

# Regulations and guidelines 7/2012

## Reporting of mortgage bank operations

**Journal Number**  
FIVA/2022/1880

**Issued**  
26 July 2012

**Valid from**  
31 December 2012

**Further information from**  
Banking Supervision/Banking Risk  
Areas

**FINANCIAL SUPERVISORY  
AUTHORITY**  
tel. +358 9 183 51  
firstname.surname@fiva.fi  
fin-fsa.fi

## Legal nature of regulations and guidelines

### Regulations

Financial Supervisory Authority (FIN-FSA) regulations are presented under the heading 'Regulation' in FIN-FSA's regulations and guidelines. FIN-FSA regulations are binding legal requirements that must be complied with.

FIN-FSA issues regulations only by virtue of and within the limits of legal provisions that entitle it to do so.

### Guidelines

FIN-FSA interpretations of the contents of laws and other binding provisions are presented under the heading 'Guideline' in FIN-FSA's regulations and guidelines.

Also recommendations and other operating guidelines that are not binding are presented under this heading, as are FIN-FSA's recommendations on compliance with international guidelines and recommendations.

The formulation of the guideline shows when it constitutes an interpretation and when it constitutes a recommendation or other operating guideline. A more detailed description of the formulation of guidelines and the legal nature of regulations and guidelines is provided on the FIN-FSA website.

[fin-fsa.fi](http://fin-fsa.fi) > Regulation > Legal framework of FIN-FSA regulations and guidelines

## Contents

<b>1</b>	<b>Scope of application and definitions</b>	<b>5</b>
1.1	Scope of application	5
1.2	Definitions	5
<b>2</b>	<b>Legal framework</b>	<b>6</b>
2.1	Legislation	6
2.2	European Union Regulations ( <i>Issued on 8 December 2022, valid from 30 June 2023</i> )	6
2.3	European Union Directives ( <i>Issued on 8 December 2022, valid from 30 June 2023</i> )	6
2.4	FIN-FSA's regulatory powers	6
<b>3</b>	<b>Objectives</b>	<b>7</b>
<b>4</b>	<b>Reporting to the FIN-FSA</b>	<b>8</b>
4.1	Submission of information for supervisory purposes	8
4.2	Report of mortgage bank operations	9
4.2.1	Supplementary collateral – section 15 of the MCBOA	12
4.2.2	Value changes in collateral portfolio – section 14, subsection 1 of the MCBOA	13
4.2.3	Requirements pertaining to intermediary loans – section 16, subsection 6 of the MCBOA	13
4.2.4	Liquidity requirements – section 17 of the MCBOA	14
4.2.5	Changes in the register	15
4.2.6	Data reportable under the MCBCBA ( <i>Issued on 8 December 2022, valid from 30 June 2023</i> )	16
4.2.6.2	. Liquidity coverage ratio of the cover pool (section 31 of the MCBCBA)	18

		4 (24)
4.2.6.1	Data on assets eligible to cover the liquidity requirement – sections 18 and 31 of the MCBCBA	19
4.2.6.2	Supplementary collateral in the cover pool – section 18 of the MCBCBA	20
4.2.6.3	Credit institution exposures in the cover pool – Article 129(1a) of the CRR	20
4.2.6.4	Information on covered bonds issued – section 38 of the MCBOA	21
<b>4.3</b>	<b>Verification of reported data</b>	<b>23</b>
<b>5</b>	<b>Revision history</b>	<b>24</b>

# 1 Scope of application and definitions

## 1.1 Scope of application

- (1) These regulations and guidelines apply to the following supervised entities as referred to in the Act on the Financial Supervisory Authority (*Issued on 8 December 2022, valid from 30 June 2023*):
- mortgage banks referred to in section 5 of the Act on Mortgage Credit Banks and Covered Bonds,
  - deposit banks and credit firms which have been granted authorisation by the Financial Supervisory Authority (FIN-FSA) to conduct mortgage bank operations referred to in section 8 of the Act on Mortgage Credit Banks and Covered Bonds.

## 1.2 Definitions

- (2) In these regulations and guidelines, *supervised entity* refers to all companies within the scope of application of these regulations and guidelines.
- (3) *Cover pool* refers, in the context of application of the Act on Mortgage Credit Bank Operations 688/2010, to a part of the bond register consisting of collateral pledged as security for example for a specific issue of covered bonds or a specific programme of covered bonds. In the context of application of the new Act (151/2022), cover pool is defined in accordance with the definition provided in section 2 of said Act. (*Issued on 8 December 2022, valid from 30 June 2023*)
- (4) *Collateral portfolio* refers to the aggregate portfolio consisting of all mortgage loans, loans to the public sector, supplementary collateral as well as assets and hedges used to cover the liquidity requirement. (*Issued on 8 December 2022, valid from 30 June 2023*)
- (5) *Loan-to-value ratio (LTV)* is calculated by dividing the amount of a residential or commercial property mortgage by the amount of collateral for the mortgage loan. In calculating the average LTV percentage for residential or commercial property mortgages included in the cover pools or the collateral portfolio, the total loan amount shall be used as the weighting factor and the fair value recorded in the bank's systems as the collateral value. (*Issued on 8 December 2022, valid from 30 June 2023*)

