



EUROPEAN CENTRAL BANK

EUROSYSTEM

AnaCredit Reporting Manual

Part III – Case studies

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AnaCredit Reporting Manual – Part III

1 Contents of Part III

1.1 Overview of Part III

1 This document, AnaCredit Reporting Manual – Part III, forms part of the AnaCredit
2 Reporting Manual (hereinafter referred to as “the Manual”). As stated in the
3 introduction, the Manual provides detailed information and guidance on AnaCredit
4 reporting requirements. It does not contain any additional requirements and has no
5 binding legal status. Regulation (EU) 2016/867 of the European Central Bank of 18
6 May 2016 on the collection of granular credit and credit risk data (ECB/2016/13)
7 (hereinafter referred to as “the AnaCredit Regulation”) is the sole legally binding act.

8 Whereas Part I of the Manual describes the general methodology, and Part II
9 focuses on the specific data attributes of the reported datasets, Part III presents
10 various case studies and covers special scenarios that require more in-depth
11 explanations.

12 In particular, Part III includes the following case studies:

- 13 • Reverse repurchase agreements (Chapter 2);
- 14 • Instruments under a multi-debtor/multi-product structure (Chapter 3)
- 15 • Project finance loans (Chapter 4);
- 16 • Factoring and other trade receivables (Chapter 5);
- 17 • Instruments subject to securitisation (Chapter 6);
- 18 • Syndicated loans and other multi-creditor instruments (Chapter 7).

19 Finally, several examples of AnaCredit reports are presented in Chapter 8. The
20 examples provide guidance on the relationship between the different AnaCredit
21 datasets in a given case. The Excel spreadsheet “Complete reports.xlsx” is part of
22 the Manual and is available on the [ECB’s website](#).

1.2 How to read Part III of the Manual

23 This part of the Manual provides additional guidance using several case studies,
24 each with a central topic. For a better understanding of the information provided
25 below, the reader is expected to be familiar with the general AnaCredit methodology
26 as explained in Parts I and II of the Manual.

1 With the exception of the complete reports, the individual chapters illustrate only
2 selected aspects of AnaCredit reporting in a given case. In no case should Part III of
3 the Manual be understood to mean that only the aspects (data attributes) referred to
4 in the individual cases are required in the reporting. Please note that the AnaCredit
5 Regulation stipulates whether or not a data attribute is subject to AnaCredit
6 reporting.

2 Reverse repurchase agreements

1 In this chapter, the main focus is on the reporting of reverse repurchase agreements
2 (“reverse repos”), with examples and an explanation of the AnaCredit reporting logic.

2.1 Defining the business case

3 Reverse repurchase agreements, or reverse repurchase loans, as
4 defined in Part 2, points 14.91 and 14.92 of Annex V to Commission

5 Implementing Regulation (EU) No 680/2014 of 16 April 2014
6 “Reverse repo” is a generic name used throughout the text for both reverse
7 repurchase agreements (also called reverse repurchase loans) and documented
8 sell/buy-backs.

8 In the most basic form of such an agreement, a counterparty sells to another
9 counterparty (a credit institution in the context of AnaCredit) an asset (such as a
10 security) with an obligation to repurchase it at a certain point in time in the future,
11 while the other counterparty has an obligation to sell it back.

12 It is important to note that the legal form of reverse repos differs from that of sell/buy-
13 back operations. Although both reverse repos and sell/buy-backs involve the legal
14 sale of collateral and in essence function as secured deposits, there is an essential
15 difference in that a sell/buy-back may or may not be documented whereas a reverse
16 repo is always evidenced by a written contract. Moreover, while in the case of a
17 reverse repo and a documented sale/buy-back the sale and repurchase legs of the
18 transaction are typically part of the same contract, the sale and repurchase legs of
19 an undocumented sale/buy-back are generally considered to be separate contracts.

20 Reverse repos and documented sell/buy-backs are always reported in AnaCredit as
21 “reverse repurchase agreements” (in the data attribute “type of instrument”). This is
22 because, in accordance with the definition of “reverse repurchase agreements”,
23 amounts loaned out by the credit institution in exchange for financial assets
24 transferred by a third party are classified under “reverse repurchase agreements”
25 where there is a commitment to reverse the operation and not merely an option to do
26 so. By contrast, given the lack of a contract between the parties to an undocumented
27 sell/buy-back, such sell/buy-backs are generally reported as collateralised lending
28 under a suitable type of instrument other than “reverse repurchase agreements”, and
29 the collateral is reported accordingly in the instrument-protection received and
30 protection received datasets.

31 Please also note that, in the context of AnaCredit, reporting takes place on an
32 instrument-by-instrument basis, and no netting applies to transactions traded in
33 baskets. This also holds in the case of reverse repos, irrespective of whether or not a
34 netting clause exists in the contract among the parties to the reverse repo.

¹ For the definition of reverse repo, please refer to Part II, Section 3.4.1 of the Manual.

1 Reverse repos are reported regardless of whether centrally cleared or bilaterally
2 settled.

3 [Repurchase agreements are not](#)
4 [within the scope of AnaCredit](#)

5 Please note that repurchase agreements (“repos”) – being liabilities of observed agents, where the observed agent receives cash in exchange for securities (or other assets) – are not reported as instruments under AnaCredit.

2.2 How is a repo reported to AnaCredit?

6 In the following sections, relevant business cases are provided so as to give an
7 overview of the AnaCredit datasets.

2.2.1 Reverse repos as secured loans

8 As mentioned, from the perspective of AnaCredit, a reverse repo is economically
9 equivalent to a credit institution granting a secured loan to the respective
10 counterparty.

11 Financial assets that are part of a reverse repo actually serve as implicit collateral
12 (cf. Part I, Section 6.1.1). Hence they are reported as protection items with the
13 applicable type of protection, e.g. securities or equity and investment fund shares or
14 units.

15 Please note that the protection items used in the examples reflect the statements
16 above and are thus not a general guideline on the way the type of protection is to be
17 reported in all cases.

18 Available protection is reported in the protection received database as either a single
19 protection item (e.g. a single debt security), multiple protection items (e.g. several
20 debt securities where each debt security is reported as a separate protection item) or
21 a basket of protection items (such as a number of repo transactions), following the
22 reporting principle outlined in Part II, Chapter 9 of the Manual. Irrespective of how
23 the protection item is reported, the amount of protection that the observed agent
24 considers as security for the instrument is allocated to each single instrument for
25 which the protection can be used. For example, the protection value of a basket of
26 debt securities may be distributed on a pro-rata basis across the instruments
27 reported as long as the allocation of protection accurately reflects the actual
28 protection available under the respective instrument.

2.2.2 No netting in AnaCredit

29 Generally, AnaCredit reporting is carried out on an instrument-by-instrument basis,
30 and each instrument is treated separately without taking into account any protection
31 or other enhancements. This is also reflected in the fact that protection is reported
32 separately from each instrument. In particular, allowing for netting between an
33 instrument (on the asset side) and its protection (on the liability side) could possibly

1 mean that no instrument (on the asset side) existed at a given moment time. This
 2 would run contrary to the basic principle that AnaCredit comprises detailed and
 3 individual information about instruments giving rise to credit risk, regardless of the
 4 financial instrument, type of exposure or accounting classification (cf. Recital 9 of the
 5 AnaCredit Regulation).

6 Accordingly, the reporting of reverse repurchase agreements in AnaCredit is done on
 7 the basis of individual instruments between the creditor and the debtor. This implies
 8 that the relevant accounting information in the accounting dataset is reported in
 9 relation to the individual instruments, regardless of the possibility envisioned by the
 10 applied accounting standards of netting opposing transactions².

11 In other words, while it is possible in accounting standards that in some cases the
 12 (netted) carrying amount of a reverse repurchase agreement will be zero on the
 13 asset side and positive on the liability side and vice versa, for the purpose of
 14 AnaCredit reporting, a particular transaction in a reverse repo which has a value at
 15 the instrument level (i.e. prior to any netting) is subject to reporting, although this
 16 value is netted at a higher level.

17 Any individual instrument under a netting agreement does in fact usually have full
 18 collateral protection under the respective contract. However, under a netting
 19 agreement, collateral items can be reused multiple times for different transactions.
 20 That is where the netted values originate for accounting/risk purposes. However, this
 21 is not relevant under AnaCredit, which provides detailed and individual information.

22 Therefore, please note for example that information on the carrying amount (as well
 23 as on other accounting related data attributes of AnaCredit) relates to the instrument
 24 and is in principle compiled at the level of the instrument³. Otherwise, not all of the
 25 information would be consistent.

2.2.3 The case of a bilaterally settled reverse repo

26 Chart 1 presents the mechanics of a bilaterally settled reverse repurchase
 27 transaction, where the creditor holds the security in custody during the entire

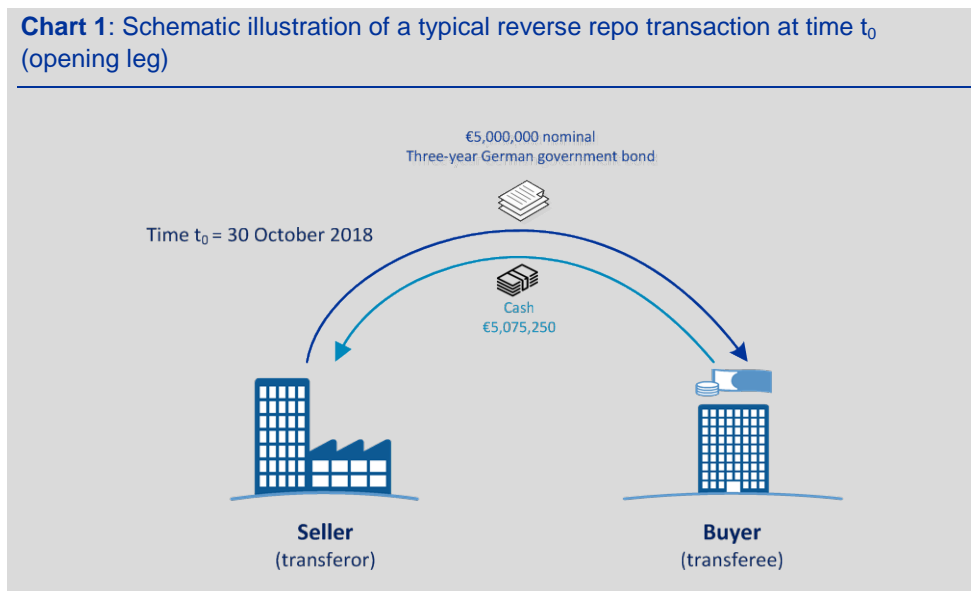
² Please note that accounting standards (for example IFRS) permit balance sheet netting (of financial assets and liabilities), where certain financial instruments are reported net rather than gross on the balance sheet. Generally, netting in accounting standards is possible if a debtor has the right, by contract or otherwise, to settle or otherwise eliminate all or a portion of an amount due to a creditor by applying against that amount all or a portion of an amount due from the creditor or a third party. This is the right that one party has against another to use its assets (amount owed to it by the creditor or another party) in full or partial payment (or satisfaction) of what it owes the creditor.

Netting primarily affects (reverse) repurchase agreements that are subject to a master netting agreement. Master netting agreements are based on a single contract between two parties. Under a master netting agreement, all transactions between the parties can offset each other. Master netting agreements therefore allow for the aggregation of all trades and the replacement thereof with a single net amount.

³ In line with the AnaCredit data model, the accounting dataset is defined at the same level as the instrument and financial datasets. Therefore, the information reported in the different datasets is compiled following the same level of granularity. However, there are a few exceptions to this rule. For example, in the case of partially transferred instruments, the accounting dataset in principle refers to the part of the instrument that has been retained by the transferor (although the whole instrument may be referred to in the financial dataset). Nevertheless, the information in the accounting dataset is never compiled at a granularity level higher than the instrument (resulting, for example, from the netting of two or more instruments).

1 timeframe of the transaction, i.e. between the opening (trading) and closing dates of
 2 the agreement.

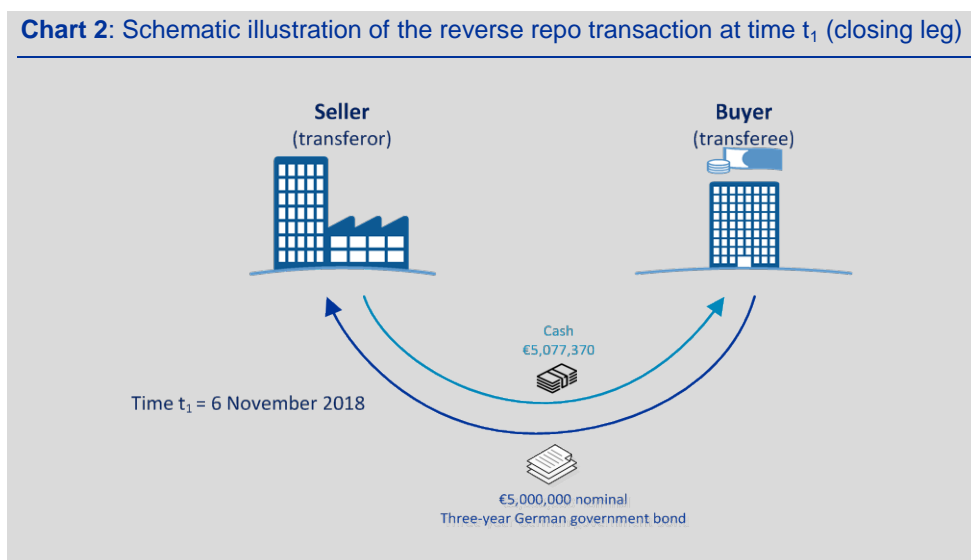
Chart 1: Schematic illustration of a typical reverse repo transaction at time t_0 (opening leg)



3 In the chart above, one party (transferor) sells fixed-income securities (German
 4 government bonds with a nominal value of €5 million) to another party (transferee) at
 5 a price of €5,075,250 at the start of the transaction (at time t_0) and commits to
 6 repurchase the asset⁴ from the second party (at a different price) at a future date⁵.

7 Chart 2 shows the same reverse repo transaction at time t_1 when the seller buys
 8 back the assets.

Chart 2: Schematic illustration of the reverse repo transaction at time t_1 (closing leg)



⁴ In general, there is no requirement for the same asset to be repurchased; in fact, the seller may commit to buy back equivalent assets, meaning the same type but not specifically the same asset.

⁵ Or on demand, in the case of an open repo.

1 In particular, at the future date (at time t_1), the buyer sells back the securities to the
2 seller for which the buyer receives a price of €5,077,370.

3 The difference between the price paid by the buyer at the start of a reverse repo and
4 the price received at the end is the buyer's gain on the cash that the buyer is
5 effectively lending to the seller. In the context of AnaCredit, this gain expressed as a
6 percentage per annum is the interest rate reported in the data attribute "interest
7 rate".

8 For an illustration of how the direct reverse repo transaction schematically depicted in
9 Chart 1 and Chart 2 is reported in AnaCredit, please consider the following example.

Example 1: Reverse repo that is settled directly by the parties

On the basis of a contract (CNTRR#1) concluded on 10 October 2018, on 30 October 2018 (at time t_0) the debtor (DBTR#1) receives a loan of €5,075,250 (INS#1) from a bank (BANK#1), for which it posts a government bond (TBILL#1) with the notional amount of €5,000,000 as collateral under a reverse repurchase agreement. In accordance with the contract, the debtor commits to repurchase the bond from the bank on 6 November 2018 (at time t_1) at a price of €5,077,370. The difference between the price and the repurchase price of the bond is the only interest charged. Please note that the interest rate of 2.01% is an annual percentage rate that corresponds to the bank's gain over the period of one-quarter of a month in which the lending was provided to the debtor. The fair value of the protection at 31 October 2018 is €5,250,000.

The tables below provide an indication of how the reverse repo is reported to AnaCredit as of 31 October 2018. Please note that this is the only reporting reference date as of which the transaction is reported to AnaCredit.

Table 1 Indication of the instrument dataset

Date	Contract identifier	Instrument identifier	Type of instrument	Inception date	Settlement date	Legal final maturity date
31/10/2018	CNTRR#1	INS#1	Reverse repurchase agreements	10/10/2018	30/10/2018	06/11/2018

Table 2 Indication of the financial dataset

Date	Contract identifier	Instrument identifier	Outstanding nominal amount	Interest rate	Accrued interest
31/10/2018	CNTRR#1	INS#1	5,075,250.00	0.02	605.71

Table 3 Indication of the counterparty-instrument dataset

Date	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/10/2018	CNTRR#1	INS#1	BANK#1	Servicer
31/10/2018	CNTRR#1	INS#1	BANK#1	Creditor
31/10/2018	CNTRR#1	INS#1	DBTR#1	Debtor

The protection is registered in the protection received dataset at its notional amount.

Table 4 Indication of the protection received dataset

Date	Protection provider identifier	Protection identifier	Type of protection	Protection value	Type of protection value
31/10/2018	DBTR#1	TBILL#1	Securities	5,000,000.00	Notional amount

Please note that the total market value of the bond, which exceeds the nominal amount of the bond, is allocated to the instrument as BANK#1 does not cap the protection allocated value at the outstanding nominal amount.

Table 5 Indication of the instrument-protection received dataset

Date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value
31/10/2018	CNTRR#1	INS#1	TBILL#1	5,250,000.00

2.2.4 Reverse repo with a central clearing counterparty

1 While in the previous section a reverse repo transaction directly settled by two
2 parties was presented, reverse repo transactions are also carried out with the
3 involvement of a central clearing counterparty (CCP).

4 The key mechanics of such a reverse repo transaction can be broadly illustrated as
5 follows:

- 6 • a reverse repo transaction is agreed between two parties (the buyer and
7 the seller) and is registered with a CCP;
- 8 • on the basis of the agreement between the two parties, the CCP is
9 introduced into the transaction, where it (1) acts as the buyer to the seller
10 and the seller to the buyer, and (2) nets transactions (clearing) on a
11 multilateral basis.

12 Please note that while in the above description of a reverse repo negotiated directly
13 between parties the transaction is registered with a CCP post-trade, CCP-cleared
14 reverse repos are also negotiated on automatic repo trading systems.

15 A CCP acts as the seller to every
16 buyer and the buyer to every seller

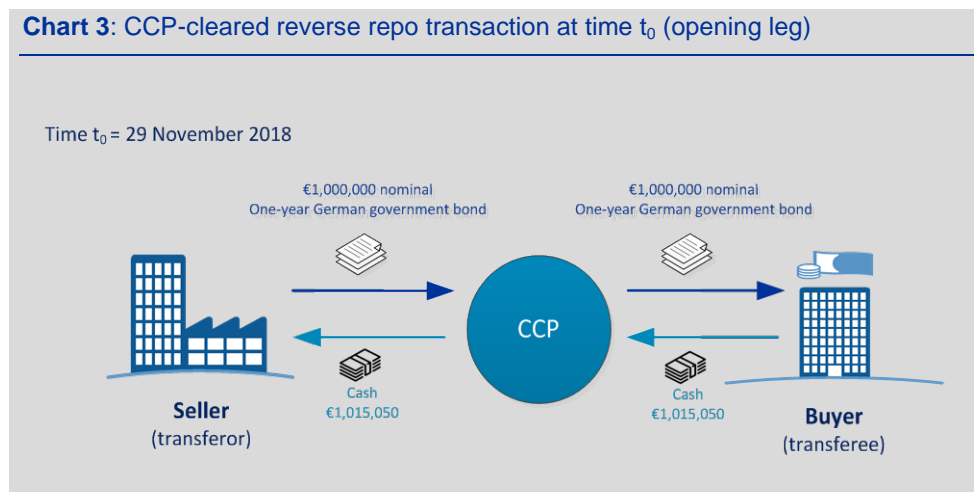
In essence, the involvement of a CCP means that there are now two contracts
instead of one. As CCPs in general strictly collateralise their exposures, they are
highly rated entities. Therefore, involving a CCP leads to the reduction of risk
compared with a similar transaction carried out directly.

19 The original party is not reported in
20 AnaCredit when a CCP is involved

In the context of AnaCredit, a reverse repo with a CCP means that what was one
contract between the buyer and the seller becomes two contracts: one between the
seller and the CCP and the other between the CCP and the buyer. Consequently, the
counterparty in such a reverse repo is the CCP. In addition, the CCP is also the
protection provider. The original counterparty is not reported.

24 In the CCP arrangement illustrated in Chart 3, each party is exposed only to the
25 credit risk of the CCP for the return of cash or collateral (securities). The CCP acts
26 as the seller to the buyer and the buyer to the seller.

Chart 3: CCP-cleared reverse repo transaction at time t_0 (opening leg)



1 The chart shows the flow of cash and securities at the inception of the trade. At the
2 maturity of the reverse repo the flows are reversed, as cash is returned to the buyer
3 and collateral securities are released to the seller (please note that the reverse flows
4 at the closing date and the costs of clearing, settlement, and custody are left out of
5 the chart).

6 Please note that after the trade is agreed, the CCP is introduced into the transaction,
7 with the reverse repo divided into two separate and offsetting transactions and the
8 CCP interposed as the counterparty facing each of the parties. This means that in
9 AnaCredit reporting it is the CCP that is the debtor in the transaction and that the
10 original party (i.e. the seller) is not reported in this case.

11 For an illustration of how the CCP-cleared reverse repo transaction is reported in
12 AnaCredit, please consider the following example.

Example 2: CCP-cleared reverse repo

Two parties, the seller (CPTY#2) and the buyer (OA#2), negotiate a reverse repo transaction. The transaction is subsequently registered with a central clearing counterparty (CCP#3). To this end, on 29 November 2018 (at time t_0) the CCP enters into an agreement (CNT#1B) with OA#2 to sell one-year German government bonds with a nominal value of €1 million for a price of €1,015,050 and buy the securities back on 2 December 2018 for a price of €1,015,950. At the same time, the CCP enters into an agreement (CNT#1S) with CPTY#2 to purchase one-year German government bonds with a nominal value of €1 million for the price of €1,015,050 and to sell back the securities for a price of €1,015,950 on 2 December 2018 (at time t_1). Please note that the costs of clearing, settlement, and custody are left out of the example.

The party OA#2 is an observed agent in the context of AnaCredit, and the reverse repo transaction is subject to reporting as of 30 November 2018. To this end, OA#2 identifies the transaction with the instrument identifier (RRPO#2) and the delivered government bond by the protection identifier TBill#2. Interest of €1,087.5 has accrued up to the reporting reference date. The fair value of the securities is €1,100,000 on 30 November 2018 and, in accordance with internal risk management, it is the fair value of the securities that is considered the maximum amount protecting the instrument.

The tables below provide an indication of how the instrument is reported by the observed agent. Please note that this is the only reporting reference date as of which the transaction is reported to AnaCredit.

Table 6 Indication of the instrument dataset

Date	Contract identifier	Instrument identifier	Type of instrument	Inception date	Settlement date	Legal final maturity date
30/11/2018	CNT#1B	RRPO#2	Reverse repurchase agreements	29/11/2018	29/11/2018	02/12/2018

Table 7 Indication of the financial dataset

Date	Contract identifier	Instrument identifier	Outstanding nominal amount	Interest rate	Accrued interest
30/11/2018	CNT#1B	RRPO#2	1,015,050.00	0.079	475.00

Please note that the debtor of the instrument is the central clearing counterparty.

Table 8 Indication of the counterparty-instrument dataset

Date	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
30/11/2018	CNT#1B	RRPO#2	OA#2	Servicer
30/11/2018	CNT#1B	RRPO#2	OA#2	Creditor
30/11/2018	CNT#1B	RRPO#2	CCP#3	Debtor

The central clearing counterparty is also reported as the protection provider of the delivered securities.

Table 9 Indication of the protection received dataset

Date	Protection provider identifier	Protection identifier	Type of protection	Protection value	Type of protection value
30/11/2018	CCP#3	TBILL#2	Securities	1,000,000.00	Notional amount

Table 10 Indication of the instrument-protection received dataset

Date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value
30/11/2018	CNT#1B	RRPO#2	TBILL#2	1,100,000.00

2.2.5 Tri-party reverse repos

1 Where both parties to a reverse repo share a common custodian to hold collateral
2 and to transfer cash, the arrangement is referred to as “tri-party” reverse repo.

3 Tri-party agents (custodian banks) act as agent for both parties to a reverse repo,
4 holding cash and collateral accounts for the seller and the buyer.

5 Because parties to tri-party reverse repos have a bilateral legal agreement whereby
6 a tri-party agent does not participate in the risk of transactions, the use of a tri-party
7 service does not change the relationship between the parties.

8 Generally, tri-party repos are transactions for which post-trade processing – payment
9 and settlement, custody and collateral management during the life of the transaction
10 – are outsourced by the parties to a tri-party agent. In particular, a tri-party agent
11 maintains cash and collateral (securities) accounts for the seller and buyer, settling
12 the opening leg of the reverse repo by transferring collateral from the seller’s account
13 to the buyer’s account and by transferring cash from the buyer’s account to the
14 seller’s account. On the closing leg of the reverse repo, the flows are reversed.

15 Therefore, as opposed to CCP-cleared reverse repos (cf. Section 2.2.4), the
16 custodian is not a principal in the transaction. The tri-party agent only processes the
17 transactions.

18 In the context of AnaCredit, in a tri-party reverse repo the custodian bank is reported
19 as servicer; otherwise, the reporting is done as in the case of directly settled reverse
20 repo transactions (cf. Section 2.2.3).

1 In practice, there are different ways in which a tri-party agent can be engaged in
2 such transactions. In the example below, once a reverse repo transaction has been
3 agreed by two parties, both parties independently notify the tri-party agent (custodian
4 bank), who matches the instructions and processes the transaction. So, essentially,
5 the creditor does its business directly with the custodian bank, and the custodian
6 bank in turn does its business directly with the debtor.

7 For an illustration of how a tri-party reverse repo transaction is reported in AnaCredit,
8 please consider the following example. Please note that in this example the tri-party
9 agent is not an observed agent under AnaCredit.

Example 3: Tri-party reverse repo

This example illustrates a tri-party reverse repo transaction involving a clearing house.

On the basis of a contract (CRR#3) agreed on 15 October 2018, on 20 October 2018 (at time t_0) a bank (OA#3) transfers cash (INST#3) via a clearing house tri-party agent (CUSBNK#1) to a legal entity (DBTR#3) for the purchase of debt securities (government bonds with a notional amount of €500,000). The legal entity DBTR#3 in exchange transfers a collateral basket composed of several government bonds (TBILL#4) to the clearing house tri-party agent as collateral under the transaction. The value of this collateral basket is €550,000 (fair value at 31 October 2018). The clearing house tri-party agent retains the collateral basket, and the bank (OA#3) has a claim on these securities (TBILL#4) in case the party to the reverse repo defaults.

In accordance with the contract, the legal entity is obliged to repurchase the securities at 10 November 2018 (at time t_1) at a price of €500,000 plus interest at a rate of 2%. The difference between the price and the repurchase price of the security is the only interest charged.

Table 11 Indication of the instrument dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Type of instrument	Inception date	Settlement date	Legal final maturity date
31/10/2018	OA#3	CRR#3	INST#3	Reverse repurchase agreements	15/10/2018	20/10/2018	10/11/2018

Table 12 Indication of the counterparty-instrument dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/10/2018	OA#3	CRR#3	INST#3	OA#3	Creditor
31/10/2018	OA#3	CRR#3	INST#3	CUSBNK#1	Servicer
31/10/2018	OA#3	CRR#3	INST#3	DBTR#3	Debtor

Table 13 Indication of the instrument-protection received dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value	Third party priority claim
31/10/2018	OA#3	CRR#3	INST#3	TBILL#4	550,000.00	0.00

Table 14 Indication of the protection received dataset

Reporting reference date	Observed agent identifier	Protection provider identifier	Protection identifier	Type of protection	Protection value	Type of protection value	Date of protection value
31/10/2018	OA#3	DBTR#3	TBILL#4	Securities	500,000.00	Notional amount	31/12/2018

Please note that if the debtor repurchases the securities as agreed, the instrument is reported only at 31 October 2018, as it subsequently ceases to exist (the loan is redeemed, including the interest payment, which amounts to €555 by the legal final maturity date, i.e. after two-thirds of a month).

Please note that in the case of a tri-party reverse repo, the debtor (as the protection provider) is the original counterparty rather than the triparty agent (custodian bank). As the triparty agent which processes the transaction is responsible for the administrative and financial management of the instrument, it is reported as servicer of the instrument in this case.

2.3 Other business case considerations

2.3.1 Open reverse repurchase agreements

1 In the case of open reverse repurchase agreements, where no contractually defined
2 dates are available in terms of maturity of an instrument (i.e. the reverse repo has
3 been agreed without fixing the maturity date), it is assumed that, unless stated
4 otherwise, the data attributes “legal final maturity date” and “maturity date of the
5 protection” will reflect this situation.

6 It is also important to distinguish between two types of open reverse repurchase
7 agreement:

- 8 • agreements where the maturity date has been set, but the parties have an
9 option to extend this date;
- 10 • agreements where no maturity has been set, and the counterparties have
11 the option to terminate/execute the contract on any day (at short notice).

12 For the first type, the maturity date which is given under the contract is considered as
13 the legal final maturity date of the operation. In the event that there is an extension,
14 the dates are updated accordingly. In general, no forbearance measure is reported,
15 as the terms and conditions are not modified; instead a contractually defined option
16 to extend the maturity date is exercised.

17 For the second type, on the instrument side the “legal final maturity date” and
18 “maturity date of the protection” are reported as “Non-applicable”. An open reverse
19 repo can be terminated on any day after the trading date (i.e. after time t_0) by either
20 party, provided the party gives notice before an agreed daily deadline. Consequently,
21 until such a repo is terminated, it rolls over every day.

2.3.2 Interest accrual in the case of open reverse repos

22 With open reverse repos, interest typically accrues daily. However, interest is
23 generally not compounded daily where outstanding interest is typically paid every
24 month. This means that an open reverse repo may be reported to AnaCredit for a
25 series of reporting reference dates where the accrued interest resets every month
26 after it is compounded (i.e. added to the outstanding nominal amount).

2.3.3 Margin deficit/excess and margin calls

27 In the cases shown above, there is an excess of protection from the start of the
28 transaction. This is usually provided in order to mitigate for potential losses in case
29 the seller defaults and the buyer has to liquidate the collateral. However, it is
30 possible that during the life of a reverse repo transaction the value of the collateral
31 will drop and the collateral will have to be topped up in order to ensure sufficient
32 levels of collateralisation.

1 More specifically, in reverse repo transactions, the collateral is revalued frequently
 2 (at least daily). When its value has fallen (for instance, below a certain threshold
 3 specified in the contract), the buyer calls for margin to promptly top up the collateral.

4 Generally, the potential price volatility of collateral may lead to:

- 5 • margin deficit: if the collateral value decreases, the seller typically posts
 6 more collateral or cash;
- 7 • margin excess: if the collateral value increases, the buyer typically
 8 transfers additional funds or returns part of the collateral to the seller.

9 In the context of AnaCredit, margin calls are not captured directly (i.e. as separate
 10 transactions) but affect the available (reported) protection and its value.

11 For an illustration of how changes in protection value and top-ups are reflected in
 12 AnaCredit, please consider the following example.

Example 4: Reverse repurchase agreements and margin deficit

A simple reverse repo transaction is illustrated where the seller does business directly with the buyer in order to obtain funding and provides collateral in return as protection.

At time $t_0 = 15$ February 2019, two parties – a buyer (OA#4) and a seller (TRREE#4) – enter into a contract (CNTRCT#4) for a reverse repo transaction (INS#4) where the buyer agrees to lend €100,000 to the seller for the delivery of securities (BILL#4) with a face value of €100,000. The parties agree to reverse the transaction on 15 March 2019, when the seller is obliged to repurchase, and the buyer is obliged to sell, the securities for a price of €103,000. At t_0 the fair value of the securities is €102,500.

Halfway through the term, at 28 February 2019, the fair value of the securities serving as collateral for the reverse repo transaction decreases to €97,500, and the buyer requires the seller to remedy the deficit by providing additional collateral (to keep the fair value of the securities at a level of at least 102.5% of the loan). The seller promptly delivers additional securities in response to the margin call, and the initial amount of the securities is topped up with the same type of securities with a notional amount of €8,000.

After the posting of additional collateral on 28 February 2019, the total collateral of the reverse repo comprises securities with a notional amount of €108,000 and a market price (fair value) of €102,500.

The reverse repo is reported by the observed agent (OA#4) as of 28 February 2019. The tables below provide an indication of how the reverse repo is reported to AnaCredit as of 28 February 2019. Please note that the information reflects indirectly the adjustments to the collateral following the margin call.

Table 15 Indication of the instrument-protection received dataset

Reporting reference date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value
28/02/2019	CNTRCT#4	INS#4	BILL#4	102,500.00

Table 16 Indication of the protection received dataset

Reporting reference date	Protection provider identifier	Protection identifier	Type of protection	Protection value	Date of protection value	Type of protection value	Original protection value
28/02/2019	TRREE#4	BILL#4	Securities	108,000.00	28/02/2019	Notional amount	100,000.00

Please note that for the entire period between 15 February and 15 March 2019 the outstanding nominal amount of the instrument (as reported in the instrument dataset – not shown) is €100,000. The instrument ceases to exist on 15 March 2019 after the transaction is reversed as agreed.

1 Please note that whether any additional protection provided in response to a margin
2 call is included in the original protection or is reported under a separate protection
3 item depends on how it is treated by the observed agent. For example, if the
4 additional protection (securities) is of the same type as the original collateral, and the
5 observed agent values (cf. Part II, Section 9.2 of the Manual) and reports such
6 protection (which entails several items) as one protection item, the protection value
7 (as previously reported) is adjusted accordingly at the subsequent reporting
8 reference date. Otherwise, if an additional protection item is valued separately by the
9 observed agent, or if the observed agent reports an individual protection item
10 separately, additional protection delivered in response to a margin call is reported as
11 a separate protection item.

3 Instruments under a multi-debtor/product structure

1 This chapter of Part III of the AnaCredit Reporting Manual focuses on the reporting of
2 instruments under credit cross-limits and of instruments for which there is a plurality
3 of debtors, with examples and an explanation of the AnaCredit reporting logic.

3.1 Defining the business case

4 Based on the definitions of creditor and debtor in Article I of the AnaCredit
5 Regulation, a credit arrangement can be broadly defined as a loan (or any other form
6 of financial accommodation) granted by the creditor to the debtor under a legally
7 binding contractual arrangement. To this extent, a credit arrangement (i.e. a credit
8 contract) gives rise to credit risk for the granting party. An instrument is a specific
9 instance (materialisation) of credit arrangements, generally arising under a contract
10 and with specified characteristics, whereby the debtor is enabled to receive from the
11 creditor funds to an amount or value specified in the contract. In other words, a credit
12 contract may consist of one or more instruments.

