

EBA-CP-2019-10

16 October 2019

Consultation Paper

Draft Implementing Technical Standards

on supervisory reporting requirements for institutions under
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 5.4.

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 16.01.2020. 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

Regulation (EU) No 575/2013 ('the CRR') mandates the EBA, in Article 430(7), to develop uniform reporting requirements. These reporting requirements are included in the proposed Implementing Technical Standards. These standards cover information on institutions' compliance with prudential requirements as put forward by the CRR and related technical standards as well as additional financial information required by supervisors to perform their supervisory tasks. As such, the ITS on supervisory reporting need to be updated whenever prudential or supervisory requirements change.

New regulatory requirements

In 2019 there were two amendments to the CRR affecting supervisory reporting:

- The amending Regulation (EU) 2019/876 ('CRR2'), which implements a number of key measures in the EU for institutions, covering many different topics such as liquidity, leverage and large exposures.
- The amending Regulation (EU) 2019/630 ('Backstop Regulation'), which sets out uniform minimum levels of coverage to ensure that institutions have sufficient loss coverage for future non-performing exposures (NPEs).

In order to be in line with those amendments, a number of reporting modules had to be revised.

Integration of disclosures

There are commonalities of the information that institutions have to report to their supervisors and the regulatory information that they have to make public in the interest of investors and external stakeholders. Therefore, consistency and integration between both frameworks should be targeted to the extent possible. To ensure consistency, an integration between supervisory reporting and disclosures was carried out throughout the whole review of reporting and disclosure requirements.

New ITS on supervisory reporting

This consultation paper proposes a new ITS on supervisory reporting which will cover all supervisory reporting requirements for institutions under CRR. This ITS will replace the Commission Implementing Regulation (EU) No 680/2014.

Next steps

After a consultation period of 3 months the EBA will deliver the final draft ITS to the EU Commission in order for the implementation date of the supervisory reporting to be aligned with the application of the CRR2 requirements.

The EBA's submission of the final updated ITS to the EU Commission is expected to take place in June 2020. The EBA will also develop the data-point model (DPM), XBRL taxonomy and validation rules based on the final draft ITS. The first reference date for the application of these technical standards is foreseen to be on 30 June 2021. The expected implementation period for the proposed changes is approximately 1 year.

3. Background and rationale

1. The EBA reporting framework is uniform and directly applicable ensuring level playing field for institutions and comparability of data. The EBA reporting framework has evolved over the years since the first reporting framework published in 2013. The EBA has reviewed the content to ensure its continued relevance but has also continued to develop the technical package and version management to facilitate implementation and support of reporting processes.
2. The Single Rulebook aims at providing a single set of harmonised prudential rules for financial institutions throughout the EU, helping create a level playing field and providing high protection to depositors, investors and consumers. These draft Implementing Technical Standards (ITS) reflect the single rulebook at the reporting level. These draft ITS form part of this single rulebook for banking in Europe and become directly applicable in all Member States once adopted by the European Commission and published in the Official Journal of the EU.
3. Regulation (EU) No 575/2013 ('the CRR') mandates the EBA, in Article 430(7), to develop uniform reporting requirements. These reporting requirements are included in the proposed Implementing Technical Standards. These standards cover information on institutions' compliance with prudential requirements as put forward by the CRR and related technical standards as well as additional financial information required by supervisors to perform their supervisory tasks. Hence, the ITS on supervisory reporting needs to be updated whenever the underlying legal requirements change or it is necessary to improve the supervisors' ability to monitor and assess institutions.

3.1 New banking regulatory package

4. On 7 June 2019, the legislation adopting the Banking Package was published in the Official Journal and came into force on 28 June 2019. The Package amends rules on capital requirements to reinforce the capital and liquidity positions of institutions, under the Directive (EU) 2019/878 amending Directive 2013/36/EU (Capital Requirements Directive V - 'CRD V')¹ and the Regulation (EU) 2019/876 amending Regulation (EU) No 575/2013 (Capital Requirements Regulation II - 'CRR2')².
5. The CRR2 includes a number of key measures, such as amendments regarding the leverage ratio, the new net stable funding requirement, a new market risk framework introduced in form of a reporting requirement or a new total loss absorbing capacity (TLAC) requirement. Besides these changes to the substance of the prudential framework, the reporting and disclosure requirements themselves have been subject to amendments.
6. The package also aims to enhance proportionality, as the rules are more growth-friendly and better adapted to the size, risk and systemic importance of the institutions. Proportionality is also reflected in the EBA proposals for reporting requirements. Proportionality and other means to address reporting costs will also be discussed in the context of the cost of compliance study on

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L0878&from=EN>

² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0876&from=EN>

reporting and the feasibility study on integrated reporting that the EBA is mandated to submit to the Commission by the CRR2.



