

20/03/2012

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Consultation on Draft Implementing Technical Standards on Supervisory reporting requirements for institutions (CP 50)

Introduction

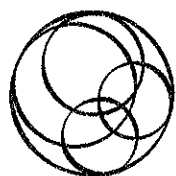
The Swedish Bankers' Association welcomes the opportunity to comment on the consultation paper on the draft ITS on Supervisory reporting.

As a member of the European Banking Federation (EBF) we support the comments and conclusions in the EBF response to the consultation paper. However, from the perspective of Swedish banks we want to emphasize the following comments to the consultation paper.

The Swedish Bankers' Association are in favour of enhancing regulatory harmonisation for credit institutions in Europe and we therefore support the introduction of uniform formats, frequencies and dates of prudential reporting as well as IT solutions. The introduction of uniform reporting will, if properly introduced, be of great importance for improving efficiency in reporting procedures for especially cross-border banks. Many of the Swedish major banks have activities abroad and especially in the other Nordic countries. The principle of proportionality is also welcomed as it will reduce the reporting burden for less complex and domestic banks.

Main comments regarding the ITS on Supervisory reporting requirements

- The implementation period until 1st January 2013 is not realistic and leaves no room for major changes or delays. Institutions would need at least one year of implementation to be able to prepare IT-systems and routines for the new extensive and challenging reporting requirements. Also the new

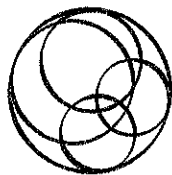


reporting system has to be carefully defined and tested in order to secure high quality of the figures. Consequently, the implementation would preferably be moved to the 1st January 2014.

- A remittance period of just 30 working days is a very short period for the banks to report a complete set of reporting figures, especially for the year end figures. Swedish Bankers' Association suggest instead a remittance period of 40 working days. Irrespective of this, with such an extensive change of reporting as suggested, a transition period with longer remittance periods should be introduced. The transition period should be at least two years.
- In general there are many parts of the instructions that are not clear enough. The Swedish Bankers' Association think it is of utmost importance that there will be a readiness from the supervisory authorities to answer questions from the institutes. It would be a clear advantage if the questions could be handled by the supervisory authorities in the different countries.
- The use of XBRL should be optional for the banks. There are still large differences between both banks and countries. For some banks the cost of implementing XBRL would be minor but for others it would be considerable. However, to facilitate the implementation of XBRL in banks with cross-border activities, it should be optional to use XBRL in all jurisdictions in Europe as from 2013. For banks that plan to use XBRL it would be an additional cost if not all supervisors would be able to receive reporting in XBRL format.

Other general comments

- The current proposal increases the reporting burden heavily and it is also partly overlapping with other reporting such as the Central Bank Statistics - MFI reporting.
- In reporting of financial information (FINREP) the ITS should not mix CRD and IFRS definitions, as CRD info is not incorporated in the accounting flow. This increases the reporting burden and implementation costs, and the benefits are questionable. In general, we support the use of IFRS definitions for FINREP information and that the options in IFRS should be allowed in FINREP as well so that existing accounting information can be used.
- The volume of new details, new dimensions and reports is as such a challenge and, additionally, it is turning yearly reporting processes into quarterly processes. It should be considered if reports/dimensions could be annual or even deleted. E.g. country-related risk information should be excluded from the reporting template as it has more the character of Pillar II-information.
- The ITS implementation period coincides with other reporting requirements (FSB, Basel III monitoring, other reporting requirements of CRR, ECB) which require changes to several primary systems and reports simultaneously. This increases the operational risks.



CVA risk reporting in CP50

It is the Swedish Bankers' Association's opinion that the reporting requirements for CVA risk suggested in CP50 do not appropriately reflect the way that CVA risk charge is calculated.

The currently proposed template for CVA risk reporting in CP50 follows the structure of credit risk, i.e. different reports dependent on credit risk approach and the report is divided by exposure class. The nature of CVA risk is more related to the market risk approach than the credit risk approach as the CVA risk is a portfolio charge including diversification effects.

