Committee of European Banking Supervisors

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GUIDELINES FOR IMPLEMENTATION OF THE FRAMEWORK FOR CONSOLIDATED FINANCIAL REPORTING (FINREP)

CHAPTER I: GENERAL GUIDELINES

The objective of this document is to provide guidelines for implementation of the consolidated Financial Reporting framework (FINREP or "the framework") for supervisory purposes. FINREP is based on International Financial Reporting Standards (IFRS), but the present guidelines do not interpret the IFRS. It is the responsibility of credit institutions to comply with the IFRS.

1. Accounting and measurement rules governing the financial reporting framework

FINREP is based on the International Financial Reporting Standards (IFRS) as of 31 December 2008, which have been endorsed by the European Commission.

2. Scope of application and consolidation

The framework is designed to be applied by credit institutions when preparing their consolidated or sub-consolidated supervisory financial returns under IFRS, as and when required by their national supervisory authority[1].

In order to achieve a high level of harmonisation and strong convergence in supervisory reporting requirements, CEBS has decided to adopt a "Maximum Data Model" for FINREP, which sets explicit minimum and maximum reporting requirements based on a common set of data definitions. Member States must rely exclusively on financial information defined in the FINREP framework; they may neither modify the templates based on national need, nor require additional information that exceeds the fixed maximum. Thus FINREP will represent the only source of periodic consolidated supervisory financial reporting based on IAS/IFRS.[2]

FINREP Guidelines are not mandatory. Each national supervisor remains free to apply the framework to supervised credit institutions within its jurisdiction. Some supervisors do not collect financial information by means of periodic prudential reports and do not plan to apply FINREP. However, in order to reduce reporting burden and increase convergence across the European Union, national authorities that do not implement FINREP should avoid requiring credit institutions to provide IFRS financial reporting data with different breakdowns.

An authority that decides to apply the framework must, at a minimum, require institutions to report all core information.

The scope of consolidation under FINREP may be defined by reference either to (1) the IAS/IFRS, (2) the Capital Requirements Directive (CRD), or (3) both, at the discretion of the national supervisory authority. A template has been introduced in the framework (see chapter 2, point 28 below) that allows to reconcile between the CRD scope and the IFRS scope.

FINREP does not apply to Pillar II reporting requirements (such as those covering liquidity risk, interest rate risk, exchange rate risk, concentration risk, or country risk), reporting of qualitative information, or statistical reporting to the ECB, IMF, or BIS.

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[1] National supervisory authorities may also decide to apply FINREP for solo reporting purposes, taking local specificities into account.

[2] This does not preclude supervisors from requesting other information on a non-periodic, *ad hoc* basis in special circumstances, when they consider it necessary.

3. Structure of FINREP

The IFRS do not prescribe the order or format in which financial information is to be presented; they allow different presentational options. FINREP provides a common standardised reporting framework, with the goal of increasing the comparability of the financial information reported by credit institutions to their national supervisory authorities. In order to achieve standardisation and comparability, it has been necessary to limit some of the presentational options available under the IFRS.[3]

FINREP is composed of a set of tables or "templates", divided into two sections which contain "core" and "non-core" quantitative financial information respectively.

3.1. Core information

"Core information" refers to the minimum information required of credit institutions if and when their national supervisory authority ask them to prepare consolidated supervisory financial reporting under IFRS.

Core information consists of the following tables:

- 1. Consolidated Balance Sheet
  - 1.1 Assets
  - 1.2 Liabilities
  - 1.3 Equity
- 2. Consolidated Income Statement

3.2. Non-core information

"Non-core information" refers to all of the other FINREP templates. Supervisory authorities exercise national discretion regarding whether and how much non-core information institutions are required to report.[4]

Non-core information is based on the core information and includes additional data. It provides further details or breakdowns and contributes through standardisation of data items to increasing commonality and convergence of reporting among European credit institutions. For cross-border groups, consistent implementation of these templates also allows a reduction of the reporting burden.

3.3. References

FINREP contains references to the IFRS. These references are not limited to specific disclosure requirements; they also define the contents of line items, providing guidance on the recognition, derecognition, or measurement rules applicable to the data requested.

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[3] CEBS will update the XBRL taxonomy for FINREP to allow credit institutions to report the required data to supervisors.

[4] Supervisory authorities may, at national discretion, require institutions to complete all or part of any non-core template. In particular, they may require only certain sub-templates (for example, tables 5A, 5B and 5C but not 5D), or only certain rows or columns in a template. They may not, however, modify or add to the templates in response to national needs.

