

Income Statement Survey - Procedures and definitions

V1.5 February 2021

Please contact the Reserve Bank Statistics Unit (statsunit@rbnz.govt.nz) to discuss these procedures and definitions if in any doubt about their meaning or if following them will produce an internal inconsistency with your available financial data. Phone contact details are available in the “Contacts” tab of the Income Statement Survey template. Please ensure your contact information is the latest available.

General requirements

Data provided in the template must be from the entity named on the contact page for which data is published in its Disclosure Statement (DS) as agreed under the bank’s conditions of registration.

Revisions policy

The timeliness of the Income statement survey will always imply delivery ahead of the DS requirements. We would, however, expect restatement once the DS have been finalised and published so they align. We would not anticipate the need to seek revisions unless there are “material” changes. The definition of “material”, however, will need further consideration. It is likely to vary depending on the items concerned.

Financial data are:

- Year-to-date (YTD) values for the bank’s financial year.
- Reported as millions to three decimal points, i.e. to the nearest thousand New Zealand dollars. For example \$1,234,567.89 is reported as 1.235

This document has been updated following the introduction of the Bank Balance Sheet (BBS), aligning interest income for “Loan and advances” and interest expense for “Deposits” more closely with the definitions applying in that collection. This version adds feedback from the Trials to date.

Contents

Item definitions for the Income Statement Survey	4
Section A: Income.....	4
<i>Interest income from:.....</i>	<i>4</i>
1. Cash and balances with the Reserve Bank	4
2. Deposits with banks	4
3. Debt securities	4
4. Loans and advances	5
5. Derivative interest income	7
6. Other interest income	8
7. Total interest income	8
<i>Other income from:.....</i>	<i>8</i>
8. Derivative income.....	8
9. Trading income	8
10. Other fair value adjustments.....	9
11. Other operating income.....	10
12. Share of profit and loss of associates and joint ventures accounted for using the equity method.....	10
13. Total other income (total of questions 8 to 12).....	10
14. Total income (total of questions 7 and 13).....	11
Section B: Expenses.....	11
<i>Interest expense to:.....</i>	<i>11</i>
15. Deposits	11
16. Debt securities	11
17. Borrowings	12
18. Derivative expense.....	12
19. Other interest expense	13
20. Total interest expense (total of questions 15 to 19)	13
<i>Operating expenses:</i>	<i>13</i>
21. Operating expenses	13
22. Total expenses excluding impaired asset expenses	14
Section C: Impairment.....	15
23. Impaired asset expenses.....	15
24. Credit risk adjustments on financial assets designated as at FVTPL	15

Section D: Profit	15
25. Net profit before tax (question 14 minus questions 22 to 24)	15
26. Tax expense.....	15
27. Net profit after tax (question 25 minus question 26).....	15
28. Other comprehensive income.....	15
29. Tax expense on other comprehensive income	15
30. Total after tax comprehensive income (total of questions 27 and 28 minus question 29)	15
Section E: Memo items	16
M1. Amortised income in interest income	16
M2. Due from other financial institutions included in interest income	16
M3. Amortised expenses in interest expense	16
M4. Due to other financial institutions included in interest expense	16
M5. Profit or loss attribution.....	16
M6. 'One-off' income and expense above	16
Section F: Changes in equity	17
31. Changes in equity.....	17
Major category definitions	17
Trading book and banking book.....	17
Trading book	17
Banking book	18
Non-market deposits.....	18
Programme debt.....	18
Related parties.....	18

Item definitions for the Income Statement Survey

Section A: Income

Interest income from:

Note: Net interest income arising from hedging of assets should be reported separately under question 5 (questions 1-4 should be reported excluding any interest recognised on hedging).

1. Cash and balances with the Reserve Bank

- Include all interest income from accounts with the RBNZ.
- Do not include interest on securities purchased under agreement to resell. These should be reported in “Loans and advances”, question 4(d) “Securities purchased under the agreement to resell”.