13 Credit contracts may be administered as a whole but can have different
14 characteristics for each instrument. Technically, an instrument is always associated
15 with an account (and an account number) via which the debtor is enabled to receive
16 funds. Moreover, AnaCredit looks at instruments at a simple product level – which
17 could be considered the most granular level at which the debtor is enabled to receive
18 funds – in order to capture separately different accounts with different characteristics
19 (for instance, instances of credit which differ as regards currency).

20 This chapter examines two distinct structures.

21 This chapter focuses on contracts between a bank and a client
22 (debtor), where the contract implies a credit limit for the debtor and has
23 different instruments First, it examines contracts between a bank and a client (debtor), where the contract
implies a credit limit for the debtor and has different instruments:

- some of which are within the scope of AnaCredit;
- some of which are outside the scope of AnaCredit.

25 Second, it examines contracts where there can also be a plurality of debtors.

26 Additionally, the chapter examines contracts where there can also be a
27 plurality of debtors, such as joint
28 loans Multi-debtor facilities share the distinct feature of having more than one debtor in
relation to a single instrument. Conversely, instruments for which there is a plurality
of creditors rather than debtors are discussed in Chapter 7 below.

29 Two different instances of multi-debtor structures are analysed in this document:

- simple joint loans where, as opposed to loans guaranteed by a guarantor, all parties share ownership of the object in question;
- banking products that are off-balance-sheet structures at inception.

33 For the second case in particular, such products take the form of communicated
34 limits at inception and then take tangible form as lines of credit and/or other facilities

1 which might not be paid out in typical lump-sum, up-front fashion. To this extent, the
2 currencies and purposes of such instruments arising under the cross-limit can vary.

3 The main complexity arises from the fact that, in AnaCredit reporting, the off-
4 balance-sheet amount for eligible instruments should capture the extent to which a
5 specific instrument can be utilised by the debtor. In order to be able to effectively
6 assign an off-balance-sheet amount to a given instrument, the reporting agent has to
7 consider the total commitment amount, which is at a level beyond any underlying
8 instrument. Additionally, the drawn amounts of any instrument arising under the
9 cross-limit actively influence the off-balance-sheet amount available for all the
10 instruments under the umbrella contract.

11 The limit of the umbrella contract has to be taken into consideration in the reporting
12 of the underlying instruments, as otherwise a risk arises that the reported off-
13 balance-sheet amounts may be overstated.

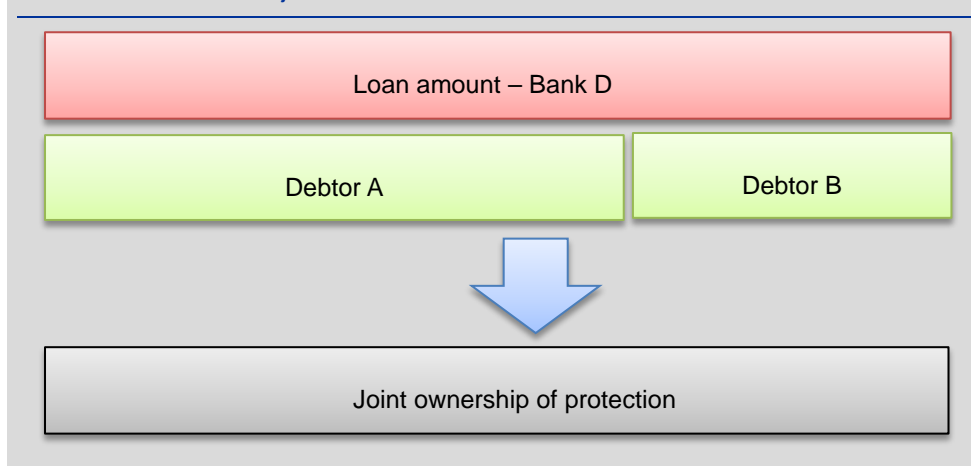
3.2 Logical structure of the business case

14 Joint loans represent a simple structure with a plurality of debtors, cf. Chart 4.

15 In the case where multiple debtors
16 engage in a joint loan, it is also
17 common to have joint
18 mortgage/protection ownership

In the example case, a standard joint loan is granted for the purchase of commercial real estate, resulting in joint liabilities for the loan on the part of the qualifying debtors (meaning debtors which are within the scope of AnaCredit) as well as a joint ownership of protection (in this case the purchased real estate itself).

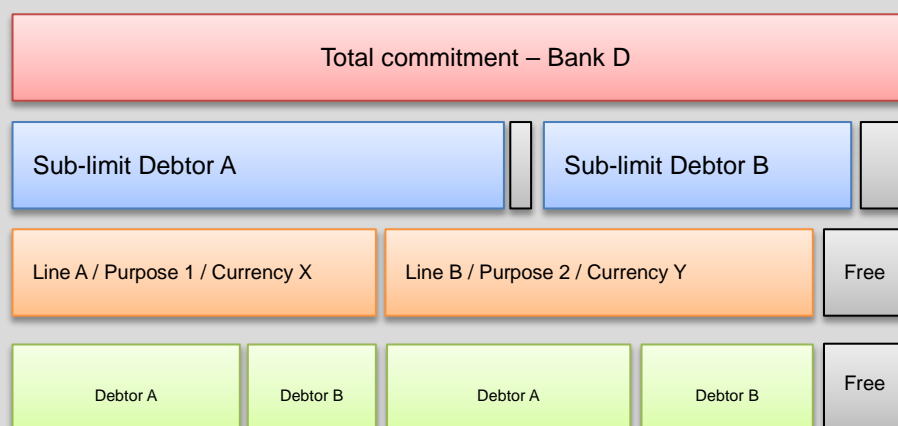
Chart 4: Structure of a joint loan



19 The protection can be observed as a discrete object in terms of AnaCredit,
20 independent of the debtor structure.

21 In the second business case the joint liabilities under a credit cross-limit structure are
22 described.

23 This second business case is more complex as, in contrast with joint-loan-type
24 instruments, it has a relatively dynamic composition (cf. Chart 5).

Chart 5: Multi-debtor/cross-limit structure

Note: The grey boxes represent the amounts available for disbursement to the two debtors given their respective sub-limits, e.g. 20% of the free remaining credit limit to Debtor A and 80% to Debtor B.

1 For lines of credit under a multi-debtor/cross-limit structure, the limit structure may
2 contain several levels.

3 As it can be seen in the theoretical example structure, although there can be a total
4 commitment amount, there may also be debtor-specific sub-limits.

5 The off-balance-sheet amount available, from an instrument point of view, is
6 influenced by the total commitment, the debtor sub-limits, and any instrument-
7 specific limit.

8 Cross-limit committed off-balance-
9 sheet amounts become subject to
10 reporting from the moment of the
inception of an eligible instrument
under the contract

In terms of AnaCredit, such a complex structure becomes subject to reporting (in terms of total committed off-balance-sheet amount) from the moment of inception of an eligible instrument under the contract.

11 For AnaCredit purposes, in the event that there are debtor-level sub-limits and/or
12 specific instrument sub-limits arising under one and the same contract, it is relevant
13 to consider these cross-limit and the sub-limits for the determination of the off-
14 balance-sheet amounts at the instrument level.

3.3 General rules for reporting to AnaCredit

15 Generally, an instrument first becomes subject to reporting at the moment at which
16 the creditor enables the debtor to draw funds after entering into a legally binding
17 agreement with the debtor.

18 Taking into consideration the product specificities of the relevant business cases,
19 such instruments, irrespective of their structural complexity, become subject to
20 reporting at the moment at which the creditor, after communicating and legally
21 defining the commitment, creates an eligible instrument giving the debtor the
22 possibility of taking advantage of funds. This date is at or after the moment of
23 contractual inception.

1 In general, for the purposes of reporting such products, the following datasets are
 2 taken into account in a way that is consistent and aligned with the general principles
 3 of AnaCredit reporting:

- 4 • instrument dataset;
- 5 • counterparty-instrument dataset;
- 6 • joint liabilities dataset;
- 7 • financial dataset;
- 8 • protection received dataset;
- 9 • instrument-protection received dataset.

10 Reporting agents do not report any form of internal non-communicated credit limit, as
 11 it is considered that any such limit cannot be taken advantage of by the debtor. It is
 12 considered that the limit can be taken advantage of from the moment the debtor is
 13 informed about the commitment as legally defined under a contract.

14 Such an instrument is therefore independent of the physical medium used to take
 15 advantage of the funds (e.g. the moment when a credit card or token was given is
 16 irrelevant).

3.4 Specific rules for reporting to AnaCredit

17 This section outlines the reporting of products under such complex structures via
 18 specific individual data attributes. The business examples in Section 3.5 provide
 19 additional clarification on the application of the specific rules described in this
 20 section.

21 Please note that, in general, the reporting of such instruments is subject to the same
 22 requirements as other instruments that are not part of any credit limit structure.

3.4.1 Commitment amount at inception

23 The data attribute “commitment amount at inception” is initially determined by the
 24 reporting agents for each instrument at the moment of its inception and is not
 25 updated each time the nominal amounts and off-balance-sheet amounts are
 26 changed.

27 The commitment amount at inception of single instruments under a credit cross-limit
 28 is reported taking into consideration the following aspects.

- 29 • The commitment amount at inception for lump-sum loans under the cross-
 30 limit is the amount of funding disbursed. Such instruments do not have an
 31 off-balance-sheet amount.
- 32 • For instruments under the cross-limit that are not lump-sum loans
 33 (irrespective of whether they are of a revolving nature), the commitment

1 amount at inception is reported as “non-applicable”. Such instruments
2 typically have an off-balance-sheet amount.

3.4.2 Joint liability amount

3 The amount of joint liabilities represents the contractual conditions, meaning that in
4 the case of shared instruments where both debtors are liable for the full amount, the
5 amounts reported should be the full amounts for both counterparties.

6 If this is not the case, then the respective debtor-level liabilities should be reported in
7 a way that reflects their individual participation limits. In particular, the joint liability
8 amount of a debtor can only represent the amount that the debtor is jointly liable for
9 under the instrument.

10 For example, if two or more debtors are fully liable for any debt outstanding under a
11 credit cross-limit, then each debtor is fully liable for any instrument that exists under
12 the credit cross-limit, regardless of any debtor sub-limits that may limit the drawing
13 by the individual debtors (cf. [Example 7](#) below).

3.4.3 Off-balance-sheet amount

14 Generally, as off-balance-sheet amounts of instruments under a credit cross-limit
15 primarily depend on the credit limit which is assigned at the level of a credit cross-
16 limit structure and cannot therefore be unequivocally determined, they are allocated
17 by the reporting agents taking into consideration the outstanding nominal amount(s)
18 of the instruments under the credit cross-limit and the remaining off-balance-sheet
19 amount of the cross-limit.

20 Additionally, the following aspects are considered:

- 21 • the off-balance-sheet amounts of the instruments under the credit cross-
22 limit change according to the changes in the respective outstanding
23 nominal amounts of the instruments;
- 24 • the sum of the off-balance-sheet amounts allocated to the instruments
25 under the credit cross-limit cannot be higher than the off-balance-sheet
26 amount of the cross-limit;
- 27 • any sub-limits that are set at the level of individual instruments belonging
28 to the credit cross-limit structure, as the sum of the outstanding nominal
29 amount and the (allocated) off-balance-sheet amount of the instrument,
30 cannot exceed the sub-limit of the instrument;
- 31 • the existence of any non-eligible instruments that co-exist under the credit
32 cross-limit but are not subject to AnaCredit reporting, i.e. if the credit cross-
33 limit can be used vis-à-vis both eligible and non-eligible instruments, the
34 existence of the non-eligible instruments is considered when allocating the
35 credit cross-limit’s off-balance-sheet amount to the instruments reported to
36 AnaCredit (e.g. the off-balance-sheet amount of the credit cross-limit

1 reflects any amounts outstanding under the non-eligible instruments, if
2 relevant);

- 3 • any additional information which may be used to assign the off-balance-
4 sheet amounts in accordance with internal risk management practices.

5 Please also note that if an instrument, by definition, does not comprise any undrawn
6 amounts at any moment in time (for example, lump-sum credits), the off-balance-
7 sheet amount is reported as “non-applicable”. However, in the case of instruments
8 which do comprise undrawn amounts over their life but at a given reporting reference
9 date the undrawn amount is fully utilised (meaning that no additional drawing is
10 possible at the given moment), the data attribute “off-balance-sheet amount” is
11 reported as 0 (cf. Section 4.4.10 in AnaCredit Manual Part II for more information).

3.5 Specific business cases for the AnaCredit data model

12 For the sake of uniformity, [Example 5](#) below, which illustrates the first business case,
13 has been based on Example 45 from Part II of the Manual.

Example 5: Instrument with fully liable debtors

This example involves an instrument JNTLBLTYINS#1 arising under a contract CNT#A#16. The nominal outstanding amount of €50,000 is reported in the financial dataset for the instrument as of 31 March 2019. The instrument is held and serviced solely by a bank (CPTY#A).

Two counterparties (DBTR#1 and OBLGR#2) are the only debtors to the instrument and, as stipulated by the contract, are each fully liable for the total outstanding debt arising under the instrument. Both DBTR#1 and OBLGR#2 are legal entities.

As the debtors are fully liable for the outstanding nominal amount (i.e. €50,000 on 31 March 2019), the fraction of the liability of each of the two debtors is established to be 100%. Consequently, the joint liability amount is determined to be €50,000 for each debtor.

The following tables illustrate the reporting of the instrument dataset (Table 17), the counterparty-instrument dataset (Table 18) and the joint liabilities dataset (Table 19).

Table 17 Indication of the instrument dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Currency	Inception date	Settlement date
31/03/2019	CPTY#A	CNT#A#16	JNTLBLTYINS#1	USD	15/03/2019	15/03/2019

Table 18 Indication of the counterparty-instrument dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/03/2019	CPTY#A	CNT#A#16	JNTLBLTYINS#1	CPTY#A	Creditor
31/03/2019	CPTY#A	CNT#A#16	JNTLBLTYINS#1	CPTY#A	Servicer
31/03/2019	CPTY#A	CNT#A#16	JNTLBLTYINS#1	DBTR#1	Debtor
31/03/2019	CPTY#A	CNT#A#16	JNTLBLTYINS#1	OBLGR#2	Debtor

Table 19 Indication of the joint liabilities dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Joint liability amount
31/03/2019	CPTY#A	CNT#A#16	JNTLBLTYINS#1	DBTR#1	50,000.00
31/03/2019	CPTY#A	CNT#A#16	JNTLBLTYINS#1	OBLGR#2	50,000.00

In the instrument/financial datasets, the instrument is reported as a single instrument. However, the instrument appears in two records in the joint liabilities dataset, where each debtor is registered with a 100% liability amount for the instrument.

Let us assume additionally that there is a protection item (Protection#1), as the loan was used to acquire a commercial real estate property which is then used as collateral. The protection is owned by both parties, but in unequal amounts: DBTR#1 owns a part of the property worth €40,000 while OBLGR#2 owns a part worth €10,000.

Accordingly, the protection is delivered as one item to the protection received dataset, taking into account the respective protection valuation approach. The value of the protection is irrespective of the counterparty's individual share (the protection is valued as one total item – worth €50,000 in the example).

Table 20 Indication of the instrument-protection received dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value
31/03/2019	CPTY#A	CNT#A#16	JNTLBLTYINS#1	PROTECTION#1	50,000.00

Table 21 Indication of the protection received dataset

Reporting reference date	Observed agent identifier	Protection identifier	Type of protection	Protection value	Real estate collateral location
31/03/2019	CPTY#A	PROTECTION#1	Commercial real estate	50,000.00	DE-65760

As AnaCredit currently stands, only one protection provider of the protection item is reported in the protection received dataset (cf. Section 6.2.2.4.4 in Part I of the Manual for more information).

- 1 The second business case, which is more complex, is illustrated by a case involving
 2 two distinct cross-limit setups, where:
- 3 • one of the structures is without a sub-limit (debtor and/or instrument), cf.
 4 Example 6;
 - 5 • the other structure includes such limits, cf. Example 7.

Example 6: Credit cross-limit without a sub-limit at the debtor or instrument level

Two debtors, DBTR#A and OBLGR#B, receive from a creditor (BANK#D) a joint multi-purpose/multi-product limit of €1,000,000 at the moment of inception (15 March 2019) under CNT#1. Both debtors are fully liable for any debt outstanding under the limit.

At 31 March 2019, the creditor communicates that the funds can be requested by the debtors in respect of an instrument. However, no eligible instrument has been created. This is because the multi-product limit itself, which was created as of 31 March 2019, is not recognised as an eligible type of instrument under Article 1(23) of the AnaCredit Regulation. By 30 June 2019 the debtors have utilised the funds as follows:

- on 16 June DBTR#A €150,000 in US dollars was disbursed in a lump-sum loan (INST#1);
- on 20 June DBTR#A additionally drew €100,000 in euro via an overdraft (INST#2) – the debtors were first enabled to use the overdraft on 5 June 2019;
- on 27 June OBLGR#B drew €350,000 in euro via the same overdraft (INST#2);
- on 29 June OBLGR#B additionally took up €50,000 in Japanese yen as a lump-sum loan (INST#3).

The following tables illustrate the reporting principles applied in the reporting period during which the instruments become subject to reporting.

Table 22 Indication of the instrument dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Currency	Inception date	Settlement date	Commitment amount at inception
30/06/2019	BANK#D	CNT#1	INST#1	USD	15/03/2019	15/06/2019	150,000.00
30/06/2019	BANK#D	CNT#1	INST#2	EUR	15/03/2019	20/06/2019	Non-applicable
30/06/2019	BANK#D	CNT#1	INST#3	JPY	15/03/2019	29/06/2019	50,000.00

Despite the fact that drawings are made by individual debtors, both debtors are fully liable for every instrument. In particular, both DBTR#A and OBLGR#B are reported as debtors in relation to INST#1, INST#2 and INST#3, though only INST#1 is shown in Table 23 (the reporting of INST#2 and INST#3 is analogous to INST#1).

Table 23 Indication of the counterparty-instrument dataset (only INST#1 shown)

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
30/06/2019	BANK#D	CNT#1	INST#1	BANK#D	Creditor
30/06/2019	BANK#D	CNT#1	INST#1	BANK#D	Servicer
30/06/2019	BANK#D	CNT#1	INST#1	DBTR#A	Debtor
30/06/2019	BANK#D	CNT#1	INST#1	OBLGR#B	Debtor

From the example, the joint liability amount represents the part of the outstanding nominal amount of each debtor taking into account the conditions of the joint liability (both debtors being fully liable in this case). This is represented in Table 24.

Table 24 Indication of the joint liabilities dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Joint liability amount
30/06/2019	BANK#D	CNT#1	INST#1	DBTR#A	150,000.00
30/06/2019	BANK#D	CNT#1	INST#1	OBLGR#B	150,000.00
30/06/2019	BANK#D	CNT#1	INST#2	DBTR#A	450,000.00
30/06/2019	BANK#D	CNT#1	INST#2	OBLGR#B	450,000.00
30/06/2019	BANK#D	CNT#1	INST#3	DBTR#A	50,000.00
30/06/2019	BANK#D	CNT#1	INST#3	OBLGR#B	50,000.00

The off-balance-sheet amounts are allocated using the principles described in Section 3.4.3 above. The following is a conceptual representation of the illustrative case.

Table 25 Indication of the financial dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Outstanding nominal amount	Off-balance-sheet amount
30/06/2019	BANK#D	CNT#1	INST#1	150,000.00	Non-applicable
30/06/2019	BANK#D	CNT#1	INST#2	450,000.00	350,000.00
30/06/2019	BANK#D	CNT#1	INST#3	50,000.00	Non-applicable

In this example, the off-balance-sheet amounts are allocated to INST#1, INST#2 and INST#3 in accordance with the internal risk management policies of BANK#D, considering that the data attribute does not apply in the case of lump-sum loans and the fact that the sum of the off-balance-sheet amounts is equal to the remaining off-balance-sheet amount of the authorised and committed cross-limit, because all of the reported instruments under the cross-limit are relevant for AnaCredit reporting and there is no involvement of natural persons.

- 1 In the second case, sub-limits are included both at the sub-debtor level and at the
 2 instrument level (where the sum of individual debtor sub-limits exceeds the total limit
 3 set on the cross-limit).

Example 7: Credit cross-limit with sub-limits at both debtor level and instrument level

Similarly to the case presented in [Example 6](#), debtors DBTR#A and OBLGR#B receive from a creditor (BANK#D) a joint multi-purpose/multi-product limit of €1,000,000 at the moment of inception (15 March 2019) under CNT#1.

The multi-purpose/multi-product limit may be used for both revolving and non-revolving products. However, owing to the elevated risk of the product, BANK#D limits the revolving part of the credit facility to a maximum amount of €450,000.

In addition, individual credit limits are set for the debtors: DBTR#A receives a €700,000 limit while OBLGR#B receives a €400,000 limit. Although the sum of the amounts allocated to the individual debtors exceeds the multi-purpose/multi-product limit, the debtors are not entitled to any funds above the limit.

At 31 March 2019, the creditor communicates that the funds can be requested by the debtors in respect of an instrument. However, no eligible instrument has been created. This is because the multi-product limit, which was created as of 31 March 2019, is not recognised as an eligible type of instrument under Article 1(23) of the AnaCredit Regulation. By 30 April 2019 the debtors have utilised the funds as follows:

- on 13 April DBTR#A drew down €550,000 in US dollars under a lump-sum loan (INST#1);
- on 17 April DBTR#A additionally drew €150,000 in euro via an overdraft (INST#2) – the debtor was first enabled to use the overdraft on 5 April 2019;
- on 24 April OBLGR#B drew €125,000 in euro via an overdraft (INST#3) – the debtor was first enabled to use the overdraft on 5 April 2019;
- on 26 April OBLGR#B additionally took up €50,000 in Japanese yen as a lump-sum loan (INST#4).

The following tables illustrate the reporting principles applied at 30 April 2019 after the instruments become subject to AnaCredit reporting.

Table 26 Indication of the instrument dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Currency	Inception date	Settlement date	Commitment amount at inception
30/04/2019	BANK#D	CNT#1	INST#1	USD	15/03/2019	13/04/2019	550,000.00
30/04/2019	BANK#D	CNT#1	INST#2	EUR	15/03/2019	17/04/2019	Non-applicable
30/04/2019	BANK#D	CNT#1	INST#3	EUR	15/03/2019	24/04/2019	Non-applicable
30/04/2019	BANK#D	CNT#1	INST#4	JPY	15/03/2019	26/04/2019	50,000.00

Despite the fact that drawings are made by individual debtors, both debtors are jointly liable for the entire debt outstanding under the credit facility; the debtors are therefore also jointly liable for every instrument. Consequently, both debtors are reported as

debtors in relation to INST#1, INST#2, INST#3 and INST#4 in the counterparty-instrument dataset (not shown).

The joint liability amount represents the fraction of the outstanding nominal amount that each of the joint debtors is liable for, taking into consideration the conditions of the joint liability (both debtors being fully liable in this case). This is represented in in Table 27.

Table 27 Indication of the joint liabilities dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Joint liability amount
30/04/2019	BANK#D	CNT#1	INST#1	DBTR#A	550,000.00
30/04/2019	BANK#D	CNT#1	INST#1	OBLGR#B	550,000.00
30/04/2019	BANK#D	CNT#1	INST#2	DBTR#A	150,000.00
30/04/2019	BANK#D	CNT#1	INST#2	OBLGR#B	150,000.00
30/04/2019	BANK#D	CNT#1	INST#3	DBTR#A	125,000.00
30/04/2019	BANK#D	CNT#1	INST#3	OBLGR#B	125,000.00
30/04/2019	BANK#D	CNT#1	INST#4	DBTR#A	50,000.00
30/04/2019	BANK#D	CNT#1	INST#4	OBLGR#B	50,000.00

The off-balance-sheet amounts are allocated using the principles explained in Section 3.4.3 of this part of the Manual. An indicative representation is provided in Table 28.

Table 28 Indication of the financial dataset

Reporting reference date	Observed agent identifier	Contract identifier	Instrument identifier	Outstanding nominal amount	Off-balance-sheet amount
30/04/2019	BANK#D	CNT#1	INST#1	550,000.00	Non-applicable
30/04/2019	BANK#D	CNT#1	INST#2	150,000.00	0.00
30/04/2019	BANK#D	CNT#1	INST#3	125,000.00	125,000.00
30/06/2019	BANK#D	CNT#1	INST#3	50,000.00	Non-applicable

In this example, the off-balance-sheet amounts are allocated to INST#1, INST#2, INST#3 and INST#4 in accordance with the internal risk management policies of BANK#D and taking into consideration the sub-limits set for the revolving instruments (INST#2 and INST#3), the individual limits set for the debtors and the fact that the data attribute “off-balance-sheet amount” does not apply to lump-sum loans. Given that all of the reported instruments under the cross-limit are relevant for AnaCredit reporting and there is no involvement of natural persons, the sum of the off-balance-sheet amounts is equal to the remaining off-balance-sheet amount of the authorised and committed cross-limit.

3.6 Additional considerations

1 The case studies presented are in part theoretical in nature and – although instances
2 that are even more complex may arise – provide general guidance on the possible
3 approaches to reporting such products to AnaCredit.

4 Under the cross-limit structures, there may also be non-off-balance-sheet-type
5 instruments (e.g. lump-sum loans) that by definition do not have an off-balance-sheet
6 amount. Such instruments are reported in accordance with the general guidelines set
7 out in Part II of the Manual. Therefore, no off-balance-sheet amounts are assigned to
8 such instruments (cf. INST#1 and INST#4 in Table 28 in [Example 7](#) above).
9 Nevertheless, such instruments are considered in determining the remaining cross-

1 limit (for other potential products with an off-balance-sheet part) as they have
2 incurred under the same contractually committed limit.

3 The exact amounts allocated in this case study are just a technical representation of
4 the total current contractual commitments. Therefore they do not reflect any specific
5 allocation approach that might conflict the internal risk management practices of the
6 reporting agent.

4 Project finance loans

1 According to Annex I of the AnaCredit Regulation, reporting agents report information
2 on project finance loans. The instrument data table contains information at the level
3 of an individual loan and describes the features of the instrument.

4 According to Annex IV of the AnaCredit Regulation, the data attribute “project finance
5 loan” identifies whether or not an instrument is a project finance loan. The AnaCredit
6 Regulation refers to the definition of project finance loans in Annex V of Commission
7 Implementing Regulation (EU) No 680/2014 of 16 April 2014 (hereinafter referred to
8 as “the ITS”). According to the definition, project finance loans include loans that
9 meet the characteristics of specialised lending exposures as defined in Article 147(8)
10 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26
11 June 2013 on prudential requirements for credit institutions and investment firms and
12 amending Regulation (EU) No 648/2012 (hereinafter referred to as “the CRR”).

13 In this chapter a case study is presented where the main features of project financing
14 are analysed. The analysis looks at such questions as: (i) which parties are involved
15 in project financing and what the responsibilities of each party are, and (ii) what the
16 most important characteristics of the loans used in project financing are, e.g.
17 amortisation schedule, protection received and other relevant details.

4.1 The definition of project finance loans

18 According to Article 147(8) of the CRR, project finance loans possess the following
19 characteristics:

20 (a) the exposure is to an entity which was created specifically to finance or operate
21 physical assets or is an economically comparable exposure;

22 (b) the contractual arrangements give the lender a substantial degree of control over
23 the assets and the income that they generate;

24 (c) the primary source of repayment of the obligation is the income generated by the
25 assets being financed, rather than the independent capacity of a broader commercial
26 enterprise.

27 For more information about which “specialised lending exposures” in Article 147(8) of
28 the CRR meet the definition of “project finance loans” as referred to in Annex III
29 rev1(FINREP Annex V - Instructions), please refer to the Single Rulebook Q&A
30 (question ID: 2013_80).

4.2 Structure and main features of project finance

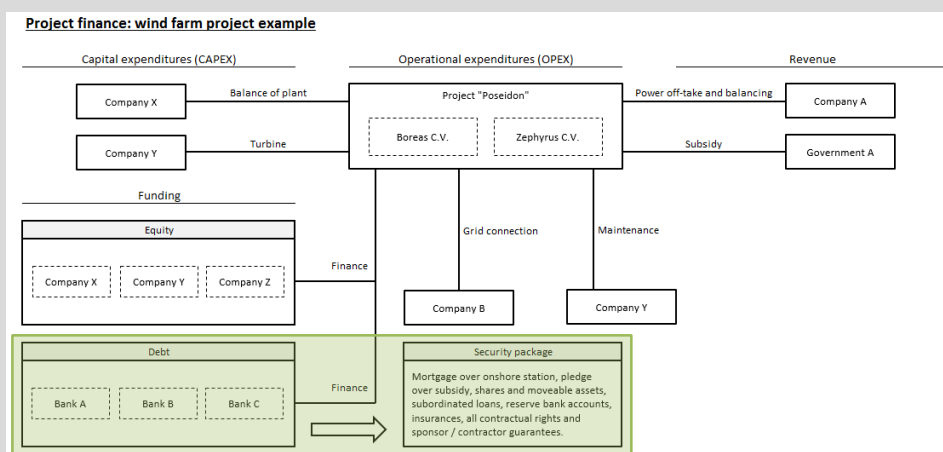
31 As mentioned above, an important feature of project finance is that these loans are
32 primarily recovered from the income of the project. Project finance is used for the
33 financing of long-term infrastructure, industrial projects and public services (for

1 example wind farms and apartment buildings) based on a non-recourse or limited-
 2 recourse financial structure where project debt and equity used to finance the project
 3 are primarily paid back from the cash flow generated by the project. An important
 4 feature of project finance is that the structure and funding of the project are tailored
 5 to the project's specific characteristics. Therefore, in practice many solutions are
 6 possible, so that different products can be used, with different terms and conditions
 7 applicable to each one.

8 For an illustration of a project finance structure, please consider the following
 9 example.

Chart 6: Wind farm project as an example of the project structure

The project – called “Poseidon” – is a well-defined ring-fenced⁶ project with several owners (also called sponsors or investors). The project contains several special-purpose vehicles (SPVs) and is controlled by an independent board (project group).



In this case, the SPVs have the legal form “commanditaire vennootschap”. The managing partners in the company are responsible for the debt of the company. The so-called silent partners provide equity and are – on the condition that they do not interfere in the management of the company – responsible for the investment which they have made. Managing partners are severally liable. However, in these structures (where amounts can reach billions of euro), the partners in the SPV are usually legal entities (not natural persons), themselves with limited liability.

In this project – in which an offshore wind farm is built – company X and company Y are actually building the wind farm. These companies (called contractors) can also provide funding and be responsible for the maintenance of the wind farm.

The (future) revenue of the project is generated by selling the power to company A and from subsidies provided to the project by Government A.

⁶ Ring-fencing the project means that the project company and all the assets and liabilities will be connected to the project, and the project company is not allowed to be involved in other business transactions (such as borrowing in order to purchase other assets not connected to the project). Ring-fencing a project without establishing a legal entity solely for the purposes of the project is sometimes also possible. In such cases, the project is presumably ring-fenced within an already existing legal entity which also performs other tasks (but these tasks are somehow separated from activities relating to the project).

1 However, the main premise in project finance is that the structure has been set up
 2 with one specific goal only: to carry on activities solely for the purpose of the project.
 3 This means that the SPVs are not expected to engage in any business areas not
 4 serving the purpose of the project.

5 The example above is a structure used primarily for infrastructure and industrial
 6 projects. However, another area in which project finance loans are common
 7 instruments is commercial real estate, and more specifically the construction or
 8 development of commercial real estate, where one or more financial institutions
 9 provide debt and the revenue of the project could come from rental income (or
 10 subsidies where the project is of interest to the general public, and the Government
 11 decides to subsidise the project)⁷. In commercial real estate projects, the property
 12 developer owns a building lot on which it would like to construct (for example) an
 13 apartment building (for private sector rental purpose). In these cases, the project will
 14 be (as far as possible) a ring-fenced project and will involve a project company which
 15 is an independent legal entity (SPV).

16 Funding of special movable assets, e.g. for shipbuilding, is also considered project
 17 finance.

4.2.1 Project finance loan as a syndicated loan

18 To fund a project, the owners provide equity, while large financial institutions –
 19 usually acting as a large syndicate – provide debt. The syndicate can consist of
 20 different sorts of financial institutions, e.g. credit institutions, pension funds, (credit)
 21 insurance corporations and semi-public institutions such as the European Investment
 22 Bank. In the case of a syndicate, the lead arranger can collect the funding from the
 23 syndicate members and transfer the funds to the project company.

24 For more information on the reporting of syndicated loans to AnaCredit, please refer
 25 to Chapter 7. For guidance on the reporting of multi-product credit facilities, please
 26 refer to Part I the Manual and to Chapter 3 of the present document.

4.3 Elements of project finance loans relevant in AnaCredit

27 Every project is funded with a particular combination of equity and debt. For
 28 AnaCredit, the reporting focuses on:

- 29 • the debt (funded by loans) – the green shaded area in Chart 6;
- 30 • the protection securing the debt;
- 31 • counterparties that are involved in the project finance, and in particular the
 32 debtor and protection provider.

⁷ Although commercial real estate projects generally differ from infrastructural and industrial projects in their particular characteristics, the main features are more or less the same.

1 The debtor is usually the legal entity within the ring-fenced project which receives the
 2 credit. The project usually consists of one or more legal entities, established
 3 specially for the purpose of the project.

4 Please also note that whether or not project finance is based on a non-recourse
 5 financial structure is reported accordingly to AnaCredit. Moreover, in the case of
 6 limited-recourse financial structures, the financing is deemed to be with recourse.

4.3.1 Financing in various phases of project

7 In project finance, a distinction is generally made between three phases:

- 8 1. construction (or pre-completion);
- 9 2. completion;
- 10 3. post-completion (repayment).

11 The sections below briefly indicate the various aspects of each of the phases that
 12 are relevant in AnaCredit reporting. For an indication of how the instrument's
 13 characteristics can change over time after the construction phase, please refer to
 14 Section 4.4.

4.3.1.1 Construction phase

15 Financing provided by one or more instruments

16 In the construction or pre-completion phase, the funding usually becomes available
 17 gradually. After certain criteria have been met, a new drawdown is made available by
 18 the creditor to the debtor.

19 Credit lines and other off-balance-sheet forms of financing are reported in
 20 accordance with the general guidance provided in Part II of the Manual.

21 Alternatively, the funds can also be made available in full then placed in a deposit
 22 account which can be used to pay for the construction costs of the project.

23 In the context of AnaCredit, the financing provided is generally reported as one or
 24 more instruments, with or without off-balance-sheet amounts, depending on the
 25 features of the financing. For example, depending on the treatment by the creditor,
 26 financing provided in tranches may be reported as one instrument (with an off-
 27 balance-sheet amount being the amount of unpaid tranches) or as several
 28 instruments, with each instrument representing an individual tranche. For an
 29 illustration of how the two different approaches to project finance may be reported to
 30 AnaCredit, please consider [Example 8](#) and [Example 9](#).

