**EN**

**ANNEX II**

**SUPERVISORY BENCHMARKING PORTFOLIOS**

[DEFINITION OF THE SUPERVISORY BENCHMARKING PORTFOLIOS 2](#_Toc401662038)

[C 101 – Definition of Low Default Portfolio counterparties 2](#_Toc401662039)

[C 102 – Definition of Low Default Portfolios 4](#_Toc401662040)

[C 103 – Definition of High Default Portfolios 7](#_Toc401662041)

## DEFINITION OF THE SUPERVISORY BENCHMARKING PORTFOLIOS

### C 101 – Definition of Low Default Portfolio counterparties

|  |  |  |  |
| --- | --- | --- | --- |
| Column | Label | Legal reference | Instructions |
| 010 | Counterparty code |  | The code assigned by the EBA to each legal entity included in the 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 |  | The ISO Code of the country of residence or the macro region of residence of the counterparty. The macro-regions are:1. EU for European Union countries;
2. Non-EU for third countries;
3. Not applicable[[1]](#footnote-1).
 |
| 090 | Portfolio name |  | Each group (sample) of LDP counterparties is assigned one of the following unique names:1. Sovereign sample;
2. Institutions sample;
3. Large corporate sample.
 |
| 100 | Sector of counterparty |  | Each counterparty is assigned to one of the following FINREP-based economic sector classes:1. Central banks
2. General Governments;
3. Credit institutions;
4. Other financial corporations;
5. Non-financial corporations;
6. Not applicable.
 |
| 110 | Type of exposures  | Rows 020 and 030 of template 8.1 of Annex I of Commission Implementing Regulation (EU) No 680/2014 | The type of exposures is one of the following:(a) On-balance sheet items subject to credit risk;(b) Off-balance sheet items subject to credit risk;(c) Not applicable. |
| 120 | Type of facility |  | For the purpose of mapping exposures to portfolios defined in Annex I, exposures shall be split into parts according to 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): This refers to 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): This refers to 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 deterioration in a borrower’s creditworthiness;(e) Undrawn committed term credit facility (Medium-low risk): This refers to 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 deterioration in a borrower’s creditworthiness;(f) Undrawn committed other credit facility (Medium-low risk): This refers to 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 the 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): This refers to 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 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 |  | The type of risk is one of the following:(a) Counterparty credit risk;(b) Credit risk and free deliveries;(c) Credit risk, Counterparty credit risk and free deliveries. |
| 140 | Regulatory approach |  | The regulatory approach under which the reported exposure value is calculated. |

### C 102 – Definition of Low Default Portfolios

|  |  |  |  |
| --- | --- | --- | --- |
| Column | Label | Legal reference | Instructions |
| 010 | Portfolio ID |  | The unique ID assigned to the portfolio by the EBA. |
| 020 | Portfolio name |  | Each portfolio is assigned one of the following unique names:(a) Sovereign;(b) Institutions;(c) Large corporate;(d) Large corporate sample.Large corporate sample comprises all entities listed in template C 101.00 of Annex I for which the Portfolio name (c090 of C 101.00) is ‘Large corporate sample’. |
| 030 | Type of risk |  | The type of risk is one of the following:(a) Counterparty credit risk;(b) Credit risk and free deliveries;(c) Credit risk, Counterparty credit risk and free deliveries. |
| 040 | Regulatory approach |  | The regulatory approach under which the reported exposure value is calculated. |
| 050 | Geographical area |  | The ISO Code of the country of residence or the macro region of residence of the counterparty. The macro regions are:(a) EU for European Union countries;(b) Non-EU for third countries;(c) Not applicable. |
| 060 | Exposure class |  | Each portfolio is assigned to one of the following exposure classes:(a) Central governments and central banks;(b) Institutions;(c) Corporates;(d) Not applicable. |
| 070 | Default status |  | The default status is one of the following:(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%. |
| 080 | Rating |  | The rank of the internal rating applied by the institution from lowest risk to highest risk excluding defaults with PD corresponding to 100%. It takes values from Rating 1, Rating 2 etc. Where the rating is not used to define a portfolio in Annex I, ‘Not applicable’ is used instead.It is neither intended nor desirable to have a supervisory master scale. If 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:1. Obligor grades of the different rating systems shall be pooled and ordered from the lower PD assigned to each obligor grade to the higher;
2. 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.
 |
| 090 | Type of facility |  | For the purpose of mapping exposures to portfolios defined in Annex I, exposures shall be split into parts according to 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): This refers to 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): This refers to 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 deterioration in a borrower’s creditworthiness;(e) Undrawn committed term credit facility (Medium-low risk): This refers to 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 deterioration in a borrower’s creditworthiness;(f) Undrawn committed other credit facility (Medium-low risk): This refers to 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 the 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): This refers to 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 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. |
| 100 | Collateralisation status | Columns 150 to 210 of template 8.1 of Commission Implementing Regulation (EU) No 680/2014 | For the purpose of mapping exposures to portfolios defined in Annex I, exposures shall be split into parts according to the collateralisation status.The collateralisation status is one of the following:(a) Exposures with credit protection;(a.1) Exposures with funded credit protection;(a.2) Exposures with unfunded credit protection;(b) Exposures without credit protection;(c) Not applicable. |
| 110 | NACE code |  | This column corresponds to 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’). |
| 120 | Sector of counterparty |  | Each portfolio is assigned to one of the following FINREP-based economic sector classes: (b) Credit institutions;(c) Other financial corporations;(d) Non-financial corporations;(e) Not applicable. |
| 130 | Counterparty |  | The counterparty is one of the following:1. Public sector entities (according to Article 112 (c) of the CRR);
2. Counterparties other than public sector entities.
 |
| 140 | Size of counterparty |  | The total annual sales for the consolidated group of which the counterparty is a part. Each counterparty is assigned to one of the following categories:(a) >EUR 200 million;(b) Not applicable.The total annual sales are calculated in accordance with Article 4 of the Annex to Commission Recommendation 2003/361/EC[[2]](#footnote-2). |
| 150 | Collateral type | Columns 150 to 210 of template 8.1 of Annex I of Commission Implementing Regulation (EU) No 680/2014 | For the purpose of mapping exposures to portfolios defined in Annex I, exposures shall be split into parts according to the collateral type.The collateral type is one of the following:(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. |
| 160 | Type of exposure  | Rows 020 and 030 of template 8.1 of Annex I of Commission Implementing Regulation (EU) No 680/2014 | The type of exposure is one of the following:(a) On-balance sheet items subject to credit risk;(b) Off-balance sheet items subject to credit risk;(c) Not applicable. |
| 170 | Size of exposure | Column 110 of template 8.1 of Annex I of Commission Implementing Regulation (EU) No 680/2014 | The size of the exposure expressed in terms of exposure value (i.e. EAD). Each exposure is assigned to one of the following categories:(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. |

