

**Central Bank of Bahrain  
Financial Stability Directorate**

**Instructions to Statistical Returns for Licensed Banks**

These instructions apply to the 2007 revision of the Financial Stability Directorate's (FSD) statistical returns for licensed banks and other financial institutions in Bahrain. These returns constitute a revision from those in effect since 1998, and they are simplified and improved in various ways that are designed to facilitate accurate submissions by the reporters.

Submission of these returns constitutes an official statement by the financial institutions as to the character of its assets and liabilities, and certain off-balance sheet commitments. Components of these returns may be routinely checked against other submissions to the Central Bank, such as quarterly and annual prudential reports, for consistency and accuracy. Officials should be prepared to respond to any inquiries from the Central Bank as to details of their submissions.

**I. General Notes to Statistical Returns**

The FSD Statistical Returns are as follows:

Form SR-1 Part 1 and 2: Monthly Balance Sheet. This return is a basic balance sheet which covers principal types of assets and liabilities, and shows transactions with residents and non-residents.

Form SR-2: Monthly Classification of Deposits and Other Liabilities to Banks and Non-banks. This return likewise is required monthly. It focuses on deposit and other liabilities that are summarized in certain entries on Form SR-1.

Form SR-3: Quarterly Balance Sheet by Country, Currency and Class of Customer. This return displays the balance sheet in terms of distributions across countries and the "bank" or "non-bank" character of customers and the underlying currency.

Form SR-4: Quarterly Balance Sheet by Currency. This return compiles the balance sheet by currencies of assets and liabilities. Memo items show the reporter's open forward positions in principal currencies.

Form SR-5: Quarterly Loans to Domestic Non-Banks by Economic Sector. This return classifies loans and advances to non-banks inside Bahrain. Institutions with negligible claims on domestic, non-bank residents are exempted from filing this return.

Form SR-6 Part 1, 2 and 3 : Retail Banks: Monthly Survey of BD Interest Rates on Deposits and Loans. This survey aims to capture prevailing levels of interest rates offered by retail banks on BD deposits, and rates charged on business and personal loans. It replaces the quarterly survey previously conducted elsewhere in CBB, and the statistical basis also is changed.

Form SR-7: Islamic banks, monthly classification of unrestricted and restricted investment accounts. This survey captures from the Islamic banks, the size of the investments (assets) classified by instruments and type of funds.

Unification, Simplification, and Reporting Frequency. The new FSD returns for banks in Bahrain have been significantly unified and standardised compared with the forms in use since the mid-1980s. Each return except Form SR-6 applies, in principle, to all reporting banks. There is an exemption from submission of Form SR-5 if total loans and advances to non-bank residents are small; this is expected to reduce burdens on exempt institutions. The revised returns also have been simplified and statistical and residence classifications are more precise. As to frequency, Forms SR-1 and SR-2 are to be submitted on a monthly basis, but the schedules covering currency and geography of the balance sheet, have been cut back to a quarterly basis.

Currency and scale of reporting. Banks have transactions both in Bahraini Dinars (BD) and other currencies (OC). Owing to their different operations, wholesale banks are requested to file Forms SR-1 to SR-5 expressed in millions of U.S. Dollars or equivalent, while retail banks, financing companies and restricted retail banks are requested to report in millions of Bahraini Dinars or equivalent. Entries that require conversion between currencies should be translated at exchange rates prevailing on the "as at..." date to which the return applies. Data entries should be in millions of currency units, to one decimal place, i.e., the nearest 0.1 million. Amounts of less than 0.05 million may be shown as zero. In

Form SR-6, Part I asks for interest rates directly (to two decimals); and Parts II and III ask for BD amounts rounded to thousands.

Gross vs. Net Reporting. Unless otherwise indicated, all amounts on these returns must be reported gross. That is, assets and liabilities of similar kinds, or asset and liability positions with individual customers or related customers, are to be reported as gross amounts outstanding. They should not be netted against each other.

