

APPENDIX: WRITTEN-OFF INSTRUMENTS AND INSTRUMENTS IN DEFAULT IN THE CREDIT REGISTER

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CC:

File no.: 165916
Document no.: 1788735

11 October 2018

1. INSTRUMENTS IN DEFAULT VERSUS WRITTEN-OFF INSTRUMENTS

This appendix makes a distinction between instruments that are in default but have not been written off and instruments that have been written off and which are typically also in default. Reporting of instruments in default is described in the reporting guidelines so it is not elaborated on here. In other words, the appendix provides a description of how to report written-off instruments. The definitions are as follows:

- **Instruments in default that have not been written off**

Comprises instruments in default; they may have been subject to impairment charges. In other words, amounts may have been reported in attributes 4.3.4 Arrears for the instrument, 4.6.4 Accumulated impairment amount and 4.6.13 Cumulative recoveries since default. Attribute 4.6.13 Cumulative recoveries since default is to be reported for instruments in default if an amount has been received between the date of the most recent default and the reference date, cf. the reporting guidelines. This requirement only comprises recoveries on instruments that have been reported to the credit register. Recoveries on instruments that have never been reported to the credit register are *not* comprised by this reporting requirement.

Instruments of this type have not been written off, i.e. no positive amount is reported in attribute 4.6.3 Accumulated write-offs.

- **Written-off instruments, which are typically also in default**

Comprises instruments that have been (partially or completely) written off, i.e. a positive amount is reported in attribute 4.6.3 Accumulated write-offs.

A distinction is made between whether or not all the counterparty's instruments vis-à-vis the reporter have been completely written off, cf. the reporting guidelines.

2. REPORTING OF WRITTEN-OFF INSTRUMENTS

In accordance with section 2.3.9 of the reporting guidelines for the credit register, written-off instruments must also be reported to the credit register. Exactly when such instruments are to be removed from the reporting depends on whether the debtor has other exposures vis-à-vis the reporter. A distinction is made between three situations:

1. If the debtor has only one instrument vis-à-vis the creditor, that instrument is to be reported until it has been completely written off, cf. the example in Box 6 in the reporting guidelines. As a minimum, the following attributes in the example are to be reported in the reference period as at 30 June 2020 for a completely written-off instrument (besides dataset 1. Counterparty reference dataset and dataset 4. Counterparty-instrument data):
 - 4.3.7 Outstanding nominal amount, to be reported as "0"
 - 4.6.3 Accumulated write-offs
 - 4.6.8 Performing status of the instrument, which is to be reported with one of the outcomes for non-performing, depending on the number of days that the instrument has been in arrears, i.e. one of the outcomes 4, 5, 6 or 7.
 - 4.6.13 Cumulative recoveries since default

The precise reporting requirements are stated in the appendix.

For AnaCredit, the following datasets are *not* to be reported for instruments of this type, cf. [example 13.2](#) in the ECB's [Manual Part III](#), as AnaCredit allows so-called "delta reporting":

- 1. Counterparty reference dataset,
- 2. Instrument dataset,
- 4. Counterparty-instrument data,
- 5. Joint liabilities dataset,
- 9. Counterparty risk dataset and
- 10. Counterparty default dataset

2. If the debtor has several instruments vis-à-vis the creditor, completely written-off instruments are to be reported to the credit register until all the debtor's instruments have been written off, redeemed or settled in any other way, cf. the example in Box 7 of the reporting guidelines and situation 3 below. The requirements under item 1 above also apply to reporting of these instruments, cf. the appendix, except that they must be reported until all the debtor's instruments have been written off, redeemed or settled in any other way.
3. If a written-off instrument ceases to exist, e.g. if the creditor has cancelled the debt or sold the claim to a third party, the instrument is not to be reported after the quarter in which write-off took place, irrespective of whether the debtor has other instruments vis-à-vis the creditor. The requirements under item 1 above also apply to reporting of these instruments, cf. the appendix. This also comprises instruments that have been *sold* for debt collection, but *not* instruments administered by a debt collection agency where the reporter still recognises the instrument on its balance sheet and possibly receives any amounts that the debt collection agency recovers from the counterparty.

2.1 Examples of reporting of written-off instruments:

- Example 1 – Transfer of loan by mortgage bank
- Example 2 – Partial write-off of loan
- Example 3 – Written-off instrument with several debtors, some of which are not in default

Example 1 – Transfer of loan by mortgage bank

Box 1

The old debtor has a contract (contract 1) for a loan (instrument 1) secured on real property. The debtor defaults on the loan and enforced sale of the property takes place on 15 December 2019, at a price of kr. 750,000. The creditor registers a loss of kr. 250,000, which is written off on the same day, on which the property is also loan transferred to the new debtor.

