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DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS**

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**PROGRESS REPORT  
ON THE OECD BANK PROFITABILITY DATABASE**

**This document has been prepared by Michèle Chavoix-Mannato, OECD - Statistics Directorate**

*WORKING PARTY ON FINANCIAL STATISTICS*

*To be held on 9-10 October 2006*

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**PROGRESS REPORT  
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**I. INTRODUCTION**

1. The main objectives of this document are:
  - To inform delegates of the Working Party on Financial Statistics (WPFS) on the situation concerning the Bank Profitability database since the meeting that was held in October 2005;
  - To present improvements done by the Secretariat on the questionnaire on Bank Profitability since the last meeting.
2. As decided at the last meeting of the WPFS, it is to be noted that no changes have been done to make the Bank Profitability data more in line with the IMF guidelines.
3. Delegates to the Working Party are invited to take note of the work undertaken by the OECD Secretariat to improve the consistency of data reported by countries and its comparability between countries.

**II. REVISION OF THE OECD BANK PROFITABILITY QUESTIONNAIRE**

4. At the last meeting of the Working Party of Financial Statistics, the delegates were presented a document jointly prepared by the OECD and the IMF on the current gaps identified in the Bank Profitability database that constrain the compilation of Financial Soundness Indicators (FSI). Possible improvements, necessary to meet the requirements for the compilation of such indicators, were listed in this document.
5. Delegates welcomed the plan presented to initiate the convergence between the OECD Bank Profitability data and the IMF FSI Guidelines. However, there was a broad consensus amongst delegates that changes of the OECD Bank Profitability data requirements towards harmonisation with the IMF Compilation Guide would be premature. They concluded that it would be worth to delay the application of the IMF guidelines by another year and clearly recommended that no fundamental changes should be done before the results of the first Coordinated Compilation Exercise (CCE) of the IMF are analysed and tested.
6. The OECD agreed to follow the WPFS recommendations and invited the WPFS delegates to think about the proposals contained in the document for future discussions.
7. A report on the work carried out by the IMF will be brought up during the present WPFS meeting to inform Delegates on the progress made under the Coordinated Compilation Exercise (CCE) work program since last year meeting and on the steps ahead.

## **II.1 Technical changes**

8. A new database platform (Statworks), SQL based, has been introduced two years ago to manage OECD databases previously kept on Personal Express. At that time, there has been a direct transfer of the structure of the database from one to the other software and of all data stored in Personal Express. Unfortunately, as this change has involved new production processes, the old routines and applications could not be used any longer.

9. As a result, it has become essential to undertake a complete review of the database, which finally has led to the creation of a second Statworks database, including a number of modifications in the structure, of which new codifications and levels of hierarchy within the database, with the aim of making the import from the questionnaire and the export (for dissemination in publications) of country data easier and of improving the quality of the data controls.

## **II.2 Methodological improvements**

10. As agreed by the Secretariat at the end of the discussion on the Bank Profitability data (BP) in October 2005, no changes regarding additional items necessary for the calculation of Financial Soundness Indicators have been made in the 2006 Bank Profitability tables. However, the Secretariat judged useful to draft a detailed questionnaire in which definitions and recommendations to countries are clearly established in order to help them to better fill in the 2600 questionnaire.

11. Up to now, countries used to receive a cover letter asking to provide OECD with data relating to banks and to be reported in three tables, (1) on the income statement and balance sheet, (2) on the structure of the financial system, (3) on the classification of bank assets and liabilities. No specific questions were asked, no list of institutions to be covered was given, no definitions of items were proposed and no consistency between tables was requested. As a consequence, international comparisons were particularly difficult due to considerable differences in the institutional coverage of the tables and the reporting methods used in countries.

12. In this context, despite recommendations done by the WPFS some years ago that all Member countries forward information on agreed measures (selected items of the income statement and balance sheet) and for all financial institutions requested at the time of the creation of the database, the quality and the quantity of the data provided by countries since 1987 had not improved: the tables sent to countries were pre-filled with the data already received and countries used to update the tables, maintaining the same coverage over the years.

13. The Secretariat has therefore decided to prepare a document on general statistical and methodological guidelines (see the draft document in the annex below)

- including general standard information on the institutional coverage, the geographical coverage, the consolidation and the valuation,
- presenting the standard OECD framework for the detailed statistics requested on the income statements and balance sheets (table 1), on the structure of the financial system (table 2), on the classification of bank assets and liabilities (table 3),
- defining the framework for methodological information,
- explaining the electronic transmission by the use of a new questionnaire.

14. This new questionnaire is an Excel file composed of a number of sheets corresponding to the various categories of data requested in the three tables, as well as specific sheets asking for information on the contact persons and giving precise instructions to fill up the questionnaire:

- Table 1: one sheet by category of banks,
- Table 2: one sheet by structural variable,
- Table 3: one sheet by type of information.

