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ASSESSMENT OF CONVERGENCE IN SUPERVISORY REPORTING

Executive summary

The aim of the present study is to provide a first assessment of the level of convergence in the reporting practices among CEBS members. Although subject to a number of simplifications, it allows a first overview of the efforts achieved in the process and the pending milestones for CEBS.

In this context it is important to mention that the notion of convergence in general is still a subject for discussion in the CEBS environment. But a preliminary conclusion on the definition of convergence of supervisory practices in reporting was made for the purpose of this report. The CEBS progress report to the Financial Services Committee considers that "convergence is both a process and a "destination": an area or zone to which supervisory practices may ultimately converge."

In this report, CEBS has focused on assessing the convergence reached in reporting practices as one of its competent domains, as well as the room which is available to achieve further convergence in this area. In this respect the overarching principle of convergence in reporting is that CEBS will achieve comparable supervisory reporting approaches for comparable financial institutions regardless of the geographical structure of the financial institution. Taking this into account there are still limits to convergence since the supervisory models can differ significantly (e.g. the reliance on off-site supervision varies from one country to another; the traditional use of certain supervisory practices will differ; the structure and the development of the markets will be different) and therefore the underlying regulations could vary in the member countries (e.g. the national discretions and options included in CRD may have a direct impact on the meaning of the same items in different countries).

Against the background of different supervisory approaches, the FINREP and COREP reporting frameworks should be seen as a first comprehensive step towards harmonising reporting requirements on an EU-wide basis. Coming from a wide variety of reporting approaches, the development and implementation of both frameworks represent an improvement in convergence compared to the previous situation.

The assessment is based on both a qualitative analysis and a quantitative one. The qualitative analysis has identified a number of factors that have resulted in a greater degree of convergence. These are mainly the harmonization at European level of reporting terms and definitions and the setting up of a Q&A mechanism for the reporting frameworks. In this context, it should be stressed that COREP has achieved for the first time a common prudential reporting of the solvency calculations on a cross-border basis. Other qualitative factors need to be emphasized, such as the use of XBRL

as a common reporting IT mechanism (although the potential of this tool is not fully developed at this stage) and the flexibility allowed in the frameworks (which mitigates the positive effects achieved through other aspects since it does not preclude countries from asking for the same information in a different way).

On the other hand following the quantitative methodology, an initial conclusion from the report is that a certain degree of commonality as asked for by the FSC report and the Commission White Paper on Financial Services Policy has been put in place during the last couple of years. The general thrust of the quantitative analysis is that the degree of commonality is generally significant in many COREP templates; on the other hand, FINREP has achieved an almost fully harmonised use of the core templates, while the remaining FINREP templates (those providing details of the core information) are usually less applied by most members.

If both analyses are put together, it is concluded that both Guidelines are relevant first steps in the process of convergence of reporting. Regarding other aspects raised by the FSC report (e.g. convergence on timing and frequency of reporting) additional steps are needed to comply in a more comprehensive way (including an analysis of alternatives for simplified reporting procedures in cross-border groups).

Additionally, the report identifies a number of circumstances that may be hurdles to achieving comprehensive convergence. The divergences in the national supervisory models, the national discretions and options included in the CRD and the non-mandatory use of IAS/IFRS within the industry are obstacles in the path to further convergence in supervisory practices on reporting. Those aspects are mostly not under the control of CEBS, so the corrective action needs to be taken at the appropriate level.

A. Introduction

CEBS's work program for 2007 sets out that CEBS will conduct a study to assess the degree of commonality achieved with the implementation of CEBS's reporting frameworks (COREP and FINREP). The study will also include comparisons with supervisory reporting packages in certain third countries.

The aim of this analysis is to monitor the progress of CEBS in the area of reporting. Improving the convergence of the supervisory reporting frameworks in the financial sector is one of the main challenges set by the Financial Services Committee's report on Financial Supervision¹ and by the Commission White Paper on Financial Services Policy for 2005-2010². In order to comply with these objectives, CEBS and remaining L3 Committees are required to prepare reports for the Financial Services Committee by the end of 2007. A Convergence Task Force has been created by each L3 Committee to monitor the progress with respect to the recommendations made by these reports.

This report should not be seen as an isolated initiative in the area of reporting. The setting up of the reporting networks, the procedure to answer implementation questions and the constructive discussions held with the industry during the events CEBS organises on this topic provide valuable input for CEBS in preparing its next steps.

The structure of this final report is as follows: section B introduces the notion of convergence in supervisory practices; section C explains the methodology chosen to conduct the assessment; section D discusses the results from the analysis; while Section E presents the conclusions drawn from the study.

¹ Recommendation 5: "The FSC encourages supervisors to work on common formats before the end of 2007, and to reflect on the question of IT data-sharing arrangements before the end of 2008, taking into account the costs and benefits of the different options available (common databases, interlinked national databases, etc.). As regards the insurance sector, account must also be taken of the state of progress of the Solvency II project. IT data-sharing arrangements under the MiFID should require appropriate and timely attention from Ministers."

² Point 3.2.3 of Commission White Paper, Financial Services Policy 2005-2010: "The Commission considers that the time has come to work towards truly common data and reporting requirements – and where necessary – common supervisory databases. The level-3 committees should now begin work in earnest to devise simplified common data and reporting templates, underpinned by real information sharing between national supervisors. The Commission expects delivery of these important efficiency gains by 2008. From 2009 all EU banks, insurance and major investment companies should be able to fulfill their reporting requirements by sending only one complete reporting package to the competent supervisor at consolidated level."

B. Convergence discussion and mandates received from CEBS stakeholders

Before proceeding to explain the methodology and the results, it is worth mentioning that the assessment of convergence in reporting as set out in this paper should be set against the background of the entire convergence discussion launched by CEBS and other fora. Certain contributions to this discussion made clear that a single definition of convergence is difficult to achieve. But for the purpose of the current report a preliminary consideration regarding the definition of convergence of supervisory practices in reporting is worth elaborating. The CEBS's progress report to the Financial Services Committee considers that "convergence is both a process and a "destination": an area or zone to which supervisory practices may ultimately converge. The process must be viewed over time as current and past work beds down and future work takes shape. The destination or end point is harder to identify as the underlying legal constraints, both financial and general, constitute a political limit to the degree of convergence which can be achieved by supervisory authorities. A clear political commitment will thus be necessary in order to meet the target of significantly increased convergence."

These limits are reflected in the underlying regulations (either European or national) and they have their related transposition into the current supervisory models applied by CEBS members in their own jurisdiction. Implementation of the recommendations received from the Financial Services Committee should allow national supervisors to approach the limits of what is possible under current legislation.

In this report, CEBS has focused on assessing the extent of convergence reached in reporting practices as one of its competent domains, as well as explaining the limits to convergence in this area. In this respect the overarching principle in convergence in reporting is that CEBS will achieve comparable supervisory approaches for comparable financial institutions regardless of the geographical structure of the financial institution. This can only be done on a step by step basis. The first step was the process of definition in respect of COREP and FINREP. A further step will be the evolving implementation of the respective frameworks. But there are still limits to convergence since the supervisory models can differ significantly (e.g. the reliance on off-site supervision varies from one country to another; the traditional use of certain supervisory practices will differ; and the structure and development of the markets will be different) and therefore the underlying regulations could vary in the member countries (e.g. the national discretions and options included in CRD may have a direct impact on the meaning of the same items in different countries).

The convergence of supervisory practices in reporting has been defined in the recommendations contained in the Financial Services Committee report on Financial Supervision (the so-called Francq Report) and in the Commission White Paper on Financial Services Policy for 2005-2010. The content of both reports are the necessary political commitment for convergence in the area of reporting.

The assessment in this report of the level of convergence achieved will be made through a comparison of the situation before the approval of the CEBS Guidelines, the achievements made so far by CEBS and the objectives set by CEBS's stakeholders. In this context, the recommendations approved by the Financial Services Committee and the European Commission shall be the benchmarks to which CEBS needs to compare to conduct a proper assessment.

From the mandate received from the Financial Services Committee, CEBS is committed to work on common formats by the end of 2007 and to reflect on the issue of data-sharing arrangements by 2008 taking account the possible advantages and disadvantages of the different solutions. In addition to it, a number of recommendations and proposals are included in the Annex 3 of such report. Therefore, there is a need to analyze whether CEBS until 2007 has complied with its mandate to deliver common formats.

In addition, the White Paper on Financial Services Policy 2005-2010 states that CEBS shall work towards truly common data and reporting requirements – and where necessary – common supervisory databases. CEBS should begin work in earnest to devise simplified common data and reporting templates, underpinned by real information sharing between national supervisors. The Commission expects delivery of these important efficiency gains by 2008. From 2009 all EU banks and major investment companies should be able to fulfill their reporting requirements by sending only one complete reporting package to its competent supervisor at the consolidated level.

C. Explanation of the methodology

According to the CEBS's work programme for 2007, the objective of the report is to assess the degree of commonality achieved with the implementation of CEBS's reporting frameworks (COREP and FINREP). The study will also include comparisons with supervisory reporting packages in certain third countries.

There are different ways of conducting this assessment. In this report it was decided to analyze the following aspects:

1. measure the convergence between CEBS's members to show whether the implementation of the CEBS Guidelines on Reporting varies or not substantially from one member to another;
2. compare the change in the reporting burden following implementation of the CEBS Guidelines to show whether the reporting burden has been reduced or not with the development of COREP & FINREP; and
3. compare the reporting burden with other jurisdictions to analyze whether the level of reporting burden arising from the CEBS Guidelines is higher or not than other reporting packages used in other jurisdictions.

The following sub-sections explain in more detail the methodology used for each of these points.

C.1: Measuring the convergence between CEBS members, implying a measurement of the dispersion in the reporting requirements.

The objective is to determine the overall level of convergence, through observing the level of convergence in each template.

Initially, this section provides a qualitative analysis of a number of drivers that strengthen or reduce the benefits of the current level of convergence achieved.

Implementation of the first stage of the Supervisory Disclosure Framework on reporting supplies some basic data to conduct a first overview of the degree of commonality. As such, the report will provide the following information:

1. the extent of implementation of the Guidelines across the CEBS members;
2. the current status of the implementation and the transitional period required until final implementation of the reporting frameworks; and
3. the more common status of the usage of each template across countries which may be calculated through the mode value for each template. In that context, members have indicated the use of each template at

national level with the following possibilities: fully, partially and not applied³.

However, the characteristics of those data (which have only allow a limited qualitative analysis) may imply that a deeper analysis is needed to have a more precise picture.

To improve the quality of the analysis, a detailed study of the implementation in a number of countries has been conducted. It has been supposed that the study would cover two different cross-border groups (one for each Guideline), one covering the countries whose national implementation of COREP were available during the study and the other including the members whose implementation of FINREP was also available. These simulations try to determine more precisely the level of commonality on the use of the cells in each template. In order to conduct it, information has been collected either through the public website or directly from members. This information reflects the draft or final implementation for consolidated data of the Guidelines on Reporting in those jurisdictions.

The following countries are included in the simulation of cases:

1. for the Guidelines on Common Reporting: Norway, Sweden, Finland, Germany, the Netherlands, Belgium, Luxembourg, France, United Kingdom, Ireland, Slovenia and Spain; and
2. for the Guidelines on Financial Reporting: Italy, Slovenia, France, Belgium, Ireland, Luxembourg and the Netherlands.

The measurement of the commonality of the use of each cell in each template has been calculated through the mean of the sample. Once the mean of each cell has been calculated, the mean of the template was obtained through a weighted mean.

In order to reflect adequately the convergence in reporting, the data collection shall avoid any interference from the use of the national discretions and alternative treatments allowed in the underlying regulations. Therefore, it has been considered that the lack of a reporting requirement due to the non-applicability of certain regulatory alternatives does not imply lack of convergence in the reporting requirements.

The methodology explained above does not imply that the "data element counting" relates directly to the reporting burden on firms. Indeed, some data may be more expensive to produce than others, so the relationship between

³ These definitions are explained in the document that approves the extension of the Supervisory Disclosure to the CEBS Guidelines on Reporting: "Supervisors should apply some judgement when providing this information. Thus, it may be justified to report that a table is fully implemented even if not formally 100% of the data in the template is being used. The exercised judgement should result in a fair and verifiable representation of the extent to which a template is being used. A similar line of reasoning may be justified in assessing whether a template is not applied at all."

number of cells and the reporting burden is not direct since there are other factors which have influence.

Finally, this methodology is intended to provide a first assessment of the level of convergence, taking into account quantitative and qualitative factors. The final outcome of the analysis is not a figure, but a judgement based on several different aspects.

The approach followed has other limitations:

1. it does not consider the reporting burden created by additional information not included in CEBS Guidelines on Reporting;
2. the frequency of data is not included in the comparison; and
3. it does not take into account other aspects⁴ of the CEBS frameworks.

C.2: Comparing the change in the reporting burden, studying the situation before and after the approval of CEBS Guidelines. The objective is to know whether the level of the reporting burden has varied significantly with the introduction of the CEBS Guidelines on Reporting.

This approach has been followed by some authorities⁵ and is one way to calculate the change in reporting burden. However, it does not take into account changes in the underlying regulations (e.g. changes in the recast Directives 2006/48/EC and 2006/49/EC, and the changes in the accounting framework) meaning that a direct comparison of the old and new frameworks will not be perfect.

Consequently, qualitative analysis will be emphasized on this point, mainly the use of common templates and definitions, and the use of a common XBRL taxonomy.

