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**By e-mail : CP06rev2@c-eps.org**

## **Guidelines for Implementation of the Framework for Consolidated Financial Reporting (CP06 Rev2), Febelfin comment**

Brussels, 09/06/2009,

Dear Madam,

Febelfin, i.e. the Federation which regroups four trade associations from the Belgian financial industry<sup>1</sup>, welcomes the opportunity to express its views on the consultation document mentioned above. Following the decision of our Board meeting on 29<sup>th</sup> May 2009, we would like to make the following remarks.

**We warmly welcome the policy option described as the 'Maximum Data Model'** as a very pragmatic approach which recognizes the differences in reporting culture between supervisors on the one hand and provides a practical solution for reporting institutions on the other hand. Indeed, while relying on the full reporting package for the implementation, institutions can activate, country per country the non-core tables as defined by national regulators. We advocate however that regulators take into account, when defining the national reporting needs out of the non-core package, the close relationship between reporting content, validation rules and the XBRL-taxonomy.

Notwithstanding this positive development, we are very worried that the new FINREP may already be outdated at the moment of its implementation, given ongoing IASB work relating to the Financial Statement Presentation, IAS 1. **In a context where overall capital requirements for banks are strongly increasing, we feel it is very important not to spend costs on a project which may become obsolete at the moment of its implementation.** While we acknowledge the demand from political side as well as from the sector to establish a common financial reporting framework, we would like to avoid unnecessary, costly and burdensome changes to the reporting framework which will have to be changed shortly after. For this reason we propose that the CEBS workflow on FINREP is aligned with the IASB workflow on IAS 1 in order to take into account IAS 1 when it comes to an Exposure Draft. This does not exclude a limited, short term change of the reporting in order to keep the close connection between FINREP and IFRS, but may require a division of the envisaged changes in several building blocks.

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<sup>1</sup> The following trade associations are part of Febelfin: the Belgian Bankers' and Stockbroking Firms' Association (ABB/BVB); the Professional Union of Credit Providers (UPC/BVK); the Belgian Asset Management Association (BEAMA); the Belgian Leasing Association (BLA).

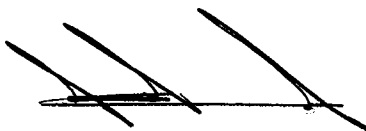
While this proposal should not be read as a support for the changes to IAS 1, we strongly support to keep a close connection between FINREP and IFRS. A possible disconnection would be very disruptive, leading to a different reporting to the market on the one hand and the regulators on the other hand as well as a continuous requirement for reconciliation between them.

We welcome the reduction in the number of quantitative data to be reported. However, this positive evolution is hollowed out by several other tendencies.

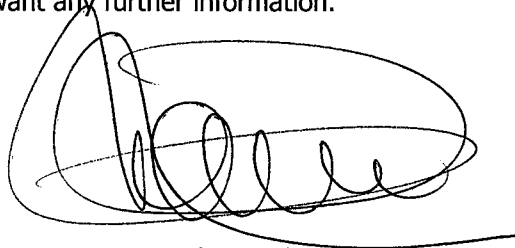
- The new FINREP proposes new details such as the division of trading derivatives into economic hedges and real trading derivatives; a broader application of the division into counterparties for products, more details are asked concerning the interest income, commissions,.... **These changes constitute a true makeover in some areas of FINREP and the impact for implementation should not be underestimated.**
- In defining the new FINREP reporting, we propose that regulatory specialists should take a holistic approach. As such we advocate that the **current work stream at the ECB in order to converge the statistical and prudential/financial reporting is taken into account.** This may in particular play a role in defining the counterparty and the geographic distributions.
- **The reduction of the reported data is only valid for the quantitative data,** and unfortunately not for the qualitative reporting, where the proposed formats are not in line with the annual reports of the banks and thus form an additional reporting burden with no added value.
- We highly appreciate the connection which is made between the reporting content and the XBRL taxonomy. However, we stress that much of the reporting burden will depend on how close these two elements of the reporting chain can be interlinked. In order to limit the reporting burden **it is absolutely necessary to keep a very close link between the reporting content and the XBRL taxonomy.**

Finally, we disagree with the proposed remittance periods. In this regard we would like to recall our letter of 28<sup>th</sup> April 2008 responding to CP04Rev where we focused on the differences between FINREP, COREP and the ECB reporting and the impact this has on the remittance period. As we advocate the use of a qualitative reporting (not extrapolating old figures or correcting initial figures for several times), we hope that CEBS may review its opinion on this issue.