## 2 Legal framework

### 2.1 Legislation

(1) The following legal provisions relate to the matters addressed in these regulations and guidelines (*Issued on 8 December 2022, valid from 30 June 2023*):

- Act on Mortgage Credit Banks and Covered Bonds (151/2022, hereinafter MCBCBA)
- repealed Act on Mortgage Credit Bank Operations (688/2010, hereinafter MCBOA) in accordance with section 51 of the MCBCBA

### 2.2 European Union Regulations (*Issued on 8 December 2022, valid from 30 June 2023*)

(2) The following directly applicable European Union Directives are related to the matters addressed in these regulations and guidelines:

- Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (hereinafter the *Capital Requirements Regulation, CRR*)
- Commission Delegated Regulation (EU) 2022/786 amending Commission Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for credit institutions

### 2.3 European Union Directives (*Issued on 8 December 2022, valid from 30 June 2023*)

(3) The following European Union Directive relates to the matters addressed in these regulations and guidelines:

- Directive (EU) 2019/2162 of the European Parliament and of the Council on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU

### 2.4 FIN-FSA's regulatory powers

(4) The FIN-FSA's power to issue binding provisions on the topic is based on section 38, subsection 2 of the MCBCBA and section 18, subsection 2 of the Act on the Financial Supervisory Authority (878/2008). (*Issued on 8 December 2022, valid from 30 June 2023*)

### 3 Objectives

- (1) The objective of these regulations and guidelines is to lay down reporting obligations for mortgage bank operations and provide instructions for filling in the report form.
- (2) The regulations and guidelines are necessary for supervision of the reliability and stability of the banking system and in order to protect the public and the holders of covered bonds against, among other things, the risk of losing repayable funds.

## 4 Reporting to the FIN-FSA

### 4.1 Submission of information for supervisory purposes

#### GUIDELINE (paragraphs 1–3)

- (1) Information on mortgage bank operations conducted by deposit banks, credit firms and mortgage banks is collected via the KP data collection of the Virati Authority Task Force. The KP reporting only comprises information under the MCBOA and the MCBCBA. The collected information is used for the FIN-FSA's supervisory purposes and for the compilation of statistics.
- (2) Reporting under these regulations and guidelines shall be made in compliance with the more detailed reporting instructions available at the FIN-FSA website (<https://www.finanssivalvonta.fi/en/reporting>). *(Issued on 8 December 2022, valid from 30 June 2023)*
- (3) Mortgage banks' reporter level in the KP data collection of the Virati Authority Task Force is 210. For credit institutions authorised by the FIN-FSA in accordance with section 8 of the MCBCBA, the reporter level is 201. *(Issued on 8 December 2022, valid from 30 June 2023)*

#### REGULATION (paragraphs 4–9)

- (4) According to the valid reporting schedule of the Virati Authority Task Force, the supervised entity shall quarterly submit its KP reports on its position as of 31 March, 30 June, 30 September and 31 December (the reporting dates). The reports shall be submitted within 15 business days from the reporting date (submission period). Business days refer to days when deposit banks are normally open.
- (5) In the KP reports, monetary amounts shall be rounded to the nearest thousand euro and percentages to two decimal places with no percentage sign; counts must be exact.
- (6) If a reported supervisory piece of information later proves to be incorrect, the supervised entity shall submit a full report to the FIN-FSA substituting for the earlier data.
- (7) The information shall be reported by cover pool except for the rows in paragraph (8) below. In the workbook, there is a separate column for each cover pool. A Cover pools total column shows aggregate cover pool data. The supervised entity shall make sure that both the data in the separate pool columns and in the Pools total column are correct.
- (8) The following rows of the KP2 form are an exception to the rule that information shall be reported by cover pool. The supervised entity shall enter the data from these rows into the Cover pools total column. *(Issued on 8 December 2022, valid from 30 June 2023)*
  - row R 40 10 average LTV percentage for residential mortgages included in the collateral portfolio
  - row R 45 10 average LTV percentage for commercial property mortgages included in the collateral portfolio
  - row R 60 aggregate market value of residential and commercial property collateral statistically calculated



- row R 60 05 market value of residential collateral statistically calculated
- row R 60 10 market value of commercial property collateral statistically calculated
- row R 80 05 average remaining maturity of all covered bonds in the register
- row R 80 15 average maturity of all loans included in the bond register according to section 17, subsection 1 of the MCBOA
- rows R 85–R 85 25 changes in the register.