C.3: Comparing the level of reporting requirements with third country supervisory authorities. This would permit an assessment of the comparable reporting requirements in other jurisdictions.

An analysis has been conducted of the United States financial reporting framework and with the Basel II reporting packages applied by the Canadian supervisory authority (Canada is in the process of implementing IFRS in the coming years, so its current financial reporting framework does not represent an IFRS reporting package and this aspect is not included in the assessment study).

⁴ E.g., the exposure classes included in the template CR SA (Credit and counterparty risks and free deliveries: standardised approaches to capital requirements in the Guidelines on Common Reporting; or the counterparty breakdown foreseen in the Guidelines on Financial Reporting.

⁵ See UK FSA Policy Statement 07/1, Addendum: Impact analysis of reporting changes in Part I and Part II of CP 06/11, http://www.fsa.gov.uk/pubs/policy/ps07_01_addendum.pdf

In order to conduct a proper comparison, two main methods have been used:

1. quantitative analysis: using the basic methodology described in section C.1, but without the calculation of averages; and
2. qualitative analysis: comparing the topics covered in each framework. On this point, it is also important to determine the parts of the reporting frameworks that reflect the requirements set for market disclosures and so do not create an additional reporting burden.

D. Results

Before developing the main findings of the results, it is worthwhile including an initial reference to the different prudential approaches followed by CEBS members. Members have different models for conducting their supervisory functions, so that the approaches among CEBS members differ in a significant number of cases. The reasons for such differences could be varied but often stem from different market developments, different traditions in communicating with the banks, different information channels and different market structures or different legal backgrounds which often include different responsibilities for the national supervisory authorities.

These differences in the supervisory models have potential implications for the off-site and on-site supervisory procedures followed by national authorities. Whereas some national authorities receive significant amounts of data which they analyse internally in order to conduct group supervision, other members rely more on the internal information systems of the supervised institutions, meaning that the amount of data which would be eventually covered by the CEBS Guidelines on Reporting may vary significantly from one country to another.

This characteristic of CEBS members' supervisory models should be borne in mind when considering the analysis. Therefore the lack of convergence in other aspects of the supervisory models (e.g. risk-based supervision models versus rules compliance models) has clear and direct implications for national implementation of the reporting frameworks.

It should also be taken into account that there are a number of members (5 out of 30) who have not yet decided their intention regarding FINREP and/or COREP (excluding those countries that have decided not to implement any of the frameworks). Therefore the results included below should be interpreted with this caveat, since the results and the conclusions included in this report are partial and subject to review when these countries have taken their final decisions.

D.1. Measurement of the dispersion in the level of convergence

D.1.1 Qualitative analysis

This part of the analysis will be focused on the analysis of a number of factors which provide some reflections on the current level of convergence achieved with the CEBS Guidelines on Reporting.

As an initial background, an aspect to be stressed is the **harmonisation of terms and definitions**. This achievement allows convergence in prudential reporting since it has created a unique framework for cross-border reporting. Therefore, although in some non-core templates the quantitative level of use may seem to be low, it is necessary to stress that this is non-core information, used in practice by few national authorities, which provides details of core information but it has been prepared using concepts that have a common definition set at the CEBS level.

That factor is especially relevant if it is taken into account that this is the first time such an initiative has been reached among banking supervisory authorities in the European Union. Until now, every member organised their data collection under Directive 93/6 and local GAAP according to their own schemes and data definitions, implying that local systems were needed in the subsidiaries of cross-border groups to allow for specific reporting to the host supervisory authorities in addition to a global system to prepare the reporting for the parent company. With the introduction of the Guidelines on Common Reporting, local reporting should be simplified since the data items are mostly defined at the European level.

These considerations reflect the importance of the use of the CEBS common data definitions by every national authority. An additional tool which will improve this commonality in data definitions in COREP and FINREP (given that is an on-going process) is the **Q&A mechanism** put in place by CEBS. This procedure supported by the network of experts in each reporting framework allows national supervisors and external parties to send questions about the implementation of the Guidelines on Common and Financial Reporting. The final aim of the procedure is to improve the consistency of the reporting definitions, which would involve higher levels of convergence among members, since the legal references and comments included in both frameworks may not be conclusive in all cases, creating some uncertainties that are covered by this mechanism.

Another main aspect is **the use of XBRL as the IT reporting standard for the CEBS Guidelines on Reporting**, since this standard is considered to be a helpful tool in constructing a harmonised European reporting mechanism. The data arising from the supervisory disclosure framework shows that 12 members have implemented XBRL either compulsory or optionally, and one additional member is planning to use it in the future.

The use of XBRL as the IT standard is especially important for the Guidelines on Financial Reporting. The taxonomy that supports the FINREP reporting is an extension of the IFRS-GP taxonomy which was developed by the International Accounting Standards Committee Foundation to allow the reporting in XBRL of IFRS-compliant financial statements. This means that credit institutions applying FINREP can set up one single reporting system to meet the needs of the disclosure requirements for their public financial statements and regulatory reporting, simplifying their internal structure and procedures⁶.

A basic characteristic of the CEBS Guidelines on Reporting which will influence the advantages is **the national flexibility** allowed when applying the frameworks. This characteristic was introduced into the frameworks because of the differences in the supervisory models of the national authorities and their reliance on off-site supervision and it was required by certain domestic industry associations as well.

⁶ One additional obstacle that may mitigate the benefits of this aspect is the eventual differences in the scope of consolidation for the public financial statements and prudential information.

In practical terms, this national flexibility means that any national authority may decide to choose the level of information that they consider to be necessary to comply with their own national supervisory objectives. Although it is not fully correlated, the differences in national implementation may create higher reporting burdens for cross-border groups if the differences in the level of reporting requirements are significant, implying that local systems may need to be set up (or to adapt the already existing ones) to meet the local reporting requirements of the host supervisory authorities. This may mitigate the reduction in reporting burden created by the centralised data systems.

The national flexibility has an additional aspect. National authorities are not restricted by the CEBS Guidelines on Reporting to limit their reporting requirements to the data definition included in them as they can also ask for other information which is not covered by them. Indeed, members can require a significant volume of additional information not included in the framework. This can potentially create additional reporting burdens on foreign subsidiaries.

The drawbacks generated by the national flexibility are partially mitigated in the Guidelines on Financial Reporting. One structural difference between COREP and FINREP is that the core layer of FINREP is mandatory on those members that chose to implement FINREP in their national environments. Although the core layer is quite limited, it at least establishes a minimum degree of commonality, while the non-core information includes detailed information expanding the core data.

One final aspect that needs to be emphasized is ***the differences in the content of the items and in the practical arrangements of the reporting procedure***. As mentioned above, in principle, the use of common data definitions allows cross-border groups to set up centralised systems which conduct the regulatory reporting for the whole group. However, differences in the content of the items may arise due to a number of reasons:

1. Differences due to the use by national authorities of options and national discretions available in the Directives 2006/48/EC and 2006/49/EC. The current texts of these two Directives recognise that national competent authorities may use certain options and discretions, implying that the content of certain items may vary among countries.
2. Differences in the application of the underlying accounting regulations: the Guidelines on Financial Reporting were developed to be applied by credit institutions applying IAS/IFRS. However, these accounting standards are not applicable in every national regulatory reporting, either because banks need to apply a different accounting framework or because national authorities decide to restrict the application of some measurement rules included in the standards. This decision also potentially has an impact in COREP since groups need in principle to use the accounting data for calculating their exposures, which may imply different capital requirements for the same portfolio in different countries.
3. Differences due to variations in the interpretation of the content of an item: these differences may arise in data defined in the Directives or in

the Guidelines on Reporting. In the former, the interpretations provided by the CRD Transposition Group may help to mitigate the differences in the interpretations of the Directives in COREP, while in the latter the Q&A mechanism set up in the reporting networks can establish common definitions and understandings about concepts created by the Guidelines on Reporting.

4. Differences in reporting frequency and remittance dates: some cross-border groups are building their internal systems for COREP in a centralised way. However, since there are currently some differences in these features among countries, they are either constrained to build an internal procedure that meets the most demanding national requirements (i.e. the one asking for the information with the lowest remittance period and highest frequency) or to set up separate procedures for each national reporting cycle they face. In order to solve this, CEBS has made an analysis of current practices in the different members.

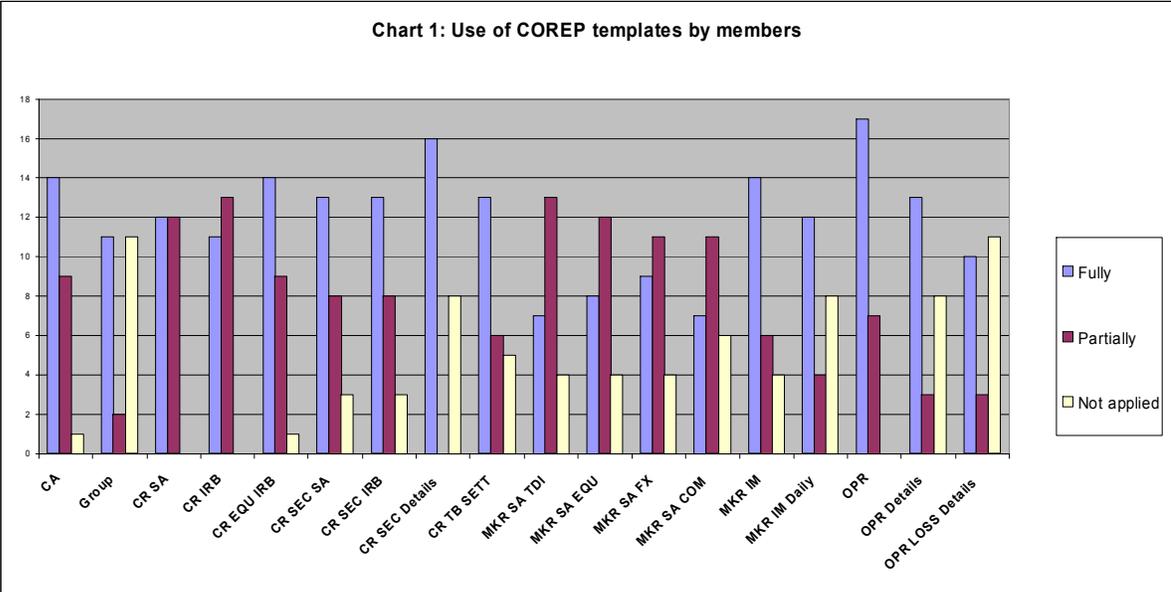
D.1.2 Convergence in the use of COREP: quantitative analysis

This section extracts the main results from the application of the quantitative analysis of the Guidelines on Common Reporting. A more detailed explanation of the results can be found in Annex 2 to this report.

A first result from the information included in the Supervisory Disclosure shows that the implementation of the Guidelines on Common Reporting is widespread across members: 29 out of 30 members and observers have decided to implement these Guidelines in their national regulations which mean 97% of members and observers are implementing COREP. However, up to now, not all members have indicated the precise detail of their implementation, since 5 members have indicated "not yet implemented".

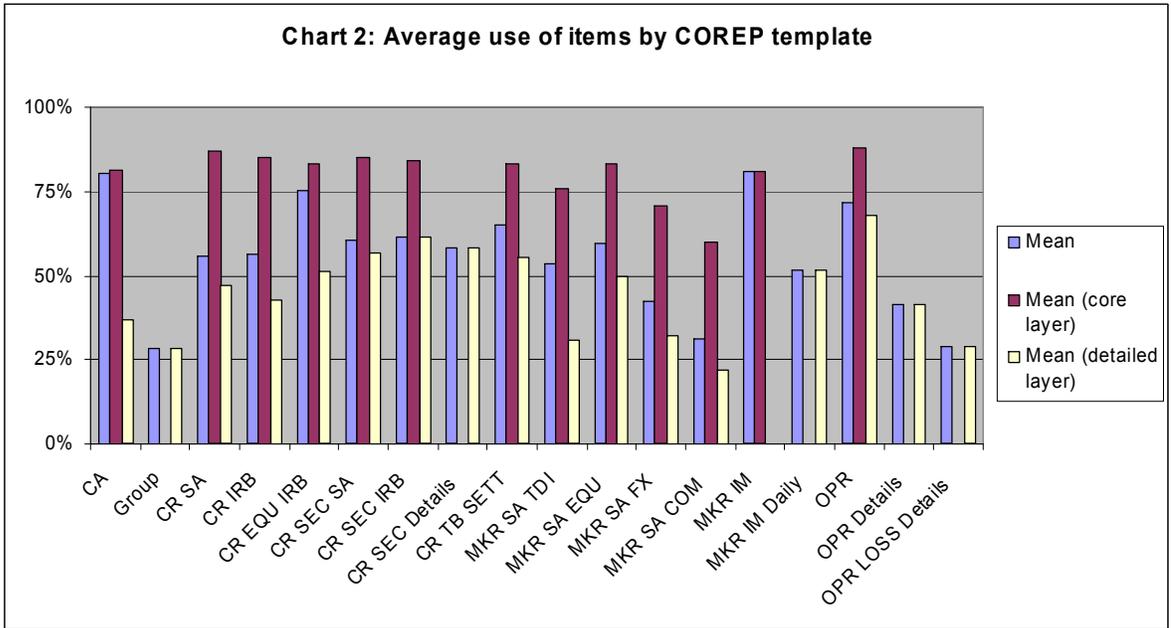
Another conclusion that can be obtained from the results arising from the quantitative analysis is that the **level of average use (i.e. the commonality) of the templates is significant in many areas of the framework**. COREP is applied by most members and observers to collect prudential data from credit institutions and investment firms under the new capital framework. Moreover, the templates are used by at least half of the members. Indeed, only the templates GROUP Solvency Details and OPR LOSS Details are close to this level, as for a large percentage of the templates (67%) the number of countries which fully or partially use each template is up to 80%.