We hope these remarks can be taken into account. Please do not hesitate to contact our services and our working group, should you want any further information.



Michel Vermaerke  
Chief Executive Officer



Daniel Mareels  
Director Taxation & Prudential, Legal & Compliance

Cc. Mr Jean-Paul Servais, Chairman, Banking, Finance and Insurance Commission

## **Guidelines for Implementation of the Framework for Consolidated Financial Reporting (CP06 Rev2), Febelfin comment, annex**

### **General comments:**

**We support the use of policy option nr. 1 described as the "Maximum Data Model"** as a very pragmatic approach to overcome the current differences in reporting culture between supervisors. This model has as an advantage that it recognizes the existing differences in reporting culture between supervisors on the one hand and offers to institutions a practical solution for reporting on the other hand.

Institutions prefer to rely on **one unique common data and reporting format, without the need to provide additional information at national level**. For this reason we welcome the approach described under the Maximum Data Model. The fact that some non-core information would not be asked by some regulators does not create a problem.

Institutions can under this model rely on the original FINREP-model as developed by CEBS and indicate, country per country, which information must be reported or not.

However, in defining their reporting needs out of the non-core package national regulators need to take into account the relationship between the reporting content, the validation rules and the XBRL-taxonomy.

The reporting content as well as the IT-framework which supports the reporting, are after all highly interlinked.

All the events in this reporting chain must be put into line: reporting content, validation rules, XBRL-taxonomy. **Changes in one of those events, inevitably affect the others** and this may lead to inefficiency and administrative burden for institutions as well as for regulators.

### ***Section: Impact Assessment***

#### **1. Do you think the revised FINREP Guidelines will reduce reporting burden?**

As 'reporting burden' is not to be collated with the sole number of cells to be reported, a nuanced response is in our opinion appropriate.

First of all we welcome the reduction in the number of quantitative data which will have to be reported. However, this positive evolution is hollowed out by several other tendencies.

- The new FINREP proposes new details such as the division of trading derivatives into economic hedges and real trading derivatives; a broader application of the division into counterparties for products, more details are asked concerning the interest income, commissions,.... **These changes constitute a true makeover in some areas of FINREP and the impact for implementation should not be underestimated.**
- In defining the new FINREP reporting, regulatory specialists should take a holistic approach. As such **we advocate that the current work stream at the ECB in order to converge the statistical and prudential/financial reporting is taken into account.** This may in particular play a role in defining the counterparty and the geographic distributions.

We recognize however that the room for convergence is limited, as in any case we reject the introduction of 'foreign' definitions into the FINREP report, which can be seen as an interpretation of IFRS.

- **The reduction of the reported data is only valid for the quantitative data**, and unfortunately not for the qualitative reporting, where the proposed formats are not in line with the annual reports of the banks and thus form an additional reporting burden with no added value.  
We believe that excluding the qualitative data that would be required on regular basis is wrong. If supervisors want to ask narrative disclosures, and moreover, if this information is required under XBRL, it should be included in this maximum data model. It should be excluded from FINREP if only this information is required once or twice by one supervisor.
- The new reporting requirements are to be implemented in 2010 or 2011. However, **the new requirements on Financial Presentation, IAS 1** will be finalized and need to be implemented in 2011. So, **the new CEBS proposals on financial reporting will already be outdated at the moment of their implementation**. Even while we are not supportive of the changes to IAS 1, we would like to avoid unnecessary, costly and burdensome changes to the reporting framework which will have to be changed shortly after. For this reason we are of the opinion that the CEBS work stream should take into account the work related to IAS 1 when it comes to an Exposure Draft (as it was done for IFRS 7 and the first FINREP publication). Furthermore the project should be build flexible enough to take into account the final version of IAS 1 when finalized. In any case it should be avoided, **without deviating from the principle that FINREP should be in line with IFRS**, that banks are obliged to implement a version of FINREP which is to be considered redundant soon after.
- We highly appreciate the connection which is made between the reporting content and the XBRL taxonomy. However, we stress that much of the reporting burden will depend on how close these two elements of the reporting chain can be interlinked. In order to limit the reporting burden **it is absolutely necessary to keep a very close link between the reporting content and the XBRL taxonomy**.