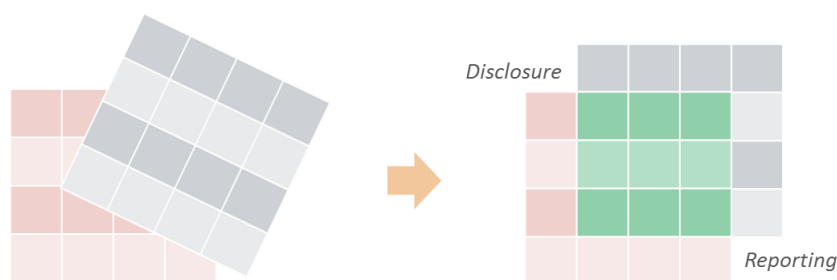
3.2 Regulation on minimum coverage of non-performing exposures

7. In July 2017, the European Council published its conclusions on Action plan to tackle non-performing exposures in Europe. In its Action Plan, the European Council requests the European Commission to consider introducing prudential backstops addressing potential under-provisioning of non-performing exposures (NPEs). The backstop would apply to newly originated exposures in the form of compulsory prudential deductions from institutions' own funds.
8. Following this request, the Regulation (EU) 2019/630 amending Regulation (EU) No 575/2013 ('Backstop Regulation')³ was published in April 2019. It introduced a Pillar 1 measure that directly applies to all institutions subject to the CRR. In particular, the Backstop Regulation sets out uniform minimum levels of coverage to ensure that institutions have sufficient loss coverage for newly originated exposures that turn non-performing .

3.3 Integration of Pillar 3 disclosure requirements into supervisory reporting

9. The commonalities of the information that institutions have to report to their supervisors and the regulatory information that they have to make public in the interest of investors and external stakeholders drove the EBA Board of Supervisors' strategic decision that consistency and integration between both frameworks should be targeted to the extent possible. To ensure consistency, an integration between supervisory reporting and disclosures was carried out throughout the whole review of reporting and disclosure requirements.
10. The information included in the reporting framework is the basis for supervisors and resolution authorities to form a clear picture on the situation of an institution in terms of business model/profitability, solvency/risk profile, liquidity and relevance for the financial system and resolvability. Similarly, the information disclosed by institutions is the basis for market participants to understand and assess the institutions' situation in order to exercise market discipline. Information relevant for market participants is also relevant to help supervisors on their tasks thereby emphasizing the importance of striving for congruency.
11. Improving the consistency between the reporting and disclosure requirements, including a standardisation of formats and definitions, should also facilitate the compliance with both requirements for institutions, as they would use the same data to fulfill their reporting and disclosure obligations. Further, the integration with supervisory reporting will improve the quality of the disclosed information since the former is subject to scrutiny by the supervisor, which due to the mapping of reporting data with disclosures, will also improve the disclosure data and therefore benefit all market participants to take more informed decisions.

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0630&from=IT>



12. The abovementioned integration between supervisory reporting and disclosures is carried out through this consultation paper and the consultation paper on the draft ITS on institutions' public disclosure. The consultation on that draft ITS applicable to all institutions subject to the disclosure requirements under Part Eight of the CRR will be running at the same time as this consultation on the reporting requirements. In the context of consultation on the draft ITS on public disclosures, the EBA is publishing a mapping between the disclosures and the reporting templates to demonstrate how the frameworks have been integrated.

3.4 Proportionality in reporting requirements

13. Proportionality has been implemented in the supervisory reporting framework with the aim to strike a balance between the reduction of costs of reporting (implementation and ongoing costs) for institutions and the quality/effectiveness of supervision. This is achieved by using different approaches.

14. Many elements of proportionality in supervisory reporting are implicit as they are driven by **the regulatory regime, prudential approaches** or by the **business model** of an institution. For example, the scope of data to be submitted depends on factors such as whether internal models for the calculation of own funds requirements are used or if institutions have issued covered bonds or securitisations.

15. The supervisory reporting framework also incorporates different, tailored reporting frequencies and includes defined **size and risk-specific criteria and thresholds** to trigger certain reporting requirements (e.g. for reporting on sovereign exposures, large exposures, geographical breakdowns, details of non-performing exposures), in order to take into account the nature, complexity and riskiness of institutions' activities.

16. The CRR2 introduces definitions for '**small and non-complex institutions**' and '**large institutions**' for enhanced proportionality. The EBA has reviewed all criteria and thresholds on size and complexity used in the reporting framework with the aim to streamline them, referring to the CRR definitions for small and non-complex institutions and large institutions where suitable. These CRR categories are used across the reporting framework to exempt, for example, small and non-complex institutions from some reporting requirements or, in case of large institutions, to trigger additional reporting requirements.

