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ANNEX II
SUPERVISORY BENCHMARKING PORTFOLIOS

DEFINITION OF THE SUPERVISORY BENCHMARKING PORTFOLIOS	2
C 101 – DEFINITION OF LOW DEFAULT PORTFOLIO COUNTERPARTIES.....	2
C 102 – DEFINITION OF LOW DEFAULT PORTFOLIOS	5
C 103 – DEFINITION OF HIGH DEFAULT PORTFOLIOS	8

DEFINITION OF THE SUPERVISORY BENCHMARKING PORTFOLIOS

For the purpose of mapping exposures to counterparties and portfolios defined in Annex I, the definitions provided in this Annex shall apply.

Where ‘Not applicable’ is used in Annex 1, no specific split is required for the variable it relates to.

C 101 – Definition of Low Default Portfolio counterparties

Column	Label	Legal reference	Instructions
010	Counterparty code		The code assigned by the European Banking Authority (‘EBA’) to each legal entity included in the low default portfolio (‘LDP’) sample.
020	Legal entity identifier (LEI)		20-digit, alpha-numeric code that connects to key reference information that enables clear and unique identification of companies participating in global financial markets.
030	Credit register code		The code used by the national credit register of the place of residence of the counterparty. The code is used as an identifier for the counterparty.
040	Commercial register code		The code assigned to a counterparty by the public commercial register of the country where that counterparty is registered.
050	ISIN code		The ‘International Securities Identification Number’ used to identify uniquely securities issued by a counterparty.
060	Bloomberg ticker		The string of characters or numbers used to identify a company or entity uniquely in Bloomberg.
070	Name		The name of the legal entity included in the LDP samples.
080	Geographical area		Exposures shall be split into parts and assigned to portfolios based on the country of residence (ISO Code or ‘Other countries’) of the counterparty. For the ‘Retail – secured by real estate SME’ and ‘Retail – secured by real estate non SME’ portfolios, exposures shall be split into parts based on the location of the collateral.
090	Portfolio name		Each counterparty is assigned one of the following names: (a) Sovereign sample; (b) Institutions sample; (c) Large corporate sample.
100	Sector of counterparty		Exposures shall be split into parts and assigned to portfolios based on the economic sector of the counterparty: (a) Central banks; (b) General Governments; (c) Credit institutions; (d) Other financial corporations; (e) Non-financial corporations; (f) Not applicable.

110	Type of exposure		Exposures shall be split into parts and assigned to portfolios based on the type of exposure: (a) Specialised lending exposures; (b) Exposures other than specialised lending; (c) Not applicable.
120	Type of facility		Exposures shall be split into parts and assigned to portfolios based on the type of facility. The type of facility is one of the following: (a) Full risk (100%); (b) Note issuance facility and revolving underwriting facility (Medium risk); (c) Issued warranties and indemnities, guarantees, irrevocable stand-by letters of credit, documentary credit and other medium risk off-balance sheet items (Medium risk): warranties and indemnities (including tender, performance, customs and tax bonds), guarantees, irrevocable standby letters of credit not having the character of credit substitutes and other medium risk off-balance sheet items; (d) Undrawn committed revolving credit facility (Medium- low risk): revolving lending commitments that are undrawn and that may not be cancelled unconditionally at any time without notice or that do not provide for automatic cancellation due to a deterioration in a borrower's creditworthiness; (e) Undrawn committed term credit facility (Medium-low risk): term lending commitments that are undrawn and that may not be cancelled unconditionally at any time without notice or that do not provide for automatic cancellation due to a deterioration in a borrower's creditworthiness; (f) Undrawn committed other credit facility (Medium-low risk): lending commitments, other than revolving and term, that are undrawn and that may not be cancelled unconditionally at any time without notice or that do not provide for automatic cancellation due to a deterioration in a borrower's creditworthiness; (g) Issued short-term letters of credit and other medium-low risk off-balance sheet items (Medium-low risk); (h) Undrawn uncommitted credit lines (Low risk): uncommitted lending facilities (advised and unadvised) that are undrawn and that may be cancelled unconditionally at any time without notice or that do provide for automatic cancellation due to a deterioration in borrower's creditworthiness; (i) Undrawn purchase commitments for revolving purchased receivables and other low-risk off-balance sheet items (Low risk): commitments that are able to be unconditionally cancelled or that effectively provide for automatic cancellation at any time by the institution without prior notice; (j) Drawn credit facility; (k) Not applicable.
130	Type of risk		Exposures shall be split into parts and assigned to portfolios based on the type of risk: (a) Counterparty credit risk; (b) Credit risk and free deliveries; (c) Credit risk, Counterparty credit risk and free deliveries.
140	Regulatory approach		Exposures shall be split into parts and assigned to portfolios based on the regulatory approach used for the calculation of RWA: (a) Foundation IRB Approach;