15. This new questionnaire is an ‘intelligent’ questionnaire, in the sense that when data are entered into the cells, automatic checks are carried out when relevant and an immediate feedback is given to the respondent so that he is aware of possible errors or inconsistencies when filling the questionnaire and he can correct them before sending the questionnaire back to the OECD. Not only such checks are undertaken within the various sheets, but also comparisons between sheets are done. This is the case for example for non-financial information of Table 1 (number of institutions, branches and employees) and structural variables of Table 2. Thanks to these internal controls before the transmission to OECD, it is expected that the treatment of the replies will be faster and the exchanges of messages will be reduced.

### ***II.3 Implementation of these changes***

16. Before modifying the structure of the database and the codification and reclassification of banks and institutions, the OECD initiated a deep analysis of the data stored in the Bank Profitability database. Messages have been sent to a number of countries which used to provide data according to their own financial structure not always consistent with the OECD framework. These analyses and bilateral consultations have led either to modifications or to a better understanding of the data.

17. Unfortunately, this exercise which was indispensable has been very time-consuming and due to methodological difficulties, to technical problems and to several changes in the staff involved in the management of the Bank Profitability database (four persons in less than three years), it has been impossible to respect the delay and to transmit the questionnaire to Member countries.

18. The new survey, made of the word document (with guidelines) and the excel questionnaire, which was to be sent before the summer so that the publication is issued before the end of the year, is being finalised now. It will be accompanied with a sheet showing the differences between the old and the new codification of banks and other financial institutions included in tables 1 and 2 and with the methodological country notes published in 2004. Data corresponding to years 2004 and 2005 will be requested and countries will be invited to follow the instructions given in the guidelines, to check their data and to add any footnotes which would explain or justify a deviation from the standard OECD presentation.

19. It is expected that countries will need more time to fill up the 2006 questionnaire. However, it remains envisaged to issue the next paper publication during the winter 2006-2007 and to disseminate updated data via OECD.Stat once data are validated so that financial analysts can use the data as soon as possible.

### **III. CONCLUSION**

20. At the last meeting of the Working Party of Financial Statistics, the delegates decided not to modify the list of items requested in the Bank Profitability questionnaire and to wait until conclusions can be drawn from the IMF’s CCE. They were invited, in the meantime, to think about the proposals contained in the paper presented in 2005. Furthermore, it was mentioned that the implementation of the new accounting system (IAS) would have consequences on future changes in this list of items.

21. The Secretariat, which will continue to co-operate with the IMF in order to be able to take the necessary steps in the framework of the development of financial soundness indicators, proposes that a small group of countries’ experts volunteers to think about the modifications which will necessarily result

from both events (CCE and IAS) and presents its conclusions at the next OECD WPFS meeting so that the Secretariat modifies the questionnaire and the database to incorporate these changes.

22. Following its first attempt to improve the comparability of data received from countries, by redrafting the annual questionnaire, the Secretariat will continue to compile relevant statistics on financial statements of banks and on the structure of national financial systems and to improve the timeliness, frequency and coverage of this very useful set of statistics. It will try to achieve a better harmonisation and more complete methodological country notes. It intends to collect and publish, in 2008, data relating to years 2006 and 2007.

ANNEX

OECD QUESTIONNAIRE FOR STATISTICS ON BANK PROFITABILITY  
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**Delegates are requested to return the completed questionnaires in electronic format**

**- statistics in Excel file and country notes in Word file -**

**to the generic account of the OECD Financial Statistics Section:**

**[std.finstat@oecd.org](mailto:std.finstat@oecd.org)**

## **Introduction**

The database and publication 'Bank Profitability' are managed by the Financial Statistics Section of the OECD Statistics Directorate, with the assistance of the OECD Working Party on Financial Statistics (WPFS).

The standard framework used for storing the data and presenting the statistics was modified following the implementation of the new OECD Statistics Information System. As a consequence a new statistical questionnaire is provided to countries in order to help countries to fill it up correctly and to help the OECD to easily update its database.

The present document gives guidelines to fill the statistical questionnaire. Its objective is to provide a framework for compiling, on a regular basis, comprehensive and internationally comparable statistics.

General definitions and methodological country notes will complement the statistics to facilitate the interpretation of the data.

The Secretariat is providing an electronic questionnaire both for the quantitative information and the country notes. Delegations are requested to deliver the completed forms in electronic format.

## BANK PROFITABILITY - FINANCIAL STATEMENTS OF BANKS

### PART I. GENERAL STANDARD INFORMATION

The present questionnaire requests 2004 and 2005 data updating the 2004 edition of *Bank Profitability -- Financial Statements of Banks*.