Where no reference to IFRS is available, reference is made to the Capital Requirement Directive (for the links to COREP discussed in Chapter I, point 5 below), to a European Central Bank Regulation, or to common practice. Common practice is used to add data items throughout FINREP for several purposes: (i) to complete breakdowns, (ii) to gather data deemed relevant for supervisory purposes, and (iii) to collect data frequently reported by credit institutions for financial markets.

3.4. Consolidated Balance Sheet

Under IFRS, financial instruments may be presented by type of instrument (instrument approach) or by category of financial instrument (portfolio approach). In FINREP, priority has been given to the portfolio approach. Financial instruments are presented by category of financial assets and financial liabilities, as set out in IAS 39.9 and IFRS 7.8 respectively, with an additional breakdown by type of instrument.

In accordance with IAS 1.55, specific line items that are considered relevant for understanding a credit institution's financial position have been included in the main section of the consolidated balance sheet.

3.5. Consolidated Income Statement

In FINREP, income and expenses from continuing operations are reported on the consolidated income statement separately from discontinued operations. Items of income or expense from continuing operations are presented by nature. Major line items are broken down into their component parts with reference to the balance sheet categories of financial instruments.

In accordance with the disclosure requirements of IFRS 7.20(a), gains and losses on financial assets and liabilities are reported on a net basis in the main section of the consolidated income statement. A disaggregation of net gains and losses into their component parts (by category or by type of instrument) must be provided, either in the main section of the consolidated income statement (as part of core information) or elsewhere in the tables (as part of non-core information). This disaggregated information on gains and losses is important in assessing the financial performance of supervised credit institutions.

In accordance with IFRS 5.33 (a), income and expenses from discontinued operations are disclosed as a single net amount in a specific line item in the main section of the consolidated income statement.

Specific line items which are considered relevant for understanding a credit institution's financial performance have been included in the main section of the consolidated income statement, in accordance with IAS 1.85.

3.6. Non-core tables

Some of the non-core tables provide disaggregated information on main line items of the core information, in accordance with specific IFRS disclosure requirements or common practice. Others provide additional quantitative information such as: (i) the credit institution's exposure to credit risks arising from financial instruments, in accordance with IFRS 7 and the CRD; (ii) the geographical distribution of assets and liabilities, and (iii) the business of the group (banking, insurance, asset management).

Non-core tables provide information which cannot always be fully derived from IFRS, such as breakdowns of financial instrument categories by product, and details on provisions, revaluation reserves, and other valuation differences attributable to minority interests, interest income and expenses, and derivatives. These breakdowns are designed to complement the general guidance on presentational issues contained in the Standards. In general, the information is commonly available in the banking sector and relevant for supervisory purposes. Some of the breakdowns are included in order to link the data with items in the Common Framework for Reporting of the Solvency Ratio (COREP) when calculating prudential capital under IFRS.

Except when otherwise stated, items with the same label reported in different tables have the same meaning and carrying (or total) amount. Where the label "Total" is used, it indicates that the data entered in the cell is a sum of items or has a calculation rule in the excel file "XXXXX_Validation rule.xls".

4. Accounting conventions

4.1. Trade date versus settlement date

Under certain circumstances, IFRS allow an entity to recognise or derecognise a financial asset either on the date that an entity commits itself to purchase or sell the asset (trade date), or on the date that the asset is delivered to or by an entity (settlement date) (see IAS 39.38 and IAS 39 AG 53-56). This choice may depend on the category of financial assets concerned; however, the method used must be applied consistently.

The choice of accounting date may result in timing differences in the recognition of purchases and sales in the income statement and the balance sheet (see IAS 39 IG D.2.1 and D.2.2 for illustrative examples).

FINREP does not prescribe which method is to be used; credit institutions are free to choose unless their national supervisory authority requires a particular method as a matter of national harmonisation. CEBS may reconsider this issue in the future if practical experience indicates that the choice has a significant impact on institutions' financial position or solvency.

4.2. Accrued interest and interest rate margin

FINREP allows the measurement and reporting of financial instruments using either "clean prices" (excluding accrued interest) or "dirty prices" (including accrued interest).

On the balance sheet, unpaid accrued interest under both conventions is included in the category of financial instruments to which it relates.

On the income statement, interest income and interest expenses from financial instruments held for trading, and financial instruments carried at fair value through profit or loss, may be reported either as part of interest income and expense ("clean pricing") or under net gains and losses from these categories of instruments ("dirty pricing").

The calculation of the interest rate margin may vary from one credit institution to another, depending on which of these options is chosen. Supervisory authorities may wish to standardise the calculation of interest rate margin at the national level.

5. Links to the Framework for Common Reporting of the Solvency Ratio (COREP)

The FINREP framework provides several links to COREP, including:

(i) information on prudential filters for linking the data with regulatory capital calculations (COREP CA template);

(ii) the use of the economic sector allocation classes presented in Annex 1;

(iii) the use of the product breakdown in table 16B*, Allowances movements for credit losses,* which is a combination of the requirements of IFRS 7 and Annex XII of the CRD.

