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► **B** **DECISION (EU) 2019/1311 OF THE EUROPEAN CENTRAL BANK**
of 22 July 2019
on a third series of targeted longer-term refinancing operations (ECB/2019/21)
(OJ L 204, 2.8.2019, p. 100)

Amended by:

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| ► <u>M4</u> | Decision (EU) 2021/124 of the European Central Bank of 29 January 2021 | L 38 | 93 | 3.2.2021 |
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▼B**DECISION (EU) 2019/1311 OF THE EUROPEAN CENTRAL BANK****of 22 July 2019****on a third series of targeted longer-term refinancing operations (ECB/2019/21)***Article 1***Definitions**

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

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- (1) ‘benchmark net lending’ means the amount of eligible net lending that a participant needs to exceed in the second reference period, in the special reference period, or in the additional special reference period in order to qualify for an interest rate on the participant’s borrowing that is lower than the initial rate applied and which is calculated in accordance with the principles and the detailed provisions set out in Article 4 and 5 and Annex I, respectively;

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- (2) ‘benchmark outstanding amount’ means the sum of a participant’s outstanding amounts of eligible loans as at 31 March 2019 and the participant’s benchmark net lending which is calculated in accordance with the principles and the detailed provisions set out in Article 4 and Annex I, respectively;
- (3) ‘bid limit’ means the maximum amount that may be borrowed by a participant in any TLTRO-III calculated in accordance with the principles and the detailed provisions set out in Article 4 and Annex I, respectively;
- (4) ‘borrowing allowance’ means the overall amount that may be borrowed by a participant in all TLTROs-III and calculated in accordance with the principles and the detailed provisions set out in Article 4 and Annex I, respectively;
- (5) ‘credit institution’ means a credit institution as defined in point (14) of Article 2 of Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60) ⁽¹⁾;
- (6) ‘deviation from the benchmark outstanding amount’ means the percentage points by which a participant’s eligible loans granted in the period 1 April 2019 to 31 March 2021 have increased or decreased with respect to its benchmark outstanding amount, as calculated in accordance with the detailed provisions set out in Article 4 and Annex I;
- (7) ‘eligible loans’ means loans to non-financial corporations and households (including non-profit institutions serving households) resident, as defined in point (4) of Article 1 of Council Regulation (EC) No 2533/98 ⁽²⁾, in Member States whose currency is the euro, except loans to households for house purchases, as further detailed in Annex II;

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

⁽²⁾ Council Regulation (EC) No 2533/98 of 23 November 1998 concerning the collection of statistical information by the European Central Bank (OJ L 318, 27.11.1998, p. 8).

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- (8) ‘eligible net lending’ means gross lending in the form of eligible loans net of repayments of outstanding amounts of eligible loans during a specific period, as further detailed in Annex II;
- (9) ‘financial vehicle corporation’ (FVC) means a financial vehicle corporation as defined in Article 1(1) of Regulation (EU) No 1075/2013 of the European Central Bank (ECB/2013/40) ⁽¹⁾;
- (10) ‘first reference period’ means the period 1 April 2018 to 31 March 2019;
- (11) ‘FVC code’ means a unique identification code for an FVC on the list of FVCs maintained and published by the European Central Bank (ECB) for statistical purposes in accordance with Article 3 of Regulation (EU) No 1075/2013 (ECB/2013/40);

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- (12) ‘interest rate incentive adjustment’ means the reduction, if any, in the interest rate to be applied to amounts borrowed under TLTROs-III, expressed as a fraction of the average difference between the relevant maximum possible interest rate and the relevant minimum possible interest rate, as calculated in accordance with the detailed provisions set out in Annex I;

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- (13) ‘Legal Entity Identifier’ (LEI) means an alphanumeric reference code in line with ISO 17442 that is assigned to a legal entity;
- (14) ‘monetary financial institution’ (MFI) means a monetary financial institution as defined in point (a) of Article 1 of Regulation (EU) No 1071/2013 of the European Central Bank (ECB/2013/33) ⁽²⁾;
- (15) ‘MFI code’ means a unique identification code for an MFI in the list of MFIs maintained and published by the European Central Bank (ECB) for statistical purposes in accordance with Article 4 of Regulation (EU) No 1071/2013 (ECB/2013/33);
- (16) ‘outstanding amounts of eligible loans’ means outstanding eligible loans on the balance sheet, excluding eligible loans securitised or otherwise transferred without derecognition from the balance sheet as further detailed in Annex II;

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- (17) ‘participant’ means a counterparty eligible for Eurosystem monetary policy open market operations in accordance with Guideline (EU) 2015/510 (ECB/2014/60), which submits bids in TLTRO-III tender procedures either on an individual basis or on a group basis as lead institution, and which is subject to all rights and obligations associated with its participation in the TLTRO-III tender procedures, excluding a credit institution which has fully repaid all TLTRO-III borrowings;

⁽¹⁾ Regulation (EU) No 1075/2013 of the European Central Bank of 18 October 2013 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (ECB/2013/40) (OJ L 297, 7.11.2013, p. 107).

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

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- (18) ‘reference outstanding amount’ means the sum of outstanding amounts of eligible loans and, upon exercise of the option in Article 6(3), outstanding amounts of self-securitised eligible loans as at 28 February 2019;
- (19) ‘relevant NCB’ means, with reference to a particular participant, the NCB of the Member State in which the participant is established;
- (20) ‘second reference period’ means the period 1 April 2019 to 31 March 2021;
- (21) ‘securitisation’ means a transaction that is either: (a) a traditional securitisation as defined in Article 2(9) of Regulation (EU) No 2017/2402 of the European Parliament and of the Council ⁽¹⁾; and/or (b) a securitisation as defined in Article 1(2) of Regulation (EU) No 1075/2013 (ECB/2013/40) and which involves the transfer of the loans being securitised to an FVC;
- (22) ‘self-securitised eligible loans’ means eligible loans originated and securitised by a participant or a TLTRO-III group member whereby the asset-backed securities resulting from the securitisation are 100 % retained by that participant or TLTRO-III group member;

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- (23) ‘rest of the life of the respective TLTRO-III’ means the period from the settlement date of the respective TLTRO-III until 23 June 2020 and the period from 24 June 2022 until its maturity date or early repayment date, as applicable, thus excluding the special interest rate period and the additional special interest rate period;

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- (24) ‘special interest rate period’ means the period from 24 June 2020 to 23 June 2021;
- (25) ‘special reference period’ means the period from 1 March 2020 to 31 March 2021;

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- (26) ‘additional special interest rate period’ means the period from 24 June 2021 to 23 June 2022;
- (27) ‘additional special reference period’ means the period from 1 October 2020 to 31 December 2021;
- (28) ‘corporate reorganisation’ means a merger or acquisition involving a participant or TLTRO-III group member and one or more other credit institutions, or a division of a participant or TLTRO-III group member, including a division that results from a participant's resolution or liquidation.

⁽¹⁾ Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).

▼ B*Article 2***The third series of targeted longer-term refinancing operations****▼ M4**

1. The Eurosystem shall conduct ten TLTROs-III in accordance with the indicative calendar for TLTROs-III published on the ECB's website.

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2. Each TLTRO-III shall mature three years after the respective settlement date, on a day that coincides with the settlement date of a Eurosystem main refinancing operation, in accordance with the indicative calendar for TLTROs-III published on the ECB's website.

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3. TLTROs-III shall be:

- (a) liquidity-providing reverse transactions;
- (b) executed in a decentralised manner by the NCBs;
- (c) executed through standard tenders; and
- (d) executed in the form of fixed-rate tender procedures.

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

5. In the event of a conflict between this Decision and Guideline (EU) 2015/510 (ECB/2014/60) or any other ECB legal act laying down the legal framework applicable to longer-term refinancing operations and/or any national measures implementing it at national level, this Decision shall prevail.

*Article 3***Participation****▼ M4**

1. Institutions may participate in TLTROs-III on an individual basis if they are eligible counterparties for accessing Eurosystem monetary policy operations and are on the list of MFIs established by Article 4 of Regulation (EU) No 1071/2013 (ECB/2013/33).

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2. Institutions may participate in TLTROs-III on a group basis by forming a TLTRO-III group. Participation on a group basis is relevant for the purposes of calculating the applicable borrowing allowance and the benchmarks as laid down in Article 4 and the associated reporting obligations as laid down in Article 6. Participation on a group basis shall be subject to the following restrictions:

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- (a) an institution shall not be a member of more than one TLTRO-III group;
- (b) an institution participating in TLTROs-III on a group basis may not participate on an individual basis;
- (c) the institution appointed as lead institution shall be the only member of the TLTRO-III group that may participate in TLTRO-III tender procedures; and

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

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3. In order to participate in TLTROs-III through a TLTRO-III group, the following conditions shall be fulfilled.
- (a) With effect from the last day of the month preceding the application referred to in point (d) of this paragraph, each member of a given group shall:
 - (i) have a close link to another member of the group within the meaning of ‘close link’ as defined in Article 138 of Guideline (EU) 2015/510 (ECB/2014/60) and references therein to ‘counterparty’, ‘guarantor’, ‘issuer’ or ‘debtor’ shall be understood as referring to a group member; or
 - (ii) hold required reserves with the Eurosystem in accordance with Regulation (EC) No 1745/2003 of the European Central Bank (ECB/2003/9) ⁽¹⁾ indirectly through another member of the group or be used by another member of the group in order to indirectly hold required reserves with the Eurosystem.
 - (b) The group shall appoint one member as the lead institution for the group. The lead institution shall be an eligible counterparty for Eurosystem monetary policy open market operations.

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- (c) Each member of the TLTRO-III group shall be a credit institution established in a Member State whose currency is the euro, shall fulfil the criteria laid down in points (a), (b) and (c) of Article 55 of Guideline (EU) 2015/510 (ECB/2014/60) and shall be on the list of MFIs established by Article 4 of Regulation (EU) No 1071/2013 (ECB/2013/33).

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- (d) Subject to point (e), the lead institution shall apply for group participation to its NCB in accordance with the indicative calendar for TLTROs-III published on the ECB's website. The application shall include:
 - (i) the name of the lead institution;
 - (ii) a list of the MFI codes and names of all the institutions to be included in the TLTRO-III group;

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

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- (iii) an explanation of the basis for a group application, including a list of the close links and/or indirect reserve holding relationships between the members of the group, identifying each member by its MFI code;
 - (iv) in the case of group members which meet the conditions stipulated in point (ii) of point (a): written confirmation from the lead institution certifying that each member of its TLTRO-III group has formally decided to be a member of the TLTRO-III group in question and agrees not to participate in TLTROs-III as an individual counterparty or as a member of any other TLTRO-III group, together with appropriate evidence that the written confirmation from the lead institution was executed by duly authorised signatories. A lead institution may make the necessary confirmation in respect of its TLTRO-III group members where there are agreements in place, such as those for the indirect holding of minimum reserves pursuant to Article 10(2) of Regulation (EC) No 1745/2003 (ECB/2003/9), which expressly state that the relevant group members participate in Eurosystem open market operations exclusively through the lead institution. The relevant NCB, in cooperation with the NCBs of the relevant group members, may check the validity of the written confirmation concerned; and
 - (v) in the case of a group member to which point (i) of point (a) applies: (1) written confirmation from the relevant group member of its formal decision to be a member of the TLTRO-III group in question and not to participate in TLTROs-III as an individual counterparty or as a member of any other TLTRO-III group; and (2) appropriate evidence, confirmed by the NCB of the relevant group member, that this formal decision was taken at the highest decision-making level of the member's corporate structure, such as the Board of Directors or equivalent in accordance with any applicable law.
- (e) A TLTRO-II group recognised for the purposes of TLTROs-II pursuant to Decision (EU) 2016/810 (ECB/2016/10) may participate in TLTROs-III as a TLTRO-III group provided that its lead institution submits a written notification to that effect to the relevant NCB in accordance with the indicative calendar for TLTROs-III published on the ECB's website. The notification shall include:
- (i) a list of members of the TLTRO-II group who have formally decided to be members of the TLTRO-III group in question and not to participate in TLTRO-III as individual counterparties or as members of any other TLTRO-III group. In the case of group members which meet the conditions stipulated in point (ii) of point (a), the lead institution may provide the necessary notification where there are agreements in place, as referred to in point (iv) of point (d), which expressly state that the relevant group members participate in Eurosystem open market operations exclusively through the lead institution. The relevant NCB, in cooperation with the NCBs of the relevant group members, may check the validity of that list; and
 - (ii) appropriate evidence, as may be requested by the lead institution's NCB, that it was executed by duly authorised signatories.

