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DECISION OF THE EUROPEAN CENTRAL BANK

of 29 July 2014

on measures relating to targeted longer-term refinancing operations

(ECB/2014/34)

(2014/541/EU)

(OJ L 258, 29.8.2014, p. 11)

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►**M1**	Decision (EU) 2015/299 of the European Central Bank of 10 February 2015	L 53	27	25.2.2015
►**M2**	Decision (EU) 2016/811 of the European Central Bank of 28 April 2016	L 132	129	21.5.2016

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DECISION OF THE EUROPEAN CENTRAL BANK

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on measures relating to targeted longer-term refinancing operations

(ECB/2014/34)

(2014/541/EU)

Article 1

Definitions

For the purposes of this Decision, the following definitions shall apply:

(1) 'Allotment reference month' means the most recent month for which eligible net lending data is available for each TLTRO allotment;

(2) 'Credit institution' means a credit institution as defined in Appendix 2 (Glossary) of Annex I to Guideline ECB/2011/14;

(3) 'Eligible loans' means loans to non-financial corporations and households (including non-profit institutions serving households) resident in Member States whose currency is the euro, except loans to households for house purchases, and 'resident' for these purposes means the term as defined in Article 1 of Council Regulation (EC) No 2533/98 ([1]);

(4) 'Eligible net lending' means gross lending in the form of eligible loans net of repayments of outstanding amounts of eligible loans during a specific period, as further detailed in Annex II;

(5) 'Monetary financial institution' (MFI) means the term as defined in Article 1 of Regulation (EC) No 25/2009 of the European Central Bank (ECB/2008/32) ([2]);

(6) 'MFI code' means a unique identification code for an MFI in the list of MFIs maintained and published by the ECB for statistical purposes in accordance with Regulation (EC) No 25/2009 (ECB/2008/32);

(7) 'Outstanding amounts of eligible loans' means outstanding eligible loans on the balance sheet, excluding eligible loans securitised or otherwise transferred without derecognition from the balance sheet, as further detailed in Annex II;

(8) 'Participant' means a counterparty eligible for Eurosystem monetary policy open market operations in accordance with Annex I to Guideline ECB/2011/14, which submits bids in TLTRO tender procedures either on an individual basis or on a group basis as a lead institution and which is subject to all the rights and obligations associated with its participation in the TLTRO tender procedures;

(9) 'Relevant NCB' means the NCB of the euro area Member State in which a participant is established.

([1]) Council Regulation (EC) No 2533/98 of 23 November 1998 concerning the collection of statistical information by the European Central Bank (OJ L 318, 27.11.1998, p. 8).

([2]) Regulation (EC) No 25/2009 of the European Central Bank of 19 December 2008 concerning the balance sheet of the monetary financial institutions sector (ECB/2008/32) (OJ L 15, 20.1.2009, p. 14), to be replaced as of 1 January 2015 by Regulation (EU) No 1071/2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (ECB/2013/33) (OJ L 297, 7.11.2013, p. 1).

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Article 2

Targeted longer-term refinancing operations

1. The Eurosystem shall conduct eight TLTROs in accordance with a timeline published on the ECB website.

2. All outstanding TLTROs shall mature on a fixed date published on the ECB website.

3. TLTROs shall be:

(a) liquidity-providing reverse operations;

(b) executed in a decentralised manner by the NCBs;

(c) executed through standard tenders; and

(d) executed in the form of fixed rate tender procedures.

4. The standard conditions under which the NCBs stand ready to enter into credit operations shall apply in respect of TLTROs, unless otherwise specified in this Decision. These conditions shall include the procedures for conducting open market operations, the criteria determining the eligibility of counterparties and collateral for the purposes of Eurosystem credit operations and the sanctions in the event of non-compliance with counterparty obligations, each as laid down in the general and temporary legal frameworks applicable to refinancing operations and as implemented in NCBs' contractual and/or regulatory national frameworks.

5. In the event of any discrepancy between this Decision and Guideline ECB/2011/14, together with any other ECB legal act laying down the legal framework applicable to longer-term refinancing operations and/or any national measures implementing it at national level, this Decision shall prevail.

Article 3

Participation

1. Institutions may participate in TLTROs on an individual basis if they are eligible counterparties for Eurosystem monetary policy open market operations. An institution participating in TLTROs on an individual basis may not participate on a group basis.

2. Institutions may participate in TLTROs on a group basis by forming a TLTRO group. Participation on a group basis is relevant for the purposes of calculating the applicable borrowing limits and benchmarks as laid down in Article 4 below and the associated reporting obligations as laid down in Article 8 below. Participation on a group basis shall be subject to the following restrictions:

(a) an institution shall not be a member of more than one TLTRO group;

(b) an institution participating in TLTROs on a group basis shall not participate on an individual basis;

(c) the institution appointed as lead institution shall be the only member of the TLTRO group that may participate in TLTRO tender procedures; and

(d) the composition and the lead institution of a TLTRO group shall remain unchanged for all eight TLTROs, subject to paragraphs 5 and 6 below.

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3. Participation in TLTROs through a TLTRO group shall require that the following conditions are fulfilled.

(a) As of 31 July 2014, each member of the group shall:

(i) have a close link to another member of the group within the meaning of 'close link' specified in the glossary to Annex I to Guideline ECB/2011/14 and references therein to 'counterparty', 'guarantor', 'issuer' or 'debtor' shall be understood as referring to a group member; or

(ii) hold required reserves with the Eurosystem in accordance with Regulation (EC) No 1745/2003 of the European Central Bank (ECB/2003/9) ([1]) indirectly through another member of the group or be used by another member of the group for indirectly holding required reserves with the Eurosystem.

(b) The group shall appoint one group member as the lead institution for the group. The lead institution shall be an eligible counterparty for Eurosystem monetary policy open market operations.

(c) All members of the TLTRO group shall be credit institutions established in Member States whose currency is the euro, which fulfil the criteria laid down in paragraphs (a) and (b) of Section 2.1 of Annex I to Guideline ECB/2011/14.

(d) The lead institution shall apply for group participation to its NCB in accordance with timelines approved by the Governing Council and published on the ECB website. The application shall include:

(i) the name of the lead institution;

(ii) the list of the MFI codes and names of all the institutions to be included in the TLTRO group;

(iii) an explanation of the basis for a group application, including a list of the close links and/or indirect reserve holding relationships between the members of the group (identifying each member by its MFI code);

(iv) in the case of group members to which paragraph 3(a)(ii) applies: a written confirmation from the lead institution certifying that every member of its TLTRO group has formally decided to be a member of the TLTRO group in question and not to participate in TLTROs as individual counterparties or as members of other TLTRO groups, together with appropriate evidence that the relevant written confirmation from the lead institution has been executed by duly authorised signatories; the existence of valid agreements, such as those for the indirect holding of minimum reserves pursuant to Article 10(2) of Regulation (EC) No 1745/2003 (ECB/2003/9), shall allow a lead institution to make the necessary certification in respect of its TLTRO group members when those agreements explicitly state that the relevant group members participate exclusively in Eurosystem open market operations through the lead institution; the relevant NCB, in cooperation with the NCBs of the relevant group members, may decide to trigger *ex post* controls, on form and in substance, in respect of the validity of such a written confirmation; and

([1]) Regulation (EC) No 1745/2003 of the European Central Bank of 12 September 2003 on the application of minimum reserves (ECB/2003/9) (OJ L 250, 2.10.2003, p. 10).

