$\text{AV}_{\text{OB}}$	Acquisition value at the end of the previous period

‘Acquisition value’ refers to the original acquisition value of shares and participation rights and the amortised cost of other securities.

**Example 1:** Revaluation of a security valued at LCM in SEK

	OB	CB
Acquisition value	90	90
Market value	85	100
Value according to LCM	85	90
Value according to LCM - Acquisition value	-5	0

	OB	CB
Revaluation	0-(-5)=5	

In example 1, the market value at the beginning of the period is 85, which is lower than the acquisition value of 90. Thus, the value according to LCM is 85. At the end of the period, the market value is 100, which means that the value according to LCM is the same as the acquisition value, i.e. 90.

In Example 1, the revaluation to be reported is SEK 5.

If revaluations are calculated based on transactions, then the corresponding guidelines for securities valued at market value apply, with the difference that both stocks and transactions are valued according to LCM in cases where the acquisition value is different from the market value at the time of the transaction.

Securities in foreign currency are subject to the same guidelines for handling exchange rate fluctuations as securities valued at market value.

#### **6.4 Securities valued at acquisition value**

Securities valued at acquisition value are generally not revaluated, except in case of write-ups and write-downs.

#### **6.5 Revaluation of derivatives**

For derivatives, the revaluation is calculated as the change in stock minus transactions during the period:

$$\text{Revaluation} = \text{CB} - \text{OB} - \text{Transactions}$$

Revaluations are made separately for derivatives reported in Other assets and derivatives reported in Other liabilities.

‘Transaction date’ refers to the date on which the transaction affects the stock that is entered in the balance sheet.

For Other assets and liabilities (derivatives), the revaluation shall include the effects of exchange rate fluctuations.

##### **6.5.1 What counts as transactions in derivatives**

‘Financial derivatives’ refers to the value of the derivative contract itself and not to the value of the underlying asset.

Transactions in derivatives that are in the balance sheet on the day of reporting are grouped on the asset side if the market value is positive on the reporting day and on the liability side if the market value is negative on the reporting day. Derivatives with zero market value are to be reported on the asset side.

Transactions in derivatives that are not included in the balance sheet on the reporting day are grouped on the side where they were on the latest transaction date.

To properly calculate revaluations arising from derivative contracts in the balance sheet, transactions must be indicated by the appropriate sign. The list below states what is considered a transaction, and with what sign the transaction should be indicated. Appendix 2 contains additional examples of revaluations in different types of derivatives along with calculation examples.

#### **Payments made and received when the contract is terminated**

When the contract is terminated or utilised, the payment made or received gives rise to a transaction. A payment received for a derivative with a positive market value gives rise to a corresponding negative transaction on the asset side, a payment made for a derivative with a negative market value gives rise to a corresponding negative transaction on the liability side.

Transactions are negative in both cases due to the division of derivatives into assets and liabilities depending on whether they have positive or negative market values.

#### **Premium and interest payments**

Premium payments are regarded as transactions. Payment of option premiums gives rise to a positive transaction on the asset side while the receipt of an option premium gives rise to a positive transaction on the liability side.

For derivatives with a positive market on value on the reporting day, a positive net interest is to be reported for the period (i.e. accrued interest exceeds interest paid) as a negative transaction on the asset side, while a negative net interest during the period (paid interest exceeds accrued interest) is counted as a positive transaction on the liability side.

For derivatives with negative market values on the reporting day, a positive net interest is to be reported for the period (i.e. accrued interest exceeds interest paid) as a positive transaction on the liability side, while a negative net interest during the period (paid interest exceeds accrued interest) is counted as a negative transaction on the liability side.

#### **Trade in the secondary market**

When trading in the secondary market, all purchases are positive transactions and all sales are negative transactions for derivatives on both the asset side and the liability side.

### **6.5.2 Differences between MFI and Balance of Payment FD31**

Reporting on the revaluation of derivatives on the MFI form is very similar to the reporting on the balance of payments (form FD31), but for derivatives with a negative market value, there is an important difference.

On the FD31 form, transactions and changes in value (revaluations) are measured as changes in the market value of the derivatives, while on the MFI form, changes in value are divided by asset side and liability side.

The difference is that a change that increases the liability side (derivatives with negative market values) in FD31 are indicated with a negative sign, as the market value decreases, whereas on the MFI form, this will lead to a positive increase in the revaluation on the liability side, and a potential negative revaluation on the asset side if the derivative switches sides. Similarly, a change in value that reduces the liability side of the FD31 is a positive change in value (market value is negative but increases), while on the MFI form, it becomes a negative revaluation as the liability is reduced.

An increase in the market value of derivatives on the asset side will lead to a positive revaluation in both FD31 and MFI. Correspondingly, a decrease in the market value of derivatives on the asset side leads to a negative revaluation in both FD31 and MFI.

The examples of revaluations of derivatives in Appendix 2 have been adapted from the examples for FD31 but with a breakdown of transactions and revaluations by assets and liabilities according to the layout of the MFI form.

### **6.5.3 Exchange rate**

Transactions in foreign currency are valued at the exchange rate at the time of the transaction. Stocks at the beginning and end of the period are valued at the exchange rate at each point in time.

### **6.5.4 Breakdown of revaluations of derivatives by counterparty**

'Counterparty' refers to the counterparty in the *derivative contract*, not a counterparty in trade (purchaser or vendor) or the issuer of the underlying instrument.

If a derivative contract is acquired or sold on a secondary market, the transaction is to be reported in the calculation of revaluations for the counterparty who, after the transaction, is the contractual counterparty, not for the counterparty from whom the contract was purchased.

**Example:**

If the respondent purchases a call option for shares in an industrial corporation, issued by a securities company, from a bank, the transaction shall be reported in the calculation of revaluations of derivatives with the securities company as the counterparty.

## **7. Reporting of MFI activities in a branch abroad and balances**

For Swedish MFIs with branches abroad, two MFI reports are to be handed in: a parent report and a branch report. Please note that the Branch balance tabs shall not be completed in the branch report.

In addition to banks, MFI branches include other financial institutions that engage in lending to the general public and deposits or close substitutes to deposits from the general public as a major part of their activities.

The branch report and balances between the branch and the head office in the parent report enable Statistics Sweden to make the distinction in certain statistics between MFI activities in Sweden (head office) and MFI activities abroad.

### **Parent report**

The parent report includes:

- The head office's receivables and liabilities;
- Receivables and liabilities of MFI branches abroad;
- The head office's balances with the MFI branches abroad.

Balances between branches are not to be included.

The head office's balances with the MFI branches abroad are only to be reported in the specifications 'Branch balances Assets, Branch balances Liabilities, Branch balances Currency, Branch balances Country and Revaluation of branch balances'. Please note that the head office's balances with the branches should not be included in any other items in the report.

### **Branch report**

The MFI branches data are to be reported in a separate joint report. Please note that balances with other branches or with the head office are not to be included in the report. Accordingly, the the branch balances tabs should be left empty in the branch report.

The differences between assets and liabilities that may arise for the branches due to balances with the head office are referred to as balancing residual items for branches. These are to be reported net in the specification 'special balance' under Assets or Liabilities.

The treatment of long and short positions is described in Section 2.2.

### Example of balancing residual items from branches

Of the parent's balance sheet total, the branches account for:

- SEK 200 million on the asset side;
- SEK 100 million the liability side.

The head office has the following balances with the branches:

- 150 million in assets (for example, lending to the branches);
- 50 million in liabilities (for example, deposits and borrowing from the branches).

Accordingly, the balancing residual items from branches is SEK 100 million on the liability side.

See the illustration below.

Parent Balance sheet		Parent MH Sheet		Branches Balance Sheet	
A	L	A	L	A	L
200	100	150	50	200	100
					Balancing residual item from branches 100
1000	1000	150	50	200	200

### Securities issued

Item no. 105042 'Bonds and other debt securities' in the specification 'Branch balances Assets' (MH\_Tillgångar) refers to the head office's holdings of securities issued by a branch.

Item no. 203042 'Debt securities issued' in the specification 'Branch balances Liabilities' (MH\_Skulder) refers to the branches' holdings of securities issued by the head office.

### Reporting of balances and branches in different surveys

An overview of how balances and branches are to be reported in the various surveys for the financial market statistics is available on the MFI respondent page [www.scb.se/mfi](http://www.scb.se/mfi), in the document "Mellanhavanden i olika blanketter" (in Swedish).

## 8. Specifications on the MFI and UBA form

This section describes the tabs in the MFI and UBA form. Institutions reporting their securities holdings pursuant to the Riksbank's regulations on the reporting of holdings of securities (VINN) will declare this in tab Start (VINN-reporter? – JA) and do not need to report values in the grey-highlighted cell.

For housing credit institutions the reporting corresponds to that for MFI with regard to lending with collateral in single-family dwellings, condominiums or tenant owned apartments to Swedish entrepreneurial households and other households in tabs:

- Spec T3 Sector
- Spec T3 Collateral, maturity
- Spec T3 Non-performing loans
- Administered loans
- Loans, purchased and sold
- Revaluations Spec T3 Counterparties
- Revaluations Spec T3 Collateral
- Revaluations Spec Administered loans
- Revaluations Sold loans

The definitions follow those for MFI reporting. The reporting covers only loans where the institution itself is credit granter, mediated loans shall not be included.

Alternative investment funds engaged in lending shall submit a report each month for each fund managed with regard to lending to Swedish households and non-financial corporations in tabs:

- Spec T3 Sector
- Spec T3 Collateral, maturity
- Spec T3 Non-performing loans
- Administered loans
- Loans, purchased and sold
- Revaluations Spec T3 Counterparties
- Revaluations Spec T3 Collateral
- Revaluations Spec Administered loans
- Revaluations Sold loans

The definitions follow those for MFI reporting.

### **Special balance sheet (Särskild balans)**

The Special balance sheet tab is a summary of the balance sheet, divided into two tables: assets and liabilities. Here, every sub-item is to be reported separately, and the total should be the balance sheet total.

The sub-items in the Special balance sheet are to be reported separately in more detail in separate tabs. The tabs from Spec\_T1 to Spec\_T8

include assets while the tabs from Spec\_S1 to Spec\_S5 include liabilities. In addition, items that are not included on the balance sheet are to be reported in separate tabs, such as purchased and sold loans, revaluations and balances.

On the MFI form, all lending is to be reported before loan loss provisions and transfer risk provisions. Operating leases and debt securities are also reported before provisions. To ensure that the balance sheet balances, provisions for lending are to be reported separately in items nr. 1041 and 1042. Provisions for operating leases etc. and debt securities are to be reported in items nr. 1043 and 1044. Provisions are to be reported with a positive sign. In the form's controls provisions are subtracted so that total assets are calculated after deduction for provisions.

Only institutions classified as money market funds report data in item nr. 215.

Item nr. 2121, Fair value reserve, is defined in Chapter 4, Article 14, Årsredovisningslagen (1995:1554). Equity that does not belong anywhere else is to be reported on Item nr. 2122, Other equity. Item nr. 214, Accrued result, includes the accrued result calculated according to the statistics report from the beginning of the calendar year.