17. New proportionality measures in this proposal include, among others:

- a. The design and the content of the new COREP templates on prudential backstop reflect the minimum level of information necessary for the calculation of minimum loss coverage and CET1 deductions for NPEs as well as for the monitoring of the

institutions' compliance with the CRR requirements. In addition, the new FINREP template for reporting NPEs by time buckets has semi-annual frequency.

- b. Requirement of some of the newly implemented IRB and CCR templates only for large institutions or large institutions which are either G-SIIs or listed. Most of these templates also include a reduced frequency (semi-annually/annually);
- c. Inclusion of simplified NSFR templates for small and non-complex institutions, following the CRR2 requirements. These templates include only about 30% of the data points requested in the fully-fledged version of the templates.

3.5 Reporting changes topic by topic

3.5.1 Own funds

18. The proposed amendment to the reporting on own funds and the capital adequacy templates are driven by the changes to the own funds framework introduced by the CRR2 and the integration of own funds reporting and own funds disclosure.

19. The CRR2-related changes include, among others, new items reflecting the additional deductions to be made from own funds, such as the deduction for the insufficient coverage for non-performing exposures, and items covering the effect of both the final and transitional provisions on the revised eligibility criteria (C 01.00, C 05.01). At a later stage, the reporting requirements may be reviewed to reflect policies still to be developed by the EBA, such as the RTS on the application of the deductions of prudently valued software assets on the basis of Article 36 (4) CRR.

20. In the context of the integration with disclosure, a limited number of breakdowns and memorandum items, such as information on the surplus or deficit of CET1 considering the combination of Pillar 1 and Pillar 2 requirements, has been added to templates C 01.00 to C 04.00.

21. Apart from this, templates C 04.00 and C 05.01 have been streamlined by eliminating the information on the Basel I floor and the transitional provisions which have already expired.

3.5.2 NPL backstop

22. Following the Backstop Regulation, the EBA has developed three templates under its Common Reporting (COREP) framework, as explained below.

23. Similarly, the EBA has also extended the financial reporting for NPEs in line with the structure of the amendments to COREP. This allows supervisors to monitor the calculation of the specific credit risk adjustments that are based on the accumulated impairment recognised under the applicable accounting framework and constitute an important part of the backstop calculation of the minimum loss coverage under the CRR.

Proposal on the new templates for the calculation of minimum loss coverage requirements and CET1 deductions under CRR

24. The proposal under COREP framework includes a set of three templates on NPE loss coverage (NPE LC).

25. The objective of the templates is for the institutions to report transparently the minimum coverage requirements for NPEs as introduced under the CRR and for the supervisors to monitor the risk profile of institutions in relation to NPEs and capital requirements.

26. Template C 35.01 - the calculation of deductions for non-performing exposures (NPE LC1): the templates presents high-level calculation of:

- a. minimum coverage requirements for secured and unsecured non-performing exposures,
- b. total minimum coverage requirements for non-performing exposures,
- c. total provisions and adjustments or deductions (uncapped) which includes specific credit risk adjustments, additional valuation adjustments, other own funds reductions, IRB shortfall, difference between the purchase price and the amount owned by the debtor, and partial amounts written-off,
- d. total provisions and adjustments or deductions (capped) which are capped to the level of total minimum coverage requirement for non-performing exposures, and
- e. applicable amount of insufficient coverage.

27. In the template, the columns indicate the time buckets defined as years passed since exposures have been classified as non-performing. Each time buckets corresponds to a specific coverage factor.

28. In the accompanying documents section 5.1.1 there is a box which presents the formula and the steps for the calculation of minimum coverage requirement and the applicable amount of insufficient coverage.

29. Template C 35.02 – minimum coverage requirements and exposure values of non-performing, not forborne exposures (NPE LC2): the template presents high-level calculation of total minimum coverage requirements for non-performing exposures, excluding forborne exposures that fall under Article 47c (6) of the CRR.

30. The template requires institutions to report under each time buckets minimum coverage requirement for unsecured and secured non-performing, not forborne exposures given the exposure value and the factors defined in Article 47c(2) of the CRR.

31. The template makes the distinction between the type of security and indicates the factors in accordance with Article 47c(2) of the CRR.

32. Template C 35.03 – minimum coverage requirements and exposure values of non-performing forborne exposures (NPE LC3): the template presents high-level calculation of total minimum coverage requirements for non-performing exposures forborne exposures under the scope of Article 47c(6) of the CRR.