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(v) in the case of group members to which paragraph 3(a)(i) applies: (1) a written confirmation from every such member of its formal decision to be a member of the TLTRO group in question and not to participate in TLTROs as individual counterparties or as members of other TLTRO groups; and (2) appropriate evidence, confirmed by the NCB of the relevant group member, that this formal decision has been made at the highest decision-making level of the member's corporate structure (such as the Board of Directors or equivalent decision making body) in accordance with any applicable legal and statutory provisions.

(e) The lead institution has obtained confirmation from its NCB that the TLTRO group has been recognised as such. Prior to issuing its confirmation, the relevant NCB may request the lead institution to provide any additional information relevant for its assessment of the potential TLTRO group. In its assessment of a group application, the relevant NCB must also take into account the assessment of NCBs of group members that may be necessary, such as verifications of documentation provided in accordance with paragraph (3)(d) above.

For the purposes of this Decision, credit institutions subject to consolidated supervision, including branches of the same credit institution, may also be regarded as suitable applicants for TLTRO group recognition and shall be required to meet the restrictions and conditions laid down in this article *mutatis mutandis*. This provision facilitates the formation of TLTRO groups among such institutions, where these institutions are part of the same legal entity. For the purpose of providing a confirmation in respect of the formation or change in composition of a TLTRO group of this nature, the provisions of paragraphs (3)(d)(iv) and (6)(c)(ii)(4) shall apply respectively.

4. If one or more of the institutions included in the application for TLTRO group recognition do not fulfil the conditions of paragraph 3, the relevant NCB may partially reject the application of the proposed group. In this case, the institutions submitting the application shall decide to act as a TLTRO group with the composition reduced accordingly or to withdraw the application for TLTRO group recognition.

5. In exceptional cases, where objective justifications arise, the Governing Council may decide to deviate from the restrictions and conditions noted in paragraphs 2 and 3.

6. Without prejudice to paragraph 5 above, the composition of a group recognised in accordance with paragraph 3 may change in the following circumstances:

(a) A member of the group shall be excluded from the TLTRO group if:

(i) it loses its status as a credit institution; or

(ii) it no longer fulfils the requirements of paragraph 3(a) and (c).

In the case of (i) or (ii) above, the lead institution shall be required to notify its NCB of the change in status of its group member(s).

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(b) If a lead institution loses its eligibility as a counterparty for Eurosystem monetary policy open market operations, the TLTRO group shall lose its recognition as a TLTRO group.

(c) If, in relation to the TLTRO group, additional close links or indirect holding of required reserves with the Eurosystem were established after 31 July 2014, the TLTRO group composition may change to allow for the addition of a new member to the TLTRO group provided that:

(i) the lead institution applies to its NCB for the recognition of a change in the TLTRO group's composition;

(ii) the application includes: (1) the name of the lead institution; (2) the list of the MFI codes and names of all the institutions that should be included in the new composition of the TLTRO group; (3) an explanation of the basis for the application, including a list of the changes to the close links and/or indirect reserve holding relationships between the members of the group (identifying each member by its MFI code); (4) in the case of group members to which paragraph (3)(a)(ii) applies: a written confirmation from the lead institution certifying that every member of its TLTRO group has formally decided to be a member of the TLTRO group in question and not to participate in TLTROs as individual counterparties or as members of other TLTRO groups; the existence of valid agreements, such as those for the indirect holding of minimum reserves pursuant to Article 10(2) of Regulation (EC) No 1745/2003 (ECB/2003/9), shall allow a lead institution to make the necessary certification in respect of its TLTRO group members when those agreements explicitly state that the relevant group members participate exclusively in Eurosystem open market operations through the lead institution; the relevant NCB, in cooperation with the NCBs of the relevant group members, may decide to trigger *ex post* controls, on form and in substance, in respect of the validity of such a written confirmation; and (5) in the case of group members to which paragraph (3)(a)(i) applies, a written confirmation from any additional member of its formal decision to be a member of the TLTRO group in question and not to participate in TLTROs as individual counterparties or as members of other TLTRO groups and a written confirmation from each institution within the TLTRO group (included in the old and the new compositions) of its formal decision to agree to the new composition of the TLTRO group together with appropriate evidence, confirmed by the NCB of the relevant group member, as detailed in paragraph (3)(d)(v) above;

(iii) the lead institution has obtained confirmation from its NCB that the changed TLTRO group has been recognised as such. Prior to issuing its confirmation, the relevant NCB may request the lead institution to provide any additional information relevant for its assessment of the new TLTRO group composition. In its assessment of a group application, the relevant NCB must also take into account the assessment of NCBs of group members that may be necessary, such as verifications of documentation provided in accordance with paragraph (6)(c)(ii) above.

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7. Provided that facts entailing the exclusion of a group member have occurred or changes to the composition of a TLTRO group have been accepted by the Governing Council in accordance with paragraph 5 or 6, the following requirements shall apply, unless otherwise decided by the Governing Council:

(a) the lead institution may participate in a TLTRO on the basis of the new composition of its TLTRO group for the first time six weeks after that lead institution submits the successful application for the recognition of the group composition change to its NCB;

(b) an institution that is no longer a member of a TLTRO group shall not participate in any further TLTRO either individually or as member of another TLTRO group, unless it submits a new application in accordance with paragraph 1, 3 or 6.

Article 4

Limits on borrowing

1. Participation in TLTROs on an individual basis or as the lead institution of a TLTRO group shall be subject to borrowing limits. The borrowing limits applicable to an individual participant shall be calculated on the basis of the loan data in respect of outstanding amounts of eligible loans and eligible net lending of the individual participant. The borrowing limits applicable to the lead institution of a TLTRO group shall be calculated on the basis of the aggregated loan data in respect of outstanding amounts of eligible loans and eligible net lending of all members of the TLTRO group. Where changes to the composition of a TLTRO group have been recognised in accordance with paragraph 5 or 6 of Article 3, all subsequent calculations of borrowing limits shall be performed on the basis of balance sheet data of the new composition of the TLTRO group. The borrowing limits applicable to each participant in respect of each TLTRO shall be considered to represent a maximum bid limit for each such participant and the rules applicable to bids exceeding the maximum bid limit, as laid down in Section 5.1.4 of Annex I to Guideline ECB/2011/14, shall apply.

2. In the two successive TLTROs to be conducted in September and December 2014, each participant shall be entitled to borrow an amount that cumulatively does not exceed an initial TLTRO borrowing allowance. Each participant's initial TLTRO borrowing allowance shall equal 7 % of their total outstanding amount of eligible loans on 30 April 2014. Annex I outlines the relevant technical calculations. Any unused initial TLTRO allowance shall not be available in any subsequent TLTRO.

3. In respect of each subsequent TLTRO conducted quarterly during the period from March 2015 to June 2016, each participant shall be entitled to an additional TLTRO borrowing allowance. Each participant's additional TLTRO borrowing allowance shall equal the higher number of (i) zero and (ii) three times that participant's cumulative eligible net lending provided between 1 May 2014 and the respective allotment reference date, in excess of the benchmark determined in accordance with paragraph 4 below, less any amount previously borrowed in TLTROs conducted in the period from March 2015. Annex I outlines the relevant technical calculations.