The Swedish Bankers' Association proposes to delete the rows referencing CVA risk as applicable in the different credit risk sheets (3.2.a, 3.2.b and 3.3.a) and instead introduce a new sheet regarding the reporting of own funds requirement for CVA risk (see appendix I). The introduced sheet is based on the reporting requirements for market risk and accounts for the calculation differences between the advanced and the standardised methods. Such approach would better reflect the CVA risk calculation. It is interpreted that the proposal is aligned with current reporting template development activities as reference to a similar structure is made within the own funds requirement sheet (1.3 CA2), where CVA risk is summed up in rows 670 to 690.

Detailed comments following the questions in the consultation paper

CHAPTER 1

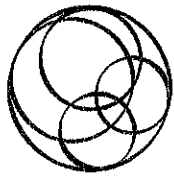
Subject matter, Scope and Definitions

- 1. How would you assess the cost impact of using only CRR scope of consolidation for supervisory reporting of financial information?*

There are different views among the Swedish bank on which consolidation method is the most appropriate and cost efficient. We therefore have no comment on this question.

- 2. Please specify cost implications if parts 1 and 2 of Annex III and of Annex IV of this regulation would be required, in addition to the CRR scope of consolidation, with the accounting scope of consolidation?*

Please, see our answer to question 1 above.



CHAPTER 2

Reporting reference and remittance dates

- 3. Financial information will also be used on a cross-border and on European level, requiring adjustments to enable comparability. How would you assess the impact if the last sentence of point 2 of Article 3 referred to the calendar year instead of the accounting year?*

For companies having calendar year as accounting year this has no impact, but for all others it would have a significant impact.

- 4. Does having the same remittance period for reporting on an individual and a consolidated level allow for a more streamlined reporting process?*

Yes. As the FINREP reporting process requires a consolidation starting from lowest level, and aggregates the calculations within the legal entities and then the subgroups. For many banks, having different remittance periods for individual and consolidated level will not be of any advantage as concerns the calculation burden; reporting and review is an integrated process. Instead we support to have the same remittance period for reporting on an individual and consolidated level, but recommend that the different reports such as the loss reporting, could be finalised and delivered to the supervisory authorities at a later date than the proposed in Article 4 of the ITS on reporting.

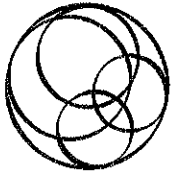
- 5. How would you assess the impact if remittance dates were different on an individual level from those on a consolidated level?*

Swedish Bankers' Association is of the opinion that the remittance dates should be the same for consolidated and solo level, concerning both COREP and FINREP.

Most Swedish banks have organised their risk management systems (COREP) in a centralised way or have a centralised reporting platform. These banks inevitably need to prepare data at a consolidated level first and solo figures can therefore not be reported before consolidated figures.

- 6. When would be the earliest point in time to submit audited figures?*

Submitting audited figures, we assume, will only come into question once or twice a year, as not all interim reports are audited. Audited figures are normally semi-annual and the direct date varies from time to time. Also, interim report could have partly audited figures. In some cases, the semi-annual figures are not audited but subject to limited review which does not give the same level of assurance. Considering the



very detailed level of reporting, the remittance dates as proposed in the draft ITS on reporting must be prolonged.

Major commercial banks which are traded on a stock exchange would manage it in 40 working days. However, smaller banks would in many cases need more time.

If figures were to be submitted on different levels, e.g. both aggregated and detailed level, less detailed audited/reviewed figures would be able to submit in less than 40 working days.

7. *Do you see any conflicts regarding remittance deadlines between prudential and other reporting (e.g. reporting for statistical or other purposes)?*

Yes. Besides prudential reporting to supervisory authorities the Swedish banks are submitting figures to e.g. the Swedish Central bank and Statistics Sweden. There are several remittance dates and remittance periods for numerous reports and therefore also many deadlines to fulfil. Especially annual figures and bi-annual figures are challenging as almost all prudential and statistical reports are at least annual and bi-annual. Conflicts between remittance deadlines could be mitigated by allowing longer remittance periods for annual and bi-annual figures.

In addition, the definitions in the different reports often differ, something which also takes time when preparing the reports and building system set-ups.

CHAPTER 3

Format and frequency of reporting on own funds requirements

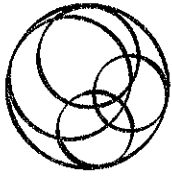
8. *Do the proposed criteria lead to a reduced reporting burden?*

A bank has to calculate the geographical distribution of exposures to be able to know which country exposures to report, according to the thresholds. The reduced reporting burden is therefore negligible as the geographical distribution of exposures still has to be calculated.