### C 103 – Definition of High Default Portfolios

|  |  |  |  |
| --- | --- | --- | --- |
| Column |  | Legal reference | Instructions |
| 010 | Portfolio ID |  | The unique ID assigned by the EBA to each portfolio. |
| 020 | Portfolio name |  | Each portfolio is assigned one of the following names by the EBA:1.1.  CORP Defaulted1.2.  CORP Non-Defaulted1.2.1.  CORP Non-defaulted Secured1.2.1.1.  CORP Non-defaulted Secured Construction1.2.1.2.  CORP Non-defaulted Secured Other1.2.2.  CORP Non-defaulted Unsecured1.2.2.1.  CORP Non-defaulted Unsecured Construction1.2.2.2.  CORP Non-defaulted Unsecured Other2.1.  SMEC Defaulted2.2.  SMEC Non-Defaulted2.2.1. SMEC Non-defaulted Secured2.2.1.1.  SMEC Non-defaulted Secured Construction2.2.1.2.  SMEC Non-defaulted Secured Other2.2.2. SMEC Non-defaulted Unsecured2.2.2.1.  SMEC Non-defaulted Unsecured Construction2.2.2.2.  SMEC Non-defaulted Unsecured Other3.1.  SMER Defaulted3.2.  SMER Non-Defaulted3.2.1. SMER Non-defaulted Secured3.2.1.1.  SMER Non-defaulted Secured Construction3.2.1.2.  SMER Non-defaulted Secured Other3.2.2. SMER Non-defaulted Unsecured3.2.2.1.  SMER Non-defaulted Unsecured Construction3.2.2.2.  SMER Non-defaulted Unsecured Other4.1.  Mortgages Defaulted4.2.  Mortgages Non-defaulted4.2.1.1.  Mortgages Non-defaulted funded CRM4.2.1.2.  Mortgages Non-defaulted Unfunded CRM4.2.2.1.  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 type of risk is one of the following:(a) Counterparty credit risk;(b) Credit risk and free deliveries;(c) Credit risk, Counterparty credit risk and free deliveries. |
| 040 | Regulatory approach |  | Exposures of the exposure class ‘Corporates’ can be subject to different regulatory approaches and shall be split to fit the portfolios definitions which include one of the following:(a) Foundation IRB Approach;(b) Advanced IRB Approach;(c) Specialized lending slotting criteria.Portfolios for the exposure class ‘Retail’ are defined with the regulatory approach ‘Advanced IRB Approach’. |
| 050 | Geographical area |  | The ISO Code of the country of residence of the counterparty. For the ‘Retail – secured by real estate SME’ and ‘Retail – secured by real estate non SME’ portfolios, it is the location of the collateral. |
| 060 | Rating |  | The rank of the internal rating grade applied by the institution from lowest risk to highest risk excluding defaults with PD corresponding to 100%. It takes values from Rating 1 to Rating 30 or Not applicable. Where the rating is not used to define a portfolio in Annex I, ‘Not applicable’ is used instead. It is neither intended nor desirable to have a supervisory master scale. If 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:1. Obligor grades of the different rating systems shall be pooled and ordered from the lower PD assigned to each obligor grade to the higher;
2. 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 |  | Each portfolio is assigned to one or several of the following exposure classes:(a) Corporate(a.1) Corporate – SME;(a.2) Corporate – No SME;(b) Retail(b.1) Retail – SME;(b.1.1) Retail – SME - Secured by real estate;(b.1.2) Retail – SME - Other;(b.2) Retail – No SME(b.2.1) Retail – No SME - Other;(b.2.2) Retail – No SME - Secured by real estate;(b.3) Retail – Qualifying revolving;(c) Not applicable. |
| 080 | Sector of counterparty |  | Each counterparty is assigned to one of the following FINREP-based economic sector classes:(a) Other financial corporations;(b) Non-financial corporations;(c) Households;(d) Not applicable. |
| 090 | Default status |  | The default status is one of the following:(a) Defaulted: Those are the exposures assigned to the last rating grade/s with a PD of 100 %;(b) Non-defaulted: Those are the exposures assigned to rating grades with a PD lower than 100%. |