6. Reporting frequency and remittance date

From 2012 onwards, the reporting frequency may be quarterly, semi-annual, or annual. National authorities are free to choose the reporting frequency for each template. National authorities may require some tables (in both the core and non-core sections) to be reported at a lower frequency than others.

The reporting dates will be 31 March, 30 June, 30 September, and 31 December.

National authorities will retain a degree of national discretion regarding reporting deadlines, which shall fall within a “corridor” of 20 to 40 business days after the reporting date.

Member States will have the option of requiring reporting of audited data as of 31 December on top of the quarterly reporting with a separate reporting deadline period depending on national regulations regarding the publication of audited year-end results.

CHAPTER II: DETAILED GUIDELINES

1. Definitions

The term “credit institution” refers to the legal definition of a credit institution (by virtue of a banking license or other local specificities) as defined by local legislation.

“Capital Requirement Directive” (CRD) refers to Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006.

“European Central Bank (ECB) Regulation” refers to Regulation of the European Central Bank of 19 December 2008 concerning the balance sheet of the monetary financial institutions sector (Recast) (ECB/2008/32).

2. Investments in entities accounted for using the equity method

This includes associates, joint ventures, and subsidiaries accounted for using the equity method. In general, subsidiaries are not accounted for using the equity method; they are included in the scope of IFRS consolidation in accordance with IAS 27. However, as set out below in chapter I, point 2, national authorities are free to implement the guidelines using either the scope of consolidation prescribed in the standards and/or the scope prescribed in the CRD, which generally excludes insurance and non-financial subsidiaries. When using the latter method, banks may need to apply the equity method to investments in insurance and non-financial subsidiaries. This is the reason for including “subsidiaries” in this item and labelling it as investments in entities accounted for using the equity method.

The carrying amount of this line item also includes related goodwill.

3. Geographical breakdown

The FINREP framework provides for collecting geographical breakdowns of assets and liabilities. National supervisors who wish to collect additional information on country risk must do so outside FINREP (e.g. in Pillar II or BIS statistics).

The geographical breakdown in tables 5D and 10C is by residence of the counterparty. The breakdown distinguishes between domestic, Economic and Monetary Union (EMU) countries, other European Union (EU) countries, and the rest of the world.

4. Breakdown of loans and advances

Table 6 of the framework permits the collection of breakdowns of all loans and advances (without regard for the IAS 39 portfolio in which they are classified) by type of product. For the purpose of the framework, the definitions of types of loan and advance are as follows:

On demand (call) and short notice (current account) includes balances receivable on demand, at short notice, and similar balances, regardless of their legal form. This item also includes “overdrafts“ that are debit balances on current account balances.

Other term loans includes debit balances under unsecured or partially secured transactions with contractually fixed maturities or terms that are not included in other items.

This category includes “revolving loans” in which: i) the borrower may use or withdraw funds to a pre-approved credit limit without giving prior notice to the lender; ii) the amount of available credit can increase and decrease as funds are borrowed and repaid; iii) the credit may be used repeatedly; and iv) there is no obligation for regular repayment of funds. For this purpose, the amount to be reported is the total amount owed by the borrower, regardless of whether it is within or beyond any limit agreed beforehand between the lender and the borrower regarding the size or maximum period of the loan.

This category also includes interbank deposits, whether transferable or not, and other fixed-term financial support, even if overnight. It also includes “subordinated loans” (loans that provide a subsidiary claim on the issuing institution which can be exercised only after all claims with a higher status have been satisfied); “project finance” (loans that are recovered solely from the income of the projects financed by them); and “commercial paper” (single-payment bills and notes which serve as the instrument of loans to other debtors).

Mortgage loans includes loans formally backed by real estate collateral in an amount sufficient to ensure total repayment.

Other secured loans includes loans formally backed by collateral other than mortgages (pledges of securities, cash, or other collateral) in an amount sufficient to ensure total repayment.

Factoring includes loans to other debtors granted on the basis of bills or other documents created to transfer the right to receive the proceeds of transactions for the sale of goods or provision of services. This item includes all transfers (both with and without recourse) in which the transferor derecognises the financial asset transferred, or continues recognising it to the extent of its continuing involvement.

Finance leases includes the carrying amount of finance lease receivables as defined in IAS 17.

Reverse repurchase loans includes finance granted in exchange for securities bought under repurchase agreements or borrowed under securities lending agreements.

Consumer credit includes “credit for consumption” (loans granted mainly for the personal consumption of goods and services) that are not classified as “mortgages” or “other secured loans”, as well as credit granted to “retail”, “non-financial corporates”, and “other financial corporations” using delayed debit cards or credit cards (ECB/2008/32).

