

EBA/CP/2023/38

14 December 2023

Consultation Paper

Draft Implementing Technical Standards

amending Commission Implementing Regulation (EU) 2021/637 on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013

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1. Responding to this consultation

The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 5.3.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

Submission of responses

To submit your comments, click on the 'send your comments' button on the consultation page by 14.03.2024. Please note that comments submitted after this deadline or submitted via other means may not be processed.

Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA's rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA's Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation (EC) N° 45/2001 of the European Parliament and of the Council of 18 December 2000 as implemented by the EBA in its implementing rules adopted by its Management Board. Further information on data protection can be found under the Legal notice section of the EBA website.

2. Executive Summary

Pillar 3 disclosure framework plays an important role in promoting market discipline in the financial sector by increasing the consistency and comparability of the publicly disclosed information across EU institutions, but also between EU institutions and non-EU internationally active banks through its alignment with Basel standards. Furthermore, the Pillar 3 disclosure framework contributes to increase the efficiency and reduce costs of disclosures by institutions through the integration of quantitative disclosure data with supervisory reporting. Therefore, it's important to keep this framework updated to consider the disclosure needs of users of information, the development of the supervisory reporting and the regulatory changes.

The EBA set out the Pillar 3 disclosure framework following the mandate received in Article 434a of Regulation (EU) No 575/2013 ('the CRR'), to develop draft implementing technical standards (ITS) specifying uniform disclosure formats, and associated instructions in accordance with which the disclosures required under Titles II and III of Part Eight of the CRR shall be made. Those uniform disclosure formats shall convey sufficiently comprehensive and comparable information for users of that information to assess the risk profiles of institutions and their degree of compliance with the requirements laid down in Parts One to Seven. To facilitate the comparability of information, the ITS shall seek to maintain consistency of disclosure formats with international standards on disclosures.

New regulatory requirements and impact on disclosure

On 27 June 2023, a political agreement¹ was reached between the Council of the European Union² and the European Parliament³ on the proposal put forward by the European Commission on 27 October 2021 on the banking package. The banking package includes amendments to the Capital Requirements Regulation (CRR 3) and to the Capital Requirements Directive (CRD VI). Following the political agreement and the subsequent technical meetings of the trilogue negotiators, the present consultation paper (CP) is based on the text of the agreed banking package as published on the Council's website on 6 December 2023⁴.

The banking package will implement the latest Basel III reforms, which will underpin a robust regulatory framework, efficient supervision and enhanced risk control by credit institutions. Following the CRDVI/CRR3, the EBA will be asked to work on the layer of the regulatory products that ensures a technical implementation of the prudential framework, including amendments to the disclosure requirements.

¹ [Commission welcomes political agreement on EU banking package.](#)

² The Council of the European Union agreed on 15 February 2023 their position: [Council agrees its position on the implementation of Basel III reforms.](#)

³ The European Parliament confirmed their position in the plenary on 15 February 2023: [Report on the proposal for a regulation of the European Parliament and of the Council amending Regulation \(EU\) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor.](#)

⁴ [Provisional agreement reached on the implementation of Basel III reforms.](#)

With the application date of the banking package set to 1 January 2025, the EBA is publishing together with this CP the [EBA Roadmap on Strengthening the Prudential Framework](#). This roadmap provides the implementation timeline of the EBA mandates under this package, clarifying how the EBA will develop the mandates implementing the legislation, and how it expects to finalise the most significant components prior to the application date.

According to this roadmap, when developing reporting and disclosure requirements, the EBA will follow a two-step process prioritising in step 1 those mandates and changes necessary to implement and monitor Basel III requirements in the EU. In step 2, the EBA will implement other reporting and disclosure requirements that are not directly linked to Basel III implementation.

Following this approach the EBA is publishing this CP on draft Implementing Technical Standards (ITS) amending Commission Implementing Regulation (EU) 2021/637 on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 (step 1) to consult on the changes to the current Pillar 3 disclosure framework coming from the implementation of Basel III reforms in the CRR3, in particular the Basel III Pillar 3 framework. Specifically, the changes include new disclosure requirements on output floor and credit valuation adjustment (CVA) risk and amendments to existing disclosure requirements on credit risk and market risk.

Disclosure requirements for operational risk reflecting the new prudential framework are not covered by this CP but they will be consulted later at the beginning of 2024, together with some policy products and amendments to the related supervisory reporting framework. The EBA aims at bringing together the disclosure requirements that are now being consulted and those on operational risk in the finalisation of the draft ITS upon their publication and submission to the Commission.

The remaining impacts of CRR3 on disclosure requirements that are not necessary for Basel III implementation will be implemented in a second step, in a separate consultation paper, which is expected to be published in the last quarter of 2024.

Together with this CP and the roadmap, the EBA is also publishing the CP on draft ITS amending Commission Implementing Regulation (EU) 2021/451 on supervisory reporting referred to in Article 430 (7) of Regulation (EU) No 575/2013 concerning output floor, credit risk, market risk and leverage ratio and an updated version of mapping tool between the disclosure and reporting requirements specified in both texts. These consultations are launched together and aim at ensuring coordination between reporting and disclosure requirements.

Next steps

After a consultation period of 3 months, the EBA will submit the final draft ITS to the EU Commission for the adoption process. This should occur at the beginning of the third quarter of 2024. The application date of these ITS will be 1 January 2025 and the first disclosure reference date will be 31 March 2025, in line with the date of application of the CRR3.

3. Background and rationale

1. Regulation (EU) No 575/2013 ('CRR')⁵ mandates the EBA, in Article 434a, to develop draft implementing technical standards (ITS) specifying uniform disclosure formats, and associated instructions in accordance with which the disclosures required under Titles II and III of Part Eight of the CRR shall be made. Those uniform disclosure formats shall convey sufficiently comprehensive and comparable information for users of that information to assess the risk profiles of institutions and their degree of compliance with the requirements laid down in Parts One to Seven.
2. Following the mandate received by Article 434a of the CRR⁶, the EBA developed comprehensive draft ITS on institutions' public disclosures, applicable to all institutions subject to the disclosure requirements under Part Eight of the CRR, which were adopted by the Commission Implementing Regulation (EU) 2021/637⁷ and applicable from 30 June 2021. These ITS implemented the first set of Basel III Pillar 3 disclosure requirements and replaced those included in a range of different regulatory products and guidelines, with the exception of the guidelines on disclosure requirements of IFRS 9 transitional arrangements⁸ and the amended guidelines on non-performing (NPE) and forbearance exposures⁹, which will continue to apply.
3. Furthermore, the EU Pillar 3 framework is complemented by other two separate regulatory disclosure products: a) the ITS on public disclosures by investment firms, following the mandate included in the Regulation of the European Parliament and of the Council on the prudential requirements of investment firms¹⁰; and b) the ITS on total loss absorption capacity (TLAC) and minimum requirement for own funds and eligibility liabilities (MREL) disclosure and reporting¹¹,

⁵ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012.

