Instructions for reporting related to targeted longer-term refinancing operations (TLTROs)

Contents

1 General

This guideline complements the ECB's Guidelines on reporting related to the ECB's targeted longer-term refinancing operations (TLTROs). This guideline also describes the links between MFI statistical reporting (RATI) and TLTRO reporting. TLTRO reporting is based on the method for calculating the financial accounts. Net flows in the reporting period (gross lending – repayments), revaluations and other adjustments are added to the opening balance, which gives the balance sheet at the end of the period.

A TLTRO report cannot be generated entirely from a RATI report. TLTRO reporting is largely based on the definitions in the ECB regulation concerning the balance sheet of the monetary financial institutions sector (ECB/2013/33), and therefore quality monitoring will be based on the links between the TLTRO and RATI report.

The reporting calendar, with the reporting periods, is published on the Bank of Finland's website at http://www.suomenpankki.fi/en/tilastot/raportointiohjeet/Pages/tltro.aspx. The calendar will be updated when ECB provides more detailed information.

2 Scope of TLTRO reporting

The scope of TLTRO reporting is loans to euro area non-financial corporations and loans to euro area households, excluding loans for house purchase, in all currencies, and these loans are also part of RATI reporting. The four tables below show the basic connection between TLTRO and RATI reporting.

1. TLTRO: instrument

TLTRO	RATI LD: INSTRUMENT (field 07)
Loans	41 = Money market promissory notes (non-marketable)
	42 = Revolving loans
	43 = Overdrafts
	44 = Extended credit card credit
	45 = Convenience credit card credit
	46 = Reverse repos

	47 = Other loans

2. TLTRO: purpose of use

TLTRO	RATI LD: PURPOSE OF LOAN (field 13)
Loans other than housing loans	C = Consumption credit
	S = Student loan
	R = Holiday residences
	O = Other purpose
	N = Not defined

3. TLTRO: counterparty's sector

TLTRO	RATI LD: COUNTERPARTY'S SECTOR (field 19)
Non-financial corporations (incl. housing corporations)	11101 = Public non-financial corporations
	11102 = National private non-financial corporations
	11103 = Foreign controlled non-financial corporations
	112 = Housing corporations
	1121 = Housing companies
	11211 = Housing companies, public
	11212 = Housing companies, national private
	11213 = Housing companies, foreign controlled
	1122 = Other housing corporations
	11221 = Other housing corporations, public
	11222 = Other housing corporations, national private
	11223 = Other housing corporations, foreign controlled
Households (incl. non-profit institutions serving households)	141 = Employers and own account workers
	143 = Employees
	144 = Recipients of property and transfer income
	1441 = Recipients of property income
	1442 = Recipients of pensions
	1443 = Recipients of other transfers
	15 = Non-profit institutions serving households (NPISH)

Please note that in the tables, the sectors are broken down into subcategories, and not in accordance with the minimum reporting tables for RATI reporting.

4. TLTRO: home country

TLTRO	RATI LD: COUNTERPARTY'S HOME COUNTRY (field 24)
Euro area	AT = Austria
	AX = Aland Islands
	BE = Belgium
	BL = Saint Barthelemy
	CY = Cyprus
	DE = Germany
	EE = Estonia
	ES = Spain
	FI = Finland
	FR = France
	GF = French Guiana
	GP = Guadeloupe
	GR = Greece
	IE = Ireland
	IT = Italy
	LT = Lithuania (as of 1 January 2015)
	LU = Luxembourg
	LV = Latvia (as of 1 January 2014) *)
	MC = Monaco
	MF = Saint Martin (French part)
	MQ = Martinique
	MT = Malta
	NL = Netherlands
	PM = Saint-Pierre and Miquelon
	PT = Portugal
	RE = Reunion
	SI = Slovenia
	SK = Slovakia
	YT = Mayotte

*) It should thus be noted that Latvia is not included in the euro area in the balance sheet of period 2013M04 or the flows 2013M05–2013M12, but it will be included as of the period 2014M01.

