

FAQ or a brief guide to compiling reports

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Examples for calculating annualised agreed rates (AAR)

The annualised agreed rate (AAR) is calculated using the formula:

$$x = \left(1 + \frac{r_{ag}}{n}\right)^n - 1$$

where:

X is the actual interest rate

r_{ag} is the annual interest rate agreed between the credit institution and the client for a deposit or loan for which the interest is capitalised and all payments and repayments are made at regular intervals over the year,

n is the number of interest capitalisation periods in the year, so is 1 for annual repayments, 2 for repayments twice a year, 4 for quarterly payments, and 12 for monthly payments.

Example: the client and the credit institution agree that the interest rate on a five-year loan is 10% a year throughout the loan period, and that interest will be paid quarterly and the principal repaid at the end of the five-year-long period. The annualised agreed rate in this case is 10.3813% and the calculation for it is:

$$x = \left(1 + \frac{r_{ag}}{n}\right)^n - 1 = \left(1 + \frac{0.10}{4}\right)^4 - 1 = 0.10381289$$

If the interest payments on this same loan were paid monthly, the annualised agreed rate would be a little higher at 10.4713%, and the calculation would be:

$$x = \left(1 + \frac{r_{ag}}{n}\right)^n - 1 = \left(1 + \frac{0.10}{12}\right)^{12} - 1 = 0.10471307$$

If the interest was capitalised daily, the value in the formula would be $n = 365$. The annualised agreed rate would then be 10.5156% and the calculation for it:

$$x = \left(1 + \frac{r_{ag}}{n}\right)^n - 1 = \left(1 + \frac{0.10}{365}\right)^{365} - 1 = 0.105156$$

For a deposit of 10,000 euros with a maturity of two years, where the client is paid 11,000 euros on maturity and earns 10% over the two years, the annualised agreed rate is 4.8809% and the calculation of it is:

$$x = \left(1 + \frac{r_{ag}}{n}\right)^n - 1 = \left(1 + \frac{0.10/2}{1/2}\right)^{1/2} - 1 = 0.048809$$

Further explanations can be found in the European Central Bank's [Manual on MFI interest rates statistics](#) (pp 15–25). The references there to non-financial companies should be equated to the references to clients in the Eesti Pank regulation.

Recognising contract changes in statistics

Recognising contract changes in the report on the turnover of loans

For the European Central Bank to compile statistics on interest rates, it is important to collect information both on new loan contracts and on changes to existing contracts. Information on new contracts and contract changes reflects demand and supply in the loan and deposit market and allows competition between credit institutions and other financial institutions and products to be assessed by looking at the dynamics of market interest rates and the cost of capital. This is why data on contract changes need to be shown in the *report on the turnover of loans* alongside the data on new contracts. Some special cases of contract changes that do not need to be recognised in reports are described below.

New loan contracts, or new business in the terminology of the European Central Bank, are all new contracts signed between a client and a bank that state the loan interest rate, duration, amount etc. for the first time.

Contract changes are those made by active agreement between the bank and the client, meaning that both parties to the contract are involved in the change and agree on the new conditions, and they make significant changes to the existing contract. The automatic extension of existing contracts where one party to the contract does not actively engage in the process and no major changes are made to the terms of the contract are not considered to be an active agreement.

The European Central Bank defines **significant changes to a loan or deposit contract** as changes to the financial conditions that cause the main terms of a loan or deposit agreement, the structure of the interest and principal payments of the loan, or the risk profile of the loan to change. This means that changes have been made to the amount of the loan or deposit, the interest rate, the maturity, the currency, the type of interest rate, the notification period for ending a deposit, the type of collateral or some other important condition.

It is probably more difficult to decide whether it is necessary to recognise contract changes for loan contracts. The Eesti Pank *report on the turnover of loans* is more detailed than the data collection of the European Central Bank, and so it should be remembered that not every change in the data sections of the turnover reports corresponding to the data sections listed above necessarily need be recorded in the report. The main criterion for deciding whether to record changes is whether the contract change causes a change in the structure of the principal and interest payments of the loan or in its risk profile. Some examples are given below of contract changes that should or should not be recognised.

- **Change to the loan collateral.** Changing the collateral type, for example so that a loan without collateral becomes one with collateral or vice versa, is an important change that generally causes a change in the risk profile of the loan. If however one item of collateral is exchanged for another with the same value, then that change does not need to be recorded as a contract change.
- **Change to the loan type.** Changing an overdraft into consumer credit or vice versa is an important contract change for example, as it very probably changes the payment structure of the contract.

- **Change to the interest rate type.** If it is already agreed when the contract is signed that the interest rate will change at a certain moment from fixed to floating or vice versa, this is not recorded as a change to the contract. If the desire to change the interest rate type emerges after the contract has been signed, it is considered a contract change and needs to be recorded as such.
- **Making a loan offer to the client.** A simple loan offer does not have to be recorded as a new contract. Only a loan contract that is signed by both parties is a new contract.
- **Refinancing.** When a loan is replaced with a new loan and the client signs a new contract, this is treated in the reporting as a new loan and does not need to be recorded as a change.

Further explanations can be found in the European Central Bank's [Manual on MFI interest rates statistics](#) (pp 47–48, 63–66).

Recognising payment holidays for loans

A **payment holiday** is a partial halt in loan repayments when only the principal payments are halted or a full halt if both principal and interest payments are halted that is granted while the client overcomes payment difficulties for a fixed period, after which the client starts again to make the loan payments. Payment holidays may be agreed on when the loan contract is first signed, or only later once the client is facing payment difficulties in servicing their loan. In some cases where the economic circumstances change suddenly, credit institutions may consider it reasonable to agree on a common procedure for granting payment holidays en masse.