			<p>(b) Advanced IRB Approach; (c) Specialised lending slotting criteria.</p> <p>Portfolios for the exposure class 'Retail' are defined with the regulatory approach 'Advanced IRB Approach'.</p>
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C 102 – Definition of Low Default Portfolios

Column	Label	Legal reference	Instructions
010	Portfolio ID		The unique ID assigned to the portfolio by EBA.
020	Portfolio name		<p>Each portfolio is assigned one of the following names:</p> <ul style="list-style-type: none"> (a) Sovereign; (b) Institutions; (c) Large corporate; (d) Large corporate sample. <p>The ‘Large corporate sample’ comprises all entities listed in template 101 of Annex I to this Implementing Regulation for which the Portfolio name (column 090 of template 101) is ‘Large corporate sample’.</p>
030	Type of risk		The instructions provided for column 130 of C 101 shall apply.
040	Regulatory approach		The instructions provided for column 140 of C 101 shall apply.
050	Geographical area		The instructions provided for column 080 of C 101 shall apply.
060	Rating		<p>Exposures shall be split into parts and assigned to portfolios based on the rank of the internal rating applied by the institution from lowest risk to highest risk excluding defaults with a probability of default (‘PD’) corresponding to 100%. It takes values from Rating 1, Rating 2 etc.</p> <p>It is neither intended nor desirable to have a supervisory master scale. Where the reporting institution applies a unique rating system or is able to report according to an internal master scale, this scale shall be used. Otherwise, the different rating systems shall be merged and ordered according to the following criteria:</p> <ul style="list-style-type: none"> (a) obligor grades of the different rating systems shall be pooled and ordered from the lower PD assigned to each obligor grade to the higher; (b) where the institution uses a large number of grades or pools, a reduced number of grades or pools to be reported may be agreed with the competent authorities.
070	Exposure class		<p>Exposures shall be split into parts and assigned to portfolios based on the exposure class:</p> <ul style="list-style-type: none"> (a) Central governments and central banks; (b) Institutions; (c) Corporates: <ul style="list-style-type: none"> (c.1) Corporates – SME; (c.2) Corporates – No SME; (d) Retail: <ul style="list-style-type: none"> (d.1) Retail – SME; (d.1.1) Retail – SME - Secured by real estate; (d.1.2) Retail – SME - Other;

			(d.2) Retail – No SME; (d.2.1) Retail – No SME - Other; (d.2.2) Retail – No SME - Secured by real estate; (d.3) Retail – Qualifying revolving; (e) Not applicable
080	Sector of counterparty		The instructions provided for column 100 of C 101 shall apply.
090	Default status		Exposures shall be split into parts and assigned to portfolios based on the default status: (a) Defaulted: exposures assigned to the rating grade(s) with a PD of 100%; (b) Non-defaulted: exposures assigned to rating grades with a PD lower than 100%. (a) Not applicable
100	Type of facility		The instructions provided for column 120 of C 101 shall apply.
110	Collateralisation status	Columns 150 to 210 of template 8.1 of Annex I to Implementing Regulation (EU) No 680/2014	Exposures shall be split into parts and assigned to portfolios based on the collateralisation status: (a) Exposures with credit protection; (b) Exposures without credit protection; (c) Not applicable.
120	Collateral type	Columns 150 to 210 of template 8.1 of Annex I to Implementing Regulation (EU) No 680/2014	Exposures shall be split into parts and assigned to portfolios based on the collateral type: (a) Eligible financial collateral; (b) Other eligible collateral: Receivables; (c) Other eligible collateral: Residential real estate; (d) Other eligible collateral: Commercial real estate; (e) Other eligible collateral: Physical collateral; (f) Other funded credit protection; (g) Credit derivatives; (h) Guarantees; (i) Unfunded credit protection; (j) Not applicable. It should be noted that exposures treated under the substitution approach are already shifted to the corresponding exposures classes and shall thus not be reported under (g), (h) or (i).
130	Counterparty		Exposures shall be split into parts and assigned to portfolios based on the counterparty: (a) Public sector entities (according to Article 112 (c) of Regulation (EU) 575/2013); (b) Counterparties other than public sector entities. (c) Not applicable