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- (f) The lead institution shall obtain confirmation from its NCB that the TLTRO-III group has been recognised. Prior to issuing its confirmation, the relevant NCB may request any additional information relevant for its assessment of the potential TLTRO-III group from the lead institution. In its assessment of a group application, the relevant NCB shall also take into account any assessments by the NCBs of group members that may be necessary, such as the verification of documentation provided in accordance with points (d) or (e) as applicable.

For the purposes of this Decision, credit institutions subject to consolidated supervision, including branches of the same credit institution, shall also be regarded as suitable applicants for TLTRO-III group recognition, and shall be required to meet the conditions laid down in this Article *mutatis mutandis*. This facilitates the formation of TLTRO-III groups among such institutions, where they are part of the same legal entity. For the purpose of confirming the formation, or a change in the composition, of a TLTRO-III group of this nature, paragraph 3(d)(v) and paragraph 6(b)(ii)(5) shall apply respectively.

4. If one or more of the institutions included in the application for TLTRO-III group recognition do not fulfil the conditions of paragraph 3, the relevant NCB may partially reject the application of the proposed group. In such a case, the institutions submitting the application may decide to act as a TLTRO-III group with the composition limited to those group members that fulfil the necessary conditions or to withdraw the application for TLTRO-III group recognition.

5. In exceptional cases, where there are objective reasons, the Governing Council may decide to deviate from the conditions set out in paragraphs 2 and 3.

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5a. In exceptional cases, where there are objective reasons, the Governing Council may decide to allow institutions participating in TLTROs-III on an individual basis to instead participate in future TLTROs-III on a group basis by joining an existing TLTRO-III group or by forming a new TLTRO-III group. That TLTRO-III group and each of its members shall comply with the provisions of Article 3.

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

- (a) A member shall be excluded from the TLTRO-III group if it no longer meets the requirements of point (a) or (c) of paragraph 3. The relevant group member's NCB shall inform the lead institution of the group member's failure to meet those requirements.

In such cases, the lead institution concerned shall notify the relevant NCB of the change in status of its group member.

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- (b) ► **M5** If, in relation to the TLTRO-III group, a credit institution that is not a participant or a member of a TLTRO-III group fulfils the conditions set out in Article 3(3)(a)(i) or (ii) with effect after, but not on or before, the last day of the month preceding the application referred to in point (d) of paragraph 3, the TLTRO-III group composition may change to reflect the addition of that credit institution as a new member, provided that: ◀
- (i) the lead institution applies to its NCB for recognition of the change in the TLTRO-III group's composition in accordance with the indicative calendar for TLTROs-III published on the ECB's website;
 - (ii) the application referred to in point (i) includes:
 - (1) the name of the lead institution;
 - (2) the list of MFI codes and names of all the institutions that are intended to be included in the new composition of the TLTRO-III group;
 - (3) an explanation of the basis for the application, including details of the changes to the close links and/or indirect reserve holding relationships between the members of the group, identifying each member by its MFI code;
 - (4) in the case of group members to which point (ii) of paragraph 3(a) applies: written confirmation from the lead institution certifying that each member of its TLTRO-III group has formally decided to be a member of the TLTRO-III group in question and not to participate in TLTROs-III as an individual counterparty or as a member of any other TLTRO-III group. A lead institution may make the necessary certification in respect of its TLTRO-III group members where there are agreements in place, such as those for the indirect holding of minimum reserves pursuant to Article 10(2) of Regulation (EC) No 1745/2003 (ECB/2003/9), which expressly state that the relevant group members participate in Eurosystem open market operations exclusively through the lead institution. The relevant NCB, in cooperation with the NCBs of the relevant group members, may check the validity of that written confirmation; and
 - (5) in the case of group members to which point (i) of paragraph 3(a) applies, written confirmation from each additional member of its formal decision to be a member of the TLTRO-III group in question and not to participate in TLTROs-III as an individual counterparty or as a member of any other TLTRO-III group, and written confirmation from each member of the TLTRO-III group, included in both the old and the new composition, of its formal decision to agree to the new composition of the TLTRO-III group, together with appropriate evidence, confirmed by the NCB of the relevant group member, as detailed in point (v) of paragraph 3(d); and

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- (iii) the lead institution has obtained confirmation from its NCB that the changed TLTRO-III group has been recognised. Prior to issuing its confirmation, the relevant NCB may request any additional information relevant for its assessment of the new TLTRO-III group composition from the lead institution. In its assessment of a group application, the relevant NCB must also take into account any necessary assessment of the NCBs of group members, such as the verification of documentation provided in accordance with point (ii).
- (c) If, in relation to the TLTRO-III group, a merger, acquisition or division involving the TLTRO-III group members takes place after the last day of the month preceding the application referred to in point (d) of paragraph 3 and that operation does not result in any change in the set of eligible loans, the TLTRO-III group composition may change to reflect the merger, acquisition or division, as applicable, provided that the conditions listed in point (b) are met.

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6a. Without prejudice to paragraph 5a, an institution participating in TLTROs-III on an individual basis may instead participate in future TLTROs-III on a group basis by forming a TLTRO-III group, provided that:

- (a) the members of that TLTRO-III group are credit institutions that are not participating in TLTROs-III on an individual basis or as members of another TLTRO-III group and fulfil the conditions set out in Article 3(3)(a)(i) or Article 3(3)(a)(ii) with effect after, but not on or before, the last day of the month preceding the application referred to in Article 3(3)(d); and
- (b) that TLTRO-III group and each of its members comply with the provisions of Article 3.

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7. ► **M5** Where changes in the composition of a TLTRO-III group have been accepted by the Governing Council in accordance with paragraph 5, a new TLTRO-III group has been formed in accordance with paragraph 5a or paragraph 6a, or changes in the composition of TLTRO-III groups have taken place in accordance with paragraph 6, unless otherwise decided by the Governing Council, the following shall apply: ◀

- (a) in respect of the changes to which paragraph 5, paragraph 5a, paragraph 6(b) or paragraph 6(c) applies, the lead institution may participate in a TLTRO-III on the basis of the new composition of its TLTRO-III group only after it has obtained confirmation from its NCB that the new composition of the TLTRO-III group has been recognised; and
- (b) an institution that is no longer a member of a TLTRO-III group shall not participate in any further TLTRO-III either individually or as member of another TLTRO-III group, unless it submits a new application to participate in accordance with paragraphs 1, 3 or 6.

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8. If a lead institution loses its eligibility as a counterparty for Euro-system monetary policy open market operations, its TLTRO-III group shall no longer be recognised and such lead institution shall be obliged to repay all amounts borrowed under TLTROs-III.

▼ B*Article 4***Borrowing allowance, bid limit and benchmarks**

1. The borrowing allowance applicable to an individual participant shall be calculated on the basis of the loan data in respect of the reference outstanding amount of the individual participant. The borrowing allowance applicable to a participant which is the lead institution of a TLTRO-III group shall be calculated on the basis of the aggregated loan data in respect of the reference outstanding amount for all members of the TLTRO-III group.

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2. Each participant's borrowing allowance shall equal 55 % of its total reference outstanding amount, less any amount previously borrowed by that TLTRO-III participant under TLTROs-II pursuant to Decision (EU) 2016/810 (ECB/2016/10) and outstanding on the settlement date of a TLTRO-III having regard to any legally binding notification for early repayment submitted by the participant in accordance with Article 6 of Decision (EU) 2016/810 (ECB/2016/10). The relevant technical calculations are outlined in Annex I.

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3. If a member of a TLTRO group recognised for the purposes of TLTROs-II pursuant to Decision (EU) 2016/810 (ECB/2016/10) is not willing to be a member of the respective TLTRO-III group, for the purposes of calculating the TLTRO-III borrowing allowance for that credit institution as an individual participant, that institution shall be deemed to have borrowed under TLTROs-II an amount equal to the amount borrowed by the lead institution of the TLTRO-II group under TLTROs-II and still outstanding on the settlement date of a TLTRO-III multiplied by the share of eligible loans of the member to those of the TLTRO-II group as at 31 January 2016. This latter amount will be subtracted from the amount that the respective TLTRO-III group is deemed to have borrowed under TLTROs-II for the purpose of calculating the TLTRO-III borrowing allowance of the lead institution.

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4. Each participant's bid limit for each TLTRO-III shall be equal to its borrowing allowance reduced by the amounts borrowed under previous TLTROs-III, and increased by the amounts that the participant repaid under the early repayment procedure set out in Article 5a or has notified the relevant NCB in a binding way that it intends to repay under the early repayment procedure set out in Article 5a. The resulting amount shall be considered to represent a maximum bid limit for each participant and the rules applicable to bids exceeding the maximum bid limit, as laid down in Article 36 of Guideline (EU) 2015/510 (ECB/2014/60), shall apply. The relevant technical calculations are outlined in Annex I.

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5. A participant's benchmark net lending shall be determined on the basis of eligible net lending in the first reference period, as follows:

- (a) for participants who report positive or zero eligible net lending in the first reference period, the benchmark net lending shall be zero;
- (b) for participants who report negative eligible net lending in the first reference period, the benchmark net lending shall be equal to the eligible net lending for the first reference period.

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The relevant technical calculations are outlined in Annex I. The benchmark net lending for participants that have been granted banking licences after 28 February 2019 shall be zero unless the Governing Council, in circumstances where it is objectively justified, decides otherwise.

6. A participant's benchmark outstanding amount shall be determined as the sum of the outstanding amounts of eligible loans as at 31 March 2019 and the benchmark net lending. The relevant technical calculations are outlined in Annex I.

▼ M4*Article 5***Interest**

1. The interest rate applicable to amounts borrowed under each of the first seven TLTROs-III by participants whose eligible net lending during the special reference period equals or exceeds their benchmark net lending and whose eligible net lending during the additional special reference period is lower than their benchmark net lending shall be calculated as follows, subject to the condition set out in Article 6(3a):

- (a) during the special interest rate period, the interest rate shall be the average interest rate on the deposit facility over that period minus 50 basis points. The resulting interest rate shall not, in any case, be higher than minus 100 basis points;
- (b) during the additional special interest rate period, the interest rate shall be the lower of the following rates: (i) the average interest rate on the main refinancing operations over that period minus 50 basis points and (ii) the average interest rate on the deposit facility over the life of the respective TLTRO-III; and
- (c) during the rest of the life of the respective TLTRO-III, the interest rate shall be the average interest rate on the deposit facility over the life of the respective TLTRO-III.

