



Bank Association of Slovenia

EBA/CP/2012/06

General comments and answers - EBA Consultation Paper on Draft Implementing Technical Standards on Supervisory reporting requirements for Leverage Ratio

Hereby we submit the comments and answers received from two of our member banks, namely **Nova kreditna banka Maribor d.d. and Abanka Vipava d.d.**

Abanka Vipava d.d.:

- **Do institutions agree with the use of existing and prudential measures? Are there additional ways to alleviate the implementation burden?**

We propose reporting of the data as at the end of each quarter of the year and not as a simple arithmetic mean of monthly data over the quarter.

- **Do institutions already have the data required under this proposal on a monthly basis? If so, is this data of the required standard as other data reported to supervisory authorities?**

We do not have all the monthly data required for reporting on financial leverage ratio. For example, consolidated data is reported with a quarterly frequency.

- **The same timelines are proposed for reporting on a consolidated level as well as on an individual level, is this seen as problematic? If so, would you propose a different timeline for reporting on a consolidated level?**

We believe that the proposed timeline for reporting on individual and consolidated level is too short.

We propose an extension of the timeline:

- to the end of February for reporting on individual basis as at the end of the year,
- for two weeks after the deadline for reporting on individual basis for reporting on consolidated basis.

- **What additional costs do you envisage from the proposed approach to reporting the leverage ratio in order to fulfill the requirements of the CRR in this ITS?**

Each additional report means extra costs and an additional burden for the bank. The amount of extra costs depends on the methodology for the calculation of the leverage ratio, namely whether the simple arithmetic mean of monthly data over the quarter or the data as end of quarter will be used. At the moment, we report the data on consolidated basis with a quarterly frequency. Therefore, monthly reporting of consolidated data would mean greater costs not only for the bank itself but also for the whole group.



- **Is the calculation of the derivatives share threshold sufficiently clear?**

The numerator includes also credit exposure of derivative financial instruments, which is already reported monthly as a part of RAZ report.

- **Do you believe this method captures institutions derivatives exposure in a sensible way?**

Yes.

- **Does the reduction of fields to be reported in a given period by institutions that do not exceed the threshold value in that period, lead to a significant reduction in administrative burden?**

We believe that it is reasonable to limit the reporting to a minimum extent, since it represents a substantial administrative burden.

- **Preliminary internal calculations by supervisors suggest that a threshold value should be in the range of 0.5% to 2%. Would you suggest a different threshold level, if yes, please justify this.**

We propose the use of threshold value of 2 %.

Nova kreditna banka Maribor d.d.:

- The bank **does not agree with the current proposal that the LR reporting** will be based on the simple arithmetic average value of monthly LR for each quarter. Considering that the calculation of LR is directly related to the COREP reports, we propose that the calculation of LR is based solely on the data as of the end of each quarter, i.e. the last day of each quarter, and not on a three-month arithmetic average.
- The bank **does not have the data available on a monthly basis**, as requested by the technical standard applicable to LR.
- The bank **cannot agree that the same deadlines be applied for the reporting on both an individual and a consolidated basis**. The reporting deadlines shall be aligned with the deadlines for the COREP reporting, so we propose that reporting on an individual basis takes place by 25th of the month for the previous month, while on a consolidated basis, the reporting deadline shall be 15th of the month for the month before last.
- The bank believes it will **definitely incur additional costs** as a result of calculating of and reporting on LR: the reporting requirements of local and foreign institutions increase from month to month, causing the staff to spend additional time compiling all the reports by the deadlines. If such dynamics of providing new reports continues, the bank will need to hire additional staff and upgrade its technological support, which will entail additional staff costs and other costs related to the development of suitable software.
- The bank is of the opinion that the **definition of the derivatives share threshold is not clear enough**, so an additional explanation concerning the calculation of this share is required. In addition, it is difficult to give any comment on the proposed threshold



range(0.5% to 2%), because banks first need to calculate this share and only then give an opinion in this regard. The European Banking Authority (EBA) also needs to be warned that the calculation of the threshold share is not a method, but a simple formula. If the EBA treats the calculation as a method, the calculation procedure must be described in more detail.

- The bank holds that page 3 and **Point 13 "Total exposure measure"** of the instructions for the calculation of LR (Annex II, Reporting on Leverage Ratio) **contain an error**, since the reference to cell (LR2;070;5) appears three times. We propose that the calculation of item "Total exposure measure" be checked once again and the formula corrected accordingly.
- The bank holds that there is another error and inconsistency between the instructions for the calculation of LR on pages 19 to 20 and the **LR5** template: the identification and the order of the following items are not harmonised: 050, 060, 090, 100 and 110. We propose that either the instructions or the LR5 template be amended.
- The bank believes that the **risk weights** in the LR3 template and in the instructions for the calculation of LR on pages 14 to 16 **are not consistent**. We propose that the risk weights in the instructions, in the template itself, and in the tables of the COREP templates, from which the data are collected, be harmonised.
- The bank also concludes that the **references of certain items to the CRR Directive are too general and excessive** (e.g. LR6, item 010: reference to "part 3, title IV of CRR", which comprises Articles 314 to 367); therefore, it proposes that the description of items be made clearer and more accurate.