2. Deposits with banks

Deposits are amounts which are redeemable or withdrawable from another bank and are not debt securities or held as available for sale.

- Include interest income from nostros and vostros accounts and other short term deposits
- Include interest income from deposits held with related parties
- Do not include interest income on loans and advances or interest on securities purchased under agreement to resell. These should be reported in “Loans and advances”, question 4(d) “Securities purchased under the agreement to resell” or question 4 (b) (vi) “All other loans”, depending on the counterparty.

3. Debt securities

Debt securities are negotiable instruments serving as evidence of a debt; can be bought or sold between two parties and have basic terms defined, such as notional amount (amount borrowed), interest rate and maturity/renewal date. Debt securities include government bonds, corporate bonds, CDs, local body bonds, preferred stock, collateralised securities (such as CDOs, CMOs, GNMAAs) and zero-coupon securities.

- Only include interest income on securities if held with trading intent or can be traded.
- Do not include interest income securities purchased under agreement to resell. These should be reported in “Loans and advances”, question 4(d) “Securities purchased under the agreement to resell” or question 4 (b) (vi) “All other loans”, depending on the counterparty.

a) Available-for-sale securities

- Only include “Available-for-sale securities” that are non-derivative financial assets designated as available for sale.

- Do not include if classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets at FVTPL.

b) Trading securities

Trading securities are financial instruments acquired principally for selling in the short-term or securities that are part of a portfolio which is managed for short term profit-taking. Trading securities are held at fair value with gains and losses being recorded in profit or loss (see paragraph 9 of NZ IAS 39).

c) Other securities

- Include all other debt securities (including interest income on held-to-maturity securities) not reported in 3(a) and 3(b) above.
- Do not include interest income on securities purchased under agreement to resell.

4. Loans and advances

Loans and advances (or receivables) are financial assets with fixed or determinable payments that are not quoted in an active market. Loans are financial assets that (1) are created when a creditor lends funds directly to a debtor, and (2) are evidenced by non-negotiable documents. This definition aligns with the Bank Balance Sheet Survey (BBS).

The breakdowns in this section will not fully align with the BBS which seeks an institutional sector split on loans and advances rather than the product based split in this collection. The collection has been modified, however, to also capture the total value of the products as well as the interest income from the products, to understand the variances in the breakdowns. It is anticipated that the totals for questions 4(a), 4(b) and 4(d) will align with the same totals reported in the BBS.

a) Loans fully secured by residential mortgage

This question seeks the interest income for floating and fixed product loans fully secured by residential property. The collection also now seeks the value of the floating and fixed loans, which in total should align with the sum of Q4.1, Q4.2 and Q4.3 reported for the same period in the Bank Balance Sheet (BBS). This is a change from the current collection that seeks a breakdown by housing and business purpose.

b) Loans not fully secured by residential property

This question seeks interest income for loans by the following products. It also seeks the total value for all of these products, which in total should align with the sum of Q4.4 and Q4U reported for the same period in the BBS.

Personal products – these are products that are primarily marketed for personal or household customer use. Banks have advised that such products can be used for non-household customers from time to time.

Business products – these are products that are marketed primarily for business use. Like personal products above, they can be used for other than business (i.e. household) use from time to time if the customer is managed through the bank business team.

Revolving credit – these products include both secured and unsecured loans and align with the definition for revolving credit loans in the BBS. Revolving credit loans are loans that have a fixed limit but no scheduled principal repayment. Such loans can be redrawn and paid back repeatedly within approved limits without further credit approval. This includes overdraft products but does not include revolving credit loans that have a scheduled reducing limit.

Term loans – these products are likely to include interest only and principal and interest loans. For the purposes of this collection these include finance leases and products reported as “Other” in the BBS breakdowns.

Credit card - Personal products

- Personal products are marketed primarily for personal customer use.
- Include credit card loans - outstanding loans originated and still managed via credit cards.

Credit card - Business products

- Business products are cards marketed as ‘company cards’. These cards can have special features for companies that assist with employee record keeping.
- Include credit card loans - outstanding loans originated and still managed via credit cards.