For branches, a difference may arise between the total assets and total liabilities, due to balances with the head office. On the MFI form, this difference is referred to as balancing residual items from branches, and is to be reported net by the branch in items nr. 1001 or 2001. For more information on branch activities abroad and balances, see Section 7.

### **Spec T1**

In tab T1, cash and balances with central banks are to be reported, broken down by asset class and counterparty. Cash equivalents include physical banknotes and coins, as well as digital money issued by central banks. Note that there are no central bank digital currencies available today.

### **Spec T2**

In tab T2, treasury bills etc. that are eligible for refinancing are to be reported, broken down by counterparty sector and maturity. Institutions that provide data to VINN do not need to report the breakdowns on T2.

The maturity of treasury bills that are eligible for refinancing refers to the original maturity of the issuance program, that is, the time from when the paper was issued on the market for the first time until maturity. Here, 'maturity' refers to the duration from issue to maturity (e.g. not the interest rate fixation period).

Riksbank certificates are included in item nr. 1020111.

For central banks in other countries than Sweden (items nr. 1020211, 1020511, 1020311), other MFI's/banks' securities are to be included, if their eligibility for refinancing is accordance with national law.

### **Spec T3 Sector (Sektor)**

In tab T3 Sector, lending is to be reported broken down by counterparty sector.

### **Loans to MFI within the group**

In the table 'Loans to MFI within the group', intra-group lending to the MFI are to be reported separately. Lending to group companies that are not MFIs, such as non-financial corporations or insurance companies, is not to be included here.

Please note that balances between the head office and branches are not to be reported here, but on the balances tabs (parent report) and balancing residual items from branches (branch report).

'MFIs in other countries' refers to banks, other financial institutions that have lending to the general public and deposits (or close substitutes to deposits) from the general public as a major part of their activities.

### **Example:**

A Swedish MFI lends SEK 100 million to a subsidiary in Norway through the MFI's branch in Finland. The branch and the subsidiary are both classified as MFIs. SEK 100 million are to be reported in MFI/bank within the group in other countries. This is to be reported on the MFI forms of the parent and the branch. At the same time, the lending is also included in other (relevant) lending specifications.

### **Spec T3, Counterparties, maturity (Motparter Löptid)**

In tab T3 Counterparties maturity, the lending is to be reported broken down by counterparty sector and original interest rate fixation period. The loan shall always be classified according to its current interest rate fixation period; any previous interest rate fixation period are not taken into consideration. For more information about interest rate fixation periods, see section 4.1.

### **Central counterparties. Repurchase agreements**

In the table 'Central counterparties (CCP). Repurchase agreements', repurchase agreements where the counterparty sector is considered to be a central counterparty are to be reported. 'Central counterparties' refers to institutions functioning as intermediaries in financial transactions.

For more information about Central counterparties, see Section 3.6.

### Spec T3, Spec. of maturity (Löptidsspecifikation)

In tab T3 Spec. of maturity, lending is to be reported broken down by counterparty sector and remaining interest rate fixation period.

The original interest rate fixation period on a loan remains unchanged until the loan is renegotiated or repaid. The remaining interest rate fixation period on a loan is gradually reduced until the loan is renegotiated or repaid. See the examples below:

#### Example:

A loan of SEK 1 million to a non-financial corporation has an original interest rate fixation period of 2 years. Under Spec T3 Counterparties, maturities, the loan will be entered in an interest rate fixation period over 1 year up to 5 years. The original interest rate fixation period remains unchanged until the loan is renegotiated or repaid. However, the remaining interest rate fixation period is gradually reduced until loan is to be renegotiated or redeemed. On Spec T3 Maturity specification, it should be specified that the loan has an original interest rate fixation period over 1 year and up to 2 years. The first year the loan is to be reported, the remaining interest rate fixation period will be over 1 year. When a year has passed and less than one year remains of the interest rate fixation period, the remaining interest rate fixation period shall instead be reported as an interest rate fixation period of up to 1 year.

#### Example of original and remaining interest rate fixation period

Räntebindningstid, år 1			Räntebindningstid, år 2		
Rad	Belopp i tkr	Svenska kronor	Rad	Belopp i tkr	Svenska kronor
<b>Motparter i Sverige</b>			<b>Motparter i Sverige</b>		
Icke-finansiell företagssektor	1030H	1 000	Icke-finansiell företagssektor	1030H	1 000
Ursprunglig räntebindningstid t o m 1 år	1030HA		Ursprunglig räntebindningstid t o m 1 år	1030HA	
Ursprunglig räntebindningstid över 1 år och t o m 2 år	1030HBA	1 000	Ursprunglig räntebindningstid över 1 år och t o m 2 år	1030HBA	1 000
Återstående t o m 1 år	T		Återstående t o m 1 år	T	1 000
Återstående över 1 år	W	1 000	Återstående över 1 år	W	

### Spec T3 Collateral (Säkerhet)

In tab T3 Collateral, lending is to be reported broken down by counterparty sector and by the collateral of the loans. The amounts reported refer to the lending and not to the value of the collateral.

The Swedish tax agency assigns a type code to all real estate, which is referred to in the definitions of collateral in the form of real estate. As tenant-owner apartments are not real estate, loans with housing as collateral should be reported as collateral in the form of tenant-owner apartments and not based on the type of property in which the tenant-owner apartment is located.

#### Example:

A household takes out a mortgage of 3 million SEK in order to buy a tenant-owner apartment in a multi-dwelling building with the tenant-

owner apartment as collateral. Meanwhile, the tenant-owners association takes out a loan of SEK 5 million with the multi-dwelling building as collateral. This is to be reported as 3 million in households with a tenant-owner apartment as collateral and 5 million in non-financial corporations with a multi-dwelling building as collateral.

**Definition of collateral:**

**Financial instruments**

Collateral in the form of shares, investment funds, bonds or insurances, etc.

**One-to-two family dwellings**

'One-to-two dwellings' refer to dwellings inhabited by one or two families. Examples of one-to-two family dwellings are villas, terraced houses and holiday homes. Certain apartment houses in agricultural areas are also considered to be one-to-two dwelling houses. See the Real Estate Tax Assessment Act (1979:1152).

*Swedish Tax Agency type code: Property type 2 – one- or two-dwelling buildings.*

**Condominiums**

Condominium is a special form of property where the tenant owns an individual apartment in a multi-dwelling building, distinct from tenant-owner apartments where the tenant is a member of an economic association (a tenant-owner association), which in turn owns the real estate.

*The Swedish Tax Agency's type code: Property type 5 – Condominiums.*

**Tenant-owner apartments**

This refers to apartments, generally in multi-dwelling building or a one-to-two family dwelling owned by an economic association (a tenant-owner association), of which the occupant is a member. See the Tenant-Ownership Act (1991:614).

**Multi-dwelling building**

'Multi-dwelling buildings' refers to buildings with at least three residential apartments.

*Swedish Tax Agency type codes: 320 Apartment buildings, primarily residential apartments and 321 Apartment buildings, residential apartments and business premises.*

**Agricultural buildings**

The term 'agricultural buildings' refers to the definition of agricultural unit in the Real Estate Tax Assessment Act (1979:1152). Agricultural buildings include buildings for agriculture and forestry, such as animal stalls, barns or machine halls as well as arable land, grazing land, forest

and unstocked forest (forest with low timber production). One-to-two family dwellings and empty fields in the agricultural unit are included. *Swedish Tax Agency type code: Property type 1 – Unit for agriculture and forestry.*

#### **Other properties**

This refers to properties not elsewhere classified, such as office buildings, multi-story car parks and industrial buildings.

*Swedish Tax Agency type codes: Apartment buildings 300-313, 322-399, Property type 4 – Industries, Property type 6 – Quarries, Property type 7 – Electricity production units and Property type 8 – Special units.*

#### **Floating charges**

Collateral in the form of a floating charge certificate. The Swedish Companies Registration Office is the Swedish authority that attends to floating charge certificates.

#### **Central government guarantees**

Central government guarantees include guarantees made by the National Board of Housing, Building and Planning, government export guarantee loans issued by the Swedish Export Credit Agency, suretyships made by County Administrative Boards and guarantees made by the Swedish National Debt Office.

#### **Local government guarantees**

This refers to loans where one or several municipalities have agreed to a suretyship.

#### **Other guarantees**

‘Other guarantees’ refers to credit guarantees agreed with physical persons or legal entities other than the central government and municipalities. Loans guaranteed by family members to the borrower are included here.

#### **Other collateral**

This includes loans with collateral not elsewhere classified.

#### **Unsecured credits**

Unsecured credits or unsecured loans are loans granted without security or collateral. This also includes extended credit card credits and convenience credit card credits if there is no specific collateral.

#### **Loans with double collateral**

For loans with double collateral, the loan is to be reported in its entirety under the type of collateral that covers the largest portion of the loan. If a loan has double collateral and the collateral covers exactly the same percentages of the loan, then the loan is to be reported in its

entirety by the type of security (of those relevant to the loan) that appears first in the list below:

1. One-to-two family dwellings
2. Condominiums
3. Multi-dwelling building
4. Agricultural properties
5. Other properties
6. Owner-occupied dwellings
7. Central government guarantees
8. Local government guarantees
9. Financial instruments
10. Floating charges
11. Other guarantees
12. Other collateral
13. Unsecured credits

**Example:**

A loan of SEK 1 million is 50 percent secured by agricultural property and 50 percent secured by municipal collateral. SEK 1 million is then to be reported in agricultural property and nothing is to be reported local government guarantees.

**Spec T3 Collateral, maturity (Säkerhet, löptid)**

In tab T3 Collateral, maturity, lending is to be reported broken down by counterparty sector, collateral and original interest rate fixation period.

Overnight loans and repurchase agreements are classified as Other guarantees, with an interest rate fixation period of up to 1 year.

Please note that Non-profit organisations serving households are not included in Other households. Non-profit organisations serving households are not to be reported on this tab.

**Spec T3 Credit card credit (Kortkredit)**

In tab T3 Credit card credit, data is to be reported on extended credit card credits and convenience credit card credits broken down by counter party sector, and the total number of debit and/or credit cards issued in the credit card business.

Counterparties in Sweden and the EMU are to be reported broken down by the sectors Households, etc., Non-financial corporations and Other counterparties. Nothing should be reported broken down into Other EU countries or Other countries. Other counterparties include monetary financial institutions, non-monetary financial corporations and the public sector. Note that the counterparty is the one who is liable to pay the creditor.

**Convenience credit card credit**

This refers to card credits where no interest accrues from the use of the card until the settlement of the next invoice.

**Extended credit card credit**

This refers to short-term credit that was not paid when the next invoice was issued after using the card and where interest accrues on the credit (with due consideration for interest-free periods). At least part of the credit debt is usually paid at each invoicing occasion.

Consequently, the outstanding debt on a single card can be both a convenience credit card credit and an extended credit card credit.

If the cardholder is able to use the granted credit in other ways than by using the card, the outstanding debt on the part used through the debit and/or credit card is to be reported as convenience credit card credit/extended credit card credit. If it is possible to separate whether a repayment of a card credit is for a credit that can be used both through the card or for a credit that can be used in other ways, this should be done. If it is impossible to separate the repayments, the repayments are to be broken down according to the size of the outstanding convenience credit card credit/extended credit card credit in relation to the other credits that cannot be separated from card credits. For more information about prepaid cards, see Section 8, Spec S1 Sector, 'Electronic money'.