⁶ Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012.

⁷ Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295.

⁸ Guidelines EBA/GL/2018/01 of the European Banking Authority of 12 January 2018 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 as regards the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds.

⁹ Guidelines EBA/GL/2018/10 of the European Banking Authority of 17 December 2018 on disclosure of non-performing and forborne exposures as amended by Guidelines EBA/GL/2022/13, applicable to listed small and non-complex institutions and other non-listed institutions as defined in Article 4(1) points 145 and 148 CRR.

¹⁰ Commission Implementing Regulation (EU) 2021/2284 of 10 December 2021 laying down implementing technical standards for the application of Regulation (EU) 2019/2033 of the European Parliament and of the Council with regard to supervisory reporting and disclosures of investment firms.

¹¹ Commission Implementing Regulation (EU) 2021/763 of 23 April 2021 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities.

which include in a single package the disclosure and reporting requirements on eligible liabilities (TLAC and MREL), following the mandates included in the Articles 430 and 434a of the CRR and Article 45i of Directive (EU) 2019/879 (BRRD2).

4. The ITS need to be updated whenever the underlying legal requirements change. In this regard, the objective of this consultation paper is the development of draft ITS amending the Commission Implementing Regulation (EU) 2021/637 to implement the changes coming from the full adoption of the Basel Committee on Banking Supervision (BCBS)'s December 2017 Basel III post-crisis regulatory reforms¹² in the CRR.

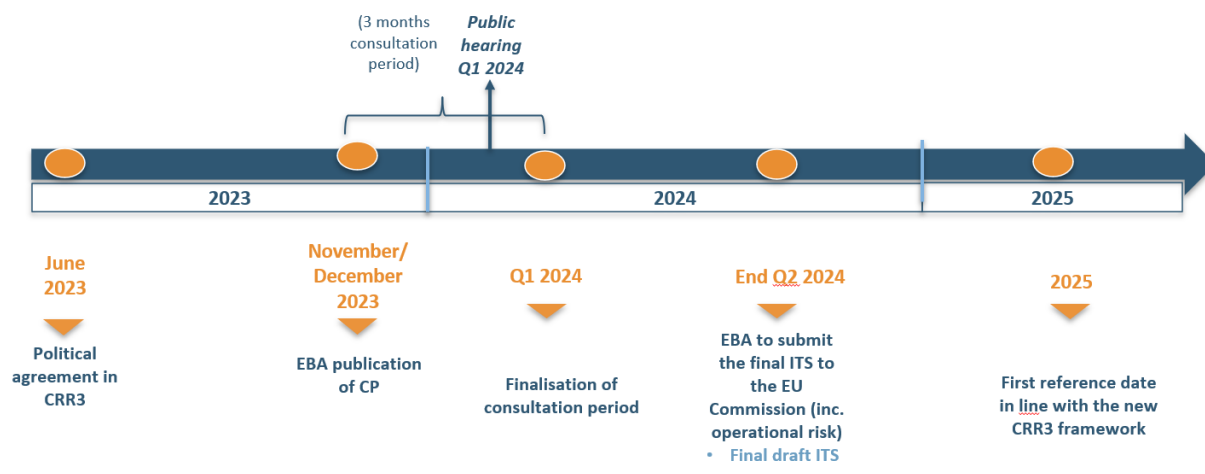
New banking regulatory package

5. On 27 June 2023, a political agreement was reached between the European Council and the European Parliament on the amendments to the Directive 2013/36/EU (CRD VI) and Regulation (EU) No 575/2013 (CRR3), to implement the Basel Committee on Banking Supervision (BCBS)'s December 2017 Basel III post-crisis regulatory reforms, while considering the specific aspects of the EU's banking sector. These new rules will strengthen the EU institutions' risk-based capital framework, contributing as well to Europe's recovery from the COVID-19 pandemic and to the transition to climate neutrality. Moreover, the new banking package envisages a further harmonisation of supervisory powers and enforcement tools and an increase of transparency and proportionality in the Pillar 3 disclosure requirements.
6. More specifically, several changes are made to Part Eight of the CRR to implement the latest Basel III Pillar 3 standards, including new or amended disclosure obligations on credit risk, output floor, credit valuation adjustment (CVA) risk, operational risk and market risk. The CRR3 also introduces new disclosure requirements on shadow banking, on crypto assets and an extension of the disclosure requirements on non-performing exposures and forbearance and ESG risks to all institutions, while respecting the principle of proportionality.
7. Finally, it's worth mentioning that the new banking package aims at further enhancing market discipline by centralising disclosures of prudential information in a single access point established by EBA, which will facilitate access to prudential data and comparability across industry and will further reduce the administrative costs related to disclosures, especially for small and non-complex institutions (SNCIs). This project will be the object of a separate consultation paper that the EBA expects to publish in the second quarter of 2024.
8. Considering that the CRR3 will be applicable from January 2025, the EBA has decided to adopt a two-step sequential approach to amend Pillar 3 disclosures and supervisory reporting, by prioritising those mandates and changes envisaged by the CRR3/CRDVI that are necessary to apply and monitor the Basel III standards in the EU. This approach will allow institutions to disclose the data calculated in accordance with the new prudential framework in the EU from the application date of the CRR3.

¹² [Basel III: Finalising post-crisis reforms \(bis.org\)](https://www.bis.org)

9. Therefore, as part of step 1, this consultation paper covers only the changes deriving from the full implementation of Basel III standards which directly impact the disclosure requirements. Specifically, these changes concern the disclosure requirements for credit risk, market risk, output floor and CVA risk.
10. Pursuant to Article 434a (1) as amended by the CRR 3, the templates and related instructions included in this consultation paper will not be part of ITS published in the official journal, as they shall be published on the EBA website as part of the ITS-related IT tools. This change in the process aims at easier operationalisation of the ITS. The templates and instructions will be available in all languages and shall remain directly applicable in all Member States as part of the ITS once the ITS are adopted by the European Commission and published in the Official Journal of the EU.
11. The disclosure requirements for operational risk are not included in this consultation paper since there are significant links between disclosure requirements and policy and reporting requirements which are still pending on operational risk. Consequently, the new disclosure requirements for operational risk will be consulted together with the changes to the reporting and own funds requirements at the beginning of 2024. However, after the consultation period, the operational risk disclosure requirements will be incorporated together with the rest of the disclosure changes (as presented in this consultation paper) into the final draft ITS amending the Commission Implementing Regulation (EU) 2021/637 which are expected to be submitted to the Commission by the end of June 2024.
12. Other disclosure requirements not directly linked to Basel III implementation, including disclosures on shadow banking, crypto assets, ESG risks and non-performing exposures will be consulted later as part of Step 2 and then added to the comprehensive ITS on institutions’ public disclosure.
13. This two-step sequential approach is also applied for the ITS on reporting requirements. Hence, coordination between the development of the reporting and the disclosure requirements is ensured in the process, to promote better consistency between the two frameworks.