Personal/consumer products:

- Include products primarily marketed for use by household customers. The total for these products may not fully align with Q4.8 “Households – Personal/consumer” in the BBS as banks have advised that such products can be used for non-household customers from time to time. The total values reported for these products will provide an understanding of the materiality of the variance.

Personal/consumer products – Overdrafts

- Overdrafts include both secured and unsecured loans, and align with the definition for revolving credit loans in the BBS - loans that have a fixed limit but no scheduled principal repayment. Such loans can be redrawn and paid back repeatedly within approved limits without further credit approval.

Personal/consumer products – Term loans

- Term loans included include all other personal consumer loans not included in Overdrafts or credit cards.

Business products:

- Include products primarily marketed for use by business customers. The total for these products may not align with Q4.46 “Non-financial business” in the BBS as currently many P&L systems do not enable access to counterparty information or the more granular Institutional vs SME splits available in the BBS. Also as this is a product not an institutional sector split, banks have advised that business products can be used for household customers from time to time. The total values reported for these products will provide an understanding of the materiality of the variance. Banks are asked to keep counterparty information in mind for future developments.

Business products – Large/institutional

- The definition for Large/institutional aligns primarily with the definition your bank has applied for entities reported in the BBS for the same sector e.g. large corporate business or institutional clients.

Business products – SME

- The definition for SME aligns primarily with the definition your bank has applied for entities reported in the BBS for the “Corporate business (medium)” and “Retail business (small)” sectors.

All other loans

- Include any loans products not included in credit card, personal or business loan products. Where counterparty information is available, this should include loans to customers in the finance, government (central and local) and NPISH sectors.

c) Other net adjustments

- Include such items as amortised fee expenses/income, early repayment penalty interest, discount unwind on individual provisions

d) Securities purchased under agreement to resell

- Include interest income on securities with banks purchased under agreement to resell with banks (including RBNZ). This item should align with Q5 “Securities purchased under agreement to resell” in the BBS.

5. Derivative interest income

The intent in this question is to collect the net interest flows for hedges associated with asset classes only. Do not report interest for hedges associated with liability classes (include these in question 18).

A derivative is a financial instrument linked to a specific 'underlying' financial instrument, indicator or commodity, through which specific financial risks can be traded in their own right. The relevant accounting definition of a derivative is in paragraph 9 of NZ IAS 39. The definition of banking book follows question 32.

a) Banking book derivatives for asset classes (interest flow component only)

This is the amount of net interest flows from derivatives held for the purpose of managing risks associated with the asset classes in questions 2 to 4, and 6:

- Include net interest for “Qualifying” hedges (also known as “effective” hedges) that related to the banking book only.
- Include net interest for “Economic” hedges that related to the banking book only.
- Include net interest for non-qualifying hedges (also known as “ineffective” hedges) where there is formal designation and documentation of the hedging relationship and the entity’s risk management objective and strategy for undertaking the hedge, but the actual results of the hedge are outside the range of 80-125 percent and so become ineffective hedges.

The request to include net interest for non-qualifying hedges is a departure from standard accounting treatment where such flows are recorded in "Other income". We request the item to be recorded here for statistical purposes, to improve the calculation of the net interest margin (NIM).

b) Other

Any other derivative net interest not included in 5 (a) associated with asset classes and any Banking book portfolio hedges (the net interest component only).

6. Other interest income

- Include all interest income not categorised above.

7. Total interest income

Total interest income (questions 1 to 6). This is a calculated cell.

Other income from:

8. Derivative income

For the banking book, derivative income reported under 'Other income' is that part of total derivative income included in profit and loss that is not reported as interest in questions 5 and 18. Values required are net.

For trading book and other derivatives, include the total income for derivatives.