33. The template requires institutions to report under each time buckets minimum coverage requirement for unsecured and secured non-performing, forborne exposures given the exposure

value and the factors defined in Article 47c(2) of the CRR and in accordance with the forbearance requirements specified in Article 47c(6) of the CRR.



Proposal on the amendments to FINREP

34. The definition of the definition of NPEs and Forbearance has been removed from FINREP instructions, given that it is now included in the CRR itself. Furthermore, the EBA is proposing to introduce a new template (F39) in FINREP for reporting NPEs by time buckets with a semi-annual frequency. In the new template, the gross carrying amount/nominal value of NPEs and the related loss allowances/provisions have been broken by the same time buckets as introduced in Article 47c of the CRR and used in the new NPE LC templates of COREP as well. The NPEs have been also broken-down by instrument and some additional details (e.g. the amount of exposures affected by the Backstop Regulation) are provided in separate rows. This amendment facilitates banks to determine the appropriate amounts of specific credit risk adjustments to be included in the backstop calculation. Furthermore, it enhances supervisors' ability to monitor the accuracy of a bank's specific credit risk adjustments calculation.

35. While the new templates in COREP have been introduced to calculate the NPE loss coverage and capital requirements within the framework of CRR Pillar 1 measures, the new FINREP template aims to monitor the stock of NPEs and the related loss coverage from an accounting perspective.

36. The EBA is of the view that the financial reporting of NPEs broken-down by time buckets complements, from an accounting point of view, the information included in the new Corep templates on NPE loss coverage. In particular, the new Finrep template allows supervisors to conduct reviews, as part of their SREP process, on the accounting impairment coverage levels that are the basis for determining the specific credit risk adjustments included in the backstop calculation.

37. In reviewing the specific credit risk adjustments, it should be noted that accounting impairment coverage differences may warrant specific supervisory attention, in order to assess any (additional) capital requirement under the SREP process. Firstly, Article 47c of the CRR does not require institutions to hold a minimum level of loss coverage for NPEs in the first two years following classification as non-performing. Secondly, current loss coverages varies across institutions from approximately 25% to 60% of the amount of exposures in each time bucket. It is therefore essential to oversee the institutions' NPE impairments within these time buckets and to assess any variations in impairments for similar portfolios and in similar time buckets.

38. Indeed, as the institutions are now required to calculate minimum level of loss coverage for NPEs under the CRR, it becomes more relevant to compare the time breakdown in FINREP in the same fashion, i.e. in the same calendar design, yet acknowledging key conceptual differences between them, e.g. differences in definitions such as exposure value vs. gross carrying amount. In all cases, the new data requirements should by no means be interpreted as an EBA expectation that the minimum level of loss coverage for NPEs under the CRR have to be reflected in the calculation of accounting credit losses.

3.5.3 Credit risk

CRR2 alignment

39. One of the key elements of the CRR2 is to make it easier for institutions to lend to Small and Medium-sized Enterprises (SMEs) and fund infrastructure projects to support investment. To that end the CRR2 introduces provisions to reduce the own funds requirements for exposures to infrastructure projects and to extend the scope of the exposures subject to the existing reduction in own funds requirements for SMEs. This has been reflected in supervisory reporting accordingly to capture RWEAs reduction related to exposures to infrastructure projects, both in SA and IRB templates.
40. The CRR2 amends the Collective Investment Units ('CIUs') framework to be in line with the revised capital requirements for institutions' equity investments in funds issued by Basel Committee of Banking Supervisors (BCBS) (published December 2013). In the CRR2 there are 5 new articles on the CIUs framework regarding items associated with high risk (which in CRR2 excludes CIUs). The revised provisions introduce new calculation methods of the capital requirements for this specific type of exposures in both the look-through approach and the mandate-based approach and introduced a new approach – the fall-back approach (RW of 1250%). Moreover, a combination of these approaches can be used, subject to fulfillment of conditions for the application of each of the approaches. The revised SA templates enable the analysis of this new framework and provide more detail on the different approaches used. In order to convey that, additional rows on the three possible approaches (Look-through, Mandate-based and Fall-back approaches) plus the deductions due to exposures to CIUs were added in C 07.00 and C 09.01.

Disclosures alignment

41. The commitment to align the disclosure requirements with supervisory reporting to the extent possible means that all information disclosed by institutions shall be conveyed by supervisory reporting as well. The new templates introduced ensure enhanced comparability between institutions both by supervisors and by the general public. These templates are:
- a. C08.03 that provides all relevant parameters used for the calculation of credit risk capital requirements for IRB models;
 - b. C08.04 that presents a flow statement explaining changes in credit risk RWAs determined under the IRB approach for credit risk;
 - c. C 08.05 and C 08.05b⁴ that provide information on the results of backtesting of PDs for the models reported;
 - d. C 08.06 that provides all relevant parameters used for the calculation of credit risk capital requirements under the slotting criteria for specialized lending;
 - e. C 08.07 that provides an overview of percentage of exposure value subject to SA or IRB approaches for each relevant exposure class.