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4. A participant's benchmark shall be determined on the basis of eligible net lending in the 12 month period from 1 May 2013 to 30 April 2014 (the 'benchmark reference period'), as follows:

(a) For participants that report positive eligible net lending in the benchmark reference period or if the participant was established after 1 May 2013, the applicable benchmark shall be zero.

(b) For participants that report negative eligible net lending in the benchmark reference period, the benchmark shall be calculated by determining the average monthly eligible net lending of each participant in the benchmark reference period and multiplying this average figure by the number of months elapsed between 30 April 2014 and the end of the allotment reference month. This formula shall apply for allotment reference months up to and including April 2015. Thereafter, the benchmark shall remain unchanged at the value reached on 30 April 2015. Annex I outlines the relevant technical calculations.

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Article 5

Interest

With respect to the TLTROs conducted in September 2014 and December 2014, the interest rate applicable shall be fixed over the life of each operation at the rate for main refinancing operations prevailing at the time of the tender announcement in respect of the relevant TLTRO, plus a fixed spread of 10 basis points. With respect to the TLTROs conducted from March 2015 to June 2016, the interest rate applicable shall be fixed over the life of each operation at the rate for main refinancing operations prevailing at the time of the tender announcement in respect of the relevant TLTRO.

Interest shall be payable in arrears upon maturity of the operation, or upon early repayment as provided in Articles 6 and 7, as applicable.

▼M2

Article 6

Early repayment

1. Without prejudice to paragraph 2, starting 24 months after each TLTRO, participants shall have, on a semi-annual basis, the option of terminating or reducing the amount of TLTROs before maturity. Early repayment dates shall coincide with the settlement day of a Eurosystem main refinancing operation, as specified by the Eurosystem.

2. Participants shall also have the option of terminating or reducing the amount of TLTROs before maturity on a date that coincides with the settlement day of the first TLTRO conducted pursuant to Decision (EU) 2016/810 of the European Central Bank (ECB/2016/10) ([1]). In order to benefit from the early repayment procedure on this first early repayment date, a participant shall notify the relevant NCB that it intends to repay under the early repayment procedure on the early repayment date, at least three weeks in advance of that early repayment date. Such a

([1]) Decision (EU) 2016/810 of the European Central Bank of 28 April 2016 on a second series of targeted longer-term refinancing operations (ECB/2016/10) (OJ L 132, 21.5.2016, p. 107).

▼M2

notification shall become binding on the participant three weeks before the early repayment date to which it refers. For the avoidance of doubt, the additional borrowing allowance available for the TLTRO to be conducted in June 2016 and to be calculated in accordance with Article 4(3) shall be determined based on the amounts borrowed during the TLTROs conducted from March 2015, without deducting any amount repaid on the first early repayment date.

3. In respect of all other repayment dates, in order to benefit from the early repayment procedure, a participant shall notify the relevant NCB that it intends to repay under the early repayment procedure on the early repayment date, at least two weeks in advance of that early repayment date. Such a notification shall become binding on the participant two weeks before the early repayment date to which it refers.

4. If the participant fails to settle by the repayment date, in full or in part, the amount due under the early repayment procedure, a financial penalty may be imposed. The applicable financial penalty shall be calculated in accordance with Annex VII to Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60) [1] and shall correspond to the financial penalty applied for failures to comply with the obligations to adequately collateralise and settle the amount the counterparty has been allotted as regards reverse transactions for monetary policy purposes. The imposition of a financial penalty shall be without prejudice to the NCB's right to exercise the remedies provided for on the occurrence of an event of default as set out in Article 166 of Guideline (EU) 2015/510 (ECB/2014/60).

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Article 7

Mandatory early repayment

▼M2

1. Participants in the TLTROs whose cumulative eligible net lending in the period from 1 May 2014 to 30 April 2016 is below their applicable benchmark as at 30 April 2016 shall be required to repay their initial and additional TLTRO borrowings in full on 28 September 2016, unless an alternative date is otherwise specified by the Eurosystem. Annex I outlines the technical calculations.

2. If a participant's total borrowings in respect of its additional allowance in the TLTROs conducted from March 2015 to June 2016 exceed the additional allowance calculated as of the allotment reference month of April 2016, then the amount of this excess additional borrowing shall be payable on 28 September 2016, unless an alternative date is otherwise specified by the Eurosystem. Annex I outlines the technical calculations.

[1] Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (OJ L 91, 2.4.2015, p. 3).

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3. Where changes to the composition of a TLTRO group have been recognised in accordance with paragraph 5 or 6 of Article 3, the calculation for the purpose of the mandatory early repayments of the lead institution (including the applicable benchmark) shall be performed on the basis of the balance sheet data of the new composition in respect of all borrowings, whether conducted before or after the change to the TLTRO group.

4. The relevant NCB shall notify its participants that are subject to mandatory early repayment by the latest on 31 August 2016, unless an alternative date is otherwise specified by the Eurosystem. A mandatory early repayment notice provided by an NCB pursuant to this Article 7 or Article 9 below shall not constitute a notice of an event of default.

▼M2

5. If the participant fails to settle by the repayment date, in full or in part, the amount due under the mandatory early repayment procedure, a financial penalty may be imposed. The applicable financial penalty shall be calculated in accordance with Annex VII to Guideline (EU) 2015/510 (ECB/2014/60) and shall correspond to the financial penalty applied for failures to comply with the obligations to adequately collateralise and settle the amount the counterparty has been allotted as regards reverse transactions for monetary policy purposes. The imposition of a financial penalty shall be without prejudice to the NCB's right to exercise the remedies provided for on the occurrence of an event of default as set out in Article 166 of Guideline (EU) 2015/510 (ECB/2014/60).

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Article 8

Reporting requirements

1. Participants in TLTROs shall submit accurately completed reporting templates to their NCB in accordance with:

(a) the prescribed content and timelines as approved by the Governing Council and published on the ECB website; and

(b) the guidelines detailed in Annex II.

2. The terms used in the reporting template shall be understood with reference to those terms as defined in Regulation (EC) No 25/2009 (ECB/2008/32).

3. In complying with the reporting requirements to which they are subject in accordance with paragraph 1, participants shall apply the applicable minimum standards for transmission, accuracy, compliance with concepts and revisions specified in Annex IV to Regulation (EC) No 25/2009 (ECB/2008/32).

▼M2

4. If an institution participates in a TLTRO and as long as it has credit outstanding under a TLTRO, it shall be required to submit completed data reporting templates quarterly in accordance with paragraph 1 until all data required to determine the mandatory repayment obligation pursuant to Article 7 has been submitted.

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5. Participants shall submit reporting templates relative to the benchmark reference period prior to first participating in TLTROs within the timelines published on the ECB website for sending completed reporting templates to the relevant NCB.

6. Lead institutions of TLTRO groups shall submit data reporting templates reflecting aggregated data across all members of the TLTRO group. The lead institution's NCB or an NCB of a member of a TLTRO group may, subject to coordination with the lead institution's NCB, require that the lead institution submits disaggregated data for each individual group member.

7. Where changes to the composition of a TLTRO group have been recognised in accordance with paragraph 5 or 6 of Article 3, the lead institution shall submit reporting templates to determine the relevant borrowing allowance and the applicable benchmark reflecting the new composition of the TLTRO group within the timelines published on the ECB website for sending completed reporting templates to the relevant NCB.