Valuation, interest accruals, and specific provisions. Assets and liabilities should be shown at current market values, to the extent possible. In the event these differ significantly from balance sheet values, differences may be carried to the capital and reserve accounts. Interest accrued on assets and liabilities should, to the extent possible, be attributed directly to (reinvested in) the underlying accounts, rather than compiled as “other” or “miscellaneous” positions. Similarly, to the extent possible, balance sheet assets of doubtful quality should be recorded net of specific provisions against those assets.

Residence of Customers/Counter-parties. For many entries on these returns, it is necessary to classify customers or counter-parties as “residents” or “non-residents” of Bahrain. Except for embassies and international organisations (see below), residents are entities that are physically located in Bahrain, whether or not associated with an institution that is located outside Bahrain, and irrespective of nationality of the underlying ownership. Conversely, non-residents are entities located outside Bahrain, whether or not owned--wholly or in part--by entities inside Bahrain.

With regard to individuals, persons who are long-term residents, or have their “economic centre of interest” in Bahrain are to be classified as residents, irrespective of nationality. For these purposes “long-term” generally means working or staying more than one year in Bahrain. Individuals who are short-term residents may be treated as non-residents. Under these criteria, for instance, the vast majority of expatriate workers in Bahrain should be classified as residents for any deposits or other transactions covered in these returns.

Spreadsheets Provided. Reporters are herewith provided an Excel spreadsheet template containing Forms SR-1 to SR-7, that may be used to compile these returns. Compilers will note that space in this file is accessible for data entry, but that structural features of the file are

protected against changes. This is to ensure that submissions received from all reporters preserve common features, to assist in computerized data-entry and consolidation by CBB staff. Bank compilers are therefore requested not to change structural features of the prototype file. On most forms in the template file, “check sums” also are provided beneath and/or to the right of the data space, to assist compilers in checking consistency of the bank’s submission. These consistency checks also are protected against change. For convenience, data space in the returns (except for SR-6) has been “formatted” for \$/BD millions to one decimal place. It is suggested these formats be preserved.

Reporting Deadlines and Inquiries. Completed forms are to be returned to the Head of Statistics, Financial Stability Directorate of the Central Bank of Bahrain, not later than the 10th of the month following the “As at....” date covered by the return. Banks are asked to use the spreadsheet templates to complete these returns, and to submit their data in this form to [erdsr@cbb.gov.bh](mailto:erdsr@cbb.gov.bh).

Inquiries about these statistical reports, or notification about any problems with the spreadsheet files, should be directed to the Head of Statistics Division, Financial Stability Directorate, CBB, Tel: 17-547941.

## **II. Notes and Instructions for Individual Report Forms**

### **Form SR-1: Monthly Balance Sheet - Liabilities**

#### Line Instructions

1. Monetary Authorities. Include, e.g., Central Bank of Bahrain (residents) and central banks or monetary authorities in other countries (non-residents). Do not include development banks or international monetary organisations such as the Arab Monetary Fund.
  - 1(a) Deposits. Include deposit liabilities only.
  - 1(b) Repurchase Obligations. Include the value of outstanding repurchase obligations (e.g., repo borrowings using treasury bills) with CBB or foreign monetary agencies.
  - 1(c) Other Liabilities. Include other liabilities, such as borrowings under discount facilities or in other forms.

2. Liabilities to Banks. Include liabilities to banking enterprises--whether or not wholly or partly owned by the Government--but not to other kinds of financial institutions. A breakdown of these liabilities by principal types is included on Form SR-2 (see below).

2(a) Retail Banks. Include all liabilities to unaffiliated retail banks, including deposits, repurchase obligations (repos), interbank borrowing, etc. Liabilities to offshore-type banking facilities located in other countries should be classified here.

2(b) Wholesale Banks. Report all liabilities to wholesale banks in Bahrain. Wholesale banks are treated as resident institutions for the purposes of these returns. No entries are to be made in the "Non-Resident" column.