(9) In rows R 10–R 50 10 of the KP2 form, collateral for intermediary loans shall also be reported. *(Issued on 8 December 2022, valid from 30 June 2023)*

#### 4.2 Report of mortgage bank operations

##### GUIDELINE (paragraph 10)

(10) In reporting the information referred to in these regulations and guidelines on covered bonds issued before 7 August 2022 and derivatives contracts entered into the bond register prior to said date, the repealed MCBOA shall apply in accordance with section 51 of the new MCBCBA to the extent not governed by the new Act. *(Issued on 8 December 2022, valid from 30 June 2023)*.

##### REGULATION (paragraphs 11–36)

(11) In the rows in the KP reporting forms, the supervised entity shall fill in the required data as provided in paragraphs (12)–(116) of this section.

(12) *Cover pool name*

Enter the names of the cover pools in the KP1 form. The entered names shall remain unchanged from one reporting period to another. If it becomes necessary to change the name for technical or other reasons, the supervised entity shall contact the FIN-FSA.

(13) *Applicable law*

Enter the applicable law in column S 30 of the KP1 form. If the cover pool is subject to previous legislation under section 51, subsection 1 of the MCBCBA, enter 0 in the row. Otherwise, enter 1 in the row. *(Issued on 8 December 2022, valid from 30 June 2023)*

(14) Enter the information specified below on cover pools subject to the MCBOA, in accordance with section 51, subsection 1 of said Act, in the KP2 form. *(Issued on 8 December 2022, valid from 30 June 2023)*.

(15) R 05 *Aggregate covered bonds issued*

Enter here the aggregate remaining capital of covered bonds issued.

(16) R 10 *Aggregate loans placed as collateral for covered bonds*

Enter here the aggregate collateral for covered bonds.

- (17) R 15 *Proportion of excess collateral*
- Enter here the difference in euro between the aggregate collateral for covered bonds and the aggregate remaining capital of covered bonds (section 16 of the MCBOA).
- (18) R 20 *Excess collateral percentage*
- Enter here in decimal form the difference in euro between the aggregate collateral for covered bonds and the aggregate remaining capital of covered bonds as a proportion of covered bonds (section 16 of the MCBOA).
- (19) R 25 *Aggregate current value of cash flows from collateral for covered bonds*
- Enter here the current value of remaining cash flows from loans placed as collateral. The future cash flows from variable rate contracts shall be evaluated using a method that is documented in writing and approved by the Board of the bank. The valuation of future interest cash flows from variable rate contracts may, for example, be based on the forward rate yield curve derived from the interest rate swap yield curve. The aggregate collateral amount shall include in the bond register derivative contracts that have been concluded to protect the covered bonds and the assets placed as collateral for the bonds (section 16 of the MCBOA).
- (20) R 30 *Aggregate current value of payment obligations due to covered bonds*
- Enter here the current value of payment obligations due to covered bonds. The future cash flows from variable rate contracts shall be evaluated using a method that is documented in writing and approved by the Board of the bank. The valuation of future interest cash flows from variable rate contracts may, for example, be based on the forward rate yield curve derived from the interest rate swap yield curve. The aggregate collateral amount shall include in the bond register derivative contracts that have been concluded to protect the covered bonds and the assets placed as collateral for the bonds (section 16 of the MCBOA).
- (21) R 35 *Excess collateral percentage calculated on the current values*
- Enter here in decimal form the difference between the aggregate current value of cash flows from collateral for covered bonds and the aggregate current value of payment obligations due to covered bonds as a proportion of payment obligations due to covered bonds (section 16 of the MCBOA).
- (22) R 40 *Residential mortgages*
- Enter here the aggregate residential mortgages.
- (23) R 40 05 *Average LTV percentage*
- Enter here the weighted average LTV percentage for residential mortgages. In calculating the average LTV percentage, use the total loan amount as the weight

