Summary of Main Changes and Selected Rules Used for Conversion to the New Report Forms

DEPOSIT-TAKERS

INCOME AND EXPENSE STATEMENTS

1. Income and expense statements are reported on a cumulative basis from the beginning of the calendar year to the end of the reporting period. While the majority of countries' already meet this condition, some countries report their income and expense statements on a periodic or annualized basis. For countries reporting these figures on a periodic basis, the income and expense statements are recalculated on a cumulative basis—resulting in some of the earnings and profitability financial soundness indicators (FSIs) being restated. For countries reporting annualized income and expense statements, the adjustments need to be made in the source data when reporting the new templates.

2. Extraordinary items are reclassified to the other income/other expenses if they are income/losses respectively. For countries that have reported extraordinary items, this adjustment may affect the FSIs that take noninterest income, gross income, noninterest expenses, and net profit before taxes as numerator/denominator.

3. Other comprehensive income/ (loss) net of tax needs to be reported in the line 11 in the income and expense statement on an accumulated basis from the beginning of the calendar year (in line with the income and expense statement reporting).

BALANCE SHEET

4. General and other provisions need to be reported in the new report forms (line 30 in Table 5.1) on the liability side of the balance sheet while provisions for nonperforming loans are reported as specific provision. (line 18.ii. in Table 5.1). Countries are expected to adjust their historic data accordingly.

MEMORANDUM SERIES

5. The memorandum series include new line items to collect data on Basel III's Common Equity Tier 1 (CET1), leverage and liquidity ratios. Countries that had already implemented these Basel-III standards are encouraged to report their historical data in the new templates and adjust their metadata accordingly.

6. The *2019 FSIs Compilation Guide (FSIs Guide)* does not differentiate between the core and broad measures of liquid assets. The broad measure of liquid asset is adopted as the default reporting measure (line 47 in Table 5.1) in the new templates, except when only the core measure is available. Countries are expected to update these series in line with the *FSIs Guide* definition.

7. Geographic distribution of loans (lines 52 in Table 5.1) are aligned with Word Economic Outlook's (WEO) country classification. For further details on WEO's country classification, please refer Annex 8.2 on Geographical Distribution of Countries in the *FSIs Guide*.

8. The difference between the reference lending rates (line 59 in Table 5.1) and (line 60 in Table 5.1) deposit rates (that is, the spread between reference lending and deposit rates) and the difference between and highest lending rates (line 61 in Table 5.1) and deposit rates (line 62 in Table 5.1) (that is, the spread between highest and lowest interbank rates) need to be reported separately in the new report forms. Countries are encouraged to adjust their historical data accordingly.

FINANCIAL SOUNDNESS INDICATORS

9. The capital to asset ratio is renamed as the ratio Tier 1 capital to assets. This ratio is recalculated by taking Tier 1 capital (line 33 in Table 5.1) as numerator and total assets (line 14 in Table 5.1) as denominator. Tier 1 capital is the prescribed numerator by the *FSIs Guide*. However, for countries that had already implemented the Basel III's leverage ratio, this ratio is recalculated by taking Basel's III exposure measure (line 41 in Table 5.1) as denominator.

10. Nonperforming loans net of provisions to capital ratio is recalculated by taking nonperforming loans (line 49 in Table 5.1) minus specific provisions (line 18.ii in Table 5.1) divided by total regulatory capital (line 39 in Table 5.1). Total regulatory capital is the prescribed denominator by the *FSIs Guide*.

11. The provisions to nonperforming loans ratio, a new FSI, is calculated for all countries as specific provisions (line 18.ii in Table 5.1) divided by non-performing loans (line 49 in Table 5.1).

12. Return on equity (ROE) is recalculated by taking annualized net income after taxes (line 64 in Table 5.1) divided by average capital and reserves (line 66 in Table 5.1). Average Capital and reserves are the prescribed denominator by the *FSIs Guide*. However, when annualized net income after taxes is not available, annualized net income before tax and extraordinary items are used.