The following graph shows the distribution of the use of templates by members. These data show that most templates are used either fully or partially. For only one template is the most common answer 'not applied'.



These results are in line with the information arising from a simulated case. This simulation was based on the assumption of a cross-border group which is based in the following countries: Norway, Sweden, Finland, Germany, the Netherlands, Belgium, Luxembourg, France, United Kingdom, Ireland, Slovenia and Spain. (A caveat needs to be made that the simulation only covers 40% of the member countries.) The elements of the Guidelines used or not used by each country were checked to see the level of commonality for each item. This calculation was used to obtain the average data for each template.

The following graph includes the distribution of the COREP templates by intervals of average use of the cells in the simulation:

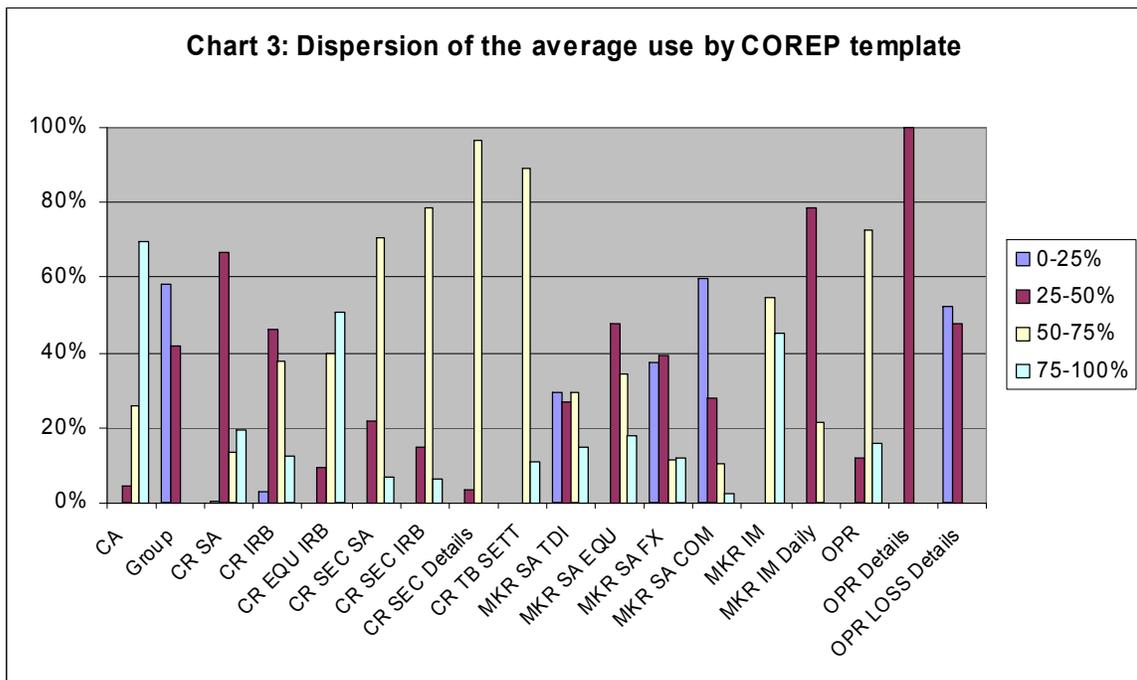


The graph shows that only 5 templates have an average use lower than 50%, although the number of templates with percentages higher than 75% is limited to 3. This information shows clearly that **the average use of most of the templates is included in the interval 50-75%**.

One characteristic of COREP is the design of the framework in two different layers: the core layer, which is a set of information that represents the most essential information for supervisors, and almost full convergence is expected on it, and the detailed layer, which provides useful information in interpreting the core data.

The data included in the graph shows that the core layer always has percentages of use higher than 65%, and in most cases the average use is higher than 75%. On the other hand, the graph shows that the level of average use of the detailed layer is lower than for the core layer.

Finally, the following graph includes a distribution of the average use of the items of each cell by intervals. In this graph, the items included in each template have been distributed among four intervals to show the dispersion in their average use. A high concentration of the average use in the lowest interval may be an indication that, although the template is used by a reduced number of members, it is used in the same way by those asking for it. A preliminary analysis of the graph shows that (with few exceptions), the average use of the items tends to be concentrated in one (two at most) intervals, which indicates similar levels of dispersion. If this data is analysed together with the use of templates by the members, it also shows that for those templates with lower levels of use the average use is quite concentrated because members ask for most of the template when it is required.



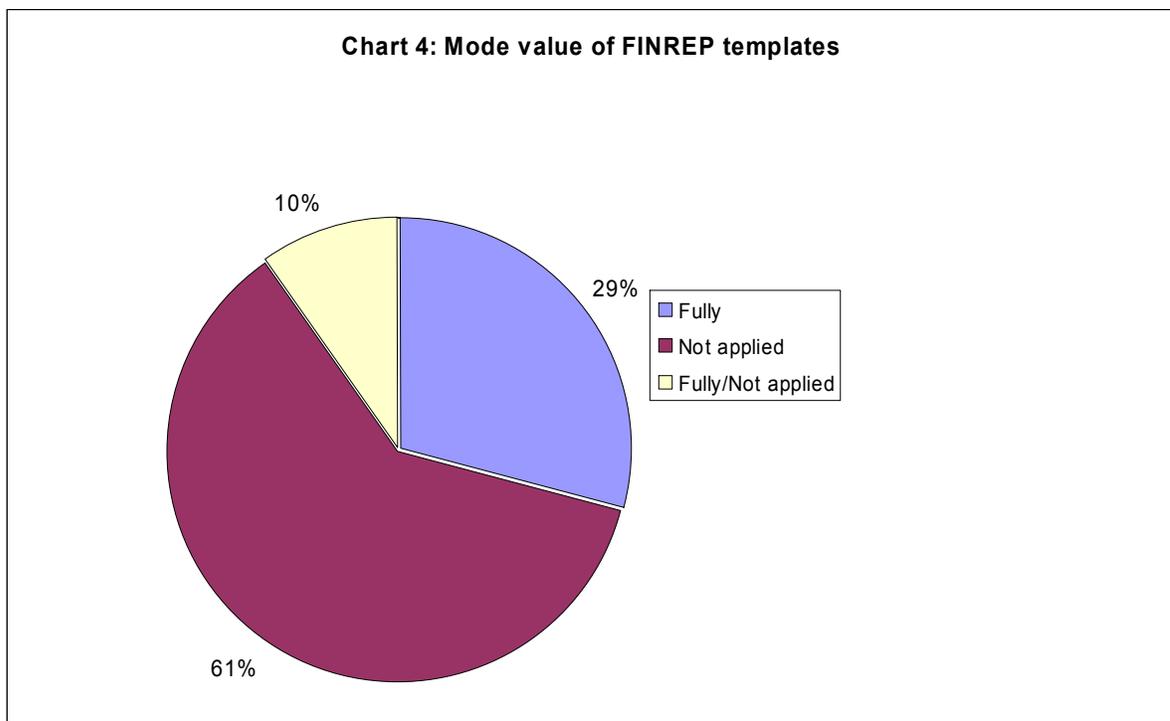
Finally, the data provided by members on the process of implementation show that the transitional period will in most cases be rather short, so by Q2 2008 all countries (but one) will have implemented COREP in their national reporting systems.

D.1.3 Convergence in the use of FINREP: quantitative analysis

This section includes the key notes which summarise the results arising from the quantitative analysis. A more detailed analysis is included in Annex 3 of this report.

The first result of the analysis is that FINREP is applied by 77% of the members (23 out of 30). In addition the main findings arising from the analysis show almost fully harmonised used of the core layers. But, on the other hand, a large number of the non core templates show a lower level of average use or commonality compared with COREP.

The following chart shows what the mode value (i.e. the value most often answered by members) of the implementation of each template is according to the information included in the Supervisory Disclosure on Reporting.



FINREP also shows a dual structure: core information, which includes the templates which needs to be applied if a member applies the Guidelines; and non-core information, which provides common data definitions that detail the core data. This structure has achieved that most members have requested the core templates, which creates a minimum level of commonality among those countries applying FINREP.

The non-core templates which have a mode value of "Fully" are templates asking for detailed information on financial assets and liabilities in the balance

sheet, details of specific lines in the income statement (fees and commissions, gains and losses on hedge accounting and staff expenses) and the templates focused on loan commitments and guarantees.

The conclusions arising from the simulated case provide similar results to the ones shown above. The simulation is based on the assumption of a cross-border group which is based in the following countries: the Netherlands, Belgium, Luxembourg, France, Ireland, Slovenia and Italy. (A caveat should be made that the simulation does not cover all countries.) It was checked which elements of the Guidelines are used or not used by each country to see the level of commonality of each item., The average data for each template was derived from this calculation.

The results included in Annex 3 shows a dual conclusion: FINREP has achieved an almost fully harmonised use of the core templates, but the level of commonality tends to be low in the remaining templates, except for some information in the detailed templates on financial instruments.

In addition, there is one specific point which is relevant to flag which is the concentration of the average use in each template. From a detailed analysis of the templates arising from the quantitative analysis, it appears that when members decided to ask for a template, they tend to ask for it to be completed fully.

D.2. Comparing the change in the level of the reporting burden

A second way to analyze the convergence in the area of reporting is whether the implementation of the CEBS Guidelines on Reporting has contributed to reducing the level of the reporting burden on credit institutions and investment firms. As stated in the methodology, this area of the assessment is going to be based on a qualitative analysis, for a number of reasons:

- a) ***There was a change in the underlying regulations of the reporting frameworks that introduces further complexity in the frameworks.*** The introduction of the IAS/IFRS and the application of the Basel II framework in the European Union gave a window of opportunity to harmonise and converge in the reporting frameworks. However, it also implied the introduction of more complex underlying regulations than in the previous situation. Therefore, a simple quantitative analysis by itself may provide with wrong conclusions since it is probable that the complexity of the new frameworks have given rise to more complex reporting frameworks (e.g., the use of different measurement criteria for the same items may have increased the number of items required due to the options included in the IAS/IFRS).
- b) ***The quantitative analysis provides misleading conclusions if limited to comparisons with previous frameworks in each country.*** That means that whereas in the previous situation the reporting frameworks were different by country, the harmonisation of definitions achieved by the CEBS Guidelines on Reporting reduces the differences in the reporting frameworks on a cross-border basis. Therefore, a correct estimation of the change in the level of reporting burden would involve developing test cases in cross-border groups with the reporting burden before and after the introduction of the CEBS Guidelines on Reporting.

Therefore, this section includes a number of factors which influence the determination of the change in the level of the reporting burden. Of course, this type of analysis provides quite limited conclusions, but it does provide a first overview of the factors that may impact on the change in the level of the reporting burden.

One of the first issues to be stressed is the ***harmonisation of terms and definitions*** achieved to a certain extent with the CEBS Guidelines on Reporting. As stated in both Guidelines on Reporting, they allow the use of standardised data formats and data definitions where similar pieces of information are required⁷. That potentially implies a reduction in the reporting burden on cross-border groups, since they will have the opportunity to build a regulatory reporting system on a centralised basis which is based on the same items and definitions. That is a main feature of the Reporting frameworks

⁷ See Guidelines on Common Reporting, Cover Note, Summary, last paragraph; and Guidelines on Financial Reporting, Cover Note, paragraph 18.

initiative, since it is the first time that EU supervisors have agreed to streamline the reporting burden of cross-border groups in a coordinated way.

The logical consequence is that, in principle, cross-border groups can build a centralised regulatory reporting system to meet the reporting requirements of several different supervisory authorities, reducing the cross-border reporting burden on these institutions. That would simplify the reporting procedure and reduce the level of reporting burden of the cross-border institutions from a previous situation.

One additional factor that can be considered is ***the use of the same IT reporting mechanism*** among different members. In this area, CEBS has developed XBRL taxonomies to allow reporting under the CEBS Guidelines in this XML-based standard.

Among other characteristics, XBRL is extensible (i.e. it allows for building a new taxonomy by including and excluding additional items in the framework, which helps to implement it at the national level). However, it also keeps the same terms and definitions determined by the parent taxonomy which implies that the same items will be used by each entity in all national environments which want to use a taxonomy extended from the CEBS taxonomies⁸. The consequence is that cross-border groups can set up one reporting mechanism using the same IT standard, avoiding additional burdens from the use of different standards at the same time depending on the country in which the group is established, and reducing the level of the reporting burden compared with the previous situation.

Another factor to emphasize in the Guidelines on Financial Reporting is ***the alignment of the reporting frameworks to the disclosure requirements included in the underlying regulations***. They were developed on the basis of the disclosure requirements asked for by IAS/IFRS, and include those which are relevant for supervisory purposes. Since the majority of the reporting requirements are based on disclosure requirements set by the IAS/IFRS, there are some possibilities to reduce the level of reporting burden for the institutions applying FINREP.