- coefficient and the fair value of the residential collateral recorded in the bank's systems as the collateral value.
- (24) R 40 10 *Average LTV percentage for residential mortgages included in the collateral portfolio*
- Enter here the average LTV percentage for all residential mortgages included in the collateral portfolio.
- (25) R 40 40 *Number*
- Enter here the number of residential mortgages.
- (26) R 40 20 *Average loan amount (average account balance)*
- Enter here the average loan amount of residential mortgages. In calculating the average loan amount, use the total loan amount, not just the proportion eligible as collateral.
- (27) R 45 *Commercial property mortgages*
- Enter here the aggregate commercial property mortgages.
- (28) R 45 05 *Average LTV percentage*
- Enter here the weighted average LTV percentage for commercial property mortgages. In calculating the average LTV percentage, use the total loan amount as the weight coefficient and the fair value of the commercial property collateral recorded in the bank's systems as the collateral value.
- (29) R 45 10 *Average LTV percentage for commercial property mortgages included in the collateral portfolio*
- Enter here the average LTV percentage for all commercial property mortgages included in the collateral portfolio.
- (30) R 45 45 *Number*
- Enter here the number of commercial property mortgages.
- (31) R 45 20 *Average loan amount (average account balance)*
- Enter here the average loan amount of commercial property mortgages. In calculating the average loan amount, use the total loan amount, not just the proportion eligible as collateral.
- (32) R 45 25 *Proportion of commercial property mortgages*
- Enter here in decimal form the proportion of commercial property mortgages in the loans placed as collateral for covered bonds.
- (33) R 45 25 05 *If the value in row R 45 25 exceeds 10%, is this due to the terms of the covered bond?*

- Enter here either 1 (=Yes) or 0 (=No). Leave the row blank, if the value in row R 45 25 does not exceed 10%.
- (34) R 50 *Loans to the public sector*  
 Enter here the aggregate amount of loans to the public sector.
- (35) R 50 50 *Number*  
 Enter here the number of loans to the public sector.
- (36) R 50 10 *Average loan amount (average account balance)*  
 Enter here the average amount of loans to the public sector. In calculating the average loan amount, use the total loan amount, not just the proportion eligible as collateral.

#### 4.2.1 Supplementary collateral – section 15 of the MCBOA

##### REGULATION (paragraphs 35–41)

- (37) R 55 *Bonds and other debt instruments*  
 Enter here the aggregate euro amount of bonds and other debt instruments (section 15, subsection 1, paragraph 1 of the MCBOA).
- (38) R 55 05 *Absolute guarantee provided by public sector entity or credit institution*  
 Enter here the aggregate euro amount of absolute guarantees provided by public sector entities and credit institutions (section 15, subsection 1, paragraph 2 of the MCBOA).
- (39) R 55 10 *Credit insurance provided by insurance company*  
 Enter here the aggregate euro amount of credit insurances provided by insurance companies (section 15, subsection 1, paragraph 3 of the MCBOA).
- (40) R 55 15 *Cash / deposits*  
 Enter here the aggregate euro amount of deposits in the Bank of Finland or in credit institutions (section 15, subsection 1, paragraph 4 of the MCBOA).
- (41) R 55 20 *Aggregate euro amount of supplementary collateral*  
 Enter here the aggregate euro amount of supplementary collateral.
- (42) R 55 25 *Aggregate supplementary collateral as a percentage of loans included in collateral portfolio (max. 20%)*  
 Enter here aggregate supplementary collateral as a percentage of loans included in the collateral portfolio by cover pool and for all pools combined.
- (43) R 55 30 *Supplementary collateral consisting of claims on credit institutions as a percentage of loans included in collateral portfolio (max. 15%)*

Enter here supplementary collateral consisting of claims on credit institutions as a percentage of loans included in the collateral portfolio by cover pool and for all pools combined.

#### 4.2.2 Value changes in collateral portfolio – section 14, subsection 1 of the MCBOA

##### REGULATION (paragraphs 42–47)

- (44) R 60 *Aggregate market value of residential and commercial property collateral statistically calculated*
- Enter here the aggregate market value of residential and commercial property collateral for covered bonds calculated using an acceptable statistical method.
- (45) R 60 05 *Market value of residential collateral statistically calculated*
- Enter here the aggregate market value of residential collateral for covered bonds calculated using an acceptable statistical method.
- (46) R 60 10 *Market value of commercial property collateral statistically calculated*
- Enter here the aggregate market value of commercial property collateral for covered bonds calculated using an acceptable statistical method.
- (47) R 65 *Aggregate fair value of residential and commercial property collateral recorded in the bank's systems*
- Enter here the aggregate fair value of the residential and commercial property collateral for covered bonds in a cover pool, that is the collateral recorded in the supervised entity's systems for loans or collateral.
- (48) R 65 05 *Fair value of residential collateral recorded in the bank's systems*
- Enter here the aggregate fair value of the residential collateral for covered bonds in a cover pool, that is the collateral recorded in the supervised entity's systems for loans or collateral.
- (49) R 65 10 *Fair value of commercial property collateral recorded in the bank's systems*
- Enter here the aggregate fair value of the commercial property collateral for covered bonds in a cover pool, that is the collateral recorded in the supervised entity's systems for loans or collateral.

#### 4.2.3 Requirements pertaining to intermediary loans – section 16, subsection 6 of the MCBOA

##### REGULATION (paragraphs 48–49)

- (50) R 70 *Value of loans placed as collateral for intermediary loans*

Enter here the aggregate value of mortgage loans or loans to the public sector placed as collateral for intermediary loans registered by cover pool.