Examples:

It is very important not to delete a cell that is used by another cell, as this could involve a change in the definition of the parent/aggregate cell.

E.g.:

|                                                        |
|--------------------------------------------------------|
| Provisions                                             |
| Restructuring                                          |
| Pending legal issues and tax litigation                |
| Pensions and other post retirement benefit obligations |
| Loan commitments and guarantees                        |
| Other provisions                                       |

If Restructuring is deleted and only Pending legal issues and tax litigation, Pensions and other post retirement benefit obligations, Loans commitments and guaranties and Other provisions are required, thus obviously the new Provisions is different from the Provisions that is the sum of Restructuring, Pending legal issues and tax litigation, Pensions and other post retirement benefit obligations, Loans commitments and guaranties and Other provisions.

A special attention should be paid to the impact of the deletion of a cell on the validation rules. If a cell, aggregated into another, is deleted, the validation rules are not valid anymore.

E.g.:

$$A = X + Y + Z$$

If X is deleted  $\Rightarrow A = Y + Z \Rightarrow A_{\text{new}} \text{ diff } A_{\text{old}}$

**2. Do you think the revised FINREP Guidelines will make financial reporting in the EU more uniform?**

- The financial reporting will only become more uniform when regulators will agree not to ask any information outside the FINREP package;
- Second, all national discretions in the use of FINREP have to disappear in order to achieve more uniform financial reporting.

**3. CEBS guidance is non-binding. However, the possibility has been discussed of making FINREP mandatory at the consolidated level, a step which lies beyond the responsibility of CEBS. In addition, some countries apply FINREP at the solo level as well. Against this background, we are interested in your views concerning:**

**a) The pros and cons of mandatory application of FINREP at the consolidated level by EU Member states.**

- The statement that CEBS guidance is non-binding is totally outdated at political level. As one of the consequences of the financial crisis, the way financial regulation and reporting is developed in Europe will clearly need to change (as advocated by the sector even before the financial crisis). Febelfin supports Recommendation 21 of the De Larosière report where it is proposed that the European System of Financial Supervision should have the powers to adopt binding supervisory standards, as we firmly believe that a further convergence of supervisory (reporting) standards is necessary.
- **In principle we are positive towards a mandatory application of FINREP**
  - **For all consolidated banks, including bank subsidiaries of a financial group.** The application of **FINREP should remain optional for all other subsidiaries of a financial group** which have not the statute of bank (investment firms, leasing companies<sup>2</sup>, normal companies,...).
  - **We do not support the use of FINREP for all other institutions (independent banks which do not consolidate, independent leasing companies, and independent investment firms).**

**b) The possibility of extending the use of the FINREP guidelines to the solo level. Are all of your subsidiaries allowed to use IFRS?**

- We are positive to extend the use of FINREP to the solo level **for those banks which have consolidated accounts only and their bank subsidiaries.** However, in order to avoid the use of double reporting standards at solo level and because the introduction of FINREP on solo level implies necessarily also the development of an accounting in conformity with IFRS, several problems related to the use of fair value for tax purposes need to be solved beforehand.

**We are not supportive of the use of FINREP to banks which do not consolidate.**

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<sup>2</sup> As leasing companies have in some countries the legal structure of a bank, we feel there is a need to harmonize the statute of banks.

- Furthermore, before an application of FINREP at solo level can be considered, the work around convergence between the statistical and financial reporting should be taken into account.

#### **Section: Summary of findings on amendments to FINREP guidelines**

#### **4. Do you expect there to be a link between the FINREP framework and the IFRS-GP taxonomy?**

Yes, we even stress that much of the reporting burden will depend on how close these two elements of the reporting chain can be interlinked. In order to limit the reporting burden it is absolutely necessary to keep a very close link between the reporting content and the IFRS-GP taxonomy.

If the IFRS-GP taxonomy has to be updated yearly, so should the FINREP taxonomy.