A derivative is a financial instrument linked to a specific 'underlying' financial instrument, indicator or commodity, through which specific financial risks can be traded in their own right. The relevant accounting definition of a derivative is in paragraph 9 of NZ IAS 39. The definition for banking book and trading book follows question 32.

a) Banking book derivatives for asset classes (mark-to-market movements)

The non-interest component for derivatives associated with assets classes in the banking book. Examples of banking book derivative non-interest component include fair value gains and losses on derivatives and cash flow hedges when amortised to the income statement.

b) Banking book derivatives for liability classes (mark-to-market movements)

The non-interest component for derivatives associated with liability classes in the banking book. Examples of banking book derivative non-interest component include fair value gains and losses on derivatives and cash flow hedges when amortised to the income statement.

c) Trading book derivatives (Net all classes)

Includes the total income for derivatives in the trading book:

- Include the value of fair value gains and losses of trading derivatives.
- Include net interest.

d) Other derivatives

Income from commodity, equity, credit and any other derivative categories if not included in 8(a), 8(b) or 8(c).

9. Trading income

Trading income is income, other than interest income, earned from financial assets classified as held for trading as defined in paragraph 9 of NZ IAS 39. The definitions of the three components below are as in NZ IAS 39. Values required are net. Include any derivative income in question 8.

a) Trading securities

- Include the value of fair value gains and losses of trading securities

b) Foreign currency

- Include the value of fair value gains and losses of foreign exchange trading

c) All other sources

- Include any other trading income not included in 9 (a) or 9 (b)

10. Other fair value adjustments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties to an arm's length transaction.

a) Financial assets designated as FVTPL (fair value through profit and loss) not included above

- Include financial assets designated as FVTPL not included in questions 8 or 9.
- Do not include credit risk adjustments (see question 24).

b) Financial liabilities designated as FVTPL not included above

- Include fair value movements related to own credit risk and any other relevant values.

c) Other fair value adjustments

- Include the FV hedge adjustment to "on balance sheet" items and FV gains and losses transferred from revaluation reserves.
- Do not include fair value adjustments reported under comprehensive income (question 28).

11. Other operating income

a) Fee and commission income

Report fee and commission income net of corresponding fee and commission expenses only to the extent that the bank offsets such amounts in presenting income in the statement of profit or loss in its financial statements prepared under GAAP.

i. Credit card fee income

- Include all customer and other fee income from credit card activities. Provide income net of interchange fees.

ii. Other lending and credit facility-related fees

- Include all other lending and credit facility fees
- Do not include fees amortised and reported as interest income.

iii. Transaction/deposit account service fees

- Include all '**non-market**' transaction and deposit account fees. The definition for "Non-market" follows question 32.
- Do not include fees amortised and reported as interest income.

iv. Other fees and commissions

- Include all other fee and commission income not included in 11(a) i to 11(a) iii.

b) Other income

i. Dividend income

- Include dividends received from other investments.

ii. All other income

If NZIAS 21 requires the exchange differences for FX revaluations of non-NZD currency assets and liabilities to be recognised in profit and loss, then include here. This category is a residual for all other 'other operating income' not specified in question 11. Values for 11(a), 11(b)(i) and the residual should deliver a total 'other income'.

12. Share of profit and loss of associates and joint ventures accounted for using the equity method

- Include income from associates and joint ventures accounted for using the equity method.

13. Total other income (total of questions 8 to 12)

This is a calculated cell.

14. Total income (total of questions 7 and 13)

This is a calculated cell.

Section B: Expenses

Interest expense to:

Note: all items should be stated excluding any interest recognised on hedging. Net interest expense arising from hedging of liabilities should be reported separately under item 18

15. Deposits

Deposits are standard, non-negotiable contracts open to the public at large that allow the placements of variable amounts of funds and the later withdrawal. Deposits exclude any debt securities but include redeemable shares issued by building societies to customers.

a) Transaction balances

These include balances where the purpose of the account is primarily for making transactions or "every day" banking by customers. Balances are on call.

b) Savings accounts (call)

These include balances where the purpose of the account is primarily for saving. Disincentives may apply to these balances if used for transaction purposes i.e. a "penalty" may apply such as loss of bonus interest. Balances are on call.

c) Term deposits

Customer time or term deposits with a maturity of greater than 1 day.

d) Other net adjustments for deposits

Include all adjustments currently included in Total deposits as reported in Disclosure Statements.