2(d) Other Banks. Include liabilities to development and housing banks, and to other specialised banking institutions.

It is worth mentioning that in the previous returns, separate lines were allocated to commercial banks, Investment banks and OBUs. According to the new licensing framework, investments banks and OBUs are now classified as wholesale banks, reporters should take this into consideration.

3. Non-Bank Sectors. Includes all other economic sectors. Report in this section total liabilities, including deposits, negotiable certificates of deposit (CDs), repos, and other liabilities. A breakdown of these liabilities into principal types is included on Form SR-2 (see below).

3(a) Liabilities to Central Government(s). With regard to the Government of Bahrain, this is interpreted to mean Ministries and Directorates, and other offices that are part of the Central Government, such as the Central Informatics Organisation. Liabilities to enterprises operating on a commercial basis, that are owned--in whole or in part--by governments, should be classified to elsewhere; see 3(d) and 3(e) below. This section also should include liabilities, if any, to the Royal Court, Ruling Family Council, and similar entities that are not part of the Central Government itself.

Liabilities to foreign governments, or to local embassies and civilian or military missions of foreign governments, should be classified as obligations to non-residents.

3(b) GOSI and Pension Fund Commission. These liabilities are shown separately. Because these specific entities are Bahraini, no entries are to be made in the "Non-Residents" columns.

3(c) Non-Bank Financial Institutions. Include liabilities to insurance companies, collective investment schemes (mutual funds), money exchangers, and similar financial institutions.

3(d) Public Nonfinancial Enterprises. Include liabilities to commercial enterprises that are 50 percent or more owned by Governments. Examples in Bahrain would include ALBA and BAPCO.

3(e) Public enterprises. Show total liabilities to nonfinancial commercial enterprises that are less than 50 percent owned by Governments,.

3(f) Individuals. Includes any deposits and other liabilities to individuals, reporters should make the best effort to distinguish between a personal account and business account.

3(g) Other. Show any other items not cover above. The above classification broadly covers all sectors of economy. So, the residual values in “others” should be as low as possible. in case of significant numbers, reporters should send an explanation to stating the reasons for such high entries.

4. Debt Securities Issued. Include outstanding short- and long-term liabilities of the reporter evidenced by debt securities, such as bills, notes, and bonds, etc., whether or not convertible into equity.

5. Derivatives. Reporters should recognize the exchange of claims and obligations at the inception of a derivative contract as a true financial transaction creating assets and liability positions that normally have, at inception, zero value if the instrument is a forward and value equal to the premium if the instrument is option. Changes in the value of derivatives should be treated as gains and losses.

6. Liabilities to International Organisations. Report here any liabilities to international organisations. Such organisations include, but are not limited to, the World Bank, International Monetary Fund, Arab Monetary Fund, United Nations, Bank for International Settlements, and multi-national development banks or monetary entities. Do not report liabilities to national organisations such as central banks or national development entities. International organisations are “non-resident,” even if the liability is to a local office (e.g., the UNDP office in Bahrain).

7. Liabilities to Head Offices and Affiliates, according to the residence of these entities, excluding capital accounts. Affiliates, generally, will be entities, whether or not banks, in which the reporter has

a 50 percent or greater interest. Branches of the reporter outside Bahrain are non-residents.

7. Equity capital. Total paid in share capital, Capital claims on the reporter by the Government of Bahrain, if any, is entered as an “of which” sub-item

8. Other capital and reserve. Statutory and general reserves, and unallocated general provisions that are on the reporter’s balance sheet. . As noted above, differences between balance sheet and market values of assets (e.g., premiums on securities, exchange-rate effects, etc.), should be carried through to these capital accounts.

The residence attribution of Capital and Reserves must be consistent with the location of the head office (if the reporter is a branch) or of the shareholders (if the reporter is locally-incorporated). Thus, if the reporter is a branch of a foreign entity, capital must be attributed to “Non-Residents.” In the case of locally-incorporated banks, when shareholdings are divided between entities inside and outside Bahrain, Capital and Reserves should be pro-rated similarly. It is the legal residence of the parent(s), not the underlying ownership of the parent(s), that should be considered in making these entries.