13. Timeline for Pillar 3 disclosure frameworks to meet CRR3 disclosure mandates in step 1:



3.1 General considerations

14. The comprehensive ITS on institutions' public disclosures is amended by following the same general principles on which the EU Pillar 3 framework is based.
15. Firstly, disclosure formats are kept consistent with BCBS Pillar 3 standards to facilitate the comparability of information with international non-EU-active banks.
16. Secondly, fixed templates are developed to implement quantitative disclosure requirements, while flexible tables are used for the qualitative disclosures with instructions on the type of information to be provided. Indeed, the use of fixed templates and flexible tables promotes comparability and consistency across institutions.
17. Moreover, the disclosure requirements are integrated with the supervisory reporting framework. This implies that all the quantitative information disclosed by institutions is also included in supervisory reporting. This approach facilitates institutions' compliance with both sets of requirements and it ensures the quality and the consistency of the disclosed information, as institutions are required to use the same data to fulfil their reporting and disclosure obligations. In this regard, an updated mapping between disclosure and reporting data for the templates affected by the CRR3 changes is included in this consultation paper.
18. Finally, the disclosure requirements are applied by following the proportionality principle implicit in the CRR. The latter sets out the disclosure frequencies and the application of the disclosure requirements to different institutions, depending on their size, complexity and on whether they are listed or non-listed institutions. In this regard, the CRR3 introduces some amendments to Articles 433b and 433c to extend the disclosure obligation of non-performing and forborne exposures to SNCIs and other non-listed institutions, consistently with the current provisions of the EBA/GL/2018/10¹³. Article 449a is also amended to extend the requirements related to the disclosure of ESG risks to all institutions, while respecting the proportionality principle.

3.2 Disclosure requirements' amendments - topic by topic

3.2.1 General remarks

19. As explained above, following the political agreement and the subsequent technical meetings of the trilogue negotiators, the present consultation paper (CP) is based on the text of the agreed banking package as published on the Council's website on 6 December 2023¹⁴. This section presents all the changes and additions proposed in this consultation paper.

3.2.2 Output floor

¹³ Guidelines EBA/GL/2018/10 of the European Banking Authority of 17 December 2018 on disclosure of non-performing and forborne exposures as amended by Guidelines EBA/GL/2022/13, applicable to listed small and non-complex institutions and other non-listed institutions as defined in Article 4(1) points 145 and 148 CRR.

¹⁴ [Provisional agreement reached on the implementation of Basel III reforms.](#)

20. In order to implement the new disclosure requirements of Articles 438 and 447 of the CRR, the templates EU OV1 and EU KMI are reviewed, and two new templates EU CMS 1 and EU CMS 2 are introduced.
21. Template EU OV 1 provides an overview of the total own funds requirements and the total risk exposure amounts (TREA) forming the denominator of the risk-based capital requirements, for the different risk categories. This template is amended to consider the impact of the output floor in terms of increase of TREA, before and after the application of the transitional cap provided by Article 465 (2) of the CRR3. The amendments are in line with the relevant BCBS Pillar 3 standard. Moreover, the template is adjusted to reflect the new frameworks for the calculation of the own funds requirements for market risk, credit valuation adjustment (CVA) risk and operational risk.
22. Template EU KM1 on institutions' key metrics provides a summary of the main prudential and regulatory information and ratios covered by the CRR. This template is amended to include disclosure information on the amounts of TREA and risk-based capital ratios calculated by excluding any adjustment coming from the application of the output floor (so called 'pre-floor amounts') as well as considering the impacts of the output floor on the risk-based capital ratios without the application of the transitional provisions of Article 465 of the CRR 3 (so called 'fully loaded output floor capital ratio').
23. Template EU CMS 1 is new and provides the disclosure of the risk-weighted exposure amounts (RWEA) calculated using the full standardised approach as compared to the actual RWEA at risk level, in application of Article 438 (da) of the CRR3. The structure of the template is aligned with the one of the BCBS CMS 1 template but includes an additional column to disclose the RWEA that is used as a base for the computation of the output floor in the EU, during the transitional period.
24. Template EU CMS 2 is also new and provides the comparison between RWEA computed under the standardised and the internal modelled approaches by focusing on RWEA for credit risk at asset class and sub-asset class levels. The structure of the template reflects the one of the new BCBS CMS 2 template, but the rows are adjusted consistently with the list of exposure classes and sub-exposure classes set out in the CRR3 (Articles 112 and 147) and an additional column is included to disclose the credit risk RWEA that is used as base for the computation of the output floor in the EU, during the transitional period.

3.2.3 Credit risk

25. The templates on the use of the standardised approach and the Internal Rating Based (IRB) approach to credit risk are reviewed to reflect the breakdown by exposure class as set out in the amended Articles 112 and 147 of the CRR. Moreover, the structure of the templates is reviewed to reflect the row numbering of the corresponding BCBS templates.
26. More specifically, regarding the templates on the use of the standardised approach (EU CR 4 and EU CR 5), the new exposure class 'subordinated debt exposures' is introduced and the exposure class 'Exposures associated with particularly high risk' is deleted.

27. Considering the more granular risk weight treatment of credit risk exposures under the standardised approach, a detailed breakdown for exposures secured by mortgages on immovable property and acquisition, development and construction (ADC) is included in templates EU CR 4 and EU CR 5, which allows to distinguish between residential and commercial immovable property, with a further split between income-producing real estate (IPRE) and non- income-producing real estate (non-IPRE). In template EU CR 5, the columns of risk weights are adjusted and disclosure information on the application of the ‘loan splitting approach’ of Articles 125 and 126 of the CRR3 to exposures secured by mortgages on immovable property is added. These changes are consistent with the ones of the corresponding BCBS templates.
28. In the disclosure templates on the use of the IRB approach to credit risk (EU CR 6A; EU CR 7; EU CR7A), the new exposure classes provided by the Article 147 of the CRR are introduced. In particular, the changes concern:
- a. the introduction of ‘Regional governments or local authorities’ and ‘Public sector entities’ as separate exposure classes from Central governments and central banks, both in Foundation IRB (F-IRB) and Advanced IRB (A-IRB) approaches;
 - b. the removal of the possibility to disclose “Institutions” under the A-IRB approach;
 - c. the introduction of the following sub-exposure classes for Corporates: general; specialised lending and purchased receivables for both F-IRB and A-IRB approaches;
 - d. the amendment of the previous Retail sub-exposure classes from “Retail – Secured by real estate” to “Retail - Secured by residential real estate” under the A-IRB approach;
 - e. the deletion of the information on SMEs under the exposure classes of ‘Corporates’ and ‘Retail’ in order to simplify the structure of the templates and avoid any overlapping with the amounts disclosed under the new sub-exposure classes introduced by the CRR 3.