However, for smaller Swedish banks which have limited foreign exposures it would imply a reduced reporting burden.

9. *What proportion of your total foreign exposures would be covered when applying the proposed thresholds? Please also specify the number of countries that would be covered with the proposed threshold as well as the total number of countries per exposure class.*

N/A



10. What would be the cost implications if the second threshold of Article 5 (1) (c) (ii) were deleted?

Limited.

11. Is the calculation of the threshold sufficiently clear?

No. If the 10% threshold is not met, should then no individual geographical exposure over 0,5% be reported? Also, if the 10% threshold is met, how many geographical exposures over 0,5% should be reported? The regulation says that geographical exposures should be reported either according to the 10% thresholds or the 0,5% threshold. On the contrary, according to the chart in Annex II, 3.3.4, the 0,5% threshold should be reported only if the 10% threshold is met. In the chart in Annex II an additional limit is mentioned; the number of geographical exposures over 0,5% that should be reported is limited to 10.

For example if three country-exposures exceed the 0,5% limit for a bank, how many countries should then be reported if the 10% threshold is met? And how many countries should be reported if the 10% threshold is not met? It may be useful to confirm how the threshold should be interpreted in an unambiguous way.

In the draft regulation original exposures and total exposures is mentioned. A clear definition of total exposures and original exposures should be included in the regulation and instructions.

12. Do the provisions of Article 5 (2) lead to a reduced reporting burden for small domestic institutions?

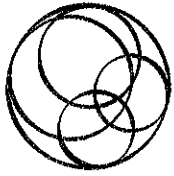
Yes, but depends on size and internal system set-up.

13. Is the calculation of the threshold sufficiently clear?

No comments.

14. Competent Authorities are obliged to disclose data on the national banking sector's total assets as part of the supervisory disclosure. Do you find these publications sufficient to calculate the proposed threshold?

No comments.



15. What would be the cost implications if information on own funds as put forward in Part 1 of Annex I (CA 1 to CA 5) were required with a monthly frequency for all institutions?

A quarterly reporting of own funds in this case would lead to increased costs. However, increasing the reporting frequency to monthly would instead entail very high reporting costs for the banks.

Monthly reporting instead of quarterly does not require any IT implementation at a large scale. However, it does require huge manpower (both IT and business) to run the reports, produce regular reconciliation, making data quality assurance, etc.

Format and frequency of reporting on financial information

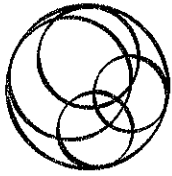
16. Are there specific situations where this approach (differentiating between institutions using IFRS and national accounting frameworks for supervisory reporting purposes) would not be applicable?

Swedish Bankers' Association have the opinion that if the reporting package is extended to include also reporting on an individual level, there shall be an option to use IFRS also on an individual level, at least for companies being part of a Group that reports under IFRS. Using different accounting standards on consolidated and solo level in a financial group is increasing the reporting burden considerably.

17. What is your assessment of impact, costs and benefits related to the extent of financial information as covered by Articles 8 and 9?

The Swedish Bankers Association cannot currently estimate the costs for reporting information required in Articles 8 and 9, but believe they are considerable. Much of the information is not currently available on a consolidated level and it will require substantial IT investments to source and consolidate the new information. The volume of information exceeds the level of information currently included in the financial statement of the annual report and to perform such an extensive exercise four times of year as opposed to once will require substantial investments both in systems and in people.

We do not believe there are any benefits for the banks or for the capital markets in reporting the required information, but realise it is of benefit to regulators. The only benefit for banks is if local regulator reduces the current reporting requirement, but as these are less extensive than the proposed ITS, the benefit is minor. It is, however, important that local regulators are clear on which reporting requirements can be withdrawn and communicate this as soon as possible. We also lack an analysis of the benefits and in particular why there has to be such detailed



information. Financial institutions already report consolidated annual and interim reports in accordance with IFRS which includes information that is considered relevant for the capital markets.

18. In Articles 8(2) and 9(2) the proposed frequency is semi-annually. Does this reduce reporting burden? Please quantify the estimated cost impact of reporting with semi-annual frequency compared to quarterly.