Consequently, institutions applying FINREP may establish their regulatory reporting systems as sub-products of the systems already established for their public financial statements, taking into account the potential difference in the scope of consolidation. The reduction in the reporting burden may be higher if FINREP aligns as much as possible to the endorsed IAS/IFRS, keeping the framework updated to the latest developments, to the extent that the new information is useful from a supervisory perspective. That is a factor that may mitigate the change in the level of reporting burden since it reduces the number of requirements that may be produced "ad hoc" for the supervisory authority due to their relevance for prudential purposes. In this context, it should be emphasized that FINREP was not developed for public disclosure, but

⁸ Nevertheless, that may not be absolutely true in practice, since the use of the versions of the XBRL taxonomies at national level diverge from one country to another in practice, according to concerns raised by some banking representatives.

for prudential purposes. Therefore, some reporting requirements not covered by IAS/IFRS are included in the framework due to their prudential relevance.

One final aspect that should be stressed is ***the procedures and structures put in place to achieve common understandings among members on the implementation of the CEBS Guidelines on Reporting***. CEBS has decided to set up a number of networks dealing with the reporting frameworks. The scope of these networks is the maintenance of the frameworks, providing advice on the implementation of the frameworks at national level.

To provide this support, the networks are answering implementation questions, which will be published on the CEBS website. This channel is a powerful mechanism to establish common understanding in the implementation of the reporting frameworks, and it helps to avoid divergent views among members on the content of the templates. This mechanism is open not only to supervisory authorities, but also to the industry⁹.

As a consequence, cross-border groups may use this procedure to obtain precise answers when doubts arise on the content of the templates. This should improve the consistency of the terms and definitions used, although it is only limited to issues under the scope of the CEBS Guidelines on Reporting.

However, there are some factors which reduce the effectiveness of these positive aspects. The first one is ***the flexibility provided to the national authorities for the implementation of the reporting frameworks at national level***. As stated in the Guidelines on Common Reporting, one of the underlying principles established when building the framework was flexibility in its use at national level. That necessarily means that national implementations of the Guidelines on Common Reporting may vary from one country to another, depending on the information needed for their own supervisory approach.

As an indication of the expected use of the templates, the Guidelines establish two sets of data: core and detailed layers. It is expected in the Guidelines that there will be almost full convergence on the core layer, whereas a substantial but not full convergence is expected for the detailed layer. That factor is partially mitigated in the Guidelines on Financial Reporting.

This structure of the reporting frameworks means in practical terms that the final implementations may vary from one country to another, which derives from the fact that national implementations could either diverge from FINREP or ask for additional information not covered by this framework. That may increase the level of reporting burden within a cross-border group because it mitigates some of the benefits included in the positive factors cited above.

Another mitigating factor is ***the lack of harmonisation in some basic principles of the reporting procedure***, such as the remittance period and the frequency of reporting. As stated in the Guidelines on Reporting, these two

⁹ Until now (mid-August 2007), 42 implementation questions have been approved and published on the CEBS website, with more than 18 not closed at this stage.

aspects are subject to national discretion. This issue is currently under consideration at CEBS level.

These two aspects are hurdles to more harmonised reporting within groups since the institutions may be obliged to send their supervisory reports to different authorities with different schedules. This is of particular importance for those banks which are using centralised data warehouse approaches. This issue influences the internal procedures of the cross-border groups, implying that they may be obliged to execute procedures and activate systems with a different timing to the one asked for by the supervisory authority of its EU parent institution. This factor also has the potential to mitigate to a certain extent the benefits arising from the reduction in reporting burden as mentioned above. However, it needs to be clarified that any achievement in this area will be an improvement on the previous situation in which there was no harmonisation.

D.3 Comparison of the level of reporting requirements with third countries

In general it must be stated that this kind of comparison has its limits, again due to different supervisory approaches, different market structures and different legal backgrounds. Therefore the following analysis will give an impression only of the different levels of reporting requirements.

D.3.1 Comparison with the United States Prudential Reporting Framework

As a preliminary note, it must be stated that the US Supervisory authorities have published a draft subject to public comment on the reporting frameworks for those entities applying advanced methodologies for the calculation of capital requirements under Basel II. Therefore, a caveat must be made before analysing the comparison with the United States Prudential Reporting Framework, because the terms of the comparison with the Guidelines on Common Reporting will be limited to the part referring to advanced methodologies.

A second aspect that should be borne in mind is that the proposal analysed in this report is not a final version and it may be subject to changes due to the regulatory process in which the US supervisory authorities are involved currently.

The main results to be stressed from the comparison are the following:

1. COREP framework requires more information on the advanced methodologies than the draft templates released by the US supervisory agencies.
2. If the comparison is made on a qualitative basis, the comparison with the Guidelines on Common Reporting shows that the following areas are not covered by the United States reporting framework:
 - a. GROUP Solvency Details: that collects information on the solvency of affiliates;
 - b. CR SEC Details: this template collects detailed information by each securitisation transaction and
 - c. OPR Details: which includes information about gross losses by business line and event type in the last year.

D.3.2 Comparison with the United States Financial Reporting Framework

The United States supervisory framework is structured between several supervisory authorities, not only at federal but also at state level. However, it is not the intention of this document to analyze the supervisory framework deeply, but it is necessary to keep in mind when conducting a comparison that there are several reporting frameworks in the US. Therefore, in order to conduct a proper comparison, it is necessary to have look first at the files that

credit institutions must report to the US supervisory authorities, depending on the type of reporting institution. The ones listed below are those considered to be comparable to the scope aimed at by FINREP (financial reporting for supervisory purposes):

- FFIEC 031 "Consolidated Report of Condition and Income for a Bank with Domestic and Foreign Offices" or 041 "Consolidated Report of Condition and Income for a Bank with Domestic Offices only" (depending on whether the reporting entity has foreign offices): those files should be reported by insured commercial banks, state-chartered savings banks and non-insured national trust companies.
- FR Y-9C Consolidated Financial Statements for Bank Holding Companies: to be reported by domestic Bank Holding companies meeting some criteria.

The main results of the comparison are the following:

1. FINREP tends to ask for more data than the reporting frameworks in the United States.
2. Basically, FINREP and the United States forms request the same information. However, on a number of topics, FINREP requires information that is not covered under the US frameworks:
 - a) detailed information on non-financial items in the balance sheet (e.g. tables on Property, Plant and Equipment);
 - b) details on the income statement: in this case, the US frameworks follow the net approach in reporting gains and losses on different items; and
 - c) other detailed information: for example, the cash flow statement and related party transactions are not asked for by the US supervisory authorities.

Most of the cases included above are templates which have a clear basis in the disclosure requirements of IAS/IFRS. The differences may be based on either differences in the accounting standards applicable or differences in the supervisory approaches to off-site examinations.

D.3.3 Comparison with Canada's Prudential Reporting Framework

In Canada the Office of the Superintendent of Financial Institutions (OSFI) has established a reporting framework under Basel II.

The main results arising from the comparison with the Canadian framework are the following:

1. In broad terms, it can be said that the Canadian framework requires more data collection than COREP. However, this conclusion is only due to the templates referring to IRB approaches for credit risk, because in the remaining areas COREP tends to have more reporting elements.

2. If a qualitative analysis is applied, it shows that the following areas of COREP are not included in the Canadian report:
 - a) information about gross losses by business line and event type in the last year (OPR Details);
 - b) information about major operational risk losses (OPR LOSS Details): although some information was collected in the past, OSFI's reporting does not currently collect this information on a regular basis; and
 - c) information on the solvency of affiliates (GROUP Solvency Details): OSFI requires all subsidiaries that are regulated by OSFI to file capital adequacy returns. In addition, the Canadian supervisors are required to consider the solvency of affiliates.

E. Conclusions

E.1. COREP

The ***Guidelines on Common Reporting*** were approved in January 2006. These Guidelines were designed to allow for the reporting of key prudential information under the new capital framework in the same manner, using formats and variables with clear common definitions linked to the relevant solvency Directives. A summary of the results of the study are the following:

- The Guidelines created a set of common data definitions for prudential reporting under the Capital Requirements Directive. However, these reporting requirements are not based on disclosure requirements (Pillar 3).
- The level of commonality achieved in the use of the framework shows that CEBS members have been able to accommodate most of their reporting requirements within the Guidelines. Indeed, from a quantitative perspective, the use of the templates can be qualified as significant for many of the templates.
- CEBS has developed a XBRL taxonomy that provides a common interface for reporting to the national authorities. The results on the commonality of this tool provide some mixed conclusions, since approximately half of members are using XBRL as the reporting mechanism.
- However, COREP is a complex reporting package. That complexity arises from the underlying regulation (since COREP needs to be applied in any context, it needs to reflect all the possible options and national discretions included in the CRD that may have an impact on the reporting process) and from the diversity of supervisory models among CEBS members (CEBS members have different views on the use of off-site supervision). This complexity is a major hurdle to the centralisation of the reporting process for the cross-border institutions, with its related cost savings.
- As a consequence, COREP's usefulness for cross-border groups may be mitigated if the data definitions diverge from one country to another. The differences in these data definitions may arise for the following reasons:
 - use of national discretions and options included in the CRD which have a direct impact on the content of the data definition;
 - different applications and/or interpretations of the references made to the concepts included in the CRD; and
 - different interpretations of the concepts created in the Guidelines.
- In the comparisons with third country frameworks, the results are mixed. Whereas the Canadian framework is more burdensome than

COREP¹⁰, the opposite situation arises in the comparison with the (draft) reporting schemes of the United States supervisory agencies.

As a conclusion, it can be said that COREP has made substantial progress, although there is scope for further refinement. It has created a common framework which accommodates the needs of prudential reporting to the different national authorities, and the level of commonality of the information is significant in many areas. Therefore, COREP has met to a certain extent the mandate received from the Financial Services Committee to build common formats (although this assessment study cannot answer whether the introduction of COREP has helped to reduce the cost of supervision without impinging on the objectives of supervision and financial stability, as required by the FSC report).

However, further efforts may be needed in the following directions to fulfil wholly the recommendations of the FSC Report:

- the streamlining required in this FSC report entails not only formats and content, but also timing and frequency of reporting¹¹; and
- the report calls also for the Committees to analyze the simplification of the reporting procedures.

On the other hand, COREP at this stage only partially meets the recommendations included in the Commission White Paper since it does not foresee any centralised reporting with the submission of a set of data to one single authority.

However, in order to meet future mandates coming from the Financial Services Committee, CEBS needs to mention the following obstacles (which fall outside its scope):

- The national discretions and options, as well as the differences in the application of the CRD have a major impact on the content of the data definitions. Unless this issue is solved, fully common reporting cannot be defined and set up among national authorities. This aspect not only implies that certain items shall be included in the Guidelines, but also that the content of the same item may be different from one country to another.
- The approaches of the national authorities to prudential supervision. While some authorities rely more on the internal management information of the supervised institutions, other authorities prefer the use of standardised formats for the collection of prudential data. These differences in reporting practices reflect different supervisory approaches to financial supervision. On the other hand, since national supervisory

¹⁰ However, this conclusion is only limited to the IRB information, since in the remaining areas COREP tends to be more burdensome.

¹¹ See Annex 3, paragraph 5 of the FSC report.

approaches diverge to a certain extent, supervisors will collect only those data that are appropriate according to their own cost/benefit analysis.

E.2. FINREP

CEBS approved in late 2005 the ***Guidelines on Financial Reporting***, which are intended to be used by credit institutions that use IAS/IFRS for their published financial statements and that have to provide similar information in the periodic reports to be submitted to their supervisory authorities. A summary of the results achieved in the study are the following:

- The Guidelines on Financial Reporting create a common lay-out for financial reporting for supervisory purposes for credit institutions applying IAS/IFRS. The results show that the level of commonality of the core templates is very high. This is an aspect that should be qualified as positive. On the other hand, for the rest of the templates commonality tends to be lower. These templates provide details of the core information, and a quantitative analysis shows that they tend to be asked for comprehensively when used by members.
- The Guidelines on Financial Reporting may use FINREP XBRL taxonomy as a reporting mechanism, which is extended from the IFRS-GP taxonomy. That is a positive sign, since it may reduce the reporting burden on the institutions as long as the use of XBRL is widespread (not only among members, but also for public financial statements). The intentions of members to use XBRL produce a mixed conclusion on this point, so the potential of this tool is not fully developed at this stage¹².
- FINREP has harmonised the data definitions used in the templates, using references to IAS/IFRS. That is a significant step forward, especially given that the new accounting framework represented by IAS/IFRS does not prescribe a mandatory format as included in Directive 86/635/EEC. This was the reason for developing FINREP and it has involved an agreement between authorities with different backgrounds. The benefits arising from this aspect will be strengthened if national authorities forward the issues to the FINREP network in order to create more commonality in the definitions.
- FINREP requires more information than the relevant United States framework. Although some of the differences may be explained from the differences in the underlying accounting frameworks, it is also true that certain areas of information included in FINREP are not required under the US framework (e.g. detailed information about non-financial items in the balance sheet).

¹² The conclusions about the use of XBRL in FINREP are also applicable in the case of COREP. There is one difference: COREP is a stand-alone taxonomy which is not linked to any other taxonomy.

- Finally, although it was designed for supervisory purposes, FINREP is useful in increasing comparability of information across EU countries and in reducing the reporting burden of credit institutions as far as it is based on IFRS. Therefore, any misalignment from them creates an additional reporting burden on the credit institutions which needs to be justified on prudential grounds by their common use among members. In this context, CEBS considers that, in these situations, the benefit of including the information should outweigh the related reporting burden arising from them, and the inclusion of these data needs to drive to higher levels the commonality in reporting by supervised institutions.