13. Return of assets (ROA) is recalculated by taking annualized net income before taxes (line 63 in Table 5.1) divided by average total assets (line 65 in Table 5.1).

14. For countries reporting the income and expenses statement on a cumulative basis from the beginning of the calendar year to the end of the reporting period, the annualized net income before/after taxes and average total assets/capital and reserves are calculated using the standard rules described below. However, countries may also opt to use their method of annualization. Countries that report annualized data are advised to consult with their Economists.

15. Method of annualization used to compile ROA and ROE:

Quarterly data

- Annualizing net income before/after tax reported on a cumulative basis: 2019Q1_Annualized = (2019Q1)*4; 2019Q2_Annualized = (2019Q2)*2; 2019Q3_Annualized = (2019Q3)/3*4; 2019Q4_Annualized = (2019Q4).

- Averaging total assets and capital: 2019Q1_Average = (2018Q4, 2019Q1)/2; 2019Q2_Average =(2018Q4, 2019Q1, 2019Q2)/3; 2019Q3_Average = (2018Q4, 2019Q1, 2019Q2 ,2019Q3)/4; 2019Q4_Average =(2018Q4, 2019Q1, 2019Q2, 2019Q3, 2019Q4)/5

Monthly data

- Annualizing net income before/after tax reported on a cumulative basis: 2019M1_Annualized = (2019M1)*12; 2019M2_Annualized = (2019Q2)*6;

2019M3_Annualized = (2019M3)*12/3; 2019M4_Annualized = (2019M4)*12/4; 2019M5_Annualized = (2019M5)*12/5; 2019M6_Annualized = (2019M6)*12/6; 2019M7_Annualized = (2019M7)*12/7; 2019M8_Annualized = (2019M8)*12/8; 2019M9_Annualized = (2019M9)*12/9; 2019M10_Annualized = (2019M10)*12/10; 2019M11_Annualized = (2019M11)*12/11; 2019M12_Annualized = (2019M12)

- Averaging total assets and capital: 2019M1_Average = (2018M12, 2019M1)/2; 2019M2_Average =(2018M12, 2019M1, 2019M2)/3; 2019M3_Average = (2018M12, 2019M1, 2019M2 , 2019M3)/4; 2019M4_Average =(2018M12, 2019M1, 2019M2, 2019M3, 2019M4)/5; 2019M5_Average =(2018M12, 2019M1, 2019M2, 2019M3, 2019M4, 2019M5)/6; 2019M6_Average =(2018M12, 2019M1, 2019M2, 2019M3, 2019M4, 2019M5, 2019M6)/7; 2019M7_Average=(2018M12, 2019M1, 2019M2, 2019M3, 2019M4, 2019M5, 2019M6, 2019M7)/8; 2019M8_Average (2018M12, 2019M1, 2019M2, 2019M3, 2019M4, 2019M5, 2019M6, 2019M7 , 2019M8)/9; 2019M9_Average =(2018M12, 2019M1, 2019M2, 2019M3, 2019M4, 2019M5 , 2019M6 , 2019M7, 2019M8, 2019M9)/10; 2019M10_Average =2018M12, 2019M1, 2019M2 , 2019M3, 2019M4, 2019M5, 2019M6, 2019M7, 2019M8, 2019M9, 2019M10)/11; 2019M11_Average =(2018M12, 2019M1, 2019M2, 2019M3, 2019M4 , 2019M5, 2019M6, 2019M7, 2019M8, 2019M9, 2019M10, 2019M11)/12; 2019M12_Average =(2018M12, 2019M1, 2019M2, 2019M3, 2019M4, 2019M5, 2019M6, 2019M7, 2019M8, 2019M9, 2019M10, 2019M11, 2019M12)/13

16. Net open position in foreign exchange to capital ratio is recalculated by taking either the net open position in foreign currency (Line 56 in Table 5.1) or net open position in foreign currency for on-balance sheet items (Line 55 in Table 5.1) divided by total regulatory capital (line 39 in Table 5.1). Consistent with the Basel framework, the default option for the numerator is the net open position in foreign currency (Line 56 in Table 5.1) because it includes on- and off-balance sheet positions. Total regulatory capital is the prescribed denominator by the *FSIs Guide*.