The new debtor acquires the loan (instrument 1) via a contract (contract 2) with an impaired remaining bond debt of kr. 750,000 secured against the property.

As write-off has taken place on the loan during the reference period, the loan is to be reported for the 4th quarter of 2019 as linked to the old debtor, cf. the table. As the loan has been acquired by the new debtor, the loan is also to be reported for the 4th quarter of 2019 for the new debtor, cf. the table.

Dataset and attribute	Old debtor	New debtor
Dataset 1. Counterparty reference dataset		
4.1.1 Counterparty identifier	XXXXXXXXXX	ZZZZZZZZZZ
4.1... Other attributes in dataset 1	...	...
Dataset 2. Instrument dataset		
4.2.1 Contract identifier		Contract 2
4.2.2 Instrument identifier		Instrument 1
4.2.7 Inception date		20191215
4.2.14 Commitment amount at inception		750,000
4.2... Other attributes in dataset 2		...
Dataset 3. Financial dataset		
4.2.1 Contract identifier	Contract 1	Contract 2
4.2.2 Instrument identifier	Instrument 1	Instrument 1
4.3.7 Outstanding nominal amount	0	750,000
Dataset 4. Counterparty-instrument data		
4.1.1 Counterparty identifier	XXXXXXXXXX	ZZZZZZZZZZ
4.2.1 Contract identifier	Contract 1	Contract 2
4.2.2 Instrument identifier	Instrument 1	Instrument 1
4.4.1 Counterparty role	Debtor	Debtor
Dataset 6. Accounting dataset		
4.2.1 Contract identifier	Contract 1	Contract 2
4.2.2 Instrument identifier	Instrument 1	Instrument 1
4.6.2 Balance-sheet recognition	Entirely derecognised	Entirely recognised
4.6.3 Accumulated write-offs	250,000	0
4.6.14 Carrying amount	0	750,000
4.6... Other attributes in dataset 6	...	...
Dataset 7. Protection received dataset		
4.7.1 Protection identifier		Mortgage Deed 1
4.7.3 Protection value		750,000
4.7... Other attributes in dataset 7		...

Example 2 – Partial write-off of loan

Box 2

The debtor has a contract (contract 1) for an unsecured loan (instrument 1). The debtor defaults on the loan, which is then partially written off. This is reported to the credit register as at 31 December 2020.

In January 2021, renegotiation takes place with the customer and the payments are adjusted downwards to a size that the customer is expected to be able to manage. If the customer observes the new terms and conditions, the new payments due on the loan will be reported and they will also be reported as recoveries until the loss has been redeemed; in the table reporting as at 31 December 2020 and 31 March 2021 have been illustrated for the loan.

The amount written off is reported to the credit register until all the debtor's instruments have been written off, redeemed or settled in any other way. If the customer and the bank later agree that the customer is able to pay the amount lost on the old loan, this is reported as recoveries on the instrument.

Dataset and attribute, reference period	31 Dec. 2020	31 March 2021
Dataset 1. Counterparty reference dataset		
4.1.1 Counterparty identifier	XXXXXXXXXX	XXXXXXXXXX
4.1... Other attributes in dataset 1	...	...
Dataset 2. Instrument dataset		
4.2.1 Contract identifier	Contract 1	Contract 1
4.2.2 Instrument identifier	Instrument 1	Instrument 1
4.2.7 Inception date	20120331	20120331
4.2.13 Legal final maturity date	20270331	20310131
4.2.14 Commitment amount at inception	100,000	100,000
4.2... Other attributes in dataset 2	...	...
Dataset 3. Financial dataset		
4.2.1 Contract identifier	Contract 1	Contract 1
4.2.2 Instrument identifier	Instrument 1	Instrument 1
4.3.4 Arrears for the in- strument	3,000	0
4.3.7 Outstanding nominal amount	50,000	29,000
4.3.13 Ordinary principal payments	3,000	1,000
4.3... Other attributes in dataset 3	...	...
Dataset 4. Counterparty-instrument data		
4.1.1 Counterparty identi- fier	XXXXXXXXXX	XXXXXXXXXX
4.2.1 Contract identifier	Contract 1	Contract 1
4.2.2 Instrument identifier	Instrument 1	Instrument 1
4.4.1 Counterparty role	Debtor	Debtor

Dataset 6. Accounting**dataset**

4.2.1 Contract identifier	Contract 1	Contract 1
4.2.2 Instrument identifier	Instrument 1	Instrument 1
4.6.2 Balance-sheet recognition	Entirely recognised	Entirely recognised
4.6.3 Accumulated write-offs	20,000	20,000
4.6.8 Performing status of the instrument	Non-performing exposure: past due less than 90 days	Performing exposure
4.6.9 Date of performing status of the instrument	20201212	20210331
4.6.11 Status of forbearance and renegotiation	Not forborne or renegotiated	Forborne: instruments with other modified terms and conditions
4.6.12 Date of forbearance and renegotiation	20120331	20210131
4.6.13 Cumulative recoveries since default	0	1,000
4.6.14 Carrying amount	30,000	29,000
4.6... Other attributes in dataset 6	...	...