Reporting on an annual basis would reduce the reporting burden as some of the required information is already included in the year-end reporting but not in the quarterly reporting. However, reducing frequency from quarterly to semi-annually would not reduce reporting burden much.

19. What is your general assessment of applying reporting standards regarding financial information on an individual level?

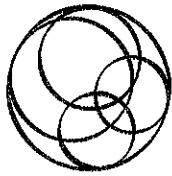
As long as the individual reporting is based on the same requirements as the consolidated reporting and allowing IFRS based figures for companies in groups that report IFRS there should not be too much extra work as the figures have to be produced for the consolidated reporting. However, due to local Swedish requirements, both IFRS and local rules are applied for reporting, which undermine the benefits of common reporting templates. The extra burden is due to the difference between IFRS and the Swedish Accounting Act. The local requirements need to be fulfilled due to e.g. tax reasons.

20. How would you assess costs and benefits of applying the ITS requirements regarding financial information on an individual level? (Please assess the impact for the two scenarios (i) application of parts 1 and 2 of Annex III and Annex IV on an individual level (ii) application of parts 1 to 4 of Annex III and Annex IV on an individual level (ii)) Would there be obstacles for applying reporting on an individual level?

See our answer to question 19.

21. If the proposal was to be extended, what implementation time would be needed?

An implementation time of at least 12 months would be required for important changes to the proposed reporting package for balance sheet information. Income statement information needs to follow the financial year, hence, at a minimum 12 months. In addition, any changes in the IT systems need to be planned well in advance as so called freeze periods are in place prior to quarter ends. The freeze periods are necessary in order to ascertain the quality in the reporting as well as



timely deliveries. The IT systems in a bank are to a large extent very complex and the quality of output is crucial. Due to this fact key staff is always involved, and can, if not properly planned, be a scarce resource.

CHAPTER 4

Lending collateralised by immovable property

Swedish Bankers' Association requests that the instructions to the reporting on losses stemming from lending collateralised by immovable property should be clearer as it is hard to understand many parts of them. Is the figures connected to the capital adequacy reporting (COREP) and is it possible to check the figures against these? Also, is there any connection to the figures on financial information, IFRS or accounting? In addition, this is a new requirement and has so far not been reported. New system set-up or manual input is required, which leads to increased costs.

Also, Swedish Bankers' Association question if this report should be included in the package of supervisory reporting as suggested in this consultation paper. Instead the report would better be treated separately by EBA.

CHAPTER 6

IT solutions

22. What cost implications would arise if the use of XBRL taxonomies would be a mandatory requirement in Europe for the submission of ITS-related data to competent authorities?

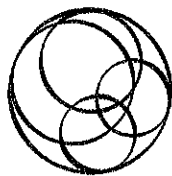
Swedish Bankers' Association is of the opinion that the use of XBRL should be optional for the banks. There are still large differences not only between the banks, but also between regulators. For some banks the cost of implementing XBRL would be minor, but for others it would be considerable.

However, to facilitate the implementation of XBRL in cross-border banks, it should be optional to use XBRL in all jurisdictions in Europe from 2013. For banks planning to use XBRL it would be an extra cost if not all supervisors would be able to receive reporting in XBRL format.

CHAPTER 7

Final provisions

*23. How would you assess the cost implications of the following two options?
(1) Implement the ITS as of the first possible reference date (31/03/2013)*



(2) Delay the implementation of the ITS by 6 months (first reporting based on data as of 30/09/2013) and implement national interim solutions for reporting as of 31/03/2013.

Swedish Bankers' Association is in favour of a solution where the reporting is implemented the first quarter of a year, due to the fact that a majority of Swedish Institutions have financial year equal to calendar year. If the reporting is implemented in e.g. the third quarter the institutions would suffer large costs from reporting the profit and loss figures. Profit and loss figures are depending not only on the third quarter figures separately, but also on the first and second quarter figures. If reporting would be implemented in the third quarter, institutions need to calculate first and second quarter profit and loss figures with two different reporting systems. First with the old reporting system to get the Q1-2 result and then with the new reporting system to get the Q1-3 figures.