Payment holidays may or may not be considered as contract changes depending on the circumstances.

Payment holidays are **not considered a contract change** if only the payment schedule is changed in the loan contract and the other loan conditions continue to apply in unchanged form. A change to the payment schedule may or may not cause the maturity of the loan repayments to be extended by the length of the payment holiday. This means that if no other changes are made to the loan contract beyond granting a payment holiday or correspondingly extending the maturity of the contract, it is not a contract change and so does not need to be recorded as such in the *report on the turnover of loans*. This also applies if the client did not initially agree on the option of a payment holiday or if the payment holiday is granted under a common procedure for payment holidays. If the client wishes to change other financing conditions of the loan at the same time as taking a payment holiday and extending the maturity of the loan, then this should be recorded in the *report on the turnover of loans* as a contract change.

Examples of recognising payment holidays and reporting them

The case where the credit institution has applied a common procedure for granting payment holidays:

- 1) If the client uses the option of a payment holiday granted under the common procedure to take a payment holiday and no other changes are made to the financing conditions of the loan contract, and once payment holiday is over the client continues repaying their loan

under the conditions agreed prior to the payment holiday, then this **does not need to be recorded in the *report on the turnover of loans***.

- 2) If the client follows the payment holiday granted under the common procedure by extending the loan contract by the length of the payment holiday and so changes the maturity of the loan, this **does not need to be recorded in the *report on the turnover of loans***.
- 3) If the client takes an active part in the changes and states a desire to change other financing conditions of the loan contract as well as taking a payment holiday under the common procedure, this should be recorded in the *report on the turnover of loans* as a contract change (contract identifier 3).

The case where the credit institution has not applied a common procedure for granting payment holidays:

- 1) If the client takes an active part in the changes and states a desire to change other financing conditions of the loan contract as well as halting payments, **this should be recorded in the *report on the turnover of loans* as a contract change** (contract identifier 3).
- 2) If the client takes an active part in the changes and states a desire to apply the clause in the contract permitting a payment holiday and the other financing conditions of the loan contract do not change, **this does not need to be recorded in the *report on the turnover of loans***.
- 3) If the client takes an active part in the changes and states a desire to have a payment holiday even though there is no clause in the contract permitting a payment holiday, and loan payments are stopped in consequence while the other financing conditions of the loan contract do not change, this **does not need to be recorded in the *report on the turnover of loans*** even if a new contract or contract annex is signed.

When defining the maturity group for recording loans with a payment holiday in the *report on the balance of loans*, the principle must be followed that if the payment holiday has caused an extension to the maturity of the contract without the active participation of the client, meaning moratorium conditions have been applied to extend the maturity or the maturity has been extended in some other way without any change to the underlying loan contract, then this loan should be classified in the *report on the balance of loans* in the maturity group that covers the period from the start of the loan contract to its extension with a new maturity, meaning the loan is classified if necessary under a longer maturity group identifier. This change in the maturity group must be recorded in the *report on non-transactional financial flows and transferred loans* for the same period.

Use of cash pooling and recording it in statistics

Cash pooling is a banking service that makes management of cash flows in a group of companies more flexible and effective, as it allows a member of the group to use the available funds of other companies in the group, so reducing the need for external financing and the consequent transactions and costs.

How different credit institutions handle cash pooling varies somewhat, but essentially the cash pools are divided into three groups of the single legal account cash pool, the physical cash pool and the notional cash pool. The units of the group that are part of the cash pool may have other accounts at the bank that are not linked to the cash pool and that should be considered separately from the cash pool in the reporting.

Single legal account cash pool

The single legal account cash pool contains the main account, which pools the funds of the group, and transaction accounts that handle the everyday transactions of the group members and the parent company. This type of cash pool only creates **liabilities to the bank** through the **main account**, which alone has legal status and is usually in the name of the parent company. The transaction accounts are notional accounts and only reflect transactions within the group to facilitate intra-group accounting. These transaction accounts **do not have a direct relation with the bank and are not direct counterparties for the bank**. The bank does not necessarily even have information on all the members of the group, as they are not direct counterparties of the bank. An individual unit may have multiple transaction accounts and the structure may be designed for each currency separately or with multi-currency functionality.

Physical cash pool

With a physical cash pool, liabilities and claims on the bank are created for all the parties to the contract, meaning the main account and the accounts and sub-accounts of the **group members**, and they **are all legal counterparties of the bank**. Group members can make transactions on their own accounts as if they were completely separate accounts, so being actual counterparties of the bank. The cash pools are connected to the main account, which is generally in the name of the parent company. Regular **real money transfers** are made daily or less frequently to settle negative account balances from positive accounts in a process known as sweeping. During sweeping, money moves at the end of each banking day or as contractually agreed with the cash pool either from the accounts of group members to the main account or vice versa, and this is reflected in the internal group positions. There is generally no need for a credit line, as any need for credit is covered within the group.