42. This data on supervisory reporting will be subject to validation rules, DPM and taxonomy, as any other reporting template. Therefore, there will be a better understanding about what exactly is the data being disclosed as well. Moreover, these reporting templates will be subject to data quality checks by the supervisors, which, due to the integration with disclosures, will also improve the

⁴ The inclusion of C 08.05b will depend on the feedback received from the Consultation Paper on disclosures

disclosure data and therefore allow the general users of information to take more informed decisions.

43. In order to minimize the reporting cost for institutions, it is proposed that the new templates introduced are aligned with disclosures in terms of the scope of institutions which have to report them, and also in terms of frequency. Therefore, only institutions which are subject to these disclosure requirements have to report the new templates with the same frequency. In line with this, all the new proposed templates will have reduced frequencies, except for C 08.04 for G-SIIs and listed institutions, which shall be quarterly reported. No further information has to be collected or calculated by institutions when implementing these new reporting templates.

Further amendments

44. In February 2016 the EBA set out a **roadmap for the implementation of the regulatory review of the IRB approach**⁵, with three main areas outlined to repair and restore trust of IRB models:

- review of the regulatory framework
- ensuring supervisory consistency, including EBA benchmarking exercises
- increased transparency, based on standardised disclosure templates and improved reporting.

Following the publication of several EBA products due to the IRB roadmap, some changes/additional information are deemed as critical in supervisory reporting. Changes such as additional information on LGD scales, supervisory add-ons and internal rating systems will be implemented in the next reporting framework v3.1.

45. Following the completion of Basel III reforms, a new comprehensive revision of the CRR (CRR3) is expected, which will affect the whole credit risk framework substantially. Upon the publication of this regulatory package, new changes will be needed for supervisory reporting concerning as well.

3.5.4 Counterparty credit risk

46. The CRR2 has revised the counterparty credit risk framework following the Basel III reforms⁶, and therefore replaces the Standardised Method (SM), the Mark-to-Market Method (MtMM) with the Standardised Approach for Counterparty Credit Risk (SA-CCR). The SA-CCR is more risk sensitive but may prove to be too complex and costly to implement for smaller institutions. For this reason the CRR2 also includes a simplified version of the SA-CCR (the 'simplified SA-CCR') and an updated version of the Original Exposure Method (OEM), as alternative approaches for institutions that meet predefined eligibility criteria.

47. In addition, the information available in the current COREP templates C07.00 and C08.01 on credit and counterparty credit risks and free deliveries, has been deemed inadequate for supervisory and analysis purposes. This was already mentioned in the EBA response to the EU Commission call for advice on SA CCR and OF requirements for Market Risk (Nov 2016) that recommended i) one or more CCR COREP templates giving an overview of the CCR of institutions; and ii) COREP cells/templates providing details on the computation of the different proportionality thresholds

⁵ <https://eba.europa.eu/documents/10180/1360107/EBA+Report+on+the+regulatory+review+of+the+IRB+Approach.pdf>

⁶ Please refer to the BCBS SA-CCR standards, available under <https://www.bis.org/publ/bcbs279.htm>

included in the legislation. Therefore, due to the updates of the CRR2 and the lack of information in the ITS, additional information has been added.

48. In order to allow supervisors to monitor whether the institutions meet the predefined eligibility criteria to apply the more simplified standard methods/approaches, information for the calculation of the thresholds (C34.01) has now been included in the ITS.
49. The current information on counterparty credit risk data included in COREP, does not provide either an overview of the CCR of the institutions or specific information on the methodology used to compute the exposure value, i.e. on the CCR approach. To fill in these data gaps, information by risk categories in the case of the standardised approaches and by instrument in the case of IMM (C34.02 to C34.05) has been introduced providing relevant information for the calculation for the CCR exposure value and their link to the risk weighted exposure amounts. Templates with information with the composition of collateral (C34.08) and the breakdown of credit derivative exposures (C 34.09) and exposures to central counterparties (C34.10) have also been added. This new information provides the supervisors with a deeper insight on the risks potentially faced by the institutions depending on the composition of their derivative/SFTs portfolio and on the composition of the collateral received.
50. Moreover, information on the top 20 counterparties with higher counterparty credit risk exposure, has also been incorporated (C 34.06). It allows supervisors to have an overview towards which entities reside the most relevant counterparty credit risk exposures of the reporting institution. It provides information on the concentration of CCR and the countries where the counterparties are established. It allows to analyse if the counterparties are connected clients and thus likely to expose the institution to a single higher risk.
51. Finally, the instructions in the current COREP templates have been updated to align them to the CRR2.