The following examples show how different types of cards are to be reported:

**Example 1:**

A private individual has a debit and credit card for which he or she is solely liable for payment. The card has up to 55 days of interest-free credit. In January, the card is charged with a purchase of SEK 5 000.

At the end of February, the January invoice is due. The individual then decides to pay the entire outstanding debt of SEK 5 000. For the end of January, SEK 5 000 is to be reported as a convenience credit card credit with the counterparty 'Households, etc.', while the outstanding debt at the end of February is zero.

**Example 2:**

An individual who is employed by a company has a debit and credit card through her employer, but she is personally liable for payments. The card has up to 55 days of interest-free credit. In January, the card is charged with a purchase of SEK 10 000.

At the end of February, the January invoice is due. The individual then decides to pay only SEK 6 000 and postpone the remaining payment of

SEK 4 000 until later (using the credit). On the remaining SEK 4 000, the individual is to pay the agreed interest rate.

At the end of January, SEK 10 000 is to be reported as a convenience credit card credit with the counterparty 'Households, etc.' on the MFI form. At the end of February, the entire debt has not been paid, and SEK 4 000 and accrued interest is to be reported as an extended credit card credit with the counterparty 'Households, etc.'. Accrued interest on an extended credit card credit shall, like other lending, be reported in Specification T8 Prepaid expenses and accrued income.

**Example 3:**

A private individual holds a debit card/bank card (a card where the amount is withdrawn from the account almost immediately) that is combined with a card credit. The individual can choose whether she wants the amount to be charged directly to her account in connection with the card purchase or whether she prefers to charge it to a (granted) credit. The credit has no interest-free period, and interest is charged already from the first day. The individual can choose whether to pay the entire debt at any time, but she needs to pay a portion of the debt in each period. The outstanding credit card debt at the time of reporting is then to be reported as an extended credit card credit.

**Example 4:**

An individual holds a loyalty card/fuel card, which she may use to purchase certain goods and/or services on credit, interest-free (tyres, spare parts, car service, etc.). For the credit to be interest-free, she undertakes to pay the total amounts in instalments, over a given number of payment dates.

The individual purchases goods for SEK 10 000 using the card and agrees to pay the total (interest-free) in four instalments (SEK 2 500 per instalment). The outstanding card debt (SEK 10 000) is to be reported as a convenience credit card credit until the first instalment has been paid. For the following reports, which will be made after the first payment was made, the outstanding credit card debt is to be reported under extended credit card credit.

**Example 5:**

A private individual has an approved credit of 50 000 with a 30-day interest-free period that can both be used through a debit/credit card or as a loan in the form of cash. During the month, the individual uses SEK 20 000 of the approved credit through the card and an additional SEK 10 000 through a transfer to an account. None of the credits have been repaid on the last day of the month.

The lending to be reported is SEK 30 000 in total, of which SEK 20 000 is to be reported on Spec T3 Credit card credit as a convenience credit

card credit. On Spec T3 Type of credit, the approved credit of SEK 50 000 is to be reported as an amount granted, and the lending of SEK 30 000 is to be reported as an utilised/outstanding amount in the item other credits. SEK 30 000 is also to be reported in other lending specifications.

If SEK 12 000 of the card credit is repaid before the next report, lending of SEK 8 000 remains and is to be reported on Spec T3 Card credits as a convenience credit card credit. SEK 18 000 remains as an utilised/outstanding amount on T3 Type of credit and SEK 50 000 as a granted amount.

If it is not possible to separate whether the repayment refers to the card credit or the cash loan, the amount is to be broken down proportionately. In this case, the card credits account for 2/3 of the credits, if the repayment cannot be separated. Consequently, SEK 12 000 ( $20\,000 - \frac{2}{3} * 12\,000$ ) is therefore to be reported on Spec T3 Card credit as a convenience credit card credit and SEK 18 000 is to be reported as utilised/outstanding on Spec T3 Type of credit. The amount granted remains the same, SEK 50 000.

#### **Credit card operations, number of cards (units)**

In the table 'Credit card operations, number of cards (units)', the total number of debit and/or credit cards issued in the credit card operations is to be reported. Cards that have been dispatched but not yet used are to be reported, but not cards that have not yet been dispatched and are intended as replacements for expiring cards (where, for a short period, there may be two cards).

Debit cards/bank cards (cards where the amount is withdrawn more or less immediately from the borrowing account) with no line of credit are not to be included. However, cards with an active card credit (either granted upon application or automatically when the card was issued) are to be included. It is irrelevant whether the card credit is in fact utilised by the account holder or not, as it is the functionality that governs the reporting.

Other types of cards, such as loyalty cards, including retail cards, fuel cards, etc., are also to be included if the card has a line of credit. It is irrelevant whether the card can be used as a universal means of payment (i.e. is connected to a payment system such as MasterCard, Visa, etc.) or whether it can only be used on a limited number of sales or payment sites.

#### **Spec T3 Type of credit (Typ av kredit)**

In tab T3 Type of credit, data is to be reported on the type of credit, lines of credit and trade financing of off-balance sheet items.

**Type of credit**

The credit type associated with the lending is to be reported in the table.

**Definition of types of credit:****Factoring credits**

Factoring credits (leveraged accounts receivable) means that a debtor seeks financing by leveraging their accounts receivable through a finance company using accounts receivable as security. Purchased invoice receivables are also to be included here.

The issuer of the invoice is to be reported as the counterparty in case the credit risk remains with the issuer of the invoice. If the credit risk has been transferred from the issuer of the invoice, the person that is liable for paying the invoice is to be reported as the counterparty instead.

**Hire purchase credits**

Credit payment instalments are a loan form that can be used when purchasing machines, vehicles, etc. The product is owned by the debtor and serves as security for the loan. Hire purchase credits should not be confused with payments in instalments of a card credit or other loans where the purchased object does not serve as security for the loan. Hire purchase receivables that are purchased by an institution are to be reported under contract credits.

**Contract credits**

'Contract credits (leveraged contracts)' refers to lending where the debtor leverages their hire purchase, consumer credit or rental contracts.

**Promissory note credit**

'Promissory note credit' refers to a written debt agreement or a creditor's letter of commitment. As a rule, a promissory note contains information about the terms and conditions of the loan (principal loan amount, interest rate, security, interest rate fixation period and days for paying interest).

**Other credits**

Credits that cannot be classified as one of the other types of credit are included here, such as convenience and extended credit card credits, overdraft facilities, construction credits and operating leases.

## **Off-balance sheet items**

### **Outstanding undrawn credit facilities (credit lines)**

The table is used to report undrawn credit facilities, referred to as credit lines, broken down by counterparty sector.

‘Undrawn credit facilities’ refers to the commitment to grant a credit, purchase securities or issue guarantees or acceptances in accordance with Directive 2013/36/EC and Regulation (EU) No 575/2013 of the European Parliament and of the Council, regarding off-balance sheet items classified as medium risk, medium/low risk and low risk.

The statistics on undrawn credit facilities also include loan commitments to households for mortgages, regardless of the risk classification for the capital adequacy requirements.

### **Medium risk**

Undrawn credit facilities (agreements to lend, purchase securities or provide guarantees or acceptance facilities) with an original maturity of more than one year.

### **Medium to low risk**

Undrawn credit facilities (commitments to grant a credit, purchase securities, provide guarantees or acceptances, with an original fixed interest fixation period of no more than one year. The commitment cannot be cancelled unconditionally at any time without prior notice and is not subject to effective provisions on automatic cancellation if the borrower’s creditworthiness deteriorates.

### **Low risk**

Undrawn credit facilities, which includes commitments to grant a credit, purchase securities or provide guarantees or acceptances that may be cancelled unconditionally at any time without prior notice or are subject to effective provisions on automatic cancellation if the borrower’s creditworthiness deteriorates. Retail credit lines may be considered as unconditionally cancellable if the terms and conditions permit the institution to cancel them to the full extent permissible under consumer protection and related legislation.

Undrawn credit facilities for tender and performance bonds, which can be cancelled at any time without prior notice or are subject to efficient provisions on automatic cancellation if the borrower’s creditworthiness deteriorates.

## **Off-balance sheet stocks/items**

### **Trade financing of off-balance sheet items**

Trade financing of off-balance sheet items are to be reported in the table.

Trade financing of off-balance sheet items includes documentary credits issued or confirmed in accordance with Directive 2013/36/EU and Regulation (EU) No 575/2013 of the European Parliament and the Council regarding off-balance sheet items with medium or medium/low risk.

#### **Medium risk**

Trade financing of off-balance sheet items, namely documentary credits issued or confirmed (see also 'Medium/low risk').

#### **Medium to low risk**

- Trade finance of off-balance sheet items: Documentary credits in which underlying shipment acts as collateral and other self-liquidating transactions;
- Warranties (including tender and performance bonds and associated advance payment and retention guarantees) and guarantees not having the character of credit substitutes;
- Irrevocable standby letters of credit not having the character of credit substitutes.

See also Appendix 3 for an example of a documentary credit.

#### **Spec T3 Syndicated loans (Syndikerade lån)**

In tab T3 Syndicated loans, information on syndicated loans is to be reported, broken down by counterparty sector.

A syndicated loan is when one or more institutions take part as creditors to a loan agreement. The borrower must, according to the loan agreement, be aware that the loan is being granted by several banks in order for it to be regarded as a syndicated loan. All institutions taking part in the syndicated loan are to report their part in the lending as an asset in their balance sheets. Only the amount that actually has been lent is to be reported as a syndicated loan.

It is important to note that if at a later stage one institution should spread their risks to other institutions through a securitisation or similar, then it is not to be reported as a syndicated loan.

The deposits and borrowing of an institution in the form of syndicated loans are to be reported in tab S1 Sector.

#### **Spec T3 Non-perf. loans (Nödlidande lån)**

In tab T3 Non-performing loans, information on non-performing loans is to be reported, broken down by counterparty sector.

In order for a loan to be reported as non-performing, at least one of the following criteria must be met:

- The payment of the whole or a part of the interest or principal is more than 90 days past-due;
- There is a risk that the loan will not be repaid in full without the realisation of collateral.

This definition corresponds to the definition in the supervisory report FINREP. Non-performing loans should be reported exclusive of accrued interests.

### **Spec T3 Leasing objects (Leasingobjekt)**

Spec T3 Leasing refers to leasing by an MFI in its role as lessor. Assets arising from the MFI as a lessee are, instead, reported on Spec T7/other tangible assets.

In tab T3 Leasing objects, information on lending in the form of leasing is to be reported, broken down by type of leasing object. This is a specification to item nr. 1101 Leasing objects in tab T7 and a part of item nr. 103 Lending in tab T3. This means that objects from both finance and operational leases are to be reported. Operational leases are to be reported before provisions. Provisions for operating leases are to be reported in item nr. 1042 in Special balance.

The table is divided into six columns, where the reporting period's opening book value (column 1) is meant to correspond to the previous reporting period's closing book value (column 6). In columns 2–4, the value of acquisitions, disposals and depreciation in the reporting period are to be reported. In column 5, changes in value due to currency exchange rate fluctuations are to be reported. Opening value (column 1) and transactions during the reporting period (columns 2–5) are to be added together to form the closing value (column 6).