2. The interest rate applicable to amounts borrowed under each of the first seven TLTROs-III by participants whose eligible net lending during the special reference period and during the additional special reference period is lower than their benchmark net lending but whose eligible net lending during the second reference period exceeds their benchmark net lending shall be calculated as follows:

- (a) during the special interest rate period, the interest rate shall be the lower of the following rates: (i) the average interest rate on the main refinancing operations over that period minus 50 basis points; and (ii) the interest rate calculated depending on the deviation from the benchmark outstanding amount, as set out in point (c);
- (b) during the additional special interest rate period, the interest rate shall be the lower of the following rates: (i) the average interest rate on the main refinancing operations over that period minus 50 basis points; and (ii) the interest rate calculated depending on the deviation from the benchmark outstanding amount, as set out in point (c); and

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- (c) during the rest of the life of the respective TLTRO-III, the interest rate shall be lower than the average interest rate on the main refinancing operations over the life of the respective TLTRO-III and may be as low as the average interest rate on the deposit facility over the life of the respective TLTRO-III, depending on the deviation from the benchmark outstanding amount.

3. The interest rate applicable to amounts borrowed under each of the first seven TLTROs-III by participants whose eligible net lending during the second reference period, the special reference period and the additional special reference period is lower than their benchmark net lending shall be calculated as follows:

- (a) during the special interest rate period, the interest rate shall be the average interest rate on the main refinancing operations over that period minus 50 basis points;
- (b) during the additional special interest rate period, the interest rate shall be the average interest rate on the main refinancing operations over that period minus 50 basis points; and
- (c) during the rest of the life of the respective TLTRO-III, the interest rate shall be the average interest rate on the main refinancing operations over the life of the respective TLTRO-III.

3a. Notwithstanding paragraphs 1 to 3, the interest rate applicable to amounts borrowed under each of the first seven TLTROs-III by participants whose eligible net lending during the additional special reference period equals or exceeds their benchmark net lending shall be calculated as follows, subject to the condition set out in Article 6(3b):

- (a) during the period until 23 June 2020, the interest rate shall be calculated according to paragraph 1(c), paragraph 2(c) or paragraph 3(c), as applicable;
- (b) during the special interest rate period, the interest rate shall be calculated according to paragraphs 1(a), paragraph 2(a) or paragraph 3(a), as applicable;
- (c) during the additional special interest rate period, the interest rate shall be the average interest rate on the deposit facility over that period minus 50 basis points. The resulting interest rate shall not, in any case, be higher than minus 100 basis points; and
- (d) during the period after 23 June 2022, the interest rate shall be the average interest rate on the deposit facility over the life of the respective TLTRO-III.

3b. The interest rate applicable to amounts borrowed under the eighth or subsequent TLTROs-III by participants whose eligible net lending during the additional special reference period equals or exceeds their benchmark net lending shall be calculated as follows, subject to the condition set out in Article 6(3b):

- (a) during the additional special interest rate period, the interest rate shall be the average interest rate on the deposit facility over that period minus 50 basis points. The resulting interest rate shall not, in any case, be higher than minus 100 basis points; and
- (b) during the rest of the life of the respective TLTRO-III, the interest rate shall be the average interest rate on the deposit facility over the life of the respective TLTRO-III.

▼ M4

3c. The interest rate applicable to amounts borrowed under the eighth or subsequent TLTROs-III by participants whose eligible net lending during the additional special reference period is lower than their benchmark net lending shall be calculated as follows:

- (a) during the additional special interest rate period, the interest rate shall be the average interest rate on the main refinancing operations over that period minus 50 basis points; and
- (b) during the rest of the life of the respective TLTRO-III, the interest rate shall be the average interest rate on the main refinancing operations over the life of the respective TLTRO-III.

4. Further details on interest rate calculations are laid down in Annex I. The final interest rate and the relevant data pertaining to its calculation shall be communicated to participants in accordance with the indicative calendar for TLTROs-III published on the ECB's website.

5. Interest shall be settled in arrears on the maturity of each TLTRO-III or on early repayment as provided for in Article 5a, as applicable.

6. If, due to the exercise of remedies available to an NCB in accordance with its contractual or regulatory arrangements, a participant is required to repay outstanding amounts in one of the first seven TLTROs-III before the interest data related to the second and the special reference periods are communicated to that participant, the interest rate applicable to the amounts borrowed by that participant under each of the first seven TLTROs-III and subject to mandatory repayments shall be: (a) for the special interest rate period, the average interest rate on the main refinancing operations over that period minus 50 basis points; (b) for the additional special interest rate period, the average interest rate on the main refinancing operations over that period minus 50 basis points; and (c) for the rest of the life of the respective TLTRO-III, the average rate on the main refinancing operations over the life of the respective TLTRO-III up to the date on which the repayment was required to be made by the NCB. If such repayment is required after the interest data related to the second and the special reference periods have been communicated to the participant but before the interest rate related data of the additional special reference period have been communicated to the participant, the interest rate applicable to the amounts borrowed by that participant under each of the first seven TLTROs-III and subject to mandatory repayments shall be set in accordance with paragraphs 1 to 3. If such repayment is required after the interest related data of the additional special reference period have been communicated to the participant, the interest rate applicable to the required repayment amounts borrowed by that participant under each of the first seven TLTROs-III shall be set in accordance with paragraphs 1 to 3a.

▼ M5

If due to the exercise of remedies available to an NCB in accordance with its contractual or regulatory arrangements, a participant is required to repay the TLTRO-III outstanding amounts in the eighth or subsequent TLTROs-III before the resulting interest rate for the additional special reference period has been communicated to the participant, the interest rate applicable to the amounts borrowed by that participant under the eighth or subsequent TLTROs-III and subject to mandatory repayment shall be set in accordance with paragraph 3c. If such repayment is required after the interest related data of the additional special reference period have been communicated to the participant, the interest rate applicable to the amounts borrowed by that participant under the eighth or subsequent TLTROs-III and subject to mandatory repayment shall be set in accordance with paragraphs 3b and 3c.

▼ M4

7. If counterparties voluntarily repay early amounts borrowed in one of the first seven TLTROs-III in line with Article 5a before the interest related data of the additional special reference period have been communicated to them, the interest rate for the additional special interest rate period shall be calculated in accordance with paragraphs 1(b), 2(b) and 3(b).

▼ M1*Article 5a***Early repayment****▼ M4**

1. For the first seven TLTROs-III, from September 2021, starting 12 months after the settlement of each TLTRO-III, participants shall, on a quarterly basis, have the option of terminating or reducing the amount of TLTRO-III concerned before maturity. For the eighth or subsequent TLTROs-III, participants shall have that option on a quarterly basis starting in June 2022.

▼ M1

2. Early repayment dates shall coincide with the settlement date of a Eurosystem main refinancing operation, as specified by the Eurosystem.

▼ M4

3. In order to benefit from the early repayment procedure, a participant shall notify the relevant NCB at least two weeks in advance of that early repayment date that it intends to repay under the early repayment procedure on the early repayment date.

4. The notification referred to in paragraph 3 shall become binding on the participant concerned two weeks before the early repayment date to which it refers. Failure by the participant to settle, in full or in part, the amount due under the early repayment procedure by the repayment date may result in the imposition of a financial penalty. The applicable financial penalty shall be calculated in accordance with Annex VII to Guideline (EU) 2015/510 (ECB/2014/60) and shall correspond to the financial penalty applied for failures to comply with the obligations to adequately collateralise and settle the amount the counterparty has been allotted as regards reverse transactions for monetary policy purposes. The imposition of a financial penalty shall be without prejudice to the NCB's right to exercise the remedies provided for on the occurrence of an event of default set out in Article 166 of Guideline (EU) 2015/510 (ECB/2014/60).

▼ B*Article 6***Reporting requirements****▼ M4**

1. Each participant in TLTROs-III shall submit to the relevant NCB the data identified in the reporting templates set out in Annex II as follows:

- (a) the reference outstanding amount for the purposes of establishing the participant's borrowing allowance and bid limits, and data relating to the first reference period for the purposes of establishing the participant's benchmarks (hereinafter referred to as the 'first report');

▼M4

- (b) data relating to (i) the second reference period and, (ii) optionally, to the special reference period for the purposes of determining the applicable interest rates for amounts borrowed in the first seven TLTROs-III (hereinafter referred to as the 'second report'); and
- (c) data relating to the additional special reference period, for the purposes of determining the applicable interest rates (hereinafter referred to as the 'third report').

Notwithstanding the previous sentence, participants who participate for the first time in the eighth or subsequent TLTROs-III shall submit to the relevant NCB (i) the first report and (ii) the third report.

▼B

2. The data shall be provided in accordance with:
 - (a) the indicative calendar for TLTROs-III published on the ECB's website;
 - (b) the guidelines set out in Annex II; and
 - (c) the minimum standards for accuracy and compliance with concepts specified in Annex IV to Regulation (EU) No 1071/2013 (ECB/2013/33).
3. Participants intending to include self-securitised eligible loans for the purposes of calculating their borrowing allowance shall exercise this option by providing the supplementary items relating to all self-securitised eligible loans, as detailed in Annex II, together with the auditor's evaluation of these supplementary items, in accordance with the following rules:
 - (a) Participants who participate in the first or second TLTRO-III operation may participate on the basis of a first report which omits the supplementary items. However, in order for self-securitised loans to be included in the calculations of their borrowing allowance and bid limits as of the second or third operation, the supplementary items and the respective auditor's evaluation of the supplementary items shall be made available to the relevant NCB before the deadline for the first report for either of these operations specified in the indicative calendar for TLTROs-III published on the ECB's website
 - (b) Participants who first participate in the third or subsequent TLTRO-III operations shall make available, by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website, to the relevant NCB both the first report including the supplementary items, and the respective auditor's evaluation of the supplementary items.

▼M4

3a. Participants intending to take advantage of the interest rates set out in Article 5(1) shall exercise this option by separately providing, in the second report, the data relating to the special reference period, as well as the results of the auditor's evaluation of these data pursuant to Article 6(6)(b). If these conditions are not fulfilled, the interest rate applicable to the amounts borrowed by the participants shall be calculated pursuant to Articles 5(2), 5(3) or 5(3a). No sanctions shall apply for the non-transmission of the data relating to the special reference period and/or the results of its respective auditor's evaluation.

▼ M4

3b. Participants intending to take advantage of the interest rates set out in Articles 5(3a) and 5(3b) shall separately provide, in the third report, the data relating to the additional special reference period, as well as the results of the auditor's evaluation of these data pursuant to paragraph 6(bb) of this Article. If these conditions are not fulfilled, the interest rate applicable to the amounts borrowed by the participants shall be calculated pursuant to Articles 5(1), 5(2), 5(3) and 5(3c).

▼ B

4. Terms used in the report submitted by participants shall be interpreted in accordance with the definitions of those terms in Regulation (EU) No 1071/2013 (ECB/2013/33).

5. Lead institutions of TLTRO-III groups shall submit reports reflecting aggregated data in respect of all members of the TLTRO-III group. In addition, the lead institution's NCB, or the NCB of a member of a TLTRO-III group may, in coordination with the lead institution's NCB, require the lead institution to submit disaggregated data for each individual group member.

▼ M4

6. Each participant shall ensure that the quality of the data submitted pursuant to paragraphs 1 to 3b is evaluated by an external auditor in accordance with the following rules:

- (a) the auditor's evaluation of the first report shall be made available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website;
- (b) the results of the auditor's evaluation in respect of the second report shall be made available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website;
- (bb) the results of the auditor's evaluation in respect of the third report shall be made available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website;
- (c) the auditor's evaluations shall focus on the requirements set out in paragraphs 2, 3a, 3b and 4. In particular, the auditor shall:
 - (i) evaluate the accuracy of the data provided by verifying that the set of the participant's eligible loans including, in the case of a lead institution the eligible loans of its TLTRO-III group members, satisfies the eligibility criteria;
 - (ii) check that the data reported comply with the guidelines detailed in Annex II and with the concepts introduced by Regulation (EU) No 1071/2013 (ECB/2013/33);
 - (iii) check that the data reported are consistent with data compiled pursuant to Regulation (EU) No 1071/2013 (ECB/2013/33);
 - (iv) check whether controls and procedures are in place to validate the integrity, accuracy and consistency of the data; and

▼ M4

- (v) with respect to the supplementary items, ensure, by means of a positive assurance engagement procedure, i.e. a procedure that certifies that the data reported are accurate and relevant, that self-securitised eligible loans included for the purpose of calculating a participant's reference outstanding amount correspond to the relevant asset-backed securities 100 % retained by the respective participant or TLTRO-III group member that originated the self-securitised eligible loans.