1 Interest rate and interest accrual

2 During the construction phase, up to the time the project starts generating income,
3 no repayments of the financing are typically made, which means that the outstanding
4 nominal amount can only increase, and often the increase is due to the capitalisation
5 of (accrued) interest, i.e. the interest accrued on the loan is added to the loan⁸.

6 The creditor can also fund the interest expenses up-front and place the amount in a
7 dedicated deposit account used solely to pay interest expenses during the
8 construction phase. If such a form of financing interest expenses is used, the money
9 lent for the purpose of paying interest expenses is also subject to AnaCredit
10 reporting.

11 Please note that the project company typically hedges the interest rate risk (as the
12 interest rate is most often variable, and rising interest rates could endanger the debt
13 service coverage ratio, i.e. the ratio between incoming cash flows and debt service).
14 Several forms of interest rate risk hedging are possible⁹, such as using an interest
15 rate cap (maximum up to which the interest rate on the loan can rise) or an interest
16 rate consolidation ceiling (i.e. when the interest rate reaches a certain level, the
17 interest rate is set to that level for the remainder of the maturity of the loan). If
18 applicable, interest rate caps are reported to AnaCredit in the data attribute "interest
19 rate cap".

20 For the purposes of AnaCredit reporting, the exact type of interest rate for any
21 relevant instrument is expected to be indicated in the "interest rate type" attribute as
22 described in Part II, Section 3.4.8 of the Manual.

23 4.3.1.2 Completion phase

24 Where the financing is required to be redeemed in full after completion of the project
25 ("bullet" or "balloon" repayment), it may be necessary to refinance the loan. In the
26 absence of (sufficient) cash flows, and because the finished project generally lacks a
27 performance history, obtaining loans on traditional terms may not yet be possible. In
28 such cases, the project usually opts for temporary funding in the form of a bridging
29 loan. Generally, bridging loans enable the company/project to redeem the
30 construction loan while awaiting more favourable funding conditions and permanent
31 financing later in the operation phase (i.e. after the project has been running for
several years).

32 Bridging loan as a project finance loan

33 For the purposes of AnaCredit reporting, any such bridging loan, given that it is a
34 new instrument and not a mere renegotiation of the existing loan, is reported to

⁸ Until capitalised, accrued interest is excluded from the outstanding nominal amount (cf. the definition of outstanding nominal amount in the AnaCredit Regulation).

⁹ For example, interest rate swaps. Please note that in the context of AnaCredit, instruments not used for credit risk hedging, such as interest rate swaps, are considered neither as protection received items nor as instruments subject to AnaCredit reporting.

1 AnaCredit and is flagged as a project finance loan, since the new debt is considered
2 to have taken the place of the existing debt incurred due to the project financing.

3 Liquidating the asset being financed

4 In cases where the asset being financed is sold¹⁰ and not used to generate income
5 (e.g. rented out), this is reflected by the AnaCredit reporting. For instance, the asset
6 no longer appears as a protection item in the instrument-protection received dataset,
7 and the proceeds from selling the asset being financed are used to reduce the
8 existing obligation. In particular, if the proceeds are sufficient to repay the financing,
9 the instrument is no longer subject to reporting as it ceases to exist. Otherwise, the
10 instrument continues to be reported to AnaCredit, while the outstanding nominal
11 amount is reduced accordingly. In any case, the asset being financed no longer
12 appears as protection.

4.3.1.3 Post-completion phase

13 In the post-completion (repayment) phase, once the project is completed, the funding
14 received during the construction phase is paid back (both principal and interest).

15 Amortisation schedule

16 In practice, amortisation schedules for project finance loans differ greatly. Possible
17 schedules include: (1) repayment as percentage of the cash flow; (2) annuity; (3)
18 linear; (4) structured (i.e. tailored amortisation schedule taking into account, for
19 example, expensive periods due to maintenance); (5) bullet or balloon repayment;
20 and (6) repayment as a percentage or amount per produced product. The
21 amortisation schedule is reported accordingly in the data attribute “amortisation
22 type”.

23 However, if new repayment conditions apply in the post-completion phase, and the
24 introduction of these conditions was agreed in the original contract, so that no new
25 loan arises, these new repayment conditions are not reported to AnaCredit as a
26 renegotiation of the existing instrument. Instead, as long as the instrument to which
27 they apply remains the same, then the existing AnaCredit record is simply updated to
28 reflect the changed conditions.

4.3.2 Example of a project finance loan in AnaCredit

29 In the following example, a credit institution is sponsoring a project with the main
30 objective of the construction and consequent sale of a commercial real estate property.

31 For the sake of simplicity, the loan is assumed to be granted by a single bank rather
32 than by a syndicate.

¹⁰ In the case of commercial real estate, the property developer can sell the building during or after the construction phase and use the proceeds of the sale to repay the construction loan.

Example 8: CRE project finance structure in AnaCredit

Commercial real estate (CRE) financing is granted by an observed agent (OA#1) to an SPV (SPV#1) under a generalised facility, with the total value of the financing being agreed at €90,000 (contract CNT#PF signed on 10 May 2019). According to the contract, the facility is granted by means of three lines of credit, each being dependent on a certain milestone during the construction phase, and each being equal in amount.

At completion, the entire loan will be repaid (in three years) by one balloon payment of the remaining outstanding amount in September 2022. Over the entire period, interest payments at a variable rate of EURIBOR 12 months plus 3% (assuming that EURIBOR 12 months is 2%, 2.5% and 3% in September 2019, 2020 and 2021 respectively) will be regularly made. At the time the project was set up, it was contractually agreed that the CRE would serve as collateral for the creditor.

- The first line of credit is disbursed fully in September 2019 to an amount of €30,000 (INST#1). Also in September 2019, the first milestone is reached, thus unlocking subsequent funds.
- The second line of the same amount is disbursed after the second milestone is reached on 30 September 2020 (INST#2);
- The third and final line of the same amount is disbursed after the third milestone is reached in September 2021 (INST#3).

Using its internal pricing models, for the sake of simplicity the bank assumes at each step that the protection value is equal to the debt value. Additionally, the constructor has guaranteed that the construction will be completed even if the debtor defaults.

In September 2022 the CRE property is sold for a price of €150,000, which is used to repay the remaining amount of principal and interest.

The following tables illustrate the reporting of the instrument, financial and instrument-protection received datasets at selected reporting reference dates (i.e. on 30 September 2019, 2020 and 2021 only).

Table 29 Indication of the instrument dataset

Reporting reference date	Contract identifier	Instrument identifier	Type of instrument	Project finance loan	Commitment amount at inception	Inception date	Settlement date
30/09/2019	CNT#PF	INST#1	Other loans	Project finance loan	30,000.00	10/05/2019	30/09/2019
30/09/2020	CNT#PF	INST#2	Other loans	Project finance loan	30,000.00	10/05/2019	30/09/2020
30/09/2021	CNT#PF	INST#3	Other loans	Project finance loan	30,000.00	10/05/2019	30/09/2021

Please note that the instrument dataset is reported on change only; this means that if there are no changes in the previously submitted record, there is no need to resubmit the record on subsequent dates. Therefore, INST#1 is not shown in the table above on 30 September 2020 and 2021 and, similarly, INST#2 is not shown on 30 September 2021. The financial dataset (Table 30) shows that the instruments exist on these dates (as well as on the in-between dates, although not shown).

Table 30 Indication of the financial dataset

Reporting reference date	Contract identifier	Instrument identifier	Outstanding nominal amount	Off-balance-sheet amount	Interest rate
30/09/2019	CNT#PF	INST#1	30,000.00	"Non-applicable"	5.0%
30/09/2020	CNT#PF	INST#1	30,000.00	"Non-applicable"	5.5%
30/09/2020	CNT#PF	INST#2	30,000.00	"Non-applicable"	5.5%
30/09/2021	CNT#PF	INST#1	30,000.00	"Non-applicable"	6.0%
30/09/2021	CNT#PF	INST#2	30,000.00	"Non-applicable"	6.0%
30/09/2021	CNT#PF	INST#3	30,000.00	"Non-applicable"	6.0%

Meanwhile, protection is recorded in the instrument-protection received (Table 31) and protection received datasets. Please note that the value of protection is assumed to increase over time as the project advances. In particular, the protection value is assumed to be €20,000 in 2019, €50,000 in 2020 and €84,000 in 2021, in each case just before the respective reporting reference date (Table 32).

Table 31 Indication of the instrument-protection received dataset

Reporting reference date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value	Third party priority claim
30/09/2019	CNT#PF	INST#1	CRE#1	20,000.00	0.00
30/09/2020	CNT#PF	INST#1	CRE#1	25,000.00	0.00
30/09/2020	CNT#PF	INST#2	CRE#1	25,000.00	0.00
30/09/2021	CNT#PF	INST#1	CRE#1	28,000.00	0.00
30/09/2021	CNT#PF	INST#2	CRE#1	28,000.00	0.00
30/09/2021	CNT#PF	INST#3	CRE#1	28,000.00	0.00

Table 32 Indication of the protection received dataset

Reporting reference date	Contract identifier	Instrument identifier	Protection identifier	Type of protection	Protection value	Date of protection value
30/09/2019	CNT#PF	INST#1	CRE#1	Commercial real estate collateral	20,000.00	05/09/2019
30/09/2020	CNT#PF	INST#1	CRE#1	Commercial real estate collateral	50,000.00	15/09/2020
30/09/2021	CNT#PF	INST#3	CRE#1	Commercial real estate collateral	84,000.00	22/09/2021

Please note that in September 2022, when the real estate property is sold and the loan entirely repaid, the instruments cease and are no longer reported. In addition, at the moment of repayment of the principal including any remaining interest, it is assumed that the interest accrued throughout the life of the project has been capitalised and repaid by the borrower in full. Since the instrument ceases to exist, the instrument-protection received dataset and protection received dataset also cease to be reported.

- 1 [Example 9](#) illustrates the reporting of financing as described in [Example 8](#) but
 2 following an alternative approach, where the observed agent considers the financing
 3 as just one instrument with three possible withdrawals (as opposed to the case of
 4 three lines of credit depicted in [Example 8](#)).

Example 9: CRE project finance structure in AnaCredit – alternative reporting

Please also note that if the observed agent records the loan as one instrument with three possible withdrawals, the remaining amounts are reported as off-balance-sheet amounts in the financial dataset for this single instrument (SNGL#A).

Table 33, Table 34 and Table 35 present the instrument, financial and instrument-protection received datasets respectively in this situation where the loan is considered just one instrument at each reporting reference date. Please note that Table 32 above remains valid in this situation.

Table 33 The instrument dataset (where the loan is considered just one instrument)

Reporting reference date	Contract identifier	Instrument identifier	Type of instrument	Project finance loan	Commitment amount at inception	Inception date	Settlement date
30/09/2019	CNT#PF	SNGL#A	Credit lines other than revolving credit	Project finance loan	90,000.00	10/05/2019	30/09/2019

Table 34 The financial dataset (where the loan is considered just one instrument)

Reporting reference date	Contract identifier	Instrument identifier	Outstanding nominal amount	Off-balance-sheet amount	Interest rate
30/09/2019	CNT#PF	SNGL#A	30,000.00	60,000.00	5.0%
30/09/2020	CNT#PF	SNGL#A	60,000.00	30,000.00	5.5%
30/09/2021	CNT#PF	SNGL#A	90,000.00	0.00	6.0%

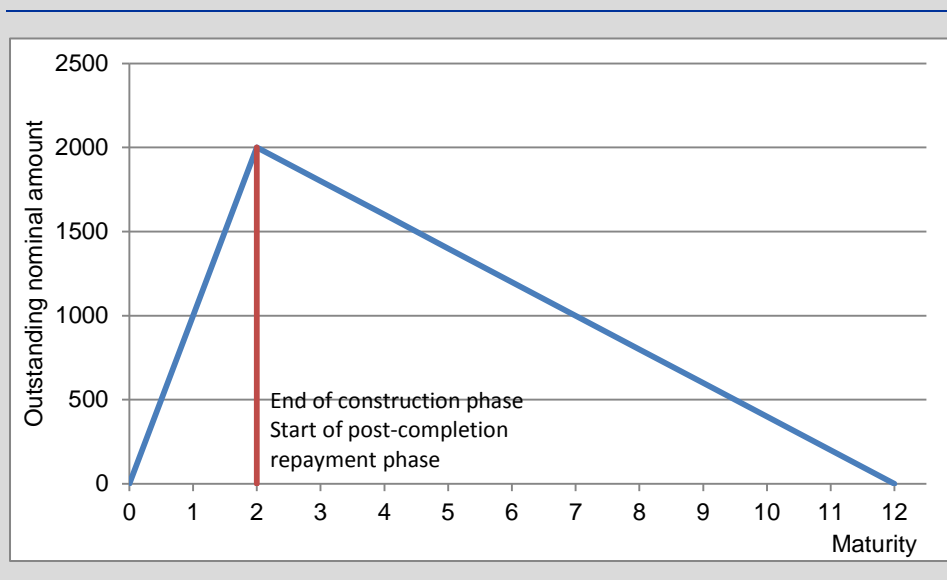
Table 35 The instrument-protection received dataset (where the loan is considered just one instrument)

Reporting reference date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value	Third party priority claim
30/09/2019	CNT#PF	SNGL#A	CRE#1	20,000.00	0.00
30/09/2020	CNT#PF	SNGL#A	CRE#1	50,000.00	0.00
30/09/2021	CNT#PF	SNGL#A	CRE#1	84,000.00	0.00

4.4 The development and repayment phases of project finance

- 1 The loan can be made available during the construction phase and afterwards
- 2 (during the post-completion repayment phase) redeemed according to a three-year
- 3 annuity amortisation schedule as shown in Chart 7.

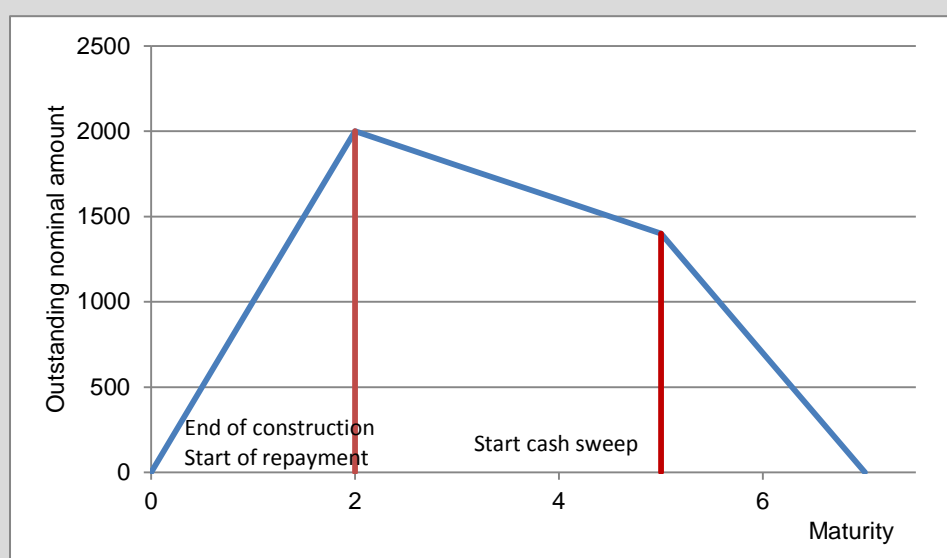
Chart 7: Development and repayment phases of a project finance



- 4 From the perspective of AnaCredit, this tends to result in a linear amortisation during
- 5 the repayment phase. In fact, the instrument provided (in the case of a line of credit)
- 6 might be contractually converted to a fixed loan after the completion of construction.
- 7 Consequently, the resulting change would, in AnaCredit reporting, be an update of
- 8 the reported record with the new information if no renegotiation took place and no
- 9 instrument was newly introduced.

1 In the situation depicted in Chart 8 below, the same loan is described with the same
 2 amortisation schedule, but after five years a 100% cash sweep is included. The cash
 3 sweep will allocate all cash inflows – after deduction of the maintenance costs of the
 4 project – to the creditors for debt service. The loan is redeemed faster and the risk
 5 for the creditors is reduced. Due to the cash sweep no cash (or less cash, if the cash
 6 sweep is below 100%) is available for paying out dividends to the sponsors.
 7 Therefore, the cash sweep is usually a reason for the sponsors to demand
 8 refinancing the loan, which will result in a new contract with more favourable
 9 conditions for the project company (and the owners).

Chart 8: Project finance loan with a cash sweep



10 The cash sweep, as in cases of a renegotiation, results in an update of the AnaCredit
 11 record (unless it leads to a new instrument being issued). In particular, the following
 12 occur subject to the specific contractual circumstances:

- 13 • the instrument is granted as a credit facility with an off-balance-sheet
 14 amount, which is used up by the SPV during construction;
- 15 • at completion it is converted into a lump-sum loan with a fixed amortisation
 16 schedule, in accordance with the original contract;
- 17 • at a later time after the completion and several repayments, there is a cash
 18 sweep to 100%, which was not a part of the initial contractual agreement.

19 The instrument dataset before the completion and cash sweep is illustrated as
 20 follows.

21 **Table 36 Instrument dataset before the completion and cash sweep**

Instrument identifier	Contract identifier	Type of instrument	Project finance loan	Amortisation type
INST#1	CNTRC#A	Credit lines other than revolving credit	Project finance loan	Other

1 Subsequently, the instrument dataset after the completion and before the cash
 2 sweep is illustrated as follows.

Table 37 Instrument dataset after the completion and before the cash sweep

Instrument identifier	Contract identifier	Type of instrument	Project finance loan	Amortisation type
INST#1	CNTRC#A	Other loans	Project finance loan	Fixed amortisation schedule

3 Finally, the instrument dataset during the cash sweep is illustrated in Table 38.

Table 38 Instrument dataset during the cash sweep

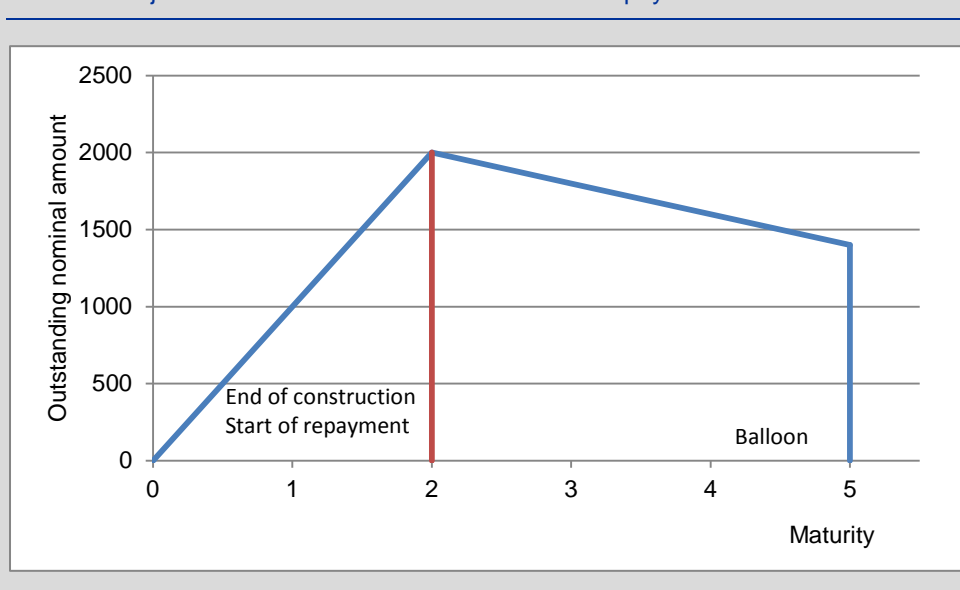
Instrument identifier	Contract identifier	Type of instrument	Project finance loan	Amortisation type
INST#1	CNTRC#A	Other loans	Project finance loan	Other

4 Please note that other data attributes affected by the cash sweep are also updated in
 5 order to reflect the changes to the instrument (for example, a change in the
 6 outstanding nominal amount or the renegotiation status, which are not shown here).

7 In the situation depicted in Chart 9 below, the same loan is described with the same
 8 amortisation schedule, but after five years the loan is redeemed in full (bullet or
 9 balloon repayment), and the company obtains refinancing of the loan for this
 10 purpose.

11 This situation could occur, for example, where the property developer (owner of the
 12 project company) does not want to sell the building immediately after the
 13 construction has been completed, but wants to create (or wait for) a better
 14 opportunity in the market to sell the building at a higher market price. If the creditor
 15 and the project company have agreed in the loan contract that the loan is to be
 16 redeemed in full immediately after the construction has been completed, then the
 17 loan is refinanced for a number of years and redeemed in full on maturity of the
 18 refinanced loan.

Chart 9: Project finance loan redeemed with a balloon payment



4.5 Risk mitigation methods in project finance loans versus protection in AnaCredit

1 As leverage can often reach high levels (sometimes up to 90%) in project financing
 2 structures, such financing is typically granted against solid protection. Therefore,
 3 creditors often require a comprehensive security protection package, which might
 4 consist of mortgages and of pledges, insurances and guarantees.

5 However, not all elements that generally mitigate a possible loss by counterbalancing
 6 the investment qualify as protection in the context of AnaCredit.

7 Performance guarantees are a form of insurance to guarantee that a
 8 counterparty will perform under a contract (e.g. a guarantee from
 9 company A that it will purchase the power produced by a wind farm for
 10 a fixed price over a specified period of time)
 11
 12 First of all, before financing a project, the creditors demand that future cash flows are secured over for a certain period of time. In the example of the wind farm (cf. Chart 6), the creditors received a guarantee from company A that it will purchase the power produced by the wind farm for a fixed price over a period of X years. In addition, Government A (in order to conform with international climate agreements) will provide a subsidy over a period of X years.

13 Financial guarantees are contracts that require the issuer to make
 14 specified payments to reimburse the holder of a loss it incurs,
 15 because a specified debtor fails to make payment when due in
 16 accordance with the original or modified terms of a debt instrument
 17
 18 However, such commitments and guarantees (so-called performance guarantees, as
 19 opposed to financial guarantees), which in fact do not protect the creditor from
 20 negative credit events, are not considered to be protection reportable to AnaCredit.

21 In addition, as project finance is provided only if the cash flows from the project are
 22 enough to cover the debt service on the loan (interest and repayments), the loan
 23 contract usually sets a lower limit for the debt service coverage ratio. If this ratio falls
 24 below the agreed level, the creditors demand measures and extra protection (e.g. a
 25 freeze on dividend payments to the owners). While such covenants are generally
 26 considered to have a mitigating effect on losses in the event of default, these are not
 27 protection in the context of AnaCredit.

28 Besides guarantees of cash flows or similar, creditors also ask for mortgages or
 29 pledges on assets of the (ring-fenced) project (e.g. infrastructure, movable assets
 30 and financial assets). As items of this kind, when received in relation to loans
 31 reportable to AnaCredit, generally protect the creditor from losses in the event of
 32 default, they are reported in the protection received dataset accordingly.

33 Similarly, additional guarantees or insurances which are received to protect the
 34 creditor against a contractually agreed negative credit event and which are legally
 enforceable in nature are considered as protection and are reported to AnaCredit accordingly.

The example below describes the protection package that may generally be obtained in relation to a project finance loan for commercial real estate construction.

Example 10: Protection package in respect of a project finance loan for commercial real estate construction

When providing financing for commercial real estate construction, creditors generally mitigate risks by obtaining the following protection package:

- (a) contractor guarantee of completion of construction (in the event that the property developer defaults, the creditors have a pledge over the contract with the contractor and will demand completion of the project);
- (b) the renunciation of the right of lien by the constructor (the creditor demands that the constructor renounce its right of lien, i.e. its claim to the building lot and all assets belonging to the building lot in the event of the default of the property developer);
- (c) cost overrun guarantees (where a party gives a guarantee that it will pay for any cost overruns);
- (d) mortgage over the assets of the project company, including the financed real estate and other financial assets;
- (e) in the case of a smaller real estate finance project, financial guarantees may also be received from private natural persons (for example, if the property developer is a family-owned company);
- (f) a pledge over all construction plans and drawings;
- (g) a pledge on building permits;
- (h) a pledge over rental income (the creditor has the right to collect rental income after default of the project company).

Please note that items (a) through to (c) are in principle not considered to form protection securing the financing in the context of AnaCredit as they do not generally protect the creditor from losses in the event of default of the project and/or cannot generally be claimed in the event of default of the project.

Please also note that in the case of a financial guarantee received from natural persons, the guarantee itself is reported to AnaCredit, although no information on the natural person providing the guarantee is reported. For information on the general treatment of natural persons, please refer to Part II of the Manual.

It is also important to emphasise that protection is typically considered to have a value only if it is ascertained that it will be received. For example, a pledge over rental income can be considered as credit protection for the instrument, with the value of the protection expressed as the total value of the collectibles expected during the potential recovery period, only if it is ascertained that the property will be completed and rented out.

5 Factoring and other trade receivables

1 This chapter provides additional details of AnaCredit reporting requirements as set
2 out in the AnaCredit Regulation in relation to factoring and other trade receivables.

3 Definition of trade receivables

4 “Trade receivables” include loans to
5 other debtors granted on the basis
6 of bills or other documents that give
7 the right to receive the proceeds of
8 transactions for the sale of goods or
9 provision of services. This item
10 includes all factoring transactions
11 (both with and without recourse)

According to Annex IV of the AnaCredit Regulation, trade receivables reported to AnaCredit are defined in paragraph 5.41(c) of Part 2 of Annex V to the ITS.

From the perspective of a credit institution, the ITS covers both (i) purchased trade receivables and (ii) financing against trade receivables. However, in the context of AnaCredit, the type of instrument is reported as “trade receivables” only as regards purchased trade receivables – please refer to Section 5.3 for details.

Financing against trade receivables is not reported as AnaCredit type of instrument “trade receivables” (i.e. instruments collateralised by receivables) in cases where a different type of instrument applies in accordance with Article 1(23) of the AnaCredit Regulation. This will depend on the characteristics of the financing provided.

There can be different types of contractual agreements concerning the business of factoring which, given that they satisfy the requirements of the AnaCredit definition for “trade receivables”, are subject to the reporting requirements under this type of instrument.

According to the AnaCredit Regulation, the obligation to report an instrument arises in cases where an observed agent acts as either a creditor or a servicer of the instrument. Therefore, the obligation to report instruments to AnaCredit does not depend on whether there is a (direct) contractual link between the observed agent and the debtor of an instrument. This in particular applies to trade receivables, where a direct contractual link between the debtor of the trade receivable and the factor is not needed.

In this context, an observed agent acts as a creditor irrespective of whether it disbursed funds to the debtor or it acquired an obligation of the debtor to make repayments (which was originated by a third party).

5.1 Reporting factoring as a blueprint for reporting trade receivables

28 In the following sections, the treatment of the factoring business falling within the
29 scope of the AnaCredit reporting framework is explained in detail. Any other
30 transactions based on purchased trade receivables reported as “trade receivables”
31 are treated analogously to factoring transactions.

32 Factoring transactions fall within the scope of AnaCredit if the factor, or the servicer
33 to the factor, is a credit institution under Article 4(1)(1) of the CRR in a reporting
34 Member State. In this context, the term “factoring” refers to a transaction where a
35 credit institution purchases trade receivables (e.g. invoices or other claims of

1 companies or sole proprietors against their customers for goods or services) from a
2 third party.

3 5.2 Factoring – defining the case study

3 In the context of AnaCredit,
4 factoring is a transaction in which
5 the counterparty (a service provider
6 or producer of goods) sells its
7 accounts receivable, or invoices, to
a credit institution, also known as a
“factor”

Factoring refers to the sale of a counterparty’s (the “factoring client’s”) claims (in full or in part) recorded under accounts receivable (in the form of invoices), representing money due from the company’s customers (the buyers of the goods or services also referred to as account debtors), to a credit institution known as a “factor” (or “factoring company”).

8 Factoring is generally considered to be short-term financing with an average tenor of
9 30, 60 or 90 days. The terms and nature of factoring business differ across various
10 industries and financial services providers, although factoring companies typically
11 purchase invoices and immediately advance money to the factoring client. The
12 amount advanced (a percentage of the receivables’ face value) also varies,
13 depending on the individual arrangements between the factoring company and its
14 clients.

15 A factoring transaction is carried out on the basis of a factoring agreement. This is a
16 contract whereby the original beneficiary of the trade receivables (the company or
17 factoring client) transfers the receivables to the factor. This document includes the
18 terms and conditions applying to the individual purchases of receivables.

19 A factor provides a range of services to its client, including providing working capital
20 against the purchased/assigned trade receivables, accepting the risk of bad debt and
21 collecting past due accounts. A factor usually charges a management fee for these
22 services and a discount charge for the advance of funds against purchased/assigned
23 trade receivables.

24 The factor ensures the effectiveness of the collection of proceeds from the factoring
25 client’s customers by means of either notifying the customers (so that the proceeds
26 are paid directly to the account of the factor) or by establishing a trust account or
27 pledge on current account (which are effectively means of transferring the paid
28 amounts to the accounts of the factoring company).

29 Before accepting trade receivables, the factor may assess the creditworthiness of
30 the company’s customers and whether they will be capable of paying their invoices
31 on time. The factoring transaction may include third party insurance against the
32 potential negative credit event.

33 Chart 10 below presents a schematic overview of a generalised factoring transaction
34 from a business point of view, together with the counterparties involved in the
35 transaction. The exact content of the services provided by the factor varies according
36 to the factoring clients’ particular requirements. However, all of these solutions follow
37 the same principle, namely that funding is offered on the basis of the trade
38 receivables created by the factoring client.

Chart 10: How factoring works

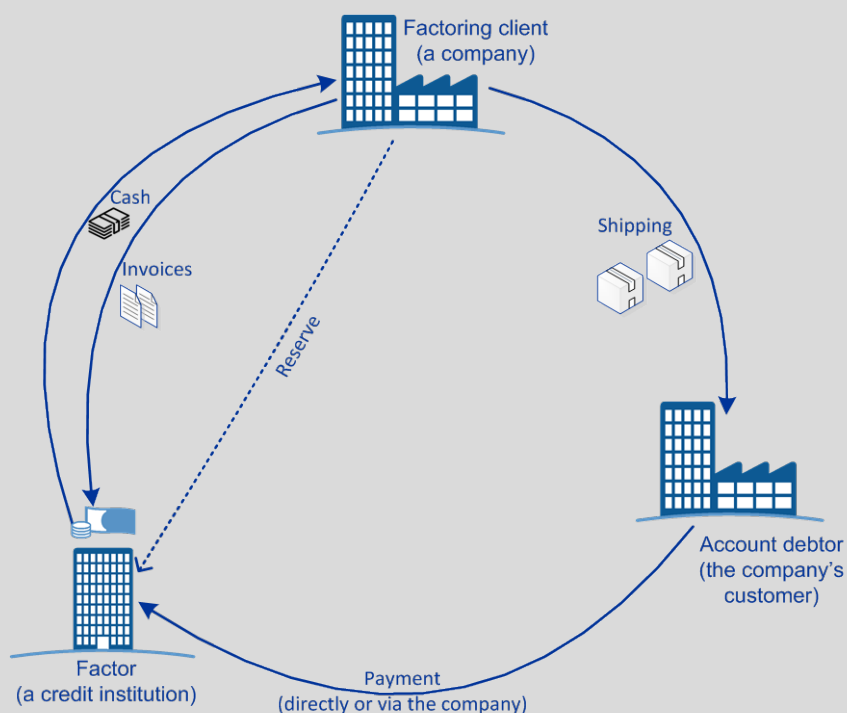
Factoring is typically carried out with the aim of enabling a counterparty to receive cash more quickly than it would by waiting for the customer payment to be made when it falls due.

A factoring transaction in principle always involves three parties: a factor (purchaser of receivables), a factoring client (seller of receivables) and a company's customer (the buyer of the goods or services that has to pay the receivables/invoices).

Following a sale transaction between a company and a buyer, in which the buyer acquires goods or services from the company, the factor purchases the company's trade receivables from the factoring client (i.e. the original beneficiary of the trade receivables) at a discount (i.e. at less than the face value of the trade receivables).

The factor may advance some or all of the money to the factoring client up-front. The factoring contract itself contains stipulations about how the factor will collect the payments from the company's customers (the buyers of the services or goods).

Once the factor receives the payment from the company's customers, the factor pays the factoring client the amount that has not been advanced and the reserve balances of the trade receivables (i.e. an amount of the trade receivables that the factor has retained as (additional) collateral up to the maturity of the trade receivables) minus a fee for assuming the collection risk and the interest payable for the advanced amounts.



The factor buys the receivables at a price which is lower than their face value, thereby effectively charging the applicable fees and interest.

A factoring transaction typically comprises four parts: the advance, the reserve, the factoring interest and the factoring fee.

- The advance rate depends on the industry, the company's customers' credit histories, the type of factoring (recourse or non-recourse) and other criteria, such as the liquidity needs of the factoring client).
- The reserve is an amount retained by the factor in some factoring contracts

and is held by the factor until the company's customer submits the invoice payment in full.

- The factoring interest (also known as the discount interest) is the actual cost of funds that is charged to the factoring client by the factor for advancing the amount of the trade receivables. The specific interest rate is determined by the actual funding amount, the funding period, the customer base (individual consumers versus business clients), the industry risk, the client credit history and the billing structure.
- The factoring fees are amounts collected for assuming the management of the receivables.

Once the company's customer has settled its trade receivable, the discount interest and fees that have not been paid previously are deducted and the factor transfers the remaining balance (depicted in the chart above as "cash up to 100%") to the factoring client, which includes the amount retained as a reserve.

Generally, upon purchasing receivables from the factoring client, the factor provides financing by paying advances to the factoring client. However, there are also factoring transactions that may be carried out without physically advancing the factoring client any funds (i.e. the factor primarily provides an invoice collection service and assumes the credit risk in the case of non-recourse factoring).

1 With regards to the nature of the relationship between the factoring company and the
2 factoring client (and specifically the right to have recourse), a broad distinction is
3 drawn between two types of factoring business:

- 4 • non-recourse factoring – where the factor assumes the full risk of default
5 by the company's customer;
- 6 • recourse factoring – where the risk of default of the debtors of the trade
7 receivables is retained fully or partially by the factoring client
8 (notwithstanding additional protection that may secure the factoring
9 transaction), in which case the factor is able to hold the factoring client
10 liable if the company's customer is unable to pay.

11 In the context of factoring, the right of recourse is the right of the factor to ask the
12 company (the original beneficiary of the trade receivables) to buy back the unpaid
13 trade receivable(s) or to collect the advanced amount from the company's bank
14 account. In other words, in recourse factoring, the factor can have recourse to the
15 factoring client in the event of non-payment by the company's customer. The risk of
16 bad claims against the company's customer debt is retained by the factoring client.

17 Non-recourse factoring, meanwhile, is an arrangement where the factor has no
18 recourse to the factoring client in the event that the trade receivable remains unpaid
19 by the company's customer. In this case, the risk of bad claims against the
20 company's customer is fully or partially absorbed by the factor.

21 Please note that factoring transactions may in reality take different forms from those
22 broadly depicted in the recourse/non-recourse classification.