Therefore, given the results obtained from the study the main conclusion is that the Guidelines on Financial Reporting are a relevant movement for convergence, reflecting very high level of commonality in the core layer. However they have achieved a low level of commonality among members in the non-core part of the framework, which is not aligned with the objective set by the Financial Services Committee.

On the other hand, if the results of the report are compared with the objectives set in the European Commission White Paper, it is clear that the current arrangements only partially comply with the expectations included in this document, even if it is considered that CEBS was not committed to a major deliverable this year. Consequently, in order to meet this mandate, the Guidelines would need to be modified in its basic principles.

Therefore, the increase of the commonality of the Guidelines is an objective that CEBS endorses. However, in order to achieve it, this report wants to highlight the possible difficulties or limits that FINREP faces in achieving further convergence (which are beyond the scope of CEBS):

- The underlying accounting standards are different to IAS/IFRS in some countries. In this context, CEBS recognises that this is an issue which has several different implications distinct from financial supervision (e.g. income tax is calculated in certain countries on the data provided by the financial statements) and that it is not under its area of work. Therefore, this is a major obstacle to increasing commonality, since it does not allow cross-border institutions to apply the same measurement rules (and to report related information in the same way) in every country.
- The templates are quite detailed for the majority of supervisors in a certain number of cases. This shows that the average supervisory model among CEBS members does not use financial reporting as intensively as the framework allows. In this context it may be possible that certain countries prefer to use banks' annual reports or management information for their analysis (implying that there is no possibility of making comparisons with other institutions).

Finally, in general terms, the survey conducted about remittance dates and reporting frequency for COREP and FINREP through CEBS members shows that there is a general coincidence in using the closing dates of periods as the reference dates. It also shows that the most common reporting frequency is quarterly and that the practices of members on remittance dates are different

in the various countries. However, they tend to be concentrated on certain intervals. Contacts with industry experts provided the idea that efforts to standardise the remittance date and reporting frequency would be mainly positive for EU cross-border groups applying advanced methodologies for the calculation of capital requirements when they have set up centralised systems. Annex 1 includes a more detailed explanation of the findings.

ANNEX 1: ANALYSIS OF THE DIFFERENCES ON REMITTANCE DATE AND REPORTING FREQUENCY

EGFI decided in its last meeting to conduct a stock-take on remittance period and reporting frequency in accordance with the mandate received from CEBS in March.

Analysis of the results

In order to analyze the results of the stock-take, they are divided in a number of sections:

a) General information: the answers from members show that a number of countries have a specific remittance period and frequency not determined by the national authority (8 of 29). The source of this regulation is sometimes a law, a regulation from the Central Bank or from another supervisory authority.

On the other hand, a significant number of countries apply different remittance periods and reporting frequencies by type of institution. The most common case mentioned is certain types of investment firms.

Finally, a majority of members are empowered to ask on a case-by-case basis for information with a specific remittance period or frequency.

b) Remittance date for consolidated data: the data and its analysis will be divided between the Guidelines¹³.

If the analysis is made on a cross-border basis, the data calculated shows that the answers from members tend to be uniformly dispersed through the different intervals.

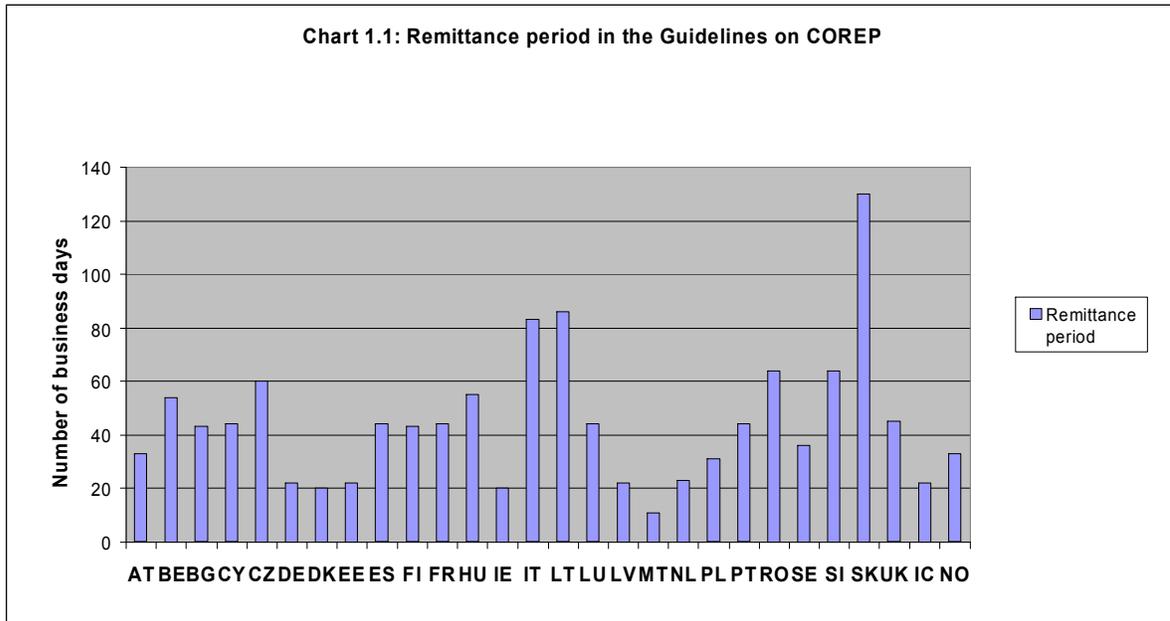
Table 1.1: Remittance period COREP consolidated data

	Q1	Q2	Q3	Q4
0-10 days	0	0	0	0
10-20 days	3	3	3	3
20-30 days	9	9	9	6
30-40 days	2	3	2	4
40-50 days	2	8	2	8
More than 50	1	5	1	7

¹³A preliminary note should be made. Since not all members applied all templates, an average of the remittance periods per template has been calculated, and based on those data, a weighted-average of all the templates. A different way of calculating it would be by calculating the average choosing the most representative date per country.

days				
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Graphically, if the remittance date is analysed per country, the results are the following for the data for 31st December:

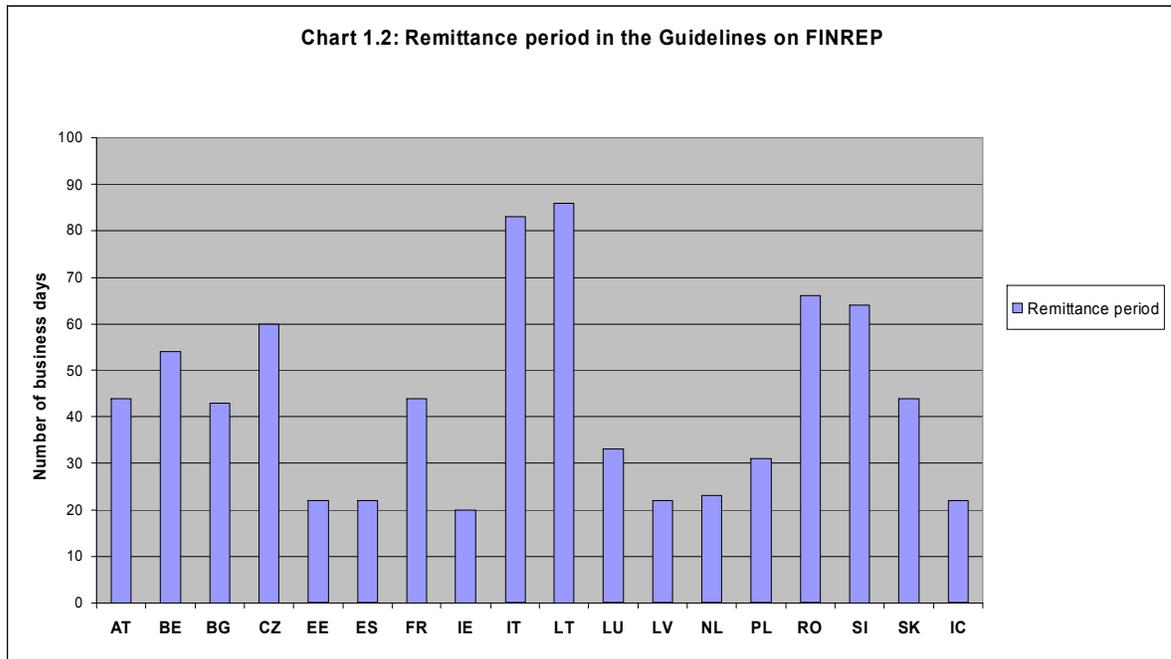


On the other hand, the differences in the remittance period for consolidated data on FINREP templates between national authorities are included in the following chart:

Table 1.2: Remittance period FINREP consolidated data

	Q1	Q2	Q3	Q4
	Q1	Q2	Q3	Q4
0-10 days	0	0	0	0
10-20 days	1	1	1	1
20-30 days	7	7	7	6
30-40 days	2	2	2	2
40-50 days	1	3	1	5

A graphical view is included in the following chart for Q4 data:



c) Remittance period for solo data: as stated above, the analysis is divided between the two Guidelines.

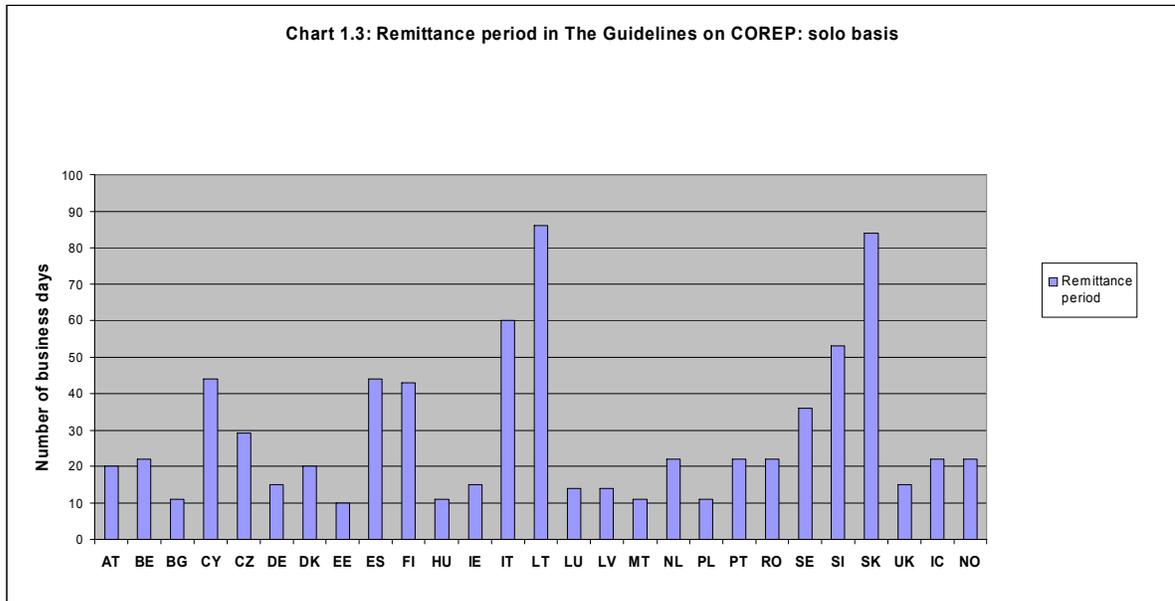
The following table shows the differences between countries in the remittance periods for COREP solo information:

Table 1.3: Remittance period COREP solo data

	Q1	Q2	Q3	Q4
0-10 days	2	2	2	2
10-20 days	15	14	15	11
20-30 days	6	6	6	6
30-40 days	0	0	0	0
40-50 days	0	0	0	3
More than 50 days	1	2	1	4

However, one of the outliers in the chart (Slovakia) only requires this information with such a period for the data at 31st December. It should be stressed that a number of countries do not apply COREP on a solo basis.