3 TLTRO Reported outstanding amounts (opening and closing balance)

The basic identity of the calculation of outstanding amounts of eligible loans at the start of the period and at the end of the period (the numbers in the first two columns refer to the row numbers in the TLTRO reporting template):

1.0	**4.0**	=	**Outstanding amounts of eligible loans at the start of the period (1.0) or at the end of the period (4.0)**
1.1	4.1	+	Outstanding amounts on the balance sheet
1.2	4.2	-	Outstanding amounts of loans that are securitised or otherwise transferred but not derecognised from the balance sheet
1.3	4.3	+	Individual / collective impairments

The outstanding amounts on the balance sheet are reduced by the outstanding amounts of loans that are securitised or otherwise transferred but not derecognised from the reporting entity’s balance sheet. The objective is to monitor the reporting entity’s real stock of loans. To the resulting difference, reporting entities must add the outstanding provisions against eligible loans (individual and collective impairments), because the focus of examination is on gross lending. In the majority of euro area countries, loans are not reported net of provisions but as gross lending. In such a case, provisions are reported on the liability side of the balance sheet, under ‘Capital and reserves’.

In Finland loans are reported net of provisions in RATI reporting, and therefore the provisions must be reported in the TLTRO template. TLTRO reporting applies to impairment losses recorded against outstanding amounts on the balance sheet and against outstanding amounts of loans that are not securitised or otherwise transferred (ie difference between items 1.1 and 1.2 and difference between items 4.1 and 4.2).

If it is however impossible to report individual and collective impairment losses, the field can be left empty. In this case, the outstanding amounts of eligible loans, on which basis the borrowing allowance to which counterparties are entitled in the first two operations is calculated (7% of the outstanding amounts of eligible loans), will be smaller by the amount of the impairment losses. As an adjustment to net lending, provisions must be reported under the item write-offs/write-downs (3.2B). If impairments are not reported, reporting entities are requested to provide information on this in the ’Comments’ field of the template.

For TLTRO reporting, data on outstanding amounts of eligible loans to non financial corporations and households are obtained from the RATI report, with the following additional specifications:

TLTRO	RATI LD (or IL):
Outstanding amounts on the balance sheet (rows 1.1 and 4.1)	Field 04_Allocation of balance sheet items = A (Asset)
	Field 05_Transaction = S (Stock)
	Field 32_Book value = Value in thousands
	Field 33_Book value currency = EUR
Outstanding amounts of loans that are securitised or otherwise transferred but not derecognised from the balance sheet (rows 1.2 and 4.2)	Field 04_Allocation of balance sheet items = A (Asset)
	Field 05_Transaction = S (Stock)
	Field 09_Securitisation and .. = SL (Securitised loan (no loan servicing))
	Field 32_Book value = Value in thousands
	Field 33_Book value currency = EUR
Outstanding provisions against eligible loans*) (rows 1.3 and 4.3)	Field 04_Allocation of balance sheet items = A (Asset)
	Field 05_Transaction = S (Stock)
	Field 33_Book value currency = EUR
	Field 47_Loan losses and individual impairments (LD)**) = Value in thousands
	Field 47_Collective impairments (IL)***) = Value in thousands

*) As mentioned before, the fields indicating impairments can be left empty and impairments can be reported with loan losses under item 3.2B; but in this case, their impact is not recognized in the outstanding amounts of eligible loans in the first two TLTRO operations.

**) Only individual impairments (loan losses are recorded under the item 3.2B where the flow of loans is adjusted).

***) The item collective impairments must be separable so that it shows which impairments are recorded against loans to non-financial corporations versus loans to households (excl. housing loans).

The (cumulative) impairments (item 1.3) in the opening balance should in principle include all the individual/collective impairment losses recorded against the outstanding amount of loans on the opening balance at the time of take-up. Gross lending reported in the TLTRO template is derived by adding to this the amount of lending that is reported net of provisions in the RATI template.

4 TLTRO: Items of net lending

RATI reporting does not include items of net lending. The reporting of net lending is described in the ECB's guideline on TLTRO reporting. Therefore the link to RATI reporting applies only to the scope of TLTRO reporting described in section 2.

2.0	**=**	**Eligible net lending in the reporting period**
2.1	+	Gross lending
2.2	-	Repayments

Eligible net lending (2.0) and adjustments to the outstanding amounts (3.0) should in principle include all transactions and adjustments in the reporting period. It is however permissible to report under the items only transactions or adjustments that are included in loans that are recorded in the opening balance or closing balance. If an MFI participating in the operations does not report in full the transactions and adjustments during the reporting period, it must provide information on this in the 'Comments' field of the template. This alleviation does not apply to transactions related to loan transfers (items 3.1A – 3.1C).