Other includes advances that cannot be classified as “loans” according to ECB/2008/32, such as gross amounts receivable in respect of suspense items (e.g. funds that are awaiting investment, transfer, or settlement) and transit items (e.g. cheques and other forms of payment that have been sent for collection).

5. Deposits

Table 1.2 and related detailed template 10 contain references to “deposits”. This term is defined in the same way as in ECB/2008/32.

6. Debt certificates

This term refers to debt instruments issued by the reporting entity, including bonds (for trading portfolio bonds intended to repurchase in short term), negotiable certificates of deposits, and customer saving certificates (also when dematerialised).

7. Equity component of financial instruments

The equity component of financial instruments is presented in table 1.3 as part of "other equity". In FINREP, all contractual obligations, including those arising from a derivative financial instrument, that will or may result in the future delivery of the issuer's own equity instruments (in accordance with IAS 32.16(a) and (b), IAS 32.AG 27(a)), along with the equity component of compound financial instruments (i.e. non-derivative financial instruments) issued by the entity (in accordance with IAS 32.28), are reported as an equity component of financial instruments.

8. Reserves

This item includes retained earnings in different line items (legal reserve, statutory reserve, etc.) along with other reserves (consolidation reserve, merger reserve, etc.).

9. Treasury shares

Table 1.3 contains a reference to treasury shares. The term treasury shares covers all financial instruments that have the characteristics of own equity instruments within the meaning of IAS 32.33 which have been reacquired by the issuing entity. Examples of equity instruments are provided in AG13 of IAS 32.

10. Interest income and interest expenses

In table 2, interest income and interest expense from financial instruments held for trading, and financial instruments carried at fair value through profit or loss, may be reported either as part of interest income and expense ("clean pricing") or under net gains and losses from these categories of instrument ("dirty pricing"). National authorities may permit or require credit institutions to report the amounts of interest income and interest expenses separately.

11. Impairment on equity instruments at cost included in the available-for-sale category

In tables 2 and 16A, impairment losses arising from the application of the impairment rules in IAS 39.66 are included in "impairment on financial assets at cost (unquoted equity and related derivatives)".

12. Dividend income

Dividend income from financial assets held for trading and from financial assets carried at fair value through profit or loss may be reported in table 2 either as "dividend income" (clean pricing), or under "gains (losses) on financial assets and liabilities held for trading, net" and/or "gains (losses) on financial assets and liabilities carried at fair value through profit or loss, net" (dirty pricing), respectively. National authorities may permit or require credit institutions to report dividend income separately.

13. Provisions

Additions to and reversals of provisions are reported as a separate line item in table 2.

14. Derivatives

Credit institutions are required to report the carrying amount and the notional amount of derivatives held for trading (table 3) and of derivatives held for hedge accounting (table 8), broken down by type of underlying risk and type of market (over-the-counter versus exchange-traded). Credit derivatives are broken down by type of product.

The carrying amount and the corresponding notional amount must be reported separately for derivatives with a positive fair value ("assets") and for those with a negative fair value ("liabilities").

Derivatives classified as held for trading (table 3) include:

i) derivatives held for own account (open positions);

ii) derivatives that match positions in other derivatives, including embedded derivatives (matched positions); and

iii) derivatives held for hedging purposes:

   a. where hedge accounting is not applied: for example, derivatives linked to interest rates (such as interest rate swaps) which are used to hedge fixed-rate assets and liabilities against changes in value, and which are carried at fair value through profit or loss, or

   b. where the conditions for applying hedge accounting are not fulfilled: for example, derivatives linked to interest rates (such as interest rate swaps or forward rate agreements) which are used in asset/liability management to hedge interest margin.

Data on derivatives held for trading (table 3) which qualify as "economic hedges" are also reported separately for each type of risk (as a "of which"). "Economic hedges" include:

i) derivatives that match positions in other derivatives, including embedded derivatives (matched positions); and

ii) derivatives held for hedging purposes:

   a. where hedge accounting is not applied: for example, derivatives linked to interest rates (such as interest rate swaps) which are used to hedge fixed rate assets and liabilities against changes in value, and which are carried at fair value through profit or loss), or

   b. where the conditions for applying hedge accounting are not fulfilled: for example, derivatives linked to interest rates (such as interest rate swaps or forward rate agreements) which are used in asset/liability management to hedge interest margin.

The carrying amount and the total notional amount of derivatives held for trading (table 3), and also of derivatives held for hedge accounting (table 8), which are traded in the OTC market, must be reported by counterparty using the following categories:

i) credit institutions,

ii) other financial corporations, and

iii) all other counterparties.