140	Size of counterparty		<p>Exposures shall be split into parts and assigned to portfolios based on the size of the counterparty which shall be determined based on the total annual turnover for the consolidated group of which the counterparty is a part:</p> <p>(a) <=EUR 50 million; (b) >EUR 50 million and <=EUR 200 million; (c) >EUR 200 million;(d) Not applicable.</p> <p>The total annual turnover is calculated in accordance with Article 4 of the Annex to Commission Recommendation 2003/361/EC¹ and shall refer to the year ending one year before the reporting reference date.</p>
150	NACE code		<p>Exposures shall be split into parts and assigned to portfolios based on the economic activity of the counterparty defined by the NACE codes (Statistical Classification of Economic Activities of the EU) used for 'Non-financial corporations' with a one level detail (e.g. 'F – Construction') and for 'Other financial corporations' with a two level detail (e.g. 'K65 - Insurance, reinsurance and pension funding, except compulsory social security').</p>
160	Type of exposure		The instructions provided for column 110 of C 101 shall apply.
170	Size of exposure	Column 110 of template 8.1 of Annex I to Implementing Regulation (EU) No 680/2014	<p>Exposures shall be split into parts and assigned to portfolios based on the size of the exposure expressed in terms of exposure value (i.e. exposure at default ('EAD')):</p> <p>(a) <= EUR 0,5 million; (b) >EUR 0,5 million <= EUR 1 million; (c) >EUR 1 million <= EUR 1,5 million; (d) >EUR 1,5 million <= EUR 5 million; (e) >EUR 5 million <= EUR 10 million; (f) >EUR 10 million <= EUR 50 million; (g) >EUR 50 million; (h) Not applicable.</p>
180	Balance sheet recognition		<p>Exposures shall be split into parts and assigned to portfolios based on the balance sheet recognition:</p> <p>(a) On-balance sheet items; (b) Off-balance sheet items; (c) Other (d) Not applicable.</p> <p>Exposures representing Securities Financing Transactions, Derivatives & Long Settlement Transactions or Contractual Cross Product Netting, which are subject to counterparty credit risk shall be assigned to (c) other. These Exposure shall not be reported in (a) or (b).</p>

¹ Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

C 103 – Definition of High Default Portfolios

Column		Legal reference	Instructions
010	Portfolio ID		The unique ID assigned by EBA to each portfolio.
020	Portfolio name		<p>Each portfolio is assigned one of the following names by EBA:</p> <ul style="list-style-type: none"> 1.1. CORP Defaulted 1.2. CORP Non-Defaulted <ul style="list-style-type: none"> 1.2.1. CORP Non-defaulted Secured <ul style="list-style-type: none"> 1.2.1.1. CORP Non-defaulted Secured Construction 1.2.1.2. CORP Non-defaulted Secured Other 1.2.2. CORP Non-defaulted Unsecured <ul style="list-style-type: none"> 1.2.2.1. CORP Non-defaulted Unsecured Construction 1.2.2.2. CORP Non-defaulted Unsecured Other 2.1. SMEC Defaulted 2.2. SMEC Non-Defaulted <ul style="list-style-type: none"> 2.2.1. SMEC Non-defaulted Secured <ul style="list-style-type: none"> 2.2.1.1. SMEC Non-defaulted Secured Construction 2.2.1.2. SMEC Non-defaulted Secured Other 2.2.2. SMEC Non-defaulted Unsecured <ul style="list-style-type: none"> 2.2.2.1. SMEC Non-defaulted Unsecured Construction 2.2.2.2. SMEC Non-defaulted Unsecured Other 3.1. SMER Defaulted 3.2. SMER Non-Defaulted <ul style="list-style-type: none"> 3.2.1. SMER Non-defaulted Secured <ul style="list-style-type: none"> 3.2.1.1. SMER Non-defaulted Secured Construction 3.2.1.2. SMER Non-defaulted Secured Other 3.2.2. SMER Non-defaulted Unsecured <ul style="list-style-type: none"> 3.2.2.1. SMER Non-defaulted Unsecured Construction 3.2.2.2. SMER Non-defaulted Unsecured Other 4.1. Mortgages Defaulted 4.2. Mortgages Non-defaulted <ul style="list-style-type: none"> 4.2.1.1. Mortgages Non-defaulted Secured 4.2.1.2. Mortgages Non-defaulted Unsecured 4.2.2.1. Mortgages Non-defaulted ILTV <=25% 4.2.2.2. Mortgages Non-defaulted ILTV >100%, <=125%