(51) R 75 *Capital of intermediary loans*

Enter here the capital amount of intermediary loans registered by cover pool.

#### 4.2.4 Liquidity requirements – section 17 of the MCBOA

##### REGULATION (paragraphs 50–56)

(52) R 80 *Average remaining maturity of covered bonds by pool*

Enter here the average maturity of covered bonds as the average, weighted by the current values, of the remaining maturities pertaining to the remaining cash flows from the contracts. The current value shall be calculated by discounting the nominal value of the future cash flow to the present time. Derivatives shall be included in the calculation of the average maturity.

(53) R 80 05 *Average remaining maturity of all covered bonds in the register*

Enter here the average remaining maturity of all covered bonds in the register.

(54) R 80 10 *Average maturity by cover pool of loans placed as collateral*

Enter here the average maturity of loans by cover pool as the average, weighted by the current value, of the remaining maturities pertaining to the remaining cash flows. The current value shall be calculated by discounting the nominal value of the future cash flow to the present time. Derivatives shall be included in the calculation of the average maturity.

(55) R 80 15 *Average maturity of all loans included in the bond register according to section 17, subsection 1 of the MCBOA*

Enter here the average maturity of all loans included in the register according to section 17, subsection 1 of the MCBOA as the average, weighted by the current value, of the remaining maturities pertaining to the remaining cash flows. The current value shall be calculated by discounting the nominal value of the future cash flow to the present time. Derivatives shall be included in the calculation of the average maturity.

(56) R 80 20 *Interest income and cash inflows from counterparties in derivative contracts during the next 12 months*

Enter here interest income and cash inflows from counterparties in derivative contracts during the next 12 months based on assets included in aggregate collateral for covered bonds. The future cash flows from variable rate contracts shall be evaluated using a method that is documented in writing and approved by the Board of the bank. The valuation of future interest cash flows from variable rate contracts may, for example, be based on the forward rate yield curve derived from the interest rate swap yield curve.



- (57) R 80 25 *Interest payments and cash outflows to counterparties in derivative contracts during the next 12 months*
- Enter here interest payments for covered bonds and cash outflows to counterparties in derivative contracts during the next 12 months. The future cash flows from variable rate contracts shall be evaluated using a method that is documented in writing and approved by the Board of the bank. The valuation of future interest cash flows from variable rate contracts may, for example, be based on the forward rate yield curve derived from the interest rate swap yield curve.
- (58) R 80 30 *Is the difference between interest inflows and outflows positive for any period of 12 successive calendar months (incl. derivative contracts) considering the interest rate stress scenario?*
- Enter here either 1 (=Yes) or 0 (=No). The supervised entity shall ensure that the aggregate interest accrued on the assets included in the aggregate collateral, during any period of 12 successive calendar months, is sufficient to cover the total amount of interests payable to holders of covered bonds and payments to counterparties in derivative contracts during the same period. The total amount of interest receivable for any 12-month period must exceed the corresponding amount of interest payable also when a +/- 1 percentage point parallel shift is made to the yield curve used in the valuation of variable rate contracts.

#### 4.2.5 Changes in the register

##### REGULATION (paragraphs 57–62)

- (59) R 85 *Aggregate loans registered according to section 12 of the MCBOA but not included in the collateral portfolio value at all*
- Enter here aggregate loans not included in the value of the collateral portfolio at all.
- (60) R 85 05 *Aggregate loans in row R 85 as a percentage of the collateral portfolio value*
- Enter here the percentage of registered loans not included in the value of the collateral portfolio.
- (61) R 85 10 *Number of loans removed from the register according to section 14, subsection 1 of the MCBOA since the previous report*
- Enter here the number of loans removed from the collateral portfolio of a pool in the register during the previous three-month period because the fair value of the collateral was exceeded.
- (62) R 85 15 *Aggregate loans removed from the register according to section 14, subsection 1 of the MCBOA since the previous report*
- Enter here aggregate loans removed from the collateral portfolio of a cover pool in the register during the previous three-month period because the fair value of the collateral was exceeded.

- (63) R 85 20 *Number of loans removed from the register according to section 16, subsection 2 of the MCBOA since the previous report*
- Enter here the number of loans removed from the collateral portfolio of a cover pool in the register during the previous three-month period because they have been recognised as non-performing.
- (64) R 85 25 *Aggregate loans removed from the register according to section 16, subsection 2 of the MCBOA since the previous report*
- Enter here aggregate loans removed from the collateral portfolio of a cover pool in the register during the previous three-month period because they have been recognised as non-performing.