Dataset 10: Counterparty default dataset

4.1.1 Counterparty identifier	XXXXXXXXXX	XXXXXXXXXX
4.10.1 Default status of the counterparty	Yes	Yes
4.10.2 Date of the default status of the counterparty	20201212	20201212

Example 3 – Written-off instrument with several debtors, some of which are not in default

Box 2

This loan (instrument 3) has two debtors (debtors A and B), who are in divorce proceedings. Only one debtor – debtor B – is making payments, while debtor A is in default. Consequently, kr. 250,000 has been written off on the loan. The debtors have joint and several liability, so the loan is reported to the credit register stating both debtors, and the write-off is reported for the instrument (not at debtor level), cf. the table. In dataset 10. Counterparty default dataset, it is stated that debtors A and B are both in default as this is the practice followed by this reporter when a loan is more than 90 days past the due date, i.e. instruments 3, 4 and 5 are all in default, but write-off has not taken place for instruments 4 and 5.

Both debtors have other debts to the bank (instruments 4 and 5) and the write-off on instrument 3 is reported to the credit register until all the debtors' instruments have been written off, redeemed or settled in any other way.

Dataset and attribute	Debtor A	Debtor B	Debtor A	Debtor B
Dataset 1. Counterparty reference dataset				
4.1.1 Counterparty identifier	XXXXXXXXXX	ZZZZZZZZZZ		
4.1... Other attributes in dataset 1	...	...
Dataset 2. Instrument dataset				
4.2.1 Contract identifier	Contract 3		Contract 4	Contract 5
4.2.2 Instrument identifier	Instrument 3		Instrument 4	Instrument 5
4.2.7 Inception date	20020331		20150331	20100331
4.2.14 Commitment amount at inception	1,000,000		50,000	85,000
4.2... Other attributes in dataset 2	...		...	...
Dataset 3. Financial dataset				
4.2.1 Contract identifier	Contract 3		Contract 4	Contract 5
4.2.2 Instrument identifier	Instrument 3		Instrument 4	Instrument 5
4.3.7 Outstanding nominal amount	500,000		30,000	15,000
Dataset 4. Counterparty-instrument data				
4.1.1 Counterparty identifier	XXXXXXXXXX	ZZZZZZZZZZ	XXXXXXXXXX	ZZZZZZZZZZ
4.2.1 Contract identifier	Contract 3	Contract 3	Contract 4	Contract 5
4.2.2 Instrument identifier	Instrument 3	Instrument 3	Instrument 4	Instrument 5
4.4.1 Counterparty role	Debtor	Debtor	Debtor	Debtor
Dataset 5. Joint liabilities dataset				
4.1.1 Counterparty identifier	XXXXXXXXXX	ZZZZZZZZZZ	XXXXXXXXXX	ZZZZZZZZZZ
4.2.1 Contract identifier	Contract 3	Contract 3	Contract 4	Contract 5
4.2.2 Instrument identifier	Instrument 3	Instrument 3	Instrument 4	Instrument 5
4.5.1 Joint liability amount	1,000,000	1,000,000	50,000	85,000
Dataset 6. Accounting dataset				
4.2.1 Contract identifier	Contract 3		Contract 4	Contract 5
4.2.2 Instrument identifier	Instrument 3		Instrument 4	Instrument 5
4.6.2 Balance-sheet recognition	Entirely rec-		Entirely rec-	Entirely rec-

tion	ognised	ognised	ognised
4.6.3 Accumulated write-offs	250,000	0	0
4.6.14 Carrying amount	250,000	30,000	15,000
4.6... Other attributes in dataset 6	...	...	...
Dataset 10: Counterparty default dataset			
4.1.1 Counterparty identifier	XXXXXXXXXX	ZZZZZZZZZ	
4.10.1 Default status of the counterparty	Yes	Yes	
4.10.2 Date of the default status of the counterparty	20201212	20201212	

2.2 Reporting of recoveries on written-off instruments

2.2.1 Reporting of recovered losses in the BSI statistics

In the BSI statistics, the [Manual for treatment of losses](#) (in Danish only) specifies that for recovered losses, DN can accept that all dimensions on the BalUd sheet are reported as unknown if it is impossible for the institution to identify the original loan data. This option will not be available in the credit register as various counterparty data is required in order to report to the credit register.