			4.2.2.3. Mortgages Non-defaulted ILTV >125% 4.2.2.4. Mortgages Non-defaulted ILTV >25%,<=50% 4.2.2.5. Mortgages Non-defaulted ILTV >50%,<=75% 4.2.2.6. Mortgages Non-defaulted ILTV >75%,<=100%
030	Type of risk		The instructions provided for column 130 of C 101 shall apply.
040	Regulatory approach		The instructions provided for column 140 of C 101 shall apply.
050	Geographical area		The instructions provided for column 080 of C 101 shall apply.
060	Rating		The instructions provided for column 060 of C 102 shall apply.
070	Exposure class		The instructions provided for column 070 of C 102 shall apply.
080	Sector of counterparty		The instructions provided for column 100 of C 101 shall apply.
090	Default status		The instructions provided for column 090 of C 102 shall apply.
100	Type of facility		The instructions provided for column 120 of C 101 shall apply.
110	Collateralisation status		The instructions provided for column 110 of C 102 shall apply.
120	Collateral type		Exposures shall be split into parts and assigned to portfolios based on the collateral type: (a) Eligible collateral other than real estate; (b) Real estate collateral; (c) Not applicable.
130	NACE code		The instructions provided for column 150 of C 102 shall apply.
140	Size of counterparty		The instructions provided for column 140 of C 102 shall apply.
150	Type of exposure		The instructions provided for column 110 of C 101 shall apply.
160	Size of exposure		The instructions provided for column 170 of C 102 shall apply.
170	Indexed loan-to-value range		Exposures shall be split into parts and assigned to portfolios based on the indexed loan-to-value ('ILTV') range which shall be the ratio between the current loan amount and the current value of the property: (a) <=25%; (b) >25% <=50%; (c) >50% <=75%; (d) >75% <=100%; (e) >100% <= 125%; (f) >125%; (g) Not applicable.

			<p>The indexed loan-to-value range shall be calculated in a prudent manner and at least comply with the following features:</p> <p>(a) Total amount of the loan: the outstanding amount of the mortgage loan plus any undrawn committed amount of the mortgage loan (after applying the corresponding credit conversion factor). The loan amount shall be calculated gross of any specific credit risk adjustments and shall include all other loans (including those provided by other financial institutions that are known to the institution) secured with liens of equal or higher ranking on the same residential property with respect to the lien securing the loan. Where there is insufficient information for ascertaining the ranking of the other liens, the institution shall assume that these liens rank <i>pari passu</i> with the lien securing the loan.</p> <p>(b) Value of the property: the value of the property is the independent valuation of the property at some point in time (most likely at origination) and converted to a current value using a property price index. The valuation should be performed in an independent way and by appraisers that meet specific qualification requirements. Qualifying requirements and minimum appraisal standards shall comply with the following conditions:</p> <ul style="list-style-type: none"> • there is an individual assessment of the property and the property is valued in a prudently conservative manner (e.g. excluding expectations of future price appreciations and taking into account any potential for the current property price to be above a level that is sustainable over the life of the loan, for example due to a property price bubble); • where a market value can be determined, the valuation is not higher than market value; • the valuation is supported by adequate appraisal documentation. <p>Institutions shall document their calculations and provide this documentation to their competent authority upon request.</p>
180	Balance sheet recognition		The instructions provided for column 180 of C 102 shall apply.