9. Other Liabilities. Any liabilities not included in the enumerated items above. Accrued interest payable should be attributed to the relevant accounts, rather than compiled here.

10. Memo Items. Enter here, in lines (a) through (c), the values of the enumerated off-balance sheet commitments. Off-balance sheet activities that are not explicitly shown are not required on these statistical forms.

### **Form SR-1. Monthly Balance Sheet - Assets.**

#### Line Instructions

1. Cash on Hand. Include currency and coin in the physical possession of the reporter. Bahraini Dinars are claims on residents; holdings of foreign currency notes and coins constitute claims on non-residents.

2. Monetary Authorities. This section is for reporting of claims on CBB and central monetary institutions of foreign countries.

2(a) Deposits. Deposits with CBB, including cash reserves, clearing balances, and time deposits or other placements should be classified to “Residents.” Deposits, if any, with foreign central banks are classified to “Non-Residents.” Do not include placements with other government-owned banks, development banks, or international organizations.

2(b) Other Claims. Claims on central monetary institutions other than deposits, such as those from lending, or reverse repurchase transactions. (Note: Separate provision is made on Form SR-2 for reporting bank liabilities arising from repurchase transactions, as discussed below. Claims arising from reverse repurchase transactions are not shown separately on the returns.)

3. Claims on Banks. Claims on banking institutions except monetary authorities. See notes to lines 2(a)-2(d) on Form SR-1 - Liabilities, above, for sectorization criteria. Holdings of CDs, if any, should be included in this section of the return. Claims on offshore-type banks in other countries generally should be classified under 3(a): “Retail Banks: Non-Residents.”

4. Loans and Advances to Non-Bank Sectors. Report outstanding amounts of loans and advances to non-bank entities, including to individuals, according to their sector and residence. See also instructions for lines 3(a)-3(g) under Form SR-1, Liabilities, above, for applicable standards. Loans and advances to non-bank residents of Bahrain are reported in greater detail, at quarterly frequency, on Form SR-5, which is discussed below.

5. Investments in Securities. Holdings of debt and equity instruments, whether for trading or for long-term investment purposes. To the extent possible, these should be reported at market values.

5(a) Debt Securities. These are broken down by the indicated issuers (borrowers) and, for Non-Government issuers, by “short-term” and “long-term” classifications. In the case of Bahrain, “Central Government” means Ministries and Directorates, i.e., central governmental authorities only. For instance, Treasury bills and development bonds are obligations of the Government of Bahrain, even though they may be issued by CBB on behalf of the Government.

“Non-Government” means any entities except central governments. Holdings of securities issued by commercial enterprises that are wholly or partly owned by governments should be classified to Non-Government according to their original maturity. “Short-term” securities are those with an initial maturity of one year or less. (Holdings of bank CDs, if any,

should be included on line 3, Claims on Banks, as noted above.) “Long-term” securities are those with an initial maturity of more than one year. Holdings of debt securities that are convertible into equity should be reported as debt securities.

Holdings of securities issued by International Organisations should be included in line 7, discussed below.

5(b) Equity securities (shares) of enterprises should be entered here, at market values, except for ownership claims on subsidiaries.

6. Derivatives. Refer to line 5 in the liabilities section above.

7. Claims on International Organisations. See instructions for line 5, Liabilities, above. Local offices of international organisations are, by their character, non-resident for purposes of these reports. If the reporter holds debt securities issued by an international organisation, these should be included here.

8. Claims on Head Office and Affiliates. See instructions for Liabilities, line 7. Capital claims on subsidiaries, if any, should be included here, along with loans or other claims.

9. Fixed Assets. Include net values of fixed assets, per balance sheet.

10. Other Assets. Other assets not included elsewhere. Accrued interest receivable should be attributed to the relevant accounts, rather than compiled here.