There are two types of physical cash pool:

- a) **zero balancing**, during which sub-accounts with a positive balance physically transfer money regularly, generally at the end of each banking day, to the main account, and at the same time the main account of the parent company physically transfers money to those sub-accounts that have a negative balance;
- b) **target-balancing**, in which the parent firm sets a fixed positive threshold. If the balance of a sub-account exceeds this threshold, the excess amount is physically transferred to the main account and distributed from the main account among those sub-accounts where the balances are below the threshold

Notional cash pooling

Liabilities and claims on the bank are also created for all the units covered by the cash pool with notional cash pooling, and they are all legal counterparties of the bank. In contrast to the physical cash pool, there are no **real liquidity transfers** made because of intra-group lending at the end of the day or at any other interval. Instead the bank allows the sub-accounts overdrafts that use the positive balances of the other members as collateral. The **monetary funds of the whole group are pooled net on the main account**, but this account is not a counterparty for the bank and no claims or liabilities on the bank arise from it. The **counterparties of the bank are each group member individually** (see example below). The total position of the group on the main account is usually positive. The bank permits a credit line only to the extent of the positive balance on the accounts of other group members, though the parent company of the group may be allowed an additional credit line.

In summary the features of notional cash pooling are:

- a) members of the cash pool have individual accounts
- b) the interest payable by or to the credit institution is calculated from the net position of all the accounts in the notional cash pool
- c) intra-group lending occurs without any monetary transfers between accounts, as the bank allows overdrafts for participants in the cash pool secured against the other members of the pool

Recording cash-pooling in the MFI balance sheet statistics of the European Central Bank

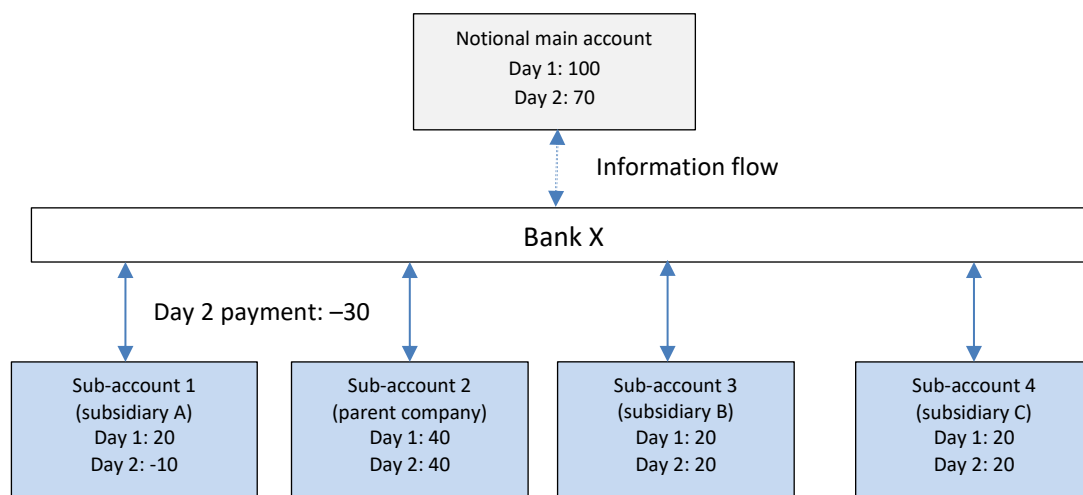
The MFI balance sheet statistics of the European Central Bank must reflect what is happening in the cash pool in a way that shows the actual liabilities or claims of the bank. For different types of cash pooling, this means:

- a) for the single legal account cash pool, only the events in the main account should be recorded as the sub-accounts are not counterparties of the bank and events in them are only notional
- b) for a physical cash pool, the nature of the account requires all the accounts of the group members always to be recorded, both main and sub-accounts, as these are physically existing and legally binding accounts for the bank
- c) for notional cash pooling, the events in the cash pool should be recorded at the sub-account level, not netted, to avoid distortion to deposits and loans that could arise if only the virtual main account were recorded

The balance sheet statistics of the European Central Bank should show the positive balance of the sub-accounts of the national cash pool under deposits, specifically demand and overnight deposits, and the negative balance under loans, specifically overdrafts. This means that the positive and negative balances of the sub-accounts are not summed together, even if the account owner and account currency are the same.

Note that as demand and overnight deposits are part of the calculation basis for the reserve requirement, the gross-basis recording of notional cash pooling also affects the size of the mandatory reserve requirement.

Example 1. Notional cash pooling



After the notional cash pool is opened, the group members transfer the following sums to their sub-accounts: subsidiaries each contribute 20 units and the parent company 40 units. At the end of the first banking day, the notional cash pool contains 100 units (see Day 1 in the figure). The liabilities of the bank must be shown in the statistics by sub-accounts, as their owners are the actual counterparties of the bank (see below for Bank X).

Bank X		Parent company		Subsidiaries A, B and C	
Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	Demand dep. 100	Demand dep. 40		Demand dep. 20	
	<i>Parent company 40</i>	Bank X 40		Bank X 20	
	<i>Subsidiary A 20</i>				
	<i>Subsidiary B 20</i>				
	<i>Subsidiary C 20</i>				

On the second day subsidiary A purchases a bond for 30 units and makes the payment from the cash pool. The payment is made through the sub-account of subsidiary A in the cash pool, reducing it by 30 units leaving the sub-account of subsidiary A at -10 units, meaning it has to borrow that amount. No physical transfers are made between the sub-accounts of the cash pool, so it is borrowed through the notional main account, reducing the amount there from 100 units to 70. The statistical balance sheet of the bank must however record this as if there were no main account and everything occurred in the sub-accounts.

