

18. In order to calculate MFI interest rates on accounts that can either be a deposit or a loan, depending on their balance, reporting agents distinguish between the periods with a credit balance and the periods with a debit balance. The reporting agents report weighted average interest rates referring to the credit balances as overnight deposits and weighted average interest rates referring to the debit balances as overdrafts. They do not report weighted average interest rates combining (low) overnight deposit rates and (high) overdraft rates.

VI. *New business in instrument categories other than overnight deposits, deposits redeemable at notice, credit card debt and revolving loans and overdrafts*

19. The following paragraphs 20 to 27 refer to deposits with agreed maturity, repurchase agreements (repos) and all loans other than revolving loans and overdrafts and credit card debt as defined in paragraphs 46 to 49 and 55. Paragraphs 22 to 23 on renegotiated loans refer only to loans other than revolving loans, overdrafts and credit card debt.

20. *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, and

— all renegotiations of existing deposit and loan contracts as defined in paragraph 21.

21. *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.

22. For the separate reporting of new business volumes of renegotiated loans to households and non-financial corporations in MFI interest rate statistics, 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.

23. 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 paragraph 28, it should not be included in renegotiated loans nor new business.

24. 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 paragraph 35.

25. 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.

26. 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.

27. 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 MFI 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 MFI 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.

VII. Treatment of bad loans and loans for debt restructuring below market conditions

28. 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 Regulation (EU) No 1071/2013 (ECB/2013/33), and the total amount of a loan partially or totally classified as a bad loan is excluded from MFI interest rates statistics. Loans for debt restructuring, i.e. restructuring in relation to financially distressed debtors, should be defined in accordance with existing national definitions.

PART 3**Time reference point****VIII. Time reference point for MFI interest rates on outstanding amounts**

29. NCBs decide whether at national level the MFI interest rates on outstanding amounts, i.e. indicators 1 to 26 described in Appendix 1, are compiled as a snapshot of end-period observations or as implicit rates referring to period averages. The period covered is one month.
30. 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. In contrast to *monthly* averages, MFI interest rates on outstanding amounts compiled as end-month observations only cover those contracts that are still outstanding at the time of the data collection.
31. Interest rates on outstanding amounts as implicit rates referring to the average of the month are calculated as quotients, with the accrued interest payable on deposits and receivable on loans during the reference month as the numerator, and the average stock during the month as the denominator. At the end of the reference month, the reporting agent reports the accrued interest payable or receivable during the month for each instrument category and the average stock of deposits and loans during the same month. In contrast to end-month observations, the MFI interest rates on outstanding amounts compiled as monthly averages also include contracts that were outstanding at some time during the month but are no longer outstanding at the end of the month. The average stock of deposits and loans during the reference month is ideally compiled as the average of daily stocks over the month. As a minimum standard, the average monthly stock is derived from daily balances for volatile instrument categories, i.e. at least overnight deposits, deposits redeemable at notice, extended credit card credit and revolving loans and overdrafts. For all other instrument categories, the average monthly stock is derived from weekly or more frequent balances.

IX. Time reference point for new business on overnight deposits, deposits redeemable at notice, extended credit card credit and revolving loans and overdrafts

32. NCBs decide whether at national level the MFI interest rates on overnight deposits, deposits redeemable at notice, extended credit card credit and revolving loans and overdrafts, i.e. indicators 1, 5, 6, 7, 12, 23, 32 and 36 described in Appendix 2, are compiled as a snapshot of end-period observations or as implicit rates referring to period averages. The period covered is one month.
33. Analogous to the compilation of the interest rates on outstanding amounts contained in Appendix 1, the interest rates on overnight deposits, deposits redeemable at notice, extended credit card credit and revolving loans and overdrafts are compiled in either of the following manners:
- (a) a snapshot of end-month observations is calculated, 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. At that time, the reporting agent collects the interest rates 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 compile a weighted average interest rate for each instrument category. In contrast to monthly averages, MFI interest rates on outstanding amounts compiled as end-month observations only cover those contracts that are still outstanding at the time of data collection;
 - (b) implicit rates referring to the average of the month are calculated, i.e. quotients, with the accrued interest payable on deposits and receivable on loans as the numerator and the average daily stock as the denominator. At the end of the month, for overnight deposits, deposits redeemable at notice, extended credit card credit and revolving loans and overdrafts the reporting agent reports the accrued interest payable or receivable during the month and the average stock of deposits and loans during the same month. For overnight deposits, deposits redeemable at