#### **5. What do you think of the proposals concerning reporting frequencies and reporting deadlines? Do you have alternative options?**

While we can support the proposals for the reporting frequencies, we disagree completely with the proposals on remittance periods. It is important to keep in mind the differences between FINREP and COREP when it comes to determine the length of remittance periods. In this regard we refer hereafter to our reaction on the **CEBS consultation CP04Rev of April 2008**:

*We are of the opinion that FINREP cannot be compared with COREP regarding remittance dates and frequencies. So we do not subscribe to a proposal which would apply the same approach for FINREP as for COREP.*

*As rightfully mentioned in §7 of the consultation document the establishment of FINREP is in institutions highly interlinked with the establishment of the public financial statements as well as the statistical reporting for the ECB.*

*Concerning the latter, it seems appropriate to indicate important differences with the FINREP and COREP framework, in order to understand the difference in remittance dates.*

- **Territorial information:** no intercos needed to establish ECB-reporting, this reduces the time needed to establish the reporting;
- **Nominal values are used:** compared to FINREP, there is no use of fair values. This has important consequences: there is no need for additional calculations eg. on impairments, depreciations. There is also no need to look for appropriate fair values in the market. For calculating the derivative values under FINREP no straight through processing can be used. All those processes are time consuming and explain why the short remittance period for ECB-reporting cannot be extended to FINREP or COREP.
- **No reconciliation needed between different data bases for ECB-reporting:** for COREP one needs to reconcile data coming from four different data bases, this adds to the complexity of the reporting.

*Given the links with the public financial statements the proposed maximum remittance date on consolidated level of 35 business days is much too short for FINREP; the same is true for the maximum remittance date of 15 days on solo level.*

*The reason for this is due to the internal organisation of the institutions. In centralised organisations the same teams prepare and produce the market reporting as well as the FINREP-reporting. The latter is however more detailed. The delivery of the data by the*

*subsidiaries as well as the production of the reporting data are for this reason phased. First the data necessary for the market reporting are delivered and processed, in a second phase the more detailed data for FINREP follow.*

*Speeding up the remittance period for FINREP would therefore create a bottleneck which can only be solved through the effort of more personnel. This would substantially raise the reporting costs, not only for the head office but also for several subsidiaries. Given the very specialised nature of the FINREP and market reporting this requires highly qualified personnel which cannot be found through the use of temporary jobs.*

*The year end closing creates additional problems as also the templates with a frequency of one year need to be produced. Some of these are not integrated in the consolidation software but are produced manually in Excel (related party disclosures, defined benefit plans, information about the subsidiaries,....). On top of that the year reports of the different entities within a group need to be prepared timely with a view to their approval by the audit committee and the board.*

*The half year report is first of all penalized by the holiday period. Additionally, listed institutions need to incorporate a supplementary workload to produce an interim report based on the requirements of the transparency directive and this starting from 2008.*

*For all the reasons mentioned above we are of the opinion that it is currently inappropriate to extend the proposals on reducing the delivery dates for COREP to FINREP. Before one can think of that, we feel it is necessary that several other steps are taken. In line with our letters of 28<sup>th</sup> June 2005 on the original CP06 and of 16<sup>th</sup> May 2007 on CP06 Revised, we continue to believe that a further harmonisation of the reporting content and the IT-framework supporting the reporting is needed. All the events in this reporting chain must be put into line: reporting content, validation rules, XBRL-taxonomy. Changes in one of those events, inevitably affect the others and this may lead to inefficiency and administrative burden for institutions as well as for regulators.*

*This implies the following:*

- **No national interpretations:** national regulators should not interpret IFRS-rules;
- **No national discretions or goldplating:** national regulators should not add information which is inconsistent with IFRS-rules or ask information outside the FINREP-format. They should neither introduce changes and breakdowns which are not compatible with the FINREP-framework;
- **Consistency in XBRL-taxonomy:** national changes in reporting content have an influence on the XBRL-taxonomy making it impossible to re-use the CEBS-taxonomy.

*As a conclusion we strongly advocate to keep the current national remittance dates for FINREP as long as the above mentioned issues are not solved in an appropriate way. However, we note that the current proposals for reducing the remittance dates are in any case too ambitious for FINREP. We propose to make a distinction between the core part and the non-core part of the information asked in FINREP for setting remittance dates.*

*Given an appropriate solution for the relation between reporting content and the IT-framework supporting the FINREP-reporting, we propose a remittance period of 35 business days for the solo level and 2, 5 months on consolidated level.*

## 6. Do you have any comments on the proposals relating to versioning policy?

We are not sure that we understand the question correctly.

However, we strongly advocate that the FINREP framework needs to stay in line with the IFRS standards. Referring to question 3b) we stress the importance of finding a solution for the tax issues at solo reporting level before one can think of applying FINREP at that level. Otherwise banks would be obliged to follow two accounting standards at the solo level.