#### 4.2.6 Data reportable under the MCBCBA (Issued on 8 December 2022, valid from 30 June 2023)

##### REGULATION (paragraphs 65–86)

- (65) The provisions of paragraphs 66–116 only apply to such cover pools and their constituent covered bonds that are not subject to the MCBOA in accordance with section 51, subsection 1 of the MCBCBA.
- (66) Enter the data specified below in the KP3 form:
- (67) R 05 *Aggregate amount of covered bonds issued*
- Enter here the aggregate balance of capital of all covered bonds issued
- (68) R 10 *Estimated winding-down costs*
- Enter here the estimated winding-down costs associated with covered bonds by cover pool.
- (69) R 15 *Nominal value of the cover pool*
- Enter here the total amount eligible as collateral for covered bonds on nominal value basis (*section 24 of the MCBCBA*).
- (70) R 20 *Proportion of excess collateral*
- Enter here the difference, in euros, between the aggregate collateral of covered bonds and the aggregate remaining capital of covered bonds issued (*section 24 of the MCBCBA*).
- (71) R 25 *Excess collateral percentage*
- Enter here the difference of the aggregate amount of collateral of covered bonds and the aggregate remaining capital of covered bonds issued, as a proportion of covered bonds (*section 24 of the MCBCBA*).
- (72) R 30 *Aggregate current value of cash flows from collateral for covered bonds*



Enter here the current value of the cash flows from credit used as collateral. The future cash flows from variable rate contracts shall be estimated using a method that is documented in writing and approved by the Board of the bank. The estimation of future interest cash flows of variable rate contracts may, for example, be based on the forward/future yield curve derived from the interest rate swap curve. Aggregate collateral includes derivative contracts entered in the bond register to protect the covered bonds and the assets placed as collateral

for the bonds (*section 24 of the MCBCBA*).

- (73) R 35 *Aggregate current value of payment obligations due to covered bonds*
- Enter here the current value of payment obligations due to covered bonds. The future cash flows from variable rate contracts shall be estimated using a method that is documented in writing and approved by the Board of the bank. The estimation of future interest cash flows of variable rate contracts may, for example, be based on the forward/future yield curve derived from the interest rate swap curve. Aggregate collateral includes derivative contracts entered in the bond register to protect the covered bonds and the assets placed as collateral for the bonds (*section 24 of the MCBCBA*).
- (74) R 40 *Excess collateral percentage calculated on the current values*
- Enter here the difference between the aggregate current value of cash flows from collateral for covered bonds and the aggregate current value of payment obligations due to covered bonds as a proportion of payment obligations due to covered bonds (*section 24 of the MCBCBA*).
- (75) R 45 *Aggregate loans placed as collateral in nominal terms*
- Enter here the aggregate amount of loans in nominal terms (*section 24 of the MCBCBA*).
- (76) R 45 5 *Residential property mortgages*
- Enter here the aggregate amount of loans secured by residential property collateral in nominal terms (*section 24 of the MCBCBA*).
- (77) R 45 10 *Commercial property mortgages*
- Enter here the aggregate amount of loans secured by commercial property collateral in nominal terms (*section 24 of the MCBCBA*).
- (78) R 45 15 *Loans to the public sector*
- Enter here the aggregate amount of loans to the public sector in nominal terms (*section 24 of the MCBCBA*).
- (79) R 50 *Number of loans*
- Enter here the number of loans.
- (80) R 50 05 *Number of residential property mortgages*

- Enter here the number of loans secured by residential property collateral.
- (81) R 50 10 *Number of commercial property mortgages*
- Enter here the number of loans secured by commercial property collateral.
- (82) R 50 15 *Number of loans to the public sector*
- Enter here the number of loans to the public sector.
- (83) R 55 *Residential property mortgages, average LTV %*
- Enter here the weighted average loan-to-value ratio of credit secured by residential property collateral. In calculating the average LTV %, use the total loan amount as the weighting factor and the fair value of the residential property collateral recorded in the bank's systems. In calculating the ratio, only such loans are taken into account whose collateral has a positive value.
- (84) R 60 *Commercial property mortgages, average LTV%*
- Enter here the weighted average loan-to-value ratio of credit secured by commercial property collateral. In calculating the average LTV %, use the total loan amount as the weighting factor and the fair value of the commercial property collateral recorded in the bank's systems. In calculating the ratio, only loans whose collateral has a positive value are taken into account.
- (85) R 65 *Proportion of commercial property mortgages*
- Enter here the proportion of commercial property mortgages in the loan portfolio placed as collateral for covered bonds.
- (86) R 70 *If the value in row R 65 exceeds 10%, is this due to the terms of the covered bond?*
- Enter here either 1 (=Yes) or 0 (=No). Leave the row blank if the value in row R 60 does not exceed 10%.