11. Memo Items. Enter here, in lines (a) through (c), the values of the enumerated off-balance sheet commitments. With regard to line 11(a), forward foreign exchange, it is expected that a reporter’s total purchase and sale commitments will balance within Form SR-1, and also as depicted between Forms SR-1 and SR-4.

## **Form SR-2: Monthly Classification of Deposits and Other Liabilities to Banks and Non-Banks**

### **General Notes**

1. The purpose of Form SR-2 is to provide detail on the reporter’s obligations to banks and non-banks shown in Sections 2 and 3 of Form SR-1, Liabilities. Obligations to CBB or other central banks, if any, are covered separately in Form SR-1 and are not reported here.

2. Form SR-2 is divided into two sections: I. Liabilities in BD, and II. Liabilities in Other Currencies. Each section is divided between “Residents” and “Non-Residents.” These, in turn, show “Banks” and “Non-Banks.” Resident non-bank sectors are subdivided in the same manner as on Form SR-1, Liabilities. Three broad types of liabilities are shown in the stub items: A. Deposits; B. Repurchase Agreements; and C. Other Liabilities. According to this design, totals in sections I and II of Form SR-2 should be consistent with totals in Sections 2 and 3 of Form SR-1, Liabilities.

3. Information on BD deposit liabilities reported by retail banks provides CBB with data needed to calculate and monitor required reserves for these institutions. All these deposit data are gathered together in Section I.A. of the form.

4. Types of deposits. Deposit categories are divided roughly by “liquidity,” or the ease with which balances can be withdrawn. They range from deposits payable on demand, e.g., checking or sight accounts, to time deposits with fixed maturities. “Matured” time deposits should be classified the same as those payable on call or demand. Negotiable Certificates of Deposit (CDs) are shown separately, irrespective of initial maturity. CD liabilities should be attributed to the residence and economic sector of the purchaser.

5. Deposits by non-bank residents are subdivided into the same economic sectors as on Form SR-1, that is, by Central Government, GOSI and Pension Fund Commission, Non-Bank Financial, Public Enterprises, and Other Sectors. See instructions to line 3 of Form SR-1, Liabilities, for reporting definitions.

6. Repurchase Agreements. If the reporting bank has entered into repurchase obligations (i.e., taken a loan against securities collateral) with banks or non-banks, the outstanding amounts should be reported in subsections I.B. and II.B., depending on the currency-denomination of the arrangement. The currency of the loan, rather than of the collateral, governs this classification, in the event they are different.

7. Other Liabilities. Other liabilities to banks and non-banks, i.e., other than deposits or repos, should be reported in Subsections I.C. and II.C. of this form. In effect, the amount of these “other liabilities” is the residual between totals reported on Form SR-1, Liabilities, and the sum of

deposits and repo liabilities, by BD and OC, reported in subsections A and B of Form SR-2.

**Form SR-3: Quarterly Balance Sheet, by Country, Currency and Class of Customer**

**General Notes**

1. Assets and Liabilities of the reporting bank are to be broken down by the “bank” or “non-bank” character of the counter-party, the country of its residence and currency. This includes equity and other capital liabilities. Claims and liabilities against entities inside Bahrain (including wholesale banks) are to be included in the line for Bahrain. Assets and liabilities inside Bahrain on Form SR-3 should be consistent with the definition of residence given above and with “Resident” positions reported on Form SR-1. Assets and liabilities with “banks” should be consistent with amounts reported on Form SR-1 for “Central Monetary Authorities” and “Banking Institutions,” together, plus positions with Head Office and Affiliates, as appropriate. If a counter-party is a non-bank financial institution (e.g., insurance company, broker, or mutual fund), it should be classified as a non-bank.
2. To the extent possible, (a) translation of positions into reporting currency should be at current exchange rates and (b) claims should be net of specific provisions. In general, all entries are expected to be positive values; negative entries should be accompanied by an explanatory note.
3. Countries or locations that, in previous FSD returns, were grouped under “Offshore Centers” are now included directly in the geographic regions to which they physically belong. Reporters will note that positions with the Channel Islands should be excluded from entries for the United Kingdom, and assigned to “Other Western Europe.”
4. For two countries, the United States and United Kingdom, there is an “of which: Securities” sub-total that applies to non-bank assets. Reporters should enter here the market value of debt- and equity-security claims they have on entities in these two countries. For instance, holdings of bonds issued by UK entities are claims on the United Kingdom. Holdings of debt issued in the UK market by German residents would not be claims on the United Kingdom, but rather on Germany, and thus should be excluded.