Finally, the scope of application of the IRB templates, except for the template EU CR 6A, is reviewed by excluding those exposure classes that are subject to specific treatments, such as ‘Collective investment undertakings (CIU)’, ‘securitisation exposures’, ‘other non-credit obligation assets’. The template EU CR 6A includes, instead, the full list of exposure classes (with the only exception of securitisation exposures) since this template aims at disclosing the scope of the use of both IRB and SA approaches, in accordance with Article 452, point b) of the CRR.

3.2.4 Market risk

29. In response to the introduction of the new framework for calculating the own funds requirements for market risk based on the BCBS’ Fundamental review of the trading book (FRTB framework) by the CRR 3, the disclosure tables and templates on market risk are significantly amended.
30. In accordance with the FRTB framework, institutions will have to use the following approaches, under specific eligibility criteria, to calculate the own funds requirements for market risk: (i) a

simplified standardised approach, which is similar to the current standardised approach, except for the application of multiplication factors provided by Article 325 (2) of the CRR 3; (ii) an alternative standardised approach or (iii) an alternative internal model approach which replaces current internal model approach.

31. Consistently with the new framework, the tables EU MR A and EU MR B are reviewed to meet the qualitative disclosure requirements set out in the Articles 435 (1), 445 (1) and 455 (1) of the CRR 3, considering also the corresponding BCBS tables.
32. The new template EU MR 3 includes a granular breakdown of the own funds requirements under the simplified standardised approach, by financial instrument/approach (columns) and by risk category (rows), in line with the corresponding BCBS template.
33. The new template EU MR 1 includes the disclosure requirements on the alternative standardised approach, in line with the corresponding BCBS template.
34. Finally, institutions using the alternative internal model shall disclose the components of their own funds requirements that are included for their most recent measure and the components for their average of the previous 60 days for expected shortfall measures and stress scenario risk measure or the previous 12 weeks for the default risk charge in the new template EU MR 2. Institutions shall also disclose the number of back-testing overshootings used for the determination of the add-on in accordance with Table 3 of Article 325f (6), point (b) of the CRR3.

3.2.5 Credit valuation adjustment (CVA) risk

35. In application of Article 445a of the CRR3, a new set of disclosure tables and templates is introduced in Annex XLI, with the related instructions included in Annex XLII.
36. More specifically, table EU CVAA provides general qualitative disclosure requirements on the risk management objectives and policies for credit valuation adjustment (CVA) risk in application of Article 445a (1), points (a) and (b) of the CRR3.
37. The templates EU CVA1, EU CVA2, EU CVA3 provide the disclosure information on the components used for the computation of RWEA under the three approaches (the reduced basic approach, the full basic approach and standardised approach) that can be used to calculate the own funds requirements for CVA risk. Moreover, institutions using the standardised approach shall disclose the qualitative information on their risk management framework of Article 445a (2), point (a) of the CRR 3 in table EU CVAB and shall provide a flow statement explaining changes in RWEA for CVA risk in the template EU CVA4.

3.2.6 Other changes

38. CRR3 brings a series of minor updates and clarifications to Leverage ratio. In order to reflect these changes and ensure the mapping with the corresponding reporting templates, the disclosure template EU LR 2 is amended to consider the exclusions from total exposure measure of the

following exposures: those related to members of the same institutional protection scheme in accordance with Article 429a (1), point (ca) of the CRR 3; institution's collateralised exposures to its shareholders in accordance with Article 429a (1), point (da) of the CRR 3 and exposures deducted in accordance with point (q) of Article 429a(1) of the CRR 3. References to the CRR articles are updated in Annex XII.

4. Draft implementing technical standards

COMMISSION IMPLEMENTING REGULATION (EU) .../...

of XXX

amending Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295 concerning requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012¹⁵ and in particular the fifth subparagraph of Article 434a thereof,

Whereas:

- (1) Regulation (EU) No 575/2013 as amended by Regulation (EU) XXXX/XXX of the European Parliament and of the Council¹⁶ ('Regulation (EU) xxxx/xxx') implements the final set of international standards of the Basel Committee on Banking Supervision (BCBS), so-called Basel III standards. These developments call for a revision of the disclosure requirements of these items set out in the Commission Implementing Regulation (EU) No 2021/637¹⁷ to reflect the new requirements.
- (2) More specifically, Regulation (EU) No 575/2013 as amended by Regulation (EU) 20XX/XX has introduced a lower limit to the risk-based capital requirements calculated using internal models ('output floor'), that is equal to a percentage of the capital requirements that would apply if standardised approaches were used, considering a transitional period as well. The disclosure templates EU OV1 and EU KM1 set out in Implementing Regulation (EU) No 2021/637 should be amended to incorporate the

¹⁵ OJ L 176, 27.6.2013, p. 1.

¹⁶ Regulation (EU) XXXX/XXX of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor.

¹⁷ Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295

impacts of the output floor on the total risk exposure amounts (TREA) and on the risk-based capital ratios. Furthermore, two new disclosure templates should be introduced to provide a comparison between the risk-based capital ratios computed under the standardised and the internally modelled approaches at risk level and at exposure classes for credit risk.