### ***Section: Annexes: revised FINREP templates (Annex 1) and Guidelines (Annex 2)***

## 7. What impact do you expect the revised Finrep framework to have on your reporting procedures?

The following consequences would occur:

- Reporting deadlines will form bottleneck periods which will have to be solved through the effort of more specialized personnel. This will substantially raise the reporting costs as highly qualified personnel is needed for this.
- Instead of using a phased approach in processing information, it will be necessary to combine several processes at the same time. This will have a serious impact on the IT-developments and internal governance supporting the reporting chains.

## 8. Is the new information added to the framework already available within your entity? Please specify reporting items that are not available.

- a) **Most of the data is available in some but not in all banks. Those banks who have the data available have it not in a readily usable format (for example tables 3, 9).** So additional manual treatment will be necessary to report these data which will influence the time needed for reporting in a negative way.
- b) **The reconciliation between the CRD and IFRS is particularly difficult to report (table 26).** For several reasons mentioned below we strongly advocate to delete this table.

Because the consolidation scope under IFRS differs in an important way from the consolidation scope under the CRD, it is unclear to us how we could be able to complete such a table. The differences between the consolidation perimeters are not to be expressed only via adjustments on a line by line basis. These adjustments are only available on the total of the balance sheet and certainly not line by line, as it is impossible to calculate e.g. the value of an adjustment at the level of debt securities.

Another significant issue is the column 'insurance activities'. We stress the fact that a balance sheet (especially the liability side) from an insurance company is completely different than the one of a bank.

Because of the huge differences between the different scopes mentioned, we do not see any added value for this table and hence we propose to delete it from the package.

Lastly, it is unclear to us whether the grey filled column 'adjustments and eliminations' needs to be filled in or not.



### c) Counterparty breakdown

We disagree with the counterparty breakdown as proposed. Ideally, the mapping of counterparties of two different reportings should happen on a "1 to 1" basis, or on a "n to 1" basis. The current proposal where e.g. "Institutions" as defined in the CRD, article 79.1, can be split in *or* i) General governments, *or* ii) Credit Institutions *or* iii) Other Financial Corporations is not workable ("1 to n" basis).

We strongly advocate that CEBS develops a unique "1 to 1" relationship (or at least a "n to 1" relationship) between the counterparties as defined in the CRD and those used in FINREP. We are of the opinion that here use could be made of the mapping exercise already undertaken by the ECB in converging the statistical reporting with FINREP and COREP.

### d) Geographic distribution

The proposed geographic distribution is new and so not available in the systems.

## 9. FINREP guidelines do seek to interpret IFRS. Are the references and instructions sufficient for completing in the templates? Please specify where more instructions are needed.

As a matter of principle we are of the opinion that regulators should not interpret IFRS. Nevertheless, guidance should be sufficiently clear in order to permit institutions to fill in the tables in an uniform way. Sometimes interpretations differ from regulator to regulator, making it very hard for institutions to fill in their reporting tables:

An example taken from our position paper on CP06Rev of May 2007:

*Definition of collateral and "personal collateral - real collateral", France: Institutions need to be able to follow one definition of 'exposure at default' in accordance with their auditors. Regulators should not impose national interpretations. In addition it implies a difference in the definition of collateral between the COREP and the FINREP frameworks, where harmonization can be reached.*

Another example is table 3 'Derivatives held for trading': We wonder what is meant with the descriptions 'assets' and 'liabilities' as related to notional amounts. We ask for a clear guidance in this respect as it is not clear if one should look at the finality of the contract itself or at the result of the contract to define the notional amount. For example: writing puts can be considered as an amount to sell (finality of the contract) or as a possible obligation to buy (result of the contract). In Belgium, it is asked to report the amount "to deliver" (result of the contract) whereas in France the market practice is to report the amount to sell (finality of the contract).

We also note that there will not always be a notional amount available. This should be taken into account when creating the validation rules

Also for table 17 'Repurchase agreements, reverse repurchase agreements and related agreements' we ask for more guidance.

**10. The Guidelines on FINREP (Annex 2) provide a definition of the counterparty breakdown. Section II.29 (6) identifies two possible definitions regarding Retail exposures. Which option do you prefer, and why?**

We prefer option 1 which relates the definition of retail to the CRD counterparty definition.