▼M2

8. Unless it has repaid all amounts outstanding under its TLTROs in accordance with Article 6(2), each participant in TLTROs shall be required to have an annual examination of accuracy in respect of data reported in accordance with paragraph 1. This exercise, which could take place in the context of an annual audit, may be carried out by an external auditor. Instead of using an external auditor, participants may make plans for equivalent arrangements, as approved by the Eurosystem. The participant's NCB shall be informed of the result of this examination. In the case of a TLTRO group participation, the results shall be shared with the NCBs of the TLTRO group members. At the request of the participant's NCB, detailed results of the examinations carried out under this paragraph shall be provided to that NCB and, in the case of group participation, subsequently be shared with the NCBs of the TLTRO group members.

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9. Information on the composition of the TLTRO groups will be stored in the Register of Institutions and Affiliates Database (RIAD), to be shared across the Eurosystem.

Article 9

Non-compliance with reporting requirements

1. If a participant fails to comply with the reporting obligations laid down in Article 8 above:

(a) borrowing limits shall be set at zero where a participant fails to report data for the calculation of borrowing limits for either of the initial or additional allowance by the relevant deadline; and

(b) the full amount of borrowings in respect of all TLTROs shall become payable where a participant fails to report data for the purpose of assessing if mandatory early repayments are applicable and calculating the relevant repayments, as necessary.

Prior to the initiation of a measure pursuant to this paragraph, the concerned participant shall be given an opportunity to provide explanations if it considers that the non-compliance was due to circumstances beyond its control.

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2. The provisions in paragraph 1 above shall be without prejudice to any sanction that may be imposed in accordance with Decision ECB/2010/10 ([1]) in respect of the reporting obligations laid down in Regulation (EC) No 25/2009 (ECB/2008/32).

3. Where errors in the data submitted in the reporting templates are identified and notified by either a participant or the NCB, the Eurosystem shall conduct an assessment of the impact of the relevant error and undertake appropriate action, including the possibility of requiring mandatory early repayment.

Article 10

Entry into force

This Decision shall enter into force on the date of its publication.

([1]) Decision ECB/2010/10 of 19 August 2010 on non-compliance with statistical reporting requirements (OJ L 226, 28.8.2010, p. 48).

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ANNEX I

CONDUCT OF THE TARGETED LONGER-TERM REFINANCING OPERATIONS

1. Calculation of borrowing limits

Participants in a TLTRO, acting either individually or as the lead institution of a TLTRO group, will be subject to borrowing limits. The calculated borrowing limits will be rounded up to the next multiple of EUR 10 000.

The borrowing limits (and possible mandatory early repayment) applicable to an individual participant in the TLTROs will be calculated on the basis of the outstanding amounts of loans and net lending to euro area non-financial corporations and households, excluding loans to households for house purchase, granted by the individual participant. The borrowing limits (and possible mandatory early repayment) applicable to the lead institution of a TLTRO group will be calculated on the basis of the outstanding amounts of eligible loans and eligible net lending granted by all members of the TLTRO group in aggregate.

Let $C_k \geq 0$ be the borrowing of a participant ([1]) in TLTRO k (with $k = 1,\ldots,8$). The initial borrowing allowance for this participant (IA) is:

$$IA = 0{,}07 \cdot OL$$

Here, OL is the amount outstanding on 30 April 2014 of eligible loans granted by the participant. In the first two TLTROs, the following constraint must be respected:

$$C_1 + C_2 \leq IA$$

This means that total borrowing in the first two TLTROs cannot exceed the amount of the initial allowance.

Let NL_m be the eligible net lending of a participant in calendar month m. Let

$$\overline{NL} = \tfrac{1}{12}(NL_{\,May2013} + NL_{\,June2013} + \ldots + NL_{\,April2014})$$

be the average eligible net lending of this participant from May 2013 to April 2014.

Denote by BE_k a participant's benchmark for TLTRO k (with $k = 3,\ldots,8$, i.e. the TLTROs to be conducted between March 2015 and June 2016).

If $\overline{NL} \geq 0$ (i.e. if the participant had positive or zero eligible net lending in the 12 months to 30 April 2014), or if the participant was established only after 1 May 2013, then $BE_k = 0$ for all TLTROs $k = 3,\ldots,8$.

If $\overline{NL} < 0$ (i.e. if the participant had negative eligible net lending in the 12 months to 30 April 2014), then:

$$BE_k = \overline{NL} \times n_k,$$

where n_k, is defined as follows:

k	3	4	5	6	7	8
Month of TLTRO	Mar. 2015	Jun. 2015	Sept. 2015	Dec. 2015	Mar. 2016	Jun. 2016
Allotment reference month ([1])	Jan. 2015	Apr. 2015	Jul. 2015	Oct. 2015	Jan. 2016	Apr. 2016
n_k	9	12	12	12	12	12

([1]) The allotment reference month of TLTRO k is the most recent month for which net lending data is available for TLTRO k (for an operation conducted in calendar month m, it will be data for the month two calendar months earlier).

([1]) References to a 'participant' should be understood as applying to individual participants or TLTRO groups.

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This means that the benchmark for each TLTRO allotment reference month will be equal to the average monthly eligible net lending achieved in the 12 months to 30 April 2014 ($\overline{NL}$), multiplied by the number of months elapsed between 30 April 2014 and the end of the allotment reference month. This, however, will only apply for allotment reference months up to and including April 2015. Thereafter, the benchmark will remain unchanged at the value reached in April 2015.

The basis for calculating the additional borrowing allowance for a participant in TLTRO k is:

$$AA_k = 3 \times (CNL_k - BE_k),$$

where CNL_k (cumulative net lending) is defined as follows:

▼M1

k	Month of TLTRO	Allotment reference month	CNL_k
3	Mar. 2015	Jan. 2015	$NL_{May2014} + NL_{June2014} + \ldots + NL_{Jan2015}$
4	June 2015	Apr. 2015	$NL_{May2014} + NL_{June2014} + \ldots + NL_{Apr2015}$
5	Sept. 2015	July 2015	$NL_{May2014} + NL_{June2014} + \ldots + NL_{Jul2015}$
6	Dec. 2015	Oct. 2015	$NL_{May2014} + NL_{June2014} + \ldots + NL_{Oct2015}$
7	Mar. 2016	Jan. 2016	$NL_{May2014} + NL_{June2014} + \ldots + NL_{Jan2016}$
8	June 2016	Apr. 2016	$NL_{May2014} + NL_{June2014} + \ldots + NL_{Apr2016}$

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For the last six TLTROs $k = 3,\ldots,8$ (i.e. for all TLTROs in which additional allowances can be claimed), the following constraint must be respected [1]:

$$C_k \leq \max\left\{0, AA_k - \sum_{j=3}^{k-1} C_j\right\}$$

This means that in each TLTRO k, the participant cannot borrow more than three times the amount by which its eligible net lending granted between 30 April 2014 and the respective allotment reference month (CNL_k) exceeds its benchmark in that allotment reference month (BE_k), less any amounts previously borrowed in TLTROs that take place in the period from March 2015.