When the carrying amount of a derivative such as an equity swap is influenced by more than one type of underlying risk, the instrument should be allocated to the most risk-sensitive type of risk.

Derivatives included in hybrid instruments (IAS 39.11, IAS 39 AG 27, and AG 29,) which are separable from the host contract should be recorded separately from the host contract and, where appropriate, presented on the balance sheet according to the nature of the derivative. The amount of the host contract is also included in table 25 D. However, if the contract is classified as held for trading or carried at fair value through profit or loss under the fair value option, the contract as a whole should be included in the category of held for trading or financial instruments designated at fair value through profit or loss. In the former case, an appropriate disclosure is made in table 25 D and, in the latter case, in table 25C.

Derivatives that are not classified as effective hedging instruments should be included in the held-for-trading category. This applies even to derivatives that are linked to unquoted equity instruments whose fair value cannot be measured reliably.

15. Loans and receivables, held-to-maturity investments, and available for sale financial assets

Loans and receivables include finance leases.

Table 5A permits an assessment of the overall quality of loans and receivables and held-to-maturity investment portfolios, broken down by type of product and by type of counterparty, through their disaggregation into unimpaired and impaired assets. In addition, credit institutions are asked to disclose the allowances for individually assessed financial assets separately from the allowances for collectively assessed financial assets and from allowances for incurred but not reported losses.

According to IAS 39, collective evaluation of impairment applies to financial assets that are not individually significant, and to financial assets for which there is no objective evidence of individual impairment. This approach does not preclude performing an individual impairment evaluation of loans that are individually insignificant.

The collective impairment assessment process can be illustrated as follows:

		A. Significant loans (e.g. 100 loans)	B. Insignificant loans
		Individually significant loans	Individually insignificant loans
Impaired on individual basis	Step 1	Individual impairment evaluation (e.g. 7 impaired loans)	Collective impairment assessment
Unimpaired on individual basis	Step 2	Collective impairment assessment (for e.g. 93 loans)	Collective impairment assessment

"Allowances for collectively assessed financial assets" is the amount of collective impairment losses determined in step 1B, as described above.

"Allowances for incurred but not reported losses" is the amount of collective impairment losses determined as a result of steps 2A and 2B. For an example of amounts to be reported in the column "allowances for incurred but not reported losses", see IAS 39, paragraphs 59(f) and AG 90.

IFRS 7 does not require separate reporting of individually assessed financial assets and collectively assessed financial assets. However, this breakdown is important for supervisors and it is consistent with COREP.

Table 5B introduces a breakdown of available-for-sale (AFS) financial assets by instrument. Within this breakdown, credit institutions are requested to indicate the fair value of impaired assets and of unimpaired assets respectively, and the cumulative amount of impairment losses recognised in profit or loss as at the reporting date.

It is possible to collect a counterparty breakdown for each instrument according to the provisions set out in chapter II, point 2.

The following examples illustrate the possible treatment of a decline in the fair value of an AFS financial asset that is impaired.

Example 1: Impaired AFS financial assets (according to IAS 39.67-68)

Acquisition cost (T-0)	100	
Fair Value (T-1)	95	cumulative loss = 30
Impaired Fair Value (T-2)	70	

(1) Initial measurement of AFS

(2) Fair value change unimpaired (loss through equity)

(3) Fair value change due to impairment (loss through equity)

(4) Impairment loss (cumulative loss from equity to income statement)

AFS		Equity		P/L		Cash	
(1) 100		(2) 5	5 (4)	(4) 25			100 (1)
	5 (2)	(3) 25	25 (4)	(4) 5			
	25 (3)						

Example 2: Impaired AFS financial assets (according to IAS 39.67-68)

Acquisition cost (T-0)	100	
Fair Value (T-1)	105	cumulative loss = 30
Impaired Fair Value (T-2)	70	

(1) Initial measurement of AFS

(2) Fair value change unimpaired (gain through equity)

(3) Fair value change due to impairment (loss through equity)

(4) Impairment loss (cumulative loss from equity to income statement)

AFS		Equity		P/L		Cash	
(1) 100		(3) 35	5 (2)	(4) 30			100 (1)
(2) 5			30 (4)				
	35 (3)						

16. Information on impairment and past-due assets

In accordance with IFRS 7.37, table 7 requires an analysis of the age of assets that are past due as of the reporting date but not impaired at that date. This information covers financial assets included in the categories available-for-sale, loans and receivables, and held-to-maturity.

Assets qualify as past-due when a counterparty has failed to make a payment when contractually due. The amounts of such assets should be indicated and broken down according to the number of days past due. The past-due analysis should not include any impaired assets, since IFRS 7.37 requires the carrying amount of impaired assets to be disclosed separately from past-due assets.