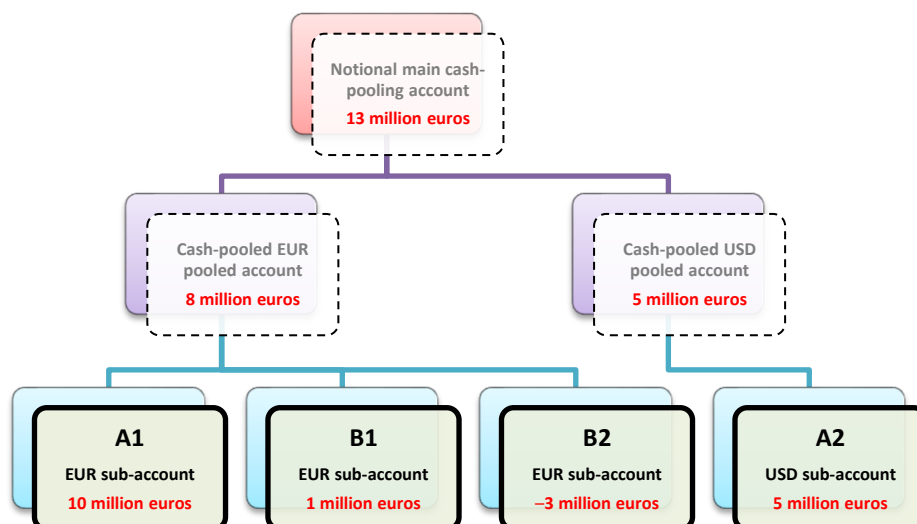
Bank X		Parent company		Subsidiary A		Subsidiaries B and C	
Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Overdraft 10	Demand dep. 80	Demand dep. 40		Bond 30	Overdraft 10	Demand dep. 20	
Subsidiary A 10	<i>Parent company 40</i>	Bank X 40			Bank X 10	Bank X 20	
	<i>Subsidiary B 20</i>						
	<i>Subsidiary C 20</i>						

Example 2: Recording the notional cash pool in the report on notional cash pooling and the report on reserve requirement calculation for the credit institution

The members of the notional cash pool are parent company A and subsidiary B. Both companies are residents of Estonia and are part of client group 8 "Other non-financial corporation".

The parent company has two sub-accounts, sub-account A1 is a euro account with 10 million euros on it, and sub-account A2 is a dollar account with 5 million euros. The subsidiary also has two sub-accounts, but both are euro accounts: sub-account B1 has 1 million euros on it, and sub-account B2 is negative at -3 million euros.

Scheme of accounts:



MFIs report the position of their accounts as:

Report on notional cash-pooling:

Report field	Value in the report field			
	Row 1	Row 2	Row 3	Row 4
1) Group number	1	1	1	1
2) Account type	1 "Main account"	2 "Current account"	2 "Current account"	2 "Current account"
3) Currency code	EUR	EUR	USD	EUR
4) Country code	EE	EE	EE	EE
5) Customer	8	8	8	8
6) Additional customer identifier	0 "Other"	0 "Other"	0 "Other"	0 "Other"
7) Balance	13 million euros (A1+A2+B1+B2)	11 million euros (A1+B1)	5 million euros (A2)	-3 million euros (B2)

Report on the reserve requirement calculation of the credit institution

The current accounts that are part of the notional cash pool come under either "Overnight deposit" or "Other demand deposit". This means the current accounts that are in the notional cash pool should be recorded in the *report on reserve requirement calculation of the credit institution* under the item "Deposits and loans taken with contractual maturity of up to 2 years and deposits redeemable at up to 2 years notice", where the remaining overnight and other demand deposits are

recorded. This only applies though if the balance on those current accounts is positive at the end of the reporting period, meaning that if those current accounts were not part of the cash pool then they would be recorded as usual in the liability items included in the reserve requirement calculation basis.

Item	Item identifier	Total	Deductions	Basis for calculating the minimum reserve requirement
1. Deposits and loans taken with contractual maturity of up to 2 years and deposits redeemable at up to 2 years notice	520	16 million euros* (A1+A2+B1)	0	0.16 million euros
2. Issued debt instruments with contractual maturity of up to 2 years	521	0	0	0
3. Deposits redeemable at more than 2 years notice, other deposits and loans taken with contractual maturity of more than 2 years	522	0	0	0
4. Repurchase agreement	523	0	0	0
5. Issued debt instruments with contractual maturity of more than 2 years	524	0	0	0
6. Size of the reserve requirement	525	X	X	0.06 million euros (0.16 + 0 – 0.1 million euros)

* The items “overnight deposits” and “other demand deposits” record the positive balances of current accounts that are part of the cash pool.

Recognising transferred loans in statistics

Report on non-transactional financial flows and transferred loans

A distinction should be made in the MFI balance sheet statistics of the European Central Bank between transactions disposing of and acquiring loans (loan transfers) and the impact of the transactions on the outstanding amounts of loans. Information should also be provided on the outstanding amounts of transferred loans for which the reporting credit institution continues to act as servicer¹. This situation may arise following securitisation for example.

The European Central Bank needs data on transferred loans so that it can avoid double entries in the euro area statistics.

If the reporting credit institution has branches abroad, only the data from the Estonian head office should be reported. In reporting the transactions it should be remembered that the balance sheet statistics of the European Central Bank consider the foreign branches of a credit institution to be independent MFIs and so loan transfer transactions between the head office and foreign branches should be recorded as transferred loans.

Transactions related to transferred loans may impact the balance sheet of the reporting credit institution, but will not necessarily always do so. With a securitisation transaction for example, securitised loans may remain on the balance sheet of the credit institution because of accounting rules if the majority of the risks and benefits of ownership have not been transferred to the financial vehicle corporation.