2. **Calculation of mandatory early repayments**

Participants that have borrowed in the TLTROs but whose eligible net lending in the period from 1 May 2014 to 30 April 2016 is below the benchmark will be required to pay back their borrowing in September 2016.

The mandatory early repayment in September 2016 of a participant is:

▼M1

$$MR = \sum_{k=1}^{8} C_k, \text{ if } BE_8 > CNL_8$$

[1] ►M1 For the TLTRO to be conducted in March 2015 ($k = 3$), the constraint is $C_3 \leq max\{0, AA_3\}$. ◄

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This means that if the total eligible net lending granted by the participant in the period from 1 May 2014 to 30 April 2016 is lower than the benchmark for the allotment reference month of April 2016, then the full amount of borrowing in all TLTROs must be repaid in September 2016.

If $BE_8 \leq CNL_8$ but $\sum_{j=3}^{8} C_j > AA_8$, then in September 2016 the participant must repay $\left(\sum_{j=3}^{8} C_j\right) - AA_8$ from the last six TLTROs. In other words, if a participant's total borrowing in the TLTROs conducted from March 2015 to June 2016 $\left(\sum_{j=3}^{8} C_j\right)$ exceeds the basis for the calculation of the additional allowance for the allotment reference month of April 2016 (AA_8), then the amount of this excess must be repaid in September 2016.

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ANNEX II

TARGETED LONGER-TERM REFINANCING OPERATIONS — GUIDELINES FOR COMPLETING THE REPORTING TEMPLATE

1. **Introduction**

These guidelines provide instructions for completing the reporting template to be submitted by participants in the ECB's targeted longer-term refinancing operations (TLTROs). In particular, these guidelines also specify the reporting requirements of lead institutions of TLTRO groups participating in the operations.

The next section provides general information relating to the completion and transmission of the template, while the following section reviews the indicators to be reported.

2. **General information**

The measures to be used in the calculation of the borrowing allowances (limits) and mandatory early repayments relate to ***loans to euro area non-financial corporations*** and ***loans to euro area households*** [1], ***excluding loans for house purchase***, in all currencies. For each specified reporting period, information on outstanding amounts of eligible loans at the end of the month preceding the start of the period and at the end of the period, as well as eligible net lending during the period (calculated as gross lending net of loan repayments) must be reported separately for non-financial corporations and for households. These indicators are adjusted for the impact of traditional securitisation and other loan transfers. Detailed information on the relevant sub-components of these items, as well as on effects that result in changes in outstanding amounts but are not related to transactions (hereinafter 'adjustments to the outstanding amounts'), must also be provided.

As regards the use of the collected information, it is stressed that data on outstanding amounts of eligible loans as at 30 April 2014 will be used to determine the initial borrowing allowance, while data on eligible net lending during the period 1 May 2013 to 30 April 2014 will be used for the calculation of the benchmark. Outstanding amounts of eligible loans and eligible net lending data for the reporting periods until 30 April 2016 will be used for the calculation of additional borrowing allowances, for the calculation of mandatory early repayments (for reporting periods from 1 May 2014 to 30 April 2016) and for monitoring purposes. Data reported subsequently for the periods until the maturity of the operations in September 2018 will be used only for monitoring purposes. All other indicators included in the template are necessary to verify the internal consistency of the information and its consistency with the statistical data collected within the Eurosystem, as well as for in-depth monitoring of the impact of the TLTRO programme.

The general framework underlying the completion of the reporting template is provided by the reporting requirements of euro area MFIs in the context of MFI balance sheet items (BSI) statistics, as specified in the ECB's BSI Regulation. These guidelines make reference to the requirements of the recast BSI Regulation (EU) No 1071/2013 of the European Central Bank (ECB/2013/33) [2], the first reporting requirements in relation to which start with data from

[1] For the purposes of the reporting template 'households' includes non-profit institutions serving households.

[2] Regulation (EU) No 1071/2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector (ECB/2013/33) (OJ L 297, 7.11.2013, p. 1).

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December 2014 ([1]). In particular, as regards loans, Article 8(2) of Regulation (EU) No 1071/2013 (ECB/2013/33) requires that they 'shall be reported at their principal amount outstanding at the end of the month. Write-offs and write-downs as determined by the relevant accounting practices shall be excluded from this amount. […] loans shall not be netted against any other assets or liabilities'. However, in contrast to the rules laid down in Article 8(2), which also imply that loans are to be reported gross of provisions, Article 8(4) states that 'NCBs may allow the reporting of provisioned loans net of provisions and the reporting of purchased loans at the price agreed at the time of their acquisition [i.e. their transaction value], provided that such reporting practices are applied by all resident reporting agents'. The implications that this deviation from the general BSI guidance has for the completion of the reporting template are reviewed in more detail below.

Regulation (EU) No 1071/2013 (ECB/2013/33) should also be used as the reference document as regards the definitions to be applied in the completion of the template. See, in particular, Article 1 for general definitions, and Parts 2 and 3 of Annex II for a definition of the instruments to be covered under 'loans' and of the sectors of participants respectively ([2]). It is notable that in the BSI framework accrued interest receivable on loans is, as a rule, subject to on-balance sheet recording as it accrues (i.e. on an accrual basis rather when it is actually received), but should be excluded from the data on outstanding amounts of loans. However, capitalised interest should be recorded as part of the outstanding amounts.

While much of the data to be reported in the template are already compiled by MFIs in accordance with the requirements of Regulation (EU) No 1071/2013 (ECB/2013/33), some additional information must be compiled from the participants bidding in TLTROs. The methodological framework of BSI statistics, as laid down in the Manual on MFI balance sheet statistics ([3]), provides all the background information required in order to compile these additional data; further details are provided below in the definitions of the individual indicators.

([1]) MFI reporting under Regulation (EU) No 1071/2013 (ECB/2013/33) will commence with effect from the reference month of December 2014. The previous legal act forming the basis for the reporting of BSI statistics is Regulation (EC) No 25/2009 (ECB/2008/32). This Regulation therefore applies to the TLTRO data reporting for reference periods until December 2014. However, the differences between the two Regulations are not significant in terms of their impact on the TLTRO programme, with the exception of the definition of 'non-financial corporations' (see footnote 13 below).

([2]) ►M1 The sector classification of holding corporations of non-financial corporations in Regulation (EC) No 25/2009 (ECB/2008/32) has been amended in Regulation (EU) No 1071/2013 (ECB/2013/33) to reflect changes in international statistical standards. Under Regulation (EU) No 1071/2013 (ECB/2013/33), holding corporations of non-financial corporations are reclassified as financial corporations. TLTRO reporting must in principle be in line with the BSI framework: with effect from December 2014 data should not cover holding corporations and adjustments should be transmitted accordingly. ◄

([3]) See the 'Manual on MFI balance sheet statistics', ECB, April 2012, available at http://www.ecb.europa.eu. In particular, Section 2.1.4, p. 76, deals with the statistical reporting of loans.

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3. **General reporting instructions**

(a) Structure of the template

The template includes an indication of the period to which the data refer and groups the indicators into two blocks: ***loans to euro area non-financial corporations*** and ***loans to euro area households***, ***excluding loans for house purchase***. The data in all cells highlighted in yellow are calculated automatically from the data entered in the other cells, based on the formulas provided. Data validation is also performed in the template, by verifying the consistency between outstanding amounts and transactions. Data must be reported in terms of thousands of euro.