**11. Do you think that all redundancies in the current framework have been eliminated?**

No comment.

***Section: Harmonisation at IT level***

**12. Do you support CEBS's initiative of recommending IT best practices on cell definitions, as a complement to XBRL-related issues?**

We support this initiative. In particular we advocate a harmonization of the codes identifying the individual reporting cells. Such a move will facilitate the identification and exchange of information to a large extent. The harmonization may start on the basis of existing codes of one regulator or, more neutrally, be build up from zero.

By using XBRL, the duplication of the required information will be avoided and the collection of data will be made only once. The IFRS-GP taxonomy is in perfect line with IFRS standards. CEBS should better define what is "a best practice on cell definitions".

**13. Do you have any comments on the work plan? Is your institution interested in collaborating on it?**

We support the proposed work plan. Some of our members collaborate to it already.

**General comments on the tables**

**Accrued interest and interest rate margin:**

Contrary to what the guidance indicates, the balance sheet **and corresponding tables** use a dirty price approach. As in the corresponding tables there is no extra line foreseen to indicate the accrued interest per portfolio, banks will be obliged to include the accrued interest in each financial instrument on the balance sheet.

We believe that banks should have the choice between a dirty or clean price approach without violating the goal to develop a uniform reporting format.

We also note that such a change should also be taken into account in developing the XBRL taxonomy, referring to the IFRS-GP taxonomy.

For these reasons we advocate that for each portfolio an optional line is added 'accrued interest'. **The use of this optional line should be choice of the banking institution and should in any case not turn into a national discretion.**

**Counterparty breakdown:**

We disagree with the counterparty breakdown as proposed. Ideally, the mapping of counterparties of two different reportings should happen on a "1 to 1" basis, or on a "n to 1" basis. The current proposal where e.g. "Institutions" as defined in the CRD, article 79.1, can be split in *or* i) General governments, *or* ii) Credit Institutions *or* iii) Other Financial Corporations is not workable ("1 to n" basis).

We strongly advocate that CEBS develops a unique "1 to 1" relationship between the counterparties as defined in the CRD and those used in FINREP. We are of the opinion that here use could be made of the mapping exercise already undertaken by the ECB in converging the statistical reporting with FINREP and COREP.

**Impairments:**

In the IAS 39, the impairment is made in 3 steps:

- First we make a specific impairment on individually assessed financial assets
- Then we make a specific impairment on collectively assessed financial assets
- After these two steps we take all unimpaired financial assets and we make a collective impairment on collectively assessed financial assets ( which is also called "incurred but not reported losses")

We propose, to be in line with first two steps, that CEBS changes "incurred but not reported losses" into "collective impairment on collectively assessed financial assets".

**Individual comments per table****Consolidate balance sheet: assets, liabilities:**

No comments

**Consolidate balance sheet: equity**

The lines n°. 4, 5, 8, 9, 11 until 19, 21, 22, 27 and 28 are already reported via the CA table under COREP.

The information required by FINREP is in broad line similar with the one required in COREP which demands a more detailed disclosure of the EQUITY.

i.e.:

**Other Equity/Equity component of compound financial instruments** = 1.1.4 Other country specific Original Own Funds

**Other Equity/ Other equity instruments** = 1.1.1.4 Other instruments eligible as capital

**Revaluation reserves and other valuation differences/ Tangible assets** = 1.1.2.6.11 Valuation differences in investment property + 1.1.2.6.12 Adjustment to Valuation differences in investment property+ 1.1.2.6.13 Valuation differences in property, plant and equipment + 1.1.2.6.14 Adjustment to Valuation differences in property, plant and equipment + 1.2.1.2.03 Adjustment to Valuation differences in investment property transferred to additional own funds +

1.2.1.2.04 Adjustment to Valuation differences in property, plant and equipment transferred to additional own funds

**Revaluation reserves and other valuation differences /Intangible assets = 1.1.5.1 (-)**  
Intangible assets

**Revaluation reserves and other valuation differences /Cash flow hedges [effective portion] = 1.1.2.6.09** Valuation differences in cash flow hedges not related to AFS assets + 1.1.2.6.10 Adjustment to Valuation differences in cash flow hedges