Table 1 describes the cases where transactions or outstanding amounts of transferred loans need to be recorded in the *report on non-transactional financial flows and transferred loans*; see the coloured boxes marked A–J. The table also gives references to tables 5a and 5b of Regulation (EU) No 2021/379 of the European Central Bank on balance sheet statistics for reporting data on transferred loans, which is where the data requirements come from.

Depending on whether they are loans disposed of, loans acquired, or loans serviced, the transferred loans for the reporting period are recorded as follows:

- a) acquisition and disposal are shown in the reporting month when the transfer transaction occurred
- b) service of a loan disposed of is shown in each reporting month following the transfer transaction for as long as service continues

The report must also show the value of the transaction (transaction) and the balance of the transferred portfolio at contractual value (balance) for acquisition and disposal of loans. If the

¹ ECB Regulation (EU) No 2021/379 of 22 January 2021 on balance sheet items in the credit and MFI sector (recast) (ECB/2021/2): *Article 5 Statistical reporting requirements. 1 MFIs shall report all of the following statistical information to the relevant NCB: (a) the end-month outstanding amounts; (b) the monthly revaluation adjustments; (c) the monthly net loan transfers; (d) the end-month outstanding amounts and monthly revaluation adjustments of transferred loans.*

reporting credit institution does not continue as the loan servicer of a transferred loan, the outstanding amount is 0. The contractual balance of the serviced portfolio must be recorded for servicing loans disposed of, regardless of whether the loans remain on the balance sheet of the reporting credit institution or have been derecognised from it.

Table 1: Reporting transferred loans in the report on non-transactional financial flows and transferred loans

	The transaction affects the balance sheet of the credit institution	The transaction does not affect the balance sheet of the credit institution	
1. Loan disposal (transaction and balance)	Loan disposed of is derecognised from the balance sheet	Loan disposed of remains on the balance sheet	Loan disposed of was off-balance-sheet
Reporter remains as loan servicer			
Securitisation	A (T5A_1.1)	B (T5A_3.1)	-
Other loan disposals*	A (T5A_1.2)	B (T5A_3.2)	
Reporter does not remain as loan servicer			
Securitisation	C (T5A_2.1)	-	-
Other loan disposals*	C (T5A_2.2)		
2. Loan acquisition (transaction and balance)	Loan acquired is recognised on the balance sheet	Loan acquired was already on the balance sheet	Loan acquired is recognised off-balance-sheet
Reporter was loan servicer before acquiring the loan			
Acquisition of securitised loans	D (T5A_1.1)	E (T5A_3.1)	-
Other loan acquisitions**	D (T5A_1.2)	E (T5A_3.2)	
Reporter was not loan servicer before acquiring the loan			
Acquisition of securitised loans	F (T5A_2.1)	-	-
Other loan acquisitions**	F (T5A_2.2)		
3. Acting as servicer of a loan disposed of (balance)	Loan disposed of was derecognised from the balance sheet	Loan disposed of remained on the balance sheet	Loan disposed of was off-balance-sheet
Acting as servicer of securitised loans disposed of	I (T5B_1.1)	J (T5B_3.1)	-
Acting as servicer of other loan disposed of	I (T5B_1.2)	J (T5B_3.2)	

* Includes sale and transfer to another member of the same group of companies.

** Includes purchase and transfer from another member of the same group of companies.

Report on changes in claims disposed of or written off the credit institution's balance sheet

The report also shows loan disposal transactions and distinguishes between transactions where

- a) the claim disposed of was previously recognised on the balance sheet and
- b) the claim disposed of was previously recorded off-balance-sheet

Transactions with claims previously recognised on the balance sheet may in sum differ from the data recorded in the *report on non-transactional financial flows and transferred loans* if

- a) **the transactions with a third party are made by a foreign branch of the reporting credit institution:** such transactions should be shown in the *report on changes in claims disposed of or written off the balance sheet* but not included in the *report on non-transactional financial flows and transferred loans* where are shown only transactions between the Estonian head office and third parties
- b) **the transactions are made with the same legal entity,** for example between an Estonian head office and its foreign branch, or between a branch in Estonia and another branch of the same parent company elsewhere; such internal transactions within a reporting unit are not shown in the *report on changes in claims disposed of or written off the balance sheet*, but they should be recorded in the *report on non-transactional financial flows and transferred loans*
- c) **the loan is disposed of during a securitisation transaction;** such transactions are not covered by the *report on changes in claims disposed of or written off the balance sheet*, but they should be recorded in the *report on non-transactional financial flows and transferred loans*

Report on the turnover of loans

Loans transferred at the initiative of the customer are shown in the *report on the turnover of loans*. Loans transferred at the initiative of the customer do not come under the loans acquired that are recorded in the report on non-transactional financial flows and transferred loans.

Examples

Example 1

Following the reorganisation of the activities of a consolidation group, a bank decided to transfer the total loan portfolio of 10 million euros of the Latvian branch, which is an MFI, to the Estonian branch, which is also an MFI, which will take over the duties of loan service. The loan portfolio contains housing loans in euros secured by first ranking mortgages issued to private individuals with Latvian citizenship with a contractual maturity (the time from when the claim of the initial issuer of the loan, now the transferer, on the client arose until the final repayment) of more than five years, where all loans have a remaining maturity (from the reporting period until the final contractual date in the loan contract) of 5–10 years, and no defined period for the next review of the interest rate.