Disclosures alignment

52. The commitment to fully align the disclosure requirements with supervisory reporting means that all information disclosed by institutions shall be conveyed by supervisory reporting as well. Some of the new templates introduced focus on ensuring enhanced comparability between institutions both by supervisors and by the general public. These templates are C34.07 that provides all relevant parameters used for the calculation of counterparty credit risk capital requirements for IRB models, and C34.11 that presents a flow statement explaining changes in counterparty credit risk RWA determined under the Internal Model Method for counterparty credit risk.
53. This data will be subject to validation rules, DPM and taxonomy, as any other reporting template. Therefore, there will be a better understanding about what exactly is the data being disclosed as well. Moreover, these reporting templates will be subject to data quality checks by the supervisors, which, due to the integration with disclosures, will also improve the disclosure data and therefore allow the general users of information to take more informed decisions.
54. In order to minimize the reporting cost for institutions, it is proposed that these two new templates introduced are aligned with disclosures in terms of the scope of institutions which have to report them, and also in terms of frequency. Therefore, only institutions which are subject to these disclosure requirements have to report these templates and with the same frequency.

3.5.5 Leverage ratio

55. The main development for the leverage ratio is the implementation by the CRR2 of 3% leverage ratio requirement for institutions in the EU applicable from June 2021. At the same time, there are several changes to the definition of the leverage ratio compared to the leverage ratio delegated act of October 2014. These changes mostly reflect the changes in the leverage ratio definition as laid out in the Basel III reforms. Further, there are a number of EU specificities, often leading to exemptions of certain exposures from the leverage ratio calculation. As a consequence, the leverage ratio calculation has been adjusted to an important extent, which results in detailed specifications that need to be reflected in reporting or provisions that may need a period of further monitoring. The main changes are described in paragraphs below.

56. Articles 429a (1)(d), (1)(e), and (2) of the CRR2 provide exemptions of certain categories of exposures related to public development credit institutions and promotional loans. As also illustrated in several diagrams provided in the accompanying documents section 5.1.2 to this CP, the definitions are new and there appear to be various types of structures in which exposures may be exempted. Particularly the definition of public development credit institution is rather wide and to avoid misinterpretation a specific reporting on the type of institution appears necessary. A similar width of scope can be observed regarding potential issuers of promotional loans and the ultimate beneficiaries of public sector investments / promotional loans. Monitoring by the EBA and supervisors is important to understand the grounds for exempting exposures. For this purpose, the following information has been introduced:

- Template C44.00: whether the credit institution is a public development credit institution or has a public development unit, and information on the guarantee provided to these credit institutions/units.
- Template C47.00 (LRCalc): as the exemption can either be for exposures on public sector investments or promotional loans of various varieties, the corresponding breakdown is being requested.
- Template C40.00: the ultimate counterparty of public sector investment and promotional loan exposures exempted in accordance with Article 429a(1)(d) of the CRR. The template is based on the understanding that this exemption is applicable only to promotional loans that constitute claims on government/public sector. While subject to further review, it is not clear whether a wider interpretation would be possible under which this exemption would apply to promotional loans regardless of the counterparty.

57. The update of the standardised approaches for the counterparty credit risk framework by the CRR2 has been also reflected in the leverage exposure value, specifically by replacing in template C47.00 the mark-to-market (MtM) method for derivatives by the standardised approach for counterparty credit risk (SA-CCR) and simplified SA-CCR.

58. The treatment of regular-way purchases or sales awaiting settlement is now specifically clarified in the CRR2. As the transactions have a different balance sheet value at institutions implementing trade date accounting (i.e. temporary recognition of both cash and the asset) than at institutions implementing settlement date accounting (i.e. no recognition of the transaction until the settlement date), separate rows have been added to the reporting template C47.00. For trade date

accounting this means a reverse out of accounting offsetting and for settlement date accounting a full recognition of the off-balance sheet item, after which the prudential offset between cash receivables and cash payables may be applied.

59. The treatment of cash pooling arrangements is new in the CRR2, where under certain circumstances positive and negative balances of clients within a cash pool can be presented as net. For the physical variant of cash pooling a net representation would require that credit and debit balances are settled into a single account on a daily basis as in accordance with Article 429b (2) of the CRR. For notional cash pooling the conditions (listed in Article 429b (3) of the CRR) focus on aspects such as legal enforceability. The exposures to cash pooling arrangement, and effects of net representation, have been included in template C 47.00.

