

Explanatory notes prepared by the Deutsche Bundesbank on reporting “Non-residents’ assets in Germany”

– Annex K4 to the Foreign Trade and Payments Regulation, sheets 1 and
2 –

This report serves to obtain statistical information regarding the volume and structure of foreign direct investment in Germany, the knowledge of which is essential in view of the high degree of the Federal Republic of Germany’s integration into the global economy. Pursuant to Section 65 of the Foreign Trade and Payments Regulation (*Außenwirtschaftsverordnung*) in conjunction with the Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*), there is a legal obligation to provide information. Please answer the questions in a precise and comprehensive manner. Pursuant to the Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*) in conjunction with the Act on Statistics for Federal Purposes (*Gesetz über die Statistik für Bundeszwecke*), your data are subject to statistical confidentiality.

A. Reporting obligation and reporting thresholds

The following parties are subject to reporting requirements:

1. Resident enterprises with a balance sheet total of more than €3 million in which a non-resident or several economically linked non-residents hold(s) 10% or more of the shares of voting rights in the resident enterprise on the balance sheet date. Non-residents are to be deemed economically affiliated if they pursue economic interests jointly; this also applies if they pursue economic interests jointly with resident entities. Economically affiliated non-residents are, in particular, entities which have come together to pursue economic interests jointly with regard to the domestic enterprise (e.g. to establish this enterprise) by holding participating interests in one or more enterprises that are closely related to each other (particularly by marriage or direct relative or in-law blood relations) or are affiliated within the meaning of Section 15 of the Companies Act (*Aktiengesetz*);
2. Non-residents’ branches or permanent establishments in Germany with operating assets in excess of €3 million. Here, multiple branches or permanent establishments of the same undertaking in Germany are deemed to be a single entity. Non-permanent establishments chiefly refer to assembly plants, building sites and the like set up for a limited period of time to fulfil a specific mandate.

B. Report submission

The report must be submitted to the Deutsche Bundesbank once a year. This is to be done electronically via the Bundesbank’s ExtraNet in the general statistics reporting portal or using Filetransfer.

The reports are to be submitted by the last working day of the sixth month following the balance sheet date. For reports submitted by:

1. legally independent enterprises required to report, this balance sheet date is the enterprise’s own balance sheet date.
2. For reports submitted by branches or permanent establishments of a non-resident enterprise, the non-resident enterprise’s balance sheet date is regarded as the relevant balance sheet date.

C. Contents of the report

The K4 report consists of two parts:
one copy of sheet 1 and one or more copies of sheet 2.

The following is to be reported on sheet 1:

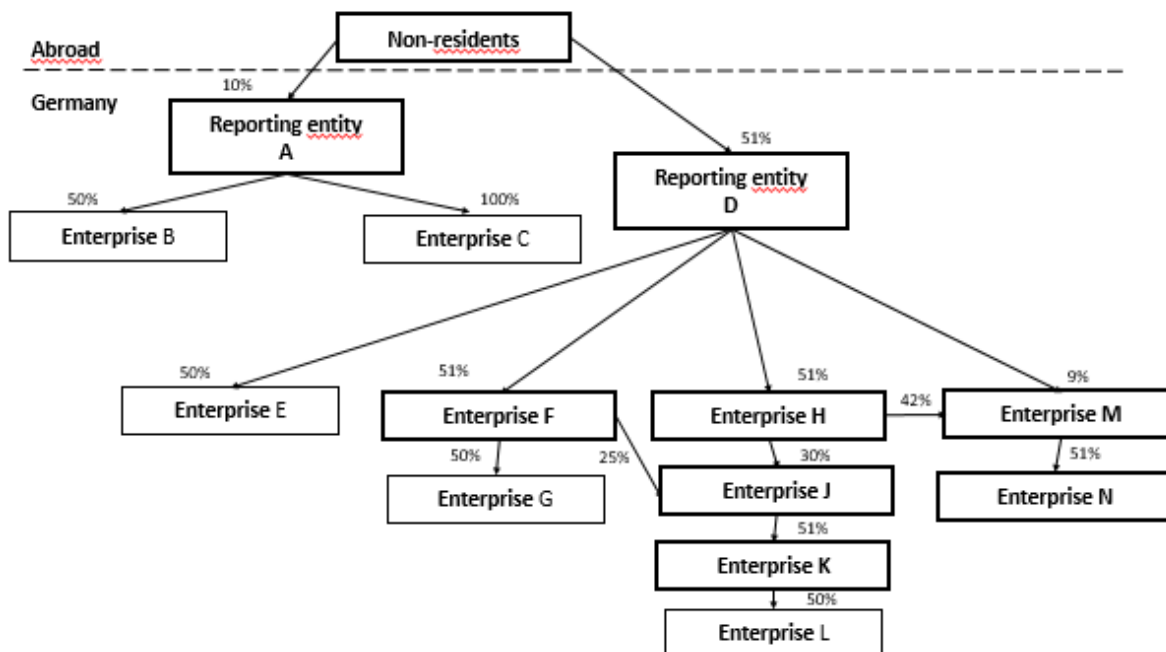
by all reporting entities

- I. General information regarding the enterprise of the reporting entity;
- II. a list stating the firm name and registered office of the non-resident(s) with holdings in the reporting entity. If there is more than one non-resident deemed economically affiliated, they are to be listed individually; their association must be stated in brackets after their trading name.