#### 4.2.6.1 *Liquidity coverage ratio of the cover pool (section 31 of the MCBCBA)*

##### REGULATION (paragraphs 87)

- (87) R 75 *Amount of funds required to cover the liquidity requirement (section 31 of the MCBCBA)*

Enter here the amount of funds required to meet the required liquidity coverage ratio under section 31, determined for each cover pool as follows:

Let  $t$  be the variable indicating the cash flow calculation day in population  $\{1, \dots, 180\}$ . Here day 0 means the present day. Let  $s_t$  be the cash flow for the cover pool on day  $t$  and  $u_t$  be the cash flow of liability items pertaining to the

cover pool on day  $t$ . Hence, the net cash flow for day  $t$  is  $n_t = u_t - s_t$ . The cumulative net cash flow is

$$N_t = \sum_{i=1, \dots, t} n_i = \sum_{i=1, \dots, t} u_i - s_i,$$

Whereby we are able to determine the highest net cash flow as the reportable variable  $R$

$$R = \max_{t \in \{1, \dots, 180\}} N_t.$$

Supervised entities may also employ other calculation methodologies than the one described above as long as the outcome is consistent with the outcome  $R$  of the above calculation.

If the outcome of the calculation is a negative amount, report 0 in the row.

The future cash flows from variable rate contracts shall be estimated using a method that is documented in writing and approved by the Board of the bank. The evaluation of future interest cash flows of variable rate contracts may, for example, be based on the forward yield curve derived from the interest rate swap curve (*MCBCBA*, section 31).

#### 4.2.6.2 **Data on assets eligible to cover the liquidity requirement – sections 18 and 31 of the MCBCBA**

##### REGULATION (paragraphs 88–92)

(88)	R 80	<i>Total</i>
		Calculate the sum of rows R 80 05, R 80 05 05, R 80 05 10 and R 80 10 in these rows.
(89)	R 80 05	<i>Level 1 assets – Valuation based on the Delegated Regulation issued pursuant to Article 460 of the CRR</i>
		Enter in this row the assets included in Level 1 referred to in section 18(1)(1) of the <i>MCBCBA</i> by cover pool, applying the valuation principles laid down in the Delegated Regulation issued pursuant to Article 460 of the CRR.
		Enter both supplementary collateral and assets used to meet the liquidity requirement in the row.
(90)	R 80 05 05	<i>Level 2A assets – Valuation based on the Delegated Regulation issued pursuant to Article 460 of the CRR</i>
		Enter in this row the assets included in Level 2A referred to in section 18(1)(1) of the <i>MCBCBA</i> by cover pool, applying the valuation principles laid down in the Delegated Regulation issued pursuant to Article 460 of the CRR.

- Enter both supplementary collateral and assets used to meet the liquidity requirement in the row.
- (91) R 80 05 05 *Level 2B assets – Valuation based on the Delegated Regulation issued pursuant to Article 460 of the CRR*
- Enter in this row the assets included in Level 2B referred to in section 18(1)(1) of the *MCBCBA* by cover pool, applying the valuation principles laid down in the Delegated Regulation issued pursuant to Article 460 of the CRR.
- Enter here both supplementary collateral and assets used to meet the liquidity requirement.
- (92) R 80 10 *Short-term exposures to credit institutions and short-term deposits referred to in Article 129(1)(c) of the CRR*
- Enter here short-term claims and short-term deposits referred to in section 18(1)(2) of the *MCBCBA*.
- Enter here both supplementary collateral, and claims and deposits used to meet the liquidity requirement.

#### 4.2.6.3 **Supplementary collateral in the cover pool – section 18 of the MCBCBA**

##### REGULATION (paragraphs 93–94)

- (93) R 85 *Supplementary collateral in the cover pool*
- Enter here the amount of supplementary collateral (section 18 of the *MCBCBA*) in the cover pool.
- (94) R 85 05 *Supplementary collateral in the cover pool*
- Calculate here the proportion of supplementary collateral (section 18 of the *MCBCBA*) as a proportion of the total nominal value of the cover pool.

#### 4.2.6.4 **Credit institution exposures in the cover pool – Article 129(1a) of the CRR**

##### REGULATION (paragraphs 95–104)

- (95) R 90 *Exposures to credit institutions qualifying for credit quality steps 1–3*
- Enter here exposures to credit institutions qualifying for credit quality steps 1–3 in accordance with Article 129(1a) of the CRR.
- (96) R 90 05 *Exposures to credit institutions qualifying for credit quality step 1*
- Enter here exposures to credit institutions qualifying for credit quality steps 3 in accordance with Article 129(1a)(a) of the CRR.
- (97) R 90 10 *Exposures to credit institutions qualifying for credit quality steps 2–3*