60. The CRR2 also imposes, in Article 92(1a), a G-SII add-on for the leverage ratio, which is defined as half of the % add-on in the RWA based ratio. The templates have been updated to include this information as of January 2022, i.e. since the moment the G-SII add-on is applicable.

61. Further amendments to the template C 47.00 (LRCalc) following changes in the CRR2:

- a. **Exempted exposures to the central bank** and the associated adjusted leverage ratio requirement which reflects that the 3% minimum would automatically increase in proportion to the use of the exposure exemption.
- b. **Various further exemptions/exclusions** new in the CRR2, amongst which: netted pre-financing or intermediate loans, IPS exposures, guaranteed parts of exposures arising from export credits, excess collateral deposited at triparty agents, securitised exposures representing significant risk transfer, CSD related services of CSDs or designated institutions.
- c. The inclusion of **general provisions** (or “general credit risk adjustments” in the CRR2) as an item that can be deducted from on-balance sheet items or off-balance sheet items.

62. An additional change reflected in the template C 47.00 (LRCalc), is the inclusion of Pillar 2 requirements (P2R) and guidance (P2G) in accordance with Article 104a and Article 104b of the CRD5 which address risks of excessive leverage. To reflect that the capital add-on requirements/guidance may be of a different quality than Tier 1, the new rows include a breakdown by CET1, Tier 1, and Total Capital.

63. Finally, Article 430 (2) of the CRR mandates the EBA to create reporting requirements for large institutions on specific leverage ratio components based on averages over the reporting period, in order to enable supervisors to monitor leverage ratio volatility. For this purpose it should take into account ‘a) how susceptible a component is to significant temporary reductions in transaction volumes that could result in an underrepresentation of the risk of excessive leverage at the reporting reference date and equally “(b) developments and findings at international level”.

64. In the context of point b) above, the BCBS in June 2019 has published a statement indicating that for SFT exposures a calculation, and subsequent disclosure, of daily averages would be necessary⁷.

⁷ <https://www.bis.org/press/p190626.htm>



Therefore, the leverage ratio templates have been updated (new templates C48.01 and c 48.02) to request large institutions to report based on averages over the reporting period only for those components requested by the BCBS for disclosure, i.e. for SFTs. The daily values used by the institutions to calculate those averages are also to be reported.

65. In addition, in cooperation with the BCBS, the EBA will assess whether also other components of the leverage ratio may be susceptible to significant intra-quarter volatility. Assessing the significance of each component and how crucial it is (consideration a) above), requires a solid analysis and assessment. Hence in the future, also other components will be considered for inclusion in an averaging requirement if warranted.

66. Further, the EBA considers to clarify regarding template C43.00 – which is an already implemented template providing the breakdown of risk weighted exposure amounts (RWEA) and leverage ratio exposure according to exposure type – whether the breakdown of the RWEA could take into account potential substitution effects due to credit risk mitigation (CRM). In any case, with or without substitution effect, the RWEA reported in C 43.00 is after the RWEA reducing effect of CRM. One solution, which would be at the expense of comparability, is to perform the exposure type categorisation of RWEA after substitution (i.e. by guarantor instead of by original obligor), with no substitution occurring regarding the leverage ratio exposure. Another solution, which preserves compatibility between the classification of leverage ratio exposure and RWEA, would be to clarify that RWEA should be classified before any substitution effects due to CRM in accordance with its original obligor, just as the leverage ratio exposure, even though the RWEA has decreased as a result of CRM. Yet another option, is to require the reporting of both values, the RWEA as well as the leverage ratio exposure, after substitution effects.

3.5.6 Large Exposures

67. The CRR2 introduces some changes to the large exposure framework. The calculation of large exposure limits are based on a higher quality of capital ('eligible capital' has been replaced by 'Tier 1 capital'). The reporting requirement of exposures of a value greater or equal to EUR 300m but less than 10% of the institution's Tier 1 capital on a consolidated basis has been included in the large exposures reporting. The inclusion of the new large exposures limit between G-SIIs (15% of an institution's Tier 1 capital rather than the generic 25%) has been included in template C 26.00 by adding a new row where institutions shall report the amount of the applicable limit for counterparties which are institutions or a group which comes to be identified as a G-SII or as a non-EU G-SII. According to CRR2, substitution approach is now mandatory and the instructions of large exposures have been amended to reflect this change.

68. The requirement to report maturity buckets of an institution's 10 largest exposures on a consolidated basis to an institution and to unregulated financial sector entities has been removed. With the purpose to decrease reporting burden to institutions the templates C 30.00 and C 31.00 have been removed.