16. Debt securities issued

Debt securities are negotiable instruments serving as evidence of a debt; can be bought or sold between two parties and have basic terms defined, such as notional amount (amount borrowed), interest rate and maturity/renewal date. Debt securities include CDs, preferred stock, collateralised securities (such as CDOs, CMOs, GNMAAs) and zero-coupon securities.

- Only include interest expense on securities if held with trading intent or can be traded.
- Do not include interest expense on securities sold under agreements to repurchase. These should be reported in question 17(b) "Repos with banks" or question 17 (c) "All other borrowed funds", depending on the counterparty.

a) Short-term debt securities (≤ 1 year)

- Include debt securities with an original term of one year or less. Use the market names for securities (e.g. NCDs, TCDs, CP) to proxy original term of a year or less.

b) Subordinated debt securities (> 1 year)

- Include all tradable subordinated debt securities (not loans, see question 17) as defined under the relevant Basel Capital Adequacy framework including those held by parents and related parties.

c) All other long-term debt securities (> 1 year)

- Include all other debt securities with an original term of more than one year. Financial instrument terms like MTNs and 'programme debt' (as defined in the liquidity survey) should be used as a guide to which securities should have their interest expense classified as long-term.

17. Borrowings

For the purposes of this survey, 'borrowing' is a loan to the bank. A loan is a financial liability created when funds are borrowed directly from a lender and are evidenced by documents that are not negotiable.

Interest recorded should not include associated accounting hedge expense, which is reported under question 18.

a) Subordinated loan

Values entered here should be for subordinated loans as defined under the relevant Basel Capital Adequacy framework.

b) Repos with banks

- Include interest expense on securities sold under agreements to repurchase with banks (including RBNZ).

c) All other borrowed funds

- Include all borrowing from your parent (except subordinated borrowings and subordinated debt securities).
- Include all other funding not classified as deposits or securities in questions 15 and 16, including interest expense on securities sold under agreements to repurchase to non-banks.

18. Derivative interest expense

The intent in this question is to collect the net interest flows for hedges associated with liability classes only. Do not report interest for hedges associated with asset classes (include these in question 5).

A derivative is a financial instrument linked to a specific 'underlying' financial instrument, indicator or commodity, through which specific financial risks can be traded in their own

right. The relevant accounting definition of a derivative is in paragraph 9 of NZ IAS 39. The definition of banking book follows question 32.

a) Banking book derivatives for liability classes (interest flow component only)

This is the amount of net interest flows from derivatives held for the purpose of managing risks associated with the liability classes in questions 15 to 17 and 19:

- Include net interest for “Qualifying” hedges (also known as “effective” hedges) that related to the banking book only.
- Include net interest for “Economic” hedges that related to the banking book only.
- Include net interest for non-qualifying hedges (also known as “ineffective” hedges) where there is formal designation and documentation of the hedging relationship and the entity’s risk management objective and strategy for undertaking the hedge, but the actual results of the hedge are outside the range of 80-125 percent and so become ineffective hedges.

The request to include here net interest flows for non-qualifying hedges is a departure from standard accounting treatment. We request the item to be recorded here for statistical purposes, to improve the calculation of the net interest margin (NIM).

b) Other

Any other derivative net interest not included in 18 (a) associated with liability classes:

19. Other interest expense

- Include all interest expense not categorised in questions 15 to 18 (including loan acquisition expenses e.g. brokers’ fees).

20. Total interest expense (total of questions 15 to 19)

This is a calculated cell.