23 For example, non-recourse factoring does not always mean that recourse to the
24 factoring client is entirely ruled out: under certain circumstances (e.g. cases of
25 dispute, non-delivery, dilution, etc.), the factor may resort to the factoring client.

5.3 General rules regarding the reporting of factoring in AnaCredit

1 This section outlines the general rules for reporting factoring and trade receivables in
2 AnaCredit. The section concludes with stylised examples of how factoring
3 transactions, both with and without recourse, are reflected in the context of
4 AnaCredit.

5 The AnaCredit concepts of instrument and protection

6 Instrument as the opposing
7 positions of debtor and creditor

8 First of all, AnaCredit refers to an instrument in terms of the opposing positions of
9 debtor and creditor, where the debtor's obligation to make a payment and the
10 creditor's right to require the payment stand in opposition to each other.

9 Protection is supplementary to an
10 instrument rather than a substitute
11 for an instrument

12 Next, AnaCredit refers to protection that secures the instrument, where the protection
13 provider is liable only if the debtor fails to meet its obligation. In this sense, protection
14 is considered as supplementary to an instrument, rather than a substitute for an
15 instrument.

16 In addition, AnaCredit reporting is aimed at reflecting the positions of debtor and
17 creditor which arise under an instrument, irrespective of how the instrument was
18 originally created, whether or not the original creditor still holds it, or how the
19 instrument is accounted for, as long as the instrument falls within the scope of
20 AnaCredit.

21 For example, with a traditional lending transaction, the debtor is obliged to repay the
22 loan that was disbursed to it by the creditor, while the creditor has the right to receive
23 the payment from the debtor. Please note that the creditor's right and the debtor's
24 obligation are duly captured in AnaCredit reporting. In addition, the debtor's
25 obligation to repay the loan also remains even where the creditor sells the loan to
26 another counterparty, though it is now the other counterparty which has the right to
27 receive the repayment. In the context of AnaCredit, this is reflected by recording the
28 other counterparty as the creditor in place of the original one. Please also note that
29 the obligation of the debtor of the loan does not depend on whether or not there is a
30 guarantor fully guaranteeing the loan. In particular, the existence of a guarantee
31 does not remove the debtor's obligation vis-à-vis the creditor. In this connection,
32 protection is reported to AnaCredit in addition to the loan that it secures, rather than
33 as a replacement for the loan.

34 The opposing positions of debtor and creditor are also recognised in factoring
35 transactions, although the instrument originates differently. More specifically, the
36 transaction underlying the instrument is initially established when the seller of goods
37 or services defers the payment from its customer for the provision of goods or
38 services to a future time. Clearly, the seller's claim (i.e. the trade receivable)
39 representing money due from the seller's customers has some features of an
40 instrument where the debtor (the buyer) is obliged to pay and the creditor (the seller)
41 has the right to receive the payment for the goods and services sold. Thereafter,
42 when the seller decides to transfer its right to receive the payment to a factor in a
factoring contract, the obligation of the buyer of the goods or services (i.e. the
account debtor) remains, although it is now the factor that is entitled to receive the
payment (i.e. the creditor). Other provisions of the factoring contract have less to do

1 with the debtor/creditor polarity of the instrument but rather introduce additional
 2 aspects that become relevant from the new creditor's perspective (e.g. the extent to
 3 which the original creditor – i.e. the factoring client – participates in losses incurred
 4 by the instrument). These elements introduced by the factoring contract, which
 5 essentially functions on the underlying instrument, are generally reflected in the
 6 protection side of AnaCredit.

5.3.1 The debtor in factoring

7 Under the AnaCredit Regulation, factoring is subject to the same requirements as
 8 any other instrument reported to AnaCredit.

9 In particular, as explained above, AnaCredit reporting remains based on the payment
 10 obligation of the debtor (i.e. the counterparty that is liable to pay in the first place, as
 11 opposed to a protection provider which is conditionally liable, i.e. liable only if the
 12 debtor fails to pay) vis-à-vis the creditor (i.e. the counterparty which is entitled to
 13 receive the payment). In this connection, the existence of protection is
 14 supplementary to the debtor's obligation, rather than substituting it. This means in
 15 particular that, as regards reporting trade receivables to AnaCredit, the original
 16 debtor (i.e. the account debtor, the buyer of goods or services) will generally remain
 17 the same even after the sale of the trade receivables to a factor in a factoring
 18 contract.

19 The factoring client as debtor if the transferor of the trade receivables is not considered as having transferred all the risks and rewards of ownership
 20 Nevertheless, considering the need for the AnaCredit requirements not to
 21 overburden reporting agents while giving a suitable reflection of the reality of
 22 factoring transactions, reporting agents may report the factoring client (the seller of
 23 the trade receivables), rather than the account debtor, as “the debtor” in cases
 24 where, in accordance with the applied accounting standard, the transferor of the
 25 trade receivables is not considered as having transferred all the risks and rewards of
 ownership of the trade receivables.

26 The distinction between recourse and non-recourse is provided as an indication of
 27 those cases of trade receivables where the factoring client may be reported as the
 28 debtor¹¹. In particular, it is indicated that:

- 29 • for trade receivables with recourse, the debtor is the transferor of the trade
 30 receivables (i.e. the transferor of the trade receivables is considered to
 31 keep all the risks and rewards of ownership of the trade receivables);
- 32 • for trade receivables without recourse, the debtor is the account debtor
 33 obliged to pay the trade receivables.

¹¹ Please note that the issue is more complex than the simple distinction between trade receivables with or without recourse. For example, IFRS 9 refers to complex rules for derecognition of assets including the requirements of assessing risk and rewards before and after the transfer as well as the possibility of partial derecognition, where the entity shall also determine whether it has retained control of the financial asset if the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

1 As this distinction is derived from Annex III rev1 (FINREP Annex V – Instructions),
2 paragraph 44(a), the reporting of trade receivables in AnaCredit will largely be
3 aligned with the treatment therein.

4 In this connection, and in order to further simplify the reporting, please note that the
5 reporting of trade receivables varies depending on whether the transferor of the
6 trade receivables is considered, in accordance with accounting standards, to have
7 transferred substantially all the risks and rewards of ownership of the trade
8 receivables. This important distinction guides the reporting principles for individual
9 data attributes in AnaCredit. The different treatments are presented in the
10 subsequent sections.

5.3.2 Factoring by factors which are not credit institutions

11 According to the AnaCredit Regulation, only those factoring transactions which are
12 held or serviced by credit institutions as defined in Article 4(1)(1) of the CRR are
13 subject to AnaCredit reporting.

14 Consequently, factoring provided by factoring companies which are not credit
15 institutions themselves is not subject to reporting to AnaCredit. In particular, factoring
16 carried out by subsidiaries of credit institutions, where the subsidiaries are not credit
17 institutions in accordance with the CRR, do not fall within the scope of AnaCredit.

18 Nevertheless, factoring provided by a factoring company which is not a credit
19 institution, but where a credit institution resident in a reporting Member State acts as
20 servicer, i.e. is responsible for the administrative and financial management of the
21 instrument, is indeed subject to reporting by the credit institution in accordance with
22 Article 4(1)(a)(iv)(ii) of the AnaCredit Regulation.

5.3.3 Factoring versus financing against trade receivables

23 As regards the difference between factoring on the one hand and financing against
24 trade receivables on the other, the important point is whether or not the trade
25 receivables are sold to the credit institution. This consideration has already been
26 clarified in Part II, Section 3.4.1 of the Manual.

27 Financing against trade receivables is a form of borrowing that involves the use of
28 trade receivables exclusively as collateral for the loan (i.e. the trade receivables are
29 pledged as collateral), but where the trade receivables themselves are not
30 purchased by the credit institution.

31 Consequently, in cases of financing against trade receivables, the type of instrument
32 is not “trade receivables”. Instead, the fact that trade receivables are pledged to the
33 instrument is identified by the protection type being reported as “trade receivables”,
34 with the protection provider being the one pledging the trade receivables. In this
35 connection, the instrument secured with trade receivables is reported as a suitable
36 type of instrument in accordance with Article 1(23) of the AnaCredit Regulation (for

1 example, “revolving credit other than overdraft or credit card debt” or “other loans”,
2 provided that it meets the respective definition).

3 Financing against trade receivables is not further addressed in the subsequent
4 sections.

5.3.4 Protection in trade receivables

5 In the context of AnaCredit, instruments may be generally secured by protection. In
6 this connection, and pursuant to Article 1(13) of the AnaCredit Regulation, the
7 counterparty that grants protection against a contractually agreed negative credit
8 event and that bears the credit risk of the negative credit event is a protection
9 provider.

10 Please note that a protection provider bears only a conditional obligation to make
11 repayments arising under the instrument, as opposed to a debtor, which is obliged to
12 repay the debt in the first instance.

13 In the case of instruments which are trade receivables, the trade receivables
14 purchased by the factor are not protection to the instrument, as the purchased trade
15 receivables themselves are the instrument. However, under specific circumstances
16 where the factoring client has the obligation to replace any defaulted claim with a
17 new one, it is considered that some trade receivables other than those that make up
18 the instrument may be considered as protection securing the instrument. This is the
19 only case where such protection items may be reported for the purpose of AnaCredit.

20 In the general case, instruments which are trade receivables may be secured by
21 other protection against the lack of payment by the debtor. Other protection includes
22 a reserve (i.e. the refundable purchase discounts), an insurance policy, a guarantee,
23 etc. Such protection is expected to be treated in accordance with the general rules of
24 reporting to AnaCredit as explained in Part II of the Manual where it deals specifically
25 with protection.

26 In particular, for purchased receivables, refundable purchase discounts, collateral
27 and partial guarantees that provide first-loss protection for default losses are
28 reported to AnaCredit as protection in the protection received dataset.

29 Generally, all protection items securing an instrument are subject to AnaCredit
30 reporting, irrespective of whether they are eligible protection in accordance with the
31 CRR. This also holds in the case of factoring.

5.3.5 Level of granularity

32 In terms of factoring, any trade receivables reported as an AnaCredit instrument are
33 recorded at the level of a debtor and a factoring contract (made between the factor
34 and the factoring client).

1 Consequently, in accordance with the definition of the debtor, which is the account
2 debtor or the factoring client (cf. Section 5.3.1), the level of granularity is set as
3 follows:

- 4 • if the debtor is the factoring client, the granularity is set at the level of an
5 individual factoring contract with the factoring client;
- 6 • if the debtor is the account debtor, the granularity is set at the level of the
7 debtor in combination with the factoring contract.

8 In no case is reporting required at the level of an individual trade receivable (i.e. an
9 individual invoice) if this belongs to a pool of trade receivables purchased under the
10 same factoring contract.

11 In other words, a pool of trade receivables may be reported to AnaCredit as a single
12 instrument (irrespective of the actual number of claims in the pool), provided that all
13 the claims in the pool have the same debtor and are acquired under the same
14 factoring contract.

15 Nevertheless, please note that trade receivables which are purchased under
16 different factoring contracts (between the factor and the factoring client) are always
17 treated as different instruments for the purpose of AnaCredit.

18 For example, in cases where the factoring client is reported as the debtor (i.e. where
19 the transferor is not considered to have transferred substantially all risk and rewards
20 of the trade receivables), trade receivables purchased under the same factoring
21 contract between the factor and the factoring client may be reported as one
22 instrument to AnaCredit, despite the fact that numerous different account debtors
23 may be liable for the payment of the trade receivables. However, trade receivables
24 which were purchased under one factoring contract and other trade receivables
25 which were purchased under another factoring contract between the factor and the
26 factoring client are reported to AnaCredit as distinct instruments.

27 By contrast, in cases where the account debtor is reported as the debtor (i.e. where
28 the transferor is considered to have transferred substantially all risk and rewards of
29 the trade receivables), only those trade receivables which relate to the account
30 debtor and which were purchased under one and the same factoring contract may
31 be reported to AnaCredit as a single instrument. Otherwise, trade receivables
32 relating to the same debtor but purchased under different factoring contracts are
33 reported to AnaCredit as distinct instruments. Similarly, trade receivables purchased
34 under the same factoring contract but relating to different account debtors are
35 reported as distinct instruments.

5.3.6 Further guidance on reporting trade receivables reported to AnaCredit

1 Observed agents are institutional
2 units of credit institutions (or foreign
3 branches of credit institutions)
4 which are reporting agents

Please note that, in the context of AnaCredit, the reporting is organised at the level of institutional units of credit institutions, rather than credit institutions themselves. To this end, the AnaCredit Regulation differentiates between the reporting agent and its observed agents. More details regarding the distinction between reporting and observed agents can be found in Part I of the Manual.

6 Trade receivables which are (i) purchased by observed agents or (ii) purchased by
7 other legal entities and serviced by resident observed agents fall within the scope of
8 AnaCredit and are reported to AnaCredit on condition that they fulfil the general
9 criteria triggering the reporting obligation at a given reporting reference date, as
10 explained in Part I of the Manual where it deals specifically with the criteria triggering
11 the reporting obligation.

12 Please note that the particular conditions to be verified are:

- 13 • the debtor condition – as referred to in Article 4(1)(b) of the AnaCredit
14 Regulation;
- 15 • the reporting threshold – as referred to in Article 5 of the AnaCredit
16 Regulation.

17 Conversely, please note that the other conditions – the type of instrument and the
18 conditions in Article 4(1)(a)(i)-(iv) of the AnaCredit Regulation – are assumed to be
19 automatically fulfilled for such (i.e. held or serviced) trade receivables.

5.3.6.1 No reporting if the debtor is a natural person

20 Only factoring transactions by credit
21 institutions are within the scope of
22 AnaCredit

AnaCredit focuses on credit granted by credit institutions to non-financial corporations and other legal entities. Consequently, credit institutions report to AnaCredit when the “debtor” as defined in the AnaCredit Regulation is a legal entity.

23 For example, with regard to non-recourse factoring, where the account debtor is
24 typically reported to AnaCredit as the debtor, no instrument is reported if the account
25 debtor is a natural person. In the case of recourse factoring, however, the debtor is
26 the factoring client, which is generally a legal entity and hence subject to reporting,
27 irrespective of whether the account debtors are actually legal entities or natural
28 persons.

5.3.6.2 Verification of the reporting threshold

29 In accordance with Article 5 of the AnaCredit Regulation, the reporting threshold at a
30 reporting reference date is checked against the debtor’s commitment amount
31 considering all instruments (i.e. not only trade receivables but also other instruments)
32 of the debtor vis-à-vis the observed agent. For more information, please refer to

1 Part I of the Manual where it deals specifically with the calculation of the debtor's
2 commitment amount.

3 Please note that while the commitment amount of an instrument is generally defined
4 in Article 1(25) of the AnaCredit Regulation as the sum of the outstanding nominal
5 amount and the off-balance-sheet amount, in the case of trade receivables with an
6 exposure to the account debtor the commitment amount coincides with the
7 outstanding nominal amount, as the off-balance-sheet amount is non-applicable
8 (please refer to Section 5.4.8 below).

9 Please also note that the calculation strictly depends on whether the debtor is the
10 account debtor or the factoring client. In the latter case, the payables of the actual
11 account debtors do not matter individually.

12 For an illustration of how to establish whether or not trade receivables are reported
13 to AnaCredit, please consider the following examples.

Example 11: Calculation of the reporting threshold – the debtor has trade receivables only vis-à-vis the observed agent

A factoring contract for factoring (FACNT#1) is made between the factor and the factoring client. Under the contract, the factor purchases invoices relating to two different account debtors (ACCDBT#1 and ACCDBT#2). Since in this case the transferor is considered to have transferred substantially all risks and rewards of the trade receivables, the factor recognises exposures to the account debtors. Neither of the account debtors has other instruments vis-à-vis the factor. At a reporting reference date, the outstanding nominal amount of the trade receivables is €79,000 in relation to ACCDBT#1 and €14,000 in relation to ACCDBT#2.

At the reporting reference date, the observed agent establishes the following.

- There are two instruments: trade receivables of debtor ACCDBT#1 and trade receivables of ACCDBT#2.
- The debtor's commitment amount of ACCDBT#1 is €79,000, which exceeds the reporting threshold of €25,000. The instrument is reported to AnaCredit as of the reporting reference date.
- The debtor's commitment amount of ACCDBT#2 is €14,000 and does not reach the reporting threshold. Consequently, the instrument is not reported to AnaCredit.

Example 12: Calculation of the reporting threshold – trade receivables vis-à-vis the same observed agent acquired under different factoring contracts

A factor enters into a factoring contract (FACCNT#1) for factoring with factoring client A. Under the contract, trade receivables payable by account debtors including ACCDBT#1 are purchased, where the transferor is considered to have transferred substantially all risks and rewards of the trade receivables. In addition, the factor enters into a factoring contract (FACCNT#2) for non-recourse factoring with factoring client B, under which trade receivables payable by account debtors including ACCDBT#1 are purchased.

In both cases, the factor recognises exposures to account debtors. Account debtor ACCDBT#1 has no other instruments vis-à-vis the factor.

At a reporting reference date, the outstanding nominal amount of the trade receivables of ACCDBT#1 purchased under contract FACCNT#1 is €15,000, while the amount purchased under contract FACCNT#2 is €22,000.

At the reporting reference date, the observed agent establishes the following.

- There are two instruments vis-à-vis debtor ACCDBT#1: trade receivables purchased under contract FACCNT#1 and trade receivables purchased under contract FACCNT#2.
- The debtor's commitment amount is the sum of the outstanding nominal amounts of the two instruments – this is €37,000. The debtor's commitment amount exceeds the reporting threshold of €25,000, meaning that both trade receivables instruments are reported.

Example 13: Calculation of the reporting threshold – trade receivables and other instruments vis-à-vis the same debtor

A factor enters into a factoring contract (FACCNT#1) for factoring with a factoring client (CPTY#A) whereby numerous trade receivables are purchased where the transferor is not considered to have transferred substantially all risks and rewards of the trade receivables. In addition, the factor has also extended a revolving credit to CPTY#A under contract CNT#2.

In this case, the factor reports the factoring client as the debtor. At a reporting reference date, the outstanding nominal amount of the trade receivables instrument is €10,000 and there is no off-balance-sheet amount, whereas the revolving credit has an outstanding nominal amount of €10,000 and off-balance-sheet amount of €20,000.

At the reporting reference date, the observed agent establishes the following.

- There are two instruments vis-à-vis debtor CPTY#A: trade receivables purchased under contract FACCNT#1 and the revolving credit extended under contract CNT#2.
- The debtor's commitment amount is the sum of the commitment amounts of the two instruments, which is €40,000. The debtor's commitment amount exceeds the reporting threshold of €25,000, meaning that both the trade receivables and the revolving credit are reported.

5.3.7 Stylised factoring transaction vis-à-vis AnaCredit

- 1 For an illustration of how factoring is reported to AnaCredit, consider the following
- 2 stylised factoring transaction and the two possible reporting approaches that may be
- 3 used to reflect the transaction depending on whether the factor recognises exposure
- 4 to the account debtor or to the factoring client.

1
2
3
4

In this example, factoring refers to the sale of a company's (the factoring client's) claims recorded under accounts receivable (in the form of an invoice), representing money due from its customers (legal entities), to a credit institution referred to as the factor.

Example 14: A stylised factoring transaction

A company manufacturing goods sells products to two customers. For the products sold, one company receives three invoices totalling €40,000, while the other receives five invoices totalling €60,000). The company's customers agree to pay the invoices within three months of delivery of the goods.

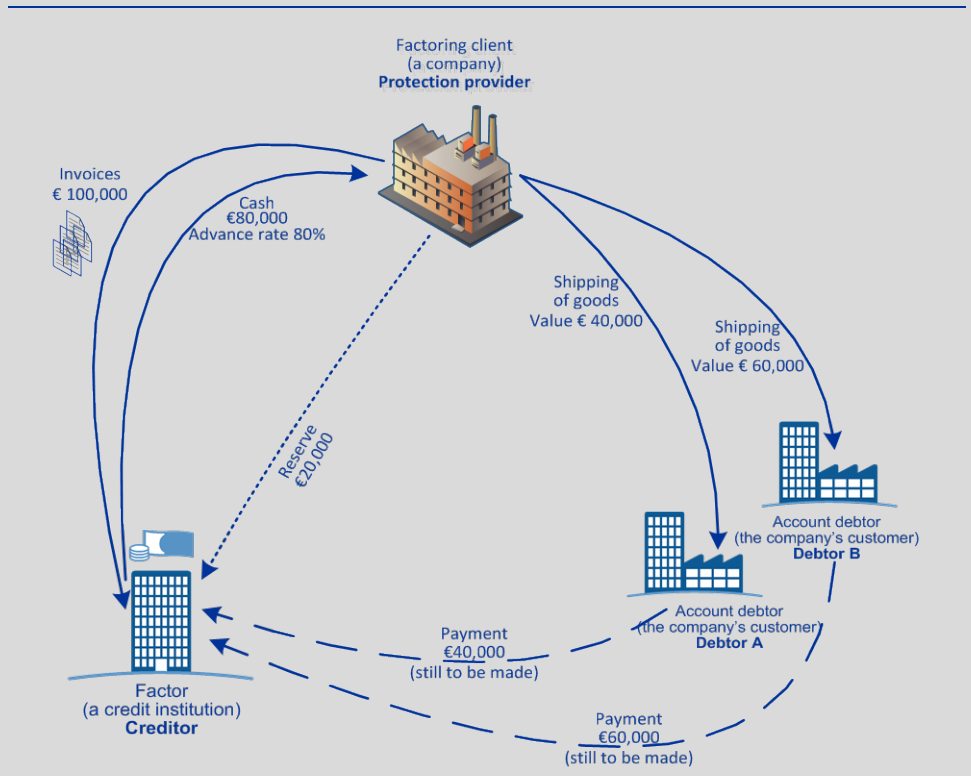
As the customers purchase the goods on deferred payment terms, the company wants to finance its receivables with a credit institution. To this end, the company ("factoring client") sells the right to receive the proceeds of the sales transactions (amounting to €100,000 in total) to the credit institution ("factor") under a factoring agreement between the factoring client and the factor.

Subsequently, the factor advances to the factoring client 80% of the face value of the invoices payable by the company's customers. The other 20% is retained as a reserve.

The factor also provides administration and collection services to the factoring client and is responsible for the administrative and financial management of the trade receivables.

The factoring transaction at origination is schematically presented in Chart 11.

Chart 11: Schematic representation of the stylised factoring transaction



Please note that for the sake of simplicity, any transaction costs (i.e. any charges by the factor in the form of interest payments or factoring fees) are left out of the example.

5
6

The following two sections illustrate how the transaction is reported to AnaCredit, depending on how the factoring transaction is accounted for by the creditor.

1 Section 5.3.7.1 illustrates the reporting in the case where the company is considered
2 to have transferred substantially all the risks and rewards of ownership of the trade
3 receivables in accordance with the applied accounting standard, i.e. the case of
4 exposure to the account debtor.

5 Section 5.3.7.2 illustrates the reporting of factoring transaction in the case where the
6 company has retained substantially all the risks and rewards of ownership of the
7 trade receivables, i.e. the exposure is to the factoring client.

5.3.7.1 Exposure to the account debtor

8 [Example 15](#) illustrates how the factoring transaction introduced in [Example 14](#) is
9 generally reflected in AnaCredit. Please note that in this case, in accordance with the
10 accounting standards applied, the factor recognises exposure to the account debtor
11 (cf. Section 5.3.1).

Example 15: AnaCredit reporting – the case of exposure to the account debtor

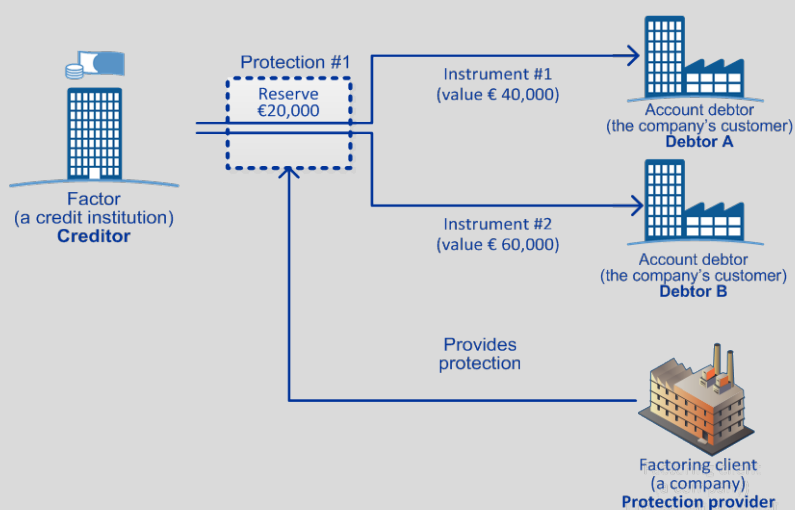
This example relates to the case where the risk of non-payment by the customers is substantially borne by the factor, i.e. where the transferor continues to recognise the trade receivables as the risks and rewards of ownership have not been transferred. In this case, the factor does not have the right to collect the debt from the entity that sold the receivables to the creditor.

Accordingly, in the context of AnaCredit the factoring transaction described in Example 14 comprises the following (any transaction costs are left out of the example):

1. In accordance with Section 5.3.1, the debtors are the account debtors.
2. The contract is the factoring agreement concluded by the factor and the factoring client.
3. In accordance with Section 5.3.5, the level of granularity is set by the factoring agreement and the individual account debtors. Hence, there are only two instruments, one for each account debtor, irrespective of the number of underlying invoices for each debtor:
 - Instrument#1 with *Debtor A* as the debtor;
 - Instrument#2 with *Debtor B* as the debtor;
 - Both instruments are of the type of instrument “trade receivables”.
4. The factor is both creditor and servicer in both instruments.
5. The reserve withheld serves as protection to the total amount payable by the account debtors. Accordingly, a protection item, Protection #1, being the reserve amounting to €20,000, is recognised, where the factoring client is the protection provider. Protection#1 secures both Instrument #1 and Instrument #2.
6. Both instruments are with “no recourse”.

The factoring transaction at origination is schematically presented in the chart below.

Chart 12: Representation of the transaction’s essential elements in AnaCredit reporting



5.3.7.2 Exposure to the factoring client

- 1 Example 16 in turn illustrates how the factoring transaction introduced in Example 14
 2 is reflected in AnaCredit if, in accordance with the accounting standards applied, the
 3 factor recognises exposure to the factoring client (cf. Section 5.3.1).

Example 16: AnaCredit reporting – the case of exposures to the factoring client

This example relates to the case where, in accordance with the accounting standard applied, the company (i.e. the factoring client) is not considered to have transferred substantially all the risks and rewards of ownership of the trade receivables and the factor has the right to collect the debt from the entity that sold the receivables to the creditor. In this case, the factor recognises exposure to the factoring client.

Accordingly, in the context of AnaCredit, the factoring transaction described in Example 14 comprises the following (any transaction costs are left out of the example):

1. In accordance with Section 5.3.1, the debtor is the factoring client.
2. The contract is the factoring agreement concluded by the factor and the factoring client.
3. As in this case the level of granularity is set by the factoring agreement and the factoring client, there is only one instrument (of the type “trade receivables”), irrespective of the number of account debtors and underlying invoices for each account debtor:
 - Instrument #1 with the factoring client as the debtor.
4. At origination, the outstanding nominal amount of the instrument is the advance paid to the factoring client.
5. The factor acts as both creditor and servicer of Instrument #1.
6. As in this case the instrument is already netted with the reserve withheld, the reserve is not reported as protection to the instrument (despite the fact that the factor withheld the reserve to protect itself against losses incurred by the trade receivables).
7. The account debtors that are liable for the payments are not recognised at all.
8. The instrument is with “recourse”.

The counterparties, their roles and other essential elements of the factoring transaction at origination are schematically presented in the chart below.

Chart 13: Representation of the transaction’s essential elements in AnaCredit reporting



5.4 Specific rules for reporting trade receivables

1 This section outlines the reporting of trade receivables vis-à-vis individual data
2 attributes.

3 Please note that the reporting of trade receivables is generally subject to the same
4 requirements as other instruments that are not trade receivables. This means in
5 particular that the AnaCredit Regulation does not distinguish any data attributes that
6 are not required specifically vis-à-vis trade receivables.

7 Nevertheless, some data attributes may not be applicable to trade receivables in
8 certain circumstances. In such cases, the value “Non-applicable” is reported, in
9 accordance with the clarifications provided in Part II of the Manual regarding the use
10 of “Non-applicable” values.

5.4.1 Type of instrument

11 **Factoring to be reported as “trade**
12 **receivables”** As explained in Section 5.1 above, the type of instrument for factoring transactions is
“trade receivables”.

13 This type of instrument applies to all factoring transactions, regardless of their nature
14 (exposure to the account debtor or to the factoring client).

15 Note that, in the context of AnaCredit, loans secured with trade receivables – i.e.
16 those where the trade receivables are solely pledged rather than purchased by the
17 credit institutions – are not to be reported as “trade receivables”.

5.4.2 Recourse

18 The data attribute “recourse” in the instrument dataset is crucial for the purpose of
19 differentiating between recourse and non-recourse factoring transactions.

20 In the case of recourse factoring, the value “recourse” is reported, whereas in the
21 case of non-recourse factoring, the value “non-recourse” is reported.

22 Please note that this data attribute indicates whether the creditor has the right to
23 collect the debt from the entity from which the creditor purchased the receivables,
24 and it is irrelevant whether or not the creditor has recourse to the debtor under the
25 general conditions¹².

¹² Please note that, while generally applicable, the data attribute “recourse” is defined differently for trade receivables, with the AnaCredit Regulation stipulating that, in the case of trade receivables, the right to collect the debt from the entity that sold the receivables to the creditor is reported as “recourse”.

5.4.3 Counterparty role

1 For each instrument reported, AnaCredit requires that all counterparties which act as
2 (i) creditor, (ii) debtor and (iii) servicer are always reported in the data attribute
3 “counterparty role” in the counterparty-instrument dataset.

4 **Creditor**

5 The factor is the creditor to the
6 instrument
7 In the context of AnaCredit, it is the factor purchasing trade receivables under a
8 factoring contract that acts as creditor in the factoring transaction. Consequently, the
9 factor is reported as creditor under the counterparty role in the counterparty-
10 instrument dataset.

11 Other or additional creditors in the
12 case of securitisation
13 It is also clarified that, in the case of trade receivables subject to securitisation, other
14 or additional counterparties may be reported as creditors in accordance with the
15 general reporting rules for instruments subject to securitisation.

16 Please note that the factor may be different from the observed agent. This in
17 particular regards cases where the observed agent acts only as servicer and not as
18 creditor.

15 **Debtor**

16 As explained above, depending on whom the factor recognises as debtor in
17 accordance with the applied accounting standard, the debtor to trade receivables is
18 either (i) the account debtor or (ii) the factoring client (the seller of the trade
19 receivables).

20 In particular, the factoring client, rather than the account debtor, is reported as “the
21 debtor” if, in accordance with the applied accounting standard, the transferor of the
22 trade receivables is not considered as having transferred substantially all the risks
23 and rewards of ownership of the trade receivables.

24 No trade receivables from natural
25 persons in AnaCredit
26 Please note that, pursuant to Article 4 of the AnaCredit Regulation, trade receivables
27 where the debtor is a natural person are not reported to AnaCredit.

26 **Servicer**

27 Pursuant to Article 1(14) of the AnaCredit Regulation, the counterparty responsible
28 for the administrative and financial management of the instrument is a servicer to the
29 instrument.

30 In particular, as regards purchased trade receivables, servicer means an entity that
31 manages a pool of purchased receivables on a day-to-day basis.

32 The factor is typically the servicer to
33 the instrument
34 In typical factoring transactions, the administrative and financial management is
35 carried out by the factor. In such cases, it is the factor that acts as servicer in the
36 context of AnaCredit.

5.4.4 Inception date

1 The inception date to be reported for factoring is the date of the factoring contract
2 made between the factor and the factoring client. In other words, it is the date when
3 the contract was established.

4 The date does not depend upon whether the debtor is the account debtor or the
5 factoring client.

5.4.5 Settlement date

6 The settlement date is the moment at which the price for purchasing the trade
7 receivables is first paid or is due to be paid to the factoring client. More specifically,
8 this is the first disbursement of (any partial amount of) the advance payment to the
9 factoring client, regardless of whether the underlying trade receivable is with or
10 without recourse.

11 Please note that the settlement date is at or after the inception date, depending on
12 the contractual obligation/execution.

13 Factoring transactions are not subject to AnaCredit reporting before the settlement
14 date. In particular, at a reporting reference date any undrawn purchase commitments
15 for purchased trade receivables are not subject to AnaCredit reporting. This is due to
16 the nature of the factoring relationship, where, even though a commitment may exist,
17 a factoring client cannot unilaterally take advantage of the commitment.

5.4.6 Legal final maturity date

18 The legal final maturity date for trade receivables is the maturity date stipulated by
19 the factoring contract.

20 In cases where no such date is specified in the factoring contract, the value "Non-
21 applicable" is reported.

22 Please note that the maturity date exclusively refers to the factoring contract, i.e. it is
23 the maturity date (if any) of the contract between the factor and the factoring client,
24 irrespective of the due dates of the individual trade receivables.

25 For more information regarding the reporting of "Non-applicable", please refer to
26 Part II of the Manual.

5.4.7 Outstanding nominal amount

27 In the context of AnaCredit, the outstanding nominal amount is reported gross of any
28 impaired amounts and any protection. However, the outstanding nominal amount is

1 reported net of any amounts written off and net of any (implicit) accrued (but not due)
2 interest.

3 In relation to trade receivables, the outstanding nominal amount is defined
4 depending on whether the debtor is the factoring client or the account debtor (cf.
5 Section 5.3.1).

6 In this connection, if the debtor is:

- 7 • the account debtor: at a reporting date the outstanding nominal amount of
8 the instrument is the nominal value of all trade receivables relating to the
9 account debtor purchased under a single factoring contract between the
10 factor and the factoring client, reduced over time by deducting repayments
11 received in relation to these trade receivables, and reduced by written-off
12 amounts (if any);
- 13 • the factoring client: at a reporting date the outstanding nominal amount of
14 the instrument is the amount of the funds advanced to the factoring client
15 for trade receivables purchased under a single factoring contract between
16 the factor and the factoring client, reduced over time by deducting any
17 repayments collected from account debtors liable for the trade receivables,
18 and also reduced by any (implicit) accrued interest and written-off amounts
19 (if any).

20 Please note that any repayments made by the account debtor in principle diminish
21 the outstanding nominal amount, irrespective of whether the exposure is to the
22 account debtor or the factoring client.

23 Please also note that cumulative impairment amounts and amounts of protection
24 securing the instrument are not deducted from the outstanding nominal amount.

25 In the case of factoring where the exposure is to the factoring client, the payments to
26 be received in total typically exceed the amount of the funds advanced. As a result,
27 the outstanding nominal amount is reduced to zero before all repayments have been
28 collected from the account debtors, i.e. before the reserve is finally disbursed to the
29 factoring client. Nevertheless, in such cases, the instrument is no longer subject to
30 reporting once the outstanding nominal amount is reduced to zero (unless the
31 outstanding nominal amount increases again if new claims are added under the
32 same factoring agreement) and there is no positive off-balance-sheet amount (cf.
33 Section 5.4.8).