17. Scope of the group

Table 23 contains detailed information on entities (subsidiaries, joint ventures, and associates) included in the consolidated FINREP reporting as of the reporting date:

- information on the entities to be consolidated: name, security code, date of entry or removal, share capital, equity, jurisdiction of incorporation, activity, carrying amount, acquisition cost, and fair value (if the shares are quoted);
- information on the investors: holding company, equity interest, voting rights, and group structure;
- information on the scope of consolidation used to establish the FINREP reporting: IFRS-based or CRD-based.

18. Transfer of financial assets

Table 11 is used to report transferred financial assets part or all of which do not qualify for derecognition (see IAS 39.15-37), and financial assets entirely derecognised for which the entity retains servicing rights. To provide a link with COREP, the table requires an indication on financial assets that are derecognised for capital purposes.

19. Gains and losses recognised in the income statement

Table 15 is used to report breakdowns of gains (or income) and losses (or expenses) on selected line items of table 2.

The breakdown of “interest” shows the interest income on financial assets (derivatives, debt instruments, and loans and advances) and interest expenses on financial liabilities (derivatives, deposits, and debt certificates). All instruments in the various portfolios are taken into account; for financial assets and financial liabilities held for trading or carried at fair value through profit or loss interest, income and expenses are collected only if accounted for separately.

The breakdown of financial instruments not measured at fair value through profit or loss shows all gains and losses that are recognised in the income statement at derecognition (realised).

20. <u>Repurchase agreements, reverse repurchase agreements, and related agreements (table 17)</u>

Repurchase agreements (repos), reverse repurchase agreements (reverse repos), and related agreements are not presented separately in the main section of the balance sheet. Table 17 provides detailed information on the agreements included in each balance sheet category.

Repos, reverse repos, and related agreements can involve transferred collateral that must be identified by the transferor, and cash received or loaned out. The tables on repurchase agreements distinguish these types of situations.

In sub-tables A and C, credit institutions are required to provide data on the carrying amount of repos and reverse repos and related agreements, broken down by category of financial assets/liabilities and by the nature of the instrument that is subject to the transaction. Although this type of information may not be readily available in the credit institution's accounting system, it should nevertheless be available, e.g. in the front office systems, because financial instruments used as collateral in a repo should be accounted for separately from other financial instruments (IAS 39.37 (a)).

<u>*Table A*</u>

This table shows financial assets that have been transferred to a third party under a repurchase agreement or a related agreement and that are still recognised on the credit institution's balance sheet.

<u>*Table B*</u>

This table details liabilities recorded by the credit institution on the balance sheet due to financing received under a repurchase agreement or a related agreement.

<u>*Table C*</u>

This table shows financial liabilities that are to be recognised by the credit institution on its balance sheet upon selling collateral obtained under a reverse repurchase agreement or a related agreement.

<u>*Table D*</u>

This table presents the breakdown, by counterparty, of the financing extended under a reverse repurchase agreement or a related agreement.

Illustrative example

Credit institution B (the *transferee*) advances 100 to credit institution A (the *transferor*), and receives collateral as guarantee.

Transferor (A)	**Transferee (B)**
If the transferee has no right to the collateral (i.e. all risks and rewards remain with the transferor):	

Transferor (A)	Transferee (B)
AFS 100 — Liab/B 100 Table B	Receiv/A 100 — Table D Cash <100>
If the transferee has the right to resell the collateral: (39.37a)	
~~AFS 100~~ Loaned Asset 100 — Liab/B 100 Table A — Table B	Receiv/A 100 — Table D Cash <100>
If the transferee sells the collateral: (39.37b)	
Loaned Asset 100 — Liab/B 100 Table A — Table B	Table D Receiv/A 100 — Debt 110 Cash ~~<100>~~ — Table C ~~+110~~ 10

21. <u>Statement of comprehensive income (table 21)</u>

This table provides information on other comprehensive income for the period (see IAS 1, paragraph.81 (b)).

22. <u>Statement of changes in equity (table 22)</u>

The statement of changes in equity (IAS 1, paragraph 106) discloses the reconciliation between the carrying amount at the beginning of the period (opening balance) and the end of the period (closing balance) for each component of equity (issued capital, share premium, reserves, etc.).

23. Information on credit risk and impairment (table 16)

The memo item of table 16E on tangible assets refers to the cumulative amount of foreclosed assets at the end of the reporting period that is not classified as property or plant and equipment.

Table 16 D1 provides information on the maximum collateral that can be considered, following the rule that the amount of an individual guarantee and/or collateral cannot exceed the amount of the related loan. For example: a loan of EUR 1 million is covered by a guarantee of EUR 1.5 million: the maximum collateral that can be considered is EUR 1 million.