#### **Definition of leasing objects:**

##### **Buildings**

This includes school buildings, office buildings, apartment buildings and industrial buildings.

##### **Passenger cars**

Cars with a maximum of 8 seats aside from the driver's seat that mainly are constructed for passenger traffic. This includes campers.

See Act (2001:559) on road traffic definitions.

##### **Light lorries**

This refers to cars that are chiefly used to transport goods and to other cars than passenger cars and buses, with a total weight of no more than 3.5 tonnes. See Act (2001:559) on road traffic definitions. Lorries with a

total weight of more than 3.5 tonnes are regarded as heavy lorries and are instead to be included in the other vehicles category.

#### **Rail vehicles**

This category includes locomotives, railway carriages, underground carriages and tram carriages.

#### **Boats and ships**

This category includes boats and ships for travel by water. Underwater vessels are also included.

#### **Aircraft**

Aeroplanes, helicopters and hot air balloons are included here.

#### **Containers**

All types of containers are included here, such as storage containers, maritime containers, platforms, sanitation containers and office and personnel containers.

#### **Other vehicles**

Vehicles other than passenger cars and light lorries, such as heavy lorries, buses, caravans and other trailers and attached vehicles are included here. Snowmobiles and off-road vehicles are also included here. Note that excavators, dumpers, trucks, wheeled loaders, etc. are not included here but are instead reported under heavy equipment, construction machinery and agricultural and forestry machinery or under machine tools and trucks.

#### **Heavy equipment and construction machinery**

This includes heavy equipment such as excavators, wheeled loaders, asphalt finishers and bulldozers. Construction machinery such as cement mixers, cranes and lifts are also included.

#### **Agricultural and forestry machinery**

Agricultural and forestry machinery such as tractors, harvesters, forwarders and combine harvesters are included here.

#### **Machine tools and trucks**

This includes goods production machinery in the engineering industry such as lathes, saws and milling machines. Trucks are also included in this category.

#### **Computers and peripheral equipment**

This includes printers, copiers, monitors, servers, scanners, video projectors, bar code readers, cashier stations and software. However, specialised equipment for the graphic design industry is to be included in the graphic design equipment category.

**Communication equipment**

This includes telephone switchboards, telephones and fax machines, equipment for data communication such as docking stations, bridges, routers and gateways, mobile communication equipment, modems, radio and television transmitters and television cameras.

**Fittings and furnishings for offices, hotels, restaurants or boutiques**

This includes furniture, fittings and furnishings and household appliances. Note that computers, copiers, telephones, etc. are not to be included here but rather in the Computers and peripheral equipment or communication equipment categories.

**Graphic equipment**

This includes equipment used in the graphic design and publishing industry, such as printing presses, photographic printing equipment and binding machines.

**Medical equipment**

This includes equipment for health, medical and dental care, such as x-ray equipment, electrocardiography equipment, dialysis equipment sterilisation equipment and dentist chairs. Veterinary equipment is also included in this category.

**Other leased objects**

This includes objects not elsewhere classified in any of the other categories, such as machines in the pulp and paper industry and energy equipment.

**Advance payments for leased objects**

This is where advance payments for leased objects are to be reported. This refers to advance payments to suppliers for leased objects where the institution's agreement with the lessee has not yet come into effect.

**Spec T4**

In tab T4 Loan loss provisions, information on loan losses is to be reported, broken down by counterparty sector. The tab is a specification to item nr. 1041 in tab Special balance sheet, and provisions are added with a positive sign.

A loan loss is a receivable where payments according to the terms and conditions of agreement are unlikely to be met. A loan receivable is not to be regarded as a loan loss if there is collateral covering the principal and interest with a sufficient margin, including compensation for late payments.

**Spec T5**

In tab T5 Bonds and other debt securities, information on bonds and other debt securities are to be reported, broken down on counterparty

sector and maturity. Debt securities are to be presented before provisions. Provisions for debt securities are to be reported in item nr. 1043 in Special balance sheet.

Institutions that provide data to VINN do not need to report the breakdowns on T5.

The maturity of bonds and other interest-bearing securities refers to the original maturity of the emission program, that is, the time from when the paper was issued on the market for the first time until maturity.

Here, 'maturity' refers to the duration from issue to maturity, e.g. not to the interest rate fixation period.

Other financial corporations, non MFI, includes financial corporations that are not MFIs, non-monetary security and derivative dealers, insurance companies, pension funds and financial vehicle corporations (FVC). Units in investment funds are to be reported on Spec T6.

### **Spec T6**

In tab T6 Shares and participation rights, information on shares listed in a marketplace, shares not listed in a market place, shares or units in money market and investment funds and other participation rights are to be reported, broken down by counterparty sector.

Institutions that provide data to VINN do not need to report the breakdowns on T6.

Exchange traded funds (ETF) are to be classified as Investment funds.

### **Shares listed in a market**

This is where to report shares that are traded in a regulated market or trading platform according to the Securities Market Act (2007:528) or corresponding foreign marketplaces, as well as other shares that are traded in the securities market and has a publicly available listing.

For shares listed in a Swedish marketplace, this means that shares listed on Nasdaq OMX Stockholm, NGM Equity, NGM Nordic MTF Stockholm, Spotlight or First North, etc., are to be regarded as listed.

### **Shares not listed in a market place**

This is where shares without a continuous market listing are reported.

### **Spec T7**

In tab T7 Tangible assets and Other assets, tangible assets are to be reported, broken down by type of asset, and other assets, broken down by type of asset and counterparty sector.

Overdue interest rate payments on lending must not be reported in Other assets, but should be reported in lending, which is a deviation from FFFS 2008:25.

Spec T3 Leasing refers to leasing by an MFI in its role as lessor. Assets arising from the MFI as a lessee are, instead, reported on Spec T7/other tangible assets.

#### **Advance payments for leased objects**

This is where advance payments for leased objects are to be reported. This refers to advance payments to suppliers for leased objects where the institution's agreement with the lessee has not yet come into effect. The information corresponds to item nr. 11016 in tab Spec\_T3\_Leasing.

Other financial corporations, non-MFI, Claims for securities settlement proceeds, includes non-monetary investment funds and alternative investment funds, financial auxiliaries, non-monetary securities corporations and securities brokers, insurance companies and pension funds.

#### **Derivatives**

This is where to report financial instruments whose value depends on certain underlying financial assets, such as shares, currencies, interest rates or commodities. Derivatives with a positive book value are totalled and reported under T7 Other assets, and derivatives with a negative book value are totalled and reported under S3 Other liabilities.

Note that derivatives on the asset side and the liability side cannot be offset, even if there is a legal right to offset, see Section 2.2.

Derivative instruments are not presented together with their underlying instruments in the MFI survey, which is a deviation from FFFS 2008:25.

- Repayable liquid funds received as collateral are to be included in lending, with the agreed maturity;
- Repayable liquid funds received as collateral under a derivative contract is to be reported in deposits, with the agreed maturity.

The counterparty is the party that provided or received repayable liquid funds. The sector breakdown of derivative stocks should be carried out according to the derivative's contracting counterparty, not according to issuer of the underlying instrument. For standardised contracts and OTC-contracts, the contracting counterparty is usually a clearing house. In Sweden, Nasdaq OMX Sweden is a clearing house, classified in the sector Financial auxiliaries (see also 3.1 Sectors in Sweden).

**Example 1:**

For an OTC option issued by a bank, which gives the right to buy shares in an industrial company at a specified price in the future, the contractual counterparty is banks, and not non-financial corporations (the issuer of the underlying share).

The breakdown by currency for derivatives with foreign currency components is made according to the part of the contract that has the greatest gross value.

**Example 2:**

An institution purchases a forward contract for USD 1 million that expires after the reporting date. The foreign exchange rate forward purchased by the institution is SEK/USD 10.

On the reporting day, the spot price is SEK/USD 9, which means that the forward has a negative net value. The gross value of the receivable amount of USD 1 million is SEK 9 million, and the gross value of the liability is SEK 10 million. The net value for the purchaser is minus SEK 1 million. The amount to be reported under Other liabilities is SEK 1 million.

As part of the contract that is denominated in SEK has a larger gross value than the dollar component, SEK 1 million should be reported in the SEK column.

If instead the spot price on the reporting day is 11 SEK/USD, the forward has a positive net value of SEK 1 million and should therefore be reported under Other assets. Since the dollar component now has the largest gross value (SEK 11 million), SEK 1 million should be reported in the column for Other foreign currencies.

**Account adjustments**

This includes items arising due to the fact that the valuation rules on the MFI form sometimes deviate from the accounts. For example, any differences arising when reporting deposits and borrowing on the MFI form using nominal amounts are to be reported under account adjustments under Other assets and Other liabilities. Account adjustments are to be reported in gross, which means that the assets column is separate from the liabilities column.

**Example 1:**

An institution has part of its lending valued at fair value. The total book value of the institution's lending for the given period is SEK 1 000 million and the nominal value is SEK 950 million.

The institution then reports the following:

Lending: SEK 950 million

Other assets, account adjustments: SEK 50 million

**Example 2:**

An institution has part of its lending valued at fair value. The total book value of the institution's lending for the given period is SEK 1 200 million and the nominal value is SEK 1 250 million. The institution also has part of its deposits valued at fair value. The total deposits for the period have a book value of SEK 600 million and a nominal value of SEK 580 million.

The institution then reports the following:

Lending: SEK 1 250 million

Other assets, account adjustments: SEK -50 million

Deposits and borrowing: SEK 580 million

Other liabilities, account adjustments: SEK 20 million

**Spec T8**

In tab T8 Deferred costs and accrued income, accrued interest is to be reported, broken down by asset and counterparty.

Institutions that provide data to VINN do not need to report the breakdowns for accrued interest on bonds on T8.

Accrued interest is not be reported together with the main instrument, which is a deviation from FFFS 2008:25.

**Spec S1 Sector (Sector)**

In tab S1 Sector, deposits and borrowing is to be reported broken down by counterparty sector.

Subordinated liabilities in the form of loans are to be reported as deposits and borrowing. Negotiable or transferable securities issued are not included in borrowing but are to be reported under the Securities issued item (Spec S2).

**Deposits and borrowing from financial vehicle corporations (FVC)**

A special kind of debt may arise in securitisation if the assets, such as loans, cannot be derecognised in the balance sheet. Such assets will then remain on the asset side of the balance sheet. The payment received from a financial vehicle corporation (FVC) will also be recognised on the asset side, and must therefore have a counter entry on the liability side. In the MFI reporting, such a counter entry is to be made in deposits and borrowing from financial vehicle corporations. The convention is to report the maturity as over 2 years.

### **Syndicated deposits and borrowing**

The table 'Syndicated deposits and borrowing' is to include the institution's deposits and borrowing in the form of syndicated loans, i.e. deposits and borrowing where the institution was aware at the time when the loan was taken out that several institutions were behind the loan.

It is important to note that if one institution should spread their risks to other institutions afterwards through a securitisation or similar, then it is not to be reported as a syndicated loan.