**Revaluation reserves and other valuation differences/ Available-for-sale financial assets = 1.1.2.6.01** Valuation differences in AFS equities + 1.1.2.6.02 Adjustment to Valuation differences in AFS equities + 1.1.2.6.03 Valuation differences in AFS loans and receivables + 1.1.2.6.04 Adjustment to Valuation differences in AFS loans and receivables + 1.1.2.6.05 Valuation differences in other AFS assets + 1.1.2.6.06 Adjustment to Valuation differences in other AFS assets + 1.2.1.2.01 Adjustment to Valuation differences in AFS equities transferred to core additional own funds + 1.2.1.2.02 Adjustment to Valuation differences in other AFS assets transferred to core additional own funds

**Revaluation reserves and other valuation differences/ Share of other recognised income and expense of investments in entities accounted for using the equity method + Reserves / Reserves (Accumulated losses) of investments in entities accounted for using the equity method = 1.3.1 (-)** Holdings in other credit and financial institutions amounting to more than 10% of their capital + 1.3.2 (-) Subordinated claims and other items in other credit and financial institutions in which holdings exceed 10% of their capital + 1.3.3 (-) Excess on limit for holdings, subordinated claims and other items in credit and financial institutions in which holdings are up to 10% of their capital + 1.3.4 (-) Participations hold in insurance undertakings, reinsurance undertakings and insurance holding companies + 1.3.5 (-) Other instruments hold in respect of insurance undertakings, reinsurance undertakings and insurance holding companies in which a participation is maintained

**Revaluation reserves and other valuation differences/ Other items += 1.1.2.6.15** Other valuation differences affecting the eligible reserves + 1.1.2.6.16 Adjustment to Other valuation differences affecting the eligible reserves + 1.1.2.6.16 Other adjustments to valuation differences affecting the eligible reserves transferred to core additional own funds

Reserves / Other reserves = 1.1.3 Funds for general banking risks

**Minority interests [Non-controlling interests] / Revaluation reserves and other valuation differences =** included in the other items such as : 1.1.2.6.13 Valuation differences in property, plant and equipment + 1.1.2.6.09 / Valuation differences in cash flow hedges not related to AFS assets + 1.1.2.6.01/ Valuation differences in AFS equities + 1.1.2.6.03 / Valuation differences in AFS loans and receivables + 1.1.2.6.05 Valuation differences in other AFS assets + 1.1.2.6.15 Other valuation differences affecting the eligible reserves

**Minority interests [Non-controlling interests]/ Other items = 1.1.2.2** Minority interest

Therefore we recommend that the splits for Other equity, Revaluation reserve and other valuation differences, Reserves, Minority interests to be deleted as the information is already disclosed in COREP.

#### **Profit and loss:**

We propose to add a line 'interest on impaired assets'.

**Table 3 : Derivatives held for trading**

This table has changed significantly compared to the previous version.

We wonder what is meant with the descriptions 'assets' and 'liabilities' as related to notional amounts. We ask for a clear guidance in this respect as it is not clear if one should look at the finality of the contract itself or at the result of the contract to define the notional amount. For example: writing puts can be considered as an amount to sell (finality of the contract) or as a possible obligation to buy (result of the contract). In Belgium, it is asked to report the amount "to deliver" (result of the contract) whereas in France the market practice is to report the amount to sell (finality of the contract).

We also note that there will not always be a notional amount available. This should be taken into account when creating the validation rules.

**Table 4: Financial assets designated at fair value through profit & loss**

We propose to delete the line 'debt securities' as it is not required by IFRS.

**Table 5A: loans and receivables and held to maturity investments**

In the IAS 39, the impairment is made in 3 steps:

- First we make a specific impairment on individually assessed financial assets
- Then we make a specific impairment on collectively assessed financial assets
- After these two steps we take all unimpaired financial assets and we make a collective impairment on collectively assessed financial assets ( which is also called "incurred but not reported losses")

We propose, to be in line with first two steps, that CEBS changes "incurred but not reported losses" into "collective impairment on collectively assessed financial assets".

**Table 5B: Available for sale financial assets**

We propose to delete the last column, as this column is an overlap with table 4.

**Table 5C: Counterparty breakdown for financial assets held for trading and financial assets designated at fair value through profit or loss**

We propose to limit the counterparty breakdown to financial assets designated at fair value through profit or loss.

**Table 5D: Geographical breakdown of financial assets by residence of the counterparty: carrying amount**

No comment.

**Table 6: Breakdown of loans and advances by product: carrying amount**

We ask for more guidance which products can form part of which categories. For example, it is not clear where the typical Belgian 'regulated saving deposits' should be classified.