The objective is to include all institutions which conduct ordinary banking business, namely institutions which primarily take deposits from the public and provide finance for a wide range of purposes.

It should be noted that, as a result of different reporting methods in countries, these statistics, which are not integrated in the System of National Accounts, are not compatible with the series published in the *Financial Accounts* of OECD Countries.

#### 1.1 Institutional coverage

##### 1.1.1 Table 1 - Income statement and balance sheet

Statistics requested in Table 1 refer to all institutions which conduct ordinary banking business, i.e., institutions that primarily take deposits from the public at large and provide financing for a wide range of purposes.

**You are requested to report data for the following standard *monetary institutions*, which are part of the SNA sector S.122:**

- **All banks**
  - *Commercial banks*
    - *Large commercial banks<sup>1</sup>, as a sub-set of commercial banks*
    - *Foreign-owned banks<sup>2</sup>, as a sub-set of commercial banks*
  - *Savings banks*
  - *Co-operative banks*
  - *Other miscellaneous monetary institutions, where applicable (to be specified)*

Data provided for *All banks* should be the sum of the data provided for the four sub-categories listed above, when available.

**If it is not the case, you are asked to explain the exact coverage of the category *All banks*.**

**If you cannot provide data for all these banking groups, please give the reasons and complete Table 1 (see PART II. below) for the groups for which information is available in your country.**

<sup>1</sup> The concept of « **large** » **bank** is a judgmental concept based on a qualitative assessment of a number of quantitative criteria the absolute value of which differs from one country to the other.

<sup>2</sup> Special attention has to be paid on the treatment of *branches* of foreign banks and *subsidiaries* of foreign banks. *Foreign-owned banks* should correspond to subsidiaries of foreign banks, operating in the reporting country, which possess a legal autonomy and are most often under the supervision of the host country's authority and consequently included in the *Commercial banks* of the reporting countries. (see paragraph 1.2 below) If it is not the case, you have to specify the exact coverage of this category.

It is to be noted that the two separate groups, *Large commercial banks* and *Foreign-owned banks*, are parts of the Group *Commercial banks* but are not exclusive from each other. It means that a bank may belong to both subsets if there is a foreign large commercial bank. Data of these two groups must not be added.

As the coverage of the above banking groups may vary in their composition and definition across the countries, **you are requested to fully describe them in your individual country note** (see PART III), in particular regarding the treatment and classification of subsidiaries of foreign banks and the treatment and classification of branches of foreign banks.

### 1.1.2 Table 2 - Structure of the financial system

The institutions covered in Table 2 are more numerous. They belong to SNA sector S.12.

- *Central bank*
- *All banks*
  - *Commercial banks*
    - *Foreign-owned banks, as a sub-set of commercial banks*
  - *Savings banks*
  - *Co-operative banks*
  - *Other miscellaneous monetary institutions (such as post banks)*
- *Other financial institutions*
  - *Mortgage credit institutions*
  - *Development credit institutions*
  - *Finance companies*
  - *Other miscellaneous financial institutions (such as investment corporations)*
- *Insurance institutions*
  - *Insurance companies*
  - *Pension funds and foundations*
  - *Other insurance institutions*
- *All financial institutions*

It should be noted that the group “*Other financial institutions*” listed above may include depository corporations, i.e., institutions that primarily take deposits from the public at large and provide financing for a wide range of purposes. However, these institutions are not covered in data presented in Table 1 of the OECD publication, which are generally limited to the above group ‘*All banks*’. Consequently, data provided in Table 1 for *All banks* should correspond to data provided in Table 2 for the same group.

**If it is not the case, you are invited to explain the difference in coverage between *All banks* (as provided in Table 1) and *All banks* (as provided in Table 2)**

**You are requested to give as complete information as possible.** If you cannot provide data for all these institutions, please explain why and **fully describe the institutions covered in your Table 2 in your individual country note** (see PART III).

### 1.1.3 Table 3 - Classification of bank assets and liabilities

Statistics requested in Table 3 refer to all institutions which conduct ordinary banking business, i.e., institutions that primarily take deposits from the public at large and provide financing for a wide range of purposes.

**You are requested to report data relating to the category *Other monetary institutions***, which should correspond to data provided for *All banks* (in Table 1) and/or to *Other monetary institutions* (in Table 2).

**If it is not the case, you are invited to explain the difference in coverage between data provided in Table 3 and data provided in Table 1 and/or Table 2.**

### 1.2 Geographical coverage

**The OECD recommends** that data included in its statistics cover all institutions operating **inside the reporting country**. It means that data included in the statistics reported in the Bank Profitability questionnaire should cover all domestic banks, including their domestic and foreign branches<sup>3</sup> and their domestic subsidiaries<sup>3</sup>, as well as subsidiaries of foreign banks operating in the reporting country. This latter category, subsidiaries of foreign banks, should be included in commercial banks and reported separately. Branches of foreign banks should not be included.