- (3) In relation to the use of the Standardised approach ('SA') for credit risk, Regulation (EU) No 575/2013 as amended by Regulation (EU) 20XX/XX envisages a more granular risk weight treatment of different exposures, such as: exposures to institutions, exposures to corporates, specialised lending exposures, retail exposures, exposures secured by real estate, subordinated debt exposures, equity exposures and defaulted exposures. In response to these developments, the disclosure templates EU CR 4 and EU CR 5 set out in Implementing Regulation (EU) No 2021/637 should be reviewed to reflect the new requirements. The structure of these templates should also be adjusted to align the row numbering to the one used in the corresponding BCBS disclosure templates.
- (4) In relation to the use of the Internal Ratings Approach ('IRB') for credit risk exposures, Regulation (EU) No 575/2013 as amended by Regulation (EU) 20XX/XX limits the exposures classes for which the advanced IRB (A-IRB) approach can be applied to calculate own funds requirements for credit risk, implementing the Basel III standards. Specifically, for exposures to institutions, only the foundation IRB (F-IRB) approach is applicable and for equity exposures, only the use of the standardised approach is allowed, except for a transitional period. Moreover, new exposure classes for 'Regional governments or local authorities' and 'Public sector entities' are created to ensure a consistent treatment of these exposures and to avoid unintended variability in the related own funds requirements. The disclosure templates EU CR 6A, EU CR 7, EU CR 7A set out in Implementing Regulation (EU) No 2021/637 should be therefore amended to reflect the new exposure classes and sub-exposure classes as set out in Article 147 of the Regulation (EU) 575/2013 as amended by Regulation (EU) 20XX/XX. Moreover, the structure of the template EU CR 7 should be reviewed to align the row numbering to the one used in the corresponding BCBS disclosure template.
- (5) The new framework for calculating the own funds requirements for market risk based on the BCBS's Fundamental review of the trading book (FRTB) is introduced in the Regulation (EU) No 575/2013 to address the deficiencies identified in the current market risk capital requirements framework for trading book positions. In accordance with the new framework, institutions will apply a simplified standardised, an alternative standardised or an alternative internal model approach to calculate the own funds requirements for market risk. In response to these developments, a comprehensive set of disclosures tables and templates should be incorporated in Implementing Regulation (EU) No 2021/637 to be aligned with the FRTB framework, and the current disclosure requirements of that Regulation should be significantly amended.
- (6) Institutions subject to own funds requirements for credit valuation adjustments ('CVA') will apply the standardised, basic or simplified approach or a combination of those approaches. CVA risk will capture both the credit spread risk of an institution's counterparty and the market risk of the portfolio of transactions traded by the institution with that counterparty. Implementing Regulation (EU) No 2021/637 should be amended to introduce new disclosure templates and tables with quantitative and qualitative information on CVA risk in line with the new framework.

- (7) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority (EBA) to the Commission.
- (8) EBA has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010¹⁸.
- (9) Implementing Regulation (EU) No 2021/637 should therefore be amended accordingly.

HAS ADOPTED THIS REGULATION:

Article 1

Implementing Regulation (EU) 2021/637 is amended as follows:

(1) In Article 1, the following paragraph 5 is added:

‘5. Institutions shall disclose the information referred to in Article 438, point (da) of Regulation (EU) No 575/2013 by using templates EU CMS1 and EU CMS2 set out in Annex I to this Regulation and by following the instructions set out in Annex II to this Regulation’.

(2) Article 15 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Institutions shall disclose the information referred to in Article 445(2) of Regulation (EU) No 575/2013 by using template EU MR1 set out in Annex XXIX to this Regulation and by following the instructions set out in Annex XXX to this Regulation’.

(b) in paragraph 2, point b) is replaced by the following:

‘(b) the information referred to in Article 455, points (a) to (f) of Regulation (EU) No 575/2013 by using table EU MRB of Annex XXIX to this Regulation and by following the instructions set out in Annex XXX to this Regulation’.

(c) In paragraph 2, point c) is replaced by the following:

‘(c) the information referred to in Article 455(2) of Regulation (EU) No 575/2013 by using template EU MR2 of Annex XXIX to this Regulation and by following the instructions set out in Annex XXX to this Regulation’;

(d) in paragraph 2, point (d) is replaced by the following:

‘(d) the information referred to in Article 445(1) of Regulation (EU) No 575/2013 by using template EU MR3 of Annex XXIX to this Regulation and by following the instructions set out in Annex XXX to this Regulation’;

¹⁸ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

(e) in paragraph 2, points (e) and (f) are removed.

(3) The following Article 15a is added after Article 15:

Article 15a

Disclosure of credit valuation adjustment risk

1. Institutions shall disclose the information referred to in Article 445a of Regulation (EU) No 575/2013 as follows:

(a) the information referred to in Article 445a(1), points (a) and (b) of Regulation (EU) No 575/2013 by using table EU CVAA of Annex XLI to this Regulation and by following the instructions set out in Annex XLII to this Regulation;

(b) the information on own funds requirements for CVA risk referred to in Article 445a(3), point (a) of Regulation (EU) No 575/2013, where institution meets the conditions of Article 384(1), point (b) of that Regulation, by using template EU CVA1 of Annex XLI to this Regulation and by following the instructions set out in Annex XLII to this Regulation;

(c) the information referred to in Article 445a(2), point (a) of Regulation (EU) No 575/2013 by using table EU CVAB of Annex XLI to this Regulation and by following the instructions set out in Annex XLII to this Regulation;

(d) the information referred to in Article 445a(3), points (a) and (b) of Regulation (EU) No 575/2013, where institutions meet the conditions of Article 384(1), points (a) and (b) of that Regulation, by using template EU CVA2 of Annex XLI to this Regulation and by following the instructions set out in Annex XLII to this Regulation;

(e) the information referred to in Article 445a(1), point (c) and 445a(2), points (b) and (c) of Regulation (EU) No 575/2013 by using template EU CVA3 of Annex XLI to this Regulation and by following the instructions set out in Annex XLII to this Regulation;

(f) the information referred to in Article 438, points (d) and (h) of Regulation (EU) No 575/2013 by using template EU CVA4 of Annex XLI to this Regulation and by following the instructions set out in Annex XLII to this Regulation.

(4) Annex I is replaced by the text set out in Annex I to this Regulation.

(5) Annex II is replaced by the text set out in Annex II to this Regulation.

(6) Annex XI is replaced by the text set out in Annex III to this Regulation.

(7) Annex XII is replaced by the text set out in Annex IV to this Regulation.

(8) Annex XIX is replaced by the text set out in Annex V to this Regulation.

(9) Annex XX is replaced by the text set out in Annex VI to this Regulation.

(10) Annex XXI is replaced by the text set out in Annex VII to this Regulation.

(11) Annex XXII is replaced by the text set out in Annex VIII to this Regulation.

(12) Annex XXIX is replaced by the text set out in Annex IX to this Regulation.

(13) Annex XXX is replaced by the text set out in Annex X to this Regulation.

(14) The text set out in Annex XI to this Regulation is added as Annex XLI.