Renegotiated loan agreements (RATI transaction N02 = Renegotiated loan agreements) are reported both as gross lending (row 2.1) and repayments (row 2.2). If the loan renegotiation affects the outstanding amounts, the changes are reported under 3.2.

As for overdrafts (RATI instrument 43), revolving loans (RATI instrument 42) and credit card credit (RATI instruments 44 and 45), positive amounts are reported as gross lending and negative amounts are reported as repayments.

Normal interest accruals are not reported as gross lending, but if interest accrued and not yet paid (or other fees) are capitalised, the capitalized item is reported as gross lending.

5 Other items affecting the outstanding amounts of eligible loans

Other items that affect the outstanding amounts (and therefore also net flows) of loans are divided into loan sales and purchases and other adjustments in accordance with the following definitions:

3.0	=		**Adjustments to the outstanding amounts**
3.1	+	=	*Loan sales and purchases and other loan transfers during the reporting period*
3.1A		+	Net flows of securitised loans with an impact on loan stocks
3.1B		+	Net flows of loans that are otherwise transferred with an impact on loan stocks
3.1C		+	Net flows of loans that are securitised or otherwise transferred without any impact on loan stocks
3.2	+	=	*Other adjustments*
3.2A		+	Revaluations owing to changes in exchange rates
3.2B		+	Write-offs/write-downs
3.2C		+	Reclassifications

As to loan sales and purchases and other transfers, there is a partial correspondence with RATI reporting. In TLTRO reporting, loan transfers include also e.g. loan transfers in the context of intra-group reorganisations owing to mergers, acquisitions and divisions that in balance sheet reporting are usually recorded as reclassifications. In TLTRO reporting, the net flows of securitied or transferred loans are reduced by the loan transfers from the acquisitions.

Write offs or other write-downs recorded in connection with loan transfers are reported under 3.2B.

TLTRO	RATI LD
Net flows of securitised loans with an impact on loan stocks (row 3.1A)	Field 04_Allocation of balance sheet items = O (Off-balance sheet item)
	Field 05_Transaction = F (Flow)
	Field 09_Securitisation and .. = SL (securitised loan (no loan servicing)) or SR (securitised loan (loan servicing))
	Field 32_Book value = Value in thousands (the sign indicates purchase/sale)
	Field 33_Book value currency = EUR
Net flows of loans that are otherwise transferred with an impact on loan stocks (row 3.1B)	Field 04_Allocation of balance sheet items = A (Asset) or O (Off-balance sheet item)
	Field 05_Transaction = F (Flow)
	Field 09_ Securitisation and ..= LS (Loan sale), LA (Loan acquisition) or LI (Intermediated loan)[*)]
	Field 32_Book value = Value in thousands
	Field 33_Book value currency = EUR
Net flows of loans that are securitised or otherwise transferred without any impact on loan stocks (row 3.1C)	Field 04_Allocation of balance sheet items = A (Asset)
	Field 05_Transaction = F (Flow)
	Field 09_ Securitisation and .. = SL (securitised loan (no loan servicing)) or SR (securitised loan (loan servicing))
	Field 32_Book value = Value in thousands (the sign indicates purchase/sale)
	Field 33_Book value currency = EUR

[*)] A loan that is transferred directly to e.g. a parent company's balance sheet without being recorded in the reporting entity's balance sheet is reported in the RATI template with the code LI. In TLTRO reporting, these loans are not reported at all.

With the exception of write-offs, other adjustments (reclassifications and revaluations owing to changes in exchange rates) are excluded from RATI reporting. For impairments, the link to the RATI report is as follows:

Write-offs/write-downs (row 3.2B)	Field 04_Allocation of balance sheet items = A (Asset)
	Field 05_Transaction = S (Stock)
	Field 09_Securitisation and .... = null, SL or SR
	Field 33_Book value currency = EUR
	Field 47_Loan losses and individual impairments (LD)[*)] = Value in thousands

[*)] In this item, loan losses must be separable from individual impairments, if possible (see section 3).