**If you do not follow this recommendation, you are requested** to describe the geographical coverage of your statistics. In particular, you have to provide OECD with clear definitions on the institutional coverage regarding foreign branches and subsidiaries of national banks operating outside the reporting country and branches and subsidiaries of foreign-owned banks operating inside the reporting country<sup>4</sup>.

Optionally, branches of foreign banks could be transmitted and shown as a memo item, but not counted in the commercial bank sector of the reporting country as they would be counted in their country of origin.

### 1.3 Consolidation

Under an aggregation approach, there is no elimination of positions and flows between units within a group. In contrast, consolidation refers to the elimination of positions and flows between units that are grouped together for statistical purposes. Consolidation can arise at various levels of grouping.

The consolidation of accounts (balance sheets and income statements) at the group level involves the netting out of all transactions and positions between all units (parent, branches, and subsidiaries) within a reporting group. Normally, these consolidation adjustments are made by the reporting entities.

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<sup>3</sup> The **branch** is an establishment created by a company or a society, which enjoys a certain autonomy, without being legally different from it. The **subsidiary** is a separate company, placed under the control of a parent company, which possesses the legal autonomy and the moral personality.

<sup>4</sup> In particular, you have to specify (i) whether *branches of foreign banks* operating in the reporting country are also reported as foreign-owned banks and included in commercial banks? or (ii) whether *branches of foreign banks* are excluded from the statistics of the reporting country, because included in the statistics of the parent company operating in a foreign country?

Different methods of reporting data are used in countries:

- either data are reported on a territorial basis: i.e. flows and positions of the resident deposit-takers are consolidated with their branches and deposit-taking subsidiaries (if any) resident in the domestic economy;
- or data are reported on a corporate basis: i.e. all transactions and positions among a domestically controlled bank and its domestic and foreign branches are eliminated. Data relating to foreign subsidiaries of domestic banks are not included;
- or data are reported on a domestically controlled cross-border (DCCB) consolidation approach: i.e. any transactions and positions among a domestically controlled banking institution and its domestic and foreign branches and subsidiaries are eliminated. This approach is believed to provide the most realistic assessment of the current health of the financial system for soundness analysis.

**The OECD used to recommend** that data included in its statistics are consolidated on a cross-border consolidated approach.

**If you do not follow this recommendation, you are requested** to explain the degree of consolidation of accounts of the institutions covered; in other words, you have to provide OECD with clear explanation on the method you use to report data, including on the treatment of foreign branches and subsidiaries of national-owned banks operating outside the reporting country and on the treatment of branches and subsidiaries of foreign-owned banks operating inside the reporting country.

#### **1.4 Valuation**

Different valuation methods are used under various practices: book value accounting, where each item is valued at its nominal/historic price, or market value accounting, where items are valued at the price they are worth in the market at the reference date of the balance sheet.

It is recommended that tradable instruments are valued at market<sup>5</sup> or fair value<sup>6</sup> (approximation of market value) while non-tradable instruments, such as loans, deposits, are valued at nominal value.

Provisions should be valued according to the type of asset the default of which they are provisioning for, e.g. loan-loss provisions based on the nominal value of the loan.

However, the new IAS/IFRS accounting rules for financial instruments will have to be applied: the concept of 'fair value', calculated as an approximation of the market value by using a present value model for discounting the expected future cash flow, will replace the concept of 'historical cost'/'book value'<sup>7</sup> for all financial assets and liabilities, including non-negotiable instruments.

**Please explain the method used for valuating items of the financial statements of banks.**

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<sup>5</sup> The **market value** is the price at which a financial instrument can be bought or sold on the open market.

<sup>6</sup> The **fair value** is the amount for which a credit could be exchanged or a liability could be extinguished between parts well informed and agreeing within the framework of a transaction carried out under normal conditions of competition". Fair values can be used in most situations in which market-price data are unavailable.

<sup>7</sup> The **historic cost** is the price that was actually paid for an asset when it was first acquired by a resident user. It is a synonym for "acquisition price". **Book value** is the value at which an equity or other capital asset or liability is recorded in the balance sheet of an entity.

## PART II. STANDARD FRAMEWORK FOR DETAILED STATISTICS

↪ see the attached statistical questionnaire relating to Table 1, Table 2 and Table 3 (Excel file):  
 <COU>\_BP Tables.xls

National data are grouped and, where necessary, re-classified to fit as far as possible into the following OECD standard framework of presentation.

### 2.1 *Table 1 - Income statement and balance sheet*

This table contains data which are based on financial statements of banks in each Member country. It presents a number of items of the *Income statement* (items 1-13) and the *Balance sheet* (items 14-36). It also includes *Supplementary information* (items 37-39).