The Estonian branch shows the identifiers for the transfer of loans in the reporting period when the transaction took place as follows:

Report on non-transactional financial flows and transferred loans

Report field	Value in the report field
1) Item type identifiers	29 "Other loan"
2) Special condition identifiers	4 "No special condition"
3) Reporting currency code	EUR
4) Country code	LV
5) Customer identifiers	10 "Household"
6) Identifiers of sole proprietors	0 "The client is not a sole proprietor"
7) Additional customer identifiers	0 "Other"
8) Listing identifiers	0 "Not listed"
9) Maturity identifiers	25 "5 years"
10) Residual maturity identifiers	9 "5 to 10 years"
11) Identifier for the period of notice for deposits redeemable at notice	0 "Undefined"
12) Identifiers for the period until next interest rate reset	0 "Undefined"
13) Loan purpose identifiers	11 "Acquisition or renovation of a dwelling"
14) Collateral identifier	1 "First ranking mortgage"
15) Identifiers of non-transactional financial flow type	0 "Other"
16) Loan transfer type identifiers	1 "Loan acquisition"
17) Identifiers for recognition of the transfer of a loan in the balance sheet	1 "Reflected in the balance sheet"
18) Loan securitisation identifiers	0 "Not securitised"
19) Identifiers for activity as servicer of a transferred loan	0 "Is not a loan servicer"
20) Amount	0
21) Loan transfer counterparty identifiers	7 "Intragroup monetary financial institution"
22) The country code of the counterparty to the transfer of the loan	LV
23) The value of the acquisition or disposal of the loan	10 million euros
24) Loan balance at contractual value	10 million euros

Such transactions are not recorded in the **report on changes in claims disposed of or written off the credit institution's balance sheet**, as they are acquisitions of loans.

Such transactions are not recorded in the **report on the turnover of loans**, as they are acquisitions of loans without the personal participation of the client by a party that is in the list of European Union monetary financial institutions published on the website of the European Central Bank.

Example 2

A portfolio of housing loans issued to private individuals who are resident in Estonia and backed by a first ranking mortgage and recognised in the balance sheet of an Estonian MFI, with a loan balance of 10 million euros, is securitised to an Irish financial vehicle corporation at a transaction value of 9 million euros, where the Estonian MFI continues to service the loans and the portfolio remains on the balance sheet of the reporter. The loan balance has declined by 2 million euros by the next reporting period. All the loans have maturities of 2–5 years and remaining maturity is also up to five years, and the interest rates are reviewed every six months.

The Estonian MFI shows the identifiers for the transfer of loans in the reporting period when the loans are transferred (t_0) and in the next period (t_1) as follows:

Report on non-transactional financial flows and transferred loans

	Loan transfer reporting period (t_0)	reporting from period following the loan transfer (t_1)*
Report field	Value in the report field	Value in the report field
1) Item type identifiers	29 "Other loan"	29 "Other loan"
2) Special condition identifiers	4 "No special condition"	4 "No special condition"
3) Reporting currency code	EUR	EUR
4) Country code	EE	EE
5) Customer identifiers	10 "Household"	10 "Household"
6) Identifiers of sole proprietors	0 "The client is not a sole proprietor"	0 "The client is not a sole proprietor"
7) Additional customer identifiers	0 "Other"	0 "Other"
8) Listing identifiers	0 "Not listed"	0 "Not listed"
9) Maturity identifiers	24 "2 to 5 years"	24 "2 to 5 years"
10) Residual maturity identifiers	24 "2 to 5 years"	24 "2 to 5 years"
11) Identifier for the period of notice for deposits redeemable at notice	0 "Undefined"	0 "Undefined"
12) Identifiers for the period until next interest rate reset	31 "Up to 1 year"	31 "Up to 1 year"
13) Loan purpose identifiers	11 "Acquisition or renovation of a dwelling"	11 "Acquisition or renovation of a dwelling"
14) Collateral identifier	1 "First ranking mortgage"	1 "First ranking mortgage"
15) Identifiers of non-transactional financial flow type	0 "Other"	0 "Other"
16) Loan transfer type identifiers	2 "Loan disposal"	3 "Activity as servicer of a transferred loan"
17) Identifiers for recognition of the transfer of a loan in the balance sheet	0 "Not reflected in the balance sheet"	0 "Not reflected in the balance sheet"

18) Loan securitisation identifiers	1 "Securitized"	1 "Securitized"
19) Identifiers for activity as servicer of a transferred loan	1 "Is a loan servicer"	1 "Is a loan servicer"
20) Amount	-1 million euros	0
21) Loan transfer counterparty identifiers	5 "Financial vehicle corporation"	5 "Financial vehicle corporation"
22) The country code of the counterparty to the transfer of the loan	IE	IE
23) The value of the acquisition or disposal of the loan	9 million euros	0
24) Loan balance at contractual value	10 million euros	8 million euros

* The recording continues similarly in subsequent periods (t_x) while the reporter services the loan.

Such transactions are not recorded in the **report on changes in claims disposed of or written off the credit institution's balance sheet**, as securitisation transactions are not covered by the report.

Such transactions are not recorded in the **report on the turnover of loans** as they are disposals of loans.

Example 3

Two months after the transfer of loans, all the households (client identifier 10) in the loan portfolio from Example 2 are reclassified as non-profit institutions serving households (client identifier 9) and the purpose of the loans is changed to acquisition of real estate for own use except for acquisition or renovation of dwelling (loan purpose identifier 15). At the same time the loan balance has declined by a further 2 million euros.

