DNB AnaCredit Q&A

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Contents

1. Reporting scope

1.1 Treatment of partnerships and legal entities in the process of formation (*rechtspersonen in oprichting*)

Question:
Natural persons and sole proprietors are excluded from the scope of AnaCredit, but could you please clarify how to treat partnerships and legal entities in the process of formation (*rechtspersonen in oprichting*) in AnaCredit reporting?

Answer:
The recitals of the AnaCredit Regulation mention that Stage 1 of AnaCredit should not focus on personal data. In many cases the partners in partnerships are natural persons who are jointly and severally liable for the loans granted to the partnerships. Since the natural persons being partners are easily identified using the extensive counterparty reference data of AnaCredit in combination with the publicly available trade register, DNB has concluded that the data on partnerships can be regarded as personal data. Therefore, partnerships and *rechtspersonen in oprichting* should be treated the same way as natural persons and sole proprietors when implementing the AnaCredit Regulation and as such are outside the scope of AnaCredit.

However, an exception should be made for partnerships that can be regarded as quasi-corporations. These are partnerships which are large in size and have partners who are not natural persons, but legal persons. Some examples are partnerships established for the realisation of large infrastructural or other projects. These partnerships are within the scope of the AnaCredit Regulation and should be treated in the same manner as legal persons. For these partnerships privacy issues are not relevant, because the partners are legal persons and the loans are not related to natural persons.

The abovementioned treatment of partnerships and *rechtspersonen in oprichting* is fully in line with the treatment of these entities in the BSI statistics. In the BSI statistics, partnerships and *rechtspersonen in oprichting* are regarded as belonging to the sector households (ESA code S14 and BSI code 2251) and partnerships which can be regarded as quasi-corporations are treated as non-financial corporations (not as households).

The ECB has indicated that every member state can make its own decision on which legal forms are within or outside the scope of the AnaCredit Regulation, mostly due to the different legal frameworks in every country. So it might be possible that in other member states, partnerships resident in that country are subject to AnaCredit reporting, based on the decision of the national central bank of that country. We recommend checking the list of legal forms on the ECB website in order to assess which are and which are not subject to AnaCredit reporting in each reporting member state. If you have questions on the legal forms of a specific country, we advise you to contact the relevant national central bank.

1.2 The scope of the single branch concept

Question:
Does the single branch concept apply to all types of counterparties?

Answer:
Yes, the single branch concept applies to all types of counterparties. So not only to the foreign branches of reporting agents, but also to all other counterparties of reporting agents which are relevant in the context of AnaCredit reporting.

1.3 The treatment of loans granted to curators

Question:
In the context of AnaCredit reporting should loans granted to curators be regarded as loans to natural persons or as loans to legal persons?

Answer:
The classification of curators can vary in each situation. To determine whether in a specific case a loan granted to a curator is within the scope of AnaCredit, we advise reporting agents to consult the list of legal

forms published on the ECB website. If the curator can be classified as a legal form which is, according to the list, within the scope of AnaCredit, then the loan must be reported to AnaCredit.

1.4 The end date after which an instrument need not be reported

Question #1:

The use of the reference period in Article 5(1) of the AnaCredit Regulation implies that instruments are reported until at least the end of the quarter in which the debtor's commitment amount falls below the reporting threshold of € 25,000. Furthermore, Part I (Section 5.2.1) and Part II (Section 3.1.6) of the Manual clarify that this quarter-end extended reporting is of particular relevance for written-off instruments, and aims at capturing the total write-off amount via the accounting dataset as of the quarter-end reporting reference date. On the other hand, however, Section 5.2.3 (including Example 21) in Part I of the Manual stipulates that instruments for which no write-off has occurred also have to be reported in the extended period.

Could you please clarify? If, during the quarter, the debtor's commitment amount (being the sum of the outstanding nominal amount and off-balance-sheet amount of all instruments of the debtor) falls below the threshold, should the instrument(s) continue to be reported until the end of the quarter, or are they expected to disappear from reporting the next month?