### **Electronic money**

In the table 'Electronic money', information on electronic money is to be reported separately. 'Electronic money' refers to prepaid amounts for either hardware-based or software-based solutions for electronic money.

For it to be classified as electronic money, it must be possible to use to cards or software-based solutions as a general means of payment, i.e., they cannot be limited to a single shop or chain of stores.

The Cash Card is an example of a card that used to function as electronic money in Sweden. Another example is a card that cannot be refilled, where the card is loaded with a given amount from outset and can be used in stores that accept debit cards or bank cards<sup>8</sup>. An example of software-based electronic money is solutions where software on personal computers or Internet-based payment solutions replace a physical card.

### **Deposits and borrowing from MFIs within the group**

The table 'Deposits and borrowing from MFIs within the group' are to be used to report intra-group deposits and borrowing from MFIs. Deposits and borrowing from group companies that are not MFIs, such as non-financial corporations or insurance companies, are not to be included here.

Please note that balances between the head office and the branches are not to be reported here, but on the MH balances tabs (parent report) and balancing residual items from branches (branch report).

'MFIs in other countries' refers to banks, other financial institutions that have lending to the general public and deposits (or close substitutes to deposits) from the general public as a major part of their activities.

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<sup>8</sup> This type of card is often referred to as a gift card. The difference compared with traditional gift vouchers is that these cards can be used as a general means of payment in stores that accept bank cards/debit cards.

**Example:**

A Swedish MFI borrows SEK 100 million from a subsidiary in Norway through the MFI's branch in Finland. The branch and the subsidiary are both classified as MFIs. SEK 100 million are to be reported in MFI/bank within the group in other countries. This is to be reported on the MFI forms of the parent company and the branch. At the same time, the deposits and borrowing are also to be included in other (relevant) deposits and borrowing specifications.

**Deposits and borrowing**

The table 'Deposits and borrowing' is to include deposits and borrowing, broken down by counterparty sector and by deposits and borrowing.

The Financial Supervisory Authority's guidelines and general advice on annual accounts in credit institutions and securities companies (FFFS 2008:25), Appendix 1, Section 16, final paragraph, provide the definition of deposits to be applied.

**Deposits**

'Deposits' refers to savings deposited in banks and clients' funds on account that are received by institutions other than banks.

**Borrowing**

'Borrowing' refers to other deposits and borrowing than those reported as deposits. Securities issued are not included in borrowing but are to be reported under the Securities issued item (Spec S2).

**Spec S1 Accounts, maturity (Konton, Löptid)**

In tab S1 Account, maturity, deposits and borrowing are to be reported, broken down by counterparty sector and original maturity.

**Central counterparties. Repurchase agreements**

In the table 'Central counterparties (CCP). Repurchase agreements', repurchase agreements where the counterparty sector is considered to be a central counterparty are to be reported.

For more information about Central counterparties, see Section 3.6.

**Spec S1 Transferable deposits (Överförbar inlåning)**

In tab S1 Transferable deposits, transferable deposits are to be reported, broken down by counterparty sector.

'Transferable deposits' refers to on demand-deposits that are directly transferable to someone other than the account holder, through a giro payment, account transfer (between accounts with different account holders), credit or debit cards, checks or other means of payment. The transfer must occur without further delay, limitation or penalty fees.

Accounts where funds can only be withdrawn in cash or be transferred through another account held by the same account holder are not classified as transferable deposits.

### **Number of accounts**

The table 'Number of accounts' is used to report the total number of deposit and borrowing accounted for non-MFI corporations in Sweden and abroad, broken down by on demand accounts with transferable deposits and on demand accounts with transferable deposits that may be linked to an online bank. Accounts with transferable deposits that may be linked to an online bank also include other solutions where the account can be accessed using special software on a personal computer, but not accounts that can only be accessed by a telephone bank.

The information in this table only needs to be reported in December every year.

### **Spec S2**

In tab 2 Securities issued, information on securities issued is to be reported, broken down by type of leasing security. Information on securities swapped from foreign currency to SEK is also to be reported.

### **Definition of security**

#### **Money Market instruments (certificates)**

This is where transferable securities with a regular original maturity (not interest rate fixation period) of up to one year are to be reported.

#### **Bonds**

This is where transferable securities with a general original maturity of more than one year is to be reported.

#### **Index-linked bonds**

This refers to a financial product based on a bond. The bond is linked to an option with one or more underlying assets, such as shares, interest rates, currencies or commodities. The entire value of the instrument is to be reported here, it should not be broken down into a bond portion and an underlying asset. The instruments are sometimes referred to as equity-linked bonds or structured products. The term index-linked bond is used here, as the return is not necessarily linked to the stock market, and the concept of structured products may also include other types of instruments.

#### **Retail bonds**

This refers to bonds aimed at private individuals and are not index-linked bonds. Retail bonds are usually listed on a stock exchange and can be purchased in small lots. Retail bonds also include retail covered bonds.

**Covered bonds**

Covered bonds are bonds where the investor retains a senior debt priority in certain collateral in the event of the creditor going bankrupt. They are only issued with high-quality assets as collateral; such bonds therefore have a high credit rating.

**Other bonds**

This refers to mortgage bonds issued and other types of bonds that are not included in the categories above.

**Money orders**

This is where money orders are to be reported.

**Other securities**

This is where to report any other securities that do not fit into the above categories.

**Debenture loans**

Subordinated debt in the form of debt securities, debenture loans, is to be reported in the table Debenture loans, broken down into retail bonds and other debenture loans. Information on securities swapped from foreign currency to SEK is also to be reported.

Subordinated debt that is not in the form of debt securities but is in the form of deposits or borrowing, should be reported in other deposits and borrowing on Spec S1.

**Spec S3**

In tab S3 Derivatives and other liabilities, other liabilities are to be reported, broken down by kind of debt and counterparty sector.

Other financial corporations, non-MFI, under Claims for securities settlement proceeds, includes *inter alia* non-monetary investment funds and alternative investment funds, financial auxiliaries, non-monetary securities corporations and securities brokers, insurance companies and pension funds.

**Derivatives**

This is where to report financial instruments whose value depends on certain underlying financial assets, such as shares, currencies, interest rates or commodities. Derivatives with a positive book value are totalled and reported under T7 Other assets, and derivatives with a negative book value are totalled and reported under Other liabilities S3. For further information on derivatives, see 'Derivatives' under Section 8, Spec T7 – Tangible assets and other assets.

Note that derivatives on the asset side and the liability side cannot be offset, even if there is a legal right to offset, see Section 2.2.

### **Account adjustments**

This includes items arising due to the fact that the valuation rules on the MFI form sometimes deviate from the accounts. For example, any differences arising when reporting deposits and borrowing on the MFI form using nominal amounts are to be reported under account adjustments under Other assets and Other liabilities. Account adjustments are to be reported in gross, which means that the assets column is separate from the liabilities column. For further information on account adjustments, see “Account adjustments” under Section 8, Spec T7 – Tangible assets and other assets.

### **Short positions (shorting securities)**

This is where short positions are to be reported. To take a short position in that security means that the institution borrows a security and sells it. Both in the MFI survey and in the traditional accounts, a short position is to be reported as a liability. Repayable liquid funds that are received or provided in connection with a securities loan (cash collateral) are to be reported under repurchase agreements on the assets side and the liability side.

Short positions cannot be offset against long positions in the report. For more information about net and gross accounting, see Section 2.2.

In tab S6 Short positions, a more detailed breakdown is to be reported, by type of borrowed security.

### **Spec S4**

In tab S4 Accrued costs and deferred income, accrued interest is to be reported, broken down by liability and counterparty.

Accrued interest is not be reported together with the main instrument, which is a deviation from FFFS 2008:25.

### **Spec S5**

In tab S5, issued shares in money market funds are to be reported, broken down by counterparty.

This information is only to be reported by institutions classified as money market funds.

### **Spec S6 Short positions (Korta positioner)**

Tab S6 is a specification to item nr. 2045 Short positions in tab S3, and comprises two tables: ‘Debt securities, eligible for refinancing and others’ and ‘Shares and participation rights’.

Institutions that provide data to VINN do not need to report the breakdowns on S6.

To take a short position means that the institution borrows a security in order to sell it<sup>9</sup>. Both in the MFI survey and in the traditional accounts, a short position is to be reported as a liability. Repayable liquid funds that are received or provided in connection with a securities loan (cash collateral) are to be reported under repurchase agreements on the asset side and the liability side.

#### **Debt securities, eligible for refinancing and other**

The maturity of bonds and other debt securities refer to the original maturity. Here, 'maturity' refers to the duration from issue to maturity, e.g. not to the interest rate fixation period.

Other financial corporations, non MFI includes financial corporations that are not MFIs, non-monetary security and derivative dealers, insurance companies, pension funds and financial vehicle corporations (FVC).

#### **Shares and participation rights**

'Counterparty' refers to the issuer of the share or participation right. The country breakdown is governed by the company's domicile and not the country where the share is traded.

Units in investment funds are to be reported here.

#### **Shares listed in a marketplace**

This is where to report shares that are traded in a regulated market or trading platform according to the Securities Market Act (2007:528) or corresponding foreign marketplace and other shares that are traded in the securities market and has a publicly available listing.

For shares listed in a Swedish marketplace, this means that shares listed on Nasdaq OMX Stockholm, NGM Equity, NGM Nordic MTF Stockholm, Spotlight or First North, etc., are to be regarded as listed.

#### **Shares not listed in a market place**

This is where shares without a continuous market listing.

#### **Spec Currency (Valuta)**

The Currency tab is used to report a more detailed breakdown into other EU currencies and other foreign currencies for items on the form's previous tabs. Positions in British pounds are also to be reported separately.

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<sup>9</sup> The background to the collection of information on short positions is the ability to adjust statistics to avoid double counting. The institution that borrows a security is not to report it as an asset in the balance sheet, but both the counterparty that lent the security and the buyer of the security are to report it as an asset.

### **Spec Country (Land)**

The Country tab is used to report a more detailed breakdown into EMU countries and other EU countries for items on the form's previous tabs. Positions in the United Kingdom are also to be reported separately.

### **European Stability Mechanism**

Not broken down by country but included in EMU countries, sector Other financial corporations, non-MFI.

### **European Investment Bank (EIB)**

Not broken down by country but included in Other EU countries, sector Monetary financial institutions.

### **Single Resolution Board (SRB)**

Not broken down by country but included in Other EU countries, public sector.

### **Housing credit institut, loans (Bostadsinstitutens inlåning)**

In tab Housing credit institut, loans, new loans by housing credit institutions, excluding overnight loans and repurchase agreements, to Swedish and foreign non-MFIs in the period are reported. Construction loans are not included here.

New lending includes the following:

- An increase in the amount of credit;
- The rescheduling of interim loans to one final loan with the institution;
- The assumption of another loan from another institution.

The transfer of a loan to a new borrower at the institution is not regarded as new lending and is not to be reported unless the principal is increased at the same time. If the principal is increased, the increase is to be reported as new lending. The renegotiation of terms and conditions of a loan is not new lending. However, if the amount of credit is increased, the increase is considered new lending.

### **Collateral**

The table 'Collateral' includes new loans in the period and the balance at the end of the period, broken down by type of collateral and currency.