In general, only a small percentage of recovered losses are reported to the BSI statistics with an unknown institutional sector. In some cases, the reason may be that the institution has put the protection down to its account before any realisation of the assets; this typically depends on the time that passes from the acquisition until recoveries are received (typically 5 years). As a result, the recovered losses are reported with the institutional sector financial corporations rather than unknown (and not with the institutional sector code of the original debtor). Other institutions prefer to report recoveries as direct value adjustments of capital and reserves and not as recovered losses.

2.2.2 Reporting to the credit register

In general, a distinction is made between three different situations:

1. Situation 1: One instrument vis-à-vis the creditor
2. Situation 2: Several instruments vis-à-vis the creditor
3. Situation 3: Special situations relating to discontinued instruments

Situation 3 may comprise situations where the debtor has one or several instruments vis-à-vis the creditor. So situations 1 and 2 do not comprise the special situations described under item 3.

Situation 1: One instrument vis-à-vis the creditor

If an instrument has been completely written off and recoveries are received on the instrument at some point after the final reporting of the instrument, e.g. during the 4th quarter of 2020 (after the instrument has been reported as completely written off), they are *not* to be reported in attribute 4.6.13 Cumulative recoveries since default. This clarification from the ECB means that, in effect, it will not be possible to determine the ultimate losses on these instruments. The ECB is aware of this and notes that the reporting requirements for instruments of this type may be amended in a future update of AnaCredit.

Situation 2: Several instruments vis-à-vis the creditor

Completely written-off instruments are to be reported to the credit register until all the debtor's instruments have been written off, redeemed or settled in any other way, cf. situation 3 below. This means that any recoveries on the instruments are to be reported on the relevant instruments – as they are received. If the recoveries are stated at debtor level, it is expected that the recovered amount is distributed in an appropriate way to the relevant instruments, excluding the instruments not regarded as being in default (and/or those not comprised by the AnaCredit reporting requirement), cf. the [ECB's Manual Part II, page 136, lines 6-10](#).

Situation 3: Special situations relating to discontinued instruments

This includes various scenarios as described below:

1. Cancellation of debt

If the creditor has cancelled the counterparty's debt, no further amounts are collected from the counterparty. The instrument is reported until the debt is cancelled, at which point the cancelled amount is reported in attribute 4.6.3 Accumulated write-offs.

2. Resale to third party

An instrument in default is sold to a third party, e.g. to a debt collection agency, and the remaining part of the instrument is written off at the same time. The sales price is reported under recoveries in attribute 4.6.13 Cumulative recoveries since default, and the written-off amount in attribute 4.6.3 Accumulated write-offs. Unless it has been specified in the agreement with the agency that the institution may receive more recoveries on the claim sold, the instrument is *not* to be reported to the credit register in post-sale reference periods.

3. Discontinuation of registration due to General Data Protection Regulation requirements

Recoveries received on written-off instruments that are no longer registered in the institution's systems because counterparty data may no

longer be stored, cf. the General Data Protection Regulation, are *not* to be reported to the credit register.

4. Discontinued instrument

Recoveries received on written-off instruments that are no longer registered in the institution's systems and for which neither counterparty nor instrument data is available any more, are *not* to be reported to the credit register.

5. Discontinuation due to time limit

Recoveries received on written-off instruments that are obsolete under the [Danish Limitation Act](#) (in Danish only), cf. Act no. 1238 of 9 November 2015, are not to be reported to the credit register. Typically, a 10-year time limit applies to claims relating to cash loans or unauthorised overdrafts on bank accounts.

APPENDIX: REPORTING WRITTEN-OFF INSTRUMENTS

Dataset reporting requirements

Since the institutions cannot be expected to have all data available about instruments that have been completely written off, it is not a requirement that all datasets must be reported for completely written-off instruments, i.e. a form of delta reporting is permitted for this type of instrument, cf.

Table 1. For example, all protection is expected to have been realised when an instrument has been completely written off, so the datasets with information about protection are not to be reported (datasets 7, 8 and 11).

Since it is not a requirement that e.g. dataset 2. Instrument dataset is to be reported for completely written-off instruments, there will be a breach of some objective checks. To ensure that no misleading outliers occur, the final checks will therefore take into account the reporting requirements for completely written-off instruments described in this appendix.