Answer:
It is clarified that the reporting until quarter-end concerns eligible instruments which incur a write-off. Otherwise, in cases where there is no write-off, if the debtor's commitment amount falls below the reporting threshold of EUR 25,000, the instruments are not subject to reporting after the drop in the debtor's commitment amount. Furthermore, it is clarified that the explanation provided in Section 5.2.1 in Part I of the Manual concerning the applicability of the extended quarter-end reporting takes precedence over the general rules provided in Section 5.2.3. In this context, Example 21 presented in that section should read that an amount was written off in the period between 1 January 2019 and 31 March 2019, rather than repaid by the debtor as erroneously stated in the example. For an illustration, please see the following examples.

Example 1
An instrument which is reported to AnaCredit for reporting reference dates 31 December to 28 February is fully repaid on 14 March. The instrument does not incur any loss in the period concerned. Consequently, the instrument is not reported to AnaCredit as of 31 March and the last record available in AnaCredit relates to 28 February. Furthermore, the last quarterly information available for the instrument goes back to 31 December.

Example 2
A debtor has only one instrument. On 31 January the debtor's commitment amount is € 27,000 vis-à-vis the observed agent and the instrument is reported to AnaCredit on the reporting reference date. On 17 February, the debtor makes a payment (e.g. of € 5,000), which results in the debtor's commitment amount falling below the reporting threshold. The debtor's commitment amount does not subsequently increase. In this case, the instrument is not reported as of 28 February or as of 31 March.

Example 3
A debtor has only one instrument. As of 31 January the debtor's commitment amount is € 40,000 vis-à-vis the observed agent and the instrument is reported to AnaCredit. As of 14 February a part of the instrument is subject to securitisation, where € 20,000 is transferred in a true sale to an SPV. The observed agent keeps the servicing rights of the transferred part of the instrument. In this case, the partial transfer does not reduce the outstanding nominal amount (see Section 4.4.3 in Part II of the Manual) and the debtor's commitment amount is still € 40,000, even after the transfer. Consequently, the reporting of the instrument continues after the transfer date.

Example 4
A debtor has only one instrument. As of 31 March the debtor's commitment amount is € 80,000 vis-à-vis the observed agent and the instrument is reported to AnaCredit. On 9 April the instrument is sold to a third party. The observed agent does not keep the servicing rights of the sold instrument. In this case, the observed agent neither holds nor services the instrument after the sale. Furthermore, as the observed agent

does not incur a loss that needs to be captured in AnaCredit (i.e. no write-off), the observed agent does not report the instrument after the sale (see Section 3.1.6 in Part II of the Manual).

Question #2:
In the case of written-off instruments that have to be reported until the quarter-end period, how should the reporting of attributes be done?

Answer:
In general, instruments are subject to AnaCredit reporting only if the instruments are held or serviced by the observed agent. However, there is an exception with regard to instruments incurring a write-off. Such instruments are reported until at least the end of the quarter in which the write-off occurs.
With regard to instruments incurring a write-off, Section 3.1.6.1 in Part II of the Manual provides that, broadly speaking, two possibilities emerge generally depending on whether or not the instrument is still held or serviced by the observed agent.

Particularly regarding written-off instruments which are no longer held or serviced by the observed agents, the ECB acknowledges that such instruments are typically not in observed agents' systems. And although such instruments are required to be reported until the end of the quarter, it should be noted that the only relevant attributes that should be reported are: "outstanding nominal amount" (which is reported as 0), "accumulated write-offs" and "cumulative recoveries since default". The "outstanding nominal amount" is in the financial data entity. The "accumulated write-offs" is in the recognised instrument entity. The "cumulative recoveries since default" is in the accounting data entity. The vast majority of the remaining entities and data attributes no longer apply.

2. Attributes to be reported in AnaCredit

2.1 DNB's LDM and attributes in AnaCredit

Question:
Why is DNB's logical data model (LDM) so much more elaborate compared to the AnaCredit exchange specification of other European countries? Does DNB ask additional attributes?