### **Loan terms**

The table 'Loan terms' includes new loans in the period, broken down by original interest rate fixation period and counterparty.

This information is only to be provided by housing credit institutions.

### **Loans, purchased and sold (Köpta och sålda lån)**

In tab Loans, purchased and sold, loans that were acquired or divested are to be reported, including loans that were divested in connection with securitisation. Both loans included on the balance sheet and loans that have been derecognised from the balance sheet are to be reported. The loans are to be broken down by counterparty to the loan, collateral and original interest rate fixation period, and by counterparty to the acquisition or divestment.

Both acquired and divested loans are to be reported using a positive sign. Acquired and divested loans are to be reported in gross terms in the tables for purchased and otherwise acquired loans and securitised or otherwise sold or transferred loans. If a securitised or otherwise sold loan is written down in connection with the divestment, the write-down is to be reported in the tab Revaluation of sold loans.

Note that acquisitions and divestments arising in connection with the acquisition of, split from, or merger with another institution are not to be included.

### **Transactions during the period that affect the loan stock**

The tables 'Loans purchased or otherwise acquired during the period that affect the loan stock' and 'Loans securitised or otherwise sold or transferred during the period that affect the loan stock' are used to report transactions affecting the loan stock.

### **Transactions during the period that do not affect the loan stock**

The tables "Loans purchased or otherwise acquired during the period that do not affect the loan stock" and "Loans securitised or otherwise sold or transferred during the period that do not affect the loan stock" are used to report transactions are not affecting the loan stock.

### **Outstanding amount that does not affect the loan stock**

The table "Outstanding amount of securitised and sold loans that do not affect the loan stock" is only to include securitised and sold loans that have not been derecognised in the balance sheet.

### **Outstanding amount that affects the loan stock**

The table "Outstanding amount of securitised and sold loans that are administered and do not affect the loan stock" is only to include securitised and sold loans that have been derecognised in the balance sheet but are still being administered. The data for this table should be reported by all institutions including MFI, housing credit institutions and alternative investment funds engaged in lending, if the institution has this type of business.

**Example 1:**

An institution purchases a loan of SEK 400 million with a Swedish insurance company as the counterparty from a non-monetary securities company and sells SEK 100 million of the loan back to the securities company in the same month. The transactions affect the balance sheet.

As the transactions affect the balance sheet, they are to be reported in the tables for transactions that affect the loan stock. The SEK 400 million is to be listed in the table "Loans purchased or otherwise acquired during the period that affect the loan stock" under Counterparties in Sweden - Other institutions, in item Counterparties in Sweden - Insurance corporations. As loans were also sold, SEK 100 million are to be reported in the table "Loans, securitised or otherwise sold or transferred during the period that affect the loan stock", in the column "Counterparties in Sweden - Other institutions," in the item "Counterparties in Sweden - Insurance corporations."

**Example 2:**

The institution carries out a securitisation of SEK 2 500 million for the first time, and the entire amount consists of mortgages to other households in Sweden. The FVC that takes part in the securitisation is located in Luxembourg. The mortgages are derecognised from the balance sheet.

As the mortgages were derecognised from the balance sheet, SEK 2 500 million are to be reported in the table "Loans, securitised or otherwise sold or transferred during the period that affect the loan stock," in the column "Counterparties in EMU countries – FVC" and in the item "Counterparties in Sweden – Households, etc. – One-to-two family dwellings, condominiums and tenant-owner apartments."

**Example 3:**

The institution transfers loans to non-financial corporations of SEK 3 000 million to another Swedish MFI within the corporate group. The loans are derecognised from the balance sheet.

As the institution divests loans and the loan stock is affected, SEK 3 000 million are to be reported in the table "Loans, securitised or otherwise sold or transferred during the period, that affect the loan stock" in the column "Counterparties in Sweden – MFI" and in the item "Counterparties in Sweden – Non-financial corporate sector." The group company that receives the loan reports SEK 3 000 million in the table "Loans, purchased or otherwise acquired during the period, that affect the loan stock", in the corresponding column and item.

**Example 4:**

The institution carries out a securitisation of SEK 2 500 million for the first time, of which SEK 1 500 in mortgages to other households and the

remaining SEK 1 000 million in loans to non-financial corporations. All borrowers are located in Sweden. The FVC that takes part in the securitisation is located in Ireland. The loans and mortgages cannot be derecognised from the balance sheet.

As the transactions do not affect the balance sheet, they are to be reported in the table “Loans, securitised or otherwise sold and transferred during the period, that do not affect the loan stock” in the column Counterparties in EMU countries – FVC and in the items Other counterparties in Sweden – Households, etc. (SEK 1 500 million) and Counterparties in Sweden – Non-financial corporations (SEK 1 000 million).

As the loans cannot be derecognised, the outstanding amount is to be reported. The institution has no previous securitisations, so SEK 1 500 million is to be reported in the column “Outstanding amounts of securitised or otherwise transferred loans that do not affect the loan stock” in the column “Counterparties in EMU countries – FVC” and in item “Counterparties in Sweden – Households, etc.” and SEK 1 000 million is to be reported in the item “Counterparties in Sweden – Non-financial corporations.”

### **Administrated loans (Administrering lån)**

In tab Administrated loans, institutions that administer loans on behalf of FVCs and other special corporations are to provide information. The loans are to be reported broken down by counterparty, collateral and original interest rate fixation period. It should also be reported whether the administration is carried out on behalf of an FVC or of another special corporation. If the corporation is an FVC, the country in which it carries out its activities should also be stated.

The administration of loans on behalf of an FVC or other special corporation means that the institution carries out the daily work, collects interest and payments on the securitised loans from the borrowers and pays interest to the holders of the securities issued by the corporation.

### **Loans sold by the own institution**

In the table “of which loans sold by the own institution,” the institution is to report whether the administered loans were sold by the institution.

### **Example:**

The institution administers a loan on behalf of an FVC that is based in Ireland. The loans that have been securitised by the FVC comprise SEK 600 million in mortgages with Irish households as counterparties and SEK 500 million in loans to Danish non-financial corporations, with an interest rate fixation period of up to 1 year.

The SEK 600 million in mortgages taken out by Irish households are to be reported in column FVCs based in EMU countries – IE (Ireland) and in the item Counterparties in EMU countries - Households – One-to-two family dwellings, condominiums and tenant-owner apartments. The loans to non-financial corporations are to be reported in item Counterparties in other EU countries, as Denmark is not a member of the EMU. For borrowers in other EU countries and in other countries abroad, it is not necessary to provide information broken down by sector, collateral or fixed interest fixation period.

As the administered loans have not been sold by the institution, no entry is made in the table Loans sold by the own institution.

### **FVC and securitisation**

A Financial Vehicle Corporation or FVC is an institution whose main purpose is to:

- securitise or intend to participate in one or several securitisation transactions and be a legally independent from the institution selling the assets or credit risk in the securitisation transaction;
- issue or intend to issue securities or derivatives and hold or intend to hold underlying assets.

If loans are administered for other corporations than FVCs, they are to be reported in “Other special corporations, non-FVC.”

MFI and investment funds may have certain characteristics in common with FVCs, but they are never classified as FVCs. The type of institutions referred to as FVCs are sometimes referred to as SPEs (Special Purpose Entities) or SPVs (Special Purpose Vehicles), but definitions may vary.

### **Securitisation**

‘Securitisation’ refers to:

- Transactions where assets or the credit risk associated with assets are sold to an independent institution, which issues securities or derivatives to finance the acquisition;
- The transfer of insurance risks to an independent institution that issues securities or derivatives to finance the exposure to the insurance risks.

There are also more complex structures involving several companies.

Securitized loans also include loans transferred during the securitisation process where the corporations have not yet issued any securities.

### **Branch balances Assets (MH Tillgångar)**

In tab Branch balances Assets, the head office is to report its receivables from the parent's branches abroad, broken down by counterparty, maturity and type of asset.

Institutions that provide data to VINN do not need to report the breakdowns for Bonds and other debt securities.

### **Syndicated loans**

In the table "Syndicated loans", information on syndicated loans to own branches in EMU countries are to be reported. This information is only to be provided by Swedish parent companies with branches abroad.

For more information on branches, see Section 7.

### **Branch balances Liabilities (MH Skulder)**

In tab Branch balances Liabilities, the head office is to report liabilities to the parent's branches abroad, broken down by counterparty, maturity and type of liability.

Institutions that provide data to VINN do not need to report the breakdown for Securities issued.

### **Transferable deposits and borrowing**

The table "Transferable deposits and borrowing" is used to report transferable deposits and borrowing, broken down by counterparty country. This information is only provided by Swedish parent companies with branches abroad.

For more information on branches, see Section 7.

### **Branch balances Currency (MH Valuta)**

The Branch balances Currency tab is used to report a more detailed breakdown into other EU currencies and other foreign currencies for items from the tabs Branch balances Assets and Branch balances Liabilities.

Institutions that provide data to VINN do not need to report the breakdowns for Bonds and other debt securities and Securities issued.

### **Branch balances Country (MH Land)**

The Branch balances Country tab is used to report a more detailed breakdown into Other EMU countries and Other EU countries for items from the tabs Branch balances Assets and Branch balances Liabilities.

Institutions that provide data to VINN do not need to report the breakdown for Securities issued by own branches.

### **Revaluation Spec T2 (Omvärderingar Spec T2)**

In tab Revaluation Spec T2, revaluations of treasury bills, etc. that are eligible for refinancing are to be reported, broken down by counterparty sector and original maturity.

Institutions that provide data to VINN do not need to report the breakdowns on Revaluations Spec T2.

Changes in value of treasury bills, etc. that are eligible for refinancing due to changes in market value, are to be reported as revaluations to the extent they are not caused by currency fluctuations.

For more information on revaluations, see Section 6.

### **Revaluations Spec T3 Counterparties (Omvärderingar Spec T3 Motp)**

In tab Revaluations Spec T3, Counterparties, loan losses for lending are to be reported, broken down by counterparty sector.

Depreciation and impairment losses on loans, i.e. actual loan losses, are to be reported as revaluations. Other changes in value are not to be included. Revaluations of loans are noted with negative figures because depreciations and impairment losses lead to a reduced stock. A recovered loan loss is defined as money coming in. This does not affect the lending but only the income statement and shall therefore not be reported as a revaluation. Revaluations of lending also includes loans administered by an MFI on behalf of an FVC or other special corporation and sold or securitised loans.

For more information on revaluations, see Section 6.

### **Revaluations Spec T3 Collateral (Omvärderingar Spec T3 Säkerhet)**

In tab Revaluations Spec T3, Collateral, loan losses for lending are to be reported, broken down by counterparty sector and collateral.

### **Revaluations Spec T3 Syndicated loans (Omvärderingar Spec T3 Syndi. Lån)**

In tab Revaluations Spec T3, Syndicated loans, loan losses on syndicated lending are to be reported, broken down by counterparty sector.

### **Revaluations Spec T5 (Omvärderingar Spec T5)**

In tab Revaluation Spec T5, revaluations of bonds and other debt securities are to be reported, broken down by counterparty sector and original maturity.

Institutions that provide data to VINN do not need to report the breakdowns on Revaluations Spec T5.

Changes in value of bonds and other debt securities due to changes in market value are to be reported as revaluations to the extent they are not caused by currency fluctuations.