The Estonian MFI shows the items for the transfer of loans and their identifiers as follows:

Report on non-transactional financial flows and transferred loans

Report field	Reporting from period following the loan transfer (t_2)		
	Value in the report field (item 1)	Value in the report field (item 2)	Value in the report field (item 3)
1) Item type identifiers	29 "Other loan"	29 "Other loan"	29 "Other loan"
2) Special condition identifiers	4 "No special condition"	4 "No special condition"	4 "No special condition"
3) Reporting currency code	EUR	EUR	EUR
4) Country code	EE	EE	EE
5) Customer identifiers	9 "Non-profit institution serving households"	10 "Household"	9 "Non-profit institution serving households"
6) Identifiers of sole proprietors	0 "The client is not a sole proprietor"	0 "The client is not a sole proprietor"	0 "The client is not a sole proprietor"
7) Additional customer identifiers	0 "Other"	0 "Other"	0 "Other"
8) Listing identifiers	0 "Not listed"	0 "Not listed"	0 "Not listed"

9) Maturity identifiers	24 "2 to 5 years"	24 "2 to 5 years"	24 "2 to 5 years"
10) Residual maturity identifiers	24 "2 to 5 years"	24 "2 to 5 years"	24 "2 to 5 years"
11) Identifier for the period of notice for deposits redeemable at notice	0 "Undefined"	0 "Undefined"	0 "Undefined"
12) Identifiers for the period until next interest rate reset	31 "Up to 1 year"	31 "Up to 1 year"	31 "Up to 1 year"
13) Loan purpose identifiers	15 "Acquisition of real estate for own use except for acquisition or renovation of dwelling"	11 "Acquisition or renovation of a dwelling"	15 "Acquisition of real estate for own use except for acquisition or renovation of dwelling"
15) Identifiers of non-transactional financial flow type	0 "Other"	4 "Reclassification"	4 "Reclassification"
16) Loan transfer type identifiers	3 "Activity as servicer of a transferred loan"	3 "Activity as servicer of a transferred loan"	3 "Activity as servicer of a transferred loan"
17) Identifiers for recognition of the transfer of a loan in the balance sheet	0 "Not reflected in the balance sheet"	0 "Not reflected in the balance sheet"	0 "Not reflected in the balance sheet"
18) Loan securitisation identifiers	1 "Securitised"	1 "Securitised"	1 "Securitised"
19) Identifiers for activity as servicer of a transferred loan	1 "Is a loan servicer"	1 "Is a loan servicer"	1 "Is a loan servicer"
20) Amount	0	-6 million euros	+6 million euros
21) Loan transfer counterparty identifiers	5 "Financial vehicle corporation"	5 "Financial vehicle corporation"	5 "Financial vehicle corporation"
22) The country code of the counterparty to the transfer of the loan	IE	IE	IE
23) The value of the acquisition or disposal of the loan	0	0	0
24) Loan balance at contractual value	6 million euros	0	0

Reclassifications are not recorded in the ***report on changes in claims disposed of or written off the credit institution's balance sheet***.

Reclassifications are not recorded in the ***report on the turnover of loans***.

Example 4

An Estonian credit institution takes over from its subsidiary leasing firm the whole portfolio of loans to Estonian resident agricultural businesses (identifier 8 "Other non-financial corporation") with a value of 10 million euros from an initial total contractual loan value of 15 million euros. There are 17 loans in total, all of which were issued for expanding business activities with a value of 250,000–1,000,000 euros backed by guarantees with a maturity of 1-2 years and remaining maturity of up to one year and contractual and actual fixed annual interest rate of 9% with no defined review period for the interest rate. No additional disbursements are to be made. Loans are taken onto the balance sheet of the credit institution and the credit institution starts to service the loans.

The data are reported as follows:

Report on non-transactional financial flows and transferred loans

	Loan transfer reporting period (t ₀)
Report field	Value in the report field
1) Item type identifiers	29 "Other loan"
2) Special condition identifiers	4 "No special condition"
3) Reporting currency code	EUR
4) Country code	EE
5) Customer identifiers	8 "Other non-financial corporation"
6) Identifiers of sole proprietors	0 "The client is not a sole proprietor"
7) Additional customer identifiers	0 "Other"
8) Listing identifiers	0 "Not listed"
9) Maturity identifiers	6 "1-2 years"
10) Residual maturity identifiers	31 "Up to 1 year"
11) Identifier for the period of notice for deposits redeemable at notice	0 "Undefined"
12) Identifiers for the period until next interest rate reset	0 "Undefined"
13) Loan purpose identifiers	0 "Undefined"
14) Collateral identifier	0 "Other"
15) Identifiers of non-transactional financial flow type	0 "Other"
16) Loan transfer type identifiers	1 "Loan acquisition"
17) Identifiers for recognition of the transfer of a loan in the balance sheet	1 "Reflected in the balance sheet"
18) Loan securitisation identifiers	0 "Not securitised"
19) Identifiers for activity as servicer of a transferred loan	0 "Is not a loan servicer"
20) Amount	0
21) Loan transfer counterparty identifiers	0 "Other"
22) The country code of the counterparty to the transfer of the loan	EE
23) The value of the acquisition or disposal of the loan	10 million euros
24) Loan balance at contractual value	10 million euros

Report on the turnover of loans

	Loan transfer reporting period (t ₀)
Report field	Value in the report field
1) Loan type identifiers	3 "Other loan"
2) Loan group identifiers	11 "Financial assets at amortised cost"
3) Reporting currency code	EUR
4) Country code	EE
5) Customer identifiers	8 "Other non-financial corporation"
6) Maturity identifiers	6 "1 to 2 years"
7) Economic sector identifiers	A "Agriculture, forestry, fishing"
8) Loan collateral identifiers	6 "Surety, guarantee"
9) Contractual loan amount	15 million euros
10) Loan turnover	0