(15) The text set out in Annex XII to this Regulation is added as Annex XLII.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

It shall apply from 1 January 2025.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the
Commission The
President*

*On behalf of the
President [Position]*

LIST OF ANNEXES

Annex I (contains the amended Annex I to Commission Implementing Regulation (EU) 2021/637)

Annex II (contains the amended Annex II to Commission Implementing Regulation (EU) 2021/637)

Annex III (contains the amended Annex XI to Commission Implementing Regulation (EU) 2021/637)

Annex IV (contains the amended Annex XII to Commission Implementing Regulation (EU) 2021/637)

Annex V (contains the amended Annex XIX to Commission Implementing Regulation (EU) 2021/637)

Annex VI (contains the amended Annex XX to Commission Implementing Regulation (EU) 2021/637)

Annex VII (contains the amended Annex XXI to Commission Implementing Regulation (EU) 2021/637)

Annex VIII (contains the amended Annex XXII to Commission Implementing Regulation (EU) 2021/637)

Annex IX (contains the amended Annex XXIX to Commission Implementing Regulation (EU) 2021/637)

Annex X (contains the amended Annex XXX to Commission Implementing Regulation (EU) 2021/637)

Annex XI (contains the new Annex XLI to Commission Implementing Regulation (EU) 2021/637)

Annex XII (contains the new Annex XLII to Commission Implementing Regulation (EU) 2021/637)

5. Accompanying documents

5.1 “Mapping tool” – Mapping of disclosure quantitative data with supervisory reporting

The “mapping tool” is a comprehensive set of excel files that provides the mapping of most of the quantitative disclosure templates with the relevant reporting data points. Mapping is not possible for the disclosure tables with qualitative information.

The “mapping tool” is not part of the draft ITS but it is provided as an accompanying to support institutions when populating the quantitative disclosure template¹⁹. More specifically, the mapping is provided for the quantitative disclosure templates affected by the changes of this draft ITS. A question is included in the section with the questions for consultation, to encourage respondents to review the mappings provided.

5.2 Draft cost-benefit analysis / impact assessment

As per Article 15 of Regulation (EU) No 1093/2010 (EBA Regulation), any draft implementing technical standards (ITS) developed by the EBA shall be accompanied by an Impact Assessment (IA), which analyses ‘the potential related costs and benefits’.

This analysis presents the IA of the main policy options included in this Consultation Paper on the draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2021/637 on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 (“the Draft ITS”). The analysis provides an overview of the identified problem, the proposed options to address this problem as well as the potential impact of these options. The IA is high level and qualitative in nature.

A. Problem identification and background

Article 434a of the Regulation (EU) No 575/2013 (‘the CRR’) mandates the EBA to *‘develop draft implementing technical standards specifying uniform disclosure formats, and associated instructions in accordance with which the disclosures required under Titles II and III shall be made. Those uniform disclosure formats shall convey sufficiently comprehensive and comparable information for users of that information to assess the risk profiles of institutions and their degree of compliance with the requirements laid down in Parts One to Seven. To facilitate the comparability of information, the implementing technical standards shall seek to maintain consistency of*

¹⁹ With the introduction of the new requirements under CRR3, the EBA shall prepare, keep up-to-date and publish on its website a mapping tool of the templates and tables for disclosures with those on supervisory reporting (Article 434 (1)). In other words, this means that the mapping tool will not be provided anymore as an EBA’s on own initiative as it will be a requirement under level 1 text.



*disclosure formats with international standards on disclosures.*¹. Under this mandate the EBA developed the comprehensive ITS on institutions' public disclosures²⁰ to create the disclosure templates and their instructions but also, over time, to adapt these templates and instructions to the related changes of the regulations. These ITS, adopted by the Commission, are now published by the Commission under the Commission Implementing Regulation (EU) 2021/637. Thus, this Regulation is important for institutions and competent authorities as it gathers the latest public disclosures' templates and instructions; therefore, this Regulation needs to be updated when the underlying related legal texts are modified.

Currently, the EU co-legislators are finalizing amendments to the CRR in the context of the Capital Requirements Directive (CRD 6) and Capital Requirements Regulation (CRR 3) package. The CRR 3 will implement Basel III reforms, which will underpin a robust regulatory framework, efficient supervision, and enhanced risk control by credit institutions. Some new or modified requirements from the CRR 3, compared to the CRR 2 have an impact on disclosure elements and will thus make the current disclosure templates and instructions out to date.

Consequently, Commission Implementing Regulation (EU) 2021/637 needs to be amended to adapt disclosure templates and instructions to CRR 3 related requirements.

B. Policy objectives

The draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2021/637 on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 aims at adapting the current disclosure templates and instructions to the CRR 3 related new requirements.

C. Options considered, assessment of the options and preferred options

Section C. presents the main policy options discussed and the decisions made by the EBA during the development of the Draft ITS. Advantages and disadvantages, as well as potential costs and benefits from the qualitative perspective of the policy options and the preferred options resulting from this analysis, are provided.

Credit risk templates

Templates EU CR4 and EU CR5 disclose information on the use of the standardized approach for credit risk, whilst template EU CR7 disclose information on the use of the internal rating-based (IRB) approach for credit risk. Information is broken-down by exposure class and these templates have been reviewed in order to consider the CRR 3 amendments to the articles 112 and 147 of the CRR. Regarding the structure of these templates, these templates were originally included in the Commission Implementing Regulation (EU) 2021/637 as they were in the EBA/GL/2016/11, regardless of the numbering of rows in the Basel templates. Indeed, at that time, the EBA decided

²⁰ Commission Implementing Regulation (EU) 2021/637 on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013.



to postpone the review of the structure of these templates when the revision of the credit risk framework was finalized. Now, with the CRR 3, the EBA considered the following two options for these templates.

Option 1a: Keep the current structure of templates EU CR4, EU CR5 and EU CR7, regardless of the numbering of rows in the Basel templates.

Option 1b: Follow a continuous numbering for the rows in templates EU CR4, EU CR5 and EU CR 7, whilst at the same time respecting the numbering of the Basel templates.

Both options would ensure regulatory compliance with the CRR 3. In addition to that, aligning the rows of disclosure templates with the BCBS' ones would ensure consistency and comparability between the information disclosed by institutions located in EU and the same information disclosed by institutions located outside EU. Further, this approach would allow to align the structure of these templates to the one of the other disclosure templates. The dual adherence (CRR 3 and BCBS) will also make the methodology both practical and efficient, which is key for the Transparency disclosures. On the cost side, the alignment with the BCBS templates is not deemed to trigger significant costs for institutions.

Based on the above, **the Option 1b has been chosen as the preferred option** and the new EU disclosure templates follow a continuous, easy to use numbering but at the same time respect the Basel numbering, thereby enabling flawless comparison at the global level.

IRB Credit risk templates – SMEs exposures

Templates EU CR 6A, EU CR 7 and EU CR 7A disclose information on the use of the IRB approach for credit risk. Information is broken-down by exposure class and these templates have been reviewed in order to consider the CRR 3 amendments to the article 147 of the CRR. Regarding the existing information on SMEs exposures in those templates, the EBA considered two options.