For statistical purposes, reclassifications and revaluations owing to changes in exchange rates are assessed at the Bank of Finland. Reporting entities are usually requested to provide additional information in the case of reclassifications. Reclassifications reflect for example changes in sector classification and changes in classifications of assets and liabilities. In balance sheet statistics, changes arising from the restructuring of institutional entities are also recorded under reclassifications. In some cases, reclassification can also be used for correcting reporting errors.

Eligible institutions participating in the TLTROs must however also report reclassifications using the TLTRO reporting template. In the TLTRO reporting template, changes in outstanding amounts of loans arising from institutional entities' restructuring are however reported as loan transfers, and not as reclassifications.

Loan reclassification means that a loan is recorded in the opening balance in a different category than in the closing balance. For example, in the 2013M04 balance, Latvia is an extra-euro area country, but in the period 2014M04 it is a euro area country. If we assume that the reporting entity has held for the entire period 2013M04–2014M04 the same loan of one million euro granted to Latvia, in the period 2014M01, euro area loans increase by a total of one million euro. However, no new loan is withdrawn, and the increase in outstanding amounts is explained by recording under reclassifications an item of one million euro with a positive sign.

Revised RATI reporting was introduced in the reporting period 2013M04-2014M04 (in January 2014), in which connection a new classification of sectors was introduced. In the new classification, loans were transferred from the non-financial corporations sector to the other sectors of the economy, and vise versa. If the reporting entity is able to use in the classification of its customers the new sector code for the entire period 2013M04–2013M12, changeover to the new classification of sectors does not as such give rise to reclassifications.

Movements in exchange rates must also be reported in the TLTRO reporting template. Movements in exchange rates give rise to changes in the value of loans denominated in foreign currencies when they are expressed in euro. Data on these effects shall be reported with a negative (positive) sign when in net terms they give rise to a reduction (increase) in outstanding amounts. If the data are not readily available to MFIs, they can be calculated in accordance with the guidance provided in the ECB's Manual on MFI balance sheet statistics. The estimation procedure is based on the following steps:

1. Outstanding amounts of euro-denominated loans in the closing balance and opening balance are converted into the original currency of denomination, using the corresponding nominal exchange rates.
2. The change in outstanding amounts during the reference period denominated in foreign currency is computed and converted back into euro using the average value of the daily exchange rates during the reporting period.

3. The difference between the change in outstanding amounts converted into euro, as calculated in the previous step, and the change in outstanding amounts in euro is computed (difference stated with the opposite sign).

In RATI reporting, the nominal value currency from which the loan is converted to euro is reported in LD record field 31 Conversion currency. In LD record field 32 the book value is reported and in field 33 the book value currency, which is always EUR. The method is described numerically in the example below.

Step 1 Period	31.Conversion currency	Exchange rate	32. Book value (EUR)	Book value (SEK)
2013M04	SEK	8.5430	1 000	8 543
2014M04	SEK	9.0723	2 000	18 145
Step 2 2014M04 – 2013M04	Book value (SEK) difference	Yearly average interest rate	Difference (EUR)	
	9 602	8.7327	1 100	
Step 3.	Step 2.	- 2014M04	+ 2013M04	Difference
	1 100	- 2 000	+ 1 000	= 100
➔	Movements in exchange rate = - 100 (sign must be changed)			

6 Impact on RATI reporting

TLTRO reporting does not have a direct impact on RATI reporting, but if a counterparty participates in a TLTRO, the item obtained in the operation must be included in RATI reporting.

A loan withdrawn in connection with a TLTRO is recorded in the RATI report under the reporting entity’s liabilities (LD record field 04 Allocation of balance sheet items = L), and the instrument is a deposit with an agreed maturity (LD record field 07 Instrument = 225). The counterparty of the transaction is the Bank of Finland (LD record field 19 Sector = 121) and the home country is Finland (field 24 = FI).

A loan withdrawn in connection with a single operation is reported as a new deposit (field 05 = N) and the accumulated stock is reported as stock (field 05 = S). The loan withdrawn in connection with an operation is a fixed interest rate loan (field 41 = F). The annualized agreed rate is the interest rate on the Eurosystem’s main refinancing operations prevailing at the time of take-up.

For deposits with an agreed maturity, the original maturity must be reported, and in calculating the maturity of TLTRO operations, 26 September 2018 is used as the repayment date. If a counterparty applies for and is provided refinancing in every

TLTRO operation, the LD record will in time include several rows for central bank debt, because some of the items have a different original maturity.