| 100 | Type of facility |  | For the purpose of mapping exposures to portfolios defined in Annex I, exposures shall be split into parts according to 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): This refers to 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): This refers to 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 deterioration in a borrower’s creditworthiness;(e) Undrawn committed term credit facility (Medium-low risk): This refers to 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 deterioration in a borrower’s creditworthiness;(f) Undrawn committed other credit facility (Medium-low risk): This refers to 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 the 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): This refers to 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 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: This refers to on-balance sheet exposures;(k) Not applicable. |
| 110 | Collateralisation status | Column 150 to 210 of template 8.1 of Annex I of Commission Implementing Regulation (EU) No 680/2014 | For the purpose of mapping exposures to portfolios defined in Annex I, exposures shall be split into parts according to the collateralisation status.The collateralisation status is one of the following:(a) Exposures with credit protection;(a.1) Exposures with funded credit protection;(a.2) Exposures with unfunded credit protection;(b) Exposures without credit protection;(c) Not applicable. |
| 120 | Collateral type |  | For the purpose of mapping exposures to portfolios defined in Annex I, exposures shall be split into parts according to the collateral type.The collateral type is one of the following:(a) Eligible collateral other than real estate;(b) Real estate collateral; (c) Not applicable. |
| 130 | NACE code |  | This column correspond to 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’). |
| 140 | Size of counterparty |  | The total annual sales for the consolidated group of which the counterparty is a part. Each counterparty is assigned to one of the following categories:(a) <=EUR 50 million;(b) >EUR 50 million and <=EUR 200 million;(c) Not applicable.The total annual sales are calculated in accordance with Article 4 of the Annex to Commission Recommendation 2003/361/EC. |
| 150 | Type of exposure | Rows 020 and 030 of template 8.1 of Annex I of Commission Implementing Regulation (EU) No 680/2014 | Each exposure is assigned to one of the following types:(a) On-balance sheet items subject to credit risk;(b) Off-balance sheet items subject to credit risk;(c) Not applicable. |
| 160 | Size of exposure | Column 110 of template 8.1 of Annex I of Commission Implementing Regulation (EU) No 680/2014 | The size of the exposure expressed in terms of exposure value (i.e. EAD). Each exposure is assigned to one of the following categories:(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. |
| 170 | Indexed loan-to-value range |  | The indexed loan-to-value (‘ILTV’) range is the ratio between the current loan amount and the current value of the property.The indexed loan-to-value range shall be calculated in a prudent manner and at least comply with the following features:1. 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. If there is insufficient information for ascertaining the ranking of the other liens, the institution shall assume that these liens rank pari passu with the lien securing the loan.
2. 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:
* 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);
* if a market value can be determined, the valuation is not higher than market value;
* the valuation is supported by adequate appraisal documentation.

Institutions are requested to document their calculations and provide the documents to their competent authority upon request.The ILTV categories are the following:(a) <=25%;(b) >25% <=50%;(c) >50% <=75%;(d) >75% <=100%;(e) >100% <= 125%;(f) >125%;(g) Not applicable. |

1. ‘Not applicable’ is used when no specific breakdown is requested for the variable (e.g. for column 080, it means that all countries are considered). [↑](#footnote-ref-1)
2. **Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (**OJ L 124, 20.5.2003, p. 36). [↑](#footnote-ref-2)