**It has to be filled for each banking groups (as defined under Institutional coverage, see above) when possible.**

#### 2.1.1 *Income statement*

##### 1. *Interest income*

This item generally includes income on interest-bearing assets, fee income related to lending operations, and dividend income on shares and participations. In some cases it may also include income on bonds calculated as the difference between the book value and the redemption value of bonds.

##### 2. *Interest expenses*

This item generally includes interest paid on liabilities and fee expenses related to borrowing operations. It may include in some cases the difference between the issue price on debt instruments and their par value.

##### 3. *Net interest income (item 1 minus item 2)*

##### 4. *Net non-interest income*

- a. Fees and commissions receivable
- b. Fees and commissions payable
- c. Net profit or loss on financial operations
- d. Other net non-interest income

This item is generally the net result of a number of different income and expense items (other than those included in items 1 and 2) such as the following: commissions received and paid in connection with payments services, securities transactions and related services (new issues, trading, portfolio management, safe-custody) and foreign exchange transactions in the banks own name and on behalf of clients. Other income and expenses resulting from special transactions which do not represent ordinary and regular banking business may also be included. Realised losses and gains on foreign-exchange operations and securities transactions are generally included as well.

##### 5. *Net interest and non-interest income (item 3 plus item 4)*

##### 6. *Operating expenses*

- a. Staff costs
- b. Property costs
- c. Other operating expenses

This item includes all expenses relating to the ordinary and regular banking business other than those included in items 2 and 4, particularly salaries and other employee benefits, including transfers to pension reserves (staff costs), and expenses for property and equipment and related depreciation expenses. Taxes other than income or corporate taxes are also included.

7. *Net income before provisions (item 5 minus item 6)*

8. *Net provisions*

- a. Provisions on loans
- b. Provisions on securities
- c. Other net provisions

This item includes, in part or in full, charges for value adjustments in respect of loans, credits and securities, book gains from such adjustments, losses on loans and transfers to and from reserves for possible losses on such assets. Realised gains or losses from foreign exchange transactions and securities transactions are, however, generally included under *Net non-interest income* (item 4).

9. *Income before tax (item 7 minus item 8)*

10. *Income tax*

11. *Net income after tax (item 9 minus item 10)*

12. *Distributed profit*

13. *Retained profit (item 11 minus item 12)*

2.1.2 *Balance sheet*

**Assets**

14. *Cash and balance with Central bank*

15. *Interbank deposits*

16. *Loans*

17. *Securities*

18. *Other assets*

**Liabilities**

19. *Capital and reserves*

20. *Borrowing from Central bank*

21. *Interbank deposits*

22. *Customer deposits*

23. *Bonds*

24. *Other liabilities*

***Balance sheet total***

25. *End-year (sum of items 14 to 18 or 19 to 24)*

26. *Average*

The average may be based on two end-year totals, on 13-month, 12-month or daily averages.

2.1.3 *Memoranda items*

***Assets***

27. *Short-term securities (included in item 17)*

This item includes short-term securities with an original maturity of usually up to 12 months, but with a maximum maturity of two years.

28. *Bonds (included in item 17)*

This item includes fixed or variable-interest rate securities with an original maturity of several years.

29. *Shares and participations (included in item 17)*

The sum of items 27, 28 and 29 equals item 17.

30. *Claims on non-residents (included in item 15 to 18)*

***Liabilities***

31. *Liabilities to non-residents (included in item 21 to 24)*

***Capital adequacy***

32. *Tier 1 Capital*

This item corresponds to the paid up shared capital/common stocks, disclosed reserves

33. *Tier 2 Capital*

This item corresponds to the undisclosed reserves, asset revaluation reserves, general provision/general loan loss reserves, debt/equity capital instruments, subordinated term debt.

34. *Supervisory deductions*

35. *Total regulatory capital (item 32 plus item 33 minus item 34)*

36. *Risk-weighted assets*

2.1.4 *Non-financial information (to be provided in units)*37. *Number of institutions:* number of institutions covered by the data38. *Number of branches:* number of branches covered by the data39. *Number of employees:* number of employees of the institutions covered by the data2.2 **Table 2 - Structure of the financial system**

This table relates not only to the structure of the banks, or other monetary institutions, but to the structure of the whole financial system of each country. It regroups information of a general nature, such as

- Number of institutions )
- Number of branches > as reported under **Non-financial information** in Table 1
- Number of employees )
- Total assets or liabilities
- Total financial assets ) as reported under *item 25* of the **Balance sheet** in Table 1.

Data reported for Table 1 and Table 2, which relate to the same variable, should be expressed in the same unit.