Graphically, the data included above are included in the following chart for Q4 data:

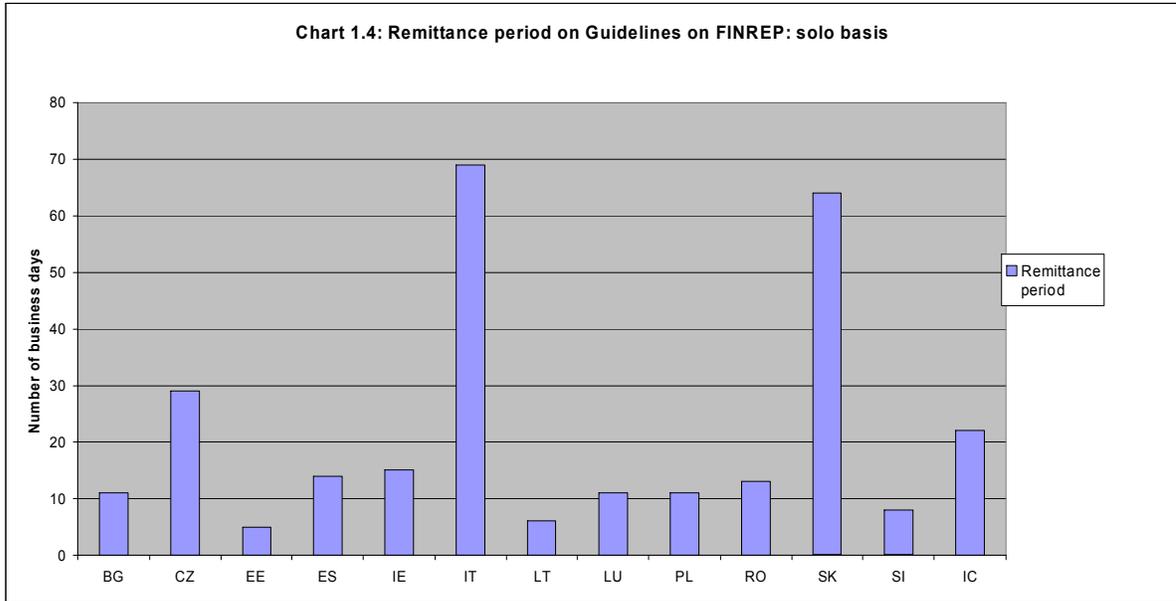


The following template includes the differences by intervals of time among CEBS members for FINREP:

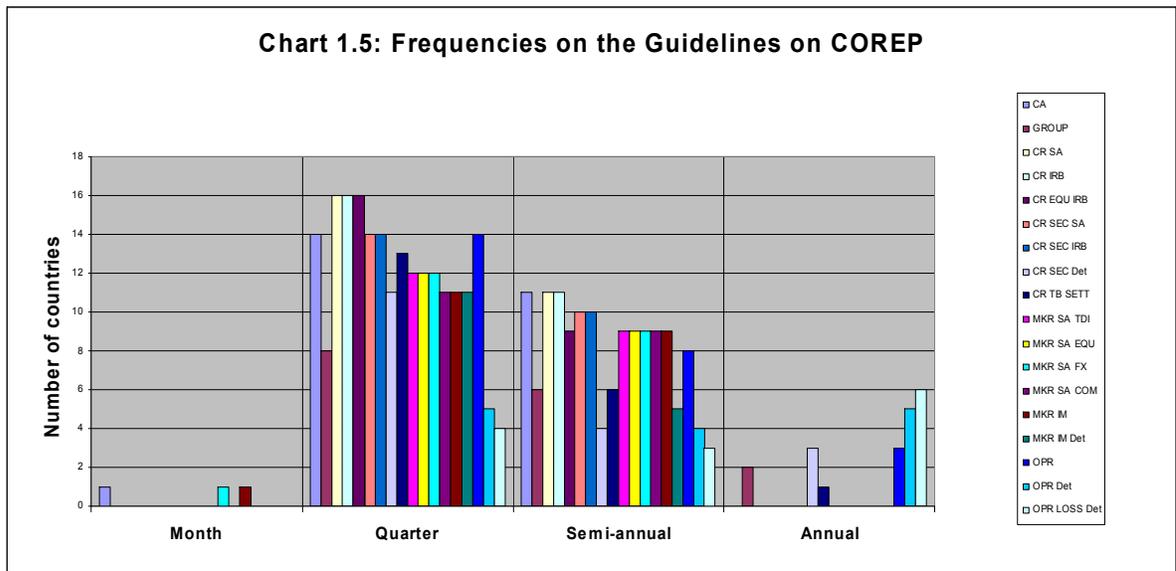
Table 1.4: Remittance period FINREP solo data

	Q1	Q2	Q3	Q4
0-10 days	3	3	3	4
10-20 days	7	7	7	6
20-30 days	2	2	2	2
30-40 days	0	0	0	0
40-50 days	0	0	0	0
More than 50 days	1	1	1	2

Graphically, the data included above are summarised in the following chart for the Q4 data:



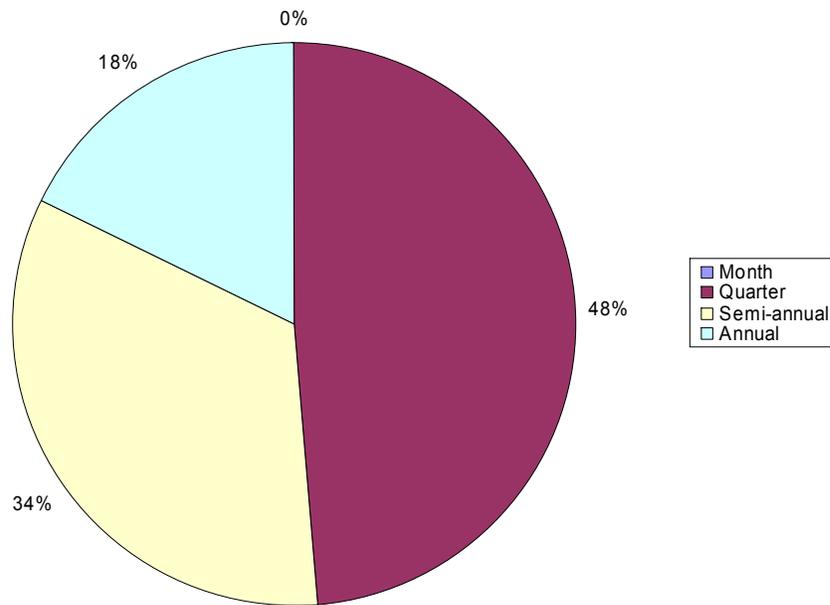
d) Reporting frequency for consolidated data: the data included below show the basic information provided by national authorities in the stock-take. Some specific aspects refer mostly to certain types of investment firms (see article 35.2 of Directive 2006/49/EC).



As is clear from the chart, quarterly and semi-annual information are the most common frequencies for most templates, with quite a reduced number of countries asking for some templates on an annual or monthly basis.

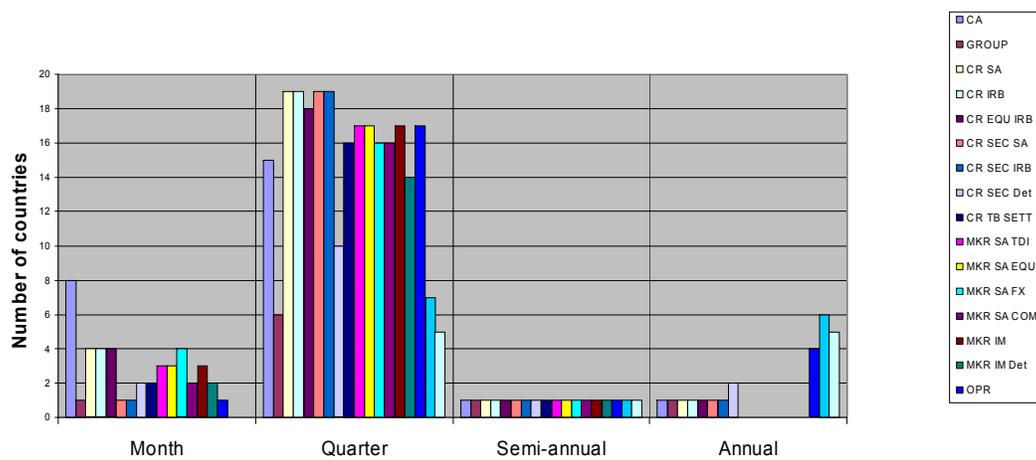
On the other hand, the common frequencies for the FINREP information are included in the following graph:

Chart 1.6: Frequencies in the Guidelines on FINREP



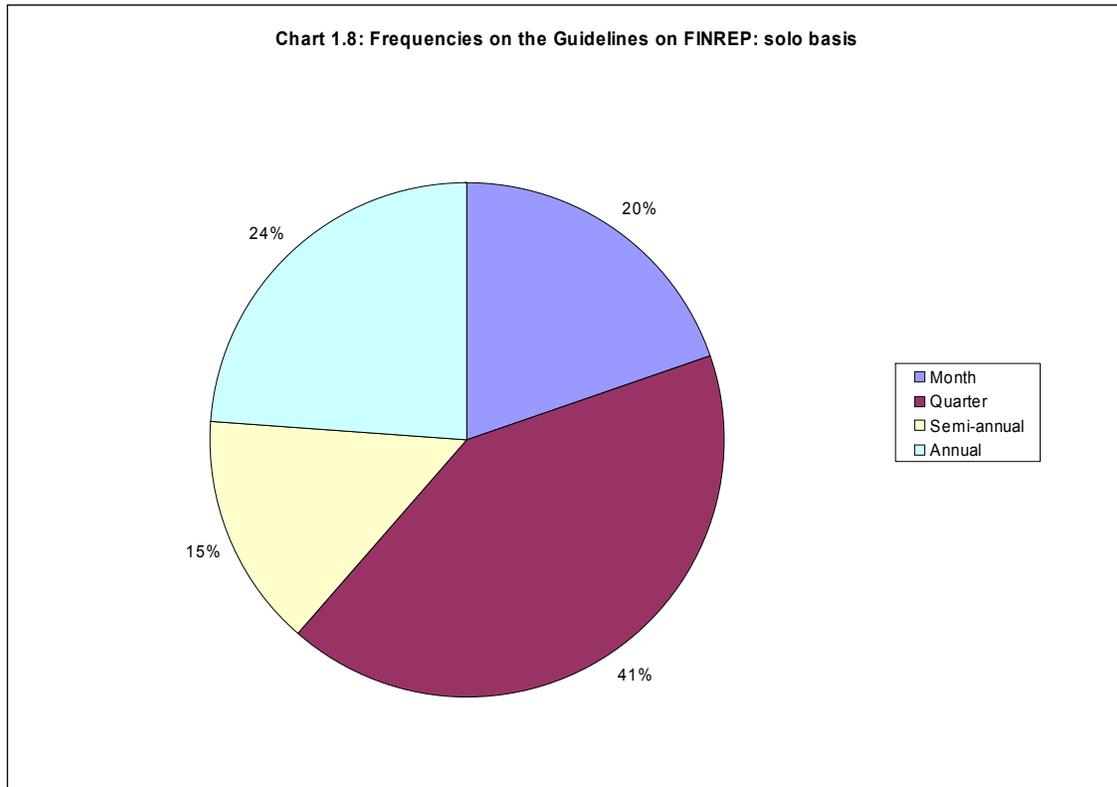
e) Reporting frequency for solo data: the graph below shows the differences in the reporting frequencies for COREP:

Chart 1.7: Frequencies on the Guidelines on COREP: solo basis



Quarterly reporting tends to be the predominant frequency. However, it should be emphasized that on a solo basis monthly frequency is also relevant,

especially in the requirement for the template CA which includes a summary of own funds and capital requirements.



The increasing importance of monthly reporting on a solo basis is confirmed by the chart referring to the frequency of the FINREP solo data.

f) Reference date: from the answers received in the stock-take all members use as the reference date the last day of the reporting month, quarter, half-year or year¹⁴.

¹⁴ However, when preparing the survey, some members commented that in some cases some groups are allowed to use reference dates different to those included above.

ANNEX 2: DETAILED RESULTS OF THE QUANTITATIVE ANALYSIS ON THE GUIDELINES ON COMMON REPORTING

As stated in the methodology included in Section C, the analysis will be focused on the information provided by national authorities on the CEBS website for the Supervisory Disclosure Framework.

One preliminary remark should be made. For the time being, only 24 members have disclosed their implementation plans requested under the Supervisory Disclosure Framework. Therefore, the quantitative information included is limited to these members, which represent 80% of the members and observers.

One important aspect is the timeline for implementation: the moment at which members incorporate the Guidelines into their national regulations. This timeline is, of course, highly dependent on the implementation date of the recast Directives 2006/48/EC and 2006/49/EC. The table below shows the different final implementation dates for the Guidelines in national regulations:

Table 2.1: Final implementation of COREP

2007				2008				2009
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
9	5	1 ¹⁵	1	6 ¹⁶	1	-	-	1

One clear message arising from the table is that for the majority of countries (14 of 24) final implementation may be delayed at a maximum to the first half of 2008. That reduces the transitional periods between different types of reporting frameworks for cross-border groups.

As a final step in the analysis of the information included in the Supervisory Disclosure, there is an analysis of the most frequent usage of each template. As a summary of the instructions for the disclosure framework, members have fulfilled for each template the level of use of the templates in their national implementation. In order to improve the detail of the analysis, it is included in each template the results obtained from the quantitative study conducted among a sample of members whose national implementation (either final or

¹⁵ One additional member (EL) which, although it does not have available the information on its national implementation, expects that it will be implemented by Q3 2007.

¹⁶ One further member (HU) which, although it does not have available the information on its national implementation, expects that it will be implemented by the Q1 2008.

draft) are publicly available. The analysis of usage is conducted by group of templates¹⁷:

1. Overview and group solvency details: the results arising from the information included in the Supervisory Disclosure Framework are the following:

Table 2.2: Use of CA and Group Solvency Details

	Fully	Partially	Not applied
CA	14	9	1
Group Solvency Details	11	2	11

The level of usage of the CA template is high, since it is only one member does not apply it. On the other hand, the average use of the template "Group Solvency Details" is lower than the CA template. Indeed, the mode value of this template is both fully and not applied.

With regard to the results arising from the simulation of cases, the data are included in the template below:

Table 2.3: Average use in Capital Adequacy and Group Solvency Details

	Mean	Mean (core layer)	Mean (detailed layer)	Answers of members in SDF
CA	80%	81%	37%	Fully: 8, Partially: 4
Group Solvency Details	28%		28%	Fully: 5, Not applied: 7

The results arising from the aggregated mean for the CA template confirm the preliminary results from the Supervisory Disclosure data. It is worth mentioning that the level of commonality plummeted when the mean for the detailed layer in this template was calculated.