We also like to ask for more guidance about the meaning of 'other secured loans'.

**Table 7: Information on impairment and past due**

No comment.

**Table 8: Derivatives - Hedge accounting**

We refer to our comments under table 3.

**Table 9: Tangible and intangible assets**

We approve the proposed table.

**Table 10A: Financial liabilities: breakdown by product and by counterparty**

- 1) We wonder where regulated saving deposits should be classified;
- 2) **own credit risk** should only be given at the level of deposits and debt certificates, without further detail. Can we assume that this request is only valid for the FIFV portfolio and not the HFT?
- 3) **amount contractually required to pay at maturity** should only be given at the level of deposits and debt certificates, without further detail. Can we assume that this request is only valid for the FIFV portfolio and not the HFT?

**Table 10B: Subordinated liabilities**

No comment.

**Table 10C: Geographical breakdown of financial liabilities by residence of the counterparty: carrying amount**

No comment.

**Table 11A Derecognition and financial liabilities associated with transferred financial assets**

No comment.

**Table 11B Collateral pledged**

Typo: there are 2 columns foreseen without heading, we assume that is meant 'reference' and 'carrying amount'.

**Table 12 Provisions**

No comment.

**Table 13 Minority interests: Revaluation reserves and other valuation differences**

We propose to delete the line 'Share of other recognised income and expense of entities accounted for using the equity method' as this is only applicable in very rare cases.

**Table 14 Fee and commission income and expenses**

We ask for more guidance to complete this table as the differences between the different fees and commissions is not clear to us.

**Table 15A Breakdown of interest income and expenses**

Banks do not use internally a split between interest income and interest expenses. Only the interest margin is important for managing the interest results. Therefore it is very difficult to understand what is the use of this table for regulators. Compared to its very limited use, the costs of implementing this table are huge and very hard to realise. We strongly advocate to review this table, taking into account similar changes to the validation rules and XBRL taxonomy.

**Table 15B Breakdown of gains and losses**

No comment.

**Table 16A Information on Credit Risk and Impairment**

No comment.

**Table 16B Allowances movements for credit losses**

We propose to simplify this movement table by deleting all detailed movements between the opening and closing balance. As such the table should be limited to the opening and closing balance of credit losses per counterparty.

**Table 16D Collateral held**

No comment.

**Table 16D1 Loans and advances - maximum collateral that can be considered****Table 16E Collateral obtained by taking possession during the period**

No comment.

**Table 17 Repurchase agreements, reverse repurchase agreements and related agreements**

We note that, compared to the Belgian version of FINREP, the CEBS version includes also 'related agreements'. We wonder what is meant with 'related agreements'.

**Table 18**

No comment.

**Table 19 Defined benefit plans and employee benefits**

No comment.

**Table 20 Loan commitments, financial guarantees and other commitments**

We note that the breakdown per counterparty of doubtful loan commitments and financial guarantees is very hard to implement.

**Table 21 Statement of comprehensive income**

No comment.

**Table 22 Statement of changes in equity**

No comment.

**Table 23 Scope of the group**

No comment.

**Table 24 Asset management, custody and other service functions**

We wonder what is meant with instruments issued by the entity.

**Table 25A Information on fair value of financial instruments**

No comment.

**Table 25B Information on unrealised gains and losses**

No comment.

**Table 25C Use of the Fair Value Option [IFRS 7.B5(a)]**

No comment.

**Table 25D Hybrid financial instruments not designated at fair value through profit or loss**

No comment.

**Table 26 Reconciliation from CRD to IFRS scope of consolidation**

We strongly advocate deleting this table. Because the consolidation scope under IFRS differs in an important way from the consolidation scope under the CRD, it is unclear to us how we could be able to complete such a table. The differences between the consolidation perimeters are not to be expressed only via adjustments on a line by line basis. These adjustments are only available on the total of the balance sheet and certainly not line by line, as it is impossible to calculate e.g. the value of an adjustment at the level of debt securities.

Another significant issue is the column 'insurance activities'. We stress the fact that **a balance sheet (especially the liability side) from an insurance company is completely different than the one of a bank.**

Because of the huge differences between the different scopes mentioned, we do not see any added value for this table and hence we propose to delete it from the package.



Lastly, it is unclear to us whether the grey filled column 'adjustments and eliminations' need to be filled in.