For more information on revaluations, see Section 6.

### **Revaluations Spec T6 (Omvärderingar Spec T6)**

In tab Revaluations Spec T6, revaluations for shares listed in a marketplace, shares not listed in a market place, shares or units in money market and investment funds and other participation rights are to be reported, broken down by counterparty sector.

Institutions that provide data to VINN do not need to report the breakdowns on Revaluations Spec T6.

Changes in value of shares and participation rights due to changes in market value are to be reported as revaluations. The revaluations are to be calculated including exchange rate effects.

For more information on revaluations, see Section 6.

### **Revaluations Spec T7 (Omvärderingar Spec T7 mm.)**

In tab Revaluations Spec T7, revaluations of intangible fixed assets, tangible assets and other assets are to be reported, broken down by type of asset and counterparty sector.

#### **Intangible assets**

Amortisation and write-downs of intangible fixed assets are to be reported as revaluations.

#### **Material assets**

Depreciation, write-downs and write-ups of tangible assets are to be reported as revaluations. Other changes in value are not to be included.

#### **Other assets**

For derivatives that constitute assets, revaluations are to be reported according to the guidelines in Section 6.5 "Revaluation of derivatives."

Under For protection of claims and Other, changes in value that are not caused by purchasing or selling or exchange rate fluctuations are to be reported as revaluations.

For more information on revaluations, see Section 6.

### **Revaluations Spec S3 (Omvärderingar Spec S3 mm.)**

In tab Revaluations Spec S3, revaluations of liabilities and equity and other liabilities are to be reported, broken down by type of liability and counterparty sector.

#### **Provisions**

Increased provisions are reported as revaluations. Reduced provisions are reported as revaluations to the extent that they are not due to an outflow.

#### **Revaluations against the revaluation reserve**

Revaluations against the revaluation reserve are treated as revaluations of both the asset and the revaluation reserve.

#### **Other liabilities**

For derivatives that constitute liabilities, revaluations are to be reported according to the guidelines in Section 6.5 "Revaluation of derivatives."

In the calculation of revaluations of short positions (securities lending), the revaluation methods provided in Section 6.2 "Revaluation of securities, except derivatives, valued at market value." For short positions, increased liability should be stated using a positive sign and reduced liability should be indicated using a negative sign. In tab Revaluations S6 Short positions, a more detailed breakdown is to be reported, by type of borrowed security.

For Other, changes in value that are not caused by purchasing or selling or exchange rate fluctuations are to be presented as revaluations.

#### **Other liability items**

No revaluations should be calculated for other items on the balance sheet.

### **Revaluations Spec S6 Short positions (Omv S6 Korta positioner)**

Tab Revaluations S6 Short positions is a specification to item nr. 4045 Short positions in tab Revaluations Spec S3, etc. and comprises two tables: "Debt securities, eligible for refinancing and others" and "Shares and participation rights". Here, revaluations on the borrowed security are to be reported, broken down by type of security, counterparty sector and maturity, and by type of security and counterparty sector. 'Counterparty' refers to the issuer of the security and not to the party lending the security.

Institutions that provide data to VINN do not need to report the breakdowns on Revaluations Spec S6 Short positions.

In the calculation of revaluations of short positions (securities lending) in specification "Revaluations Spec S6 Short positions," the revaluation methods provided in Section 6.2 "Revaluation of securities, except derivatives, valued at market value" are to be applied. For short positions, increased liability should be stated using a positive sign and reduced liability should be indicated using a negative sign.

**Example:**

100 000 shares at a price of SEK 90 are borrowed and sold. This leads to a liability of SEK 9 million in short positions. The sale is a transaction and does not lead to a revaluation. In the period, the share price drops to SEK 80. This means that the liability is reduced to SEK 8 million; the change is not caused by a transaction but by a change in value, so a revaluation of SEK -1 million is reported in short positions (the liability is reduced). The share price is still SEK 80 when the transaction is finalised by purchasing and returning the shares. The liability is zero, but as it is a transaction, no revaluation is made.

**Revaluations Spec Sold loans (Omv Sålåda lån)**

The tab Revaluations Sold loans is a separate report for item nr. 303 in tab Revaluations Spec T3 Counterparties. This is where impairment losses on loans in connection to sold or securitised loans that affect the balance sheet are to be reported. The loans are to be broken down by counterparty to the loan, collateral and original interest rate fixation period, and by counterparty to the acquisition or divestment.

**Example:**

Loans for SEK 10 million are securitised and derecognised from the balance sheet. In connection with the securitisation, the loans are written down to SEK 9 million. The FVC that purchased the loans will therefore state SEK 9 million as the nominal value of the loans. To differentiate the transaction between the institution and the FVC from the impairment loss, the impairment loss is reported separately. The institution securitising the loans therefore reports SEK -1 million in Revaluations Spec T3 Counterparties, just like for other actual loan losses, but it also reports the SEK -1 million impairment loss separately in Revaluations Sold loans.

**Revaluations Spec Adm. Loans (Omv Administrering lån)**

In tab Revaluations Administration of loans, loan losses on loans administered by the institution are to be reported. Loan losses are to be broken down by counterparty, collateral and original interest rate fixation period. It should also be reported whether the administration is carried out on behalf of an FVC or of another special corporation. If the corporation is an FVC, its country of operations should also be stated.

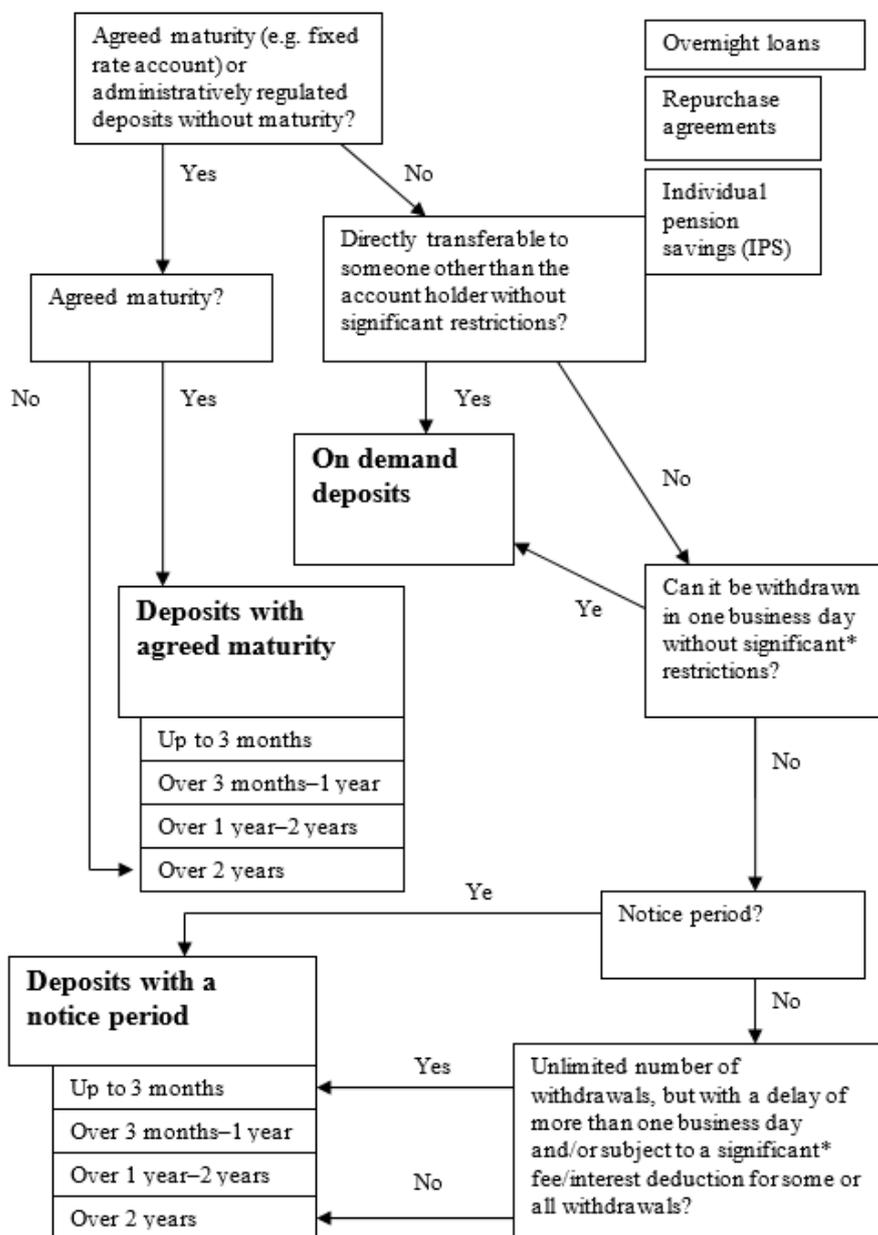
### **Revaluations of balances with own branches (Omvärderingar MH)**

In tab Revaluations, Branch balances, the head office is to report actual loan losses on lending and changes in value of financial instruments for balances between the parent and its own branches abroad, broken down by counterparty, maturity and type of asset or liability.

This information is only provided by Swedish parent companies with branches abroad.

# APPENDIX 1: Decision tree for the classification of deposits and borrowing

Decision tree for the classification of deposits and borrowing



\* 'Significant restriction' refers to a fee/deterioration of more than 0.5 percent of the amount withdrawn if the fee is expressed in percent of the amount withdrawn. If the withdrawal fee is expressed as a predetermined, fixed amount, then a significant fee is one in excess of SEK 15 per withdrawal. 'Significant restriction' also refers to an account having a limited number of free withdrawals per year.

## APPENDIX 2: Examples of revaluations of different kinds of derivatives

To report the revaluation of a derivative, the transaction must first be calculated using the correct sign. The revaluation to be reported is then calculated as follows:

$$\text{Revaluation} = \text{CB} - \text{OB} - \text{Transactions}$$

For transactions of derivatives on the asset side (with a positive market value), a positive cash flow (a payment received) leads to a corresponding negative transaction on the asset side, while a negative cash flow (a payment made) results in a corresponding positive transaction on the asset side.<sup>10</sup>

For derivatives on the liability side (a negative market value), a negative cash flow (a payment made) results in a corresponding negative transaction on the liability side. A potential positive cash flow (a payment received) for a derivative on the liability side results in a positive transaction on the liability side.

**Table: Summary of positive and negative cash flows in derivatives**

	Positive cash flow (payment received)	Negative cash flow (payment made)
Asset side (positive market value)	Negative transaction	Positive transaction
Liability side (negative market value*)	Positive transaction	Negative transaction

Balance sheet values are to be reported with a positive sign; for example, a derivative contract with a market value of SEK -100 is to be reported as SEK 100 on the liability side.

When trading in the secondary market, all purchases are positive transactions and all sales are negative transactions for derivatives on both the asset side and the liability side.