Dataset reporting requirements		Table 1
Datasets to be reported	Datasets <i>not</i> to be reported	
Dataset 1. Counterparty reference dataset	Dataset 2. Instrument dataset	
Dataset 3. Financial dataset	Dataset 5. Joint liabilities dataset	
Dataset 4. Counterparty-instrument data	Dataset 7. Protection received dataset	
Dataset 6. Accounting dataset	Dataset 8. Instrument-protection received data	
	Dataset 9. Counterparty risk data	
	Dataset 10. Counterparty default dataset	
	Dataset 11. Counterparty-protection received data	

Attribute reporting requirements

In dataset 1. Counterparty reference dataset and dataset 4. Counterparty-instrument data, all attributes are to be reported for counterparties and instruments that have been completely written off.

In dataset 3. Financial dataset and dataset 6. Accounting dataset, Table 2 lists the attributes to be reported for completely written-off instruments. See also the explanation in the subsections below.

Reporting of mandatory attributes

Dataset 3. Financial dataset and dataset 6. Accounting dataset include attributes that are mandatory to fill in if the reporting is to "pass" the format checks. But some of these attributes are not expected to be available to the institutions for completely written-off instruments, so the values to be reported for these attributes are stated in Table 2. An example of such an attribute is attribute 4.6.11 Status of forbearance and renegotiation, which is mandatory but not immediately possible to state for a completely written-off instrument, so the code for "Not forborne or renegotiated" is to be reported (corresponding to 8).

Reporting of attributes that are not mandatory

Dataset 3. Financial dataset and dataset 6. Accounting dataset include attributes that are not mandatory to fill in, and the reporting will "pass" the format checks even though these attributes have not been reported. But some of these attributes are not expected to be available to the institution for completely written-off instruments. For attributes that have a code list where one of the outcomes is "NA", this outcome is reported for completely written-off instruments, cf. Table 2. An example of such an attribute is attribute 4.6.1 Accounting classification of instruments, for which the code for "NA" is reported (corresponding to 99). For the remaining attributes, i.e. attributes with a code list without the outcome "NA" and attributes without any code list, "Not required" is reported for completely written-off instruments. An example of such an attribute is attribute 4.3.1 Interest rate, for which "Not required" is reported.

Reporting requirements for completely written-off instruments, datasets 3 and 6

Table 2

No.	Name	Mandatory	Code list	"NA" in code list	Reporting requirement
Dataset 3. Financial dataset					
4.2.1	Contract identifier	Yes			To be reported
4.2.2	Instrument identifier	Yes			To be reported
4.3.1	Interest rate	No			"Not required"
4.3.2	Next interest rate reset date	No			"Not required"
4.3.3	Transferred amount	Yes			0
4.3.4	Arrears for the instrument	Yes			0
4.3.5	Date of past due for the instrument	No			"Not required"
4.3.6	Type of securitisation	No	K14		"Not required"
4.3.7	Outstanding nominal amount	Yes			0
4.3.8	Accrued interest	No			"Not required"
4.3.9	Off-balance sheet amount	No			"Not required"
4.3.1	Administration margin	No			"Not required"
4.3.11	Accrued administration margin payments	No			"Not required"
4.3.12	Weighted price of the outstanding nominal amount of the bond	No			"Not required"
4.3.13	Ordinary principal payments	No			"Not required"
4.3.14	Ordinary principal payments – bond payments	No			"Not required"
4.3.15	Extraordinary principal payments	No			"Not required"
Dataset 6. Accounting dataset					
4.2.1	Contract identifier	Yes			To be reported
4.2.2	Instrument identifier	Yes			To be reported
4.6.1	Accounting classification of instruments	No	K16	X	99
4.6.2	Balance-sheet recognition	Yes	K17		3
4.6.3	Accumulated write-offs	No			To be reported
4.6.4	Accumulated impairment amount	No			"Not required"
4.6.5	Type of impairment	No	K18	X	"Not required"
4.6.6	Impairment assessment method	No	K19	X	"Not required"
4.6.7	Sources of encumbrance	No	K20		"Not required"
4.6.8	Performing status of the instrument	No	K21		4, 5, 6 or 7
4.6.9	Date of performing status of the instrument	No			To be reported

4.6.1	Provisions associated to off-balance sheet exposures	No	"Not required"
4.6.11	Status of forbearance and renegotiation	Yes K22	8
4.6.12	Date of forbearance and renegotiation	Yes	1900-01-01
4.6.13	Cumulative recoveries since default	No	To be reported
4.6.14	Carrying amount	No	0

Note: Attributes to be reported with other values than "Not required" have a grey background colour.