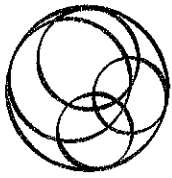
Implementing the ITS on reporting already in Q1 2013 is not realistic. The final reporting tables will in the best case be received in September 2012 which in practise means that there is only a 3 months implementation period for the banks. The technical implementation cannot be started before the final reporting tables are ready. Major IT-system changes, which will be necessary in this case, are extensive and expensive processes, and they cannot be started based on draft tables. Otherwise there is a risk of wrong focus, unnecessary work and unnecessary costs. Also the quality of the reporting will inevitably suffer.

Especially the Basel information is complex to combine with accounting information. The income statement information based on that split can be virtually impossible to implement. Income statement information is not reported in COREP at all.

The Swedish Bankers' Association instead suggest a delay until 1 January 2014.

Implementing the whole reporting package on the 1st of January 2014 would be more suitable as several processes in the banks would be very hard to complete already in the beginning of 2013. For example, the information in the data warehouse must fulfil high quality standards and therefore the reporting definitions and instructions must be clear. It is a large number of new figures which should be included in the data warehouses. This extensive work to update the data warehouses will take much time and cannot begin until uncertainties (e.g. geographical distributions) and incompleteness (e.g. central counterparties) has been solved.

Another example is that many processes, above all in larger banks, have to be coordinated, especially if there are many subsidiaries, branches, etc. Employees must be educated in the new reporting rules and reporting processes. It takes huge resources and is hard to manage in a very short time.



The entire reporting framework must be delayed to avoid temporary interim solutions, which also are costly for the banks. By previous experience, interim solutions often require more efforts both in manual resources and direct costs. One should also consider the quality aspect, which can suffer in a temporary solution. Interim solutions are not recommended from IT point of view, considering a high work effort for a short term benefit. Having national interim solutions is even worse (having to implement several instead of one global). In addition, implementation of other regulations (IFRS, ECB, EU Directive, Basel III, etc.) should be taken into account when deciding on the reference dates.

If it is not possible to delay entirely, a stepwise implementation could be an alternative, where Annex I and part 1, 2 and 4 from Annex III is implemented in 2013 and the remaining parts in 2014. The changes should then be made gradually; e.g. start with the reports required for capital adequacy purposes as per Q1 2013 and then allow sufficient time for other information required by EBA e.g. analytical abilities (such as country dimensions, loss reporting etc.). However, if using stepwise implementation it should be carefully analysed so that the banks could avoid creating temporary IT-solutions.

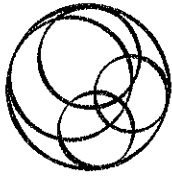
24. What would be the minimum implementation period to adjust IT and reporting systems to meet the new ITS reporting requirements? Please elaborate on the challenges which could arise.

The minimum implementation period would be at least 12 months for balance sheet information. If the whole reporting package is to be implemented at once 12 months would most certainly not be enough time. As proposed in question 23, we suggest the implementation is postponed until 2014 in order to make sure that the banks have enough time to secure the quality in the reporting. The institutions have to rebuild IT systems to be able to report according to new extensive reporting templates. In addition, new internal reporting systems must be carefully defined and tested before taking into use, something which has to be taken into consideration.

25. What would be the minimum implementation period required for institutions already subject to FINREP reporting to implement the financial reporting described in this consultation paper?

N/A

26. What would be the minimum implementation period required for institutions NOT subject to FINREP reporting at the moment to implement the financial reporting described in this consultation paper?



See our answer to question 24 above.

27. Would the required implementation period be the same for reporting requirements on an individual basis and on a consolidated basis?

Yes, it has to take place within the same scope due to different interdependencies. Aggregated figures are based on detailed information from local sub-ledgers and the accounting chain cannot be broken.

Annex I and Annex II

28. Do restrictions (restricted cells are cells which do not have to be reported to supervisors - displayed in the COREP templates as grey/blocked cells) reduce the reporting burden?

Yes. However, to some extent the institutions must still calculate figures for restricted cells to be able to report in non-restricted cells.

29. Compared to previous versions of the COREP templates are there additional reporting requirements which, cause disproportionate costs?

Yes. The initial analyse regarding templates for credit risk and capital base gives an estimate that more than 300 reporting fields have to be redefined. This besides all additional work procedures that will be required will definitely increase reporting costs for banks which report according to SA.