Operating expenses:

21. Operating expenses

a) Personnel

i. Wages and salaries

The principle for including items in this category is that they are variable costs to the bank which convey a direct benefit to individuals working for the bank. Items include but are not limited to wages and salaries (include casual and temporary staff and contractors), annual and long service leave, termination benefits, Kiwisaver and other superannuation, FBT, ACC and medical insurance as an employee benefit. Exclude performance-related payments.

ii. **Other**

Include all other personnel expenses. Examples are commission, bonuses (performance-related payments), directors' fees, training, staff relocation and recruitment.

b) Occupancy

- Include building occupancy costs for owned and leased/rented property.
- Include lease costs, rent and depreciation and fit-out costs if material.
- Include cleaning, rates, repairs and maintenance, power (including fuel), building insurance, premises security and property consultants' fees.

c) Management fees

- Include all fees paid to parent or subsidiaries.

d) Other professional fees and commissions

- Include audit and consultancy, legal fees and other fees of a like nature

e) Write-offs other than debt

- Include write-offs and impairment losses of tangible and intangible assets.
- Include losses from catastrophe and obsolescence. Please provide comment in the last of three comments box on the sign-off page for these items.
- Do not include marketing assets or goodwill - report in 21(f)

f) Amortisation expense/write-offs of goodwill and marketing assets

- Includes write-offs and amortisation of goodwill, patents, trademarks and trade names, franchise rights, licenses, copyrights, brands and mastheads and other marketing assets.

g) Net gains/losses from the disposal or revaluation of fixed assets

- Include gains/losses from sale of land, property, plant and equipment.
- Include revaluation gains and losses from holding fixed assets (as required for NZ IFRS)

h) Members' rebate

i) Other

- Include all other operating expenses. This category is a residual for all other operating expenses not specified in question 21. Together with other components of question 21, this value should deliver a total 'operating expenses'.

22. Total expenses excluding impaired asset expenses

This is a calculated cell.

Section C: Impairment

23. Impaired asset expenses

- a) Individual provisions for losses on loans
- b) Collective loan loss provision
- c) Debt write-offs - write-offs directly to the income statement.
- d) Recoveries
- e) Other impairment expenses

24. Credit risk adjustments on financial assets designated as at FVTPL

Section D: Profit

25. Net profit before tax (question 14 minus questions 22 to 24)

This is a calculated cell.

26. Tax expense

27. Net profit after tax (question 25 minus question 26)

This is a calculated cell.

28. Other comprehensive income

a) Cashflow hedges

Cashflow hedges that qualify for hedge accounting under paragraphs 88 and 95 to 100 of NZ IAS 39. This item is the net change in the cashflow hedge reserve.

b) Available-for-sale financial assets

As defined in NZ IAS 39, definition and treatment

c) Net gain/loss in foreign exchange translation reserves

Gains and losses on assets translated from another currency if required by NZIAS 21.

d) Net unrealised gains/losses from revaluation of fixed assets

Treatment according to NZ IAS 16

e) Other comprehensive income

All other comprehensive income.

29. Income tax expense on other comprehensive income

30. Total after tax comprehensive income (total of questions 27 and 28 minus question 29)

This is a calculated cell.

Section E: Memo items

M1. Loan related income/expense (Reported net values may be “+” or “-”)

a) Amortised loan fee income/expense

- Include transaction income from loans not at FVTPL where the customer paid transaction costs directly attributable to obtaining the loan (NZ IFRS 9).
- Do not include premiums or discounts

b) Other

- Include all other income from non-loan financial assets not at FVTPL where the customer paid transaction costs directly attributable to obtaining the asset.

M2. Due from other financial institutions included in interest income

- Include interest income from all items in questions 1 to 6.

M3. Borrowing related expenses

a) Amortised loan-related expenses

- Include loan fees of all kinds that are amortised in interest expense (e.g. loan acquisition or issuing fees are examples)

b) Other

- Include all other non-loan expenses amortised to interest expense

M4. Due to other financial institutions included in interest expense

- Include interest expense from all items in questions 15 to 19.

M5. Profit or loss attribution (map to question 30)

a) Profit or loss attributable to non-controlling interest

b) Profit or loss attributable to equity holders of the parent

This is a calculated cell.