(b) Definition of the 'reporting period'

The reporting period denotes the date range to which the data refer. Indicators relating to outstanding amounts must be reported as at the end of the month preceding the start of the reporting period and at the end of the reporting period; i.e. for the reporting period 1 May 2013 to 30 April 2014, outstanding amounts must be reported as at 30 April 2013 and 30 April 2014. In turn, data on transactions and adjustments must cover all relevant effects that take place during the reporting period.

(c) Reporting in respect of TLTRO groups

In respect of group participation in the TLTROs, data should be reported, as a rule, on an aggregated basis. However, national central banks (NCBs) have the option of collecting the information on an individual institution basis, if deemed appropriate.

(d) Transmission of the template

The completed reporting template should be transmitted to the relevant NCB as specified in the general rules and in accordance with the official calendar, which also stipulates the reference periods to be covered in each transmission and which data vintages should be used for the completion of the template.

4. **Definitions**

This section provides detailed definitions of the various items to be reported in the template and the numbering used in the template is indicated in brackets.

(a) Outstanding amounts of eligible loans (1 and 4)

The data in these cells are automatically calculated on the basis of the figures reported in respect of the subsequent items, namely 'Outstanding amounts on the balance sheet' (1.1 and 4.1), minus 'Outstanding amounts of loans that are securitised or otherwise transferred but not derecognised from the balance sheet' (1.2 and 4.2), plus 'Outstanding provisions against eligible loans' (1.3 and 4.3). The latter sub-term is relevant only in cases where, contrary to the general BSI practice, loans are reported net of provisions.

(i) Outstanding amounts on the balance sheet (1.1 and 4.1)

This item comprises outstanding amounts of loans granted to euro area non-financial corporations and households, excluding loans for house purchase. Accrued interest, as opposed to capitalised interest, is excluded from the indicators.

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These cells on the template can be completed with data compiled to meet the requirements of Part 2 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) (Block 2 of Table 1 on monthly stocks).

For a more detailed definition of the items to be included in the template, see Part 2 of Annex II to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 2.1.4 of the Manual on MFI balance sheet statistics.

(ii) Outstanding amounts of loans that are securitised or otherwise transferred but not derecognised from the balance sheet (1.2 and 4.2)

This item comprises the outstanding amounts of loans that are securitised or otherwise transferred but which have not been derecognised from the balance sheet. All securitisation activities must be reported, regardless of where the financial vehicle corporations involved are resident. Loans provided as collateral to the Eurosystem for monetary policy credit operations in the form of credit claims, which result in a transfer without derecognition from the balance sheet are excluded from this item.

Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) (Block 5.1 of Table 5a on monthly data) covers the required information on securitised loans to non-financial corporations and households that have not been derecognised, but does not require the latter to be broken down by purpose. In addition, outstanding amounts of loans which have been otherwise transferred (i.e. not through a securitisation) but are not derecognised, are not covered by Regulation (EU) No 1071/2013 (ECB/2013/33). For the purposes of the completion of the reporting template, separate data extractions from the MFIs' internal databases are thus required.

For a more detailed definition of the items to be included in the template, see Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 2.3 of the Manual on MFI balance sheet statistics.

(iii) Outstanding provisions against eligible loans (1.3 and 4.3)

These data are relevant only for those institutions that, contrary to the general BSI practice, report loans net of provisions. In the case of institutions bidding as a TLTRO group, this requirement only applies to those institutions in the group that record loans net of provisions.

This item includes individual and collective allowances for impairment and loan losses (before write-offs/write-downs take place). The data must refer to outstanding eligible loans on the balance sheet, i.e. excluding loans that are securitised or otherwise transferred which have not been derecognised from the balance sheet.

As stated above, in BSI statistics loans should be reported, as a rule, at the principal outstanding amount, with the corresponding provisions being allocated to ‘Capital and reservesf’. In such cases, no separate information on provisions should be reported. At the same time, in cases where loans are reported net of provisions, this additional information must be reported in order to gather fully comparable data across MFIs.

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Where it is the practice to report outstanding amounts of loans net of provisions, NCBs have the option of making the reporting of this information non-mandatory. However, in such cases the calculations under the TLTRO framework will be based on amounts of outstanding loans on the balance sheet net of provisions ([1]).

For some additional details, see the reference to provisions in the definition of '*Capital and reserves*' provided in Part 2 of Annex II to Regulation (EU) No 1071/2013 (ECB/2013/33).

(b) Eligible net lending (2)

These cells of the template record the net lending (transactions) granted during the reporting period. The data are automatically calculated on the basis of the figures reported for the sub-items, namely 'Gross lending' (2.1) minus 'Repayments' (2.2).

Loans which are renegotiated during the reporting period should be reported both as 'Repayments' and as 'Gross lending' at the time when the renegotiation takes place. Adjustment data must include effects relating to loan renegotiation.

Reversed transactions during the period (i.e. loans granted and repaid during the period) should in principle be reported both as 'Gross lending' and as 'Repayments'. However, it is also permissible for bidding MFIs to exclude these operations when completing the template, to the extent that this would alleviate their reporting burden. In this case, they should provide information in the 'Comments' field of the template and the data on adjustments to the outstanding amounts must also exclude effects relating to these reversed operations. This exception does not apply to loans granted during the period which are securitised or otherwise transferred.

Credit card debt, revolving loans and overdrafts should also be considered. For these instruments, changes in balances owing to amounts used or withdrawn during the reporting periods should be used as proxies for net lending. Positive amounts should be reported as 'Gross lending' (2.1), whereas negative amounts should be reported (with the positive sign) as 'Repayments' (2.2).

(i) Gross lending (2.1)

This item comprises the flow of gross new loans in the reporting period, excluding any loan acquisitions. Credit granted that relates to credit card debt, revolving loans and overdrafts should also be reported, as explained above.

Amounts added during the period to customer balances due, for instance, to interest capitalisation (as opposed to interest accruals) and fees, should also be included.

(ii) Repayments (2.2)

This item comprises the flow of repayments of principal during the reporting period, excluding those relating to securitised or otherwise transferred loans which are not derecognised from the balance sheet. Repayments relating to credit card debt, revolving loans and overdrafts should also be reported, as explained above.

([1]) This exception also has implications for the reporting of data on write-offs/write-downs, as clarified below.

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Interest payments relating to accrued interest not yet capitalised, loan disposals and other adjustments to the outstanding amounts (including write-offs and write-downs) should not be reported.

(c) Adjustments to the outstanding amounts

These cells of the template are for reporting changes in outstanding amounts (**reductions (–) and increases (+)**) occurring during the reporting period which are not related to net lending. Such changes arise from operations such as loan securitisations and other loan transfers during the reporting period, and from other adjustments related to revaluations owing to changes in exchange rates, loan write-offs/write-downs and reclassifications. The data in these cells are automatically calculated on the basis of the figures reported under the sub-items, namely 'Loan sales and purchases and other loan transfers during the reporting period' (3.1) plus 'Other adjustments' (3.2).