The conclusions on the template for Group Solvency Details deviate to a certain extent from the previous analysis since the results are more negative due to the fact that the sample may not be a fair representation of the whole membership. Nevertheless, it indicates a tendency to a lower level of commonality among members. On the other hand, the average level of use tends to be rather high in the four countries which partially apply it.

¹⁷ All the data included are limited to the 24 countries which have provided detailed information in the Supervisory Disclosure Framework on the CEBS website.

Finally, the following table shows the distribution of the average use of the items by intervals, which may provide a first idea of the dispersion in the use of the templates:

Table 2.4: Distribution of the average use of items by intervals

	0-25%	25-50%	50-75%	75-100%
CA	0%	4%	26%	70%
Group details Solvency	58%	42%	0%	0%

The data arising from table 2.4 show that the level of use of the template tends to be highly concentrated around the average use of the templates included in table 2.3. Again, it shows that the level of use of the template Group Solvency Details is located in the lower intervals.

2. Credit risk templates: the analysis of the answers provided by members is included in the following table:

Table 2.5: Use of Credit Risk templates

	Fully	Partially	Not applied
CR SA	12	12	0
CR IRB	11	13	0
CR EQU IRB	14	9	1
CR SEC SA	13	8	3
CR SEC IRB	13	8	3
CR SEC Details	16	0	8
CR TB SETT	13	6	5

The commonality in the use of the CR templates is high in general. It is especially remarkable that almost all members asked for full or partial completion of the templates concerning the general information about the standardised and IRB approaches for credit risk (excluding the templates referring to securitisation).

With regard to the securitisation templates, it should be emphasized that the level of commonality is lower than in the other templates. (This is also applicable to the CR TB SETT template dealing with the capital

requirements for the settlement/delivery risk in the Trading Book.) It should be emphasised that a number of countries do not ask for any information related to the CR SEC IRB Details.

With regard to the results arising from the simulation of cases, the data are included in the template below:

Table 2.6: Average use of Credit Risk templates

	Mean	Mean (core layer)	Mean (detailed layer)	Answers of members in SDF
CR SA	56%	87%	47%	Fully: 5, Partially: 7
CR IRB	56%	85%	43%	Fully: 4, Partially: 8
CR EQU IRB	76%	83%	51%	Fully: 6, Partially: 5, Not applied: 1
CR SEC SA	60%	85%	57%	Fully: 6, Partially: 6
CR SEC IRB	62%	84%	62%	Fully: 6, Partially: 6
CR SEC Details	58%		58%	Fully: 8, Not applied: 4
CR TB SETT	65%	83%	56%	Fully: 8, Partially: 3, Not applied: 1

The results arising from the simulations are similar to a certain extent to those arising from the Supervisory Disclosure Frameworks. In principle, there is a level of commonality in the templates between 50-75%; that increases remarkably in their core layer (with percentages of commonality higher than 75% in all cases). The commonality of the detailed layer is lower, although it only decreases below 50% for the CR SA template.

On the other hand, the level of average use for those countries applying the templates is in line with the previous conclusions since in most cases most countries apply all the templates. There is one exception to this principle, which is the template CR SEC Details whose level of use is lower compared to the others. However, the average use of the template by those applying it is almost complete.

Finally, the following table shows the distribution of the average use of the items by intervals:

Table 2.7: Distribution of the average use of items by intervals

	0-25%	25-50%	50-75%	75-100%

CR SA	1%	67%	14%	19%
CR IRB	3%	46%	38%	13%
CR EQU IRB	0%	9%	40%	51%
CR SEC SA	0%	22%	71%	7%
CR SEC IRB	0%	15%	79%	6%
CR SEC Details	0%	3%	97%	0%
CR TB SETT	0%	0%	89%	11%

The results arising from the template allow us to distinguish between two different group of templates: the CR SA and CR IRB show that a significant part of the template is used by less than the half of the members included in the sample, so the average use of certain parts of these templates is quite limited; the rest of the templates show higher levels of concentration with the average use in the 50-75 interval.

3. Market risk templates: an aggregation of the results arising from the Supervisory Disclosure Framework is included in the template below:

Table 2.8: Use of Market Risk templates

	Fully	Partially	Not applied
MKR SA TDI	7	13	4
MKR SA EQU	8	12	4
MKR SA FX	9	11	4
MKR SA COM	7	11	6
MKR IM	14	6	4
MKR IM Daily	12	4	8

One preliminary distinction should be made between the templates referring to the standardised approach and those referring to internal models. It is evident that the average use of the former is lower than with the credit risk templates.

On the other hand, in the templates referring to the calculation of capital requirements based on internal models, the level of use is higher.

However, the number of countries not asking for the details of the market risk internal models should be noted.

With regard to the results arising from the simulation of cases, the data are included in the template below:

Table 2.9: Average use of Market Risk templates

	Mean	Mean (core layer)	Mean (detailed layer)	Answers of members in SDF
MKR SA TDI	53%	76%	31%	Fully: 3, Partially: 8, Not applied: 1
MKR SA EQU	60%	83%	50%	Fully: 4, Partially: 7, Not applied: 1
MKR SA FX	42%	71%	32%	Fully: 5, Partially: 6, Not applied: 1
MKR SA COM	31%	60%	22%	Fully: 3, Partially: 8, Not applied: 1
MKR IM	81%	81%		Fully: 7, Partially: 5
MKR IM Daily	52%		52%	Fully: 5, Partially: 3, Not applied: 4

The results for the templates for the standardised approaches show that the average use of the templates diverges slightly from the results arising from the Supervisory Disclosure Framework. Whereas the results for the positions in currencies and commodities may have values in accordance with the results included in the table above, the results for equities and debt instruments are better. These areas are clearly concentrated in the detailed layer of those templates, which present diverging values of mean compared to the values arising from the core layer of the templates.

With regard to the internal model templates, the conclusions included above for the qualitative analysis are clearly valid.

Finally, the following table shows the distribution of the average use of the items by intervals:

Table 2.10: Distribution of the average use of items by intervals

	0-25%	25-50%	50-75%	75-100%
MKR SA TDI	29%	27%	29%	15%
MKR SA EQU	0%	48%	34%	18%

MKR SA FX	37%	39%	11%	12%
MKR SA COM	60%	28%	10%	2%
MKR IM	0%	0%	55%	45%
MKR IM Daily	0%	79%	21%	0%

The conclusions arising from the template show that the average use of the cells tend to be dispersed, with a certain tendency to a concentration in the lower intervals. The exception to this general conclusion is the template MKR IM, which shows the opposite distribution: highly concentrated in the higher intervals of use.

4. Operational risk templates: the results arising from the Supervisory Disclosure Framework are included in the following table:

Table 2.11: Use of Operational Risk Templates

	Fully	Partially	Not applied
OPR	17	7	0
OPR Details	13	3	8
OPR LOSS Details	10	3	11

The level of commonality in the OPR template is the highest in COREP, and especially remarkable given that only a reduced part of the template is considered to be "core". That level plummeted in the remaining templates, since the number of countries not applying them is relevant. It should be emphasized that the template OPR LOSS Details is the only one where the most common result is "Not applied".

With regard to the results arising from the simulation of cases, the data are included in the template below:

Table 2.12: Average use of Operational Risk templates

	Mean	Mean (core layer)	Mean (detailed layer)	Answers of members in SDF
OPR	71%	88%	68%	Fully: 8, Partially: 4,
OPR Details	41%		41%	Fully: 6, Partially: 1, Not applied: 5

OPR LOSS Details	29%		29%	Fully: 4, Partially: 1, Not applied: 7
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The results from the simulations are similar for the OPR template. There is a high average use. On the other hand, the results for the remaining templates are less positive, which may go against the conclusions below for the template OPR Details.

Finally, the following table shows the distribution of the average use of the items by intervals:

Table 2.13: Distribution of the average use of items by intervals

	0-25%	25-50%	50-75%	75-100%
OPR	0%	12%	73%	16%
OPR Details	0%	100%	0%	0%
OPR LOSS Details	52%	48%	0%	0%

The results show that the distribution of the average use of the OPR template is less concentrated than the other templates, which are quite concentrated on the same interval.

ANNEX 3: DETAILED RESULTS OF THE QUANTITATIVE ANALYSIS ON THE GUIDELINES ON FINANCIAL REPORTING

The first aspect to analyze is the extent of the implementation of the Guidelines on Financial Reporting. According to the information included in the Supervisory Disclosure Framework, 23 members (77% of members and observers) have decided to implement the Guidelines on Financial Reporting in their countries, which means that seven countries (CY, DK, EL, MT, PT, UK and LI) have refused to implement FINREP.

This data shows that cross-border groups will find that in most countries the financial reporting requirements for supervisory purposes are based on FINREP. However, the extent of implementation is lower than with COREP.

One additional caveat should be made: until now, only 17 members¹⁸ have disclosed their implementation plans requested under the Supervisory Disclosure Framework. Therefore, the quantitative information included below is limited to these members, which represent 57% of the members and observers. This caveat does not apply to the data arising from the sample of members, which is limited to the 7 members cited in the methodology.

The timeline for implementation is an important aspect of the convergence of reporting for cross-border groups, especially during the transitional period. One preliminary aspect should be emphasized when comparing the results of FINREP with those arising from the implementation of COREP: there are no deadlines for implementing this framework, and in many cases members have adapted their old financial reports for supervisory purposes to IAS/IFRS for a transitional period.

Table 3.1: Final implementation of FINREP

2006	2007				2008				2009
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
4	4	1	0	3	3	0	0	1	1

This table shows that most of the implementation will be in place before 2009; however, the uncertainty relating to the members who have not yet decided their plans for implementation may create a longer transitional period for cross-border groups. It should be taken into account that this process has started in some members in early 2006 and it may finish by the end of 2008.

On the other hand, the information about the implementation of XBRL as the IT standard for reporting is basically the same in almost all countries, with the

¹⁸ One caveat must be made for the SE answers; the status of the implementation of FINREP is "Not yet finalised", but the Swedish FSA has partially disclosed general information about the implementation of FINREP.

caveat that some countries have implemented COREP but not FINREP, so the conclusions arising on this topic in the earlier section are valid.

Finally, regarding the use of templates among members, a preliminary distinction has been created between the templates in order to facilitate the analysis:

1. Core templates: as stated in the Guidelines, these comprise the templates for the balance sheet and the income statement. The results arising from the information included in the Supervisory Disclosure Framework are the following:

Table 3.2: Use of core templates

	Fully	Partially	Not applied
Assets (table 1.1)	17	1	0
Liabilities (table 1.2)	17	1	0
Equity (table 1.3)	17	1	0
Income Statement (table 2)	17	1	0

The results for this template imply that most countries have adapted their balance sheet and income statement to the models used in FINREP

With regard to the data arising from the simulation of cases, the following table includes the average use of the items included in those templates. In all cases, the average use of the items is higher than 85%. As an issue to flag, the data included in this template show that the provision included in the Guidance for Implementation about the minimum level of reporting requirements is not fully applied, since not all members require all data included in these templates.¹⁹

Table 3.3: Average use of core templates

	Mean	Answers of members in SDF
Assets (table 1.1)	94%	Fully: 6, Partially: 1
Liabilities (table 1.2)	88%	Fully: 6,

¹⁹ See Guidance for the Implementation of the Framework for Consolidated Financial Reporting, chapter 1, point 3.1: Core information

		Partially: 1
Equity (table 1.3)	93%	Fully: 6, Partially: 1
Income statement (table 2)	94%	Fully: 6, Partially: 1

On the other hand, the table below shows the dispersion of the average use among the templates:

Table 3.4: Distribution of the average use of items by intervals

	0-25%	25-50%	50-75%	75-100%
Assets (table 1.1)	0%	0%	13%	88%
Liabilities (table 1.2)	0%	0%	21%	79%
Equity (table 1.3)	0%	0%	8%	92%
Income statement (table 2)	0%	0%	9%	91%

The level of dispersion is not significant with all the data concentrated in the intervals of higher use. However, the data are remarkable, since these templates were considered to be the core layer of the framework (i.e. always to be asked for when applying the framework).

- Detailed templates referring to the financial instruments on the balance sheet: comprising tables 3-8 and 14-17 of the framework. The level of commonality in the use of these templates arising from the Supervisory Disclosure Framework is the following:

Table 3.5: Use of detailed templates referred to financial instruments on the balance sheet

	Fully	Partially	Not applied
Derivatives held for trading (table 3)	9	3	5
Financial assets designated at fair value through profit or loss: credit risk information on loans and advances (table 4)	5	1	11
Available-for-sale financial assets (table 5)	9	3	5
Loans and receivables (including finance leases) and held-to-maturity	13	0	4

investments (table 6)			
Information on impairment and past due assets (table 7)	6	5	6
Derivatives - Hedge accounting (table 8)	9	3	5
Financial liabilities held for trading (table 14)	7	2	8
Financial liabilities designated at fair value through profit or loss (table 15)	7	4	6
Financial liabilities measured at amortised cost (table 16)	10	1	6
Derecognition and financial liabilities associated with transferred financial assets (table 17)	4	3	10

In general terms, there are more members who have implemented these templates than members who have decided to exclude them from their national implementation. There are three main exceptions to this statement, which are:

- i. credit risk information arising from the financial assets designated at fair value through profit or loss (table 4);
- ii. liabilities included in the category of held-for-trading instruments (table 14); and
- iii. financial liabilities associated with transferred financial assets (table 17).