In the case of participation on a group basis, the results of the auditor's evaluations shall be shared with the NCBs of the other TLTRO-III group members. At the request of the participant's NCB, detailed results of the evaluations conducted pursuant to this paragraph shall be provided to that NCB and, in the case of group participation, subsequently shared with the NCBs of the group members.

- (d) the auditor's evaluations shall contain, at least the following elements:
 - (i) the type of auditing procedure applied;
 - (ii) the period covered by the audit;
 - (iii) the documentation analysed;
 - (iv) a description of the methods followed by the auditors to perform the tasks specified in point (c);
 - (v) where applicable, the identifiers, i.e. FVC codes and/or LEIs, as applicable, of each securitisation vehicle holding the self-securitised eligible loans referred to in point (c)(v), and the MFI code of the participant or TLTRO-III group member that originated the self-securitised eligible loans;
 - (vi) corrections performed, if any, after applying the methods described in point (iv);
 - (vii) confirmation that the data included in the reporting templates are in line with the information contained in the participants' internal systems; and
 - (viii) final observations or assessment as a result of the external audit.

The Eurosystem may provide further guidance on the manner in which the auditor's evaluation is to be conducted in which case participants shall ensure that such guidance is applied by the auditors in their evaluation.

7. Subject to paragraph 8, following a change in the TLTRO-III group composition or a corporate reorganisation that affects the set of the participant's eligible loans, a revised first report shall be submitted in accordance with the instructions received from the participant's NCB, and as follows.

- (a) Where a change in the TLTRO-III group composition or a corporate reorganisation occurs before 31 March 2021, a revised first report shall be submitted by the deadline specified in the indicative calendar for TLTROs-III published on the ECB's website for the TLTRO-III following the change in the TLTRO-III group composition or corporate reorganisation;

▼ M4

- (b) Where a change in the TLTRO-III group composition or a corporate reorganisation occurs between 1 April 2021 and the deadline for lead institutions to apply to their home NCB for recognition of changes to TLTRO-III group compositions specified for the last TLTRO-III in the indicative calendar for TLTROs-III published on the ECB's website, a revised first report shall be submitted by the deadline specified in the indicative calendar for TLTROs-III published on the ECB's website for the TLTRO-III following the change in the TLTRO-III group composition or corporate reorganisation;
- (c) Where a change in the TLTRO-III group composition or a corporate reorganisation occurs between the deadline for lead institutions to apply to their home NCB for recognition of changes to TLTRO-III group compositions specified for the last TLTRO-III in the indicative calendar for TLTROs-III published on the ECB's website and 31 December 2021, a revised first report shall be submitted by the deadline for the result of the auditor's evaluation of the first report specified in the indicative calendar for TLTROs-III published on the ECB's website for those participating for the first time in one of the eighth or subsequent TLTROs-III.

The relevant NCB shall assess the impact of the revision and undertake appropriate action. Such action may include a requirement to repay amounts borrowed which, taking into account the change to the TLTRO-III group composition or the corporate reorganisation, exceed the relevant borrowing allowance. The participant concerned, which may include a newly-established entity following the corporate reorganisation, shall provide any additional information requested by the relevant NCB to assist in the assessment of the impact of the revision.

▼ M5

- 7a. Where a revised first report is submitted due to a change in the TLTRO-III group composition or a corporate reorganisation pursuant to point (a) of paragraph 7, such change in the TLTRO-III group composition or corporate reorganisation shall be taken into account in the submission of the second and third reports pursuant to paragraph 1.

Where a revised first report is submitted due to a change in the TLTRO-III group composition or a corporate reorganisation pursuant to points (b) and (c) of paragraph 7, such change in the TLTRO-III group composition or corporate reorganisation shall be taken into account in the submission of the third report pursuant to paragraph 1, and the second report shall not be revised.

▼ M4

8. By way of exception from paragraph 7, revision of the first report shall not be required, but the relevant impact on eligible loans may instead be recorded as an adjustment in the second report or the third report, as appropriate, in cases where:

- (a) the corporate reorganisation involves institutions which prior to the corporate reorganisation were subject to supervisory or resolution measures and these measures, as confirmed by the relevant NCB, actually hampered their ability to lend during at least half of the second reference period or during at least half of the additional special reference period respectively;

▼ M4

- (b) the corporate reorganisation involves an acquisition either by a participant or a TLTRO-III group member of a credit institution that is neither a participant nor a TLTRO-III group member that was completed in the last six months of the additional special reference period; or
- (c) the relevant NCB assesses the impact of the change in the group composition or corporate reorganisation as not requiring a revised first report.

Where point (b) or (c) applies, participants may choose to revise the first report to take into account the corporate reorganisations.

▼ M5

8a. A participant that submits a revised first report pursuant to paragraph 7 shall ensure that the quality of the data submitted in that revised first report is evaluated by an external auditor in accordance with the rules laid down in paragraph 6. That auditor's evaluation of the revised first report shall be made available to the relevant NCB as follows:

- (a) where the revisions concern the supplementary items, the auditor's evaluation of these supplementary items shall be provided together with the revised first report;
- (b) where the participant submits a revised first report pursuant to paragraph 7(a), the auditor's evaluation of those revisions shall be made available to the relevant NCB by 30 July 2021, as specified in the indicative calendar for TLTROs-III published on the ECB's website;
- (c) where the participant submits a revised first report pursuant to paragraph 7(b) or paragraph 7(c), the auditor's evaluation of those revisions shall be made available to the relevant NCB by the deadline specified in the indicative calendar for TLTROs-III published on the ECB's website for the submission of the results of the auditor's evaluation for participants participating for the first time in the eighth or subsequent TLTROs-III operations.

8b. By way of exception from paragraph 8a, a participant that has made the results of the auditor's evaluation of the first report available to the relevant NCB and subsequently submits a revised first report pursuant to paragraph 7 shall not be required to make available to the relevant NCB a new auditor's evaluation of that revised first report if all of the following criteria are fulfilled:

- (a) the corporate reorganisation is a merger or acquisition involving one or more acquired credit institutions that are all participants in TLTROs-III on an individual basis, or involving credit institutions that comprise an entire TLTRO-III group;
- (b) the auditor's evaluation of the first report for each acquired participant on an individual basis or for the acquired TLTRO-III group was made available, separately, to the relevant NCB before the corporate reorganisation occurred; and
- (c) the revisions do not concern the supplementary items referred to in the first report.

▼ B

9. The data provided by the participants pursuant to this Article may be used by the Eurosystem for the implementation of the TLTRO-III framework, as well as for the analysis of the framework's effectiveness and other Eurosystem analytical purposes. For these purposes NCBs that receive data reported pursuant to this Article may exchange such data within the Eurosystem. Data reported pursuant to this Article may be also shared within the Eurosystem for the purpose of validating the data provided.

▼ M5*Article 6a*

Calculation of interest rate in the event of a change in the TLTRO-III group composition or of a corporate reorganisation that occurs between 1 April 2021 and 31 December 2021

1. In the event of a change in the TLTRO-III group composition or of a corporate reorganisation that involves participants participating in the first seven TLTROs-III on an individual or on a group basis where that change occurs between 1 April 2021 and 31 December 2021, the interest rate applicable to amounts borrowed under each of the first seven TLTROs-III shall be calculated as follows:

- (a) during the period until 23 June 2021, the interest rate shall be calculated on the basis of the interest rate related data relating to the second reference period and the special reference period taking into account the individual lending performance of each of the participants, and also taking into account the provisions of Article 5 of this Decision with respect to interest rate calculation;
- (b) during the period starting on 24 June 2021 and continuing until maturity, the interest rate shall be calculated on the basis of the interest rate related data for the additional special reference period relating to the institution resulting from the corporate reorganisation or relating to the TLTRO-III group after the change in group composition (unless a more favourable rate would have been warranted on the basis of the interest rate related data relating to the second reference period and the special reference period depending on the participant's individual lending performance(s)) and also taking into account the provisions of Article 5 of this Decision with respect to interest rate calculation.

2. In the event of a change in the TLTRO-III group composition or of a corporate reorganisation that involves participants participating in the first seven TLTROs-III on an individual or on a group basis where that change occurs between 1 April 2021 and 31 December 2021, the interest rate applicable to amounts borrowed under each of the eighth or subsequent TLTROs-III shall be calculated on the basis of the interest rate related data for the additional special reference period relating to the institution resulting from the corporate reorganisation or relating to the TLTRO-III group after the change in group composition.

Article 7

Non-compliance with reporting requirements

1. Where a participant fails to submit a report or comply with audit requirements, or where errors are identified in the data reported, the following shall apply:

▼ M5

- (a) if a participant fails to make the first report available to the relevant NCB by the relevant deadline, its borrowing allowance shall be set at zero;

- (b) if a participant fails to make the results of the auditor's evaluation of the first report available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website, the following rules shall apply:
 - (i) if the auditor's evaluation of the first report is received by the relevant NCB within the period of 14 calendar days starting on the day after the expiry of the relevant deadline, the participant shall incur for each day until such evaluation is received a penalty equal to the total outstanding amount borrowed by the participant under TLTROs-III divided by 1 000 000 (or if that amount is less than EUR 1 000, a penalty of EUR 1 000 for each day until the auditor's evaluation of the first report is received). The penalties incurred per day shall be accumulated and charged to the participant by the relevant NCB after receipt of the auditor's evaluation of the first report;

 - (ii) if the auditor's evaluation of the first report is not received by the relevant NCB within the period of 14 calendar days specified in point (i), the participant shall repay the outstanding amounts borrowed under those TLTROs-III operations with reference to which the borrowing allowance has been calculated on the basis of the first report for which the auditor's evaluation has not been received. The participant shall repay such amounts on the settlement day of the next main refinancing operation at the average rate on the main refinancing operation over the life of each respective TLTRO-III until the settlement day of the repayment, except during the special interest rate period and the additional special interest rate period, when the average rate on the main refinancing operations over each such period minus 50 basis points shall apply;

- (c) if a participant in one of the first seven TLTROs-III fails to make the data relating to the second reference period in the second report or the results of the auditor's evaluation of those data available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website, the following rules shall apply:
 - (i) if either the data relating to the second reference period in the second report or the results of the auditor's evaluation of those data are received by the relevant NCB within the period of 14 calendar days starting on the day after the expiry of the relevant deadline, the participant shall incur for each day until receipt a penalty equal to the total outstanding amount borrowed by the participant under TLTROs-III divided by 1 000 000 (or if that amount is less than EUR 1 000, a penalty of EUR 1 000 for each day until receipt). The penalties incurred per day shall be accumulated and charged to the participant by the relevant NCB after receipt of all data relating to the second reference period in the second report or of the results of the auditor's evaluation of those data. The interest rate related data relating to the second reference period shall be communicated by the relevant NCB to the participant on 1 October 2021;

▼ M5

- (ii) if either the data relating to the second reference period in the second report or the results of the auditor's evaluation of those data are not received by the relevant NCB within the period of 14 calendar days specified in point (i), the average rate on the main refinancing operation over the life of each respective TLTRO-III shall apply to the amounts borrowed by that participant under TLTROs-III, except during the special interest rate period and the additional special interest rate period, when the average rate on the main refinancing operations over each such period minus 50 basis points shall apply unless the participant is granted a better rate as a result of its lending performance during the third reference period. If it is the data relating to the second reference period in the second report that are not received by the relevant NCB within the period of 14 calendar days specified in point (i), the participant shall also incur a penalty of EUR 5 000 which shall be charged to the participant by the relevant NCB after receipt of all data relating to the second reference period in the second report.