Answer:
Compared to the AnaCredit Regulation there is only one extra contextual attribute in DNB's logical data model (LDM), namely, the lead protection provider indicator.

In general DNB's logical data model (LDM) reflects the attributes and validations as they have been written in the AnaCredit Regulation published by the ECB. As DNB wants its reporting agents to test the Anacredit Exchange themselves and be fairly certain that it passes all the validations, DNB chose – as much as possible – to explicitly model the validations in its LDM. The result of this modeling exercise is that the LDM contains technical attributes that reflect the majority of the validations as expressed by the ECB. In that sense, these technical attributes may seem like additional content-related attributes, but in fact they are not. They are written down in numerous published documents of the ECB and every reporting agent in Europe needs to filter them out and use them accordingly to comply with the ECB AnaCredit validation rules.

2.2 Immediate and ultimate parent undertaking identifiers

Question:
Should the immediate and ultimate parent identifiers be reported for immediate and ultimate parent undertakings?

Example: bank XYZ has granted a loan counterparty A. This counterparty is a legal subsidiary of counterparty B, and counterparty B is a subsidiary of counterparty C and so forth with the ultimate parent being counterparty E. Should the identifiers be reported for all these counterparties?

Counterparty	Immediate Parent	Ultimate Parent
CP-A	CP-B	CP-E
CP-B	CP-C	CP-E
CP-C	CP-D	CP-E
CP-D	CP-E	CP-E

Answer:
Tables 2 and 3 of the Annex to the AnaCredit Regulation provide detailed information about the counterparty reference data that have to be reported for the different types of counterparties in AnaCredit. For immediate and ultimate parents (columns 8 and 9) no immediate or ultimate parent identifiers are required. Therefore, in the example presented above only information on CP-A, CP-B and CP-E has to be reported.

However, immediate and ultimate parent identifiers must be reported only for counterparties which 1) have the role of debtor or protection provider, and 2) are located in a reporting member state.

The abovementioned Regulation requirements have been incorporated in our LDM and DDA for AnaCredit.

2.3 NACE codes

Question:
When level 4 NACE codes are not available, is it allowed to report level 2 and 3 NACE codes?

Answer:
Yes. The reporting of level 2 and 3 NACE codes is allowed when level 4 codes are not available.

2.4 National identifier

Question #1:
Is it correct that if an LEI has been reported, the national identifier may be left blank/omitted?

Answer:
No, that is not correct. In conformity with Tables 2 and 3 in Annex III to the Regulation, the logical data model is currently structured in such a way that a national identifier must be reported at all times. This is also a requirement in order to enable the link-up with Statistics Netherlands' counterparty data. This is why we always require the trade register entry number of Dutch counterparties, for instance, even if they have an LEI as well).

Question #2:
The manuals explaining the AnaCredit Regulation refer to the option of the national supervisory authority deciding which counterparty identifiers must be used. In the Netherlands, does DNB do this or is the decision up to the banks themselves?

Answer:
It is up to reporting institutions to allocate counterparty identifiers to their counterparties (e.g. the customer numbers currently used), provided that the identifiers meet the requirements set out in the Manual in terms of uniqueness, long-term stability and reuse. Central banks/supervisory authorities may use counterparty identifiers in their communications with institutions, for instance if they intend to conduct an on-site examination and wish to inspect the files on a particular counterparty.

DNB does not and will not allocate numbers to counterparties that reporting institutions must report as counterparty identifiers. Some central banks in the euro area keep a counterparty register and require reporting institutions to report these numbers for inclusion in the register. DNB does not keep such a register.

Question #3:
According to the AnaCredit Regulation when the legal entity identifier (LEI) is available the attributes national identifier and identifier type are not obligatory fields. Our understanding is that the national identifier will be used to retrieve counterparty data from Statistics Netherlands (CBS) in the case of Dutch counterparties.
Does this mean that the attribute national identifier is mandatory for AnaCredit reporting to DNB? Is it mandatory only for Dutch counterparties?