34 By contrast, please note that the outstanding nominal amount may increase or
35 decrease as individual trade receivables are included or excluded in the same
36 instrument. In particular, if new claims are added under the same factoring
37 agreement, then the outstanding nominal amount increases accordingly.

5.4.8 Off-balance-sheet amount

1 Off-balance-sheet amount is
2 considered non-existent for
3 factoring exposures to the account
4 debtor

For all factoring transactions where the exposure is to the account debtor, the off-balance-sheet amount is reported as “Non-applicable”, as the debtor is not enabled to draw any additional funds. Please note that the off-balance-sheet amount is reported as “Non-applicable” even in cases where the so-called debtor limits are in use by the factor. These limits represent the maximum sum of trade receivables against one debtor which the factor will purchase from the factoring client. Please note that the limits do not grant the debtor the right to use or withdraw funds unilaterally (as in the case of credit facilities).

9 In the case of exposures to the
10 factoring client, an off-balance-
11 sheet amount is reported only if the
12 factor has unconditionally
13 committed to purchase additional
14 trade receivables from the factoring
15 client

With regard to factoring transactions where the exposure is to the factoring client and the factor has unconditionally committed in the factoring agreement to purchase from the factoring client additional trade receivables up to a specified “debtor limit”, an off-balance-sheet amount is reported to AnaCredit as a maximum amount by which the instrument’s outstanding nominal amount can be additionally increased because of such unconditionally committed purchases. Otherwise, if additional trade receivables may be purchased but there is no unconditional commitment to do so by the factor¹³, the off-balance-sheet amount is reported as “Non-applicable”.

5.4.9 Commitment amount at inception

17 The reporting of this data attribute depends on whether the debtor is the account
18 debtor or the factoring client (cf. Section 5.3.1).

19 In factoring where the account debtor is reported as the debtor, the data attribute
20 “commitment amount” is reported as “Non-applicable”.

21 Otherwise, in cases where the debtor is the factoring client, the commitment amount
22 is the sum of the price for purchasing the trade receivables, irrespective of whether
23 the full payment of the purchase price (including reserve) has already been
24 disbursed to the factoring client, and the off-balance-sheet amount (if any).

5.4.10 Amortisation type

25 The amortisation type of factoring instruments is dependent on the amortisation
26 defined in the factoring contract. In most cases, the principal and – implicit – interest
27 can be paid at the legal final maturity date of the invoices purchased. This means
28 that for such factoring transactions the amortisation type would be “bullet”. However,
29 other amortisation types are not excluded, as some goods can also be purchased in
30 instalments and/or by means of other arrangements.

¹³ For example, when such a purchase is subject to a review and acceptance of the trade receivables by the factor.

5.4.11 Interest rate

1 The reporting of this data attribute depends on whether the debtor is the account
2 debtor or the factoring client (cf. Section 5.3.1).

3 Exposure is to the account debtor

4 In the case of factoring where the account debtor is reported as the debtor, the
5 interest rate is reported as “Non-applicable”. However, if the factor is entitled to
6 charge interest for late payment directly to the account debtor, the applicable interest
7 rate is reported according to the “interest rate” reporting criterion set out in of Part II,
8 Section 4.4.1 of the Manual.

9 Exposure is to the factoring client

10 In the case of factoring where the debtor is the factoring client, it is the interest rate
11 charged by the factor to the factoring client that is reported in this data attribute.

12 This is because the interest rate in this data attribute is the annualised agreed rate or
13 narrowly defined interest rate in accordance with Regulation (EU) No 1072/2013 of
14 the European Central Bank of 24 September 2013 concerning statistics on interest
15 rates applied by monetary financial institutions (recast) (ECB/2013/34). Accordingly,
16 the interest rate covers no other charges than interest payments.

17 As explained above, trade receivables are typically purchased at a discount, which is
18 referred to as the factoring discount interest. The factoring interest is the actual cost
19 of funds provided to the factoring client that is charged by the factor and is typically
20 in a range of a few percent of the receivable(s). The specific factoring interest is
21 determined by the actual funding amount, funding period, applied interest rate, type
22 of debtor (individual consumers versus business clients), industry risk or client credit
23 history and billing structure.

24 The following example illustrates how the cost of factoring may be built up.

Example 17: The cost of factoring

A factoring contract is made between the factor and the factoring client. The relevant agreement terms are:

- the face value of the invoice (purchased in the factoring): €100,000;
- the advance rate: 80% of the face value;
- the factor fee: 3%;
- the interest rate charge on advances of 12% per annum.

A calculation of the cost for a 45-day invoice is presented below, where for the purposes of the calculation, 45 days is assumed to be 1.5 months.

1. The factoring fee for managing the invoice is €3,000 = €100,000 x 3% (the factoring fee).
2. Money advanced amounts to €80,000 = €100,000 x 80% (the advance rate).
3. The interest charge is €1,200 = €80,000 x 12% APR x 45 days. Hence, €1,200 is the interest charge for €80,000 borrowed for 45 days at 12% APR.
4. The total cost is €4,200, which calculated as the factoring fee + the interest charge.

Please note that the interest rate to be reported in the data attribute “interest rate” in this case is 12%.

5.4.12 Accrued interest

1 Accrued interest is reported only if there is an interest rate reported in the data
2 attribute “interest rate”, which largely depends on whether the exposure is to the
3 account debtor or the factoring client (cf. Section 5.4.11).

4 In particular, for factoring where the debtor is the account debtor, no accrued interest
5 is reported (i.e. “Non-applicable” is reported) unless the factor is entitled to charge
6 interest for late payment directly to the account debtor.

7 In the case of factoring where the exposure is to the factoring client, the accrued
8 interest is reported in accordance with Annex IV of the AnaCredit Regulation.

9 In this connection, at a reporting reference date, the amount reported in the data
10 attribute “accrued interest” is calculated using the interest rate as explained in
11 Section 5.4.11 above and taking into account that the total accrued interest (over the
12 entire tenor of the trade receivables) should equal the actual cost of providing the
13 financing to the factoring client, also considering the advance and the fees for other
14 services provided in accordance with the factoring contract.

15 With regard to **Example 17** above this means that, after the 45-day tenor, the
16 accrued interest should amount to €1,200 (as the fee of €3,000 is not accounted for
17 as interest income of the factor):

1 accrued interest = (€100,000-(€20,000-€4,200)) – €80,000- €3,000) = €1,200.

2 For the interim periods, i.e. the period between the start of interest accrual and the
3 maturity date (or when the interest is capitalised), the accrued interest is calculated
4 on a straight-line basis proportionally to the time elapsed since the start of the
5 interest accrual (or the inception of the instrument). In addition, if interest is
6 capitalised before maturity, the accrued interest should be reduced by any
7 capitalised interest. Please consider the following example as an illustration.

Example 18: Outstanding nominal amount and interest accrual

A factoring agreement is made between the factor and the factoring clients. The relevant agreement terms are:

- trade receivables are purchased under factoring without recourse;
- the face value of the trade receivables is €100,000;
- the advance rate is 80% of the face value;
- the interest rate charge on advances is 15% per annum, yielding €3,000 at maturity;
- the trade receivables are issued on 1 May and are due on 1 August;
- the trade receivables are collected on 1 August.

Assuming that the instrument is reported for three consecutive reporting reference dates and that the factor capitalises interest quarterly at quarter-end dates, the outstanding nominal amount and the accrued interest are reported as follows:

Table 39 Indication of the financial dataset

Reporting reference date	Contract identifier	Instrument identifier	Outstanding nominal amount	Accrued interest
31/05/2019	FA#1	TRREC#1	97,000.00	1,000.00
30/06/2019	FA#1	TRREC#1	99,000.00	0.00
31/07/2019	FA#1	TRREC#1	99,000.00	1,000.00

Given that over the entire tenor of the instrument the interest charge amounts to €3,000 and that the interest is accrued on a straight-line basis, the following holds.

- After the first month (31 May), the outstanding nominal amount of €97,000 is reported and the accrued interest amount to 1/3 of €3,000.
- After the second month, an additional 1/3 of the total interest charge is accrued. However, given that as of 30 June the interest is capitalised (i.e. a total of €2,000 in accrued interest is added to the principal), €99,000 is reported as the outstanding nominal amount, and the accrued interest is again set to zero.
- At the end of the third month, the remaining part of the interest charge has been accrued and therefore €1,000 is reported as the accrued interest.

Finally, on the maturity date of 1 August, the total interest charge is now part of the outstanding nominal amount, which is also paid off in full.

5.4.13 Trade receivables in arrears and past due

1 For trade receivables which, at a reporting reference date, are past due in
 2 accordance with paragraph 48 of Part 2 of Annex V to the ITS, the date on which
 3 past due is considered to have occurred is reported in the data attribute “date of past
 4 due for the instrument”, and the amount that is due is reported in the data attribute
 5 “arrears for the instrument”.

6 Please refer to Part II of the Manual for further details regarding the reporting of
 7 arrears for the instrument and the date of past due for the instrument.

5.4.14 Subordinated debt

8 For subordinated purchased trade receivables, the data attribute “subordinated debt”
 9 is reported as “subordinated debt”. Otherwise, the data attribute is reported as “non-
 10 subordinated debt”.

5.4.15 Renegotiation

11 An extension of payment terms granted to the buyer of the goods and services (i.e.
 12 the debtor) by the seller in non-notification factoring agreements for commercial
 13 reasons is identified and accordingly reported to AnaCredit in the data attribute
 14 “status of forbearance and renegotiation”.

15 Otherwise, the data attribute “status of forbearance and renegotiation” is reported as
 16 “not forborne or renegotiated”.

5.4.16 Balance sheet recognition

17 The balance sheet recognition informs how purchased trade receivables are
 18 accounted in the balance sheet of the observed agent’s legal entity, with the
 19 observed agent acting as creditor or servicer in relation to the trade receivables.

20 In particular, the balance sheet recognition of the instrument is reported as “entirely
 21 recognised” if the purchased trade receivables are recognised in accordance with
 22 the accounting standard applied by the observed agent’s legal entity. Otherwise, if, in
 23 accordance with the applied accounting standard, the factor does not recognise the
 24 purchased trade receivables on the balance sheet, the value “entirely derecognised”
 25 is reported.

26 Please note that, in cases of trade receivables where the observed agent acts only
 27 as servicer and does not act as creditor, the balance sheet recognition is reported as
 28 “entirely derecognised”. This is in accordance with Part II of the Manual (cf. Section
 29 5.4.2), which states that the value “entirely derecognised” is also reported in cases
 30 where the instrument is not an asset in accordance with the applied accounting
 31 standard.

1 In other words, reporting agents report a factoring instrument as “entirely
2 recognised”, unless it is solely serviced by the reporting agent, as they always
3 recognise either the exposure to the account debtor or to the factoring client,
4 following the risk and reward transfer criterion.

5.4.17 Carrying amount

5 The carrying amount is reported in accordance with the accounting standard applied
6 by the observed agent’s legal entity and in accordance with whether the exposure is
7 to the account debtor or the factoring client.

8 If the purchased trade receivables are not recognised on the balance sheet, the
9 carrying amount is reported as “non-applicable”. Otherwise, a non-negative value is
10 reported.

11 Please also note that the carrying amount of the exposures to factoring operations
12 does not necessarily equal the outstanding value of the purchased trade receivables.

5.4.18 Protection

13 In this section, the particularities of factoring transactions with regard to the
14 protection are discussed.

15 Recourse itself is not protection

16 Based on the contractual agreements and in line with the AnaCredit reporting
17 principles for factoring transactions it is generally necessary to account for the
18 recourse nature of the factoring transaction in the context of protection against
19 potential negative credit event.

20 To this extent recourse transactions and the recourse nature of the transaction do
21 not account as a protection item themselves. Thus it is the protection item received
22 beyond the recourse nature which is reported to the AnaCredit protection dataset.

23 Please note that the information about whether or not recourse applies to a given
24 instrument is reported in the data attribute “recourse” in the instrument dataset.

25 Reserve as protection in the case of exposure to the account debtor

26 In factoring transactions where the account debtor is reported as the debtor, and in
27 relation to such instruments only, a reserve in the form of an amount that the factor
28 holds back is considered to be a protection item securing the instrument.

29 Consequently, the reserve is reported to AnaCredit in the instrument-protection
30 received dataset and further described in the protection received dataset.

31 In particular, please note that a reserve may be established for several trade
32 receivables (and for several instruments). Therefore, a reserve as a whole is subject

1 to reporting in the protection received dataset, whereas the information as to which
2 trade receivables (i.e. which instruments) are secured by the reserve (and to what
3 extent) is reported in the instrument-protection received dataset.

4 For an illustration of how one reserve may secure multiple instruments, please refer
5 to [Example 15](#), where the reserve is established at the level of the factoring
6 agreement which covers both instruments, and therefore the reserve is allocated to
7 the individual instruments. In this respect, Protection#1 therein is recorded only once
8 in the protection received dataset, while the allocation of the protection item (and of
9 its value) is recorded in the instrument-protection received dataset in relation to both
10 instruments. For an illustration of how the protection value could be allocated to the
11 instruments it secures, please consider the following example.

Example 19: Allocation of a reserve across multiple instruments

This example relates to [Example 15](#) above where the factor, after concluding a factoring agreement (FA#1) with the factoring client (CPYFC#1), acquires trade receivables for the value of €100,000. The purchased trade receivables are payable by two account debtors and, owing to the fact that the risk of non-payment by the account debtor is substantially borne by the factor, the factor recognises exposure to the account debtors. However, in order to reduce the factor's risk, the factor advances only a part of the receivables' value to the factoring client (i.e. €80,000) and withholds the rest as a reserve. It is agreed that the reserve, less any charges, will be held until the trade receivables are paid. The structure of the factoring transaction is illustrated in Chart 12 in Section 5.3.7.1 above.

Assuming that the transaction is originated on 30 September 2018, the factor, acting as an observed agent in the context of AnaCredit, reports the instruments and protection as follows.

There are two instruments: Inst#1 and Inst#2, which are secured by a common protection item – the reserve (PROT#R).

Table 40 Indication of the financial dataset

Reporting reference date	Contract identifier	Instrument identifier	Outstanding nominal amount	Accrued interest	Off-balance-sheet amount
30/09/2018	FA#1	INST#1	40,000.00	Non-applicable	Non-applicable
30/09/2018	FA#1	INST#2	60,000.00	Non-applicable	Non-applicable

The protection value is €20,000, and the observed agent allocates the protection proportionally to the outstanding nominal amount of the instruments secured by the protection.

Table 41 Indication of the protection received dataset

Reporting reference date	Protection identifier	Protection provider identifier	Type of protection	Protection value	Type of protection value	Date of protection value
30/09/2018	PROT#R	CCYFC#1	Other protection	20,000.00	Nominal amount	30/09/2018

Table 42 Indication of the instrument-protection received dataset

Reporting reference date	Protection identifier	Contract identifier	Instrument identifier	Protection allocated value	Third party priority claims against the protection
30/09/2018	PROT#R	FA#1	INST#1	8,000.00	0.00
30/09/2018	PROT#R	FA#1	INST#2	12,000.00	0.00

Please note that the instruments' debtors are the account debtors liable for the trade receivables, whereas the factoring client is the protection provider.

1 Reserve as "other protection" in the protection received dataset

2 The type of protection of a reserve reported in the protection received dataset is "other protection".

3 Please note that if protection securing an instrument is reported to AnaCredit, the protection provider is also reported.

5 The protection provider of the protection (being the reserve) is the factoring client.

1 Reserve not recognised as protection in the case of exposure to the factoring client

2 Reserve reported as “other
3 protection” only if the exposure is to
4 the account debtor – in this case
the transaction with the factoring
client is a separate transaction

Please note that in the case of factoring transactions where the exposure is to the factoring client, the reserve is not considered protection securing the instrument and therefore it is not reported in the instrument-protection received dataset.

5 Generally, the instrument is defined differently depending on whether (a) the
6 exposure is to the account debtor or (b) the exposure is to the factoring client. In
7 particular, while in the case of (a) the instrument covers the total outstanding debt of
8 the account debtor, which includes both the amount advanced to the factoring client
9 and the amount held back, in the case of (b) the instrument comprises only the
10 amount advanced to the factoring client. Consequently, the treatment of the reserve
11 has to be aligned with the definition of the instrument. In fact, in the case of (b) the
12 instrument is essentially defined as being netted with the reserve. Therefore,
13 recognising the reserve as protection would mean double-counting the reserve. In
14 other words, in the context of AnaCredit the reserve is not recognised as protection
15 in cases where the exposure is to the factoring client, as the instrument is already
16 defined net of the reserve.

17 Credit insurance as protection

18 Credit insurance is a common and effective way to mitigate the risk of losses in the
19 case of purchased receivables, in particular in agreements without recourse to the
20 factoring client.

21 Therefore, as regards the reporting of purchased trade receivables that are covered
22 by a credit insurance contract, the credit insurance (relating to multiple trade
23 receivables and multiple instruments) is reported to AnaCredit in the protection
24 received dataset with the type of protection being “credit derivatives” (not “other
25 protection”), and its total value is allocated appropriately across the individual
26 instruments, which include the insured trade receivables. The allocation is reported
27 in the instrument-protection received dataset.

28 5.4.19 Probability of default of the counterparty

29 The general requirements regarding this data attribute are presented in Part II of the
30 Manual where it deals specifically with the probability of default of the counterparty
31 as applicable under Articles 160, 163, 179 and 180 without accounting for dilution
32 risk under Articles 160(6) and 163(3) of the CRR. The counterparty is to be
understood as the debtor according to Section 5.3.1.

33 5.4.20 Counterparty reference data

34 In accordance with the general requirements of AnaCredit, counterparty reference
data are reported for all counterparties subject to AnaCredit reporting. This applies to

1 reportable instruments that are “trade receivables”, in particular where information is
2 required for recognised debtors and protection providers.

3 For general guidance regarding the individual data attributes, please refer to Part II,
4 Chapter 12 of the Manual.

5 Counterparty is the factoring client

6 In cases where the counterparty concerned is the factoring client (being a debtor or a
7 protection provider), all the data attributes in the counterparty reference data, as
8 referred to in point 1 of Annex I to the AnaCredit Regulation, are applicable and
9 reported.

10 Please note that the factoring client is generally reported as:

- 11 • the debtor in factoring transactions where the exposure is to the factoring
12 client;
- 13 • the protection provider for factoring where the exposure is to the account
14 debtor and there is a reserve withheld by the factor which serves as
15 protection to the instrument.

16 Counterparty is the account debtor

17 Meanwhile, in cases where the counterparty is the account debtor, some of the
18 counterparty reference data required for AnaCredit reporting (i.e. data on the debtor)
19 are not available to factors as there is generally no contractual relation between the
20 factor and the debtor (i.e. the factoring client’s customer). Therefore, the following
21 data attributes are reported as “Non-applicable”, unless the factor has the
22 information available:

- 23 • legal entity identifier (LEI);
- 24 • immediate parent undertaking identifier;
- 25 • ultimate parent undertaking identifier;
- 26 • institutional sector;
- 27 • economic activity;
- 28 • status of legal proceedings;
- 29 • date of initiation of legal proceedings;
- 30 • enterprise size;
- 31 • date of enterprise size;
- 32 • number of employees;
- 33 • balance sheet total;
- 34 • annual turnover.

35 Conversely, the remaining data attributes referred to in point 1 of Annex I to the
36 AnaCredit Regulation are reported to AnaCredit. Therefore, the following data
37 attributes are always reported for account debtors:

- 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - 7
 - 8
 - 9
- national identifier;
 - head office undertaking identifier;
 - name;
 - address: street;
 - address: city/town/village;
 - address: county/administrative division;
 - address: postal code;
 - address: country;
 - legal form.

6 Instruments subject to securitisation

1 This chapter explains the reporting of instruments subject to securitisation.

2 The main focus in this part of the Manual is on securitised financial assets,
3 subsequently also referred to as securitisations.

4 First, a general overview of securitised financial assets is given, based on:

- 5 • the general definition of securitisation according to EU legislation;
- 6 • the definition and business concept of a traditional securitisation;
- 7 • the definition and the business concept of a synthetic securitisation.

8 Next, guidance is provided on reporting to AnaCredit for specific cases of
9 securitisation, namely:

- 10 • traditional securitisations;
- 11 • synthetic securitisations;
- 12 • partially securitised instruments;
- 13 • loans granted to financial vehicle corporations or other counterparties in
14 the securitisation transfer;
- 15 • self-securitisations and credit enhancements;
- 16 • other special cases.

6.1 General remarks on securitisation for the purposes of AnaCredit, the CRR, the FVC Regulation and BSI statistics

17 Securitisation is the financial practice of pooling mostly illiquid assets such as
18 mortgages, auto loans or credit card debt and transferring their risk to third parties
19 via the economic transfer of ownership of the securitised instrument (traditional
20 securitisation) or via the use of credit derivatives (synthetic securitisation).

21 While this general description is applicable in many frameworks, it is important to
22 note that the definitions of securitisation in the CRR, in Regulation (EU) No
23 1075/2013 of the European Central Bank of 18 October 2013 concerning statistics
24 on the assets and liabilities of financial vehicle corporations engaged in securitisation
25 transactions (recast) (ECB 2013/40) (hereinafter referred to as “the FVC Regulation”) and in Regulation (EU) No 1071/2013 of the European Central Bank of 24
26 September 2013 concerning the balance sheet of the monetary financial institutions
27 sector (recast) ECB/2013/33 (hereinafter referred to as “the BSI Regulation”) are not
28 aligned, as they serve different purposes.
29

1 The AnaCredit Regulation does not directly define the data attributes related to
 2 securitisation and loan transfers; instead it includes references to definitions already
 3 provided in the CRR and in the FVC Regulation. Specifically, the definition of the
 4 data attribute “originator” is based on the FVC Regulation, while the definition of the
 5 data attribute “type of securitisation” is based on the CRR.

6 As the definitions arise from different frameworks, terms such as “securitisation”,
 7 “traditional securitisation” and “synthetic securitisation” are used hereinafter in a
 8 broader sense than in the individual EU regulations named above (i.e. the CRR and
 9 FVC Regulation). This also means that the definitions only refer to the respective
 10 terms used in the CRR and the FVC Regulation when explicitly indicated, i.e. when
 11 reference is made to securitisations according to these specific frameworks.

6.1.1 Definition of securitisation in AnaCredit, the CRR, the FVC Regulation and BSI statistics

12 According to Article 4(1)(61) of the CRR, “securitisation” means “a transaction or
 13 scheme, whereby the credit risk associated with an exposure or pool of exposures is
 14 tranced, having both of the following characteristics:

- 15 (a) payments in the transaction or scheme are dependent upon the
 16 performance of the exposure or pool of exposures;
- 17 (b) the subordination of tranches determines the distribution of losses during
 18 the ongoing life of the transaction or scheme”.

19 The attribute “type of securitisation” in AnaCredit is based on the concept of a
 20 “tranced securitisation” in accordance with the CRR definition.

21 For the sake of comparison, the definitions of securitisation given in the BSI
 22 Regulation and the FVC Regulation are also provided here.

23 According to Article 1(e) of the BSI Regulation, “securitisation” means “a transaction
 24 that is either: (a) a traditional securitisation as defined in Article 4 of Regulation (EU)
 25 No 575/2013; and/or (b) a securitisation as defined in Article 1 of Regulation (EU) No
 26 1075/2013 (ECB/2013/40), which involves the disposal of the loans being securitised
 27 to an FVC”.

28 According to Article 1(2) of the FVC Regulation, “securitisation” means “a transaction
 29 or scheme whereby an entity that is separate from the originator or insurance or
 30 reinsurance undertaking and is created for or serves the purpose of the transaction
 31 or scheme issues financing instruments to investors, and one or more of the
 32 following takes place:

- 33 (a) an asset or pool of assets, or part thereof, is transferred to an entity that is
 34 separate from the originator and is created for or serves the purpose of the
 35 transaction or scheme, either by the transfer of legal title or beneficial
 36 interest of those assets from the originator or through sub-participation;

- 1 (b) the credit risk of an asset or pool of assets, or part thereof, is transferred
 2 through the use of credit derivatives, guarantees or any similar mechanism
 3 to the investors in the financing instruments issued by an entity that is
 4 separate from the originator and is created for or serves the purpose of the
 5 transaction or scheme;
- 6 (c) insurance risks are transferred from an insurance or reinsurance
 7 undertaking to a separate entity that is created for or serves the purpose of
 8 the transaction or scheme, whereby the entity fully funds its exposure to
 9 such risks through the issuance of financing instruments, and the
 10 repayment rights of the investors in those financing instruments are
 11 subordinated to the reinsurance obligations of the entity;

12 Where such financing instruments are issued, they do not represent the payment
 13 obligations of the originator, or insurance or reinsurance undertaking”.

14 This means that, while the key characteristic of a securitisation according to the CRR
 15 is that the credit risk associated with the loan or pool of loans is tranching, the key
 16 characteristic of a securitisation according to the BSI and FVC regulations is that the
 17 transfer of an instrument or its credit risk to the investor is performed not directly, but
 18 via a securitisation special purpose entity (SPPE), hereinafter referred to as an
 19 “FVC” (financial vehicle corporation) or via another counterparty in the securitisation
 20 transfer.

6.1.2 Definition of originator in AnaCredit, the CRR, the FVC Regulation and BSI statistics

21 The term “originator”, which is closely connected to securitisations, has a different
 22 definition in the CRR from that in the FVC Regulation.

23 According to Article 4(1)(13) of the CRR, the “originator” means “an entity which:

- 24 (a) itself or through related entities, directly or indirectly, was involved in the
 25 original agreement which created the obligations or potential obligations of
 26 the debtor or potential debtor giving rise to the exposure being securitised;
 27 or
- 28 (b) purchases a third party's exposures for its own account and then
 29 securitises them”.

30 The counterparty role “originator” in AnaCredit does not follow the CRR concept.

31 According to Article 1(3) of the FVC Regulation, on which the AnaCredit definition is
 32 based, “originator” means “the transferor of an asset or a pool of assets, and/or the
 33 credit risk of the asset or pool of assets to the securitisation structure”.

34 As such, the role “originator” in AnaCredit follows the FVC (and to that extent also
 35 the BSI) concept and differs from the CRR definition.

1 Finally, depending on the way the credit risk is transferred, securitisations can in
2 general take two forms:

- 3 • traditional securitisations;
- 4 • synthetic securitisations.

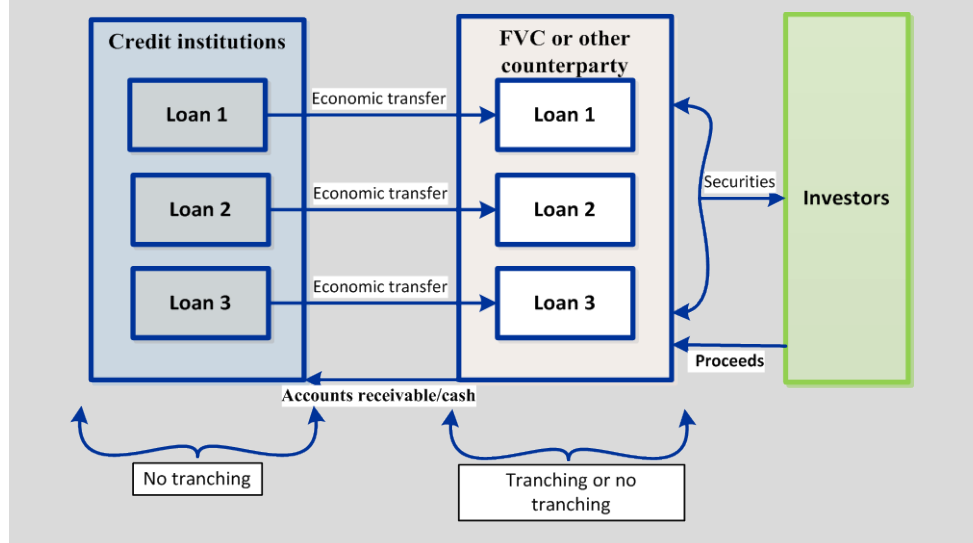
5 These two forms are described in further detail in the following sections.

6.1.3 Traditional securitisations

6 In a traditional securitisation, the credit institution (or other counterparty) transfers the
7 economic ownership of an instrument or a pool of instruments to an FVC or other
8 counterparty. The FVC or other counterparty pays the transfer price for the instruments
9 upon transfer. The originator usually continues to act as servicer for the securitised
10 loans. In many instances a traditional securitisation is also called a “true sale”.

11 The transfer price paid by the FVC or other counterparty to the originator is financed
12 by the issuance of securities by the FVC or other counterparty to investors. The FVC
13 or other counterparty normally issues (privately or publicly) securities that are
14 generally structured into different classes with different payment priorities and
15 risk/return characteristics. The FVC or other counterparty normally sells them to
16 underwriters, which will buy them at a price below the nominal value of the
17 securities, to compensate for the risk taken, before reselling them to investors.
18 Usually, the securities are ultimately sold to institutional investors, such as banks,
19 insurance companies, pension plans and portfolio managers. The securities are in
20 general regarded as asset-backed securities. In the case of “self-securitisations” a
21 portion of the securities issued by the FVC or other counterparty is bought by the
22 originating bank. These securities appear on the originating bank’s balance sheet.
23 Self-securitisations are primarily performed for the purpose of using the securities
24 created as collateral with the central bank and/or decreasing the own funds
25 requirement for the underlying assets.

Chart 14: Schematic illustration of a traditional securitisation



6.1.4 Synthetic securitisations

1 In a synthetic securitisation, in contrast with a “true-sale” securitisation there is no
 2 transfer of the instrument per se to an FVC or other counterparty. Instead, a
 3 derivative product, such as a credit default swap (CDS) or a credit linked note (CLN),
 4 is used to transfer the risk to the counterparty in the derivative contract. This
 5 counterparty pays the losses incurred by the owner of the assets (usually the
 6 originator) if a credit event such as a payment default occurs in the assets. In return,
 7 the originator pays the counterparty the premiums based on the probability of such
 8 credit events occurring in the assets. As a result, the counterparty is exposed to the
 9 credit risk attached to the reference assets, without a true sale taking place.

10 In general, synthetic securitisations may be performed via an FVC or other
 11 counterparty, or directly by the originator.

- 12 • In the case of a synthetic securitisation via an FVC or other counterparty, the
 13 originator enters into a CDS with an FVC established specifically for that
 14 purpose or with another counterparty. The FVC or other counterparty issues
 15 CLNs with the original loans as reference, collects the proceeds from the
 16 investors and typically invests the proceeds in securities which the FVC or
 17 other counterparty encumbers to the credit institution (or other counterparty).
 18 Alternatively, the proceeds may serve as protection in the form of cash. A
 19 synthetic securitisation via an FVC or other counterparty constitutes a
 20 securitisation according to the FVC Regulation and, if credit risk tranching
 21 takes place, constitutes a securitisation according to the CRR.
- 22 • In the case of a direct synthetic securitisation, the credit institution (or
 23 other counterparty) does not transfer the risk to an FVC or other
 24 counterparty, but directly issues CLNs and collects the proceeds. If the

- 1 credit institution (or other counterparty) splits the credit risk into different
- 2 tranches, the scheme qualifies as a securitisation according to the CRR.
- 3 However, it is not covered by the FVC Regulation as there is no FVC
- 4 involved in the transaction and the credit institution (or other counterparty)
- 5 therefore does not qualify as originator.

Chart 15: Schematic illustration of a synthetic securitisation via an FVC or another counterparty in the securitisation transfer

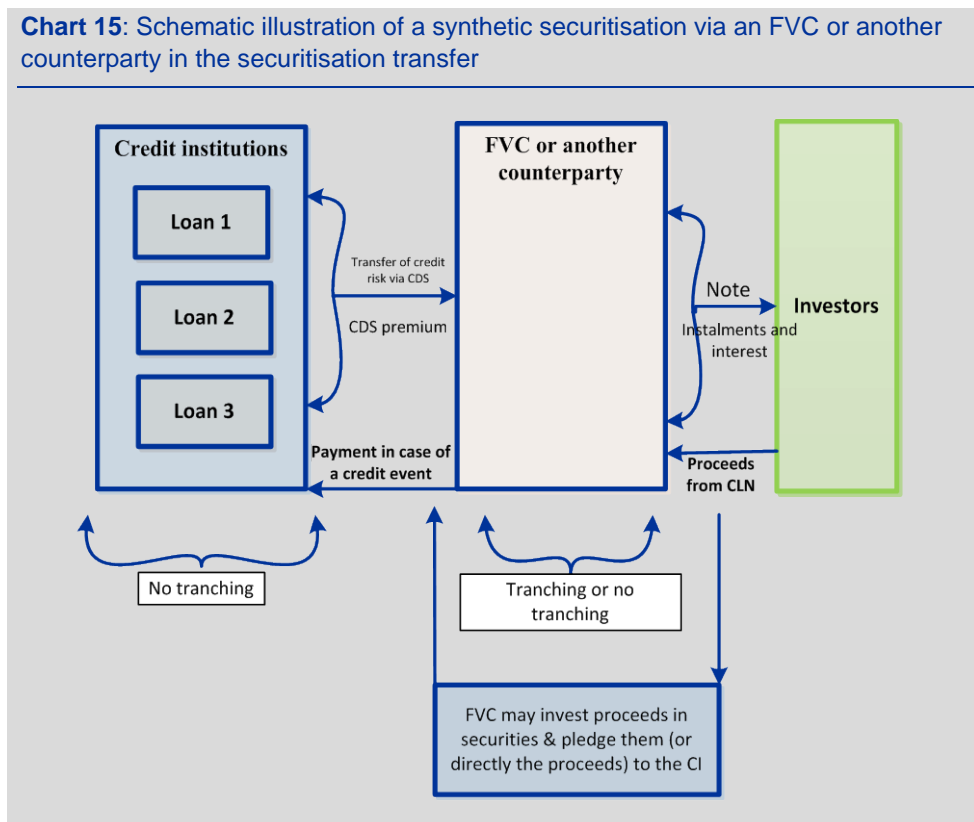
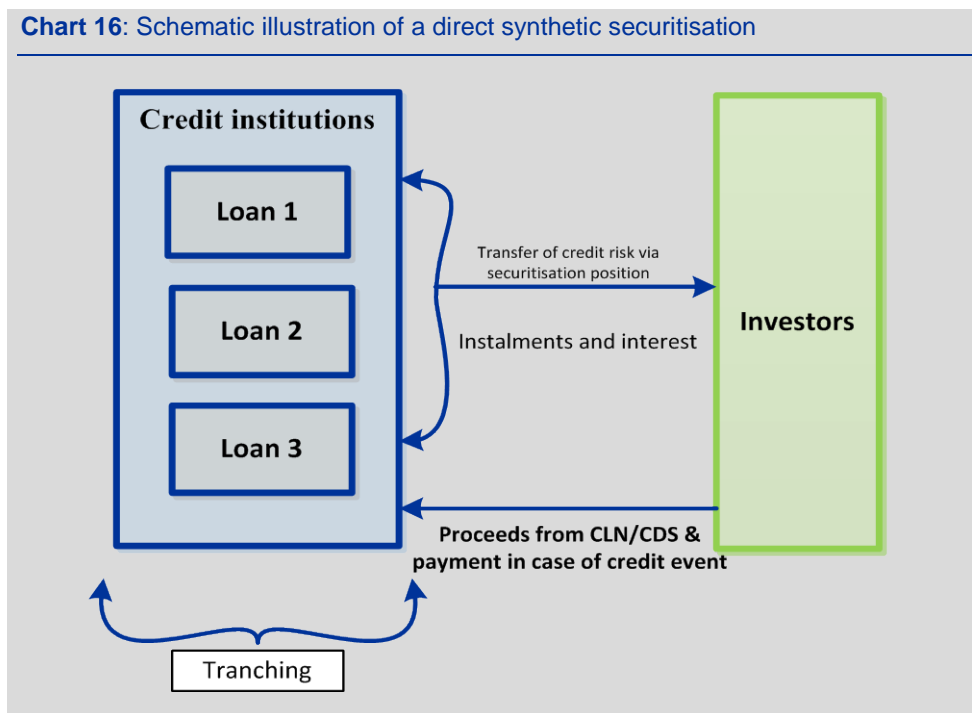


Chart 16: Schematic illustration of a direct synthetic securitisation



6.1.5 Summary

1 The descriptions provided above are summarised in the following table:

2 **Table 43** Overview of types of securitisation

Securitisation	Structure according to the CRR	I. Transfer of credit risk directly to the investors ("securitisation" on the balance sheet of the credit institution or other transferee)	II. Transfer of the loans or of the credit risk to the FVC or other counterparty ("securitisation" via an FVC or another counterparty in the securitisation transfer; securitisation covered by the BSI and FVC regulations)
Traditional (true-sale)	Tranched (according to the CRR)	<i>Does not exist</i>	(B) CRR, BSI & FVC
	Not tranched	neither CRR nor BSI and FVC	(C) BSI and FVC (but not CRR)
Synthetic	Tranched (according to the CRR)	(A) CRR (but not covered by the BSI & FVC)	(D) CRR and FVC
	Not tranched	neither CRR nor BSI & FVC	(E) FVC (but not CRR)

3 Please note that with regard to the data attribute "type of securitisation", only
 4 instruments subject to securitisation in cases A, B and D are reported as "traditional"
 5 (case B) or "synthetic" (cases A and D) because only those securitisations are
 6 characterised by the process of credit risk tranching. Otherwise, "not securitised" is
 7 reported.