Revaluations of derivatives on the MFI form are to be broken down by asset side and liability side. Different signs are therefore used on the MFI form compared with the Balance of payment form (FD31) when revaluating derivatives (due to changes in value) on the liability side or derivatives that switch sides on the balance sheet. To facilitate reconciliation with FD31, changes in market value are included in the examples below. On the MFI-form, changes in market value, except for

<sup>10</sup> For derivatives with zero market value when the contract is entered into, which is common for futures, forwards and swaps, the payment received corresponds to the capital gains for the instrument and the payment received corresponds to the capital loss. However, for options and trades in the secondary market, the opening market value is not zero.

transactions, are divided into revaluations for assets and liabilities, respectively. The MFI does not require a specification of payments made or payments received, but these transactions are used to calculate revaluations. This is not to be reported in the MFI, however. The MFI does not require a specification of payments made or payments received, either, but these transactions are used to calculate revaluations.

## 1 Options

### 1A The respondent buys a call option

A call option is purchased in period 1 and the respondent pays premium for the option. At the end of the period, the underlying share has increased in value, which means that the option contract has also increased in value.

#### Period 1

Option	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	-	50	0	50	100	150
<b>Assets</b>	-	50	0	50	<b>100</b>	<b>150</b>
<b>Liabilities</b>	-	0	0	0	<b>0</b>	<b>0</b>

[Källa]

*The payment made is a positive transaction. CB-OB-Transaction leads to a revaluation of  $150-0-50=100$  on the asset side.*

In period 2, the share price falls below the strike price, so the market value of the option is zero.

#### Period 2

Option	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	150	0	0	0	-150	0
<b>Assets</b>	150	0	0	0	<b>-150</b>	<b>0</b>
<b>Liabilities</b>	0	0	0	0	<b>0</b>	<b>0</b>

[Källa]

*No payments are made, so the entire difference between the CB and the OB is the revaluation. CB-OB-Transaction leads to a revaluation on the asset side of  $0-150-0=-150$ .*

In period 3, the share price increases, thus increasing the value of the option. Cash settlement; the respondent receives the difference between the share value and the strike price.

#### Period 3

Option	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	0	0	60	-60	60	-
<b>Assets</b>	0	0	60	-60	<b>60</b>	-
<b>Liabilities</b>	0	0	0	0	<b>0</b>	-

The payment received is a negative transaction on the asset side.  $CB-OB-Transaction$  leads to a revaluation of  $0-0-(-60)=60$  on the asset side.

### 1B The respondent issues a call option

This example also illustrates the reporting by the counterparty in example 1a. The respondent receives the option premium in period 1. The shares increase in value during the period, increasing the liability.

#### Period 1

Option	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	-	0	50	-50	-100	-150
<b>Assets</b>	-	0	0	0	0	0
<b>Liabilities</b>	-	0	50	50	100	150

The payment received is a positive transaction on the liability side (liability increases), so the revaluation on the liability side becomes  $OB-IB-Transactions = 150-0-50=100$ .

In period 2, the value of the share falls below the strike price, so the market value of the option is zero.

#### Period 2

Option	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	-150	0	0	0	150	0
<b>Assets</b>	0	0	0	0	0	0
<b>Liabilities</b>	150	0	0	0	-150	0

As no payments were made in period 2, the entire change is a revaluation. The revaluation on the liability side is  $CB-OB-Transaction = 0-150-0=-150$ .

In period 3, the share price increases, increasing the value of the option and increasing the liability. Cash settlement; the respondent pays the difference between the share value and the strike price.

#### Period 3

Option	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	0	60	0	60	-60	0
<b>Assets</b>	0	0	0	0	0	0
<b>Liabilities</b>	0	60	0	-60	60	0

The payment made is a negative transaction on the liability side. The revaluation on the liability side is  $CB-OB-Transaction=0-0-(-60)=60$ .

## 2 Forwards

### 2A The respondent enters into a contract to purchase shares at a predetermined price on a specified date.

No initial premium is paid for a forward. The value of the underlying share increases in period 1, increasing the value of the forward.

**Period 1**

Forward	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	-	0	0	0	100	100
<b>Assets</b>	-	0	0	0	<b>100</b>	<b>100</b>
<b>Liabilities</b>	-	0	0	0	<b>0</b>	<b>0</b>

*No payments are made, the revaluation on the asset side is  $CB-OB-Transactions=100-0-0=100$ .*

In period 2, the value of the shares falls below the strike price, and the value of the forward falls and the derivative turns into a liability.

**Period 2**

Forward	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	100	0	0	0	-200	-100
<b>Assets</b>	100	0	0	0	<b>-100</b>	<b>0</b>
<b>Liabilities</b>	0	0	0	0	<b>100</b>	<b>100</b>

*As the derivative changes sides from asset to liability, revaluations arise on both the asset and liability sides. The revaluation on the asset side is  $CB-OB-Transaction=0-100-0=-100$  (the assets have decreased) and the revaluation on the liability side is  $CB-OB-Transaction=100-0-0=100$  (the liabilities have increased).*

In period 3, the forward falls. Before that, the share price goes up, and the forward ends up on the asset side again. Cash settlement.

**Period 3**

Forward	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	-100	0	100	0	200	-
<b>Assets</b>	0	0	100	-100	<b>100</b>	-
<b>Liabilities</b>	100	0	0	0	<b>-100</b>	-

*As the derivative is on the asset side when the payment is received, it is a negative transaction. Revaluation on the asset side:  $CB-OB-Transaction=0-0-(-100)=100$ . The value change increases the asset side until the forward matures and the assets decline. As the derivative switched side compared to the previous period, there is also a revaluation on the liability side of  $CB-OB-Transaction=0-100-0=-100$ .*

**3 Futures**

Derivatives that are included in the balance sheet on the reporting date but have zero market value are to be reported on the asset side. Future contracts traded on an exchange are settled daily. Accordingly, this example assumes that the initial market value of the future to be zero, even if there are exceptions.

**Period 1**

Future	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	-	0	200	-200	200	0
<b>Assets</b>	-	0	200	-200	<b>200</b>	<b>0</b>
<b>Liabilities</b>	-	0	0	0	<b>0</b>	<b>0</b>

Transactions in derivatives with zero market value are assigned to the asset side (derivatives that no longer remain on the balances sheet are attributed to the side they were on the last day of the transaction). The resulting margin payment becomes a negative transaction on the asset side, resulting in the following revaluation of the asset side:  $CB-OB-Transaction = 0-0-(-200)=200$ .

In period 2, the respondent pays an on-going settlement of 100 and receives 300 from the exchange. This gives a net profit of 200

#### Period 2

Future	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	0	100	300	-200	200	0
<b>Assets</b>	0	100	300	-200	<b>200</b>	<b>0</b>
<b>Liabilities</b>	0	0	0	0	<b>0</b>	<b>0</b>

As the derivative is on the asset side, the paid margin is a positive transaction while the received margin is a negative transaction. The aggregate transaction in the period is then:  $100-300=-200$ , resulting in a revaluation on the asset side of  $CB-OB-Transaction=0-0-(-200)=200$ .

In period 3, a margin payment of 50 is received from the stock exchange, before the contract has matured.

#### Period 3

Future	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	0	0	50	-50	50	-
<b>Assets</b>	0	0	50	-50	<b>50</b>	-
<b>Liabilities</b>	0	0	0	0	<b>0</b>	-

The margin payment received is a negative transaction on the asset side. Consequently, the revaluation on the asset side is  $CB-OB-Transaction = 0-0-(-50)=50$ .

## 4 Swap agreements

The respondent enters into a swap agreement where a fixed interest rate is exchanged for a floating rate on a bond. The respondent also wants to avoid currency risk in EUR. On the exercise date, when the bond matures, SEK is paid, and EUR is received. The swap has therefore two currency legs and two interest rate legs.

The agreement is entered into in period 1. No premium or similar payments are made at the start. Both the SEK and the floating interest rate value fall during the period. The weakening of the SEK increases the value of the swap while the fall in the floating interest rate decreases the value of the swap. In this example, the weakening SEK increases the value of the swap by 1 000, while the drop in the interest rate causes the value of the swap to fall by 300. The net change in swap value is an increase of 700.

**Period 1**

Swap	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	-	0	0	0	700	700
<b>Assets</b>	-	0	0	0	<b>700</b>	<b>700</b>
<b>Liabilities</b>	-	0	0	0	<b>0</b>	<b>0</b>

*Revaluation on the asset side:  $CB-OB-Transaction = 700-0-0=700$ .*

In period 2, the SEK is unchanged while the floating interest rate falls. The value of the swap falls but remains positive.

**Period 2**

Swap	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	700	0	0	0	-500	200
<b>Assets</b>	700	0	0	0	<b>-500</b>	<b>200</b>
<b>Liabilities</b>	0	0	0	0	<b>0</b>	<b>0</b>

*Revaluation on the asset side:  $CB-OB-Transaction = 200-700-0=-500$ .*

In the period, the SEK develops in a direction that is positive to the respondent. The value of the swap rises. In period 3, the respondent pays the coupons on the bonds. As the floating interest rate is lower than the fixed interest rate, a payment is also made to the counterparty to the derivative.

**Period 3**

Swap	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	200	500	0	500	3800	4500
<b>Assets</b>	200	500	0	500	<b>3800</b>	<b>4500</b>
<b>Liabilities</b>	0	0	0	0	<b>0</b>	<b>0</b>

*As the swap is on the asset side, the payment made is a positive transaction. The revaluation on the asset side is  $CB-OB-Transaction=4\ 500-200-500=3\ 800$ .*

In period 4, the SEK increases in value while the floating rate falls. The swap therefore has a negative market value.

**Period 4**

Swap	OB	Payment made	Payment received	Transaction	Revaluation	CB
Market value	4500	0	0	0	-8500	-4000
<b>Assets</b>	4500	0	0	0	<b>-4500</b>	<b>0</b>
<b>Liabilities</b>	0	0	0	0	<b>4000</b>	<b>4000</b>

*The swap changes sides in the period, so there are revaluations on both the asset side and the liability side. On the asset side, the revaluation is  $CB-OB-Transaction = 0-4\ 500-0=-4\ 500$  and on the liability side, the revaluation is  $4\ 000-0-0=4\ 000$ .*

In period 5, the swap matures. Until then, its market value has declined even further. The respondent pays the liability of SEK 6 000 to the counterparty to the agreement.

**Period 5**

<b>Swap</b>	<b>OB</b>	<b>Payment made</b>	<b>Payment received</b>	<b>Transaction</b>	<b>Revaluation</b>	<b>CB</b>
Market value	-4000	6000	0	6000	-2000	-
<b>Assets</b>	0	0	0	0	<b>0</b>	-
<b>Liabilities</b>	4000	6000	0	-6000	<b>2000</b>	-

As the swap was on the liability side when it fell due, the payment made is a negative transaction on the liability side. The revaluation on the liability side is  $CB - OB - \text{Transaction} = 0 - 4\ 000 - (-6\ 000) = 2\ 000$ .

### APPENDIX 3: Example of documentary credits

A Swedish company that imports goods opens a letter of credit with the respondent to guarantee the payment of SEK 20 million to an export company in the EMU. A Swedish export company asks the respondent for confirmation of a letter of credit, as assurance that the export company will be paid even if political instability would prevent the bank issuing the letter of credit in another country from fulfilling its commitment. This is to be reported as SEK 20 million in Counterparties in an EMU country (which opened the letter of credit) and SEK 10 million in Counterparties in Sweden (which confirmed the letter of credit).

