

Additional notes for banks

on reporting direct investment stocks pursuant to sections 56 (a), 56 (b), 58 (a) and 58 (b) of the Foreign Trade and Payments Regulation (*Außenwirtschaftsverordnung*) - Forms appended to the Foreign Trade and Payments Regulation as Annex K 3 and Annex K 4 -

The forms to be used by all those required to report are provided as Annex K3 and Annex K4 and are structured in accordance with section 266 of the German Commercial Code (Handelsgesetzbuch); they take no account of the **special features of bank balance sheets**. The figures to be reported should be based on the relevant balance sheet – **before** application of profit – drawn up in accordance with the rules applying in the respective country of domicile; the balance sheet items must be appropriately matched with the items on the report form.

General information

- Instead of the value for **annual turnover**, annual output is to be reported. This is calculated as follows.

Net interest received	(Items 1 and 2, form 3 of the Regulation on the Accounting of Credit Institutions (<i>Verordnung über die Rechnungslegung der Kreditinstitute</i> or RechKredV)
+ Current income from shares and other variable rate securities	(Item 3.a, form 3 of the Regulation on the Accounting of Credit Institutions)
+ Commissions received	(Item 5, form 3 of the Regulation on the Accounting of Credit Institutions)
+ Net result of financial operations	(Item 7, form 3 of the Regulation on the Accounting of Credit Institutions)
+ Other net operating income	(Item 8, form 3 of the Regulation on the Accounting of Credit Institutions)
= Annual output	

- Account is to be taken of the **fictitious legal independence of the branches** in relation to head office. Consequently, as for reports on the monthly external position, **reciprocal claims and liabilities** must not be balanced out but shown **gross** and broken down. Figures under items 17, 51, 52, 19, 33, 35, 37 and 38 may therefore diverge from the balance sheet data. Similarly, the total under item 40 may possibly differ from the balance sheet total in the certified balance sheet.

- **Branches of a foreign bank** which do not issue a commercial balance sheet in accordance with German law are to use the information on annual accounts in accordance with the relevant commercial legal regulations of the enterprise to which the reporting agent belongs. In such cases, the Bundesbank is to be notified informally in writing of the basis of K4 reporting.

Balance sheet items

Asset side

- **Current business items**, e.g. short and long-term claims, cheques, bills, cash holdings, central bank and post giro account balances, matured debt securities, interest and dividend coupons, securities and other assets – provided they are deemed to be claims – should be recorded under item 17 “current assets”.

- Holdings of **debt securities issued by affiliated enterprises** should be recorded as securitised loans under items 49 and 50 or 51 and 52 as well as under item 15 or 19, as appropriate.

Liabilities side

- **Profit for the current year** which has been earmarked for distribution and shown in the balance sheet as a liability item is also to be recorded under item 32 “Profit/loss for the financial year”. Interim dividends already paid in the course of the financial year should likewise be recorded under this item; as a contra item, the figure for **interim dividends** is to be deducted from item 31 “Profit/loss carried forward”.