It covers not only banks, but the whole financial system of OECD countries, i.e.

- *Central bank* (not included in the banking groups of Table 1)
- *All banks* (corresponding to *All Banks*, as reported in Table 1)
- *Other financial institutions* (not included in the banking groups of Table 1)
- *Insurance institutions* (not included in the banking groups of Table 1).

### Structure of the financial system

	Number of institutions	Number of branches	Number of employees	Total assets or liabilities in national	Total financial assets in national
<i>Central bank</i>					
<b><i>All banks</i></b>					
Commercial banks					
<i>of which</i> Foreign owned banks					
Savings banks					
Co-operative banks					
Other miscellaneous monetary institutions					
<i>Other financial institutions</i>					
Mortgage credit institutions					
Development credit institutions					
Finance companies					
Other miscellaneous financial institutions					
<i>Insurance institutions</i>					
Insurance companies					
Pension funds and foundations					
Other insurance institutions					
<i>All financial institutions</i>					

### 2.3 *Table 3 - Classification of bank assets and liabilities*

Table 3 distinguishes assets and liabilities of banks both between residents and non-residents and between those held in domestic currency and those held in foreign currencies. In this table, 'banks' refers to *All banks* as shown in Table 1 and in Table 2.

#### **Resident/non-resident and domestic/foreign currency Classification of bank assets and liabilities**

*National currency*

	Residents	Non-residents	Total
<b>Assets</b>			
Domestic currency			
Foreign currencies			
<i>Total</i>			
<b>Liabilities</b>			
Domestic currency			
Foreign currencies			
<i>Total</i>			

## PART III. FRAMEWORK FOR METHODOLOGICAL INFORMATION

↪ see attached

- the empty methodological survey (Word files): **BP\_2006 Methodological survey.doc**
- your methodological notes: **<COU>\_doc**

In order to facilitate the interpretation and analysis of the data presented in the statistical volume of *Bank Profitability* and to enable the user of the data to judge how cautiously the figures should be used for comparative purposes, **you are requested to check, complete and correct if necessary**, your detailed methodological notes, currently published in the separate OECD book *Bank Profitability – Methodological Country Notes*.

**ATTENTION: The methodological information to be included in the country detailed notes is to be revised according to the following instructions given under each item (see below 3.2).**

The Country Notes, as received from countries, are provided to respondents in Microsoft Word 97 format. The outline of the methodological notes is included with the “**track changes**” option which **should not be removed**. Information provided should follow the pattern; **headings and sub-headings should not be altered**.

### 3.1 *Methodological information*

Detailed methodological country notes provide information on the following items:

- **Time coverage**
  - *indicating which period the data refer to such as: calendar (1 January-31 December), fiscal (1 July-30 June), based on monthly data, based on quarterly data .*

- **Institutional coverage**

- *institutional coverage of Table 1:* give the list and definition of the banking groups belonging to the category 'All banks', in particular, the exact coverage and classification of *Foreign banks (subsidiaries and branches)*.
- *institutional coverage of Table 2:* banking groups included in Table 1 should correspond to the categories listed under *All banks*. More information should be added on *Other financial institutions* as well as on *Insurance institutions*, as provided in Table 2.
- *relative importance* of the institutions covered in Table 1, as compared with the whole financial system as shown in Table 2;
- *highlighting changes in the definition/coverage* of banks, as well as *legal changes*, over the last period.

- **Geographical coverage**

- *indicating whether domestic or foreign financial or non-financial branches/ subsidiaries of the domestic banks are covered by the data*
- *indicating whether branches and/or subsidiaries of foreign banks operating on the territory of the reporting country are included.*

- **Scope of consolidation**

The scope of the consolidation depends on the institutional and geographical coverage of the data reported.

- *indicating whether data are reported*
  - *on a territorial basis:* i.e. transactions and positions of the domestically controlled bank are consolidated with their branches and deposit-taking subsidiaries (if any) resident in the domestic economy;
  - *on a corporate basis:* i.e. all transactions and positions among a domestically controlled bank and its domestic and foreign branches are eliminated. Data relating to foreign subsidiaries of domestic banks are not included in the population.
    - or *on a consolidated basis:* i.e. all transactions and positions among a domestically controlled bank and its domestic and foreign branches and subsidiaries are eliminated

- **Structure of the financial system**

- giving a detailed list and full description of all monetary institutions (by banking group) and financial institutions (by type of institution), including insurance companies and pension funds as well as information on the regulatory framework;

- **Summary description of activities of banks (*Other monetary institutions*)**

- *giving explanation on the most important activities of banks:* payment facilities, deposit business, lending business, savings instruments, money market business, security business, foreign exchange business, non-bank business, deposit guarantee funds;

- **Explanations on individual items** of the income statement and balance sheet,

- *including detailed information* on the way in which the data reported in Table 1 are derived from generally more detailed national data;
- *highlighting changes in the definition/coverage* of items over the last period.