6.2 Reporting securitisations in AnaCredit

1 In AnaCredit, for the sole purpose of identifying tranching securitised instruments, the
 2 data attribute “type of securitisation” is reported at the instrument level, indicating
 3 whether the instrument is subject to a tranching securitisation in accordance with the
 4 CRR. The possible values are as follows:

5 **Table 44 Values of the data attribute “type of securitisation”**

Data attribute	Values
Type of securitisation	Traditional securitisation
	Synthetic securitisation
	Not securitised

6 The values “traditional securitisation”, “synthetic securitisation” and “not securitised”
 7 are defined in accordance with the CRR definitions. Please refer to Part II of the
 8 Manual for details.

9 The roles of the respective counterparties are reported in the data attribute
 10 “counterparty role” of the counterparty-instrument dataset. The possible values are
 11 as follows:

12 **Table 45 Values of the data attribute “counterparty role”**

Data attribute	Values
Counterparty role	Creditor
	Debtor
	Servicer
	Originator

13 For a detailed definition of these values, please refer to Part II of the Manual.

14 The applicability of the data attributes described above to an instrument depends on
 15 the specific case as referred to in Table 43.

- 16 • In cases (A), (B) and (D) (i.e. where the credit risk is tranching), the
 17 scheme constitutes a tranching securitisation according to the CRR, and
 18 the data attribute “type of securitisation” does not take the value “not
 19 securitised”.
- 20 • In cases (C) and (E), the data attribute “type of securitisation” takes the
 21 value “not securitised” despite the instrument being securitised according
 22 to the BSI and FVC regulations (case C) and according to the FVC
 23 regulation (case E).
- 24 • In all cases except (A), originators have to be identified according to the
 25 BSI and FVC regulations. Note that under the CRR the originator is not
 26 reported even though the instrument is securitised.

6.2.1 Traditional securitisations

1 In the case of traditional securitisations, as the (legal and) economic owner of the
 2 loan is deemed to be “creditor” according to AnaCredit, the FVC or another
 3 counterparty in the securitisation transfer holds the credit risk of the loan portfolio.
 4 The investors, meanwhile hold the credit risk of the securities issued by the FVC or
 5 another counterparty in the securitisation transfer. The investors are therefore not
 6 considered as creditors of the loans.

7 For the reporting of traditional securitisations to AnaCredit, this means the following.

8 1. Transferred loans (loans 1, 2 and 3 in Chart 14 and cases (B) and (C) in
 9 Table 43 above):

- 10 • If the counterparty in the securitisation transfer is an FVC or another
 11 counterparty which is not a credit institution resident in a reporting Member
 12 State, the following applies.
 - 13 • If the originating credit institution continues acting as servicer even
 14 after the sale of the loans to the FVC or other counterparty in the
 15 securitisation transfer, the credit institution reports itself as servicer
 16 and originator.
 - 17 • Furthermore, the credit institution reports the FVC or other
 18 counterparty in the securitisation transfer, which is the new owner of
 19 the instrument from an economic perspective, as creditor of the
 20 loans.
 - 21 • If the instrument constitutes a tranching securitisation according to the
 22 CRR (see Section 6.1 for further details), it is flagged as a “traditional
 23 securitisation”. Otherwise, it is flagged as “not securitised”.
 - 24 • The ‘transferred amount’ is registered in the respective attribute.
 - 25 • Moreover, please note that the loans are in general not reported as
 26 encumbered assets (see the specific reporting requirements in Annex
 27 II to the AnaCredit Regulation).
- 28 • If the counterparty in the securitisation transfer is, however, a credit
 29 institution resident in a reporting Member State, the following applies.
 - 30 • The originating credit institution, even though it continues acting as
 31 servicer even after the sale of the loans, does not have a reporting
 32 obligation, but the credit institution which is the transferee instead has
 33 the reporting obligation (cf. Article 4 of the AnaCredit Regulation).
 - 34 • The credit institution which is the transferee reports itself as creditor.
 - 35 • Furthermore, the credit institution which is the transferee reports the
 36 credit institution which is the transferor as servicer and originator.
 - 37 • The instrument is reported as “not securitised” (see Section 6.1.4 for
 38 further details) as no FVC is involved by the transferee (cf. Article 242
 39 (11) of the CRR).
 - 40 • No “transferred amount” is registered in the respective attribute by the
 41 transferee.

1 • Moreover, please note that the loans may be classified as
2 encumbered assets by the transferee.

3 • Finally, if there is a protection at the loan level (e.g. a mortgage), the
4 protection is continued to be reported as such.

5 2. Securities issued by the FVC or another counterparty in the securitisation
6 transfer: The reporting of these securities is outside the scope of AnaCredit.

7 In short, the following attributes can be used to identify traditional securitisation
8 transactions:

9 • roles of “creditor”, “servicer” and “originator”;

10 • data attribute “transferred amount”;

11 • data attribute “type of securitisation” with the value “traditional
12 securitisation”.

13 Please note that if a loan was only partially transferred, two or more “creditors” exist.

Example 20: Traditional securitisation in AnaCredit

Under contract CNTR#1, a credit institution (BANK#1) has extended a real estate mortgage loan (LOAN#1) to a legal entity (DBTR#A). LOAN#1 has the type of instrument “other loans” and is collateralised by real estate collateral Protection#1 (provided by DBTR#A) in the amount of €25,000. The value of the protection is €35,000.

BANK#1 has fully transferred the instrument to FVC#1 (which ultimately sells securities to investors) by means of a traditional securitisation in accordance with the CRR; please note that if the securitisation does not qualify as a securitisation according to the CRR, the value “not securitised” is reported for the attribute “type of securitisation” (cf. Section 6.1.6 above). At the reporting reference date, the outstanding nominal amount is €50,000. The instrument is reported as follows in the selected datasets:

Table 46 Indication of the instrument dataset

Date	Contract identifier	Instrument identifier	Type of instrument
31/03/2019	CNTR#1	LOAN#1	Other loans

Table 47 Indication of the financial dataset

Date	Contract identifier	Instrument identifier	Type of securitisation	Outstanding nominal amount	Transferred amount
31/03/2019	CNTR#1	LOAN#1	Traditional securitisation	50,000.00	50,000.00

Table 48 Indication of the counterparty-instrument dataset

Date	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/03/2019	CNTR#1	LOAN#1	BANK#1	Originator
31/03/2019	CNTR#1	LOAN#1	BANK#1	Servicer
31/03/2019	CNTR#1	LOAN#1	FVC#1	Creditor
31/03/2019	CNTR#1	LOAN#1	DBTR#A	Debtor

Table 49 Indication of the instrument-protection received dataset

Date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value
31/03/2019	CNTR#1	LOAN#1	Protection#1	25,000.00

Table 50 Indication of the protection received dataset

Date	Protection provider identifier	Protection identifier	Type of protection	Protection value
31/03/2019	DBTR#A	Protection#1	Residential real estate	35,000.00

6.2.2 Synthetic securitisations

- 1 According to Article 1(11) of the AnaCredit Regulation, the “creditor” is the
- 2 “counterparty bearing the credit risk of an instrument, other than a protection
- 3 provider”. The Manual further clarifies that the creditor is the counterparty that
- 4 eventually receives the payments from the debtor.

- 1 Therefore, the credit institution – which remains the (legal and) economic owner of
 2 the loan and thus the “creditor” according to AnaCredit – holds the credit risk of the
 3 loan portfolio if the credit protection is disregarded. In contrast, the holders of the
 4 credit derivatives act as protection providers and bear the ultimate risk. They are,
 5 however, not the creditors of the loans.
- 6 1. Transferred loans (loans 1, 2 and 3 in Charts 15 and 16 above):
- 7 • The credit institution that is the transferor reports itself as “creditor” and
 8 “servicer” (see Article 4(1)(a)(i), (ii) and (iii) of the AnaCredit Regulation).
 - 9 • The attribute “transferred amount” applies only to traditional securitisations and
 10 other loan transfers and not to synthetic securitisations.
 - 11 • Note that the reporting to AnaCredit of loans subject to a synthetic securitisation
 12 can have two distinct forms (based on the presence of an FVC or another
 13 counterparty in the securitisation transfer in the structure), which can be
 14 described as follows.
 - 15 (a) Synthetic securitisation via an FVC or other counterparty in the
 16 securitisation transfer (column II cases (D) and (E) in Table 43 and loans 1,
 17 2 and 3 in Chart 15 above):
 - 18 • The credit institution which is the transferor is also registered as the
 19 “originator”.
 - 20 • If the instrument constitutes a tranching securitisation according to the
 21 CRR (see Section 6.1. for further details), it is flagged as a “synthetic
 22 securitisation”. Otherwise, it is flagged as “not securitised”.
 - 23 • The credit institution reports the protection as follows.
 - 24 • Protection at the loan level: Any existing protection at the loan level
 25 (e.g. a mortgage) is reported in the protection received table and the
 26 instrument-protection received table.
 - 27 • Protection obtained via the securitisation: In addition to the protection
 28 at the loan level, a supplemental protection item is obtained via the
 29 securitisation. It can take several forms, e.g. guarantees in the form
 30 of CDSs or cash/securities pledged by the FVC. For reporting
 31 purposes, the value of the protection is allocated to all loans
 32 underlying the securitisation. However, if the credit institution
 33 (observed agent) issued the CLNs or CDSs, the protection is not
 34 reported to AnaCredit.
 - 35 (b) Direct synthetic securitisations (column I case (A) in Table 43 above and
 36 loans 1, 2 and 3 in Chart 16 above):
 - 37 • If the instrument is subject to a tranching securitisation, the credit institution
 38 reports the loans as “synthetic securitisation” to AnaCredit, but no
 39 “originator” is registered, as no FVC is involved in the transaction (see
 40 Section 6.1. above).

- 1 • In general, loans securitised by the use of a note will qualify as
2 encumbered.
- 3 • The credit institution (transferor) reports the protection as follows.
- 4 • Protection at the loan level: Any existing protection at the loan level
5 (e.g. a mortgage) is reported in the protection received table and the
6 instrument-protection received table.
- 7 • Protection obtained via the securitisation: In addition to the protection
8 at the loan level, a supplemental protection item is obtained via the
9 securitisation. It can take several forms, e.g. cash from issued CLNs,
10 guarantees in the form of CDSs or cash/securities pledged by
11 counterparties. However, the protection exists at the tranche level,
12 which makes it difficult to assign the protection to the individual loans.
13 For reporting purposes, the value of the protection is allocated to all
14 loans underlying the securitisation. However, in the case of CLNs or
15 CDSs that are issued by the creditor, the protection is not reported to
16 AnaCredit.
- 17 2. Issued securities: The reporting of securities is outside the scope of AnaCredit.
18 The CDSs and CLNs may however be subject to reporting to the Securities
19 Holdings Statistics Database or Centralised Securities Database.
- 20 In short, the following attributes are necessary to identify synthetic securitisation
21 transactions:
- 22 • roles of “creditor” and “servicer” (and “originator” in the case of an indirect
23 securitisation);
- 24 • attribute “type of securitisation”, value “synthetic securitisation” (for
25 synthetic securitisations via an FVC or other counterparty in the
26 securitisation transfer or for direct synthetic securitisations which are
27 tranced).
- 28 For an illustration of how an instrument subject to synthetic securitisation is reported
29 in AnaCredit, please consider the following example.

Example 21: Synthetic securitisation in AnaCredit (by means of an FVC)

Under contract CNTR#2, a credit institution (BANK#1) has extended two real estate mortgage loans (LOAN#1 and LOAN#2) to a legal entity (DBTR#A). Both loans have the type of instrument “other loans”. LOAN#1 is collateralised by real estate collateral item Protection#1 (provided by DBTR#A) in the amount of €25,000. The value of the protection is €35,000.

BANK#1 has fully transferred the risk of the instruments to FVC#1 by means of a synthetic securitisation whereby the bank received a credit default swap (Protection#2) with the value of €70,000. The transaction qualifies as synthetic securitisation according to the CRR, and there is an originator according to the FVC and BSI regulations (case D in Table 43); please note that if the securitisation does not qualify as a securitisation according to the CRR, the value “not securitised” is reported for the attribute “type of securitisation” (cf. Section 6.1.5 above).

At the reporting reference date, the outstanding nominal amounts are €50,000 and

€10,000 for LOAN#1 and LOAN#2, respectively. The instruments are reported as follows in the selected datasets. Please note that both LOAN#1 and LOAN#2 are reported in the counterparty-instrument dataset, where BANK#1 is reported as creditor, servicer and originator, while DBTR#A is the debtor (not shown).

Table 51 Indication of the counterparty-instrument dataset for LOAN#1 (applies analogously for LOAN#2)

Date	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/03/2019	CNTR#2	LOAN#1	BANK#1	Originator
31/03/2019	CNTR#2	LOAN#1	BANK#1	Servicer
31/03/2019	CNTR#2	LOAN#1	BANK#1	Creditor
31/03/2019	CNTR#2	LOAN#1	DBTR#A	Debtor

Note that in the case of a direct synthetic securitisation, there would be no “originator” record in the counterparty-instrument datasets for LOAN#1 and LOAN#2 (case A in Table 43).

Table 52 Indication of the instrument dataset

Date	Contract identifier	Instrument identifier	Type of instrument
31/03/2019	CNTR#2	LOAN#1	Other loans
31/03/2019	CNTR#2	LOAN#2	Other loans

Table 53 Indication of the financial dataset

Date	Contract identifier	Instrument identifier	Type of securitisation	Outstanding nominal amount	Transferred amount
31/03/2019	CNTR#2	LOAN#1	Synthetic securitisation	50,000.00	0.00
31/03/2019	CNTR#2	LOAN#2	Synthetic securitisation	10,000.00	0.00

Table 54 Indication of the instrument-protection received dataset

Date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value
31/03/2019	CNTR#2	LOAN#1	Protection#1	25,000.00
31/03/2019	CNTR#2	LOAN#1	Protection#2	50,000.00
31/03/2019	CNTR#2	LOAN#2	Protection#2	10,000.00

Table 55 Indication of the protection received dataset

Date	Protection provider identifier	Protection identifier	Type of protection	Protection value
31/03/2019	DBTR#A	Protection#1	Residential real estate	35,000.00
31/03/2019	FVC#1	Protection#2	Credit derivatives	70,000.00

Please note that in the case of fully securitised instruments, the amount of the CDS allocated to the securitised instruments is often, but not necessarily, equal to the amount due under the securitised loans. Meanwhile, the protection value of Protection#2 is determined as explained in Part II of the Manual.

6.2.3 Partially securitised instruments

1 In any securitisation transaction, there can be cases where, owing to the process of
2 pooling the underlying assets, some underlying instruments are only partially
3 securitised. Specifically, this means that:

- 4 • in the case of a traditional securitisation, only a certain part of the
5 instrument has been transferred from the balance sheet of the credit
6 institution to the FVC or to another counterparty in the securitisation
7 transfer as a subject of securitisation;
- 8 • in the case of a synthetic securitisation, while there is no impact on the
9 structure of the balance sheet from the perspective of the credit institution,
10 only a portion of the credit risk for the underlying instrument has, however,
11 been transferred to a third party.

12 For traditional securitisations, the data attribute “transferred amount” in the
13 instrument dataset serves as the main indicator for a partially securitised asset. It
14 generally represents the actual amount of an asset that was subject to the
15 securitisation operation.

16 For synthetic securitisations, the amount transferred is generally zero, as no actual
17 transfer of the financial asset has taken place. The securitisation, i.e. the transfer of
18 credit risk, takes place (from the perspective of the credit institution) by means of a
19 credit derivative. The protection received (credit derivative) is to be allocated to
20 individual instruments by means of the instrument-protection received dataset.

21 The next example shows the two specific ways of allocating the securitised amounts.

Example 22: Indication of the securitised amounts in AnaCredit – traditional securitisation

Under contract CNTR#3, a credit institution (BANK#1) has extended two real estate mortgage loans (LOAN#1 and LOAN#2) to a legal entity (DBTR#A). LOAN#1 is secured by a real estate collateral item (Protection#1, provided by DBTR#A) up to the amount of €25,000. The value of the protection item itself is €35,000. Both loans are reported with the type of instrument “other loans”. The loans were disbursed on 17 June 2018.

BANK#1 has, in this case, partially transferred the instruments to FVC#1 as part of a true-sale securitisation (partial securitisation) according to the CRR. The percentage of the securitised amount of both loans individually is 20%. At the reporting reference date, the loans are reported as follows.

Table 56 An indication of the instrument dataset

Reporting reference date	Contract identifier	Instrument identifier	Type of instrument	Settlement date
31/03/2019	CNTR#3	LOAN#1	Other loans	17/06/2018
31/03/2019	CNTR#3	LOAN#2	Other loans	17/06/2018

Table 57 Indication of the financial dataset

Date	Contract identifier	Instrument identifier	Type of securitisation	Outstanding nominal amount	Transferred amount
31/03/2019	CNTR#3	LOAN#1	Traditional securitisation	50,000.00	10,000.00
31/03/2019	CNTR#3	LOAN#2	Traditional securitisation	10,000.00	2,000.00

Table 58 Indication of the counterparty-instrument dataset (LOAN#2 not shown)

Date	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/03/2019	CNTR#3	LOAN#1	BANK#1	Originator
31/03/2019	CNTR#3	LOAN#1	BANK#1	Servicer
31/03/2019	CNTR#3	LOAN#1	BANK#1	Creditor
31/03/2019	CNTR#3	LOAN#1	FVC#1	Creditor
31/03/2019	CNTR#3	LOAN#1	DBTR#A	Debtor

Table 59 Indication of the instrument-protection received dataset

Date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value
31/03/2019	CNTR#3	LOAN#1	Protection#1	25,000.00

Table 60 Indication of the protection received dataset

Date	Protection provider identifier	Protection identifier	Type of protection	Protection value
31/03/2019	DBTR#A	Protection#1	Residential real estate	35,000.00

Example 23: Indication of the securitised amounts in AnaCredit – synthetic securitisation

Under contract CNTR#3, a credit institution (BANK#1) has extended two real estate mortgage loans (LOAN#1 and LOAN#2) to a legal entity (DBTR#A). LOAN#1 is secured by a real estate collateral item (Protection#1, provided by DBTR#A) up to the amount of €25,000. The value of the protection item itself is €35,000. Both loans are reported with the instrument “other loans”. The loans were disbursed on 17 June 2018.

In this example, a synthetic securitisation is considered.

BANK#1 has, in this case, partially transferred the instruments to FVC#1 as part of synthetic securitisation (partial securitisation) according to the CRR. The percentage of the securitised amount of both loans individually is 20%. This is represented via a protection item (Protection#2) in the form of a credit default swap with a value of €20,000. There are no other loans in the pool of synthetically securitised assets. At the reporting reference date, the outstanding nominal amounts are €50,000 and €10,000 respectively, and the loans are reported as follows.

Table 61 An indication of the instrument dataset

Reporting reference date	Contract identifier	Instrument identifier	Type of instrument	Settlement date
31/03/2019	CNTR#3	LOAN#1	Other loans	17/06/2018
31/03/2019	CNTR#3	LOAN#2	Other loans	17/06/2018

Table 62 Indication of the financial dataset

Date	Contract identifier	Instrument identifier	Type of securitisation	Outstanding nominal amount	Transferred amount
31/03/2019	CNTR#3	LOAN#1	Synthetic securitisation	50,000.00	0.00
31/03/2019	CNTR#3	LOAN#2	Synthetic securitisation	10,000.00	0.00

Table 63 Indication of the counterparty-instrument dataset (LOAN#1 not shown)

Date	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/03/2019	CNTR#3	LOAN#2	BANK#1	Originator
31/03/2019	CNTR#3	LOAN#2	BANK#1	Servicer
31/03/2019	CNTR#3	LOAN#2	BANK#1	Creditor
31/03/2019	CNTR#3	LOAN#2	DBTR#A	Debtor

Table 64 Indication of the instrument-protection received dataset

Date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value
31/03/2019	CNTR#3	LOAN#1	Protection#1	25,000.00
31/03/2019	CNTR#3	LOAN#1	Protection#2	10,000.00
31/03/2019	CNTR#3	LOAN#2	Protection#2	2,000.00

Table 65 Indication of the protection received dataset

Date	Protection provider identifier	Protection identifier	Type of protection	Protection value
31/03/2019	DBTR#A	Protection#1	Residential real estate	35,000.00
31/03/2019	FVC#1	Protection#2	Credit derivatives	20,000.00

1 In AnaCredit, the allocation of primary protection (protection items received for the
2 underlying granular instruments) by means of protection allocated value is assumed
3 in accordance with the guidance on “protection allocated value” in Part II of the
4 Manual.

5 Reporting agents should therefore use the methods applied for internal risk
6 management purposes in allocating the primary protection between securitised and
7 non-securitised portions of the loan. Reporting agents are encouraged to consider
8 the contractual circumstances of the securitisation (e.g. originator retains right to
9 have a higher priority in the allocation of primary collateral).

6.2.4 Loans granted to FVCs or another counterparty in the securitisation transfer

10 Any funds granted to the FVC or another counterparty in the securitisation transfer in
11 a securitisation transaction, including but not limited to liquidity facilities granted by a
12 credit institution acting as a sponsor in the securitisation transaction, are to be
13 reported to AnaCredit as single instruments, irrespective of the economic role they
14 perform within the securitisation structure.

6.2.5 Self-securitisations and credit enhancements

1 Self-securitisations (also known as internal securitisations) are a form of true-sale
 2 securitisation where a portion of the securities representing the tranches of the
 3 securitisation are bought back by the originating credit institution. Securities that are
 4 bought back are usually held for the purpose of liquidity management since they can
 5 be pledged as collateral and/or in order to reduce the own funds requirement for the
 6 underlying assets.

7 Owing to the limitations imposed by the AnaCredit data model, retained portions of
 8 securitisation tranches are generally not distinguished from non-retained portions for
 9 the purposes of AnaCredit reporting.

6.2.6 Other special cases

10 A special case may arise where the instrument is not split into several instruments by
 11 the reporting agent, and a certain securitised asset is partially securitised by two
 12 different structures (securitisation transactions), in other words where an underlying
 13 instrument is partially subject to both traditional and synthetic securitisation.

14 In such a case, the transferred amount represents the amount of the securitised
 15 asset subject to the traditional securitisation transaction.

Example 24: Instrument subject to two securitisation transactions (no split)

Under contract CNTR#4, a credit institution (BANK#1) has extended a real estate mortgage loan (LOAN#1) to a legal entity (DBTR#A). The loan has the type of instrument "other loans". LOAN#1 is collateralised by a real estate collateral item Protection#1 (provided by DBTR#A) in the amount of €25,000. The value of the protection is €35,000.

BANK#1 has partially transferred the instrument to FVC#1 as part of a true-sale securitisation (partial securitisation) and has synthetically securitised the remaining part of the loan. The synthetically securitised part of the loan is a small part of a greater pool of synthetically securitised assets.

At the reporting reference date, the outstanding nominal amount of the instrument is €50,000. The traditionally securitised amount is €10,000. The remaining amount was securitised using a synthetic securitisation (€40,000). The total value of the CDS (securitised tranche via synthetic securitisation) is €1,200,000. At the reporting reference date, the instrument is reported as follows:

Table 66 Indication of the financial dataset

Date	Contract identifier	Instrument identifier	Type of securitisation	Outstanding nominal amount	Transferred amount
31/03/2019	CNTR#4	LOAN#1	Traditional securitisation	50,000.00	10,000.00

As a transfer has taken place, the data attribute "type of securitisation" is reported with the value "traditional securitisation" representing the transferring nature of the true sale. In the transferred amount, the actual transferred value is reported.

Table 67 Indication of the counterparty-instrument dataset

Date	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/03/2019	CNTR#4	LOAN#1	BANK#1	Originator
31/03/2019	CNTR#4	LOAN#1	BANK#1	Servicer
31/03/2019	CNTR#4	LOAN#1	BANK#1	Creditor
31/03/2019	CNTR#4	LOAN#1	FVC#1	Creditor
31/03/2019	CNTR#4	LOAN#1	DBTR#A	Debtor

Please note that in this case the counterparty-instrument dataset indicates that both BANK#1 and FVC#1 are creditors, which reflects the partial transfer.

Table 68 Indication of the instrument-protection received dataset

Date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value
31/03/2019	CNTR#4	LOAN#1	Protection#1	25,000.00
31/03/2019	CNTR#4	LOAN#1	Protection#2	40,000.00

Please note that the effect of the synthetic securitisation is represented by the collateralisation using Protection#2, which represents the CDS received as part of the synthetic structure. The total value of Protection#2 is reported in the protection received dataset.

Table 69 Indication of the protection received dataset

Date	Protection provider identifier	Protection identifier	Type of protection	Protection value
31/03/2019	DBTR#A	Protection#1	Residential real estate	35,000.00
31/03/2019	FVC#1	Protection#2	Credit derivatives	1,200,000.00

1 In the case of a partially securitised instrument, the reporting agent has the
2 possibility of utilising a virtual split of the instrument into transferred parts (where
3 subject to multiple securitisations) and a non-transferred part.

4 The virtually created instruments (as parts of the original instrument) are treated
5 according to the existing reporting instructions, whereby the traditionally securitised
6 instrument parts have properties of fully transferred instruments.

Example 25: Instrument subject to two securitisation transactions (virtual split)

Under CNTR#4, a credit institution (BANK#1) has extended a real estate mortgage loan (LOAN#1) to a legal entity (DBTR#A). The loan has the type of instrument "other loans". LOAN#1 is collateralised by a real estate collateral item Protection#1 (provided by DBTR#A) in the amount of €25,000. The value of the protection is €35,000.

BANK#1 has partially transferred the instrument to FVC#1 as part of a true-sale securitisation (partial securitisation) and has synthetically securitised the remaining part of the loan. The synthetically securitised part of the loan is a small part of a greater pool of synthetically securitised assets.

The BANK#1 has decided to utilise a virtual split of the instrument into two separate virtual instruments, with LOAN#1 fully transferred to another creditor and LOAN#2 being subject to synthetic securitisation (and therefore not transferred).

At the reporting reference date, the outstanding nominal amount of the original instrument is €50,000. The traditionally securitised amount is €10,000. The remaining amount was securitised using a synthetic securitisation (€30,000) and a part was not securitised

(€10,000). The total value of the CDS (securitised tranche via synthetic securitisation) is €1,200,000. At the reporting reference date, the instruments are reported as follows:

Table 70 Indication of the financial dataset

Date	Contract identifier	Instrument identifier	Type of securitisation	Outstanding nominal amount	Transferred amount
31/03/2019	CNTR#4	LOAN#1	Traditional securitisation	10,000.00	10,000.00
31/03/2019	CNTR#4	LOAN#2	Synthetic securitisation	40,000.00	0.00

As a virtual split has taken place, LOAN#1 carries the properties of a fully transferred instrument in accordance with the general concept of instruments subject to traditional securitisations. LOAN#2 retains the properties of a non-transferred instrument, in accordance with the concept of instruments subject to synthetic securitisations. Thus, LOAN#2 contains the amount securitised by the synthetic securitisation as well as the part which was not subject to the securitisation transactions.

Table 71 Indication of the counterparty-instrument dataset

Date	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/03/2019	CNTR#4	LOAN#1	BANK#1	Originator
31/03/2019	CNTR#4	LOAN#1	BANK#1	Servicer
31/03/2019	CNTR#4	LOAN#1	FVC#1	Creditor
31/03/2019	CNTR#4	LOAN#1	DBTR#A	Debtor
31/03/2019	CNTR#4	LOAN#2	BANK#1	Creditor
31/03/2019	CNTR#4	LOAN#2	BANK#1	Originator
31/03/2019	CNTR#4	LOAN#2	BANK#1	Servicer
31/03/2019	CNTR#4	LOAN#2	FVC#1	Creditor
31/03/2019	CNTR#4	LOAN#2	DBTR#A	Debtor

Table 72 Indication of the instrument-protection received dataset

Date	Contract identifier	Instrument identifier	Protection identifier	Protection allocated value
31/03/2019	CNTR#4	LOAN#1	Protection#1	10,000.00
31/03/2019	CNTR#4	LOAN#2	Protection#1	25,000.00
31/03/2019	CNTR#4	LOAN#2	Protection#2	30,000.00

Based on its internal risk management practices, the reporting agent allocates a portion of Protection#1 to the virtual instruments.

Please note that the effect of the synthetic securitisation is represented by the collateralisation using Protection#2, which represents the CDS received as part of the synthetic structure. The total value of Protection#2 is reported in the protection received dataset.

Table 73 Indication of the protection received dataset

Date	Protection provider identifier	Protection identifier	Type of protection	Protection value
31/03/2019	DBTR#A	Protection#1	Residential real estate	35,000.00
31/03/2019	FVC#1	Protection#2	Credit derivatives	1,200,000.00

7 Syndicated loans and other multi-creditor instruments

1 In this chapter, the main focus is on the reporting of syndicated loans, with examples
2 and an explanation of the AnaCredit reporting logic.

7.1 Defining syndicated loans

3 In the context of AnaCredit,
4 syndicated loans are single loan
5 agreements in which several
6 institutions participate as creditors

Syndicated loans are debts issued by a syndicate of creditors to a debtor. For a loan to be considered a syndicated loan under the AnaCredit Regulation, the funding has to be provided through a dedicated syndication transaction. While a syndicated loan is usually coordinated and in many cases also arranged by one institution (often referred to as the “lead arranger”), it is actually granted by the various participants in the syndicate.

9 Please note that this definition of syndicated loans is in line with the definition
10 provided in the BSI Regulation whereby syndicated loans are single loan
11 agreements in which several institutions participate as lenders.

12 Syndicated loans only cover cases where the debtor knows, from the contract, that
13 the financing is provided by several creditors, irrespective of whether or not the
14 amount has already been fully drawn. For statistical purposes, only amounts actually
15 disbursed by lenders (rather than total credit lines) are regarded as syndicated loans.

16 Participants, including the lead
17 arranger, all report their share of the
18 loan vis-à-vis the debtor, i.e. not vis-
19 à-vis the lead arranger

In the context of AnaCredit, all creditors participating in a syndicated loan which are observed agents – including the lead arranger, if the lead arranger also participates in the syndicated loan – report their share of the loan vis-à-vis the debtor only rather than their share vis-à-vis the lead arranger.

20 Please note that, in cases where a bank participates in a syndicated loan by giving a
21 guarantee in respect of the loan and does not act as creditor of the loan, the share of
22 the bank in the syndicated loan is not subject to AnaCredit reporting, as only
23 instruments in accordance with Article 1(23) of the AnaCredit Regulation are
24 captured.

25 There are many different types of arrangements and structures in the syndicated
26 loan market. For example, the lead arranger, which organises the funding for the
27 transaction by creating a syndicate, may be a separate institution that also provides
28 funding as in an underwritten deal, or it may be a mere vehicle used by the lead bank to
29 organise the transaction among the investing institutions, as in a club deal.

30 Section 7.2.1 below provides general guidance on how syndicated loans are
31 reported to AnaCredit.

7.2 Defining the relevant business cases

32 From a business perspective, syndicated loans can take several specific forms, with
33 the terms and conditions differing slightly.

1 The most prominent arrangement forms include the following, which, for the purpose
2 of reporting under AnaCredit, are broadly classified into two categories as follows.

3 Where the lead arranger also acts as servicer

- 4 • Underwritten deals are transactions where the lead arranger guarantees
5 the amount disbursed to the borrower and makes up the shortfall in the
6 event of a lack of funding from other syndicated loan members.
- 7 • Best-efforts syndications are transactions where the lead arranger does
8 not guarantee the amount disbursed. In the event that there are not
9 enough other syndicated loan members, the amount of the loan
10 underwritten will be lower than the amount originally requested.

11 If the lead arranger is responsible for the administrative and financial management of
12 a share (or all shares) of the syndicated loan held by itself or by other participant(s)
13 in the syndicated loan, then the lead arranger acts as the servicer of the share(s)
14 and is subject to the general reporting obligations of a servicer.

15 Where the lead arranger is a first among equals among participating banks

- 16 • Club deals are characterised by a group of participating banks that pool
17 their assets together and are usually all involved in the credit negotiations.
18 Typically, the fees are distributed equally among the lead arranger and
19 other participating creditors.
- 20 • Within such transactions, the servicing is usually done by the participating
21 banks themselves.