24. Related party disclosure (table 18)

The items "expenses" and "reversals" "from current year in respect of bad or doubtful debts, guarantees and commitments" is not included in table 2.

25. Off-balance sheet items

Off balance sheet items include items that do not appear on the balance sheet for the following reasons:

- assets and/or liabilities that are deferred or contingent and do not appear on the balance sheet until or unless they become actual assets or liabilities: e.g. loan commitments, financial guarantees, and other commitments.
- the bank is not the owner of the assets, but provides management, depositary, or other services relating to these assets: e.g. assets under management, custody assets, central administration services, and fiduciary transactions.

Table 20 provides information on loan commitments, financial guarantees, and other commitments, and table 24 provides information on business related to asset management, custody functions, and other service functions. In completing these tables, the following definitions should be used:

Asset management refers to assets belonging directly to the customers, for which the bank is providing management or brokerage services. "Asset management" should be reported by type of customer: collective investments, pension funds, customer portfolios managed on a discretionary basis, and other investment vehicles.

Custody assets refers to the services provided as a custodian bank. "Custody assets" should be reported by type of customers for which the bank is holding the assets: collective investments, other institutional customers, and others.

Central administration services for institutional customers refers to the administration services provided by the bank to institutional customers. For collective investments, for example, it includes the services of transfer agent, accounting, distribution, and shareholder register.

Other fiduciary transactions refers to the activities that involve managing assets on behalf of customers, other than providing asset management services to a structured entity or managing customers' portfolios on a discretionary basis.

Payment services refers to the collection on behalf of customer of payments generated by debt instruments that are neither recognised on the balance sheet of the reporting credit entity nor originated by it.

Customer resources distributed but not managed refers to products issued by entities outside the group that the reporting bank has distributed to its current customers.

The fees and commission income (or related expenses) generated by these activities are shown in table 14.

26. Fee and commission income and expenses (table 14)

Table 14 provides a breakdown, by type, of the fee and commission income and expenses generated by the on- and off-balance sheet activities of the group.

27. Information on fair value (table 25)

Table 25A provides information on the fair value of financial instruments, using the hierarchy of ED IFRS 7.27 B (a).

Table 25B shows the amount of unrealised gains and losses on available for sale financial assets and other items. It is useful, for supervisory purposes, to check the figures included in capital.

Table 25C provides information on the use of fair value option for financial assets and liabilities designated at fair value through profit or loss.

Table 25D shows the amount of separable hybrid contracts included in the "held to maturity" portfolio, and the amount of host contracts for financial instruments – including embedded derivatives – that have been separated according to IAS 39 provisions (see also paragraph 14 of this chapter).

28. Reconciliation between CRD and IFRS scope of consolidation (table 26)

Banking groups often include insurance entities and non-financial companies as well as credit institutions. The scope of consolidation under FINREP may be defined either by reference to the IAS/IFRS ("IFRS scope"), which includes all subsidiaries, or by reference to the Capital Requirements Directive ("CRD scope"), which includes credit institutions and investment companies but excludes insurance undertakings and non-financial companies. Supervisors may, at national discretion, choose which of these two scopes to use for FINREP; or they may require banks to provide information using *both* the CRD scope (for regulatory purposes) and the IFRS scope (to provide information that is consistent with the annual accounts). However, the FINREP templates do not provide specific line items for reporting the activities of entities excluded from the CRD scope. Table 26 provides a harmonised way to reconcile the two sets of data.

- The column "CRD" in Table 26 includes data collected using the CRD scope of consolidation. These data should be the same as the data in tables 1.1, 1.2, 1.3, and 2 when those tables are prepared using the CRD scope.
- The column "insurance" is the aggregation of the insurance subsidiaries' individual statements. This aggregation is made by summing the figures of the individual statements without the adjustments and eliminations required by consolidation procedures.

- The column “other entities” is the aggregation of the individual statements of the non-financial subsidiaries (again before adjustments and eliminations).
- The column “adjustments and eliminations” includes all of the adjustments and eliminations that are necessary to generate the last column: “IFRS”.
- The column “IFRS” includes the amounts in the statements prepared using the IFRS scope. These data should be the same as the data in tables 1.1, 1.2, 1.3, and 2 when those tables are prepared using the “IFRS scope”.