Option 2a: Keep, the existing details on SMEs exposures in the disclosure templates EU CR 6A, EU CR 7 and EU CR 7A.

Option 2b: Delete the existing details on SMEs exposures in the disclosure templates EU CR 6A, EU CR 7 and EU CR 7A.

Keeping the existing details on SMEs exposures would, by definition, maintain consistency with the existing disclosure information and would increase the possibility of comparing data over time and across institutions. On the other hand, the CRR 3 has introduced some new sub-exposure classes under the Retail and Corporate classes in the Article 147 of the CRR. These new sub-exposures classes are now reflected in the disclosure templates and thus keeping the existing details on SMEs exposures would create overlapping with the rows including those new sub-exposure classes. This might make the structure of these templates more complex, and it might provide misleading information to external stakeholders. However, these details on SMEs are kept in the corresponding



reporting templates since this information is still relevant for Competent Authorities in their supervisory activities.

Based on the above, **the Option 2b has been chosen as the preferred option** and the existing details on SMEs exposures in the disclosure templates ER CR 6A, EU CR 7 and EU CR 7A will be deleted.

Output floor – Capital ratios

The CRR 3 sets a lower limit to the capital requirements that are produced by institutions' internal models, at 72.5% of the own funds requirements that would apply on the basis of standardized approaches. For the concerned exposures, in addition to the total risk exposure amount (TREA), a standardized total risk exposure amount (S-TREA) would be computed. The above-mentioned limit (the 'output floor') – with an implementation subject to transitional provisions – represents one of the key measures of the Basel III reforms and aims to reduce the excessive variability of institutions' own funds requirements calculated using internal models, and thereby enhance the comparability of institutions' capital ratios. Taking into account the introduction of transitional provisions for this output floor in Article 465 of the CRR 3, the EBA considered two policy options.

Option 3a: Disregard the impact of the fully loaded output floor (without the application of the transitional provisions as set out in Article 465 of the CRR3) on the computations of the risk exposure amounts and the risk-based capital ratios in the disclosure template EU KM1.

Option 3b: Include the impact of the fully loaded output floor (without the application of the transitional provisions as set out in Article 465 of the CRR3) on the computations of the risk exposure amounts and the risk-based capital ratios in the disclosure template EU KM1.

In accordance with the disclosure requirements included in Article 447 of the CRR as amended by the CRR 3, the template EU KM1 has been reviewed to add rows for the risk exposure amounts and the risk-based capital ratios unfloored (by excluding the impact of the output floor). The existing rows on the risk exposure amounts and the risk-based capital ratios will include the impact of the output floor after the application of the transitional provisions as set out in Article 465 of the CRR 3.

However, in order to have a complete picture of the impact of the output floor on the risk exposure amounts and the risk-based capital ratios, the EBA believes that the disclosure of the impact of the fully loaded output floor (without the application of the transitional provisions as set out in Article 465 of the CRR3) on the computations of the risk exposure amounts and the risk-based capital ratios in template EU KM1 is also relevant for external stakeholders. Indeed, this inclusion will provide an anticipated estimation of what would be the risk exposure amounts and the risk-based capital ratios when the transitional provisions are not applicable anymore. The costs associated with the provision of this additional information should not be significant since this information is aligned with the one provided in the amendments to COREP template C03.00 due to the CRR 3.

Based on the above, **the Option 3b has been chosen as the preferred option** and the disclosure template EU KM1 will include the risk exposure amounts and the risk-based capital ratios calculated: (i) by including the impact of the output floor after the application of the transitional



provisions as set out in Article 465 of the CRR; (ii) by excluding the impact of the output floor (i.e. by using un-floored total risk exposure amounts as calculated in accordance with Article 92(4) of the CRR 3) and (iii) by including the impact of the output floor without the application of the transitional provisions as set out in Article 465 of the CRR (i.e. fully loaded output floor).

Output floor – Comparison of IRB and standardized risk weighted exposure amounts ('RWEA')

Two new templates (EU CSM1 and EU CMS2) have been added to compare full standardised risk-weighted exposure assets (RWEA) against modelled RWEA. These templates are aligned with the structure of the corresponding Basel templates CSM1 and CMS2. However, the CRR 3 provides for the application of transitional provisions in the calculation of the full standardised RWEA (article 465 (3)(4)(5)(5b)) that are not included in the Basel framework. Therefore, regarding the application of transitional provisions, the EBA considered two options.

Option 4a: request the disclosure of the RWEA calculated using full standardized approach after the application of the EU transitional provisions set out in Article 465 (3) (4) (5) (5b) of the CRR 3.

Option 4b: disregard the disclosure of the RWEA calculated using full standardized approach after the application of the EU transitional provisions set out in Article 465 (3) (4) (5) (5b) of the CRR 3.

The transitional provisions are specific of the CRR3 and they are not considered in the BCBS framework. For this reason, the Basel templates CMS1 and CMS2 provide only information on the full standardised RWEA that is used as base for the computation of the fully loaded output floor. However, this amount does not represent the base for the computation of the output floor in EU during the transitional provision. Adding this information would give external stakeholders the possibility to have a comprehensive picture of the values used for the computation of the output floor during and after the transitional period. This would ensure more transparency and allow for a better comparison and analysis during and after the transitional period. The costs associated with the addition of the request of those data would not be significant as those data should anyway be computed for the application of the output floor and they are also included in the Supervisory reporting framework.

Based on the above, **the Option 4a has been chosen as the preferred option** and the disclosure templates EU CMS1 and EU CMS2 will also request the RWEA calculated using full standardised approach after the application of the EU transitional provisions set out in Article 465 (3) (4) (5) (5b) of the CRR 3.

Market Risk – Scope for qualitative disclosure requirements

In template EU MR A on general qualitative disclosures for market risk, institutions shall disclose, among others, a description of its strategies and processes to manage market risk in accordance with the existence Article 435(1) of the CRR. For institutions using the Alternative Internal Models (A-IMA), the new Article 455 (1) of the CRR3 specifies that institutions shall provide, among others,



qualitative disclosures on the objectives in undertaking trading activities, the policies referred to in Article 104 (1) for determining which position is to be included in the trading book, any reclassification from trading book to banking book and a description of internal risk transfer activities. This detail information is included in the Basel table MRA since it represents a specification of the description of the strategies and processes to manage market risk. Therefore, the EBA considered two options.

Option 5a: Request only the institutions using the A-IMA to disclose information on trading activities, trading book and internal risk transfer activities.

Option 5b: Request all the institutions to disclose information on trading activities, trading book and internal risk transfer activities.