11) Contractual annual interest rate of loan	0.09
12) Actual annual interest rate of loan	0.09
13) Interest rate type identifiers	1 "Fixed"
14) Additional customer identifiers	0 "Other"
15) Loan purpose identifiers	10 "Expanding commercial activity of a company"
16) Annual percentage rate of charge	0
17) Identifiers for the fixed interest rate period	6 "1 to 2 years"
18) Number of loans	17
19) Loan amount	4 "250,000–1,000,000 euros"
20) Contract identifier	4 "New contract"

Such transactions are not recorded in the **report on changes in claims disposed of or written off the credit institution's balance sheet**, as they are acquisitions of loans.

Example 5

An Estonian credit institution sells its entire portfolio of loans to Estonian resident households (10) with a gross value of 33 million euros to another Estonian credit institution for 28 million euros. The loan portfolio has been written down by 3 million euros. The portfolio contains 1000 unsecured consumer loans for up to one year with maturity remaining of up to one year with fixed interest rates that have not been assessed as overdue. The loans are derecognised from the balance sheet of the reporting credit institution and the reporting credit institution does not continue as the servicer of the loans.

The data are reported as follows:

Report on non-transactional financial flows and transferred loans

Report field	Loan disposal reporting period (t0) Value in the report field
1) Item type identifiers	29 "Other loan"
2) Special condition identifiers	4 "No special condition"
3) Reporting currency code	EUR
4) Country code	EE
5) Customer identifiers	10 "Household"
6) Identifiers of sole proprietors	0 "The client is not a sole proprietor"
7) Additional customer identifiers	0 "Other"
8) Listing identifiers	0 "Not listed"
9) Maturity identifiers	31 "Up to 1 year"
10) Residual maturity identifiers	31 "Up to 1 year"
11) Identifier for the period of notice for deposits redeemable at notice	0 "Undefined"
12) Identifiers for the period until next interest rate reset	0 "Undefined"
13) Loan purpose identifiers	12 "Acquisition of goods and services (including daily settlements)"
14) Collateral identifier	0 "Other"
15) Identifiers of non-transactional financial flow type	0 "Other"
16) Loan transfer type identifiers	2 "Loan disposal"

17) Identifiers for recognition of the transfer of a loan in the balance sheet	1 "Reflected in the balance sheet"
18) Loan securitisation identifiers	0 "Not securitised"
19) Identifiers for activity as servicer of a transferred loan	0 "Is not a loan servicer"
20) Amount	-5 million euros
21) Loan transfer counterparty identifiers	8 "Other monetary financial institution"
22) The country code of the counterparty to the transfer of the loan	EE
23) The value of the acquisition or disposal of the loan	28 million euros
24) Loan balance at contractual value	0

Report on changes in claims disposed of or written off the credit institution's balance sheet

Report field	Loan disposal reporting period (t ₀) Value in the report field
1) Economic transaction identifier	1 "Assignment of on-balance-sheet claim"
2) Claim type identifiers	3 "Other loan"
3) Loan group identifiers	11 "Financial assets at amortised cost"
4) Reporting currency code	EUR
5) Country code	EE
6) Customer identifiers	10 "Household"
7) Economic sector identifiers	0 "Households (not included self employment)"
8) Claim collateral identifiers	9 "Without collateral"
9) Purpose identifiers	12 "Acquisition of goods and services (including daily settlements)"
10) Overdue claim identifier	0 "Performing"
11) Amount of the claim (to simplify the example, the balance sheet gross balance = contractual gross balance)	33 million euros
12) Amount of the related claim (to simplify the example, there are no related claims)	0
13) Impairment	3 million euros
14) Value of the assigned claim	28 million euros
15) Number of claims	1000

Such transactions are not recorded in the **report on the turnover of loans** as they are disposals of loans.

Further explanations can be found in the European Central Bank's [Manual on MFI balance sheet statistics](#) (pp 26–30).

Use of maturity identifiers in statistics

ECB guidelines on usage of maturity identifiers concern situations where the agreement begins and ends on the same date in different years, e.g. starts on 1 April 2021 and ends on the same date one year later, on 1 April 2022. In this case, the agreement is classified as a one-year loan, with maturity identifier *up to 1 year*.

The same logic should be used for other periods, such as:

- the loan starts on 1 July 2021 and ends on 1 October 2021 – the term is *1 to 3 months*
- the loan starts on 1 July 2021 and ends on 1 July 2041 – the term is *15 to 20 years*
- the deposit starts on 2 July 2021 and ends on 2 January 2022 – the term is *3 to 6 months*

This principle applies only to reports and identifiers listed in the table below. In the report of receipts and payments (87), former, more conservative approach must be used to determine the residual maturity identifier.

Report	Identifier
211 Report on the balance of resources	maturity
212 Report on the balance of loans	maturity
213 Report on securities	maturity
	residual maturity
231 Report on the turnover of resources	maturity
232 Report on the turnover of loans	maturity
222 Supplementary report on the balance of loans	maturity
	residual maturity
247 Report on the turnover of liabilities related to securities	maturity
217 Report on the balance of liabilities related to securities	maturity
226 Report on non-transactional financial flows	maturity
	residual maturity
55 Report on reserve requirement calculation	breakdown by maturity