5. Positions with multilateral development institutions or international or regional monetary agencies or banks (such as the World Bank), or with United Nations organisations, are to be included separately at the end of Form SR-3 under “Other - International Organisations.”

6. If the “Others” residual in any country group constitutes more than 10 percent of the group total, detail should be provided. If significant amounts are shown under “Other - Unclassified” at the end of the form, detail should be provided.

7. Liabilities on account of Capital and Reserves should be attributed on Form SR-3 in a form that is consistent with the bank/non-bank and resident/non-resident divisions on Form SR-1.

#### **Form SR-4: Quarterly Balance Sheet by Currency**

##### **General Notes**

1. As with the other returns, values should be reported to one decimal place and expressed in millions of US\$ or BD, as relevant.

2. Assets and Liabilities are each divided into “Residents” and “Non-Residents” columns by BD and OC; and the OC total is broken down into principal individual currencies. The same principles for classifying residence apply as on other forms in this set. Thus, BD and OC totals for residents and non-residents on Form SR-4 should be consistent with comparable entries on Form SR-1 for currency and residence breakdowns.

3. In anticipation of European Monetary Union, provision has been included for asset and liability positions expressed in Euros. This line should be utilized, as applicable, for reporter commitments denominated in Euros. Assets and liabilities that are--or remain--denominated in individual EMU currencies should not be reported as EURO positions.

4. Off-balance sheet positions represented by forward purchases and sales of currencies are reported as memo items in the last column. Forward commitments in each currency should be reported gross, not in net terms. Total forward purchases and sales should balance, reflecting the offsetting legs to each transaction, and should be consistent with totals on Form SR-1. No information on forward dating is required.

## **Form SR-5: Quarterly Loans to Domestic Non-banks**

### **General Notes**

1. This quarterly return covers loans and advances to Bahraini non-bank residents only. Credit extended to non-residents is covered on Form SR-1 in sufficient detail for CBB's statistical purposes.
2. Totals of the Form SR-5 details should therefore be consistent with entries made under "Residents" in lines 4(a) to 4(g) of Form SR-1, Assets. Line/section correspondences between these forms are in the following table.

<u>SR-1, Assets</u>	<u>SR-5, Loans to Nonbanks</u>
4. Total	D. Total
4(a) Central Government	C.1. Central Government
4(b) GOSI & PFC	C.2 . GOSI, PFC
4(c) Non-Bank Financial	Section A - Business/Non-Bank Financial
4(d)+4(e)+4(f)+4(g) Public and non Nonfinancial + Other Sectors	Sections A + B: Total less Non-Bank Financial

3. In principle, all financial institutions are required to file Form SR-5. There is a reporting exemption, however, in any period in which a bank's total loans and advances to non-bank residents are less than BD 1 million or equivalent. For example, if an wholesale banks loans to residents are less than US \$2.6 million on a reporting date, the exemption for that date would apply. (Note: This exemption criterion usually is met by all or most wholesale banks, so normally these entities will not have to file a Form SR-5.) Whenever the threshold is exceeded, however, Form SR-5 must be filed.
4. Form SR-5 distinguishes among loans of three general types: A. Business, B. Personal, and C. Official. To the extent possible, banks should ascertain if loans to non-government sectors (including loans to individuals) are to be used for business, or for personal purposes, and classify these loans to the proper categories. Loans to commercial

enterprises wholly or partly owned in any degree by the Government are to be classified by the proper economic sector, based on their principal activities. That is “Loans to Government” (line C.1.) on Form SR-5 means loans to Ministries and Directorates, as discussed above. Loans, if any, to GOSI or the Pension Fund Commission, are classified here as “official” (because they do not fit any enumerated business sector), but not as Central Government. Banks’ holdings of government debt securities, such as treasury bills or development bonds, are reported separately on Form SR-1 and are not included here. Loans to businesses or individuals that may be guaranteed by the Government should be classified to the borrower’s economic sector.