29. Counterparty breakdown

The FINREP framework provides a standardised breakdown by type of counterparty for the information reported in templates 3, 5, 7, 8, 10, 15, 16, 17, and 20. Financial information is broken down into the following economic sector allocation classes:

(1) Central banks;
(2) General governments: which includes the public sector, consisting of central governments, regional governments, and local authorities, including administrative bodies and non-commercial undertakings, but excluding public companies and private companies held by these administrations that have a commercial activity (which shall be reported under “non-financial corporates”); and international organisations such as the European Communities;
(3) Credit institutions: banks and multilateral banks;
(4) Other financial corporations: includes all financial corporations other than credit institutions such as investment funds, insurance companies, pension funds, collective investment undertakings, and clearing houses;
(5) Non-financial corporates: counterparties not fulfilling the conditions to be allocated to other classes; and
(6) Retail:
    a. Option 1: defined as in Article 79(2) of the CRD for entitities that apply the Standardised Approach, and Article 86(4) of the CRD, for entitites that apply the Internal Ratings Based Approach.
    b. Option 2: defined as “natural persons only”

The economic sector allocation is based exclusively on the nature of the direct counterparty.

In COREP, the allocation is based on the exposure classes defined in the CRD, which uses different exposure class breakdowns for the Standardised Approach and the Internal Ratings Based Approach. The choice made for the FINREP economic sector allocation classes should allow credit institutions to organise their systems in a way that enables them to use both COREP approaches within the context of the financial reporting framework.

ANNEX 1: CORRESPONDENCE TABLES MAPPING ECONOMIC SECTOR ALLOCATIONS IN FINREP TO EXPOSURE CLASSES IN CRD/COREP

The following tables are intended to help credit institutions prepare their IT systems, and to provide guidance on the classification of their instruments in the FINREP framework.

Standardised Approach

SA exposure classes (CRD article 79.1)	***FINREP economic sector allocation classes***	***Comments***
(a) Central governments and central banks	(1) Central banks (2) General governments	These exposures should be assigned to FINREP economic sector allocation classes according to the nature of the counterparty
(b) Regional governments and local authorities	(2) General governments	
(c) Administrative bodies and non-commercial undertakings	(2) General governments	Annex VI.3. For FINREP purposes, administrative bodies and non-commercial undertakings should not be allocated to credit institutions (even though this is permitted under the CRD)
(d) Multilateral development banks	(3) Credit institutions	
(e) International organisations	(2) General governments	
(f) Institutions (i.e. credit institution¨s and investment firms)	(2) General governments (3) Credit institutions (4) Other financial corporations	These exposures should be assigned to FINREP economic sector allocation classes according to the nature of the counterparty
(g) Corporates	(4) Other financial corporations (5) Non financial corporates	
(h) Retail	(4) Other financial corporations (6) Retail	

SA exposure classes (CRD article 79.1)	***FINREP economic sector allocation classes***	***Comments***
(i) Secured on real estate property	(2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporates (6) Retail	These exposures should be assigned to FINREP economic sector allocation classes according to the nature of the counterparty.
(j) Past due items	(2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporates (6) Retail	These exposures should be assigned to FINREP economic sector allocation classes according to the nature of the counterparty.
(k) High-risk categories	Equity (2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporates (6) Retail	In FINREP, equities are reported separately as products under different categories of financial assets At a minimum, they also include non-past due-items receiving a 150% risk weight.
(l) Covered bonds	(2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporates	These exposures should be assigned to FINREP economic sector allocation classes according to the nature of the counterparty.
(m) Securitisation positions	(2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporates (6) Retail	These exposures should be assigned to FINREP economic sector allocation classes according to the underlying risk of the securitisation.
(n) Short-term claims on institutions and corporates	(3) Credit institutions (4) Other financial corporations (5) Non-financial corporates	These exposures should be assigned to FINREP economic sector allocation classes according to the nature of the counterparty.

SA exposure classes (CRD article 79.1)	***FINREP economic sector allocation classes***	***Comments***
(o) Collective investment undertakings	Equity (4) Other financial corporations	Investments in CIU must be classified as equity instruments in FINREP, regardless of whether the CRD allows look-through.
(p) Other items	Equity Other items	In FINREP, other items may be included under different asset categories.

Internal Ratings Based Approach

IRBA exposure classes (CRD article 86.1)	*FINREP economic sector allocation classes*	*Comments*
(a) Central governments and central banks	(1) Central banks (2) General governments	These exposures should be assigned to FINREP economic sector allocation classes according to the nature of the counterparty
(b) Institutions (i.e. credit institution and investment firms)	(2) General governments (3) Credit institutions (4) Other financial corporations	These exposures should be assigned to FINREP economic sector allocation classes according to the nature of the counterparty
(c) Corporates	(4) Other financial corporations (5) Non-financial corporates	
(d) Retail	(4) Other financial corporations (5) Non financial corporates (6) Retail	
(e) Equity	Equity	In FINREP, equities are separated as products under different categories of financial assets
(f) Securitisation positions	(2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporates (6) Retail	These exposures should be assigned to FINREP economic sector allocation classes according to the underlying risk of the securitisation positions.
(g) Other non credit obligations	Other items	In FINREP, other items may be included under different asset categories.