Answer:
The national identifier is mandatory for reporting AnaCredit to DNB, regardless of whether the LEI is available or not and irrespective of the counterparties' country of establishment. The rationale is twofold:

- For Dutch counterparties, the trade register entry (KvK) number or legal entities and partnerships information number (*Rechtspersonen en Samenwerkingsverbanden Informatie Nummer – RSIN*) is needed to allow us to retrieve the relevant counterparty reference data from Statistics Netherlands.
- For non-Dutch counterparties, the national identifier is needed so that DNB can communicate with the relevant NCBs concerning the maintenance of the counterparty reference data.

2.5 Accounting standard

Question:
In Table 2 in Annex III to the AnaCredit Regulation, "accounting standard" is classified as X (i.e. information not required to be reported) except for "reporting agent". Is this correct? In other words, "accounting standard" is required to be reported only for the "reporting agent".

Answer:
According to Table 2 in Annex III, the accounting standard is required to be reported only for the reporting agent. This is correct. The ECB is merely interested in the accounting standard you use in your capacity as reporting agent. In other words, you are not required to record and report the accounting standards your customers use.

2.6 Status of legal proceedings

Question #1:
The description of the term "status of legal proceedings" refers to the NCB. When will DNB provide further information in this respect?

Answer:
We intend to use the standard classification used in the trade register. DNB and other NCBs will map the standard classification to the classification provided in the Regulation, which the ECB will publish on its website. However, as stated, Dutch reporting institutions are exempt from the requirement to report this information to DNB for counterparties having a trade register entry number or a legal entities and partnerships information number (Rechtspersonen en Samenwerkingsverbanden Informatie Nummer – RSIN). DNB will supplement these data with information received from Statistics Netherlands and map them to the classification provided in the Regulation.

Question #2:
Does "status of legal proceedings" also apply to protection providers?

Answer:
Yes, this follows from Tables 2 and 3 in Annex III to the Regulation. In the national implementation document, we indicate that generally all data classified as N (i.e. subject to individual arrangements) in these tables must be reported. These requirements are organised as such in the LDM and in the DDA.

2.7 Amortisation type

Question:
Does "amortisation type" apply to the original or the actual payment plan? Suppose a customer has an annuity loan with the option of early repayment. Is the original plan "French" (annuity) or "other" (annuity + right to repay early)? What if the customer repays a portion of the loan early? What payment plan must be reported in this case: "French" (annuity) or "other" (annuity + actual early repayment)?

Answer:
The originally agreed payment plan is leading. The classification by amortisation type must disregard any voluntary early repayments, even if the contract provides for this option (as is likely the case for many products subject to specific conditions).

2.8 End date of interest-only period

Question:
Does it matter if the interest-only period is part of the term to maturity? Suppose we start off with a principal payment at the end of the first year and follow with two years of interest only, must we report the end of the third year as the end date? Or is it that no principal payment may have been made by definition? And what if there are multiple interest-only periods with a principal payment in between, must we report the last end date?

Answer:
An "end date of interest-only period" must be reported only if the debtor is effectively required to pay interest only on the reporting reference date, i.e. if the instrument is effectively interest-only at the reporting reference date. In that case, the institution must report the current end date of interest-only period. If a loan is not in an interest-only phase, or any interest-only period occurred in the past, the institution need not report an end date of interest-only period.

According to the ECB, the end date need not be changed on the expiry of the interest-only period, as the relevant date is in the past. Our LDM, however, treats these data somewhat differently. The instrument table contains a data attribute named "interest-only indicator". If it is stated for this attribute that the instrument is not in an instrument-only phase, the subtype "interest-only instrument" need not be reported, which means that the data attribute "end date of interest-only period" need not be recorded. In other words, there is no need to keep recording a past date, and doing so is indeed impossible if it is

stated in the instrument table that the instrument is not in an interest-only phase by means of the interest-only indicator. So the Manual contains a generic instruction on the part of the ECB that we implement somewhat differently on a national level because of our LDM.