5. It is recognised that there are difficulties in attributing some loans to particular economic sectors. As noted in the previous paragraph, reporters should always begin by distinguishing, so far as possible, between business loans and loans for personal uses (discussed in paragraph 6 below). Within the business sector, loans should be attributed to the sector that most closely fits the use of funds, so far as is understood by the reporter. In the case of standing or revolving credits to multi-purpose companies or agencies, compilers may wish to consult with CBB staff about the best classifications. The reporting framework is gross values of outstanding loans and advances, irrespective of “offsetting” deposit accounts that borrowers may hold with the bank.

In the case of activities, such as “Construction and Real Estate,” which may overlap with “Loans for Personal Use,” it is emphasised that the distinction between business and personal loans is the most important factor in the proper classification. Thus, loans to individuals or companies who are in the business of real estate or construction should be identified as business loans; loans to individuals for construction or purchase of their own residence should be identified as personal loans.

6. “Personal loans” in Section B of Form SR-5 means loans to individuals for personal purposes, not for business use, so far as can be determined by the lender.

Several types of personal loans are classified by use, e.g., “housing loans,” “vehicle loans,” and “loans for social purposes.” It is recognised that lenders may not have exact information on the uses of personal loans, but they are encouraged to obtain this information so far as possible. Reference to collateral may be helpful in classifying personal loans. For example, loans secured by mortgages generally would be for housing

purposes; and loans secured by car titles would be for vehicle purchases. Of course, loans in Bahrain for these purposes also could be backed by salary assignment or deposits.

“Loans for social purposes” is a broad category that could include vacations, marriages, medical costs, or other activities of a social or family nature; lenders will have to use their judgment in identifying such loans. “Credit card receivables” would be any personal loans extended through a bank’s credit card(s). Exact purposes of these loans generally would not be known to the reporting institution. Finally, “Other Personal Loans” are those that do not seem to fit any of the named categories. Loans for purchases securities, for instance, should be classified to “Other.”

As judgments may be required in the classification of personal loans, banks are invited to contact CBB staff about any developments in the market for personal loans that might be useful in obtaining better information on underlying uses of these funds.

### **Form SR-6: Retail Banks. Monthly Survey of BD Interest Rates on Deposits and Loans.**

#### **General Notes**

1. This monthly survey of BD interest rates is directed to retail banks with conventional licenses only. It replaces a similar quarterly survey by CBB which used a somewhat different methodology. **Islamic banks are not required to submit the Form SR-6 Interest Rate Survey.**
2. The objective of the Survey is to provide information on prevailing levels of interest rates on BD loans and deposits, and it consists of three parts: 1) Current Rates Offered on Deposits; 2) Rates Charged on New Business Loans to Domestic Non-Banks; and 2) Rates Charged on Personal Loans. The methodology used (i.e., the questions to be answered) differs slightly across the three parts of the Survey, owing to differing features of the particular loan and deposit markets.
3. In addition to aiming for a good reading on the present level of interest rates, the Survey also requests these be stated in terms of effective

rates. In order to calculate effective interest rates, as distinguished from nominal rates, reporters will need to take into account any factors that cause effective rates to differ from (usually, be higher than) nominal rates. These include monthly or quarterly compounding of interest, advance discounts or payments on loan amounts, front-end charges and fees, installment payments and similar practices.

