



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

2011

Related Party Lending Return Notes on Compilation



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INTRODUCTION

Section 7 (a) of the Code of Practice on Lending to Related Parties outlines that related party exposures shall now be reported to the Central Bank on a periodic basis and in a format specified from time to time by the Central Bank pursuant to Section 117(3)(a) of the Central Bank Act 1989. This is without prejudice to the rights and powers of the Central Bank to otherwise request specific information at any point in time or to conduct inspections of a credit institution's compliance with the code.

The Central Bank has now specified the reporting template and frequency. The purpose of these notes is to provide assistance to credit institutions when completing the reporting template for submission.

GENERAL REQUIREMENTS

- Reporting frequency: Quarterly.
- The return should be completed in thousands of euro.
- All percentage figures should be reported to two decimal places.
- The return must be submitted within 20 business days via the Online Reporting System.
- Sign-off at the director level is required.
- A return is required even if reporting a 'Nil' return. One row reporting '0' amounts should be included in the return.
- Conditions imposed regarding public disclosure in annual financial statements for lending to directors & connected persons will continue regardless of the introduction of the Related Party Lending Code.
- Credit institutions should apply for necessary codes using the RPL information Schedule and by submitting it to lex.return@centralbank.ie. Credit Institutions will then be issued with the necessary codes. Individuals i.e. Directors, Senior Managers & Significant Shareholders with connected clients will require an entity "C" code which can also be acquired using the [RPL information Schedule](#) and by submitting it to lex.return@centralbank.ie.

REPORTING TEMPLATE

The template is constructed based on four blocks of information:

- a) Details of Related Party
- b) Details of Exposure
- c) Exposure Limits
- d) Performance Information

a) DETAILS OF RELATED PARTY

This block contains seven columns of information as illustrated below.

Details of Related Party						
Related Party Category		Related Party Code		Related Party Name		Nature of Connection
Principal RP 1.1	Connected RP 1.2	Principal RP 1.3	Connected RP 1.4	Principal RP 1.5	Connected RP 1.6	

Column RP 1.1 – Related Party Category - Principal

This column includes a drop down menu with four classifications which describe the principal related party.

The principal related party refers to a director, senior manager, significant shareholder of the credit institution or an entity in which the credit institution has a significant shareholding.

This column represents the total exposure of the principal related party including personal and connected party exposures.

Classification	Principal
1	Director
2	Senior Manager
3	Significant Shareholder
4	Entity

Column RP 1.2 – Related Party Category - Connected

This column includes a drop down menu with five sub-classifications four of which describe the connected related party.

The connected related party refers to a connected person to the principal related party. The field also includes a category for the exposure of the principal related party.

Sub Classification	Connected
A	Exposure of principal related party
B	Connected party of a Director
C	Connected party of a Senior Manager
D	Connected party of a Significant Shareholder
E	Connected party of an Entity

Column RP 1.3 – Related Party Code - Principal

Person/Entity code of the principal related party

Column RP 1.4 – Related Party Code - Connected

Person/Entity code of the connected related party

Column RP 1.5 – Related Party Name - Principal

Name of the principal related party

Column RP 1.6 – Related Party Name - Connected

Name of the connected related party

Column RP 1.7 – Nature of Connection

This is a description of the relationship that exists which has created the connection. This column includes a drop down menu with 5 options.

Drop down menu descriptions	Description
Spouse	Spouse of a Principal Related Party
Domestic Partner	Domestic partner of a Principal Related Party
Child	Child (whether natural or adopted) of a Principal Related Party
Control	As defined in section 5 point (b) of Related Party Lending Code
Interconnectiveness	As defined in section 5 point (c) of Related Party Lending Code

b) DETAILS OF EXPOSURE

This block contains six columns of information as illustrated below.

Details of Exposure					
Exposure Approved	Exposure Drawn Down	Exposure Outstanding	6(i) III & IV Non-Credit Institution Exemption Amount	6(i) III, IV, V, VI Credit Institution Exclusion Amount	Net Exposure Outstanding
€'000 RP 1.8	€'000 RP 1.9	€'000 RP 1.10	€'000 RP 1.11	€'000 RP 1.12	€'000 RP 1.13

Column RP 1.8 – Exposure Approved

Gross amount of lending approved as at the reporting date (includes drawn and undrawn amounts). For inter-group credit lines this field should be populated with an amount equivalent to the limit approved.

Column RP 1.9 – Exposure Drawn Down

Gross amount of lending approved drawn down or advanced as at the reporting date. For reporting credit lines, this field should be populated with an amount equivalent to the maximum exposure drawn down (at close of business day) during the quarter under review.