Notwithstanding the previous paragraph of this point (ii), if the participant only provides the data for the special reference period of the second report and the auditor's evaluation of this data, and the participant's eligible net lending during the special reference period equals or exceeds its benchmark net lending, the interest rate applicable to the amounts borrowed by the participant shall be calculated pursuant to Article 5(1) or Article 5(3a) subject to the conditions set out in Article 6(3a) and Article 6(3b) respectively;

- (d) if a participant in one of the first seven TLTROs-III fails to make the data relating to the special reference period in the second report or the results of the auditor's evaluation of those data available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website, the following rules shall apply:
 - (i) if either the data relating to the special reference period in the second report or the results of the auditor's evaluation of those data are received by the relevant NCB within the period of 14 calendar days starting on the day after the expiry of the relevant deadline, the participant shall incur for each day until receipt a penalty equal to the total outstanding amount borrowed by the participant under TLTROs-III divided by 1 000 000 (or if that amount is less than EUR 1 000, a penalty of EUR 1 000 for each day until receipt). The penalties incurred per day shall be accumulated and charged to the participant by the relevant NCB after receipt of all data relating to the special reference period in the second report or of the results of the auditor's evaluation of those data. The interest rate related data relating to the second reference period shall be communicated by the relevant NCB to the participant on 1 October 2021;
 - (ii) if either the data relating to the special reference period in the second report or the results of the auditor's evaluation of those data are not received by the relevant NCB within the period of 14 calendar days specified in point (i), the participant's eligible net lending during the special reference period shall be considered lower than its benchmark net lending and the participant may not take advantage of the interest rate set out in Article 5(1);

▼ M5

- (e) if the pecuniary penalty pursuant to point (c)(i) is charged by the relevant NCB, the pecuniary penalty pursuant to point (d)(i) shall not be charged. Similarly, if the pecuniary penalty pursuant to point (d)(i) is charged by the relevant NCB, the pecuniary penalty pursuant to point (c)(i) shall not be charged;
- (f) if a participant fails to make the data relating to the third report or the results of the auditor's evaluation of the data relating to the third report available to the relevant NCB by the relevant deadline specified in the indicative calendar for TLTROs-III published on the ECB's website, the following rules shall apply:
- (i) if either the data relating to the third report or the results of the auditor's evaluation of those data are received by the relevant NCB within the period of 14 calendar days starting on the day after the expiry of the relevant deadline, the participant shall incur for each day until receipt a penalty equal to the total outstanding amount borrowed by the participant under TLTROs-III divided by 1 000 000 (or if that amount is less than EUR 1 000, a penalty of EUR 1 000 for each day until receipt). The penalties incurred per day shall be accumulated and charged to the participant by the relevant NCB after receipt of all data relating to the third report or of the auditor's evaluation of those data. The interest rate related data relating to the second reference period shall be communicated by the relevant NCB to the participant on 1 July 2022;
- (ii) if either the data relating to the third report or the results of the auditor's evaluation of those data are not received by the relevant NCB within the period of 14 calendar days specified in point (i), the interest rate calculated pursuant to Article 5(1)(b), 5(2)(b) or 5(3)(b) (if the participant has already participated in one of the first seven TLTROs-III), or pursuant to Article 5(3c)(a) (if the participant participated in the eighth or subsequent TLTROs-III), shall apply during the additional special interest rate period to the amounts borrowed by that participant under those TLTROs-III, while during the period after the additional special interest rate period, the rate shall be calculated pursuant to Articles 5(1)(c), 5(2)(c), 5(3)(c) or 5(3c)(b). If it is the data relating to the third report that are not received by the relevant NCB within the period of 14 calendar days specified in point (i), the participant shall also incur a penalty of EUR 5 000, which shall be charged to the participant by the relevant NCB after receipt of all data relating to the third report;
- (g) if a participant fails to otherwise comply with the obligations set out in Article 6(6), (7) or (8a), the average rate on the main refinancing operations over the life of each respective TLTRO-III shall apply to the amounts borrowed by that participant under TLTROs-III, except during the special interest rate period and the additional special interest rate period when the average rate on the main refinancing operations minus 50 basis points over each such period shall apply;

▼ M5

(h) if a participant, either in connection with the audit referred to in Article 6(6) and 6(8a) or by any other means, identifies errors in the data submitted in the reports, including inaccuracies or incompleteness, it shall notify the relevant NCB thereof within the shortest timeframe possible. Where the relevant NCB has been notified of such errors, inaccuracies or omissions, or where such errors, inaccuracies or omissions come to its attention by other means: (i) the participant shall provide any additional information requested by the relevant NCB within the shortest timeframe possible to assist in assessing the impact of the errors, inaccuracies or omissions concerned; and (ii) the relevant NCB may take appropriate action, which may include a recalculation of the relevant values that in turn may affect the interest rate applied to the participant's borrowing under TLTROs-III and a requirement to repay the amounts borrowed which, due to the error, inaccuracy or omission exceed the participant's borrowing allowance. Participants shall demonstrate that any shortcomings identified by the audit referred to in Articles 6(6) and 6(8a) have been addressed in the data reported to NCBs in accordance with the timeframe requested by the relevant NCB and, where shortcomings are identified by the auditor's evaluation of the second report or the third report, by a deadline which allows for the timely communication of interest rate related data by the relevant NCB based on the respective data in accordance with the indicative calendar on the ECB's website.

2. Paragraph 1 shall be without prejudice to any sanction that may be imposed pursuant to Decision ECB/2010/10 of the European Central Bank⁽¹⁾ in respect of the reporting obligations laid down in Regulation (EU) No 1071/2013 (ECB/2013/33).

3. For the avoidance of doubt, the reporting requirements and related sanctions in case of non-compliance laid down in paragraph 1 shall only apply if the participant participates in TLTROs-III.

▼ B*Article 8***Entry into force**

This Decision shall enter into force on 3 August 2019.

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

▼ B

ANNEX I

CONDUCT OF THE THIRD SERIES OF TARGETED LONGER-TERM REFINANCING OPERATIONS**1. Calculation of the borrowing allowance and bid limit**

Participants in one of the third series of targeted longer-term refinancing operations (TLTRO-III), acting either individually or as the lead institution of a TLTRO-III group, are subject to a borrowing allowance. The borrowing allowance calculated will be rounded up to the next multiple of EUR 10 000.

The borrowing allowance applicable to an individual participant in the TLTROs-III is calculated on the basis of the reference outstanding amount which comprises the outstanding amount of eligible loans and, upon exercise of the option in Article 6(3), self-securitised eligible loans as at 28 February 2019. The borrowing allowance applicable to the lead institution of a TLTRO-III group is calculated on the basis of the reference outstanding amount in relation to all members of that TLTRO-III group.

▼ M4

The borrowing allowance equals 55 % of the reference outstanding amount relating to the participant⁽¹⁾ minus the amounts borrowed by the participant in the targeted longer-term refinancing operations pursuant to Decision (EU) 2016/810 (ECB/2016/10) (TLTROs-II) and outstanding at the settlement date of the respective TLTRO-III, or zero if such amount is negative, i.e.:

$$BA_k = \max(0,55 \times OR_{Feb2019} - OB_k, 0) \text{ for } k = 1, \dots, 10.$$

Where BA_k is the borrowing allowance in TLTRO-III k (with $k = 1, \dots, 10$), $OR_{Feb2019}$ is the reference outstanding amount as at 28 February 2019 and OB_k is the amount borrowed by the participant in TLTROs-II and outstanding on the settlement date of the TLTRO-III k .

The bid limit applicable to each participant in each TLTRO-III is its borrowing allowance BA_k less the amounts borrowed under previous TLTROs-III and increased by the amounts that the participant has repaid under the early repayment procedure set out in Article 5a or has notified the relevant NCB in a binding way that it intends to repay under the early repayment procedure set out in Article 5a. Let $C_k \geq 0$ be the borrowing of a participant in TLTRO-III k , let $R_k \geq 0$ be the voluntary repayments of TLTRO-III, then $C_k \leq BL_k$ where BL_k is the bid limit for this participant in operation k that is defined as follows:

$$BL_k = BA_k - \sum_{j=1}^{k-1} C_j + \sum_{j=1}^{k-1} R_j$$

for $k = 2, \dots, 10$.

▼ B**2. Calculation of benchmarks**

Let NL_m be the eligible net lending of a participant in calendar month m , calculated as the participant's gross flow of new eligible loans in that month less repayments of eligible loans, as defined in Annex II.

Denote NLB by the benchmark net lending for this participant. This is defined as follows:

$$NLB = \min(NL_{Apr2018} + NL_{May2018} + \dots + NL_{Mar2019}, 0)$$

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

▼ B

This implies that if the participant has positive or zero eligible net lending in the first reference period, then $NLB = 0$. If, however, the participant has negative eligible net lending in the first reference period, then $NLB = NL_{Apr2018} + NL_{May2018} + \dots + NL_{Mar2019}$.

Denote by OAB a participant's benchmark outstanding amount. This is defined as follows:

$$OAB = \max (OL_{Mar2019} + NLB, 0)$$

where $OL_{Mar2019}$ is the outstanding amount of eligible loans at the end of March 2019.

▼ M4**3. Calculation of the interest rate**

- A. Let $NL_{Special}$ denote the amount of eligible net lending over the special reference period from 1 March 2020 to 31 March 2021.

$$NL_{Special} = NL_{Mar2020} + \dots + NL_{Mar2021}$$

- B. Let $NL_{ADSpecial}$ denote the amount of eligible net lending over the additional special reference period from 1 October 2020 to 31 December 2021.

$$NL_{ADSpecial} = NL_{Oct2020} + \dots + NL_{Dec2021}$$

- C. Let $NS_{Mar2021}$ denote the amount obtained by summing the eligible net lending over the period 1 April 2019 to 31 March 2021 and the outstanding amount of eligible loans as at 31 March 2019; this is calculated as:

$$NS_{Mar2021} = OL_{Mar2019} + NL_{Apr2019} + \dots + NL_{Mar2021}$$

Denote now by EX the percentage deviation of $NS_{Mar2021}$ from the benchmark outstanding amount over the period 1 April 2019 to 31 March 2021, that is,

$$EX = \frac{(NS_{Mar2021} - OAB)}{OAB} \times 100$$

EX will be rounded to 15 decimal positions. Where OAB is equal to zero, EX is deemed to equal 1,15.

- D. Let \overline{MRO}_k be the average of the main refinancing operation (MRO) rate applicable over the life of TLTRO-III k and expressed as an annual percentage rate and let \overline{DF}_k be the average of the deposit facility (DF) rate applicable over the life of TLTRO-III k , where the applicable interest rate refers to the life of the respective TLTRO-III, and expressed as an annual percentage rate, i.e.:

$$\overline{MRO}_k = \frac{1}{n_k} \sum_{t=1}^{n_k} MRO_{k,t}$$

$$\overline{DF}_k = \frac{1}{n_k} \sum_{t=1}^{n_k} DF_{k,t}$$

In the above equations n_k (for $k=1, \dots, 10$) denotes the number of days of the TLTRO-III k and, where the MRO is conducted under a fixed-rate full allotment regime, $MRO_{k,t}$ denotes the rate applied to the MRO on the t -th day of the TLTRO-III k , or, where the MRO is conducted under a variable-rate tender procedure, $MRO_{k,t}$ denotes the minimum bid rate applied to the MRO on the t -th day of the TLTRO-III k , and in each case is expressed as an annual percentage rate. In the above equations $DF_{k,t}$ denotes the rate applied to the deposit facility on the t -th day of the TLTRO-III k , and expressed as an annual percentage rate.