(i) Loan sales and purchases and other loan transfers during the reporting period (3.1)

— Net flows of securitised loans with an impact on loan stocks (3.1 A)

This item comprises the net amount of loans that are securitised during the reporting period with an impact on reported loan stocks, calculated as acquisitions minus disposals ([1]). All securitisation activities must be reported, regardless of where the financial vehicle corporations involved are resident. Loan transfers should be recorded at the nominal amount net of write-offs/write-downs at the time of the sale. These write-offs/write-downs should be reported, where identifiable, under item 3.2B in the template (see below). In the case of MFIs that report loans net of provisions, the transfers should be recorded at the balance sheet value (i.e. the nominal amount net of outstanding provisions) ([2]).

The requirements of Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) (Blocks 1.1 of Table 5a on monthly data and Table 5b on quarterly data) cover these elements.

For a more detailed definition of the items to be reported, see Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 2.3 of the Manual on MFI balance sheet statistics.

— Net flows of loans that are otherwise transferred with an impact on loan stocks (3.1B)

This item comprises the net amount of loans disposed of or acquired during the period with an impact on reported loan stocks in operations not related to securitisation activities, and is calculated as acquisitions minus disposals. The transfers should be recorded at the nominal amount net of write-offs/write-downs at

([1]) This sign convention (which is the opposite of the requirements of Regulation (EU) No 1071/2013 (ECB/2013/33)) is consistent with the general requirement regarding adjustment data, as specified above — namely effects leading to increases (decreases) in outstanding amounts are to be reported with a positive (negative) sign.

([2]) As discussed above, Regulation (EU) No 1071/2013 (ECB/2013/33) allows MFIs to report purchased loans at their transaction value (as long as this is a national practice applied by all MFIs resident in the country). In such cases, revaluation components that may arise must be reported in the template under item 3.2B.

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the time of the sale. These write-offs/write-downs should be reported, where identifiable, under item 3.2B in the template (see below). In the case of MFIs that report loans net of provisions, the transfers should be recorded at the balance sheet value (i.e. the nominal amount net of outstanding provisions).

The requirements of Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) partly cover these elements. Blocks 1.2 of Table 5a on monthly data and Table 5b on quarterly data cover data on net flows of loans that are otherwise transferred with an impact on loan stocks, but exclude:

(1) loans disposed of to, or acquired from, another domestic MFI, including intra-group transfers owing to corporate business restructuring (e.g. the transfer of a pool of loans by a domestic MFI subsidiary to the parent MFI) [1];

(2) loan transfers in the context of intra-group reorganisations owing to mergers, acquisitions and divisions.

For the purposes of the completion of the TLTRO reporting template, all of these effects must be reported. For a more detailed definition of the items to be reported, see Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 2.3 of the Manual on MFI balance sheet statistics. With regard to 'Changes in the structure of the MFI sector', Section 1.6.3.4 of the Manual on MFI balance sheet statistics (and the related Section 5.2 of Annex 1.1) provides a detailed description of intra-group transfers, distinguishing between cases where transfers take place between separate institutional units (e.g. before one or more of the units cease to exist in a merger or acquisition) and those that take place at the moment when some units cease to exist, in which case a statistical reclassification should be carried out. For the purposes of the completion of the TLTRO reporting template, in both cases the implications are the same and the data should be reported under item 3.1C (and not under item 3.2C).

— Net flows of loans that are securitised or otherwise transferred without any impact on loan stocks (3.1C)

This item comprises the net amount of loans that are securitised or otherwise transferred during the reporting period without any impact on the reported loan stocks, and is calculated as acquisitions minus disposals. The transfers should be recorded at the nominal amount net of write-offs/write-downs at the time of the sale. These write-offs/write-downs should be reported, where identifiable, under item 3.2B in the reporting template (see below). In the case of MFIs that report loans net of provisions, the transfers should be recorded at the balance sheet value (i.e. the nominal amount net of outstanding provisions). Net flows relating to the provision of loans as collateral to the Eurosystem for monetary policy credit operations in the form of credit claims which result in a transfer without derecognition from the balance sheet are excluded from this item.

[1] In accordance with the requirements of Regulation (EC) No 25/2009 (ECB/2008/32), which are to be applied by MFIs when reporting BSI statistics until the reference month of November 2014, all transfers between euro area MFIs are excluded from the net flows, not only those between domestic MFIs.

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The requirements of Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) partly cover these elements. Blocks 2.1 of Table 5a on monthly data and Table 5b on quarterly data cover data on net flows of loans that are securitised or otherwise transferred without any impact on loan stocks, but loans to households for house purchase are not separately identified and should thus be extracted from the MFIs' internal databases separately. In addition, as specified above, the requirements exclude:

1. Loans disposed of to or acquired from another domestic MFI, including intra-group transfers owing to corporate business restructuring (e.g. when a domestic MFI subsidiary transfers a pool of loans to the parent MFI);

2. Loan transfers in the context of intra-group reorganisations owing to mergers, acquisitions and divisions.

For the purposes of the completion of the TLTRO reporting template, all of these effects must be reported.

For a more detailed definition of the items to be included, see Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 2.3 of the Manual on MFI balance sheet statistics.

(ii) Other adjustments (3.2)

Data on other adjustments must be reported for outstanding eligible loans on the balance sheet, excluding securitised or otherwise transferred loans which are not derecognised.

— Revaluations owing to changes in exchange rates (3.2 A)

Movements in exchange rates against the euro give rise to changes in the value of loans denominated in foreign currencies when they are expressed in euro. Data on these effects should be reported with a negative (positive) sign when in net terms they give rise to a reduction (increase) in outstanding amounts, and are necessary to allow a full reconciliation between net lending and changes in outstanding amounts.

These adjustments are not covered under the requirements laid down by Regulation (EU) No 1071/2013 (ECB/2013/33). For the purposes of the TLTRO reporting template, if the data (or even an approximation) are not readily available to MFIs, they can be calculated in accordance with the guidance provided in Section 4.2.2 of the Manual on MFI balance sheet statistics. The suggested estimation procedure limits the scope of the calculations to major currencies and is based on the following steps:

1. the outstanding amounts of eligible loans at the end of the month preceding the start of the period and at the end of the period (items 1 and 4) are broken down by currency of denomination, focusing on the pools of loans denominated in GBP, USD, CHF and JPY (if these data are not readily available, data on total outstanding amounts on the balance sheet, including securitised or otherwise transferred loans which are not derecognised — items 1.1 and 4.1 — can be used);

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2. each pool of loans is treated as follows (the relevant equation numbers in the Manual on MFI balance sheet statistics are provided in brackets):

   — outstanding amounts at the end of the month preceding the start of the reporting period and at the end of the period are converted into the original currency of denomination, using the corresponding nominal exchange rates [1] (equations [4.2.2] and [4.2.3]);

   — 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 (equation [4.2.4]);

   — 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 (equation [4.2.5], with the opposite sign);

3. the final exchange rate adjustment is estimated as the sum of the adjustments for each currency.

For additional information, see Sections 1.6.3.5 and 4.2.2 of the Manual on MFI balance sheet statistics.

— Write-offs/write-downs (3.2B)

In accordance with Regulation (EU) No 1071/2013 (ECB/2013/33), 'write-down' means the direct reduction of the carrying amount of a loan on the (statistical) balance sheet owing to its impairment. Similarly, 'write-off' means a write-down of the full carrying amount of a loan leading to its removal from the balance sheet. The effects of write-downs and write-offs should be reported with a negative (positive) sign when in net terms they result in a reduction (increase) in outstanding amounts. These data are necessary to allow a full reconciliation between net lending and changes in outstanding amounts.