2.9 Interest rate type

Question:
If the parties initially agreed "mixed" and subsequently change the contract to a fixed agreed interest rate, must we report this as "fixed" (subject to "renegotiation") or does it remain "mixed"?

Answer:
It depends. If a new contract is created with a new number, the new contract must be reported as having a "fixed" interest rate type. If the current contract is amended without changing any contract numbers, this constitutes a renegotiation and the interest rate type must be changed to "fixed".

2.10 Interest rate type/Amortisation type

Question:
In general, we assume that for data attributes of this kind we are required to report the actual contractual situation as at the reporting date and that the past is of no significance whatsoever. Is this assumption correct?

Answer:
Yes, it is. As a rule, each report must reflect the current situation as at the reporting date. We can trace the history of the instrument by reviewing the changes to data attributes over the course of time.

2.11 Renegotiation date

Question:
Are we required to also report the (most recent) renegotiation date for current contracts?

Answer:
Yes, all data attributes classified as N in Table 1 in Annex II to the Regulation must be reported to us.

2.12 Collateral

Question #1:
To what extent may positive/negative mortgage declarations within the framework of AnaCredit be interpreted as additional security for the repayment of the loan?

Answer:
We would not want to designate positive/negative mortgage declarations as additional security. In a mortgage declaration, the mortgagor undertakes towards the lender not to mortgage the property as security to third parties. As mortgage declarations are not entered in the register of mortgages, they are worth less than pledges. This means that as a creditor you do not have preference over any other creditors in the event of a default.

Question #2:
If multiple properties are pledged as collateral in a mortgage deed, how must this be reported in AnaCredit?

Answer:
If multiple instruments are protected by one collateralised property, these instruments must be linked to the collateral via the instrument-protection received table. This table lists several data attributes that must be completed for each instrument and protection received (e.g. the portion of the protection value allocated to the instrument). Part II of the Manual stipulates on page 177 that a protection item can also

consist of a pool comprising several properties. This allows us to conclude that if a mortgage deed comprises several collateralised properties and a value has been determined only at that level, the pool may be regarded as a single protection item and the instruments may be linked to the protection-providing items via the instrument-protection received table, supplying all accompanying data attributes in that table (e.g. a protection allocated value). The chapter on the instrument-protection received dataset in Part II of the Manual (pages 164 et seq.) provides further information.

Question #3:
If a joint and several debtor (JSD) has co-signed a financing contract, within the framework of AnaCredit may this party be regarded as having the counterparty role of debtor (because it qualifies as a co-debtor) or must it be regarded as a protection provider?

Answer:
If a JSD is a co-debtor, it will be regarded as a debtor and not as a protection provider. If, however, this party has issued a financial guarantee, it will be regarded as a protection provider. But since this is different from being a joint debtor, it must be regarded as a debtor.

2.13 Interest rate – AAR

Question:
On the subject of interest rate, the AnaCredit Reporting Manual refers to the narrowly defined effective rate (NDER) as an alternative to the annualised agreed rate (AAR). For its calculation, reference is made to the Manual on the MFI interest rate statistics. My question is whether DNB actually requires institutions to use the NDER (for AnaCredit purposes) and, if so, in what situations?

Answer:
The instructions for reporting the AAR or the NDER are related to the MIR Regulation (ECB/2013/34), which defines these concepts. For MIR statistics reporting purposes, DNB has always instructed banks to use the AAR. There are no situations in which we require institutions to report the NDER. The AAR, which is in line with current practices in MIR statistics, is therefore the guiding principle.

2.14 NUTS 3 region and postal code

Question:
According to business rule omc0036, NUTS 3 region of the address is mandatory when the foreign counterparty is in a reporting member state. According to the ECB, the conversion to NUTS 3 region will be done centrally by the ECB on the basis of postal codes. So shouldn't the NUTS 3 region be mandatory only when postal code is not available?

Answer:
Both the NUTS 3 region and the postal code are mandatory attributes.