With regard to the data arising from the simulation of cases, the following table includes the average use of the items in each template from the sample of members included:

Table 3.6: Average use of the templates referred to financial instruments in the balance sheet

	Mean	Answers of members in SDF
Derivatives held for trading (table 3)	51%	Fully: 3, Partially: 2, Not applied: 2
Financial assets designated at fair value through profit or loss: credit risk information on loans and advances (table 4)	24%	Fully: 2, Not applied: 5
Available-for-sale financial assets (table 5)	66%	Fully: 4, Partially: 1, Not applied: 2

Loans and receivables (including finance leases) and held-to-maturity investments (table 6)	64%	Fully: 5, Not applied: 2
Information on impairment and past due assets (table 7)	43%	Fully: 2, Partially: 2, Not applied: 3
Derivatives - Hedge accounting (table 8)	48%	Fully: 3, Partially: 2, Not applied: 2
Financial liabilities held for trading (table 14)	30%	Fully: 2, Partially: 1, Not applied: 4
Financial liabilities designated at fair value through profit or loss (table 15)	43%	Fully: 3, Partially: 2, Not applied: 2
Financial liabilities measured at amortised cost (table 16)	64%	Fully: 4, Partially: 1, Not applied: 2
Derecognition and financial liabilities associated with transferred financial assets (table 17)	27%	Fully: 1, Partially: 2, Not applied: 4

The data included in the template show a similar profile to the results arising from the Supervisory Disclosure Framework, indicating that tables 4 (Financial assets designated at fair value through profit or loss: credit risk information on loans and advances), 14 (Financial liabilities held for trading) and 17 (Derecognition and financial liabilities associated with transferred financial assets) are the templates least used in the sample. However, it should be stressed that the level of average use of the templates is always lower than 75%, and for many templates it does not reach 50%, which were common values of average use between the COREP templates for credit risk.

On the other hand, the data on dispersion in the average use of these templates are the following:

Table 3.7: Distribution of the average use of items by intervals

	0-25%	25-50%	50-75%	75-100%
Derivatives held for trading (table 3)	0%	61%	39%	0%
Financial assets designated at fair value through profit or loss: credit risk information on loans and advances (table 4)	33%	67%	0%	0%
Available-for-sale financial assets (table 5)	0%	0%	100%	0%
Loans and receivables (including finance leases) and held-to-maturity investments (table 6)	0%	0%	100%	0%

Information on impairment and past due assets (table 7)	0%	87%	13%	0%
Derivatives - hedge accounting (table 8)	0%	79%	21%	0%
Financial liabilities held for trading (table 14)	9%	91%	0%	0%
Financial liabilities designated at fair value through profit or loss (table 15)	3%	65%	32%	0%
Financial liabilities measured at amortised cost (table 16)	0%	10%	90%	0%
Derecognition and financial liabilities associated with transferred financial assets (table 17)	20%	80%	0%	0%

The data show higher levels of concentration of average use in several different intervals which are coincident with the mean calculated for the template. This may imply that templates, if required, tend to be asked for as a whole.

- Detailed templates referring to other items on the balance sheet: these comprise tables 9-13 and 18-19 of the financial reporting framework. The results arising from the information disclosed by members is the following:

Table 3.8: Use of detailed templates referred to other items on the balance sheet

	Fully	Partially	Not applied
Property, plant and equipment (table 9)	6	2	9
Investment property (table 10)	6	2	9
Goodwill and other intangible assets (table 11)	6	2	9
Investments in associates, subsidiaries and joint ventures (table 12)	5	1	11
Non-current assets and disposal groups classified as held for sale (table 13)	5	1	11
Provisions (table 18)	8	1	8
Minority interests: revaluation reserves and other valuation differences (table 19)	6	0	11

The majority of members have decided not to implement these templates in their national regulations. There is one exception for the information regarding provisions, whose level of commonality may be defined as medium.

With regard to the data arising from the simulation of cases, the following template shows the results from the sample of countries of the average use of the items:

Table 3.9: Average use of the templates referred to other items on the balance sheet

	Mean	Answers of members in SDF
Property, plant and equipment (table 9)	17%	Fully: 1, Partially: 2, Not applied: 4
Investment property (table 10)	24%	Fully: 1, Partially: 2, Not applied: 4
Goodwill and other intangible assets (table 11)	16%	Fully: 1, Partially: 2, Not applied: 4
Investments in associates, subsidiaries and joint ventures (table 12)	23%	Fully: 2, Not applied: 5
Non-current assets and disposal groups classified as held for sale (table 13)	25%	Fully: 1, Partially: 1, Not applied: 5
Provisions (table 18)	24%	Fully: 2, Partially: 1, Not applied: 4
Minority interests: revaluation reserves and other valuation differences (table 19)	43%	Fully: 3, Not applied: 4

The results from the sample confirm the lower averages of use of these templates compared with other templates referred above. Probably, the percentages of use are lower than expected for template 23, but the sample may not be as representative of the whole group of members as desired.

Finally, the distribution in intervals of the average use of cells by each template is included in the table below:

Table 3.10: Distribution of the average use of items by intervals

	0-25%	25-50%	50-75%	75-100%
Property, plant and equipment (table 9)	83%	16%	0%	0%
Investment property (table 10)	48%	52%	0%	0%

Goodwill and other intangible assets (table 11)	91%	9%	0%	1%
Investments in associates, subsidiaries and joint ventures (table 12)	38%	62%	0%	0%
Non-current assets and disposal groups classified as held for sale (table 13)	28%	72%	0%	0%
Provisions (table 18)	38%	62%	0%	0%
Minority interests: revaluation reserves and other valuation differences (table 19)	0%	100%	0%	0%

There are higher levels of concentration of the average use of cells. They are coincident with the average use for the whole template, indicating that the templates, when required, are asked for as a whole. However, no item has an average use higher than 50%.

4. Detailed templates referred to the income statement: this section includes tables 20-27 and 29. The results arising from the information provided by the Supervisory Disclosure Framework are included in the following table:

Table 3.11: Use of detailed templates referred to the income statement

	Fully	Partially	Not applied
Fee and commission income and expenses (table 20)	8	2	7
Realised gains (losses) on financial assets and liabilities not measured at fair value through profit or loss, net (table 21)	7	0	10
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss (table 22)	6	1	10
Gains (losses) from hedge accounting, net (table 23)	8	1	8
Gains (losses) on derecognition of assets other than held for sale, net (table 24)	6	1	10
Other operating income and other operating expenses (table 25)	5	3	9
Staff expenses (table 26)	8	1	8
General and administrative expenses	7	1	9

(table 27)			
Profit or loss after tax from discontinued operations (table 29)	4	1	12

In general, members have decided not to use these templates, although there are diverging conclusions in some cases (e.g. in the details of types of fees and commissions income). Finally, it shows that table 29 (profit or loss after tax from discontinued operations) is the one with the lowest level of average use among those included above.

With regard to the data arising from the simulation of cases, the following template shows the results obtained from the sample of members:

Table 3.12: Average use of detailed templates referred to the income statement

	Mean	Answers of members in SDF
Fee and commission income and expenses (table 20)	40%	Fully: 3, Not applied: 4
Realised gains (losses) on financial assets and liabilities not measured at fair value through profit or loss, net (table 21)	45%	Fully: 3, Not applied: 4
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss (table 22)	29%	Fully: 2, Not applied: 5
Gains (losses) from hedge accounting, net (table 23)	36%	Fully: 3, Partially: 1, Not applied: 3
Gains (losses) on derecognition of assets other than held for sale, net (table 24)	26%	Fully: 1, Partially: 1, Not applied: 5
Other operating income and other operating expenses (table 25)	26%	Fully: 1, Partially: 1, Not applied: 5
Staff expenses (table 26)	37%	Fully: 3, Not applied: 4
General and administrative expenses (table 27)	17%	Fully: 1, Not applied: 6
Profit or loss after tax from discontinued operations (table 29)	21%	Fully: 1, Partially 1, Not applied: 5

The results from the sample show that the average level of use of the items is lower compared to other templates included in this section.

The next template shows the dispersion in the average use of the items by template:

Table 3.13: Distribution of the average use of items by intervals

	0-25%	25-50%	50-75%	75-100%
Fee and commission income and expenses (table 20)	0%	100%	0%	0%
Realised gains (losses) on financial assets and liabilities not measured at fair value through profit or loss, net (table 21)	6%	39%	56%	0%
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss (table 22)	18%	82%	0%	0%
Gains (losses) from hedge accounting, net (table 23)	0%	100%	0%	0%
Gains (losses) on derecognition of assets other than held for sale, net (table 24)	33%	67%	0%	0%
Other operating income and other operating expenses (table 25)	38%	50%	13%	0%
Staff expenses (table 26)	14%	86%	0%	0%
General and administrative expenses (table 27)	83%	17%	0%	0%
Profit or loss after tax from discontinued operations (table 29)	50%	50%	0%	0%

The results confirm the tendency mentioned for other templates, with a tendency to a concentration of the average uses in the interval where the mean of the template is included.

5. Other detailed templates: this section includes tables 28, 30-36 and 29. The results arising from the information provided by the Supervisory Disclosure Framework are included in the following table:

Table 3.14: Use of other detailed templates

	Fully	Partially	Not applied
Reconciliation of statutory tax to effective tax (table 28)	3	0	14
Information on credit risk and impairment (table 30)	6	4	7

Information on fair value of financial instruments (table 31)	5	1	11
Leasing: additional information (table 32)	4	1	12
Repurchase agreements, reverse repurchase agreements and related agreements (table 33)	6	3	8
Related party disclosures (table 34)	5	3	9
Defined benefit plans (table 35)	3	0	14
Loan commitments, financial guarantees and other commitments (table 36)	9	1	7
Scope of consolidation (table 39)	5	0	12

These templates are not used widely by members in their national implementations. There is one exception which is table 36 (loan commitments, financial guarantees and other commitments) and, to a certain extent, tables 30 (information on credit risk and impairment) and 33 (repurchase agreements, reverse repurchase agreements and other related agreements). The level of average use in the remaining cases is low.

With regard to the data arising from the simulation of cases, these are the data of average use:

Table 3.15: Average use of the templates referred to other detailed templates

	Mean	Answers of members in SDF
Reconciliation of statutory tax to effective tax (table 28)	14%	Fully: 1, Not applied: 6
Information on credit risk and impairment (table 30)	33%	Fully: 2, Partially 2, Not applied: 3
Information on fair value of financial instruments (table 31)	33%	Fully: 2, Partially 1, Not applied: 4
Leasing: additional information (table 32)	18%	Fully: 1, Partially 1, Not applied: 5
Repurchase agreements, reverse repurchase agreements and related agreements (table 33)	20%	Fully: 1, Partially 2, Not applied: 4
Related party disclosures (table 34)	29%	Fully: 1, Partially 2, Not applied: 4

Defined benefit plans (table 35)	14%	Fully: 1, Not applied: 6
Loan commitments, financial guarantees and other commitments (table 36)	81%	Fully: 5, Partially 1, Not applied: 1
Scope of consolidation (table 39)	29%	Fully: 2, Not applied: 5

Finally, the data on the dispersion of the average use of the items by each template are included below:

Table 3.16: Distribution of the average use of items by intervals

	0-25%	25-50%	50-75%	75-100%
Reconciliation of statutory tax to effective tax (table 28)	100%	0%	0%	0%
Information on credit risk and impairment (table 30)	7%	81%	12%	0%
Information on fair value of financial instruments (table 31)	0%	100%	0%	0%
Leasing: additional information (table 32)	59%	41%	0%	0%
Repurchase agreements, reverse repurchase agreements and related agreements (table 33)	64%	36%	0%	0%
Related party disclosures (table 34)	31%	69%	0%	0%
Defined benefit plans (table 35)	100%	0%	0%	0%
Loan commitments, financial guarantees and other commitments (table 36)	0%	0%	30%	70%
Scope of consolidation (table 39)	0	100%	0	0

6. Other templates: this final point includes tables 37 and 38, which are primary financial statements according to IAS/IFRS, although they are not part of the core part of the framework. The results are the following:

Table 3.17: Use of other templates

	Fully	Partially	Not applied
Cash Flow Statement (table 37)	5	1	11

Statement of Changes in Equity (table 38)	5	2	10
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The results show that the level of commonality is lower in both templates compared with the other primary financial statements.

With regard to the data arising from the simulation of cases,

Table 3.18: Average use of other templates

	Mean	Answers of members in SDF
Cash Flow Statement (table 37)	22%	Fully: 1, Partially 1, Not applied: 5
Statement of Changes in Equity (table 38)	27%	Fully: 2, Partially 1, Not applied: 4

These results tend to confirm the results obtained from the information included in the Supervisory Disclosure Framework, showing low levels of average use in the templates.

Finally, the template below includes the dispersion of the average use by intervals in each template:

Table 3.19: Distribution of the average use of items by intervals

	0-25%	25-50%	50-75%	75-100%
Cash Flow Statement (table 37)	44%	56%	0%	0%
Statement of Changes in Equity (table 38)	12%	88%	0%	0%

The results offer a more dispersed distribution of average use in the cash flow statement (but not in the statement of changes in equity). However, it is possible that the proximity of the threshold between intervals to the mean justifies it.