▼ M4

- E. Let k_{pre} denote the period from the settlement date of the respective TLTRO-III until 23 June 2020, $k_{special}$ denote the special interest rate period from 24 June 2020 to 23 June 2021, $k_{adspecial}$ denote the additional special interest rate period from 24 June 2021 to 23 June 2022, and k_{post} denote the period from 24 June 2022 until the maturity of the respective TLTRO-III or until its early repayment date, as applicable).

Let $\overline{MRO}_{k_{special}}$ be the average of the MRO rate applicable during the special interest rate period from 24 June 2020 to 23 June 2021 of TLTRO-III k expressed as an annual percentage rate and let $\overline{DF}_{k_{special}}$ be the average of the DF rate applicable during the special interest rate period from 24 June 2020 to 23 June 2021 of TLTRO-III k and in each case expressed as an annual percentage rate, i.e.:

$$\overline{MRO}_{k_{special}} = \frac{1}{n_{k_{special}}} \sum_{t=1}^{n_{k_{special}}} MRO_{k_{special},t}$$

$$\overline{DF}_{k_{special}} = \frac{1}{n_{k_{special}}} \sum_{t=1}^{n_{k_{special}}} DF_{k_{special},t}$$

In the above equations $n_{k_{special}}$ denotes the number of days of the period $k_{special}$ of the TLTRO-III k and, where the MRO is conducted under a fixed-rate full allotment regime, $MRO_{k_{special},t}$ denotes the rate applied to the MRO on the t -th day of the period $k_{special}$ of the TLTRO-III k , or, where the MRO is conducted under a variable-rate tender procedure, $MRO_{k_{special},t}$ denotes the minimum bid rate applied to the MRO on the t -th day of the period $k_{special}$ of the TLTRO-III k , and in each case is expressed as an annual percentage rate. In the above equations $DF_{k_{special},t}$ denotes the rate applied to the deposit facility on the t -th day of the period $k_{special}$ of the TLTRO-III k , and expressed as an annual percentage rate.

Let $\overline{MRO}_{k_{adspecial}}$ be the average of the MRO rate applicable during the additional special interest rate period from 24 June 2021 to 23 June 2022 of TLTRO-III k expressed as an annual percentage rate and let $\overline{DF}_{k_{adspecial}}$ be the average of the DF rate applicable during the additional special interest rate period from 24 June 2021 to 23 June 2022 of TLTRO-III k and in each case expressed as an annual percentage rate, i.e.:

$$\overline{MRO}_{k_{adspecial}} = \frac{1}{n_{k_{adspecial}}} \sum_{t=1}^{n_{k_{adspecial}}} MRO_{k_{adspecial},t}$$

$$\overline{DF}_{k_{adspecial}} = \frac{1}{n_{k_{adspecial}}} \sum_{t=1}^{n_{k_{adspecial}}} DF_{k_{adspecial},t}$$

In the above equations $n_{k_{adspecial}}$ denotes the number of days of the period $k_{adspecial}$ of the TLTRO-III k and, where the MRO is conducted under a fixed-rate full allotment regime, $MRO_{k_{adspecial},t}$ denotes the rate applied to the MRO on the t -th day of the period $k_{adspecial}$ of the TLTRO-III k , or, where the MRO is conducted under a variable-rate tender procedure, $MRO_{k_{adspecial},t}$ denotes the minimum bid rate applied to the MRO on the t -th day of the period $k_{adspecial}$ of the TLTRO-III k , and in each case is expressed as an annual percentage rate. In the above equations $DF_{k_{adspecial},t}$ denotes the rate applied to the deposit facility on the t -th day of the period $k_{adspecial}$ of the TLTRO-III k , and expressed as an annual percentage rate.

- F. Let the interest rate incentive adjustment, where applicable, measured as a fraction of the average corridor between the \overline{MRO}_k and the \overline{DF}_k , be denoted iri .
- G. Let the interest rate to be applied for the life of a TLTRO-III k (final interest rate), expressed as an annual percentage rate, be denoted r_k . Let the interest rate to be applied for a period k_j , with $j = pre, special, adspecial$ or $post$, of a TLTRO-III k , expressed as an annual percentage rate, be denoted r_{k_j} .

- H. The interest rate r_k is defined as:

$$r_k = \frac{n_{k_{pre}}}{n_k} r_{k_{pre}} + \frac{n_{k_{special}}}{n_k} r_{k_{special}} + \frac{n_{k_{adspecial}}}{n_k} r_{k_{adspecial}} + \frac{n_{k_{post}}}{n_k} r_{k_{post}}.$$

▼ **M4**

In the above equation $n_{k_{pre}}$ denotes the number of days of the period k_{pre} of the TLTRO-III k and $n_{k_{post}}$ denotes the number of days of the period k_{post} of the TLTRO-III k .

The interest rate applicable to each TLTRO-III k is calculated as follows:

(1) For amounts borrowed in the first seven operations, that is, if $k = 1, \dots, 7$:

(a) If a participant equals or exceeds its benchmark net lending in the special reference period and in the additional special reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

(i) during the special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{Special} \geq NLB, \text{ then } r_{k_{special}} = \min(\overline{DF}_{k_{special}} - 0,50, -1);$$

(ii) during the additional special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{ADSpecial} \geq NLB, \text{ then } r_{k_{adspecial}} = \min(\overline{DF}_{k_{adspecial}} - 0,50, -1);$$

(iii) during the rest of the life of the respective TLTRO-III: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} \geq NLB \text{ and } NL_{ADSpecial} \geq NLB, \text{ then } r_{k_{pre}} = r_{k_{post}} = \overline{DF}_k.$$

(b) If a participant equals or exceeds its benchmark net lending in the special reference period but does not equal or exceed its benchmark net lending in the additional special reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

(i) during the special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{Special} \geq NLB, \text{ then } r_{k_{special}} = \min(\overline{DF}_{k_{special}} - 0,50, -1);$$

(ii) during the additional special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the average of the deposit facility rate over the life of the respective TLTRO-III, that is

$$\text{if } NL_{Special} \geq NLB \text{ and } NL_{ADSpecial} < NLB, \text{ then } r_{k_{adspecial}} = \min(\overline{MRO}_{k_{adspecial}} - 0,50, \overline{DF}_k);$$

▼ **M4**

- (iii) during the rest of the life of the respective TLTRO-III: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} \geq NLB \text{ and } NL_{ADSpecial} < NLB, \text{ then } r_{k_{pre}} = r_{k_{post}} = \overline{DF}_k.$$

- (c) If a participant does not equal or exceed its benchmark net lending in the special reference period but equals or exceeds its benchmark net lending in the additional special reference period and exceeds its benchmark outstanding amount of eligible loans during the second reference period by at least 1,15 %, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} < NLB \text{ and } EX \geq 1,15, \text{ then } iri = 100 \% \text{ and } r_{k_{special}} = \min(\overline{MRO}_{k_{special}} - 0,50, \overline{DF}_k);$$

- (ii) during the additional special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{ADSpecial} \geq NLB, \text{ then } r_{k_{adspecial}} = \min(\overline{DF}_{k_{adspecial}} - 0,50, -1);$$

- (iii) during the rest of the life of the respective TLTRO-III: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} < NLB, NL_{ADSpecial} \geq NLB \text{ and } EX \geq 1,15, \text{ then } iri = 100 \% \text{ and } r_{k_{pre}} = r_{k_{post}} = \overline{DF}_k$$

- (d) If a participant does not equal or exceed its benchmark net lending in the special reference period, does not equal or exceed its benchmark net lending in the additional special reference period, but exceeds its benchmark outstanding amount of eligible loans during the second reference period by at least 1,15 %, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} < NLB \text{ and } EX \geq 1,15, \text{ then } iri = 100 \% \text{ and } r_{k_{special}} = \min(\overline{MRO}_{k_{special}} - 0,50, \overline{DF}_k);$$

- (ii) during the additional special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{ADSpecial} < NLB, NL_{Special} < NLB \text{ and } EX \geq 1,15, \text{ then } iri = 100 \% \text{ and } r_{k_{adspecial}} = \min(\overline{MRO}_{k_{adspecial}} - 0,50, \overline{DF}_k);$$

▼ M4

- (iii) during the rest of the life of the respective TLTRO-III: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} < NLB, NL_{ADSpecial} < NLB \text{ and } EX \geq 1,15, \text{ then} \\ r_{k_{pre}} = 100 \% \text{ and } r_{k_{post}} = \overline{DF}_k$$

- (e) If a participant does not equal or exceed its benchmark net lending in the special reference period but equals or exceeds its benchmark net lending in the additional special reference period and exceeds its benchmark outstanding amount of eligible loans during the second reference period by less than 1,15 %, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the period from the settlement date of the respective TLTRO-III until 23 June 2020: the interest rate that is graduated linearly depending on the percentage by which the participant exceeds its benchmark outstanding amount, that is,

$$\text{if } NL_{Special} < NLB \text{ and } 0 < EX < 1,15, \text{ then } iri = \frac{EX}{1,15} \text{ and} \\ r_{k_{pre}} = \overline{MRO}_k - (\overline{MRO}_k - \overline{DF}_k) \times iri;$$

- (ii) during the special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the interest rate calculated according to point (i), that is:

$$\text{if } NL_{Special} < NLB \text{ and } 0 < EX < 1,15, \text{ then } iri = \frac{EX}{1,15} \text{ and} \\ r_{k_{special}} = \min(\overline{MRO}_{k_{special}} - 0,50, \overline{MRO}_k - (\overline{MRO}_k - \overline{DF}_k) \times iri);$$

- (iii) during the additional special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{ADSpecial} \geq NLB, \text{ then } r_{k_{adspecial}} = \min(\overline{DF}_{k_{adspecial}} - 0,50, -1);$$

- (iv) during the period from 24 June 2022 until the maturity of the respective TLTRO-III or until its early repayment date: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} < NLB, NL_{ADSpecial} \geq NLB \text{ and } 0 < EX < 1,15, \text{ then } r_{k_{post}} = \overline{DF}_k.$$

- (f) If a participant does not equal or exceed its benchmark net lending in the special reference period, does not equal or exceed its benchmark net lending in the additional special reference period but exceeds its benchmark outstanding amount of eligible loans during the second reference period by less than 1,15 %, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the interest rate calculated according to point (iii), that is:

$$\text{if } NL_{Special} < NLB \text{ and } 0 < EX < 1,15, \text{ then } iri = \frac{EX}{1,15} \text{ and} \\ r_{k_{special}} = \min(\overline{MRO}_{k_{special}} - 0,50, \overline{MRO}_k - (\overline{MRO}_k - \overline{DF}_k) \times iri);$$

▼ **M4**

- (ii) during the additional special interest rate period: the lower of the average of the main refinancing operation rate over that period minus 50 basis points and the interest rate calculated according to point (iii), that is:

if $NL_{Special} < NLB$, $NL_{ADSpecial} < NLB$ and $0 < EX < 1,15$,

then $iri = \frac{EX}{1,15}$ and $r_{k_{adspecial}} = \min(\overline{MRO}_{k_{adspecial}} - 0,50, \overline{MRO}_k - (\overline{MRO}_k - \overline{DF}_k) \times iri)$;

- (iii) during the rest of the life of the respective TLTRO-III: the interest rate that is graduated linearly depending on the percentage by which the participant exceeds its benchmark outstanding amount, that is,

if $NL_{Special} < NLB$, $NL_{ADSpecial} < NLB$ and $0 < EX < 1,15$,

then $iri = \frac{EX}{1,15}$ and $r_{k_{pre}} = r_{k_{post}} = \overline{MRO}_k - (\overline{MRO}_k - \overline{DF}_k) \times iri$.

- (g) If a participant does not equal or exceed its benchmark net lending in the special reference period, does not exceed its benchmark outstanding amount in the second reference period, but equals or exceeds its benchmark net lending in the additional special reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the period from the settlement date of the respective TLTRO-III until 23 June 2020: the average of the main refinancing operation rate over the life of the respective TLTRO-III, that is:

if $NL_{Special} < NLB$ and $EX \leq 0$, then $iri = 0\%$ and $r_{k_{pre}} = \overline{MRO}_k$

- (ii) during the special interest rate period: the average of the main refinancing operation rate over that period minus 50 basis points, that is:

if $NL_{Special} < NLB$ and $EX \leq 0$, then $r_{k_{special}} = \overline{MRO}_{k_{special}} - 0,50$;

- (iii) during the additional special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

if $NL_{ADSpecial} \geq NLB$, then $r_{k_{adspecial}} = \min(\overline{DF}_{k_{adspecial}} - 0,50, -1)$;

- (iv) during the period from 24 June 2022 until the maturity of the respective TLTRO-III or until its early repayment date: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

if $NL_{Special} < NLB$, $NL_{ADSpecial} \geq NLB$ and $EX \leq 0$, then $r_{k_{post}} = \overline{DF}_k$.

- (h) If a participant does not equal or exceed its benchmark net lending in the special reference period or in the additional special reference period and does not exceed its benchmark outstanding amount in the second reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

▼ M4

- (i) during the special interest rate period: the average of the main refinancing operation rate over that period minus 50 basis points, that is:

$$\text{if } NL_{Special} < NLB \text{ and } EX \leq 0, \text{ then } r_{k_{special}} = \overline{MRO}_{k_{special}} - 0,50;$$

- (ii) during the additional special interest rate period: the average of the main refinancing operation rate over that period minus 50 basis points, that is:

$$\text{if } NL_{Special} < NLB, NL_{ADSpecial} < NLB \text{ and } EX \leq 0, \text{ then } r_{k_{adspecial}} = \overline{MRO}_{k_{adspecial}} - 0,50;$$

- (iii) during the rest of the life of the respective TLTRO-III: the average of the main refinancing operation rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{Special} < NLB, NL_{ADSpecial} < NLB \text{ and } EX \leq 0, \text{ then } iri = 0 \% \text{ and } r_{k_{pre}} = r_{k_{post}} = \overline{MRO}_k$$

- (2) For amounts borrowed in the eighth or subsequent TLTROs-III, that is, if $k = 8, 9$ or 10 :

- (a) If a participant equals or exceeds its benchmark net lending in the additional special reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the additional special interest rate period: the average of the deposit facility rate over that period minus 50 basis points, which in any case must not exceed minus 100 basis points, that is:

$$\text{if } NL_{ADSpecial} \geq NLB, \text{ then } r_{k_{adspecial}} = \min(\overline{DF}_{k_{adspecial}} - 0,50, -1);$$

- (ii) during the period from 24 June 2022 until the maturity of the respective TLTRO-III or until its early repayment date: the average of the deposit facility rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{ADSpecial} \geq NLB, \text{ then } r_{k_{post}} = \overline{DF}_k$$

- (b) If a participant does not equal or exceed its benchmark net lending in the additional special reference period, the interest rate to be applied to amounts borrowed by that participant under TLTROs-III is:

- (i) during the additional special interest rate period: the average of the main refinancing operation rate over the respective period minus 50 basis points, that is:

$$\text{if } NL_{ADSpecial} < NLB, \text{ then } r_{k_{adspecial}} = \overline{MRO}_{k_{adspecial}} - 0,50;$$

- (ii) during the period from 24 June 2022 until the maturity of the respective TLTRO-III or until its early repayment date: the average of the main refinancing operation rate over the life of the respective TLTRO-III, that is:

$$\text{if } NL_{ADSpecial} < NLB, \text{ then } r_{k_{post}} = \overline{MRO}_k.$$

▼ M4

The interest rate incentive adjustment (*iri*) is expressed by rounding to 15 decimal positions.

The interest rates r_{kpre} , $r_{kspecial}$, $r_{kaspecial}$, r_{kpost} are expressed by rounding to 15 decimal positions.

The final interest rate r_k is expressed as an annual percentage rate, rounded down to the fourth decimal position.

▼ B*ANNEX II***THE THIRD SERIES OF TARGETED LONGER-TERM REFINANCING OPERATIONS - GUIDELINES FOR COMPILING DATA REQUIRED BY THE REPORTING TEMPLATES****1. Introduction ⁽¹⁾**

These guidelines provide instructions for compiling the data reports that participants in the TLTROs-III must submit in accordance with Article 6. The reporting requirements are presented in the reporting templates at the end of this Annex. These guidelines also specify the reporting requirements of lead institutions of TLTRO-III groups participating in the operations.

Section 2 and 3 provide general information relating to the compilation and transmission of the data and section 4 explains the indicators to be reported.

2. General information

The measures to be used in the calculation of the borrowing allowance relate to monetary financial institution (MFI) loans to euro area non-financial corporations and MFI loans to euro area households ⁽²⁾, excluding loans for house purchases, in all currencies. ► **M4** In accordance with Article 6, there are three data reports: the first report covers data on the reference outstanding amount and data relating to the first reference period, the second report covers data relating to the second reference period and optionally, the special reference period, and the third report covers data relating to the additional special reference period. ◀ Amounts must be reported separately for non-financial corporations and for households. Outstanding amounts of eligible loans are adjusted to account for loans which are securitised or otherwise transferred and not derecognised, however participants may exercise the option under Article 6(3) to add self-securitised eligible loans for the purpose of calculating their borrowing allowance, regardless of their recognition status on the balance sheet. Detailed information is also required on the relevant sub-components of these items, as well as on effects that result in changes to outstanding amounts of eligible loans but that are not related to eligible net lending (hereinafter ‘adjustments to the outstanding amounts’), also covering loan sales and purchases and other loan transfers.

▼ M3

In the event that participants intend to take advantage of the interest rates set out in Article 5(1), the second report shall additionally also cover data relating to the special reference period on a similar basis to the requirements for the second reference period.

As regards the use of the collected information, data on the reference outstanding amount will be used to determine the borrowing allowance. In addition, data on eligible net lending during the first reference period will be used for the calculation of the benchmark net lending and the benchmark outstanding amount. ► **M4** In accordance with Article 5, data on eligible net lending during the respective reference periods reported in the second and third reports will be used to assess the lending developments and, consequently, the interest rates applicable. ◀ All other indicators are necessary to verify the internal consistency of the information and its consistency with the statistical data collected within the Eurosystem, as well as for in-depth monitoring of the impact of the TLTRO-III programme.

▼ B

The general framework underlying the completion of the data reports is provided by the reporting requirements of euro area MFIs in the context of MFI balance sheet items (BSI) statistics, as specified in Regulation (EU) No 1071/2013 (ECB/2013/33). In particular, as regards loans, Article 8(2) of Regulation (EU) No 1071/2013 (ECB/2013/33) requires that they ‘shall be reported at their

⁽¹⁾ The conceptual framework underlying the reporting requirements remains unchanged in comparison to that specified in Decisions ECB/2014/34 and (EU) 2016/810 (ECB/2016/10), with the exception of the changes relating to the inclusion of self-securitised eligible loans for the purpose of calculating the borrowing allowance.

⁽²⁾ For the purposes of the data reports, ‘households’ includes non-profit institutions serving households.

▼ B

principal amount outstanding at the end of the month. Write-offs and write-downs as determined by the relevant accounting practices shall be excluded from this amount. [...] loans shall not be netted against any other assets or liabilities'. However, as an exception to the rules laid down in Article 8(2), which also imply that loans are to be reported gross of provisions, Article 8(4) states that 'NCBs may allow the reporting of provisioned loans net of provisions and the reporting of purchased loans at the price agreed at the time of their acquisition [i.e. their transaction value], provided that such reporting practices are applied by all resident reporting agents'. Self-securitised eligible loans may not be reported net of provisions if they are derecognised from the balance sheet. The implications that this deviation from the general BSI guidance has for the compilation of the data reports are reviewed in more detail below.

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

While much of the data to be reported are already compiled by MFIs in accordance with the requirements of Regulation (EU) No 1071/2013 (ECB/2013/33), some additional information must be compiled by participants bidding in TLTRO-III. The methodological framework for BSI statistics, as laid down in the Manual on MFI balance sheet statistics⁽¹⁾, provides all the background information required in order to compile these additional data; further details are provided in point 4 regarding the definitions of the individual indicators.

3. General reporting instructions

(a) Structure of the reporting templates

The templates include an indication of the reference dates to which the data refer and groups the indicators into two blocks: MFI loans to euro area non-financial corporations and MFI loans to euro area households, excluding loans for house purchases. The data in all cells highlighted in yellow are calculated from the data entered in the other cells, based on the formulas provided. The templates also incorporate validation rules that verify the internal consistency of the data.

▼ M4

There are three reports in the TLTRO-III:

▼ B

- The first report requires the completed data template A relating to the reference outstanding amount for the purpose of calculating the borrowing allowance and bid limits. Participants exercising the option pursuant to Article 6(3) must provide the supplementary items relating to self-securitised eligible loans, and the auditor's evaluation of those items, in accordance with Article 6(6)(c)(v). The first report also requires the completed template B for the 'first reference period', i.e. 1 April 2018 to 31 March 2019, for the purposes of calculating the eligible net lending and benchmarks.

⁽¹⁾ See the 'Manual on MFI balance sheet statistics', ECB, January 2019, available on the ECB's website at www.ecb.europa.eu. In particular, Section 4.3, p. 40, deals with the statistical reporting of loans.

▼ M3

- The second report requires the completed data template B for the ‘second reference period’, i.e. 1 April 2019 to 31 March 2021, for the purposes of calculating the eligible net lending and the comparisons against benchmarks on which the applicable interest rates are based.

▼ M4

- Participants intending to take advantage of the interest rates set out in Article 5(3a) and 5(3b) must provide the third report. The third report requires the completed data template B for the ‘additional special reference period’, i.e. 1 October 2020 to 31 December 2021, for the purposes of calculating the eligible net lending and the comparisons against benchmarks on which the applicable interest rates for the additional special interest rate period are based.

▼ M3

- Participants intending to take advantage of the interest rates set out in Article 5(1) must in addition provide the completed data template B for the ‘special reference period’, i.e. 1 March 2020 to 31 March 2021, for the purposes of calculating the eligible net lending and the comparisons against the benchmark net lending on which the lower interest rates are based.

▼ M4

In template B, indicators relating to outstanding amounts must be reported as at the end of the month preceding the start of the reporting period and as at the end of the reporting period; therefore, for the first reference period outstanding amounts must be reported as at 31 March 2018 and 31 March 2019; for the second reference period outstanding amounts must be reported as at 31 March 2019 and 31 March 2021; for the special reference period outstanding amounts must be reported as at 29 February 2020 and 31 March 2021; for the additional special reference period outstanding amounts must be reported as at 30 September 2020 and 31 December 2021. In turn, data on transactions and adjustments must cover all relevant effects that take place during the reporting period.

▼ B**(b) Reporting in respect of TLTRO-III groups**

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

(c) Transmission of the data reports

The completed data reports should be transmitted to the relevant NCB as specified in Article 6 and in accordance with the indicative calendar for TLTROs-III published on the ECB's website, which also stipulates the reference periods to be covered in each transmission and which data vintages should be used for the compilation of the data.

(d) Unit of the data

Data must be reported in terms of thousands of euro.

4. Definitions

This section provides definitions of the items to be reported; the numbering used in the reporting templates is indicated in brackets.

▼B

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

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

The underlying items of the outstanding amounts of eligible loans are as follows:

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

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

These cells are directly linked to the requirements of Part 2 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) (Block 2 of Table 1 on monthly stocks).

For a more detailed definition of the items to be included in the data reports, see Part 2 of Annex II to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 4.3 of the Manual on MFI balance sheet statistics.

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

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

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

For additional details of the items to be included in the data reports, see Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 4.3.11 of the Manual on MFI balance sheet statistics.

▼ B

(iii) Outstanding provisions (1.3 and 4.3)

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

This item includes individual and collective allowances for impairment and loan losses (before write-offs and write-downs take place). The data must refer to ‘Outstanding amounts of loans on the balance sheet’ (1.1 and 4.1), excluding ‘Outstanding amounts of loans securitised or otherwise transferred but not derecognised from the balance sheet’ (1.2 and 4.2).

As stated in the third subparagraph of point 2, in BSI statistics loans should be reported, as a rule, at the principal outstanding amount, with the corresponding provisions being allocated to ‘Capital and reserves’. In such cases, no separate information on provisions should be reported. At the same time, in cases where loans are reported net of provisions, this additional information must be reported in order to gather fully comparable data across MFIs.

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

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

(b) Eligible net lending (2)

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

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

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

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

▼ B

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

(i) Gross lending (2.1)

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

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

(ii) Repayments (2.2)

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

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

Regulation (EU) No 1071/2013 (ECB/2013/33) requires debt-to-equity conversions to be treated as transactions. However for the purposes of compiling the TLTRO-III data reports, debt-to-equity conversions, whereby loans granted by a participant to non-financial corporations are replaced by equity held by that participant in these non-financial corporations, may be reported as a reclassification rather than a repayment of the loans provided that the amount of funding provided by the participant to the real economy is not thereby reduced, as determined by the relevant NCB. The participant will provide all necessary information to the NCB in order for it to decide how the conversion should be treated.

(c) Adjustments to the outstanding amounts (3)

These cells are for reporting changes in outstanding amounts of eligible loans (reductions (-) and increases (+)) occurring during the reporting period which are not related to eligible net lending. Such changes arise from operations such as loan securitisations and other loan transfers during the reporting period, and from other adjustments related to revaluations owing to changes in exchange rates, loan write-offs and write-downs and reclassifications.

The items relating to adjustments of outstanding amounts are calculated on the basis of the figures reported under the sub-items, namely 'Loan sales and purchases and other loan transfers during the reporting period' (3.1) plus 'Other adjustments' (3.2).

▼B

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

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

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

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

For a more detailed definition of the items to be reported, see Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 4.3.11 of the Manual on MFI balance sheet statistics.

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

This item comprises the net amount of loans disposed of or acquired during the period with an impact on reported loan stocks in operations not related to securitisation activities, and is calculated as acquisitions minus disposals. The transfers should be recorded at the nominal amount net of write-offs and write-downs at the time of the sale. These write-offs and write-downs should be reported, where identifiable, under item 3.2B. In the case of MFIs that report loans net of provisions, the transfers should be recorded at the balance sheet value (i.e. the nominal amount net of outstanding provisions).

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

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

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

▼B

- (1) loans disposed of to, or acquired from, another domestic MFI, including intra-group transfers owing to corporate business restructuring (e.g. the transfer of a pool of loans by a domestic MFI subsidiary to the parent MFI);
- (2) loan transfers in the context of intra-group reorganisations owing to mergers, acquisitions and divisions.

For the purposes of compiling the data reports, all of these effects must be reported. For additional details on the items to be reported, see Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 4.3.11 of the Manual on MFI balance sheet statistics. With regard to ‘Changes in the structure of the MFI sector’, Section 5.6 of the Manual on MFI balance sheet statistics provides a detailed description of intra-group transfers, distinguishing between cases where transfers take place between separate institutional units (e.g. before one or more of the units cease to exist in a merger or acquisition) and those that take place at the moment when some units cease to exist, in which case a statistical reclassification should be carried out. ► **M4** For the purposes of compiling the data reports, in both cases the implications are the same and the data should be reported under item 3.1B (and not under item 3.2C). ◀

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

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

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

- (1) Loans disposed of to, or acquired from, another domestic MFI, including intra-group transfers owing to corporate business restructuring (e.g. when a domestic MFI subsidiary transfers a pool of loans to the parent MFI);
- (2) Loan transfers in the context of intra-group reorganisations owing to mergers, acquisitions and divisions.

▼B

For the purposes of compiling the data reports, all of these effects must be reported.

For additional details on the items to be included, see Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 4.3.11 of the Manual on MFI balance sheet statistics.

(ii) Other adjustments (3.2)

The following items relating to other adjustments must be reported for outstanding loans on the balance sheet, excluding securitised or otherwise transferred loans which are not derecognised.

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

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

These adjustments are not covered under the requirements laid down by Regulation (EU) No 1071/2013 (ECB/2013/33). For the purposes of the data reports, if the data (or even an approximation) are not readily available to MFIs, they can be calculated in accordance with the guidance provided in Section 7.2.2 of the Manual on MFI balance sheet statistics. The suggested estimation procedure limits the scope of the calculations to major currencies and is based on the following steps:

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

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

— outstanding amounts at the end of the month preceding the start of the reporting period and at the end of the period are converted into the original currency of denomination, using the corresponding nominal exchange rates⁽¹⁾ (equations [7.2.2] and [7.2.3]);

— the change in outstanding amounts during the reference period denominated in foreign currency is computed and converted back into euro using the average value of the daily exchange rates during the reporting period (equation [7.2.4]);

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

▼ B

- the difference between the change in outstanding amounts converted into euro, as calculated in the previous step, and the change in outstanding amounts in euro is computed (equation [7.2.5], with the opposite sign);

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

For additional information, see Sections 5.8 and 7.2.2 of the Manual on MFI balance sheet statistics.

— Write-offs/write-downs (3.2B)

In accordance with point (g) of Article 1 of Regulation (EU) No 1071/2013 (ECB/2013/33), “write-down” means the direct reduction of the carrying amount of a loan on the statistical balance sheet owing to its impairment.’ Similarly, in accordance with point (h) Article 1 of the same Regulation “write-off” means a write-down of the full carrying amount of a loan leading to its removal from the balance sheet.’ The effects of write-downs and write-offs should be reported with a negative or positive sign when in net terms they result in a reduction or increase, as applicable, in outstanding amounts. These data are necessary to allow a full reconciliation between net lending and changes in outstanding amounts.

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

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

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

⁽¹⁾ This requirement differs from the reporting requirements under Regulation (EU) No 1071/2013 (ECB/2013/33).

▼B

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

- Where it is the practice that outstanding amounts of loans are reported net of provisions, but the relevant items (1.3 and 4.3) relating to provisions are not reported, see point 4(a), write-offs/write-downs must include new allowances for impairment and loan losses on the loan portfolio (net of possible reversals, including those that take place when a loan is repaid by the borrower)⁽¹⁾.

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

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

For additional information, see Part 4 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) and Section 5.4 of the Manual on MFI balance sheet statistics.

- Reclassifications (3.2C)

Reclassifications record all other effects that are not related to net lending, as defined in point 4(b), but result in changes in the outstanding amounts of loans on the balance sheet, excluding securitised or otherwise transferred loans which are not derecognised.

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

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

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

⁽¹⁾ This requirement is the same as the information to be reported under Regulation (EU) No 1071/2013 (ECB/2013/33) by MFIs recording loans net of provisions.

▼ B

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

▼ M5

- (3) Adjustments that result from the correction of reporting errors, in accordance with instructions received from the relevant NCB pursuant to point (h) of Article 7(1);

▼ B

- (4) Adjustments relating to corporate reorganisations and changes in the composition of TLTRO-III groups for which resubmissions of the first report reflecting the new corporate structure and TLTRO-III group composition are not required, in accordance with Article 6(8).

For additional information, see Section 5.6 of the Manual on MFI balance sheet statistics. However, the conceptual differences highlighted above should be taken into account for the purposes of deriving reclassification data at the level of individual institutions.

(d) Supplementary amounts relating to self-securitised eligible loans (S.1)

Participants exercising the option pursuant to Article 6(3) must also provide the following supplementary items relating to outstanding amounts of self-securitised eligible loans in template A:

- (i) 'Outstanding amounts of self-securitised eligible loans not derecognised from the balance sheet' (S.1.1)

These data refer to loans that have been self-securitised and are included in the amounts reported under item 1.2.

- (ii) 'Outstanding amounts of self-securitised eligible loans derecognised from the balance sheet' (S.1.2)

These data refer to loans that have been self-securitised and are no longer recorded on the balance sheet because they have been derecognised. In so far as the loans continue to be serviced by the participant, they will still be subject to reporting under Part 5 of Annex I to Regulation (EU) No 1071/2013 (ECB/2013/33) (Block 3.1 of Tables 5a and 5b).

- (iii) 'Outstanding amounts of provisions against self-securitised eligible loans not derecognised from the balance sheet' (S.1.3)

These data refer to loans not derecognised from the balance sheet – i.e. reported under S.1.1. These items are only to be reported in cases where, contrary to the general BSI practice, loans are reported net of provisions. However, where this is the case, participants may decide not to provide this information, in which case the relevant amounts will not be included in the calculation of the outstanding amounts of eligible loans.

TLTRO-III reporting
TLTRO-III reporting template A

Reporting period: 28 February 2019

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

| Main aggregates for the reference outstanding amount | | Loans to non-financial corporations | Loans to households (including non-profit institutions serving households), excluding loans for house purchase | item | formula | validation |
|--|--|---|---|-------|---------------------------------|------------------|
| 1 | Outstanding amounts of eligible loans | 0 | 0 | 1 | $1 = 1.1 - 1.2 (+ 1.3)$ | |
| S.1 | Supplementary amounts relating to self-securitised eligible loans | 0 | 0 | S.1 | $S.1 = S.1.1 + S.1.2 (+ S.1.3)$ | |
| Underlying items | | | | | | |
| Outstanding amounts of eligible loans on the balance sheet | | | | | | |
| 1.1 | Outstanding amounts on the balance sheet | | | 1.1 | | |
| 1.2 | Outstanding amounts of loans securitised or otherwise transferred but not derecognised from the balance sheet | | | 1.2 | | |
| 1.3 | Outstanding provisions against loans reported in item 1.1 excluding 1.2 (*) | | | 1.3 | | |
| Supplementary items relating to self-securitised eligible loans | | | | | | |
| S.1.1 | <i>Outstanding amounts of self-securitised eligible loans not derecognised from the balance sheet</i> | | | S.1.1 | | $S.1.1 \leq 1.2$ |
| S.1.2 | <i>Outstanding amounts of self-securitised eligible loans derecognised from the balance sheet</i> | | | S.1.2 | | |
| S.1.3 | <i>Outstanding amounts of provisions against self-securitised eligible loans not derecognised from the balance sheet (*)</i> | | | S.1.3 | | |

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

TLTRO-III reporting template B

Reporting period: 1 April 2018 to 31 March 2019 (first reference period) / 1 April 2019 to 31 March 2021 (second reference period) / optionally: 1 March 2020 to 31 March 2021 (special reference period) / 1 October 2020 to 31 December 2021 (additional special reference period)

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

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

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