M6. ‘One-off’ income and expense above

Report gains and losses from unusual or infrequently occurring items wherever they occur in the return. Please explain in the comments boxes on the sign-off page.

a) Gains/income

b) Losses/expense

Section F: Changes in equity

31. Changes in equity

Equity is shareholders' funds. All figures are for the YTD period. If the value is negative, use a negative sign (-), if positive, enter the value only.

a) Opening equity balance

- i. **Sale/retirement of equity or assigned equity**
- ii. **Issue of new equity**
- iii. **Total comprehensive income**
- iv. **Dividends paid or profits remitted**
- v. **Other**

b) Closing equity balance

This is a calculated cell.

Major category definitions

Trading book and banking book

Several parts of these guidelines refer to the trading and/or banking book for interest income, interest expense and other income. Accounting requirements to classify financial instruments for 'trading' purposes should guide the definition of trading income for derivatives and other instruments under 'other income'. However, the following broad descriptions of trading and banking books, adapted from Australian Prudential Statements (APSs) 116 and 117 build on these accounting requirements to provide statements of principle on what should be regarded as a trading and a banking book. The principles below should be used by respondents in allocating values of financial instruments to banking and trading book categories in this income statement template. In the case of banks also reporting to APRA, the scope and definitions of trading and banking book instruments, and where their values are reported, should be the same as for reporting to APRA.

Trading book

Financial instruments, including derivatives, must be allocated to the trading book if they are held either with trading intent or to hedge other elements of the trading book.

Positions held with trading intent are those which:

- a) are held for short-term resale; or
- b) are taken on by the bank with the intention of benefiting in the short-term from actual and/or expected differences between their buying and selling prices, or from other price or interest rate variations; or
- c) arise from broking and market-making.

Banking book

The banking book of a bank comprises all on-balance sheet items with the exception of items that are part of the trading book. Specifically for derivatives, they should be those related to hedge accounting or economic hedging of balance sheet items.

Non-market deposits

For the purpose of defining transaction/deposit account service fees, question 11(a)(iii):

Non-market deposits are defined in the liquidity survey as all deposits by the bank not falling within the definition of market deposits. Total funding is the sum of market funding and non-market funding. Deposits are a subset of total funding (which also includes debt securities, borrowing etc). For the purposes of this definition, non-negotiable debentures are treated as deposits.

Market funding by deposits is defined as the total of:

- a) Deposits with the bank from financial institutions or related parties of financial institutions;
- b) Any deposits that the registered bank is unable to, or chooses not to, allocate between market and non-market funding.

For the purpose of defining market funding and market deposits, **financial institution** means an entity falling within the subdivisions K62, K63 and K64 of the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006.

Programme debt

(Liquidity policy definition)

Programme debt refers to tradable debt (as defined in BS13) that is issued as part of the bank's regular programme of debt issuance in the domestic and international markets.

Related parties

Related party requirements are the same as for Disclosure Statements

“Qualifying” hedges

A “Qualifying” hedge, for the purposes of this survey, is where there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge, and the actual results of the hedge are in the range of 80-125 percent.

“Economic” hedges

An “Economic” hedge, for the purposes of this survey, is where the intent was not to meet the “qualifying” hedge criteria.

Appendix 1: Document change log

Version	Date	Comment
V1.2	Oct 2017	Aligned interest income definitions for “Loan and advances” and interest expense for “Deposits” with Bank balance sheet survey.
V1.3	Jun 2018	<i>Last issued reporting guide document</i> Clarification of definitions for ‘Loans not fully secured by residential property’ section (p. 5,6,7) Section G section removed as no longer collected
V1.4	Nov 2018	Old template reference of ‘Repos with banks’ replaced with Securities purchased under the agreement to resell’. A number of items renamed for consistency with template
V1.5	July 2019	Formatting of bookmarks. Corrected the product value components (4a+4b+4d) referenced in Loans and advances that align with the balance sheet.
V1.6	Feb 2021	Expanded definition for fee & commission income