Requesting only the institutions using the A-IMA to disclose information on trading activities, trading book and internal risk transfer activities would decrease the disclosure costs for institutions not using this approach. On the other hand, it would not be aligned with the corresponding BCBS table MRA which requires this information for all institutions. Therefore, this misalignment would decrease the comparability and consistency of the disclosed information between institutions located in the EU and institutions located in a non-EU jurisdiction, taking also into account that a large number of institutions are expected to migrate from internal model to standardised approach under the FRTB framework. Further, this information is relevant for all institutions and should be generally included into a description of the institution's strategies and processes to manage market risk as provided by Article 435(1) of the CRR).

Based on the above, **the Option 5b has been chosen as the preferred option** and disclosing information on trading activities, trading book and internal risk transfer activities will be requested to all the institutions.

Credit Value Adjustment ('CVA') – RWEA flow statements for Standardized Approach

The BCBS template CVA4 provides for the disclosure of the amount of RWEA under the Standardised approach for CVA risk at the current and previous disclosure period. In EU Pillar 3 disclosure framework, this information can be derived from template OV1. Therefore, regarding how to disclose this information, the EBA considered two options.

Option 6a: Not to develop an ad-hoc template to disclose the current and previous periods' RWEA for credit valuation adjustment risk under the Standardized Approach.

Option 6b: Create an ad-hoc separate template (template EU CVA4) to disclose the current and previous periods' RWEA for credit valuation adjustment risk under the Standardized Approach.

Given the fact that the costs associated with the disclosure of this information in an ad-hoc separate template would be very low for institutions as the information is already available, the benefits in



terms of increasing comparability and consistency with the BCBS Pillar 3 disclosure framework are deemed to exceed these costs.

Based on the above, **the Option 6b has been chosen as the preferred option** and a new ad-hoc template (EU CVA4) for the disclosure of the current and previous periods' RWEA for credit valuation adjustment risk under the Standardized Approach has been developed.

CVA – information on components of CVA risk for institutions using reduced basic approach

Article 445a (3) CRR 3 provides for disclosure requirements on the components used for the computation of RWEA under the Basic approach for CVA risk. The Basic Approach has a full version and a reduced one where hedging is not recognised. Institutions using the full version shall however calculate the reduced version as well. Therefore, regarding the disclosure of the components computed under the reduced Basic Approach, the EBA considered two options.

Option 7a: Request institutions to disclose information on components of CVA risk under reduced and full basic approach in a single new template.

Option 7b: Request institutions to disclose information on components of CVA risk under reduced and full basic approach in two new separate templates (template EU CVA1 and EU CV2).

In BCBS Pillar 3 disclosure framework, two separate templates are provided to disclose the components used for the computation of RWEA under the full and reduced Basic approach for CVA risk. Therefore, given the fact that the costs associated with the provision of this information into two different templates instead of a single template are negligible, the benefits of the alignment to Basel and making explicit the approach adopted by each institution (full or reduced Basic Approach) are deemed to exceed these costs.

Based on the above, **the Option 7b has been chosen as the preferred option** and the information on components of CVA risk under the reduced and full Basic Approach will be disclosed into two separate templates (EU CVA1 and EU CVA2).

D. Conclusion

The draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2021/637 on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 will adapt the current disclosure templates and instructions to the CRR3 related new requirements. For the institutions, the Draft ITS requirements are expected to trigger costs given that more information will be requested in existing templates and also some additional templates will be requested. However, the majority of these requirements are linked to the CRR3 changes and thus the costs are not all to be associated with the Draft ITS but with the underlying related changes brought by the CRR3. Moreover, these requirements are necessary to allow stakeholders to assess institutions' risk profiles and compliance with CRR3



requirements and this benefit exceeds the costs for institutions. Overall, the impact assessment on the Draft ITS suggests that the expected benefits are higher than the incurred expected costs.

5.3 Overview of questions for consultation

5.3.1 Disclosure of key metrics and overview of risk-weighted exposure amounts

Question 1: Are the amended/new templates EU OV1, EU KM1, EU CMS1, EU CMS2 and the related instructions clear to the respondents? If no, please motivate your response .

Question 2: Do the respondents identify any discrepancies between these templates and related instructions and the calculation of the requirements set out in the underlying regulation?

Question 1: Do the respondents agree that the amended draft ITS fits the purpose of the underlying regulation?

Question 4: In particular, regarding the disclosure of the output floor, do respondents agree with the inclusion of rows EU 5c, EU 6c, EU 7c in template EU KM 1 and the column EU d in templates EU CMS1 and EU CMS2? Please provide the rationale behind your answer.

5.3.2 Disclosure of the use of the standardised approach

Question 5: Are the amended templates EU CR 4, EU CR 5 and the related instructions clear to the respondents? If no, please motivate your response.

Question 6: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 7: Do the respondents agree that the amended draft ITS fits the purpose of the underlying regulation?

Question 8: In particular, for templates EU CR 4 and EU CR 5, do the respondents agree with the reconciliation of the row numbering with the Basel one in the corresponding templates? Please provide the rationale behind your answer.

5.3.3 Disclosure of the use of the IRB approach to credit risk

Question 9: Are the amended templates EU CR 6, EU CR 6-A, EU CR 7, EU CR 7-A and the related instructions clear to the respondents? If no, please motivate your response.

Question 10: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 11: Do the respondents agree that the amended draft ITS fits the purpose of the underlying regulation?



Question 12: Regarding the template EU CR 7, do the respondents agree with reconciliation of the row numbering with the Basel one in the corresponding templates? Please provide the rationale behind your answer.

Question 13: Do the respondents agree with the deletion of the rows on SMEs in templates EU CR 6-A, EU CR 7 and EU CR 7-A?

5.3.4 Disclosure of use of standardised approach and internal model for market risk

Question 14: Are the amended/new templates EU MRA, EU MRB, EU MR1, EU MR2, EU MR3 and the related instructions clear to the respondents? If no, please motivate your response.

Question 15: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 16: Do the respondents agree that the amended draft ITS fits the purpose of the underlying regulation?

Question 17: Regarding the template EU MRB, do the respondents agree with the reconciliation of the row numbering with the Basel one in the corresponding template? Please provide the rationale behind your answer.

5.3.5 Disclosure of credit valuation adjustment (CVA) risk

Question 18: Are the new templates EU CVAA, EU CVA 1, EU CVAB, EU CVA2, EU CVA 3, EU CVA 4 and the related instructions clear to the respondents? If no, please motivate your response.

Question 19: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 20: Do the respondents agree that the amended draft ITS fits the purpose of the underlying regulation?

5.3.6 Other questions

Question 21: Do the respondents consider that the “mapping tool” appropriately reflects the mapping of the quantitative disclosure templates with supervisory reporting templates?