by reporting entities which are more than 50%-owned by a non-resident or several economically affiliated non-residents – these are then classed as “dependent enterprises” – and which themselves hold 50% of the shares or voting rights of a domestic enterprise (indirect participating interests of the non-resident)

- III. a list stating the commercial name and registered office of resident enterprises in which the reporting entity and/or its dependent enterprises holds a participating interest of more than 50% and has a balance sheet total exceeding €3 million.

Example:



Information on participating interests in the enterprises in the fields outlined in bold must be reported; of these, participating interests in enterprises A and D are direct and participating interests in enterprises F, H, J, K, M and N are indirect.

The following is to be reported on sheet 2:

by all reporting entities

General information on non-resident investors; the balance sheet of the reporting entity including the shares in the asset and liability positions which are attributable to the non-resident. If the reporting entity is a listed enterprise, the stock market value of the shares held by the non-resident investor on the balance sheet date is to be reported in thousands of euro along with the international securities identification number (ISIN) of the enterprise.

If several non-residents have holdings in the reporting entity, a separate sheet 2 is to be filled out for each of these non-residents.

The balance sheet data of the reporting enterprise must be entered in the prescribed form in the first column of the balance sheet on sheet 2. If a separate sheet 2 has to be submitted for multiple non-resident investors, the consolidated balance sheet of the reporting entity only has to be entered once.

Where specified as a reporting item, the amount shares in the asset and liability positions of the reporting entity that are attributable to the non-resident investor are to be recorded in the second column of the balance sheet.

by reporting entities which are more than 50%-owned by a non-resident or multiple economically affiliated non-residents and which themselves hold 50% of the shares or voting rights of a domestic enterprise; also the indirect participating interests of the non-resident(s) and

General information on the domestic enterprise that directly holds shares and the domestic enterprise in which the non-resident indirectly holds shares; the balance sheet of this direct domestic investor including the shares in asset and liability positions that are attributable to the direct investor. In line with the example above, the reporting entity is required to provide information on enterprises F, H, J, K, M and N.

If the non-resident has an indirect holding in several domestic enterprises, a separate sheet 2 is to be filled out to report on each of these domestic enterprises.

The balance sheet data of the enterprise being reported on must be entered in the first column of the balance sheet on sheet 2. Where specified, the amount shares in the asset and liability positions of this domestic enterprise attributable to the direct investor are to be recorded in the third column of the balance sheet. In line with the example, in the report on enterprise J, the amount shares in the asset and liability positions of enterprise J attributable to enterprise H are to be entered in the third column of the balance sheet. Insofar as direct financial relationships exist between the enterprise being reported on and the non-resident(s) in which the reporting entity has holdings, the relevant amount shares in the enterprise's asset and liability positions that are attributable to the non-resident are to be entered in the second column of sheet 2.

D. Explanatory notes on individual terms and items

The shares of voting rights as a percentage if these differ from the share of equity

Please state the share of voting rights attributable to the direct investor, i.e. the share of voting rights of the non-resident investor in the case of direct participating interests, and the share of voting rights of the direct domestic investor in the case of indirect participating interests.

Economic sector

Here, please state the precise type of economic activity carried out by the company, if possible by naming the product the company sells or produces (e.g. "mineral oil trading" or "glassware manufacturing"). If a company operates in several industrial sectors, the focus of its economic activity is decisive.

Annual turnover

Here, please state the amount shown in the company's profit and loss account as annual sales revenue, excluding VAT. The amount should be entered in thousands of euro. Banks have to report the annual output; insurance companies have to report the gross premiums written in direct business and in reinsurance business.

Balance sheet data

All amounts to be reported from the financial statements of the party or enterprise required to report are to be stated before profit appropriation; amounts should be entered in thousands of euro.

In the event that a financial statement is not yet available by the report submission date, the figures to be reported are to be determined by means of a preliminary statement of assets and liabilities for the enterprise concerned and entered into the report. The preliminary nature of the reported data is to be made known. When the final balance sheet data become available, they must be reported immediately.

For branches and permanent establishments, the amounts to be reported should be taken from their statements of assets and liabilities.

Balance sheet classification

When allocating individual balance sheet items to the items in the reporting form's template, the definitions and classifications that apply to the balance sheet of a German corporation are to be used unless otherwise stated in the explanatory notes that follow.

Special tax-allowable reserves should not be recorded as reserves, but rather assigned to the item "Other liabilities".