- **Valuation of data**

- *specifying the valuation of each item*

- **Sources of data**

- *indicating not only the source from which the information reported is drawn, but also the national publications where part of all of these data are shown.*

**Please check, complete and amend if necessary the information included in the attached document ‘<COU>.doc’.** (<COU> stands for the ISO three-letter country code)

### 3.2 Reconciliation of national data with the OECD presentation

To further facilitate the analysis for users of the statistics, **you are requested to provide reconciliation tables for the last year available, describing the correspondence between the standard OECD framework and the national accounting system used in your country.**

Their aim is to show how national data are grouped and, where necessary, re-classified to fit as far as possible into the OECD standard statistical framework (see Table 1).

## PART IV. ELECTRONIC TRANSMISSION OF STATISTICAL DATA

↪ see the attached statistical questionnaires (Excel file) including Table 1, Table 2 and Table 3:  
**<COU>\_BP Table.xls**

### 4.1 *Electronic file*

#### 4.1.1 *File format*

The **statistical questionnaire <COU>\_BP Tables.xls** is in **Excel 97-2002 format** which is compatible with most user systems. The first three digits of each file name (<COU>) stand for the ISO three-letter country code.

The questionnaire includes a number of sheets presenting the statistical information previously collected for all three tables and to be updated, a specific sheet referring to the ‘Parameters’ (country, currency, currency unit, period covered), a sheet referring to the ‘contact’, i.e. the person in charge of these statistics in the reporting country to be filled with information on this person (country, name, address and phone number). It also includes three additional technical sheets (named ‘Table 1’, ‘Table 2’ and ‘Table 3’) giving instructions to complete the three tables.

Countries are requested to complete all the sheets corresponding to tables 1 to 3 using the Excel questionnaire without entering any change, in order to allow a straight import of data into the OECD database.

***If you are unable to read or open either of the files, please contact the OECD Financial Statistics Section, at the generic account e-mail address [std.finstat@oecd.org](mailto:std.finstat@oecd.org) with a copy of your mail to [michele.chavoix-mannato@oecd.org](mailto:michele.chavoix-mannato@oecd.org)***

#### 4.1.2 *File content*

##### ***Statistical tables***

For each table, there is a number of sheets corresponding to the type of data requested.

##### **Table 1: Income statement and balance sheet**

**This table is composed of individual sheets corresponding to the various banking groups (as defined under Institutional coverage, see above): each sheet has to be filled when possible.**

- Sheet **All banks**
- Sheet **Commercial banks**
- Sheet **Large commercial bank**
- Sheet **Foreign commercial banks**
- Sheet **Savings banks**
- Sheet **Co-operative banks**
- Sheet **Other monetary institutions** (to specify)

**Table 2: Structure of the financial system**

**This table is composed of individual sheets corresponding to non-financial and financial information to be filled for all banks, other financial institutions and insurance institutions belonging to the country financial system. For the category ‘All banks’ and its components, data relating to the first four variables are to be consistent with same banking groups’ data provided in Table 1 (respectively on lines 37, 38, 39 and 25).**

- Sheet **Institutions**
- Sheet **Branches**
- Sheet **Employees**
- Sheet **Total assets or liabilities**
- Sheet **Total financial assets**

**Table 3: Classification of bank assets and liabilities**

**In this table, information relating to assets and liabilities in national and foreign currencies has to be provided for the category ‘All banks’ (resident, non-resident, and total) and must be consistent with data provided in Tables 1 and/or 2.**

- Sheet **Total**
- Sheet **Residents**
- Sheet **Non-residents**

#### **4.2 *Instructions for completing the electronic questionnaire***

**For all table, we would like to draw your attention on the following:**

All titles, codes and labels, in English or French, which are displayed with a dark yellow background in protected cells should be left unchanged, even in case there is no data available. This information corresponds exactly to the OECD database items. No row and no column can be deleted or added since the questionnaire structure corresponds exactly to the database structure.

However, you are invited to **add just under data any footnote** providing additional information and metadata, for instance on the exact name and coverage of the banking groups.

#### 4.2.1 Parameters

On the sheet 'Parameters', four fields must be checked and modified if necessary:

1. The name of the country: The choice of the country determines the currency.
2. The currency unit: *Thousands, million or billion* of national currency (including European Monetary Union Countries) for the various items of the income statement and balance sheet.

**Please note** that figures should be entered at the *unit* level for non-financial variables (numbers of institutions, branches and employees).

3. The questionnaire time range: The two fields "Start year" and "Last year" should be set according to data effectively revised or updated. The lower and the upper bounds should cover exactly new data entered but must not include historical data left unchanged. By default, the time range corresponds to previous data loaded into the questionnaire.

