



EUROPEAN CENTRAL BANK

EUROSYSTEM

# TARGETED LONGER-TERM REFINANCING OPERATIONS

## Updated guidelines for completing the reporting template

The content of this document is for information purposes only. Reference should be made to the legal framework applicable to TLTROs as laid down in Decision ECB/2014/34 of 29 July 2014 on measures relating to targeted longer-term refinancing operations (the “ECB Decision”), as amended by Decision ECB/2015/5 of 10 February 2015. For the avoidance of doubt, in the event of any discrepancy between this document and the ECB Decision, the ECB Decision shall prevail.

## 1 INTRODUCTION

This document provides 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 forced early repayments relate to *loans to euro area non-financial corporations* and *loans to euro area households*<sup>1</sup>, *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

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<sup>1</sup> For the purposes of the reporting template ‘households’ includes non-profit institutions serving households.

outstanding amounts but are not related to transactions (hereinafter ‘*adjustments to the outstanding amounts*’), is also 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 forced 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 (ECB/2013/33)<sup>2</sup>, the first reporting requirements in relation to which start with data from December 2014<sup>3</sup>. In particular, as regards loans, Article 8(2) of Regulation 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.

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<sup>2</sup> 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.

<sup>3</sup> MFI reporting under Regulation ECB/2013/33 commenced with effect from the reference month of December 2014. The previous legal act forming the basis for the reporting of BSI statistics is Regulation 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 4 below).

Regulation 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<sup>4</sup>. 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 than 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 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<sup>5</sup>, 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.

### 3 GENERAL REPORTING INSTRUCTIONS

#### 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.

#### 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.

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<sup>4</sup> The sector classification of holding corporations of non-financial corporations in Regulation ECB/2008/32 has been amended in Regulation ECB/2013/33 to reflect changes in international statistical standards. Under Regulation 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.

<sup>5</sup> 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.

In turn, data on transactions and adjustments must cover all relevant effects that take place during the reporting period.

### **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.

### **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.

### **4.1 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.

#### **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.

These cells on the template can be completed with data compiled to meet the requirements of Part 2 of Annex I to Regulation 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 ECB/2013/33 and Section 2.1.4 of the Manual on MFI balance sheet statistics.

### **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 ECB/2013/33 (Block 5.1 of Table 5a on monthly data) covers the required information on non-derecognised securitised loans to non-financial corporations and households, 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 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 ECB/2013/33 and Section 2.3 of the Manual on MFI balance sheet statistics.

### **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 and impairment losses recorded against loans (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 reserves*'. 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.

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<sup>6</sup>.

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 ECB/2013/33.

## **4.2 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).

### **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.

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<sup>6</sup> This exception also has implications for the reporting of data on write-offs/write-downs, as clarified below.

## 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.

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.

## 4.3 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).

### 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 (3.1A)

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<sup>7</sup>. 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)<sup>8</sup>.

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<sup>7</sup> This sign convention (which is the opposite of the requirements of Regulation 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.

<sup>8</sup> As discussed above, Regulation 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.

The requirements of Part 5 of Annex I to Regulation 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 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 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 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)<sup>9</sup>;
- 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 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

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<sup>9</sup> In accordance with the requirements of Regulation ECB/2008/32, which were 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.



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 with 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.

The requirements of Part 5 of Annex I to Regulation 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 ECB/2013/33 and Section 2.3 of the Manual on MFI balance sheet statistics.

## 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 (3.2A)

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 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);
- 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<sup>10</sup> (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]);

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<sup>10</sup> 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>).

- 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 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 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.

- 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 and impairments for 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)<sup>11</sup>.

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 and impairments for loan losses on the loan portfolio (net of possible reversals, including those that take place when a loan is repaid by the borrower)<sup>12</sup>.

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 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.

These effects are not covered under the requirements laid down by Regulation ECB/2013/33 and their impact is normally estimated on an aggregated basis when compiling macroeconomic 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.

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<sup>11</sup> It should be noted that this requirement differs from the reporting requirements under Regulation ECB/2013/33.

<sup>12</sup> This requirement is the same as the information to be reported under Regulation ECB/2013/33 by MFIs recording loans net of provisions.

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<sup>13</sup>.
- 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.

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<sup>13</sup> 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.