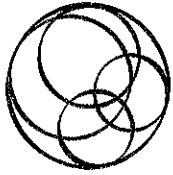
Swedish Bankers' Association also question the reason to increase the SA reporting fields as the ambition is to encourage more institutions to report with more advanced methods.

Another example is the CR IRB template. The distribution between countries will become more burdensome with the CR IRB template.

30. Are the templates, related instructions and validation rules included in Annex I and Annex II sufficiently clear? Please provide concrete examples where the implementation instructions are not clear to you.

No, there are parts of the instructions that are not sufficiently clear. Below please find some examples where the instructions are insufficient or even missing;

- Group Solvency column 100 – reference is not correct
- Group Solvency column 180 – reference is not correct
- CA1, row 120 ID 1.1.4.2.3 - no reference to any article

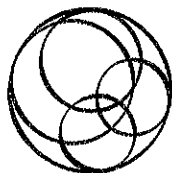


- CA1, row 180 ID 1.1.3 Accumulated other comprehensive income - not crystal clear what to include in this cell, especially in relation to ID 1.1.9.2 Cash flow hedge reserve
- CR SA column 510 - definition of how to calculate number of counterparties in SA (individual, group) is needed.
- CR IRB - If reporting both in FIRB and AIRB, shall there be one "CR IRB - Total" for FIRB and one for AIRB?
- CR IRB - definition of how to calculate number of counterparties in IRB (individual, group) is needed.
- CR IRB GB - confirmation needed from the authorities if it is the country of the exposure (e.g. host country of the accounting unit) or country of the customer.
- CR IRB GB - confirmation needed from the authorities regarding country how to treat exposures against a customer's foreign branches?
- CR IRB GB: The exposure classes in this report are not the same as in the CR IRB report. The reference list mentions that these are FINREP breakdowns;
Is it correct that the exposure classes in this report are FINREP and not COREP breakdowns? From IT perspective this means that for this report we will need to build a new exposure classification.
- CR IP LOSSES: Consultation paper does not provide a definition for the 'loss';
Clarification needed from the authorities. The definition has a large impact on IT implementation.
- MKR SA EQU - Authorities need to define what they mean with markets when reporting equity risk.

Regarding Central Counterparty (CCP) institutions it will be a problem to report figures distributed on CCP:s already in the first quarter of 2013. The problem is that which institutions will be approved as CCP will be stipulated during 2013 and not until Q1 2013.

31. CR IRB – What is your assessment of cost implications of the new lines for "large regulated financial entities and to unregulated financial entities"? What is the most cost efficient way of incorporating this kind of information in the reporting framework?

The Swedish Bankers' Association thinks it is unclear which entities are referred to as "large regulated financial entities...". It would in this case be a great advantage if EBA would present an updated list of such entities. A list of entities created by EBA would facilitate the interpretation for the reporting institutes of which entities to be included and the list of entities would then definitely be the same for all.



32. CR SA – What is your assessment of cost implications of the new lines to gather information about exposures without a rating or which have an inferred rating? What is the most cost efficient way of incorporating this kind of information in the reporting framework?

To gather such information is, at least for some Swedish banks, associated with very high costs.

Annex III, Annex IV, and Annex V

33. Are the templates included in Annex III and Annex IV and the related instructions included in Annex V sufficiently clear? Please provide concrete examples where the implementation instructions are not clear to you.

It is essential that a set of detailed instructions to the template is issued together with the COREP and FINREP reporting packages. There will also always be questions arising regarding the reporting. The Swedish Bankers' Association think it is of utmost importance that there will be a readiness from of the supervisory authorities to answer detailed questions from the institutes. It would be a clear advantage if the questions could be handled by the supervisory authorities in the different countries.

Queries which appear at first glance are the following;

Should the numbers be -/+?

Delimitations "." or "," ?

Do different tables add up to each other?

Are cross-checks in place?

Which currency is to be used and which rounding method?

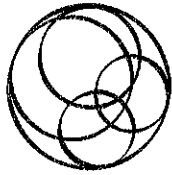
Template 10 (Annex III and Annex IV)

34. Do the provisions of Article 8 (3) and 9 (3) lead to a reduced reporting burden?

A bank has to calculate the geographical distribution of exposures to be able to know which country exposures to report, according to the thresholds. The reduced reporting burden is therefore limited as the geographical distribution of exposures still has to be calculated.