Once the parameters are set properly, they should be validated by clicking on the "Apply parameters" button. Then the sheets of Table 1, Table 2 and Table 3 will be automatically updated in accordance with the new parameters.

#### 4.2.2. Statistical data

##### *Values*

All historical data, previously reported by Member countries have been loaded into the questionnaire in the unit provided by the country to allow for revisions. Figures come with three decimals (when data were provided in million without any decimal, figures are displayed in million with three decimals equal to zero: example, 23542 million Euros is shown as **23542.000** million Euros). However, countries have the possibility either to modify the unit or to provide more precision (after the decimal point);

Additional columns for **years 2004 and 2005** are provided with **empty cells**. They currently contain **".."**, which should be replaced by relevant numbers for these years.

Countries are invited to provide information related to any items or variables which were not provided until now but became available.

##### **All cells should be filled:**

-- **When data are not available or not applicable**, or if **no breakdown is available**, cells should be left as **".."**; they should not be left blank. **If cells remain empty in the tables, an error message will appear when the questionnaire will be saved.**

Cells with **".."** corresponding to items or variables which were not provided until now but which are now available in your country should also be replaced by numbers.

-- **Data strictly equal to Zero** should be entered as **"0"** and will appear as **"0.000"**

-- **Data not strictly equal to Zero** (i.e. between **"-0.500"** and **"+0.500"**) should be entered if possible as **0 with decimals other than zeros**. As examples: 0.123 and 0.437 million euros should be reported respectively as 0.123 (or 0.100) and 0.437 (or 0.400) million euros rather than 0.000 million euros, while 0.634 million euros can be reported either as 0.600 or as 1 million euros.

##### *Automatic checks*

In the tables, some quality controls have been introduced and are indicated under the title "Error formats". There are 3 types of controls:

1. **Invalid data (in red)**: The validity of each value entered is checked individually. Only numerical values and conventional signs such as “..” for data that are not available and “-” for data that are negligible will be accepted. Otherwise the cell will be shaded in red.

2. **Invalid total (in blue)**: The hierarchy of instruments (in Table 1) and the hierarchy of financial groups (in Table 2) are checked. If the sum of the children does not equal the parents, the cell of the parents will be shaded in blue.

3. **Inconsistent data (in green)**: The consistency between data in Table 1 and data in Tables 2 and 3, according to the following equations, is checked. (see **Consistency between tables** below). Checks are made on the following equalities (example given for *All banks* but the similar checks are done on all banking groups of Table 1):

- |  |                    |  |
|--|--------------------|--|
| - item 37 <i>Institutions</i> in Table 1, <i>All banks</i>   | should be equal to | <i>Institutions</i> in Table 2, <i>All banks</i>                               |
| - item 38 <i>Branches</i> in Table 1, <i>All banks</i>       | should be equal to | <i>Branches</i> in Table 2, <i>All banks</i>                                   |
| - item 39 <i>Employees</i> in Table 1, <i>All banks</i>      | should be equal to | <i>Employees</i> in Table 2, <i>All banks</i>                                  |
| - item 25 <i>End-year total</i> in Table 1, <i>All banks</i> | should be equal to | <i>Total assets or liabilities</i> in Table 2, <i>All banks</i>                |
|  | <b>and</b>         | should be equal to <i>Total</i> in Table 3, <i>Assets/Liabilities, Total</i> . |

If errors appear in the tables, they should be corrected if possible. If not, when the questionnaire will be saved, some error messages will appear on the screen as a reminder. **An error margin of 2%** is however allowed.

**If you were unable to provide us with data in the past for one or more of these tables, the sheet corresponding to the banking group (for Table 1), or to the structural variable (for Table 2) will be left as blank.**

### ***Consistency between tables***

In Table 2, *Structure of the financial system*, figures reported for the structural variables requested for “*Other monetary institutions*” (as well as for the subcategories “*Commercial banks*”, “*Savings banks*”, etc.) should be consistent with the corresponding figures in Table 1, *Income statement and balance sheet*. Deviations should be explained in a footnote.

In Table 3, *Classification of assets*, figures reported for *Total assets* should be consistent with figures reported for the same item for “*All banks*” (in Table 1) and for the same variable for “*Other monetary institutions*” (in Table 2).

## **4.3 Data submission to the OECD**

### **4.3.1 Format**

Member countries are kindly requested to return the completed Excel questionnaire to the Secretariat in electronic format.

### **4.3.2 Delivery mode**

The preference of the Secretariat is to receive the Excel file attached to an e-mail sent to the following generic address of the Financial Statistics Section: [std.finstat@oecd.org](mailto:std.finstat@oecd.org).