**Part I: Rates by Type and Maturity of Deposit.** Part 1 of the Survey asks directly for information about interest rates offered by retail banks on several major kinds of deposits: Call (or sight) Accounts, Savings Deposits, several kinds of Time Deposits, and Negotiable Certificates of Deposit (CDs), if any, issued by the reporter. Time Deposits are broken down into several size categories, and also by maturity, ranging from less than three months to more than three years.

It is recognised that the size and maturity categories may differ somewhat across banks, but reporting banks should provide information that comes as close as possible to these breakdowns. In the event the reporter has significant amounts of special accounts where the expected return to depositors is not stated in terms of interest rates, but rather as awards or prizes (e.g., Rabeh accounts), separate information should be provided on the expected interest-equivalent cost to the offering institution.

**Part II: Business Loans to Domestic Non-Banks, Classified by Rates.** This part of the Survey parallels the economic sectoring of Form SR-5, on Loans to Domestic Non-Banks. Lending transactions between banks are not included, although transactions with domestic non-bank financial institutions, such as finance or insurance companies, would be covered. Although only a few of economic sectors displayed on Form SR-5 are shown explicitly on this Survey, the intention is to capture information on all loans made to domestic non-banks. Therefore, the category “Other Business Loans” should be regarded as covering sectors not shown individually.

Part II asks for BD-value information on two kinds of business loans during the month of the reporting: a) term loans extended to identify business sectors; and b) overdraft agreements concluded with business customers, generally. Both kinds of lending are divided into a number of interest-rate ranges of one percentage point width. The reason for narrow bands is to get reasonable specificity on interest rate levels applying to the lending.

With respect to term lending, banks are asked to report BD amounts of gross new lending (drawdowns, not approvals) within each of the interest-range tranches. It is emphasised that “new” lending does not include extending the time on loan balances with customers who are unable to pay, e.g., owing to business difficulties, at concessional interest rates. By contrast, rollovers of balances with, or expanded loans at market-related rates with, solvent customers would be construed as new lending. With respect to overdraft facilities, the Survey asks for BD amounts of new or re-negotiated overdraft agreements concluded during the month with business customers. Owing to oscillating amounts of overdraft balances, it does not seem feasible to ask for information on gross or net overdraft amounts actually drawn.

Both Parts II and III (discussed below) of the Survey ask for information on a subset of the bank’s transactions (i.e., only for loans extended during the month). This focus on recent activity helps ensure that the Survey captures current interest-rates in the market. By identifying loan (or agreement) amounts that fall within certain interest-rate categories, banks provide information that will enable CBB staff to calculate weighted-averages of market rates, or ranges of rates prevailing within the banking system. Thus, even though loan/agreement amounts are reported, the purpose is to compile a profile of current interest rates.

**Part III. Personal Loans, Classified by Rates.** This part of Form SR-6 asks about interest rates applicable to the “Personal Loans” portion of Form SR-5. The methodology of Part III is similar to that used in Part II. Effective interest rates are broken into a series of narrow ranges, and reporters are asked for amounts of loans actually extended during the month of the report. Both aspects of this framework will aid CBB in getting accurate measurement of present conditions in the personal loan market.

Because interest rates and terms on personal loans vary mainly by collateral, Part III is organised by the security offered for a loan, rather than by the “purpose” of the loan itself. Thus, the classification of personal loans (table columns) is by types of collateral, e.g., mortgage, vehicle title, salary assignment, or deposits. Any other loans, such as those extended via credit cards and “other personal loans” (if any), are accommodated in the last two columns. In concept, Part III covers all the same personal loans as are found on Form SR-5.

Reporters should note that at the bottom of each part II and III tables, there is a row that calculates weighted average interest rates that corresponds to the loan amounts entered by reporters for each category. This row displays the rates that will be publishes in CBB's monthly statistical bulletin.

**Form SR-7: Islamic Banks. Monthly classification of Unrestricted and Restricted investment accounts.** This return shows the outstanding investment values of Islamic banks in the unrestricted and restricted accounts broken down by residency and type of fund.