However, for smaller Swedish banks which have limited foreign exposures it would imply a reduced reporting burden.

35. What are the cost implications of introducing a breakdown by individual countries and counterparties?



In general, the geographical breakdowns are very burdensome as they are not part of the normal accounting information flow. In addition, template 10 includes breakdowns on NACE codes, which is not part of the accounting information either. The combination of these two requirements is very challenging for the reporting banks and will lead to considerable costs for the banks. We do not believe that the benefits exceed the additional costs for this information, especially considering the already inserted geographical breakdown in Annex I, template 3.3b. In addition, these breakdowns have to be fully aligned with the ECB requirements on geographical breakdowns.

Regarding the domestic/foreign split it should be defined whether this is seen from the perspective of each local reporter or from the perspective of the ultimate parent company. As several local regulators require reporting, one legal entity will have to report the same numbers as both domestic and non-domestic, depending on which report it is included in. It will be almost impossible to reuse the numbers from one report to the other.

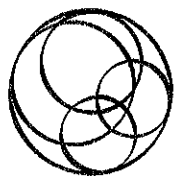
36. What are the cost implications of introducing a breakdown by economic sector by using NACE codes?

See our answer to question 35 above.

37. Would other classification be more suitable or cost efficient?

We would prefer that no geographical breakdown is required, but if it has to be introduced, we would propose to base it on the country in which the entity is incorporated. Such information is available in the accounting flow. Some of the counterparty information in Annex III and IV are based on breakdowns required in COREP/CRD like NACE codes. Such breakdowns are not available in the existing accounting information. Mixing COREP/CRD breakdowns with accounting information will create significant challenges for banks as these are separate information flows based on different sources and not stored in common systems. Annex III has to some extent been adapted to the accounting terminology of IFRS, which we support and think will enhance the quality and timing of the reporting. We would however encourage EBA to go further down this route and try to eliminate the COREP/CRD terminology and requirements in Annex III and instead focus more on the IFRS requirements that listed banks already have in their accounting information flow. The NACE codes are one example of information that should be deleted from Annex III.

It should rather be investigated if EBA could use MFI or BIS information and exclude this very burdensome reporting.



38. What would be the difference in cost if the geographical breakdown would be asked only by differentiating between domestic and foreign exposures compared to country-by-country breakdown?

This would reduce costs significantly as there would not be a test to see which countries are above 0.5% and would only require splitting exposures into two "buckets" as opposed to potentially 10-15 "buckets".

39. What are the cost implications of introducing breakdown of sovereign holdings by country, maturity and accounting portfolio?

It is essential that this reporting is fully aligned with the ECB reporting. If not, it will create double work.

Template 14 (Annex III and Annex IV)

40. How would you assess the cost implications on providing a geographical breakdown of these items with the proposed breakdown to domestic, EMU countries, other EU and rest of the world?

As explained in question 37 such breakdowns are not available in the current accounting information, unless they can be based on the country in which the entity is incorporated.

41. Would application of a materiality threshold similar to Article 8 (3) and 9 (3) (reporting the breakdown only if foreign exposures exceed 10 % of the total exposures) reduce reporting burden?

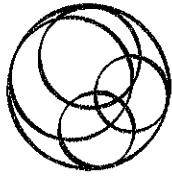
Not for the major banks as they operate in many countries, but would be beneficial to the smaller banks.

42. What would be difference in cost implications if breakdown would be requested only with differentiation between domestic/ foreign or alternatively country by country with similar threshold than in Article 8 (3) and 9 (3) compared to the proposal in the Consultation Paper?

The domestic/foreign breakdown would be less expensive to achieve, while the introduction of thresholds do not help the larger banks much.

Templates for reporting financial information according to national accounting frameworks

43. Are there specific aspects of national accounting framework that has not been covered or not addressed properly in the templates?



The Swedish Annual Accounts Act has not been taken into account.

Instructions in Annex V

44. Does the IAS 7 definition of cash equivalents follow the practice used when publishing financial statements? How would this definition interact with definitions of IAS 39 for assets in held for trading portfolio?

Cash and cash equivalents are interpreted very narrowly in Sweden and do normally only include cash on hand and demand deposits. Very few assets held for trading are included.