- Enter here exposures to credit institutions qualifying for credit quality steps 2–3 in accordance with Article 129(1a) of the CRR.
- (98) R 90 10 05 *Exposures to credit institutions qualifying for credit quality step 2*
- Enter here exposures to credit institutions qualifying for credit quality step 2 in accordance with Article 129(1a)(b) of the CRR.
- (99) R 90 10 10 *Exposures to credit institutions qualifying for credit quality step 3*
- Enter here exposures to credit institutions qualifying for credit quality step 3 in accordance with Article 129(1a)(c) of the CRR.
- (100) R 95 *Exposures to credit institutions qualifying for credit quality steps 1–3 as a proportion of all covered bonds issued*
- Enter here exposures to credit institutions reported in row R 90 as a proportion of all covered bonds issued.
- (101) R 95 *Exposures to credit institutions qualifying for credit quality step 1 as a proportion of all covered bonds issued*
- Enter here exposures to credit institutions reported in row R 90 05 as a proportion of all covered bonds issued.
- (102) R 95 10 *Exposures to credit institutions qualifying for credit quality steps 2–3 as a proportion of all covered bonds issued*
- Enter here exposures to credit institutions reported in row R 90 10 as a proportion of all covered bonds issued.
- (103) R 95 10 05 *Exposures to credit institutions qualifying for credit quality step 2 as a proportion of all covered bonds issued*
- Enter here exposures to credit institutions reported in row R 90 10 05 as a proportion of all covered bonds issued.
- (104) R 95 10 10 *Exposures to credit institutions qualifying for credit quality step 3 as a proportion of all covered bonds issued*
- Enter here exposures to credit institutions reported in row R 90 10 10 as a proportion of all covered bonds issued.

#### 4.2.6.5 Information on covered bonds issued – section 38 of the MCBOA

##### REGULATION (paragraphs 105-116)

- (105) Enter the following information on covered bonds issued in the KP4 form row by row:
- (106) S 20 *ISIN code*

- Enter in this column the bond's ISIN code (International Securities Identification Number). In the absence of an ISIN code, provide another unique technical identifier which remains unchanged from one reporting period to another.
- (107) S 30 *Cover pool name*
- Enter in this column the name of the cover pool. The name must be presented in the same format as in the KP1 form.
- (108) S 40 *Nominal value*
- Enter in this column the total amount issued of an individual covered bond with an ISIN code, in the reporting currency.
- (109) S 50 *Currency*
- Enter the currency of the bond in this column.
- (110) S 60 *Issue date*
- Enter the date of issue in this column.
- (111) S 70 *Maturity date*
- Enter the maturity date under normal terms and conditions in this column.
- (112) S 80 *Premium status*
- Indicate in this column whether the bond is a European covered bond (Premium) referred to in section 37 of the MCBCBA. Yes = 1, No = 0.
- (113) S 90 *Interest rate type*
- Enter in this column the interest rate type of the bond, defined either as fixed or variable. Fixed interest rate refers to bonds whose interest rate is fixed for the entire loan period. If the interest rate type of the bond may be changed according to its terms and conditions during its maturity, report the interest rate type valid on the reporting date. Variable rate = 1, Fixed rate = 0
- (114) S 100 *Interest rate*
- Enter in this column the interest rate, in percentage terms, valid on the last day of the reporting period
- (115) S 110 *Soft-bullet term*
- Indicate in this column whether there is a term allowing the postponement of maturity under section 32 of the MCBCBA. Yes = 1, No = 0.
- (116) S 120 *Soft-bullet maturity date*
- Enter in this column the final day referred to in section 31, subsection 1 of the MCBCBA by which the bond falls due.



### 4.3 Verification of reported data

#### REGULATION (paragraph 117)

- (117) The supervised entity shall prepare a declaration on the accuracy of data reported according to these regulations and guidelines. The declaration shall be dated and signed by both the person that prepared the report and the person that prepared the accuracy declaration. The signed declaration must be retained by the supervised entity and presented to the FIN-FSA on request. The supervised entity shall prepare the declaration in connection with the first report and update it whenever changes occur in the process described.

#### GUIDELINE (paragraph 118)

- (118) A model declaration and instructions for the preparation of such a declaration are available on the FIN-FSA's website ([www.fin-fsa.fi](http://www.fin-fsa.fi)).

## 5 Revision history

These regulations and guidelines have been amended after their entry into force as follows

Issued on 8 December 2022, valid from 30 June 2023

- scope of application amended to correspond to current regulation
- legal framework updated in chapter 1.1, and chapters 2.2 and 2.3 added
- definitions in chapter 1.2 amended
- the term 'pool' amended into 'cover pool' in line with current regulation
- paragraph (14) in chapter 4.2 amended to limit the scope of application of the KP2 reporting form
- chapter 4.2.6 added
- chapter 5 added

The amendments are related to the Act on Mortgage Credit Banks and Covered Bonds (151/2022), which entered into force on 8 July 2022.