

Single Rulebook Q&A

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Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Transparency and Pillar 3
Article	449a
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2022/2453 - ITS on ESG disclosures
Article/Paragraph	Annex 1 and 2
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	ITS ESG P3 - EU Taxonomy Consolidation scope
Question	Which consolidation scope is appropriate for the EU taxonomy disclosures in P3 ESG, given the conflicting regulatory guidance from the EU taxonomy and the NFRD and given that the EU taxonomy is disclosed in the annual report and therefore, the consolidation scope we would prefer to apply is the IFRS consolidation scope rather than the prudential scope?
Background on the question	The EU taxonomy is performed at consolidated level, however there are 2 definitions of consolidation scope: IFRS Consolidation IFRS 10 outlines the requirements for the preparation and presentation of consolidated financial statements and requires to consolidate all entities where control is present. The AAB Consolidated Annual Report is prepared in accordance with IFRS 10. Prudential Scope of Consolidation While the Prudential scope is built upon the IFRS consolidation concept, it has a number of adjustments that take a more conservative view of liquidity and solvency risks, which results in differences in the IFRS and prudential Scope The EU taxonomy requires the prudential scope to be applied, however we note that in the Non-Financial Reporting Directive, notes that; "The non-financial statement referred to in the first subparagraph shall also, where appropriate, include references to, and additional explanations of, amounts reported in the annual

	financial statements" The Pillar 3 ESG disclosures also apply at prudential scope of consolidations.
Final answer	<p>As specified in the instructions of Annex 2 to Implementing Regulation (EU) 2022/2453, with regards to Template 6 , <i>"Institutions shall provide in template 6 an overview of the KPIs calculated on the basis of templates 7 and 8 of Annex XXXIX, including the green asset ratio (GAR) as referred to in Commission Delegated Regulation (EU) 2021/2178"</i>. As a result, the consolidation scope applicable to the GAR computed in accordance with Commission Delegated Regulation (EU) 2021/2178 is the one that applies to the Pillar 3 ESG.</p> <p>Annex V of the above mentioned Commission Delegated Regulation (EU) 2021/2178 states in section 1.1.1. (Consolidation): <i>"Credit institutions shall disclose relevant KPIs on the basis of the scope of their prudential consolidation determined in accordance with Regulation (EU) No 575/2013, Title II, Chapter 2, Section 2."</i></p> <p>As a result, the prudential scope of consolidation applies.</p>
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