2.15 Multi-purpose limit

Question:
A multi-purpose limit is not reported as an instrument in itself. Instead, only AnaCredit eligible instruments are reported and the undrawn amount under the limit is allocated to those instruments. For this allocation, we have identified the following limitations:
- No off-balance amount can be reported exceeding the instrument's sub-limit.
- No off-balance amount can be allocated to instruments that by definition do not comprise any undrawn amount.
- No off-balance amount can be allocated to instruments denominated in a different currency than the limit.

Is it correct to assume that part of the undrawn amount of the limit can go unreported under AnaCredit due to the limitations above? For example, we expect the sum of the sub-limits of eligible instruments to

be less than the overall limit. This can be substantially less in the beginning, when little funds have been disbursed. A large part of the undrawn amount will not be reported.

Answer:
As a general principle AnaCredit does not gather information on credit limits per se, it rather tends to capture such limits as off-balance sheet amounts by means of allocation (if such limits exist) in case of existing and eligible instruments (where the limit can be utilized by the instrument) given some specific constraints.

Therefore, in case of only lump-sum type instrument or instruments with individual sub-limits, any communicated debtor level limit would not be captured by the existing reporting framework (the sum of the instrument sub-limits do not have to add up to the overall limit in case there are no eligible instruments to assign the upper limit to). This notion was pre-announced on page 24 of the Manual Part III, where it is said that, for example, "if an instrument, by definition, does not comprise any undrawn amounts at any moment in time (for example, lump-sum credits), the off-balance sheet amount is reported as 'non-applicable'."

This being said, as stated on page 21 of the AnaCredit Manual Part III: "The off-balance-sheet amount available, from an instrument point of view, is influenced by the total commitment, the debtor sub-limits, and any instrument specific limit", which in particular confirms the notion that given an instrument level individual limit, there should be no additional assignment of total limit on top of that amount. This view is confirmed by the statement on page 23 of the Manual Part III that "any sub-limits that are set at the level of individual instruments belonging to the credit cross-limit structure, as the sum of the outstanding nominal amount and the (allocated) off-balance-sheet amount of the instrument, cannot exceed the sub-limit of the instrument."

In case of different currencies, it is generally understood that reporting to AnaCredit takes place in the amounts expressed in EUR currency (following a conversion where necessary). Thus following the same rules, we would expect that the off-balance sheet amounts allocated as a consequence of a valid limit are expressed following this convention and reported accordingly.

2.16 Protection for cash collateral

Question:
Cash collateral is posted as a result of a netting set with negative market value. Can the amount of negative market value be considered as protection for the cash collateral posted position?

Answer:
While posted collateral represents an instrument in the sense of AnaCredit in accordance with page 23 of the AnaCredit Manual Part II, in our view the negative market value is inherent in the fair value of a given derivative position (from the perspective of dealer/buyer). As such, since Stage 1 of AnaCredit clearly takes derivatives out of scope, and since the negative market value stems from the derivative itself, the negative market value should not be reported.

2.17 Protection allocated value

Question:
Must the protection allocated value be capped so that it does not exceed the carrying amount of the related instrument?

Answer:
Not in all cases. The AnaCredit Manual states that reporting agents are not required to report the protection allocated in accordance with Part 2 of Annex V to the ITS. As such, the protection allocated value may exceed the outstanding nominal amount of the instrument that the protection secures.

2.18 RIAD code

Question:
For MFIs that are counterparties in a contract, is the reporting agent allowed to use its internal identifier for this MFI? Or should the MFI's RIAD code be used instead?

Answer:
Reporting agents are required to use their internal identifiers. The internal identifier can be the customer number assigned to the MFI. Once it has been issued for the first time this identifier cannot be modified nor reused for other counterparties.

Based on the MFI's national identifier (trade register entry number or legal entities and partnerships information number (*Rechtspersonen en Samenwerkingsverbanden Informatie Nummer – RSIN*)), DNB will look up the corresponding RIAD code.