22 In this connection, the participants holding their shares act as servicers of these
23 shares.

24 Generally, in the context of AnaCredit, a creditor, servicer and debtor should be
25 always identified for each instrument (share of a syndicated loan) concerned. In this
26 respect, it is not predefined which counterparty assumes which role in a syndicated
27 loan. In particular, the roles of lead arranger and servicer of a syndicated loan are
28 not necessarily assumed by the same counterparty, i.e. the lead arranger of the
29 syndicated loan will not necessarily be responsible for its administrative and financial
30 management.

7.2.1 Reporting specifications

31 In general, for the purposes of AnaCredit it is important to distinguish between
32 syndication transactions and loans that simply have a plurality of creditors.

33 Syndicated loans

34 As stated above, a syndicated loan is characterised by the fact that the debtor is
35 aware of being funded through a dedicated syndicated loan.

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Other multi-creditor instruments

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All other transactions with a plurality of creditors are considered to be multi-creditor loans and are not considered to be syndicated loans under the AnaCredit Regulation. In many cases, a multi-creditor loan is characterised by the fact that either a loan or a part of a loan is sold to another institution. These cases are treated differently (please refer to Part II, Section 6.1.2 of the Manual regarding loans with a plurality of creditors).

8

9

Please note that the syndicated loan identifier is not reported for instruments which are not syndicated loans.

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Difference between syndicated loans and other multi-creditor instruments

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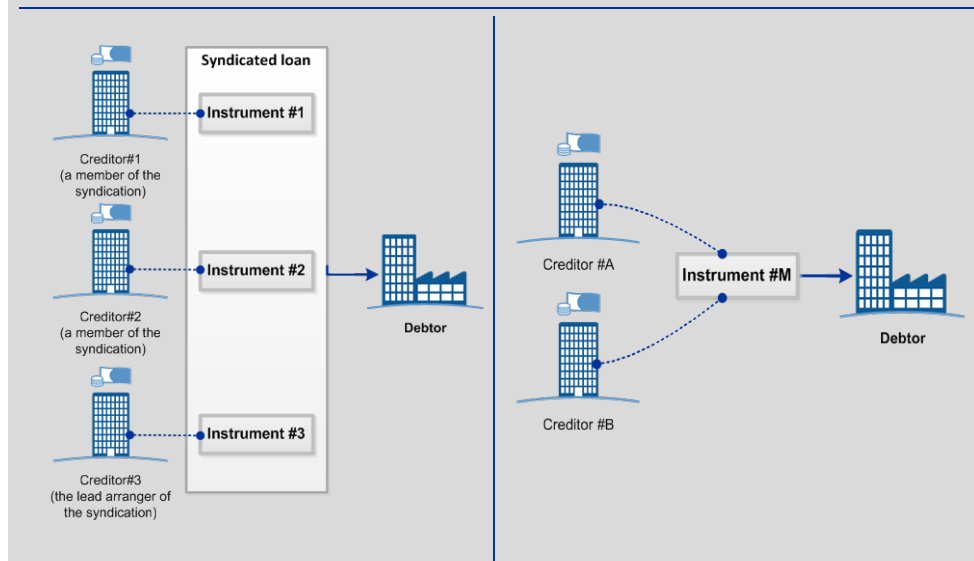
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The difference between syndicated loans and other multi-creditor instruments in AnaCredit is that, from the observed agent's perspective, a (share of a) syndicated loan – held or serviced by the observed agent – is an instrument where the observed agent is in principle the only creditor (or servicer), whereas with other multi-credit instruments the observed agent is one of two or more creditors of the instrument. This is illustrated in Chart 17.

Chart 17: Syndicated loan and multi-creditor instrument in AnaCredit



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In fact, for the purposes of reporting to AnaCredit, syndicated loans are considered to be a collection of shares of individual members of the syndication, where each share is an individual instrument reported to AnaCredit vis-à-vis the creditor holding the share. The shares together are the entire syndicated loan granted to a debtor¹⁴. As each participant reports its instrument (share) individually, a need arises to indicate that the instruments reported to AnaCredit account for a single syndicated

¹⁴ Please note that a syndicated loan is fully captured in AnaCredit only if all the participants' shares are reported to AnaCredit. The latter occurs only if each share of a syndicated loan is held or serviced by an observed agent reporting to AnaCredit.

1 loan – hence, the syndicated contract identifier is reported vis-à-vis the individual
2 instruments. While the syndicated loan as a whole is a multi-creditor loan, the
3 individual shares (instruments) are not.

4 Meanwhile, as regards other multi-creditor instruments, an observed agent holding
5 (or servicing) such an instrument is only one of many creditors of the instrument.
6 Generally, the instrument is subject to reporting by the multiple creditors (if they are
7 observed agents in AnaCredit).

8 In the context of AnaCredit, syndicated loans are split into multiple instruments, each held by a
9 syndicate member bank, and reported accordingly As a general rule, syndicated loans are considered in AnaCredit to be several
10 multiple instruments, each held by a syndicate member bank, so that each
11 instrument has in general only one creditor (which is a member of the syndicate).

11 Creditors' shares in a syndicated loan reported as stand-alone instruments

12 Each syndicated loan participant that is an observed agent reports its own credit
13 engagement as a (stand-alone) instrument, just like a regular loan, where a
14 syndicated contract identifier is reported in addition to the generally applicable
15 requirements of AnaCredit.

16 Syndicated contract identifier as a key to unite individual shares

17 The syndicated contract identifier is the same for all the participating parties of the
18 syndicated loan. Specifically, the syndicated contract identifier of one and the same
19 syndicated loan is the same irrespective of the reporting agents. In this way the
20 various instruments that all finance the syndicated loan and that are reported by
21 each reporting agent can be brought together in order to understand the structure of
22 the transaction. More information on the syndicated contract identifier can be found
23 in Part II, Section 3.4.17 of the Manual.

24 Please note that, within regard to syndicated loans, the syndicated contract identifier
25 is reported differently depending on whether or not the lead arranger is a reporting
26 agent under the AnaCredit Regulation. In particular:

- 27 (a) if the lead arranger is a reporting agent in accordance with Article 1(8) of
28 the AnaCredit Regulation, the syndicated contract identifier is reported as
29 the identifier applied by the lead arranger to uniquely identify each contract
30 for the purpose of reporting to AnaCredit;
- 31 (b) otherwise, if the lead arranger is not a reporting agent in accordance with
32 Article 1(8) of the AnaCredit Regulation, the syndicated contract identifier
33 to be reported by all reporting agents participating in a syndicated loan is a
34 combination of the BIC¹⁵ of the lead arranger and the inception date of the
35 syndicated loan (which is the same for all the syndicated loan
36 participants).

¹⁵ The Business Identifier Code as defined in accordance with ISO 9362. Please note that the code is also known as the SWIFT-BIC, the SWIFT ID or the SWIFT code.

1 For example, consider a syndicated loan with Nedbank (South African bank, with its
 2 head office in Johannesburg) acting as the lead arranger of the loan, which is
 3 originated on 5 June 2018. If one or more observed agents under the AnaCredit
 4 Regulation is a participant in the syndicated loan, then the observed agents report
 5 the syndicated contract identifier “NEDSZAJJ-05/06/2018” in respect of their share of
 6 the loan (instrument). The syndicated contract identifier is the same for all the
 7 observed agents participating in the syndicated loan.

8 [Examples of syndicated loans in AnaCredit reporting](#)

9 Please consider the following examples for an illustration of how an observed
 10 agent’s share in a syndicated loan is reported to AnaCredit.

Example 26: Reporting a syndicated loan in AnaCredit

A legal entity (DBTR#1) requires funding of €90 million for its corporate purposes, including capital expenditures, and expansion. On 15 February 2019 a bank (BANK#LA) organises the funding for the transaction by creating a syndicate of two large banks (BANK#1 and BANK#2). The terms of the funding are documented in the credit contract (CNTR#A) by the lead arranger.

For the sake of simplicity, each participating bank’s involvement in the syndicated loan disbursed to the debtor is €45 million (this does not have to be the case generally, as the outstanding nominal amounts reported by the creditors can vary and do not have to be equal).

The two banks are reporting agents and report their activities to AnaCredit. All the instruments are subject to reporting as of 31 March 2019. The lead arranger is not a reporting agent in AnaCredit.

In this example, the lead arranger is responsible for the administrative and financial management of the syndicated loan as well as the individual shares of the participating banks. Therefore, each reporting agent reports the lead arranger as servicer to its instrument.

Table 74 Indication of the instrument dataset by BANK#1

Date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Type of instrument	Syndicated contract identifier	Inception date
31/03/2019	BANK#1	BANK#1	CNT#1	LOAN#1	Other loan	CNTR#A	15/02/2019

Table 75 Indication of the counterparty-instrument dataset by BANK#1

Date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/03/2019	BANK#1	BANK#1	CNT#1	LOAN#1	BANK#1	Creditor
31/03/2019	BANK#1	BANK#1	CNT#1	LOAN#1	BANK#LA	Servicer
31/03/2019	BANK#1	BANK#1	CNT#1	LOAN#1	DBTR#1	Debtor

Table 76 Indication of the instrument dataset by BANK#2

Date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Type of instrument	Syndicated contract identifier	Inception date
31/03/2019	BANK#2	BANK#2	CC#4	INST#2	Other loan	CNTR#A	15/02/2019

Table 77 Indication of the counterparty-instrument dataset by BANK#2

Date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/03/2019	BANK#2	BANK#2	CC#4	INST#2	BANK#2	Creditor
31/03/2019	BANK#2	BANK#2	CC#4	INST#2	BANK#LA	Servicer
31/03/2019	BANK#2	BANK#2	CC#4	INST#2	DBTR#1	Debtor

Please note that the contract identifiers and the instrument identifiers assigned are not the same for each reporting agent. However, the syndicated contract identifiers are indeed the same across the reporting agents, making it possible to understand which instruments belong together under one syndicated loan arrangement.

The counterparty identifiers assigned by BANK#1 and BANK#2 to the servicer are not necessarily expected to be the same across the different reporting agents, as the assignment of these identifiers is at the discretion of the reporting agent. However, the national identifier reported for the servicer by each reporting agent should be the same.

1
2

The following example illustrates how a syndicated loan is reported to AnaCredit where some of the syndicated loan participants are not observed agents.

Example 27: Reporting a syndicated loan in AnaCredit where not all syndicated loan participants are observed agents

A syndicated loan, originated on 11 November 2018 and documented in credit contract (CNTR#A) by the lead arranger, is granted to OBLGR#4 by a syndicate of banks CRIN#1 (resident in the United Kingdom). The lead arranger (RA#A) of the syndicated is a reporting agent in AnaCredit. RA#A acts as servicer of the syndicated loan and of the individual shares of the members. CRIN#1 has a share of €10 million while RA#A has a share of €22 million.

In this case, one of the syndicated loan members (CRIN#1) acting as a creditor is not a reporting agent in AnaCredit. However, in its capacity as servicer of the (share of the) syndicated loan held by CRIN#1, the lead arranger RA#A reports the activity of this creditor. RA#A considers the shares of the individual members as individual instruments.

The following tables show the share of CRIN#1 with an outstanding amount of €10 million – the instrument (SL#A#CRIN#1) – as reported by the lead arranger RA#A acting as the servicer for this instrument. The counterparty-instrument dataset accordingly shows the lead arranger RA#A as the servicer and the syndicated loan member CRIN#1 as creditor of this instrument.

Please note that the other members of the syndicated loan are not reported as creditors of the share (the instrument) of CRIN#1 reported by the lead arranger. Please also note that the transferred amount is reported as zero, as the instrument has not been transferred.

In addition, the instrument is reported as “entirely derecognised” in the accounting dataset (not shown) as it is not on the balance sheet of the servicer.

Table 78 Instrument dataset for the share of CRIN#1

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Type of instrument	Syndicated contract identifier	Inception date
31/12/2018	RA#A	RA#A	CNT#1	SL#A#CRIN#1	Other loan	CNTR#A	11/11/2018

Table 79 Financial dataset for the share of CRIN#1

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Outstanding nominal amount	Transferred amount
31/12/2018	RA#A	RA#A	CNT#1	SL#A#CRIN#1	10,000,000.00	0.00

Table 80 Counterparty-instrument dataset for the share of CRIN#1

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/12/2018	RA#A	RA#A	CNT#1	SL#A#CRIN#1	CRIN#1	Creditor
31/12/2018	RA#A	RA#A	CNT#1	SL#A#CRIN#1	RA#A	Servicer
31/12/2018	RA#A	RA#A	CNT#1	SL#A#CRIN#1	OBLGR#4	Debtor

Next, the tables below illustrate the reporting in regard to the reporting obligation of the lead arranger, where the lead arranger also reports its activity as creditor (and servicer) of the other share of the syndicated loan (INS#RA#A). Therefore, the counterparty-instrument dataset shows two entries where both the roles of servicer and creditor are assigned to the arranger (RA#A). In addition, the loan is reported as “entirely recognised”, as it is reported on the balance sheet of the lead arranger (not shown).

Table 81 Instrument dataset for the share of the lead arranger (RA#A)

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Type of instrument	Syndicated contract identifier	Inception date
31/12/2018	RA#A	RA#A	CNTR#A	INS#RA#A	Other loan	CNTR#A	11/11/2018

Table 82 Financial dataset for the share of the lead arranger (RA#A)

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Outstanding nominal amount	Transferred amount
31/12/2018	RA#A	RA#A	CNTR#A	INS#RA#A	22,000,000.00	0.00

Table 83 Counterparty-instrument dataset the lead arranger (RA#A)

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
31/12/2018	RA#A	RA#A	CNTR#A	INS#RA#A	RA#A	Creditor
31/12/2018	RA#A	RA#A	CNTR#A	INS#RA#A	RA#A	Servicer
31/12/2018	RA#A	RA#A	CNTR#A	INS#RA#A	OBLGR#4	Debtor

Please note that other, instrument-specific data attributes (not shown) are reported in accordance with the general principles of reporting to AnaCredit.

7.2.2 Reporting obligation of observed agents participating in syndicated loans

- 1 In order to properly reflect the various syndication structures in AnaCredit, it is
- 2 important to take into consideration the reporting principles regarding observed
- 3 agents developed in Part I, Section 2.3 of the Manual. It is particularly important to
- 4 identify the different roles performed in such transactions by the observed agents
- 5 and provide the data accordingly. Therefore, if syndicated loan participants are
- 6 observed agents under the AnaCredit Regulation, they each have to report their

1 credit engagement individually (cf. [Example 26](#) and [Example 27](#) above). However,
 2 for an observed agent which acts in a servicing capacity in several shares of a
 3 syndicated loan (this could be for example the lead arranger, if the lead arranger is
 4 responsible for the administrative and financial management of the shares), a
 5 distinction is drawn between two cases:

- 6 • the observed agent is the creditor of the instrument; in this case, the
 7 observed agent reports its own activity;
- 8 • the observed agent is the servicer of the instrument: in this case, the
 9 observed agent reports the instrument if it is held by a creditor that is not
 10 an observed agent under the AnaCredit Regulation.

11 For an illustration of the reporting obligation of the servicer of an instrument (a share
 12 of a syndicated loan), please consider [Example 28](#), which deals specifically with the
 13 provisions of Article 4(1)(a)(iv) of the AnaCredit Regulation.

Example 28: Reporting a syndicated loan in the light of Article 4(1)(a)(iv) of the AnaCredit Regulation

A syndicated loan, originated on 1 September 2018 and documented in a credit contract (SLCNTC#1) by the lead arranger (OA#29) resident in the Netherlands, is granted to DBTR#1 by a syndicate of banks comprising OA#29, BNK#2 (resident in the Netherlands), BNK#3 (resident in France) and BNK#4 (resident in the United Kingdom).

The total syndicated loan amounts to €10 million, and the syndicated loan participants OA#29, BNK#2, BNK#3 and BNK#4 have the following shares in the loan: €4 million, €3 million, €2 million and €1 million, respectively.

As regards the participants, the following applies:

- OA#29 is the creditor of its own share and is the servicer of the other participants' shares;
- OA#29 is a reporting agent in AnaCredit resident in the Netherlands;
- BNK#2 is a reporting agent in AnaCredit resident in the Netherlands;
- BNK#3 is a reporting agent in AnaCredit resident in France;
- BNK#4, which is resident in the United Kingdom, is not a reporting agent in AnaCredit.

In accordance with Article 4(1)(a)(iv) of the AnaCredit Regulation, the servicer of the instrument (i.e. the shares) reports it only if it is held by a creditor which is not a reporting agent under the AnaCredit Regulation (so as to avoid double-reporting given that the creditor which is a reporting agent is obliged to report in the first place).

Consequently, the data reported to AnaCredit by OA#29 comprise only its own share in the syndicated loan and the share of BNK#4, which does not report to AnaCredit. This is presented in Table 84 and supplemented with information about the counterparties involved in the instrument in Table 85. Please note that OA#29 uniquely identifies its share by the instrument identifier INST#1 and the share of BNK#4 by the instrument identifier EXT#4#1.

Table 84 Instrument dataset as reported by OA#29

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Syndicated contract identifier	Inception date
30/09/2018	OA#29	OA#29	SLCNTC#1	INST#1	SLCNTC#1	01/09/2018
30/09/2018	OA#29	OA#29	SLCNTC#1	EXT#4#1	SLCNTC#1	01/09/2018

Table 85 Counterparty-instrument dataset as reported by OA#29

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
30/09/2018	OA#29	OA#29	SLCNTC#1	INST#1	OA#29	Creditor
30/09/2018	OA#29	OA#29	SLCNTC#1	INST#1	OA#29	Servicer
30/09/2018	OA#29	OA#29	SLCNTC#1	INST#1	DBTR#1	Debtor
30/09/2018	OA#29	OA#29	SLCNTC#1	EXT#4#1	BNK#4	Creditor
30/09/2018	OA#29	OA#29	SLCNTC#1	EXT#4#1	OA#29	Servicer
30/09/2018	OA#29	OA#29	SLCNTC#1	EXT#4#1	DBTR#1	Debtor

Furthermore, as BNK#2 and BNK#3 are reporting agents in AnaCredit, they report their own shares in the syndicated loan by themselves. To this end, BNK#2 uniquely identifies its own share by the contract and instrument identifiers OA29#2018245 and LOAN#A respectively. In addition, BNK#2 uniquely identifies the debtor of the instrument by the counterparty identifier 35462362. This is presented in the subsequent tables.

Table 86 Instrument dataset as reported by BNK#2

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Syndicated contract identifier	Inception date
30/09/2018	BNK#2	BNK#2	OA29#2018245	LOAN#A	SLCNTC#1	01/09/2018

Table 87 Counterparty-instrument dataset as reported by BNK#2

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
30/09/2018	BNK#2	BNK#2	OA29#2018245	LOAN#A	BNK#2	Creditor
30/09/2018	BNK#2	BNK#2	OA29#2018245	LOAN#A	OA#29	Servicer
30/09/2018	BNK#2	BNK#2	OA29#2018245	LOAN#A	35462362	Debtor

Similarly, BNK#3 uniquely identifies its own share by the contract and instrument identifiers A189 and 73242 respectively. In addition, BNK#3 uniquely identifies the debtor of the instrument by the counterparty identifier CPTY123. The reporting is presented in Table 88 and Table 89.

Table 88 Instrument dataset as reported by BNK#3

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Syndicated contract identifier	Inception date
30/09/2018	BNK#3	BNK#3	A189	73242	SLCNTC#1	01/09/2018

Table 89 Counterparty-instrument dataset as reported by BNK#3

Reporting reference date	Reporting agent identifier	Observed agent identifier	Contract identifier	Instrument identifier	Counterparty identifier	Counterparty role
30/09/2018	BNK#3	BNK#3	A189	73242	BNK#3	Creditor
30/09/2018	BNK#3	BNK#3	A189	73242	OA#29	Servicer
30/09/2018	BNK#3	BNK#3	A189	73242	CPTY123	Debtor

Please note that in this case the entire syndicated loan is reported to AnaCredit, even though not all participants are obliged to report. In addition, please note that each share of the loan is reported to AnaCredit only once.

Finally, please also note that, despite the fact that the different reporting agents identify their shares of the syndicated loan with different contract and instrument identifiers, it is possible to unite the shares into one instrument in AnaCredit. This is thanks to the use of a syndicated contract identifier that is the same for the different reporting agents.

8 Complete reports – description and examples

1 In this chapter, several examples of AnaCredit reports are provided. However, in
 2 contrast to the examples covered elsewhere in the Manual, where in each case only
 3 selected data attributes are presented, the examples in this chapter cover all the
 4 data attributes that are reported so as to provide a better understanding of the
 5 relationships in their entirety between the different datasets of AnaCredit and the
 6 data attributes contained therein. While a brief description of the examples is
 7 provided in this chapter, the examples themselves are presented in the spreadsheet
 8 “Complete reports.xlsx”, which is available on the [ECB’s website under the header](#)
 9 [Annexes to the AnaCredit Manual](#).

10 In particular, for each example described below, a unique identifier is created. While
 11 this identifier is not subject to AnaCredit reporting, it is found in the instrument tab in
 12 the Excel spreadsheet and is aimed exclusively at linking the descriptions with the
 13 respective instruments. This identifier, which consists of two to four letters and three
 14 digits, is contained in the “Case ID” column, e.g. Bank.001 in the Excel spreadsheet.
 15 Thereafter, the links between the tables (the tabs in the Excel spreadsheet) follow
 16 the AnaCredit data model keys.

8.1 General set-up

8.1.1 Illustrative examples

17 The examples described in the Manual are for indicative purposes only. In particular,
 18 the examples are not intended to reflect the exact reporting scheme as required by
 19 NCBs.

8.1.2 Reporting agent and the observed agents

8.1.2.1 Reporting agent

20 The examples are prepared from the perspective of a single reporting agent –
 21 Deutsche Großbank AG (hereinafter referred to as “the Bank”).

22 Deutsche Großbank AG is a credit institution in accordance with Article 4(1)(1) of the
 23 CRR.

24 For AnaCredit identification purposes, the reporting agent uses the counterparty
 25 identifier that was assigned to it by the relevant NCB (BLZ10). The national identifier
 26 of the Bank is HRB0001-R0001. An LEI 5299000000000000AA00 has been
 27 assigned to the Bank.

1 Deutsche Großbank AG is established in Germany and has no foreign branches.
 2 Deutsche Großbank AG has neither an immediate nor an ultimate parent
 3 undertaking.

4 Deutsche Großbank AG applies an advanced IRB approach for the calculation of
 5 capital requirements in accordance with the CRR. In particular, the Bank applies the
 6 definition of default at the level of the borrower, except in the case of very small retail
 7 portfolios, for which the default definition is applied at the level of an individual
 8 instrument.

9 Deutsche Großbank AG uses IFRS as the accounting standard.

8.1.2.2 Observed agent

10 Deutsche Großbank AG has no foreign branches. Therefore, in accordance with
 11 Article 1(9) and 1(26) of the AnaCredit Regulation, Deutsche Großbank AG reports
 12 on an individual basis credit and credit risk data of its only observed agent, Deutsche
 13 Großbank AG in Germany.

14 Deutsche Großbank AG uniquely identifies the observed agent by the counterparty
 15 identifier assigned by the relevant NCB, namely by the counterparty identifier BLZ10.

8.1.3 Reporting reference dates

16 The vast majority of the examples look at a series of reporting reference dates from
 17 30 September 2018 (the first monthly and quarterly transmission pursuant to the
 18 AnaCredit Regulation) through to 31 December 2018.

19 Such an approach, where several reporting reference dates are considered rather
 20 than just a single one, allows some of the dynamic features of AnaCredit reporting to
 21 be better illustrated.

22 The dynamic features of AnaCredit reporting include the following in particular:

- 23 • a consistent view of the evolution of instruments over time;
- 24 • the reporting of certain datasets if no changes have occurred compared
 25 with data transmitted earlier;
- 26 • the reporting instruments that have been discharged between consecutive
 27 reporting reference dates.

28 Please note that if, for a given instrument referred to in the examples, nothing has
 29 been recorded in one or more datasets at a reporting reference date, this should be
 30 understood to mean that no record was submitted at that date. The reasons for
 31 which a record may not be required vary and include the following:

- 1 • there have been no changes compared with data transmitted earlier (in the
- 2 case of datasets reported on change);
- 3 • the reportable item (e.g. instrument, protection, etc.) has been discharged
- 4 and did not exist at the reporting reference date.

5 For more information regarding the reporting frequency of the individual datasets,
6 please refer to Annex I to the AnaCredit Regulation as well as to Section 6.3.2 of
7 Part I of the Manual.

8.1.4 Counterparties

8 In addition to the reporting agent and the observed agents, a number of
9 counterparties are referred to throughout the examples. Those counterparties are in
10 particular referred to (by their counterparty identifier) in the counterparty-instrument
11 dataset and the protection received dataset (by the protection provider identifier),
12 while their affiliates are referred to in the counterparty reference dataset by means of
13 the “head office undertaking”, “immediate parent undertaking” and “ultimate parent
14 undertaking” identifiers.

15 Please note that, for all those counterparties, a record must be available at the
16 counterparty reference date.

17 Please note that the counterparty reference data are not regularly reported. Instead,
18 they are updated if necessary, in accordance with the general conditions for
19 reporting to AnaCredit.

8.2 How to read the examples

20 Taking the perspective of the reporting agent, credit and credit risk data of the
21 observed agent are reported for instruments satisfying the conditions defined in
22 Articles 4 and 5 of the AnaCredit Regulation. More specifically, if an instrument is
23 subject to AnaCredit reporting, all the data attributes listed in Annex I to the
24 AnaCredit Regulation are reported as stipulated by the Regulation and further
25 clarified in Part I and Part II of the Manual.

26 To this end, credit and credit risk data relating to an instrument subject to AnaCredit
27 reporting are compiled on the basis of three distinct parts (i.e. the instrument, the
28 protection and the counterparty) and reported in ten interrelated datasets.

29 In the present section, descriptions of several cases are provided with a view to
30 illustrating the ten AnaCredit datasets represented in the accompanying
31 spreadsheet.

32 The instrument is always the central element of these cases, and all instruments
33 referred to in the subsequent examples are assumed to be subject to AnaCredit
34 reporting.

1 The section starts with a complete description of a basic case (cf. Section 8.3.1),
2 where all relevant features of the credit are explicit so as to make clear how the
3 values reported in the corresponding AnaCredit datasets actually link with the credit.

4 In the subsequent cases, however, a simplified description is provided where,
5 besides the crucial aspects, only non-standard features of the credit concerned are
6 expressly furnished, while all other elements are deliberately omitted from the
7 description.

8 In general, the data attributes referred to in the AnaCredit
9 Regulation are mandatory (although some may be exempted under
10 certain circumstances). However, certain data attributes do not apply
11 in some situations, and/or there may be no information available
12 even in relation to data attributes that are to be reported
13 Nevertheless, regardless of whether or not all features of the credit concerned are
14 expressly introduced in the description of the case, the corresponding spreadsheet
15 always represents the credit in a complete manner with all (mandatory) data
16 attributes provided. For example, unless explicitly stated otherwise in the description
17 of a case, all debtors and protection providers referred to in a case have a probability
18 of default at the reporting reference date, even if no such information is provided.
19 Conversely, in cases where certain data attributes (or even entire datasets) are not
to be reported under certain circumstances, this is clarified in the description of the
case.

17 Please also note that the examples are to be interpreted only in terms of content and
18 do not specify the data format (e.g. how to report “Non-applicable”), which is
19 specified by the NCB.

8.3 Cases

8.3.1 Case 1 – Term loan (the basic case)

20 On 16 November 2017, Deutsche Großbank AG in Germany (hereinafter referred to
21 as “the Bank” in the case) enters into a contract with a company Krüger Bau GmbH
22 (“the Company”) for a term loan secured by a financial guarantee provided by the
23 Company’s immediate parent, Großbau GmbH (“the Guarantor”). In particular, the
24 counterparties agree that:

- 25 • the Bank will make available to the company a non-revolving loan of
26 €1 million to finance a construction investment;
- 27 • the funds will be fully disbursed to the company on 1 December 2017;
- 28 • the Company will repay the loan in 60 monthly instalments, with the
29 principal repaid being the same in each instalment; the payments will be
30 made on the first day of each month, starting from 1 January 2018; the last
31 payment will be made on 1 December 2022;
- 32 • the Company will also pay interest on a monthly basis, with an interest rate
33 of 2.7% (EURIBOR 12 months on 1 November plus a spread of 2.4%)
34 being charged in the first year; thereafter, the interest rate will be reset on
35 the first day of each calendar year (following the same EURIBOR formula);

1 a floor of 2.5% and a cap of 4.2% will apply throughout the entire life of the
2 loan; the interest is payable monthly on the first day of a month;

- 3 • the loan is secured by a financial guarantee provided by the Guarantor,
4 which agrees, in the event of default of the Company, to cover any
5 outstanding debt, including interest and other fees and payments, up to an
6 amount of €0.5 million.

7 The Company and the Guarantor are uniquely identified with the counterparty
8 identifiers 63829150 and 78451209, respectively. The Bank uniquely identifies the
9 contract with the contract identifier A810 and the instrument with the instrument
10 identifier 123321. Neither the Company nor the Guarantor has other instruments vis-
11 à-vis the Bank. The Bank uniquely identifies the financial guarantee provided by the
12 Guarantor by the protection identifier GUA28569811.

13 The Company is the only debtor of the loan. Despite the fact that the loan is secured
14 by the guarantee, the Bank, which acts as creditor, has recourse to the balance
15 sheet of the debtor.

16 The Company has an immediate parent undertaking (company Großbau GmbH)
17 which at the same time is its ultimate parent undertaking. The counterparties do not
18 have LEIs. The Bank has information about the national trade register numbers
19 assigned to the Company and the Guarantor: these are HRB1234-R1101 and
20 HRB1234-R7707 respectively.

21 At the origination of the loan, using the IRB approach the Bank estimated a PD of
22 3.35% for the Company and a PD of 1.75% for the Guarantor. The Bank has
23 reviewed the PDs several times after the origination, and no changes to the PDs
24 have been made.

25 In addition, in accordance with the applied accounting standard, the Bank entirely
26 recognises the loan in its banking book and classifies it into the category of financial
27 assets at amortised cost. Accordingly, the Bank estimates 12-month expected losses
28 (stage 1) for a group of loans similar to the loan for which an impairment allowance
29 of 2% of the (combined) outstanding nominal amount is created. The Bank allocates
30 this percentage directly to the loan. As the loan has no off-balance-sheet amount, the
31 Bank does not create any provisions associated with off-balance-sheet exposures.

32 On the basis of the loan's features and characteristics, the Bank classifies it as
33 "other loans" in accordance with the type of instrument in AnaCredit. Please note that
34 the loan in this case does not fulfil the requirements of a project finance loan.

35 The Bank applies the definition of default in accordance with Article 178 of the CRR
36 at the counterparty level rather than at the level of an individual instrument.
37 Consequently, the default status of the instrument in the financial dataset is reported
38 as "Non-applicable" (cf. Part II, Section 4.4.4 of the Manual).

39 The loan is not securitised and is not subject to any sources of encumbrance. It is
40 not a syndicated loan.

1 The debtor has not been in default, and no write-off has been made to the instrument
 2 as the debtor has been making the repayments on time and in full since the
 3 inception. The instrument has been performing and no renegotiation has taken
 4 place. Therefore, the date of the performing status and the date of the instrument is
 5 the inception date of the instrument in this case.

6 As the debtor has no other instruments vis-à-vis the Bank, the guarantee issued by
 7 the Guarantor is entirely allocated to the loan.

8 The loan is subject to reporting at the reporting dates from 30 September through to
 9 31 December 2018.

10 To this end, the reporting of the loan as of 30 September 2018 is triggered in all the
 11 AnaCredit datasets except the joint liabilities dataset (which is not required in cases
 12 of instruments with only one debtor). The outstanding nominal amount is €850,000 at
 13 the reporting reference date.

14 As of 31 October and 30 November 2018, only the following datasets are reported:

- 15 • the financial dataset – as it is required monthly;
- 16 • the instrument-protection received dataset – as it is required monthly;
- 17 • the protection received dataset – in this case, where the protection is
 18 reported at its notional value, the date of protection value is updated at
 19 every reporting reference date, cf. Section 1.6, Part II of the Manual;
- 20 • the counterparty default dataset, as it is always required monthly;
- 21 • the counterparty risk dataset, as it is always required monthly.

22 The other datasets are not reported, as no changes have taken place in any of the
 23 data attributes compared with the values reported as of 30 September 2018.

24 The outstanding nominal amount is €333,333.33 on 31 October 2018 and
 25 €16,666.67 on 30 November 2018. As regards the interest accrual, for the sake of
 26 simplicity it is assumed that the interest accrues proportionally to time elapsed.

27 As of 31 December 2018, the accounting dataset is reported in addition to the
 28 datasets reported as of October and November 2018. The outstanding nominal
 29 amount is €800,000.

30 All other values provided in the corresponding Excel sheet which are not expressly
 31 stated in the description above are details necessary to illustrate the reporting in a
 32 complete manner.

33 Please note that for the counterparty identifiers of the head office undertaking, the
 34 immediate parent undertaking and the ultimate parent undertaking are not required
 35 for reporting agents, observed agents or creditors (cf. Part II, Section 12.1.1 of the
 36 Manual). Similarly, the data attributes “status of legal proceedings”, “date of initiation
 37 of legal proceedings”, “enterprise size”, “date of enterprise size”, “number of

1 employees”, “balance sheet total” and “annual turnover” are not required for
2 reporting agents, observed agents or creditors.

8.3.2 Case 2 – Inter-MFI deposit

3 On 29 November 2018 the Bank enters into an agreement to place a deposit with
4 another bank “Mittelgroße Bank AG” (“the Debtor”) for half a year at a fixed interest
5 rate of 0.2%. On 15 December 2018 the Bank transfers an amount of €15,000,000 to
6 the Debtor, requiring no collateral. In accordance with the accounting standard used
7 by the Bank, an impairment allowance of €4,800 is held as of 31 December 2018 in
8 relation to the deposit. In accordance with the contract, the instrument does not
9 comprise any off-balance-sheet amount.

10 The Bank uniquely identifies the contract by the contract identifier 87B198623, the
11 instrument by the instrument identifier 2I3598940 and the Debtor by the counterparty
12 identifier BLZ30 (as assigned by the relevant NCB at national level).

13 The Debtor has no other instruments vis-à-vis the Bank.

14 The instrument is reported as “deposits other than reverse repurchase agreements”
15 in accordance with the type of instrument in AnaCredit.

16 In the period concerned (cf. Section 8.1.3), the instrument is reported as of 31
17 December 2018 only, as the instrument is not subject to reporting before the
18 settlement date.

19 Please note that in this case only the following datasets are reported:

- 20 • instrument dataset;
- 21 • financial dataset;
- 22 • accounting dataset;
- 23 • counterparty-instrument dataset;
- 24 • counterparty default dataset;
- 25 • counterparty risk dataset;
- 26 • counterparty reference dataset.