As regards write-offs/write-downs relating to outstanding loans on the balance sheet, data compiled to comply with the minimum requirements of Part 4 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) (Block 2 of Table 1A on revaluation adjustments) can be used. However, disentangling the impact of loan write-offs/write-downs on securitised or otherwise transferred loans which are not derecognised requires a separate data extraction from the MFIs' internal databases.

Data on outstanding amounts of eligible loans (items 1 and 4) are in principle corrected for the outstanding amounts of provisions in cases where loans are recorded net of provisions on the statistical balance sheet.

[1] ECB reference exchange rates should be used. See the press release of 8 July 1998 on setting up common market standards which is available on the ECB's website (http://www.ecb.europa.eu).

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— In cases where participants report items 1.3 and 4.3, data on loan write-offs/write-downs should incorporate the cancelation of past provisions on loans that have become (partly or fully) unrecoverable and, in addition, should also include any losses in excess of the provisions, if applicable. Similarly, when a provisioned loan is securitised or otherwise transferred, a write-off/write-down needs to be recorded that is equal to the outstanding provisions, with the opposite sign, in order to match the change in the value on the balance sheet, corrected for the amounts of provisions and the value of the net flow. Provisions may change over time as a result of new allowances for impairment and loan losses (net of possible reversals, including those that take place when a loan is repaid by the borrower). Such changes should not be recorded in the TLTRO reporting template as part of write-offs/write-downs (as the template reconstructs values gross of provisions) ([1]).

  Disentangling the impact of loan write-offs/write-downs on securitised or otherwise transferred loans which are not derecognised can be omitted if separate data on provisions cannot be extracted from the MFIs' internal databases.

— Where it is the practice that outstanding amounts of loans are reported net of provisions, but the relevant items (1.3 and 4.3) relating to provisions are not reported (see above), write-offs/write-downs must include new allowances for impairment and loan losses on the loan portfolio (net of possible reversals, including those that take place when a loan is repaid by the borrower) ([2]).

  It is not necessary to disentangle the impact of write-offs/write-downs on securitised or otherwise transferred loans which are not derecognised if separate data on provisions cannot be extracted from the MFIs' internal databases.

  In principle, these items also cover revaluations arising when loans are securitised or otherwise transferred and the transaction value differs from the nominal amount outstanding when the transfer takes place. These revaluations must be reported, where identifiable, and should be calculated as the difference between the transaction value and the nominal amount outstanding at the time of the sale.

  For additional information, see Part 4 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 1.6.3.3 of the Manual on MFI balance sheet statistics.

— Reclassifications (3.2C)

  Reclassifications record all other effects that are not related to net lending, as defined above, but result in changes in the outstanding amounts of loans on the balance sheet, excluding securitised or otherwise transferred loans which are not derecognised.

([1]) It should be noted that this requirement differs from the reporting requirements under Regulation (EU) No 1071/2013 (ECB/2013/33).

([2]) This requirement is the same as the information to be reported under Regulation (EU) No 1071/2013 (ECB/2013/33) by MFIs recording loans net of provisions.

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These effects are not covered under the requirements laid down by Regulation (EU) No 1071/2013 (ECB/2013/33) and their impact is normally estimated on an aggregated basis when compiling macro-economic statistics. However, they are important at the level of individual institutions (or TLTRO groups) in order to reconcile net lending and changes in outstanding amounts.

The following effects must be reported, in respect of the outstanding amounts of loans on the balance sheet, excluding securitised or otherwise transferred loans which are not derecognised and the usual convention of recording effects leading to reductions (increases) in outstanding amounts with a negative (positive) sign applies.

1. Changes in the sector classification or area of residence of borrowers that result in changes in the reported outstanding positions which are not due to net lending and thus need to be recorded ([1]).

2. Changes in the classification of instruments. These may also affect the indicators if the outstanding amounts of loans increase (decrease) owing, for instance, to the reclassification of a debt security (loan) as a loan (debt security).

3. Adjustments that result from the correction of reporting errors.

Effects relating to loan transfers that arise in the context of corporate restructuring and intra-group reorganisations owing to mergers, acquisitions and divisions must be reported under item 3.1.B. No reclassifications are required in respect of changes in the composition of TLTRO groups, as in such cases reporting templates need to be resubmitted reflecting the new TLTRO group composition.

For additional information, see Section 1.6.3.4 of the Manual on MFI balance sheet statistics; however, the conceptual differences highlighted above should be borne in mind for the purposes of deriving reclassification data at the level of individual institutions.

([1]) ►**M1** The effects of the reclassification of holding corporations of non-financial corporations as financial corporations, which took place in December 2014, should be recorded under item 3.2C. ◄

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TLTRO reporting

Reporting period: .....

Loans to non-financial corporations and households, excluding loans to households for house purchase (EUR thousands)

	Main aggregates	Loans to non-financial corporations	Loans to households (including non-profit institutions serving households), excluding loans for house purchase	item	formula	validation
1	**Outstanding amounts of eligible loans at the end of the month preceding the start of the reporting period**	**0**	**0**	**1**	**1 = 1.1 - 1.2 (+1.3)**	
2	**Eligible net lending in the reporting period**	**0**	**0**	**2**	**2 = 2.1 - 2.2**	
3	**Adjustments to the outstanding amounts: reductions (-) and increases (+)**	**0**	**0**	3	3 = 3.1 + 3.2	
4	**Outstanding amounts of eligible loans at the end of the reporting period**	**0**	**0**	**4**	**4 = 4.1 - 4.2 (+4.3)**	**4 = 1 + 2 + 3**
	Underlying items					
	Outstanding amounts of eligible loans at the end of the month preceding the start of the reporting period					
1.1	Outstanding amounts on the balance sheet			1.1		
1.2	Outstanding amounts of loans securitised or otherwise transferred but not derecognised from the balance sheet			1.2		
1.3	*Outstanding provisions against eligible loans (*)*			1.3		
	Eligible net lending in the reporting period					
2.1	Gross lending			2.1		
2.2	Repayments			2.2		
	Adjustments to the outstanding amounts: reductions (-) and increases (+)					
3.1	Loan sales and purchases and other loan transfers during the reporting period	0	0	3.1	3.1 = 3.1A + 3.1B + 3.1C	
3.1A	Net flows of loans that are securitised with an impact on loan stocks			3.1A		
3.1B	Net flows of loans that are otherwise transferred with an impact on loan stocks			3.1B		
3.1C	Net flows of loans that are securitised or otherwise transferred without any impact on loan stocks			3.1C		
3.2	Other adjustments	0	0	3.2	3.2 = 3.2A + 3.2B + 3.2C	
3.2A	Revaluations owing to changes in exchange rates			3.2A		
3.2B	Write-offs/write-downs			3.2B		
3.2C	Reclassifications			3.2C		
	Outstanding amounts of eligible loans at the end of the reporting period					
4.1	Outstanding amounts on the balance sheet			4.1		
4.2	Outstanding amounts of loans securitised or otherwise transferred but not derecognised from the balance sheet			4.2		
4.3	*Outstanding provisions against eligible loans (*)*			4.3		

(*) Only applicable in those cases where loans are reported net of provisions; see the reporting instructions for more details.

Comments: