

In case of discrepancies between the French and the English text,  
the French text shall prevail

# **Report S 1.5 L3**

## **Interest rates in EUR**

### **Reporting instructions**

**February 2021**

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## **1 Introduction**

### **1.1 Reporting population**

The ECB Regulation ECB/2013/34, as amended, concerning statistics on interest rates applied by monetary financial institutions to deposits and loans vis-à-vis households and non-financial corporations foresees the possibility to exempt small institutions from reporting obligations. The derogations shall be granted according to the credit institution's share in the aggregated credits and deposits vis-à-vis non financial corporations and households of all resident credit institutions.

The selection of credit institutions subject to reporting requirements is done by the BCL that will grant derogations as long as the coverage of data collection will be in line with requirements set by ECB Regulation ECB/2013/34, as amended.

Thus, report S 1.5 «Interest rates in EUR» has to be provided by a sample of credit institutions that is revised on a yearly basis.

The credit institutions that will have to submit report S 1.5 will be informed by mail.

### **1.2 Frequency and reporting deadlines**

Report S 1.5 must be provided to the BCL on a monthly basis no later than 14 working days after the end of the reference period.

The BCL establishes and publishes, on its website, a calendar with the remittance dates for statistical reports.

### 1.3 Sub-tables

Report S 1.5 is composed of four sub-tables:

- Sub-table Stocks - assets (1E)
- Sub-table Stocks - liabilities (2E)
- Sub-table New business - assets (3N)
- Sub-table New business - liabilities (4N)

## 2 Types of breakdowns

Reported amounts must be split according to the following criteria:

- The item
- The country of the counterpart
- The currency in which loans and deposits are denominated
- The economic sector of the counterpart
- The operations category
- The amount category
- Initial maturity
- Residual maturity
- The period of initial interest rate fixation
- The period of interest rate reset
- Data type

In addition, for some sub-tables the amounts must be broken down by:

- Coverage of credit risk through guarantees
- The annual percentage rate of charge (TAEG)
- Loan renegotiations

In this context, it should be noted that information on renegotiated loans is considered as additional information. That is to say, the information on renegotiated loans is also reported under the item loans, where appropriate broken down by type of loan.

The nomenclature and codes for items, the country of the counterpart, the currency in which loans and deposits are denominated, the economic sector of the counterpart, the initial maturity and the residual maturity of the operations are detailed in the document «Definitions and concepts for the statistical reporting of credit institutions».

However, reported amounts do not always have to be broken down according to the complete set of available breakdowns listed in this document. Hence, only the breakdowns requested in report S 1.5 «Interest rates in EUR» attached to the present instructions must be reported to the BCL.

These breakdowns differ with regard to interest rates on outstanding amounts on the one hand and on new business on the other.

Finally, it is worth mentioning that the nomenclature and codes for the operations category , the amount category, the period of initial interest rate fixation, the period of interest rate reset, data type, the coverage of loans through guarantees and loan renegotiations are detailed in section 2.1 below.

## 2.1 Specific nomenclature and codes for report S 1.5

Whereas document «Definitions and concepts for the statistical reporting of credit institutions» is the basic document for several statistical reports (i.e. reports S 1.1, S 1.5 and S 2.5), the nomenclature and codes described below apply only to report S 1.5.

### 2.1.1 The operations category

The operations category indicates whether the operation refers to outstanding amounts or new business.

The following codes are applicable:

1E	Stocks - assets
2E	Stocks - liabilities
3N	New business - assets
4N	New business - liabilities

### 2.1.2 The amount category

The amount category indicates the amount of the loan, broken down into four intervals defined hereafter:

The amounts are broken down into the following four categories:

AAA	Up to an amount of 250 000 euros
BBB	Over 250 000 and up to 1 000 000 euros
CCC	Over 1 000 000 euros
TOT	Total

Breakdowns AAA, BBB and CCC only have to be applied to new business loans to non-financial corporations.

The classification of loans by amount category must be done for each credit individually and not for all the contracts between a non-financial corporation and the reporting credit institution.

### 2.1.3 The period of initial interest rate fixation

For items relating to new business loans granted to households and to non-financial corporations, breakdowns according to the following periods of initial interest rate fixation must be provided:

Code	Label
FIT000-03M	Floating rate and up to 3 months initial rate fixation
FIT03M-01A	Over 3 months and up to 1 year initial rate fixation
FIT01A-03A	Over 1 year and up to 3 years initial rate fixation
FIT03A-05A	Over 3 years and up to 5 years initial rate fixation
FIT05A-10A	Over 5 year and up to 10 years initial rate fixation
FIT10A-999	Over 10 years initial rate fixation
FIT999-999	No breakdown



#### 2.1.4 The period of interest rate reset

For sub-table 1E that refers to outstanding loan amounts, loans whose interest rate is reset within the next 12 or 24 months respectively must be identified separately.

The following codes are applicable:

Code	Label
RFT000-01A	Up to 1 year
RFT000-02A	Up to 2 years
RFT999-999	No breakdown

#### 2.1.5 The data type and the coverage of credit risk through guarantees

There are two data types, namely the rate and the amount.

However, several codes are applicable since additional elements are taken into consideration for some sub-tables.

Therefore, the following codes must be used for the whole set of data:

Code	Label
AMT	Gross amount of loans and deposits
TCA	Annualised agreed rate (AAR)

This category requests information on all loans irrespective of whether they are covered by a guarantee or not. Section 3.1.2 below provides explanations for compiling the TCA.

Sub-table 3N requests information on another type of rate, the annual percentage rate of charge (APRC, or TAEG in French):

Code	Label
TAE	Annual percentage rate of charge (APRC)

This rate is also applicable to loans irrespective of whether there are covered by a guarantee or not. Section 3.1.5 below provides explanations for compiling the APRC.

For loans with collateral and/or guarantees (sub-table 3N), in addition to the codes described above, the following codes apply:

Code	Label
AMG	Gross amount of loans with collateral and/or guarantees
TCG	Annualised agreed rate of loans with collateral and/or guarantees

These codes do not apply to debts through credit cards, revolving loans and overdrafts and other loans.

### 2.1.6 Loan renegotiations

Although the definition of new business covers re-negotiations of loans, re-negotiations of loans must also be reported separately on sub-table 3N.

Renegotiations of loans must be provided with the following item codes:

Code	Label
RN2000	Loan renegotiations
RN2010	Loan renegotiations - Credit for consumption
RN2020	Loan renegotiations - Lending for house purchase
RN2999	Loan renegotiations - Other loans

The definition of the concept «Renegotiation» as well as more detailed methodological information can be found in section 3.2.3 below.

## 2.2 Types of breakdowns applicable for the various sub-tables

The breakdowns to be provided vary by sub-table.

However, it is worth mentioning that the different sub-tables share a common set of breakdowns as regards the currency in which the contract is denominated.

Whereas section 2.2 provides more detailed information regarding the specific breakdowns, only the breakdowns requested on report S 1.5 «Interest rates in EUR» attached to the present instructions must be reported to the BCL.

### 2.2.1 The item

The following breakdowns must be provided on report S 1.5:

- 1-002000 Loans
- 1-002010 Loans - Credit for consumption
- 1-002020 Loans - Lending for house purchase
- 1-RD2000 Loans - Revolving loans and overdrafts
- 1-CD2000 Loans - Convenience credit card credit
- 1-CP2000 Loans - Extended credit card credit
- 1-002999 Loans - Other loans
- 2-002010 Debts - Overnight deposits
- 2-002020 Debts - Deposits with agreed maturity
- 2-002030 Debts - Deposits redeemable at notice
- 2-002040 Debts - Repurchase agreements

In addition, as indicated in section 2.1.5 above, some of these items refer to loans with collateral and/or guarantees. For these loans, it is the data type that is adjusted in sub-table 3N, rather than the item code.

In addition, as indicated in section 2.1.6 above, some of these items have to be provided separately for loan renegotiations and the item code is adjusted accordingly in sub-table 3N.

## 2.2.2 The country

For all sub-tables, information on loans and deposits with regard to euro area residents, i.e. residents of Monetary Union Member States or MUMS (X2) must be provided.

For sub-tables 1E and 3N, loans and deposits with regard to Luxembourg residents (LU) must also be reported separately.

In this context, it is important to recall that transactions with Luxembourg residents (LU) must be included within transactions with residents of the Monetary Union Member States or MUMS (X2). Subsequently, the separate reporting of transactions with Luxembourg residents (LU) constitutes supplementary information.

## 2.2.3 The currency

For all sub-tables of report S 1.5, information on interest rates must only be provided for loans and deposits denominated in euro (EUR).

## 2.2.4 The economic sector

The following breakdowns must be provided on report S 1.5:

- Non-financial corporations (code: 21000)
- Households and NPISH (code: 22000)
- Sole proprietors (code: 22110)

The breakdown for sole proprietors must only be provided for new business of «Other loans» granted to households and NPISH as an «of which» position in sub-table 3N.

## 2.2.5 The operations category

The following breakdowns must be provided on report S 1.5:

- Outstanding amounts for loans (1E)
- Outstanding amounts for deposits (2E)
- New business for loans (3N)
- New business for deposits (4N)

As indicated in section 3.2.2 below, the concept of new business (NEW) is extended to the whole stock of outstanding amounts for overnight deposits, deposits redeemable at notice, credit card debt (convenience credit card credit as well as extended credit card credit) (also known as credit granted through credit cards) and revolving loans and overdrafts.

## 2.2.6 The amount category

The breakdown by amount category (into AAA, BBB and CCC) is applicable for new business item loans granted to non-financial corporations.

The following breakdowns must be provide in report S 1.5:

Code	Label	Sub-tables
AAA	Up to an amount of 250 000 euros	3N
BBB	Over 250 000 and up to 1 000 000 euros	3N
CCC	Over 1 000 000 euros	3N
TOT	Total	All

## 2.2.7 Maturities

Depending on the type of instrument and on whether the interest rate refers to outstanding amounts or to new business, the statistics provide a breakdown by initial and residual maturity, periods of notice and interest rate reset and/or initial period of interest rate fixation.

These breakdowns refer to time bands or ranges, for example an interest rate on a deposit with an agreed maturity of up to two years refers to an average rate across all deposits with

an agreed original maturity between two days and a maximum of two years, weighted by size of the deposit.

The lending interest rates on new business, except for information on renegotiations collected in sub-table 3N, are broken down by initial period of interest rate fixation contained in the contract. For the purpose of interest rate statistics, the initial period of interest rate fixation is defined as a predetermined period of time at the start of a contract during which the value of the interest rate will not change. The initial period of interest rate fixation may be shorter than or equal to the original maturity of the loan.

The value of the interest rate is only considered to be unchangeable if it is defined as an exact level, for example as 10%, or as a differential to a reference rate at a fixed point in time, for example as 6-month EURIBOR plus 2 percentage points at a certain predetermined day and time. If at the start of the contract a procedure to calculate the lending rate is agreed between the household or non-financial corporation and the reporting agent for a certain period of time, for example 6-month EURIBOR plus 2 percentage points for three years, the initial rate fixation period is not considered to be three years. Indeed, the initial period of interest rate fixation is considered to be six months, since the value of the interest rate may change every six months during the three years.

The interest rate statistics on new lending business only reflect the interest rate that is agreed for the initial period of interest rate fixation at the start of a contract or after renegotiation of the loan. If after this initial period of fixation the interest rate automatically changes to a floating rate, this is not reflected in the interest rates on new business but only in those on outstanding amounts.

For the purpose of interest rate statistics, «floating rate» means an interest rate that is subject to revisions on a continuous basis, e.g. every day, or at the discretion of the MFI except central banks and MMFs..

### 2.2.7.1 Initial maturity

The following maturity breakdowns must be provided on report S 1.5:

Code	Label
I000-03M	Up to 3 months
I000-01A	Up to 1 year
I000-02A	Up to 2 years
I01A-02A	Over 1 and up to 2 years
I01A-05A	Over 1 and up to 5 years
I03M-999	Over 3 months
I01A-999	Over 1 year
I02A-999	Over 2 years
I05A-999	Over 5 years
I999-999	No breakdown

Outstanding amounts of loans must be broken down according to the following maturities:

- $\leq 1$  year
- $> 1$  year and  $\leq 5$  years
- $> 5$  years

As requested by sub-table 1E, some additional information must be provided for outstanding amounts of loans with the following maturities:

- $> 1$  year
- $> 2$  years

New business amounts of loans granted to non-financial corporations reported on sub-table 3N must be broken down by initial maturity over 1 year.

Outstanding amounts of deposits with agreed maturity must be broken down into the following categories:

- $\leq 2$  years
- $> 2$  years

New business amounts for deposits with agreed maturity must be broken down into the following categories:

- $\leq 1$  year
- $> 1$  year and  $\leq 2$  years
- $> 2$  years

Deposits redeemable at notice must be broken down into the following categories:

- $\leq 3$  months
- $> 3$  months

A breakdown by initial maturity is not requested for repurchase agreements (outstanding amounts and new business).

#### 2.2.7.2 Residual maturity

The following maturity breakdowns must be provided on report S 1.5:

Code	Label	Sub-tables
R000-01A	Up to 1 year	1E
R000-02A	Up to 2 years	1E
R01A-999	Over 1 year	1E
R02A-999	Over 2 years	1E
R999-999	No breakdown	All



### 2.2.7.3 Period of initial interest rate fixation

The period of initial interest rate fixation is mainly applicable to new lending business, that is to say sub-table 3N.

Breakdowns according to the following periods must be provided on report S 1.5:

Code	Label	Sub-tables
FIT000-03M	Floating rate and up to 3 months initial rate fixation	3N
FIT03M-01A	Over 3 months and up to 1 year initial rate fixation	3N
FIT01A-03A	Over 1 year and up to 3 years initial rate fixation	3N
FIT03A-05A	Over 3 years and up to 5 years initial rate fixation	3N
FIT05A-10A	Over 5 years and up to 10 years initial rate fixation	3N
FIT10A-999	Over 10 years initial rate fixation	3N
FIT999-999	No breakdown	All

### 2.2.7.4 Period of interest rate reset

The period of interest rate reset only refers to sub-table 1E; the objective is to provide additional details on outstanding amounts of loans.

Re-fixing of the interest rate means a revision of the interest rate as defined in the document «Definitions and concepts for the statistical reporting of credit institutions».

The following breakdowns must be provided:

Code	Label	Sub-tables
RFT000-01A	Up to 1 year	1E
RFT000-02A	Up to 2 years	1E
RFT999-999	No breakdown	All

### **2.2.8 Data type**

The data type to be reported in the respective sub-tables indicates whether the information refers to the interest rate applied to a loan or deposit, or to the underlying loan or deposit amount. However, the nomenclature differs depending on whether the information refers to a secured or an unsecured loan. Thus, the data type «Rate» refers to the interest rate and may therefore refer to the annualised agreed rate (TCA), the annualised agreed rate on loans with collateral and/or guarantees (TCG) or the annual percentage rate of change (TAEG). Further details are available in section 2.1.5 above.

The following breakdowns must be provided on report S 1.5:

- Rate (TCA, TCG or TAEG)
- Amount (AMT or AMG)

### **2.2.9 Risk coverage by means of guarantees**

As indicated in section 2.1.5 above, sub-table 3N contains information on loans with collateral and/or guarantees.

Further explanations are available in section 3.1.3 below.

### **2.2.10 Annual percentage rate of charge – TAEG**

As indicated in section 2.1.5 above, sub-table 3N collects information on the TAEG.

Further explanations are available in section 3.1.5 below.

### **2.2.11 Loan renegotiations**

As indicated below (see section 2.1.6) loan renegotiations must be provided separately in sub-table 3N.

A definition of loan renegotiations, as well as further information, are available in section 3.2.3 below.

### 3 Methodological explanations

#### 3.1 Type of rate

##### 3.1.1 Convention

Reporting agents apply a standard year of 365 days for the compilation of the TCA, i.e. the effect of an additional day in leap years is ignored

##### 3.1.2 Annualised agreed rate (TCA)

The type of rate that reporting agents provide for all instrument categories of deposits and loans referring to new business and outstanding amounts is the Annualised agreed rate (TCA). It is defined as the interest rate that is individually agreed between the reporting agent and the household or non-financial corporation for a deposit or loan, converted to an annual basis and quoted in percentages per annum.

The TCA covers all interest payments on deposits and loans, but no other charges that may apply. Disagio, defined as the difference between the nominal amount of the loan and the amount received by the customer, is considered as an interest payment at the start of the contract (time  $t_0$ ) and is therefore reflected in the TCA.

If interest payments agreed between the reporting agent and the household or non-financial corporation are capitalised at regular intervals within a year, for example per month or quarter rather than per annum, the agreed rate is annualised by means of the following formula to derive the annualised agreed rate:

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

with:

i	as the TCA
$r_{ag}$	as the interest rate per annum that is agreed between the reporting agents and the household or non-financial corporation for a deposit or loan where the dates of the interest capitalisation of the deposit and all the payments and repayments of the loan are at regular intervals within the year
n	as the number of interest capitalisation periods for the deposit and (re)payment periods for the loan per year, i.e. 1 for yearly payments, 2 for semi-annual payments, 4 for quarterly payments and 12 for monthly payments

Penalties on overdrafts applied as component of other charges, for example in the form of special fees, are not covered by the TCA because this type of rate only covers the interest rate on loans.

### 3.1.3 Annualised agreed rate on loans with collateral and/or guarantee (TCG)

Loans to households and non-financial corporations secured with collateral and/or guarantees are additionally separately reported for new business categories except credit card debt, revolving loans and overdrafts, and other loans.

The type of rate that reporting agents must provide for these loans is the TCA, as defined in section 3.1.2 above. However, the TCA on loans with collateral and/or guarantees is designated by a different nomenclature (TCG).

The breakdown of loans according to collateral/guarantees includes the total amount of new business loans which are collateralised using:

- The funded credit protection technique as defined in Article 4(1)(58) and Articles 197 to 200 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, as amended, on prudential requirements for credit institutions and investment firms  
and/or
- Guaranteed using the unfunded credit protection technique as defined in Article 4(1)(59) and Articles 201, 202 and 203 of Regulation (EU) No 575/2013, as amended, in such a way that the value of the collateral and/or guarantee is higher than or equal to the total amount of the loan.

If a credit institution applies a system different from the «Standardised Approach» as defined in Regulation (EU) No 575/2013, as amended, for supervisory purposes, it may also apply the same treatment in the reporting of loans on report S 1.5.

### **3.1.4 Treatment of taxes, subsidies and regulatory arrangements**

The interest payments covered in the TCA and/or the TCG reflect what the reporting agent pays on deposits and receives for loans. Where the amount paid by one party and received by the other differs, the point of view of the reporting agent determines the interest rate to be reported on report S 1.5 «Interest rates in EUR».

Following this principle, interest rates are recorded on a gross basis before tax, since the pre-tax interest rates reflect what reporting agents pay on deposits and receive for loans.

Furthermore, subsidies granted to households or non-financial corporations by third parties are not taken into account when determining the interest payment, because the subsidies are not paid or received by the reporting agent.

Favourable rates that reporting agents grant their employees are covered by interest rate statistics to be provided on report S 1.5 «Interest rates in EUR».

Where regulatory arrangements affect interest payments, for example interest rate ceilings or the prohibition of remuneration of overnight deposits, these are reflected on report S 1.5 «Interest rates in EUR». Any change in the rules determining regulatory arrangements, for example the level of administered interest rates or interest rate ceilings, is shown in interest rate statistics as a change in the interest rate.

### **3.1.5 Annual percentage rate of charge (TAEG)**

In addition to the annualised agreed rates, sub-table 3N foresees that reporting agents provide the annual percentage rate of charge for new business in respect of consumer credit and loans to households for house purchases.

The annual percentage rate of charge covers the «total cost of the credit to the consumer», as defined in Article 3(g) of Directive 2008/48/EC, as amended. These total costs comprise an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of the documents, guarantees, credit insurance, etc.

The composition of the component of other charges may vary across countries, because the definitions in Directive 2008/48/EC, as amended, are applied differently, and because national financial systems and the procedure for securing credits differ.

## **3.2 Interest rates on outstanding amounts and new business**

Reporting agents must provide statistics on interest rates for outstanding amounts as well as for new business.

### **3.2.1 Interest rates on outstanding amounts**

Outstanding amounts are defined as the stock of all deposits placed by households and non-financial corporations with the reporting agent and the stock of all loans granted by the reporting agent to households and non-financial corporations.

An interest rate on outstanding amounts reflects the weighted average interest rate applied to the stock of deposits or loans in the relevant instrument category as at the time reference point as defined in section 3.3.1. The weighted average interest rate is the sum of the TCA multiplied by the corresponding outstanding amounts and divided by the total outstanding amounts. It covers all outstanding balances on contracts that have been agreed in all the periods prior to the reference date.

It should be noted that one should take into account items 1-RD2000 «Revolving loans and overdrafts», 1-CD2000 «Convenience credit card credit» and 1-CP2000 «Extended credit card credit» for the calculation of interest rates on outstanding loans (sub-table 1E). These items are also included for the amounts. This applies to item 1-002000 with regard to loans to non-financial corporations and items 1-002010, 1-002020 and 1-002999 with regard to loans to households.

### **3.2.2 New business on overnight deposits, deposits redeemable at notice, credit card debt and revolving loans and overdrafts**

In the case of overnight deposits, deposits redeemable at notice, credit card debt and revolving loans and overdrafts, the concept of new business is extended to the whole stock. Hence, the debit or credit balance, i.e. the amount outstanding at the time reference point as defined in section 3.2.2, is used as an indicator for new business on overnight deposits, deposits redeemable at notice, credit card debt and revolving loans and overdrafts.

The interest rates for overnight deposits, deposits redeemable at notice, credit card debt and revolving loans and overdrafts reflect the weighted average interest rate applied to the stock on these accounts at the time reference point as defined in section 3.2.2. They cover the current balance sheet positions of all outstanding contracts that have been agreed in all the periods prior to the reference date.

Debts incurred by credit card (1-CD2000 and 1-CP2000) and revolving loans and overdrafts (1-RD2000) must be reported separately in sub-table 3N. These items are excluded from all lines relating to new business.

### **3.2.3 New business on deposits with agreed maturity, sale and repurchase agreements and all loans other than credit card debt and revolving loans and overdrafts**

New business is defined as any new agreement between the household or non-financial corporation and the reporting agent.

New agreements comprise:

- All financial contracts, that specify for the first time the interest rate of the deposit or loan
- All renegotiations of existing deposit and loan contracts

Renegotiation refers to the active involvement of the household or non-financial corporation in adjusting the terms and conditions of an existing deposit or loan contract, including the interest rate. Thus, extensions and other adjustments of the terms and conditions that are carried out automatically, i.e. without any active involvement of the household or non-financial corporation, are not renegotiations.

For the separate reporting of new business volumes of renegotiated loans to households and non-financial corporations in interest rate statistics (sub-table 3N), renegotiation refers to new business loans, other than credit card debt and revolving loans and overdrafts, already on the balance sheet of the reporting agent at the end of the month preceding the reference month.

Loans for debt restructuring are not per se excluded from renegotiated loans. However, if the restructuring involves a renegotiation of the interest rate, and as a result, the loan is granted at a rate below market conditions as described in section 3.2.4, it should not be included in renegotiated loans nor new business.

The new business rate reflects the weighted average interest rate applied to the deposits and loans in the relevant instrument category in respect of new agreements concluded between households or non-financial corporations and the reporting agent during the time reference period as defined in section 3.3.3.

The rate on new business loans with collateral and/or guarantees reflects the weighted average interest rate applied to loans that are covered by collateral and/or guarantees, in accordance with reporting instructions (see section 3.1.3) for each instrument category concerned. This includes the new agreements between households or non-financial corporations and the reporting agent during the period defined in section 3.3.3.



Changes in floating interest rates in the sense of automatic adjustments of the interest rate performed by the reporting agent are not new agreements and are therefore not considered as new business. For existing contracts, these changes in floating rates are therefore not captured in new business rates but only in the average rates on outstanding amounts.

A change from fixed to floating interest rates or vice versa (at time  $t_1$ ) during the course of the contract, which has been agreed at the start of the contract (time  $t_0$ ), is not a new agreement but part of the terms and conditions of the loan laid down at time  $t_0$ . It is therefore not considered as new business.

A household or non-financial corporation is normally expected to take out a loan other than a revolving loan or overdraft in full at the start of the contract. It may, however, take out a loan in one or more tranches at times  $t_1$ ,  $t_2$ ,  $t_3$ , etc. instead of taking out the full amount at the start of the contract (time  $t_0$ ). The fact that a loan is taken out in one or more tranches is irrelevant for interest rate statistics. The agreement between the household or non-financial corporation and the reporting agent at time  $t_0$ , which includes the interest rate and the full amount of the loan, is covered by interest rate statistics on new business. If a renegotiation of the terms and conditions of the loan takes place after time  $t_0$ , the full amount granted and not yet repaid by the time the renegotiation takes place should be reported under renegotiated loans.

All renegotiations of existing loans and deposits must be reported, even if the same contract is renegotiated several times during the reference month.

As mentioned in section 3.2.2, items 1-RD2000 «Revolving loans and overdrafts» 1-CD2000 «Convenience credit card credit» and 1-CP2000 «Extended credit card credit» are not taken into account for the calculation of interest on new contracts (sub-table 3N). These items are also excluded from amounts recorded as new contracts.

### **3.2.4 Treatment of bad loans and loans for debt restructuring below market conditions**

Bad loans and loans for debt restructuring granted at rates below market conditions are not included in the weighted average interest rates or in the new business volumes. Bad loans are defined in accordance with Annex II to ECB/2013/33, as amended, and the total amount of a loan partially or totally classified as a bad loan is excluded from interest rates statistics. Loans for debt restructuring, i.e. restructuring in relation to financially distressed debtors, are also excluded from interest rate statistics.

### **3.2.5 Zero or negative interest rates on deposits**

Zero or negative interest rates on deposits are taken into account provided that these rates are not to be regarded as exceptional compared to those prevailing on the market.

## **3.3 The reference period**

### **3.3.1 The reference period for interest rates on outstanding amounts**

Interest rates on outstanding amounts as a snapshot of end-month observations are calculated as weighted averages of the interest rates applied to the stock of deposits and loans at a certain point in time on the last day of the month. At that point in time, the reporting agent collects the interest rates applicable and the amounts involved for all outstanding deposits and loans vis-à-vis households and non-financial corporations and compiles a weighted average interest rate for each instrument category. Interest rates only cover those contracts that are still outstanding at the time of the data collection. The period covered is one month.

### **3.3.2 The reference period for new business on overnight deposits, deposits redeemable at notice, extended credit card credit and revolving loans and overdrafts**

Interest rates on outstanding amounts on overnight deposits, deposits redeemable at notice, extended credit card credit and revolving loans and overdrafts are compiled as a snapshot of end-month observations, i.e. weighted averages of the interest rates applied to the stock of

these deposits and loans at a certain point in time on the last day of the month. Interest rates only cover those contracts that are still outstanding at the time of the data collection. The period covered is one month.

As for interest rates on outstanding amounts, interest rates on overnight deposits, deposits redeemable at notice, extended credit card debt and revolving loans and overdrafts are calculated as weighted averages of the interest rates applied to the stock of deposits and loans at a certain point in time on the last day of the month. At that point in time, the reporting agent collects the interest rates applicable and the amounts involved for all overnight deposits, deposits redeemable at notice, extended credit card credit and revolving loans and overdrafts vis-à-vis households and non-financial corporations and compiles a weighted average interest rate for each instrument category. Interest rates only cover those contracts that are still outstanding at the time of the data collection.

In order to calculate interest rates on accounts that can either be a deposit or a loan, the balance on the last day of the month determines whether the account is, for that month, a deposit or an overdraft. Reporting agents do not report weighted average interest rates combining (low) overnight deposit rates and (high) overdraft rates.

### **3.3.3 The reference period for new business (other than overnight deposits, deposits redeemable at notice, credit card debt and revolving loans and overdrafts)**

Interest rates on new business other than overnight deposits, deposits redeemable at notice, credit card debt, and revolving loans and overdrafts are calculated as period averages. The period covered is (the whole of) one month.

For each instrument category, the reporting agents calculate the new business rate as a weighted average of all interest rates on new business operations in the instrument category during the reference month. These interest rates referring to the average of the month are transmitted to the BCL together with the amount of new business conducted during the reporting month for each instrument category. Reporting agents take into account the new business operations conducted during the entire month.

## 3.4 Specific products

The following sections provide guidance on the treatment of specific products.

### 3.4.1 Step-up (step-down) deposit or credits

A step-up (step-down) deposit or credit is a deposit or loan with a fixed maturity to which an interest rate is applied that increases (decreases) from year to year by a pre-fixed number of percentage points. Step-up (step-down) deposits and loans are instruments with fixed interest rates over the whole maturity. The interest rate for the whole maturity of the deposit or loan and the other terms and conditions are agreed in advance at time  $t_0$  when the contract is signed. An example of a step-up deposit is a deposit with an agreed maturity of four years, which receives 5% interest in the first year, 7% in the second, 9% in the third and 13% in the fourth. The TCA on new business, which is covered at time  $t_0$  in interest rate statistics, is the geometric average of the factors «1 + interest rate». The TCA on outstanding amounts that is covered from time  $t_0$  to  $t_3$  is the rate applied by the reporting agent at the time of calculation of the interest rate, i.e. using the example of a deposit with an agreed maturity of four years 5% at time  $t_0$ , 7% at time  $t_1$ , 9% at time  $t_2$  and 13% at time  $t_3$ .

### 3.4.2 Credit lines

Only outstanding amounts, i.e. amounts withdrawn and not yet repaid in the context of a credit line are covered as new business and reflected in the interest rate statistics. Amounts available through a line of credit that have not been withdrawn or have already been repaid are not considered, whether as new business or as outstanding amounts.

### 3.4.3 Umbrella contracts

An umbrella contract allows the customer to draw loans on several types of loan accounts up to a certain maximum amount applying to all loan accounts together. At the time of the agreement on an umbrella contract, the form the loan will take and/or the date at which the loan will be drawn and/or the interest rate are not specified, but a range of possibilities may be agreed. Such an umbrella contract is not covered by interest rate statistics. However, as

soon as a loan agreed under an umbrella contract is drawn, it is covered under the corresponding item in interest rate statistics, both in new business and outstanding amounts.

#### **3.4.4 Saving deposits with a basic interest rate plus a fidelity and/or growth premium**

Saving deposits with a basic interest rate plus a fidelity and/or growth premium may exist. At the time the deposit is placed, it is not certain whether or not the premium will be paid. The payment depends on the future unknown saving attitude of the household or non-financial corporation. As a convention, such fidelity or growth premiums are not included in the TCA on new business. The TCA on outstanding amounts always covers the rates applied by the reporting agent at the time of calculation of interest rates. Hence, if such a fidelity or growth premium is granted by the reporting agent, this is reflected in the statistics on outstanding amounts.

#### **3.4.5 Credits associated with derivative contracts**

Credits may be offered to households or non-financial corporations with associated derivative contracts, i.e. an interest rate swap/cap/floor etc. As a convention, such associated derivative contracts shall not be included in the TCA on new business. The TCA on outstanding amounts always covers the rates applied by the reporting agent at the time of the calculation of interest rates. Hence, if such a derivative contract is exercised and the reporting agent adjusts the interest rate charged to the household or non-financial corporation, this is reflected in the statistics on outstanding amounts.

#### **3.4.6 Deposits associated with derivative contracts**

Deposits may be offered comprising two components: a deposit with an agreed maturity to which a fixed interest rate is being applied and an embedded derivative with a return that is linked to the performance of a defined stock exchange index or a bilateral exchange rate, subject to a minimum guaranteed return of 0%. The maturity of both components may be the same or may differ. The TCA on new business covers the interest rate for the deposit with agreed maturity, as it reflects the agreement between the depositor and the reporting agent

and it is known when the money is placed. The return on the other component of the deposit, linked to the performance of a stock exchange index or a bilateral exchange rate, is only known ex post when the product matures and therefore cannot be covered by the new business rate. Hence, only the guaranteed minimum return (usually 0%) is covered. The TCA on outstanding amounts always covers the interest rate applied by the reporting agent at the time of the calculation of interest rates. Until the day of maturity, the rate on the deposit with agreed maturity is captured as well as the guaranteed minimum return on the deposit containing the embedded derivative. Only at maturity do the interest rates on outstanding amounts reflect the TCA that is paid by the reporting agent.

### **3.4.7 Pension savings accounts**

Deposits with a maturity of over two years may contain pension savings accounts. The main part of pension savings accounts may be placed in securities and the interest rate on the accounts then depends on the yield of the underlying securities. The remaining part of pension savings accounts may be held in cash and the interest rate determined by the credit or other institution in the same way as for other deposits. At the time when the deposit is placed, the total return to the household from the pension savings account is not known and may also be negative. In addition, at the time the deposit is placed, an interest rate is agreed between the household and the credit or other institution which applies only to the deposit part; this does not apply to the part invested in securities. Hence, only the deposit part that is not invested in securities is covered by interest rate statistics. The TCA on new business that is reported is the rate agreed between the household and the reporting agent for the deposit part at the time the deposit is placed. The TCA on outstanding amounts is the rate applied by the reporting agent to the deposit part of the pension savings accounts at the time of calculation of the interest rate.

### **3.4.8 Saving plans for housing loans**

Saving plans for housing loans are long-term saving schemes that may provide a low return but, after a certain period of saving, give the household or non-financial corporation the right to a housing loan at a discounted rate. These savings plans are classified under deposits with agreed maturity over two years as long as they are used as a deposit. As soon as they

are transformed into a loan, they are classified as loans to households for house purchases. Reporting agents report as new deposit business the interest rate that is agreed at the time the initial deposit is placed. The corresponding amount of new business is the amount of money that has been placed. The increase of this amount on the deposit over time is only covered by the outstanding amounts. At the time when the deposit is transformed into a loan, this new loan is recorded as new lending business. The interest rate is the discounted rate that is being offered by the reporting agent. The weight is the total amount of the loan that is being granted to the household or non-financial corporation.