Column RP 1.10 – Exposure Outstanding

Carrying amount of on balance sheet commitments (balance outstanding on the drawn down amount less individual impairment provisions).

plus

The value of any off balance sheet commitments e.g. guarantees or committed facilities as at the reporting date. (For guarantees or committed facilities, this field should be populated with an amount equivalent to the full exposure value)

Note: Credit Risk Mitigation does not apply.

Column RP 1.11 – 6(i) III, IV, Non-Credit Institution Exemption Amount

This relates to exposures to a significant shareholder or businesses in which the significant shareholder has a significant shareholding. Where these parties are non-credit institutions, an exemption from the limits under 6(i) III and IV of the Code is potentially available. Where a Credit Institution has applied for, and been granted this exemption, this field should be populated with an amount equivalent to the exposure outstanding, thus bringing the net exposure outstanding to zero for that particular exposure.

Column RP 1.12 –6(i) III, IV, V, VI Credit Institution Exclusion Amount

This relates to lending to:

- A significant shareholder or businesses in which the significant shareholder has a significant shareholding; or
- A client or group of connected clients in which the Credit Institution has a significant shareholding.

Where these parties are credit institutions the limits outlined in 6(i) III, IV, V, VI do not apply. This field, where such lending exists, should be equivalent to the exposure outstanding amount, thus bringing the net exposure outstanding to zero.

Column RP 1.13 – Net Exposure Outstanding

This is the sum of column 1.10 minus 1.11 minus 1.12.

c) EXPOSURE LIMITS

This block contains two columns of information as illustrated below.

Exposure Limits	
Own Funds €'000 RP 1.14	Net Exposure outstanding as % of Own Funds RP 1.15

Column RP 1.14 – Own funds

This is the own funds of the credit institution. For use in calculating RP 1.15, RP 1.14 will represent own funds excluding tier 3 funds (i.e. COREP CA 1.3 LE).

Column RP 1.15 – Net exposure outstanding as % of own funds

This column includes the net exposure outstanding as a % of own funds. This figure should be within the limits set out in section 6 of the Related Party Lending Code. This % is calculated as Column RP 1.13 / Column RP 1.14.

d) PERFORMANCE INFORMATION

This block contains four columns of information as illustrated below.

Performance Information			
Arrears Balance	No of Payments in Arrears	Individual Impairment Provision	Facility Restructured
€'000		€'000	
RP 1.16	RP 1.17	RP 1.18	RP 1.19

Column RP 1.16 – Arrears Balance

The value of scheduled payments which have not been made and which are now overdue.

Column RP 1.17 – No. of payments in arrears

The number of scheduled payments that the arrears balance represents.

Column RP 1.18 – Individual Impairment Provision

The value of any individual impairment provision relating to this exposure.

Column RP 1.19 – Facility Restructured

An indication of whether the facility has had the level of scheduled repayment reduced.

COMPLETING THE REPORTING TEMPLATE

This section and certain bullet points in the general requirements section on page 3 relating to the 'nil' returns and the provision of codes are subject to revision pending finalisation of operational arrangements with respect to the deployment of the template to the Online Reporting System.

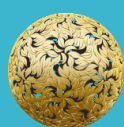
- The template should be completed in the following order of related parties; i.e. column RP 1.1.

1 st	Director
2 nd	Senior Manager
3 rd	Significant Shareholder
4 th	Entity

- The top level row for each principal related party under classifications 1, 2, 3 or 4 should represent the total exposures including the value for connected related parties.(Except where joint accounts are reported – see point below)

- Where an exposure is in joint names and both parties are related parties, a reporting line for each party reporting the full exposure value should be included. In the top level row for the principal related party the exposure value should only be included once when calculating the total exposure.
- For each new principal related party, the classification selected (RP 1.1) should be 1, 2, 3 or 4.
- Exposures for each principal related party should be reported as a separate row using sub classification A.
- For each new connected related party, the sub classification selected (RP 1.2) should be B, C, D or E.
- Analysis of the total exposure for each principal related party should be completed before moving to the next principal related party. The analysis should sum to the total exposure reported in the top level row.
- Insert additional rows to the reporting template as required.
- Appendix 1 sets out an example of a completed reporting template.

T +353 1 424 4445 F +353 1 671 1370 www.centralbank.ie lex.return@centralbank.ie



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

**Bosca PO 559, Sráid an Dáma, Baile Átha Cliath 2, Éire
PO. Box No 559, Dame Street, Dublin 2, Ireland**