17. The large exposures to capital ratio is recalculated by taking the value of large exposures (line 46 in Table 5.1) divided by Tier 1 capital (line 32 in Table 5.1). Tier 1 capital is the prescribed denominator by the *FSIs Guide*. Going forward, countries are expected to recalculate their large exposures based on the definition provided in the *FSIs Guide*.

18. The FSIs gross asset position in financial derivatives to capital and gross liability position in financial derivatives to capital are recalculated by dividing financial derivatives assets (line 21 in Table 5.1) and liability position (line 29 in Table 5.1) respectively by total regulatory capital (line 39 in Table 5.1). Total regulatory capital is the prescribed denominator by the *FSIs Guide*.

19. The liquidity assets to total assets and liquid assets to short-term liabilities ratios are recalculated using the broad measure of liquidity (line 47 in Table 5.1) divided by total assets (line 14 in Table 5.1) and short-term liabilities (line 48 in Table 5.1) respectively. However, when the broad measure is not available, the core measure is used to calculate the two liquidity indicators. The *FSIs Guide* also defines short-term liabilities as all liabilities that have a maturity of not more than 90 days.

20. The FSI on foreign-currency-denominated liabilities to total liabilities is recalculated by taking foreign-currency-denominated liabilities (line 53 in Table 5.1) divided by total liabilities (line 32 in Table 5.1). Total liabilities are defined in the *FSIs Guide* as total debt (line 28 in Table 5.1) plus financial derivative liabilities (line 29 in Table 5.1) minus financial derivative assets (line 21 in Table 5.1) as the denominator.

OTHER FINANCIAL CORPORATIONS (OFCs)

21. New tables have been introduced to collect sectoral financial statements and memorandum series for money market funds (Table 5.2), insurance corporations (Tables 5.3, 5.3.1 and 5.3.2), pension funds (Table 5.4) and other financial corporations (Table 5.7).

22. The ratio of OFCs' assets to total financial assets is calculated by taking OFCs' total assets (line 1.(ii) in Table 5.7) divided total financial system assets (line 1 in Table 5.7). The total financial systems assets comprise total assets of deposit-takers and other financial corporations only.

NONFINANCIAL CORPORATIONS

INCOME AND EXPENSE STATEMENTS

23. Extraordinary items are reclassified to the other income/other expenses if they are profits/losses respectively.

BALANCE SHEET

24. Produced and non-produced assets are reclassified to nonfinancial assets (line 13 in Table 5.5).

25. Shares and other equity are renamed as equity and investment fund shares.

26. General and specific provisions (line 28 in Table 5.5) are being introduced as a new line item on the liability side of the balance sheet.

MEMORANDUM SERIES

27. The list of memorandum items has been revised.

28. Return on equity is calculated as annualized net income after tax (line 37 in Table 5.5) divided by average capital and reserves (line 38 in Table 5.5). However, for historic data, net income before tax or after is used to calculate this ratio.

HOUSEHOLDS

INCOME AND EXPENSE STATEMENTS

29. There is no change to income and expense statements for households.

BALANCE SHEET

30. Residential and commercial real estate is reclassified as nonfinancial assets (line 8 in Table 5.6) due the incomplete data of the subcomponents of nonfinancial assets.

31. Shares and other equity are renamed as Equity and investment fund shares.

32. Financial derivatives assets and liabilities are reclassified to other financial assets (line 15 in Table 5.6) and other liabilities (line 19 in Table 5.6) respectively.

33. Loans (line 12 in Table 5.6) are added as a new line item on the assets side of the balance sheet.

MEMORANDUM SERIES

34. The list of memorandum item has been revised.

OTHERS

35. The FSIs are recalculated from the underlying financial statements and memorandum series.

36. On the day of the implementation of the new report forms, all reported zeros values from our collection databases will be deleted permanently to facilitate the transformations from old to the new methodology.