8.3.3 Case 3 – Debit balance in current account with a credit limit (overdraft)

27 On 23 November 2015, a company named “Hundehüttenbau Snoopy GmbH” (“the
28 Debtor”) opens a current account with the Bank. The contract allows the Debtor to
29 draw funds up to €55,000. In a given month, interest is charged on the amount
30 outstanding at a rate set by fixing EURIBOR one month on the last day of the
31 previous month plus a margin of 800 basis points (hence, the interest rate is subject
32 to interest reset). In addition, the parties agree that if the balance exceeds the

1 agreed terms, then additional fees will be charged and a higher interest rate of 15%
2 will apply. The overdraft has neither a fixed amortisation schedule nor a principal
3 payment frequency. Accrued interest is added to the outstanding nominal amount on
4 a monthly basis (on the first day of each month). The funds are first used by the
5 Debtor on 11 May 2016. Given the Debtor's credit history, the Bank does not require
6 collateral for the overdraft. However, the Bank has a pledge on a physical asset (the
7 protection identifier used by the Bank for the asset is PhA1122_823823) owned by
8 the Debtor (which was received in relation to another loan of the Debtor granted in
9 November 2018, cf. Case 4 under point 8.3.4 below, and is also used to secure the
10 overdraft). The Debtor is liable for any unpaid debt.

11 Please note that in this case there is a prior agreement with the account provider for
12 an overdraft, and the amount drawn is within the authorised overdraft limit. In this
13 case, interest is normally charged at the agreed rate.

14 The Bank started the business relationship with the company on 22 July 2000.

15 The Bank uniquely identifies the contract by the contract identifier 55X823823, the
16 instrument by the instrument identifier 823001823 and the Debtor by the
17 counterparty identifier 302888222333.

18 The instrument is reported as "overdraft" in accordance with the type of instrument in
19 AnaCredit.

20 In accordance with the applicable accounting standard, an impairment allowance is
21 held for the instrument. The impairment allowance includes provisions for the off-
22 balance-sheet amount. In particular, in accordance with the applied accounting
23 standard, the Bank does not separately identify the expected credit on the on-
24 balance-sheet and off-balance-sheet components, and the expected credit losses on
25 the off-balance-sheet component are reported together with the accumulated
26 impairment on the on-balance-sheet component.

27 The overdraft is reported throughout the entire period concerned (cf. Section 8.1.3).

28 Please note that the instrument is initially unsecured and therefore no protection
29 information is reported in September and October 2018. However, following the
30 origination of the additional instrument, the protection received dataset is reported
31 from November 2018 onwards. The protection value allocated by the Bank to the
32 instruments is €55,000 in accordance with the Bank's internal risk management view.

33 On 25 November 2018 the credit limit of €55,000 is exceeded by €4,750 (a situation
34 which lasts until 1 December 2018). In this connection, the Bank applies the penalty
35 interest rate onto the excess. Accordingly, the interest rate reported as of 30
36 November is a weighted average of the ordinary interest rate and the penalty interest
37 rate (cf. Part II of the Manual, p 65, lines 31–38). As the excess is payable
38 immediately, the amount is in arrears as of 25 November 2018. Finally, the off-
39 balance-sheet amount is 0 (cf. Part II of the Manual, p. 25, lines 39–41).

40 Please also note that on the granting of the additional loan, the counterparty
41 reference data are updated. This is reflected in this case by sending a new record as
42 of 30 November 2018.

43 In this case, the Bank applies the definition of default at the level of the individual
44 instrument. Therefore, the counterparty default dataset is not reported at all.

8.3.4 Case 4 – Term loan secured with physical collateral

1 On 14 October 2018 a company named “Hundehüttenbau Snoopy GmbH” (“the
2 Debtor”) applies for a term loan from the Bank. Accordingly, on 7 November the
3 parties sign a contract whereby the Bank agrees to grant €150,000 to the Debtor for
4 three years to finance the upgrade of a factory. Initially, an amount of €100,000 is
5 disbursed on 25 November 2018, while the remaining amount is drawn after 31
6 December 2018. The loan is secured by a mortgage on the machinery used in the
7 production process. A variable interest rate of EURIBOR 12 months plus a margin of
8 400 basis points is charged. The interest rate is not subject to an interest reset.

9 The Bank uniquely identifies the contract by the contract identifier 66M824824, the
10 instrument by the instrument identifier 824002824 and the Debtor by the
11 counterparty identifier 302888222333.

12 The instrument is reported as “credit lines other than revolving credit” in accordance
13 with the type of instrument in AnaCredit and includes both an on-balance-sheet
14 instrument and an off-balance-sheet component.

15 The instrument is reported from 30 November till the end of the period concerned (cf.
16 Section 8.1.3).

17 Please note that the instrument is secured and therefore protection information is
18 reported along. The protection is used by the Bank in relation to all instruments of
19 the Debtor. The protection secures all the instruments of the Debtor vis-à-vis the
20 Bank (cf. Case 3 in Section 8.3.3) and there are no third party priority claims against
21 the protection. In accordance with the Bank’s internal risk management view, the
22 protection value is allocated to the instruments that it secures.

23 Please also note that, following the application for the loan, the counterparty
24 information is updated. This is reflected in this case by sending a new record as of
25 30 November 2018, despite the fact that the Bank reported the counterparty
26 reference data in relation to the other instrument of the Debtor.

27 In this case, the Bank applies the definition of default at the level of an individual
28 instrument. Therefore, the counterparty default dataset is not reported at all.

8.3.5 Case 5 – Credit card

29 On 3 July 2014, the Bank signs a contract with a counterparty “Kunststoff Opernplatz
30 AG” (“the Debtor”) for a credit card limit (to be used by 100 employees of the
31 company for business purposes, where one employee receives one separate credit
32 card for his/her usage under standardised conditions), which can be used from 31
33 July 2014 to 31 July 2019, with the possibility of a roll-over. The credit card has a
34 total credit limit of €500,000. The balance outstanding at the end of the monthly
35 billing cycle of the credit card has to be fully repaid by the tenth day of the
36 subsequent month. A variable interest rate (EURIBOR 12 months plus a margin of
37 700 basis points) is charged only on any unpaid balance from the latest billing cycle

1 (i.e. no interest at all has to be paid for use of the credit card up to €500,000 if repaid
2 by the tenth of each month)¹⁶. No amortisation schedule is agreed for the credit card.

3 Note that the Debtor takes advantage of the funds for the first time on 25 September
4 2014.

5 Owing to the credit history of the Debtor, the Bank does not require collateral.

6 The credit card is serviced by a counterparty named “Credit Card Services
7 International Branch in Germany”, which is responsible for the administrative and
8 financial management of all credit cards issued by the Bank.

9 “Credit Card Services International Branch in Germany” (“the Servicer”) is a foreign
10 branch of “Credit Card Services International B.V.”, established in the Netherlands.
11 The Bank uniquely identifies the Servicer by the counterparty identifier BLZ99 (as
12 assigned by the relevant NCB at national level). In addition, an LEI has been
13 assigned to the Servicer (although it is a foreign branch).

14 The Bank uniquely identifies the contract by the contract identifier 12A191010, the
15 instrument by the instrument identifier CCSIB326594018 and the Debtor by the
16 counterparty identifier D12D628826. In the context of AnaCredit, the individual users
17 of the credit card (i.e. the employees) are not identified by the Bank.

18 The Debtor has no parent undertaking.

19 The credit cards are frequently used by the employees. As any outstanding amounts
20 are fully repaid by the tenth day of each month, the accrued interest at the end of a
21 month amounts to zero. Similarly, the interest rate reported as of the reporting
22 reference date is the interest actually applied at that day. In practice, as any
23 outstanding debt is fully repaid following the billing cycle, the interest applied is 0%
24 (cf. Manual Part II, page 65, lines 18-22).

8.3.6 Case 6 – Revolving credit

25 On 15 November 2017, a company named “Kunststoff Opernplatz AG” (“the Debtor”)
26 is granted a revolving credit by the Bank. This is specifically a working capital credit
27 for two years starting on 30 November 2017. A total credit limit of €5,000,000 with a
28 variable interest rate of EURIBOR three months plus 280 basis points is agreed¹⁷.
29 The interest is payable on the 15th day of each month.

30 The revolving credit is unsecured as, given the Debtor’s credit history, the Bank does
31 not require collateral.

32 The Bank uniquely identifies the contract by the contract identifier 99RC6166666, the
33 instrument by the instrument identifier 432434324 and the Debtor by the
34 counterparty identifier D12D628826.

¹⁶ See Part II of the Manual, p. 65, lines 18-22: for instance, for a credit card debt for which the outstanding nominal amount reported at the reference date is a “convenience credit”, the interest rate of 0% is to be reported as 0.

¹⁷ Interest is accrued on a daily basis against the outstanding balance, which fluctuates daily. Therefore, the accrued interest at the end of a month does not solely depend on the balance outstanding at the reporting reference dates.

1 The Debtor makes intensive use of the revolving credit and often draws nearly the
2 total amount of the credit limit (which it then repays in full or in part).

3 The Debtor has no parent undertaking.

4 The funds are disbursed for the first time on 30 November 2017.

8.3.7 Case 7 – Non-revolving credit line

5 On 20 August 2014 a company named “Kunststoff Opernplatz AG” (“the Debtor”)
6 signs a contract with the Bank for a non-revolving credit line of €3,000,000 with a
7 duration of ten years starting from 31 August 2014. The credit line is used for
8 expanding the chemical plant (the credit in this case does not fulfil the requirements
9 of a project finance loan). The parties agree that a variable interest rate will be
10 charged on the outstanding balance throughout the life of the loan, based on the
11 EURIBOR 12 months plus a margin of 400 basis points, but should not exceed 7%.
12 They further agree that the credit line is to be used in multiple instalments. The first
13 instalment is drawn on 15 October 2014. By 30 September 2018, €2,400,000 has
14 been drawn, with €450,000 having already been repaid prior to that date. This leaves
15 an off-balance-sheet amount of €600,000 available to the Debtor at 30 September
16 2018.

17 The outstanding balance is paid back in yearly instalments. However, interest is
18 initially agreed to be paid on a monthly basis, on the first day of each month.

19 On 15 November 2018, the Debtor renegotiates the contract with the Bank. In
20 particular, the conditions regarding the interest rate are changed, with the parties
21 agreeing on a margin of 280 basis points applicable with immediate effect. The
22 parties also now agree that the interest rate charged cannot exceed 5%. Finally, the
23 parties agree that both the principal and interest payments will be paid quarterly, on
24 the first day of each calendar quarter.

25 On 2 December 2018, the Debtor draws additional funds of €250,000.

26 Please note that following the change in the interest payments, the accrued interest
27 as of 31 December 2018 is higher than in the previous month as the interest has
28 accrued since 1 November 2017.

29 The instrument is reported as “credit lines other than revolving credit” in accordance
30 with the type of instrument in AnaCredit.

31 The Bank uniquely identifies the contract by the contract identifier 22NR1177777, the
32 instrument by the instrument identifier 777777777 and the Debtor by the
33 counterparty identifier D12D628826.

34 The Debtor has no parent undertaking.

35 Because the Debtor has a positive credit history, the Bank does not require
36 collateral.

8.3.8 Case 8 – Unauthorised debit – overdraft with no credit limit

1 On 12 March 2016 a company named “Baustoffhandel Sommerstraße OHG” (“the
2 Debtor”) signs a contract with the Bank for a current account. Please note that there
3 is no prior agreement with the account provider for an overdraft, and in accordance
4 with the current account terms, if a negative balance arises on the current account,
5 the accountholder breaches the agreed terms. Accordingly, additional fees may be
6 charged and a penalty interest rate of 15% may apply.

7 On 28 November 2018, as a result of debiting the loan payment referred to in Case 9
8 – Lump-sum loan to the current account, an unexpected debit balance of €11,200
9 arises on the current account. The debit balance is repaid on 3 December 2018.

10 Please note that this debit balance is not the only instrument of the Debtor (i.e. the
11 Debtor has another instrument vis-à-vis the Bank – Case 9) and it is the Debtor’s
12 commitment amount taking both instruments into account that triggers the reporting
13 of the unauthorised debit balance. Please note that the Debtor’s commitment amount
14 is larger than €25,000.

15 In accordance with the type of instrument in AnaCredit, the instrument is reported as
16 “overdraft”.

17 The Bank uniquely identifies the contract of the current account by the contract
18 identifier 88CA2128888, the overdraft by the instrument identifier OV782362372 and
19 the Debtor by the counterparty identifier B09A888888.

20 In relation to the instrument, the Bank applies the definition of default at the level of
21 an instrument.

22 Please note that the instrument is reported only as of November 2018.

23 Please also note that in accordance with the conditions of the current account, any
24 unauthorised debit balance is immediately payable. Therefore, the repayment rights
25 for the instrument are reported as “on demand or short notice”. Moreover, as any
26 unauthorised debit balance is immediately payable, the outstanding nominal amount
27 is also the amount in arrears. The date on which the arrears arose is the date on
28 which the debit balance was incurred.

8.3.9 Case 9 – Lump-sum loan

29 A company named “Baustoffhandel Sommerstraße OHG” (“the Debtor”) applies to
30 the Bank for a loan of €360,000 to be used as a working capital facility. On 11 April
31 2018, the loan is granted for a period of three years and is fully disbursed on 11 May
32 2018. The parties agree that the loan will be repaid in monthly instalments, with the
33 principal repayment amount being the same in each instalment. The loan is subject
34 to a variable interest rate of EURIBOR six months plus a margin of 750 basis points.
35 The monthly payment is automatically charged on the 28th day of each month from
36 the current account of the Debtor (even if sufficient funds are not available on the
37 current account, which is made legally possible by terms of the contract).

38 In accordance with the type of instrument in AnaCredit, the instrument is reported as
39 “other loans”.

1 The Bank uniquely identifies the contract of the loan by the contract identifier
2 35LA3218239, the instrument by the instrument identifier LA972372975 and the
3 Debtor by the counterparty identifier B09A888888.

4 In relation to the instrument, the Bank applies the definition of default at the level of
5 an instrument following the Bank's approach to retail exposures (in accordance with
6 the CRR). Therefore, the default status of the instrument is reported as "not in
7 default", whereas the default status of the counterparty does not apply (which means
8 that no record of the counterparty default dataset is reported at all – cf. Part II,
9 Section 10 of the Manual).

10 The probability of default of the Debtor is estimated to be 6.8% and does not change
11 in the period concerned.

8.3.10 Case 10 – Reverse repo

12 On 27 September 2018 the Bank agrees to borrow certain securities (with a face
13 value of €1,005,000) from another bank, "Mittelgroße Bank AG" ("the Debtor"), under
14 a reverse repurchase agreement whereby the Bank transfers to the Debtor an
15 amount of €1 million and the Debtor commits to repurchase the securities at a fixed
16 price of €1,003,000 on 2 October 2018. Accordingly, on 28 September the Bank
17 lends €1,000,000 to the counterparty and receives government bonds of a euro area
18 country as collateral. The market value of the securities at the origination of the
19 reverse repo on 28 September 2018 is €1,003,000. By 30 September 2018, the
20 market value declines to €1,001,500.

21 In accordance with the type of instrument in AnaCredit, the instrument is reported as
22 "reverse repurchase agreements".

23 Please note that it is the face value of the securities that is reported in the protection
24 received dataset.

25 The Bank uniquely identifies the contract of the loan by the contract identifier
26 9RR101010, the instrument by the instrument identifier 351616712 and the Debtor
27 by the counterparty identifier BA32568564.

28 The Bank reports the securities as a pool under the protection identifier SEC23896.

29 Please note that the instrument is reported only as of September 2018.

30 The amount of €3,000 is considered the interest income of the Bank. In this
31 connection, the implicit interest rate that is charged during the life of the instrument is
32 27% per annum. The accrued interest as of 30 September 2018, i.e. at the halfway
33 point, amounts to €1,500.

8.3.11 Factoring

8.3.11.1 Case 11.1 – Factoring with recourse

1 On 15 November 2018, a construction material trading company named
 2 “Baustoffhandel KUNZ GmbH” (“the Debtor”) sells bricks to another construction
 3 company named “BrickBau GmbH” for which it expects payment within one month of
 4 delivery. In order to obtain working capital, the Debtor sells the trade receivable to
 5 the Bank on 17 November 2018 for a price of €248,000 (i.e. a discount of €2,000
 6 based on an implicit interest rate of 12% per annum calculated for one month with no
 7 factoring fee) in a factoring transaction on the basis of a factoring contract¹⁸. On the
 8 day, the Bank loans out an amount of €200,000, accepting the invoice of €250,000,
 9 and agrees to pay out the remaining amount upon complete repayment of the
 10 invoice by “BrickBau GmbH”. The financing is provided as a working capital facility.
 11 The Debtor is considered to keep all the risks and rewards of ownership of the trade
 12 receivable. The Bank has no obligation to purchase any additional trade receivables
 13 from the Debtor.

14 On 30 November 2018 the accrued interest amounts to €1,000, indicating that one-
 15 half of the amount of €2,000 has been accrued after one-half of the month has
 16 elapsed.

17 In accordance with the type of instrument in AnaCredit, the instrument is reported as
 18 “trade receivables”.

19 The Bank uniquely identifies the factoring contract by the contract identifier
 20 11TR2164461, the instrument by the instrument identifier 165414 and the Debtor by
 21 the counterparty identifier T4235.

22 The instrument is reported only as of 30 November 2018.

23 Given that the Debtor keeps all the risk and rewards of the ownership of the trade
 24 receivable, the Bank considers the exposure to be to the factoring client.

25 Consequently, the outstanding nominal amount takes as a starting point the amount
 26 actually loaned to the factoring client rather than the amount of the face value of the
 27 trade receivables. The amount of €48,000, which will be forwarded to the factoring
 28 client if paid by the account debtor, does not constitute an off-balance-sheet amount
 29 of the instrument thus defined. As the Bank has no obligation to purchase any
 30 additional trade receivables from the factoring client, the instrument is considered not
 31 to have any off-balance-sheet amount.

32 As the reserve in the case of exposures to factoring clients is generally not
 33 considered protection in AnaCredit (cf. Section 5.3.4 above), the protection received
 34 dataset is not reported. Please note that the reserve is not considered protection to
 35 the instrument because the reserve is already netted in the outstanding nominal
 36 amount of the instrument. Recognising this reserve as protection would lead to
 37 double-counting of the value.

¹⁸ Please note that halfway through the term the accrued interest is assumed to be €1,000
 $\approx \text{€}200,000 \cdot (12\%/12)/2$.

1 Please note that the instrument concerned, which is assumed to be issued on 15
 2 November 2018 with a tenor of one month, is redeemed before 31 December 2018.
 3 This means that the instrument ceases to exist before the reporting reference date
 4 on which the accounting dataset is required to be reported. Conversely, if the
 5 instrument continued to exist beyond 31 December, the accounting dataset would
 6 have to be reported.

8.3.11.2 Case 11.2 – Non-recourse factoring

7 On 15 October 2018 a construction material trading company named “C und C
 8 GmbH” (“the Factoring Client”) sells construction material to another construction
 9 company “A und B Baustoffhandel GmbH” (“the Debtor”). In this connection, C und C
 10 GmbH issues two invoices, totalling €250,000, for which it expects full payment
 11 within three months of delivery. On 17 October 2018, the Factoring Client sells the
 12 trade receivable to the Bank for a total price of €243,250 (discount of €6,250 and a
 13 fee of €500) in a factoring transaction on the basis of a factoring contract. On the
 14 same date, the Bank loans out an amount of €200,000, accepting the invoices of
 15 €250,000, and agrees to pay out the remaining amount upon complete repayment of
 16 the invoices by “A und B Baustoffhandel GmbH”. The financing is provided as a
 17 working capital facility. The Factoring Client is considered to transfer all the risks and
 18 rewards of ownership of the trade receivable.

19 The amount of €43,250, payment of which to the Factoring Client is on hold until the
 20 trade receivable is received by the Bank, serves as protection of the instrument. The
 21 Bank uniquely identifies the protection item by the protection identifier
 22 RES67949769. There is no other protection on the instrument.

23 In accordance with the type of instrument in AnaCredit, the instrument is reported as
 24 “trade receivables”.

25 The Bank uniquely identifies the factoring contract by the contract identifier
 26 22HWSf25896, the instrument by the instrument identifier 99999999 and the Debtor
 27 by the counterparty identifier CC112112CC. The protection provider (the factoring
 28 client) is identified by the counterparty identifier PP8564235.

29 The Debtor pays €70,000 by 31 October 2018 and makes additional payments of
 30 €55,000 and €95,000 by 30 November and 31 December 2018 respectively.
 31 Consequently, the outstanding nominal amount of the instrument is €180,000,
 32 €125,000 and €30,000 at 31 October, 30 November and 31 December 2018
 33 respectively (cf. Part III of the Manual where it deals with factoring and other trade
 34 receivables). The invoices are fully paid by the Debtor by 15 January 2019.

35 Please note that the reserve does not change over time as the factor does not
 36 purchase additional invoices (under this factoring contract).

37 The instrument is reported as of 31 October and 30 November 2018.

38 Please note that, in the case of non-recourse factoring, interest rate-related data are
 39 reported as “non-applicable” (cf. Part III of the Manual where it deals with factoring
 40 and other trade receivables).

1 Given that the Debtor transferred all the risk and rewards of the ownership of the
2 trade receivable, the Bank considers the exposure to be to the account debtor (the
3 Debtor).

4 Please note that, contrary to the case of recourse factoring, the reserve is included in
5 the outstanding nominal amount. Consequently, the reserve is reported as protection
6 in the protection received dataset.

8.3.12 Case 12 – Financial lease

7 A construction company called “Tiefbau GmbH” (“the Debtor”) signs a financial lease
8 contract with the Bank for a crane on 17 April 2013. In this connection, the Bank
9 purchases a crane for €250,000, which is subsequently leased to the Debtor on 31
10 May 2013. Under the contract, the parties agree that the Debtor will be using the
11 crane for ten years. The Bank charges a fixed interest rate of 5% for the financing of
12 the crane. The crane serves as collateral for the financing. An amortisation schedule
13 where the total amount covering the principal and interest payment repaid in each
14 instalment is the same.

15 The Bank values the crane on a quarterly basis, using for this purpose the so-called
16 asset liquidation curves. The value of the crane at the end of the lease contract is
17 €50,000.

18 In accordance with the type of instrument in AnaCredit, the instrument is reported as
19 “financial leases”.

20 The Debtor is a subsidiary of a company “Hoch und Tiefbau GmbH” (“the Immediate
21 Parent”). The Immediate Parent has no parent undertaking.

22 The Bank uniquely identifies the lease contract by the contract identifier 5GFsj87523,
23 the instrument by the instrument identifier B1001545 and the Debtor by the
24 counterparty identifier Y8923862. It uniquely identifies the protection item by the
25 protection identifier AP928357 and the Immediate Parent by the counterparty
26 identifier OO20957203.

8.3.13 Loans in default

27 On 12 June 2015 a petrol company called “Ölhandel Winterstraße OHG” (“the
28 Debtor”) applies for two loans to pay the €2,000,000 costs of a lawsuit. On 30 June
29 2015 the loans of €1,000,000 with duration of three years each are disbursed. The
30 parties agree on a variable interest rate of EURIBOR 12 months plus a margin of
31 400 basis points and a fixed amortisation schedule with a monthly repayment
32 frequency. Given the company’s credit history, the Bank does not require collateral at
33 inception.

34 The Bank uniquely identifies the contract by the contract identifier A2015H85926 and
35 the instruments by the instrument identifiers A1111111 and B222222. It uniquely
36 identifies the Debtor by the counterparty identifier Q56262313.

37 As of 30 May 2017, the Debtor is considered to be in default due to unlikeliness to
38 pay. Please note that “other legal measures” are taken concerning the solvency of
39 the counterparty (initiated on 28 November 2017).

1 Please note that the above introduction applies to the two cases below, namely Case
2 13.1 – Renegotiated loan and Case 13.2 – Debt forgiveness and write-off.

3 The Debtor has been in default since 30 May 2017. However, as the Bank applies
4 the definition of default at debtor level, the default status of the instruments referred
5 to below is reported as “Non-applicable” (cf. Part II, Section 4.4.4 of the Manual). At
6 the same time, the default status of the Debtor is reported in the counterparty default
7 dataset.

8.3.13.1 Case 13.1 – Renegotiated loan

8 By 30 September 2018, the outstanding nominal amount of the loan A1111111 has
9 already been reduced to €350,000 following a partial write-off (of €40,000) and the
10 renegotiation with forbearance which was successfully initiated on 27 August 2017,
11 and under which the parties agreed to on a fixed interest rate of 3%, i.e. below
12 market conditions. The instrument is not in arrears and since the default an amount
13 of €120,000 has been recovered.

14 In accordance with the type of instrument in AnaCredit, the instrument is reported as
15 “other loans”.

16 Please note that, in accordance with the applied accounting standard, the Bank
17 raises an accumulated impairment amount. In this case, the Bank expects to lose
18 75% of the outstanding nominal amount (in addition to the earlier write-off of
19 €40,000).

8.3.13.2 Case 13.2 – Debt forgiveness and write-off

20 However, loan B222222, which amounts to €270,000 on 30 September 2018, is no
21 longer considered collectible and is forgiven by the Bank (i.e. the debt is cancelled).
22 Accordingly, it is written off in full on 8 October 2018. In this case, the write-off
23 constitutes a derecognition event as, after the debt cancellation, the loans ceased to
24 exist. Please note that the renegotiation with forbearance which was initiated on 27
25 August 2017 also applies.

26 In accordance with the type of instrument in AnaCredit, the instrument is reported as
27 “other loans”.

28 With regard to the instrument, the Bank has recovered an amount of €150,000 since
29 the default of the Debtor. This amount was recovered before 30 September 2018.
30 There are no recoveries in the period between 30 September and 31 December
31 2018.

32 Please note that in this case only the financial dataset is reported monthly in the
33 period between 30 September and 31 December 2018.

34 Please also note that at 30 September 2018 the Bank held an accumulated
35 impairment allowance matching the outstanding nominal amount. In accordance with
36 the accounting standard applied, the Bank does not accrue interest on assets for
37 which payment in full of principal or interest is not expected.

1 Despite the debt forgiveness, the accounting dataset is also reported as of 31
 2 December 2018. However, the vast majority of the data attributes are reported by
 3 convention as “Non-applicable” (cf. Part II, Section 3.1.6.1 of the Manual, regarding
 4 the treatment of written-off instruments). In particular, please note that the data
 5 attribute “performing status of the instrument” is reported by convention as “non-
 6 performing” (cf. Part II of the Manual, page 118, lines 22-23).

7 The counterparty-instrument, counterparty risk and counterparty default datasets are
 8 reported only as of 30 September 2018.

9 Please note that, in accordance with the clarifications provided above, “other legal
 10 actions” have been taken against the counterparty.

8.3.14 Case 14 – Syndicated loan granted by a syndicate of two banks

11 On 12 May 2017 two banks, the Bank and another bank called “Overseas Bank”,
 12 established in Brazil, form a syndicate to grant a loan to a chemical company called
 13 “GrossKunststoff AG” (“the Debtor”) for the construction of a new chemical plant in
 14 Brazil. The loan is settled on 30 June 2017. The duration of the loan is ten years.
 15 The loan has a fixed amortisation schedule and a variable interest rate of USD
 16 LIBOR six months plus a margin of 200 basis points. In addition, to protect against
 17 an excessively high interest rate, an interest rate cap of 3.1% is introduced. The loan
 18 is denominated in US dollar (for the sake of simplicity we assume an exchange rate
 19 of 1:1). The loan has an interest-only period which expires one-and-a-half years after
 20 the settlement date (i.e. 30 November 2018). The payment frequency is semi-annual
 21 for the principal payments (on 1 January and 1 July) and monthly for interest
 22 payments (on the first day of each month).

23 The plant, which is still under construction, is used as collateral for the loan. The
 24 recovery of the loan is limited only to the value of this protection pledged, meaning
 25 that the creditors have no recourse to the balance sheet of the Debtor.

26 The Bank assumes 60% of the exposure (commitment amount of US\$15,000,000)
 27 and is the lead arranger; Overseas Bank assumes 40% of the exposure
 28 (commitment amount of US\$10,000,000). The Bank has a priority on proceeds of the
 29 protection up to 60% of the protection value.

30 In accordance with the type of instrument in AnaCredit, the instruments are reported
 31 as “other loans”.

32 The Bank acts as servicer of the share of Overseas Bank.

33 By 30 September 2018, an amount of US\$3,750,000 has been repaid.

34 The original protection value is €5,000,000 as of 30 April 2017. The protection value
 35 increases to €10,000,000 following a revaluation as at 25 November 2018.

36 The Bank uniquely identifies the contract by the contract identifier
 37 SL/2017/2893//BLZ10/FBNK2859, the instrument by the instrument identifier P98265
 38 and the Debtor by the counterparty identifier Q56262313. In addition, it uniquely
 39 identifies the Overseas Bank by the counterparty identifier FBNK2859, the share of
 40 the Overseas Bank by the instrument identifier EXT487382 and the plant serving as
 41 protection by the protection identifier BRAZ82595832.

1 Please note that the Bank reports not only its own share in the syndicated loan but
2 also the share of the Overseas Bank of which the Bank acts as servicer.

3 Please also note that, from the perspective of the Bank as the reporting agent, the
4 Overseas Bank, which acts as creditor only, is not resident in a reporting Member
5 State. Consequently, only specific counterparty reference data reporting
6 requirements for counterparties not resident in a reporting Member State apply.

7 The rows relating to the instrument in which the Bank acts as servicer but not as
8 creditor are shown in grey.

8.3.15 Case 15 – Loan partially guaranteed by a government agency

9 On 12 November 2018, the Bank grants a loan with a commitment amount of
10 €1,500,000 to a wheat grower in Germany named “Weizenanbau GmbH” (“the
11 Debtor”) for the purpose of exporting harvesters. The loan is settled on 29 November
12 2018. It has an interest rate of 5% (set on the basis of EURIBOR 12 months at 30
13 September 2018 (assumed to be -0.2%) plus a margin of 520 basis points) in the
14 first three years¹⁹. On 30 November 2021, the interest rate will be reset to EURIBOR
15 12 months as at 30 September 2021 plus a margin of 520 basis points²⁰. The
16 duration of the loan is agreed to be six years, with the maturity date being 30
17 November 2024. The loan is partially guaranteed (90% of the commitment amount)
18 by a government agency in Germany (“Zentralregierung”).

19 The Bank uniquely identifies the contract by the contract identifier 823855326, the
20 instrument by the instrument identifier U2573F73 and the Debtor by the counterparty
21 identifier ARG49237054. In addition, it uniquely identifies Zentralregierung by the
22 counterparty identifier 100 and the guarantee by the protection identifier GUA32-100.

23 In accordance with the type of instrument in AnaCredit, the instrument is reported as
24 “other loans”.

25 Please note that the protection received dataset is reported on both 30 November
26 and 31 December 2018, the reason being that the protection item is valued at its
27 notional amount, while the reporting reference date is the protection valuation date
28 (cf. Part II, Section 1.6 of the Manual).

8.3.16 Case 16 – Joint liability loan

29 On 15 March 2018, the Bank agrees to grant a loan for the construction of a
30 commercial building, with two companies, “Retail Kaufhäuser AG” and “ZEECH
31 CONSTRUCTION AG” (“the Debtors”), being jointly liable for the entire outstanding
32 amount of €72,000,000.

33 The loan is disbursed on 30 June 2018. It has a fixed amortisation schedule with
34 monthly payments (both principal and interest payments, payable on the first day of

¹⁹ Cf. Section 3.4.8 of Part II of the Manual: “a loan where for limited periods of time both fixed and variable interest rates interchange can be classified as a mixed interest rate loan”.

²⁰ Cf. Section 3.4.9 of Part II of the Manual: “‘Other frequency’ is reported if in accordance with the contract the interest rate can be changed at a frequency other than overnight, monthly, quarterly, semi-annual, annual or at creditor discretion”.

1 a month), and a variable interest rate EURIBOR 12 months plus a margin of 350
2 basis points. The interest rate is not subject to an interest reset. An interest rate cap
3 of 5% applies. The loan will be repaid in six years.

4 The loan is secured by two financial guarantees provided by the parent undertakings
5 of the Debtors, “Bauman & Bauman AG” and “BAU INTER AG”, with the guaranteed
6 amount being €36 million for each. The recovery of the loan is limited to the value of
7 the guarantees, meaning that the creditors have no recourse to the balance sheet of
8 the Debtor.

9 In accordance with the type of instrument in AnaCredit, the instrument is reported as
10 “other loans”.

11 The Bank uniquely identifies the contract by the contract identifier 123546K, the
12 instrument by the instrument identifier 565687466YU and the Debtors by the
13 counterparty identifiers 306306 and 307307. In addition, it uniquely identifies the
14 financial guarantees by the protection identifiers GUA1D306 and GUA2D307 and the
15 parent undertakings of the Debtors by the counterparty identifiers P39847Y306 and
16 P8293X307.

8.3.17 Case 17 – Traditional securitisation

17 The Bank grants two loans to two companies “Buna Werke Bau GmbH” and
18 “Coventya Häuser AG” (“the Debtors”). Both Debtors use their loan to purchase
19 commercial real estate properties. The properties serve as collateral for each loan.

20 The Bank enters into the contract with “Buna Werke Bau GmbH” on 1 July 2016. It
21 uniquely identifies the contract by the contract identifier 165364J and the instrument
22 by the instrument identifier 8643F. The instrument is disbursed on 17 July 2016. The
23 loan amounts to €750,000 as of 30 September 2018. The Bank uniquely identifies
24 “Buna Werke Bau GmbH” by the counterparty identifier 28764A.

25 The Bank enters into the contract “Coventya Häuser AG” on 14 January 2017. It
26 uniquely identifies the contract by the contract identifier 85676H and the instrument
27 by the instrument identifier 1376R. The instrument is disbursed on 31 January 2017.
28 The loan amounts to €1,250,000 as of 30 September 2018. The Bank uniquely
29 identifies “Coventya Häuser AG” by the counterparty identifier 6544B.

30 Both loans are granted for six years have a fixed amortisation schedule with monthly
31 payments (both principal and interest payments, payable on the first day of a month).
32 The loan to “Buna Werke Bau GmbH” has a fixed interest rate of 5%. The loan to
33 “Coventya Häuser AG” has a fixed interest rate of 3.75%.

34 The Bank uniquely identifies the property securing the loan of “Buna Werke Bau
35 GmbH” by the protection identifier CRE28746. As of September 2018, the property
36 has a market price of €1,000,000.

37 The Bank uniquely identifies the property securing the loan of “Coventya Häuser AG”
38 by the protection identifier CRE3458. As of September 2018, the property has a
39 market price of €2,000,000.

40 On 26 October 2018, the two loans are sold in a true-sale transaction to an SPV
41 (“SPV Verbriefungen”) and are therefore transferred away from the Bank’s portfolio.