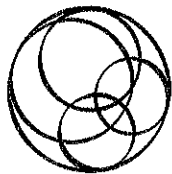
45. How do you assess the impact of reporting interest income and interest expense from financial instruments held for trading and carried at fair value through profit and loss always under interest income and interest expense?

Swedish Bankers' Association objects to the removal of the option to report interest items from trading items through profit and loss in gains and losses from these portfolios. Trading portfolios are measured at fair value and that is the decisive factor when disclosing these items. This is how the systems have been built. The interest component in trading items is not relevant and not even always that easy to define. Consequently, in some banks' business models, the market value of the future cash flows is decisive and therefore all future profit and loss cash flow items should be reported under Mark-to-Market valuation and all past profit and loss items at realized. The split between interest and other profit and loss items is irrelevant.

SWEDISH BANKERS' ASSOCIATION

Tomas Tetzell

Christian Nilsson



Svenska
Bankföreningen
Swedish Bankers' Association

18 (18)

ANNEX

Annex 1
CVA risk reporting template

CVA RISK

	EXPOSURE VALUE	VaR		STRESSED VaR		CAPITAL REQUIREMENTS		
		MULTIPLICATION FACTOR (m_a) X AVERAGE OF PREVIOUS 60 WORKING DAYS (VaR_{60})	PREVIOUS DAY (VaR_{1d})	MULTIPLICATION FACTOR (m_s) X AVERAGE OF PREVIOUS 60 WORKING DAYS ($SVaR_{60}$)	LATEST AVAILABLE ($SVaR_{1d}$)	OF WHICH ARISING FROM ADVANCED CVA RISK METHOD	OF WHICH ARISING FROM STANDARDISED CVA RISK METHOD	
		020	030	040	050		080	
CVA risk total	010					060	$070 = \text{Max}\{020, 030\} + \text{Max}\{040, 050\}$	
According to Advanced method	020							
According to Standardised method	080							

CVA risk

ID	Label	Legal references & Comments
COLUMNS		
010	EXPOSURE VALUE	EAD as implemented in calculation of own funds requirements for CVA risk as prescribed in Article 374
020-050	VaR and STRESSED VaR	VaR calculation in accordance with Article 373, based on internal models for market risk as prescribed in Articles XXX
060	CAPITAL REQUIREMENTS	Own funds requirements for CVA risk based on columns 090 and 100
070	CAPITAL REQUIREMENTS OF WHICH ARISING FROM ADVANCED CVA RISK METHOD	Capital requirements as prescribed in Article 373
080	CAPITAL REQUIREMENTS OF WHICH ARISING FROM STANDARDISED CVA RISK METHOD	Capital requirements as prescribed in Article 374
90-110	TOTAL RISK EXPOSURE AMOUNT	Total risk exposure amounts for CVA risk, based on columns 080-100
120	Number of overshootings during previous 250 working days	Number of overshootings in internal model for market risk as prescribed by Articles XXX
130	VaR Multiplication Factor (m_v)	VaR multiplication factor in internal model for market risk as prescribed by Articles XXX
140	SVaR Multiplication Factor (m_s)	SVaR multiplication factor in internal model for market risk as prescribed by Articles XXX
150	Number of counterparties	Number of counterparties included in calculation of own funds for CVA risk
160	EXPOSURE-WEIGHTED RISK WEIGHT	Exposure-weighted average risk weight of the risk weights implemented in the calculation of own funds requirements for CVA risk according to the standardised CVA risk method $[\sum(n_i \cdot EAD_i) / \sum(EAD_i)]$
170	EXPOSURE WEIGHTED AVERAGE MATURITY	Exposure-weighted average maturity of the maturities implemented in the calculation of own funds requirements for CVA risk according to the standardised CVA risk method $[\sum(n_i \cdot EAD_i) \cdot M_i] / \sum(EAD_i)$
180-190	CVA RISK HEDGE NOTIONALS	Total notional amounts for hedge implemented for CVA risk as prescribed in Articles 373-375
ROWS		
010	CVA risk total	Sum of rows 020-030 as applicable
020	According to Advanced method	Advanced CVA risk method as prescribed by Article 373 & 375
030	According to Standardised method	Standardised CVA risk method as prescribed by Article 374 & 375