37. To ensure consistency, the GDP figures used to calculate the FSIs (notably, OFCs' assets to gross domestic product, household debt to household disposal income, nonfinancial corporation's total debt to GDP), GDP will be replaced by the GDP figures from the IMF's WEO database for dissemination purposes. Annual GDP is used for the calculation regardless of data frequency (monthly, quarterly, or seminally FSIs).

38. A new Table 6.0 is introduced to collect data on measures on concentration and distributions for seven of the core FSIs for deposit-takers, notably, the ratios of Tier 1 capital to risk-weighted assets, Nonperforming loans net of provisions to capital, Nonperforming loans to total gross loans, Provisions to nonperforming loans, Return on assets, Return on equity and Tier 1 capital to assets.

METADATA

39. The list contact persons will not be collected in the metadata. The contact details will be collected in Integrated Correspondents Management System (ICMS) database.

40. The new FSIC report form, which replaces the old FS1 template, are to be reported annually or when there is a change in the intuitional coverage of the FSI data. The old FS1 will be discontinued on the date of the implementation of new templates, although the historic data will continue to be disseminated in the old format.

41. A break-in series symbol will be introduced in the FSI data when there are methodological changes reported in Table 2, e.g., when there is a change the Basel framework (i.e., Basel-II to Basel-III) or accounting standards (i.e., National GAAP to IFRS 9).

42. The structure of Table 2 is adjusted to reflect the methodological changes in the *FSIs Guide*, reflecting the prescribed numerators/denominators used in the compilation of FSIs. The main changes in Table 2 are described below:

Method of consolidation**:** Domestic Consolidation Basis (DC) is renamed as Domestic Location Consolidation Basis (DL); Domestically Controlled, Cross-Border, Cross-Sector Consolidation Basis (DCCBCS) is renamed as Cross-Border, Cross-Sector, Domestically Controlled Consolidation Basis (CBCSDC). Domestically Controlled Cross Border Consolidation Basis (DCCB) is renamed as Cross Border Domestically Controlled

Consolidation Basis (CBDC). Cross Border Cross Sector Domestic Incorporation Consolidation Basis (CBCSDI) and Cross Border Domestically Incorporation Consolidation Basis (CBDI). remain unchanged and new method of consolidation - Aggregate Resident Based Approach Consolidation Basis (ABRB) - is introduced for OFCs, Nonfinancial corporations and Household sectors.

a. The *FSI Guide* provides the following options for consolidation of sectoral financial statements and memorandum series:
   i. Deposit-takers: CBCSDI, CBCSDC, DL;
   ii. Other Financial Corporations (OFCs) including Money Market Funds, Insurance Corporations, Pension Funds: ARBA, CBDI, CBDC;
   iii. Nonfinancial corporations: ARBA;
   iv. Households: ARBA; and
   v. All other methods of consolidation are reclassified to Others, with exceptions of Nonfinancial corporations and households that are reclassified as ARBA.

b. The standard definition to report the denominator of Tier 1 capital to assets ratio in Table 2 is “Total assets”. However, countries that implement the Basel III’s leverage ratio are required to adjust their definition to Basel’s Exposure measure in Table 2.

c. There are now only two options to report the definition of nonperforming loans: (i) less than or equal to 90 days (“<=90 days”) or (ii) more than 90 days (“>90 days”). Countries that previously indicated that their definition nonperforming loans include loans that were past due for 90 days (“=90 days”) or less than 90 days(“<90 days”) are reclassified to less than or equal to 90 days (“<=90 days”).

d. New options are available in Table 2 to indicate whether:
   i. total on-balance sheet or total on- and off-balance sheet positions or total on-balance sheet exposures are used to calculate the ratio of net open position in foreign exchange to capital ratio.
   ii. National definition or the 2014 Basel definition of large exposure is used to calculate the ratio of large exposures to capital.

43. A new and redesigned Table 3 is being introduced to replace the existing Table 3. More granular information on the implementation of prudential measures is expected to be collected with this table. Countries need to complete Table 3 and reach out to their IMF counterpart should there be questions.