69. The templates on identification of the counterparty (C 27.00), exposures in the non-trading and trading book (C 28.00) and detail of the exposure to individual clients within groups of connected clients (C 29.00) have been revised to reflect the guidance provided in some reporting Q&As.

70. The CRR2 also mandates EBA to further develop several RTS and Guidelines with regard to large exposures as well as the ITS on supervisory reporting. The development of the RTS may imply some further changes in supervisory reporting.

3.5.7 NSFR

71. Under the CRR2, institutions will need to comply with a 100% Net stable funding ratio (NSFR) requirement starting from June 2021. This requirement is new and, therefore, the current reporting requirements do not convey the necessary information to allow this calculation. The proposal in this consultation is to replace the previous supervisory reporting on stable funding, which existed mainly for calibration purposes, by completely new templates that will allow the compliance monitoring of this new requirement.

72. The new proposed annexes XXVI and XXVII replace for credit institutions Part V of annexes XII and XIII on Stable Funding: Items requiring stable funding and items providing stable funding. These two templates (C 60.00 and C 61.00) mainly existed for the purposes of calibrating stable funding requirements.

73. Two different sets of templates and instructions have been included: one for the standard NSFR and one for the simplified NSFR, in line with the CRR2. Two templates have been included in each case; one on available stable funding (ASF) items and another one on required stable funding (RSF) items. In addition to it, a common summary template has been included for the standard and the simplified versions.

74. The RSF and ASF templates capture the necessary elements for calculation and supervisory assessment of the required and available stable funding. The summary template (C 84.00) intends to capture aggregated items on the main ASF and RSF elements and the value of the NSFR itself, which is not captured elsewhere. The main ASF and RSF aggregate items provide an overview of the main components that contribute to the NSFR and, since the items in the summary template are roughly the same reported in the ASF and RSF templates, this template aims at ensuring reporting efficiency. This summary template is the same for the standard and simplified versions of the NSFR in order to allow a comparative analysis across all institutions.

Fully-fledged templates

75. In line with the CRR2, in general all institutions shall report the fully-fledged NSFR templates (C 80.00 and C 81.00). The information that is requested in template C 80.00 refers to the RSF (denominator of the NSFR) and C 81.00 refers to the ASF (numerator of NSFR). Therefore, supervisors can analyse the main components of the numerator and denominator of the NSFR and investigate what are the main contributors to the ratio. Both of these templates include the items that may be subject to different factors and those items are also aggregated in the main components so that the templates can be more easily interpreted.

76. The columns are split into three main blocks for both templates:

- a. Amount: this should be, in general, the accounting value except for derivatives contracts;

- b. Standard factor: this is the factor that should be applied in line with the CRR2 provisions. They are provided for information only and are not meant to be filled in by institutions.
- c. Applicable factor: may reflect, but are not limited to, firm-specific and national discretions.

77. Each of these blocks is split into three maturity buckets of the underlying instrument: residual maturity of less than six months or without stated maturity; residual maturity of at least six months but less than one year; and residual maturity of one year or more. On top of that, the RSF templates present an additional “HQLA” column since the factors applied to HQLA items do not depend on the residual maturity of the instrument but, if being encumbered, on the maturity of the encumbrance.

78. The items presented in rows capture the necessary elements for calculation and supervisory assessment of the required and available stable funding, in line with the CRR2. They are split into the main aggregates/components that affect the calculation of the ASF or RSF.

Simplified templates

79. In line with the CRR2, institutions that are considered small and non-complex may seek authorization from the competent authority to apply the simplified NSFR and accordingly report simplified templates (C 82.00 and C 83.00) instead of the fully-fledged ones mentioned in the section above. These templates reflect an adequate balance for the simplified requirements since they reflect the main components that contribute to the simplified NSFR and that might be subject to different factors.

80. The main differences of the simplified templates when compared to the fully-fledged ones are as follows:

- a. The maturity buckets are two instead of three (residual maturity of less than one year or without stated maturity and residual maturity of one year or more). This applies for the amount, the standard factor and the applicable factor blocks;
- b. The breakdown of the rows’ main aggregates is less detailed;
- c. The standard factors are more different since they are in line with the CRR2 provisions for the simplified NSFR requirements.

3.5.8 Other amendments

Finrep

81. The amendments to FINREP other than the ones related to the NPL backstop are driven by: i) accounting issues (e.g. the presentation of purchased and originated financial assets (POCIs) outside the IFRS 9 impairment stages); ii) issues raised by Q&As (e.g. the inclusion of cash balances and other demand deposits in the loss allowance movements) and iii) the need of integration with Pillar 3 framework. In particular, in templates F 04.03.1; F 04.04.1; F 07.01; F 12.01; F 18.00, the presentation of POCIs has been changed by including ad-hoc columns outside the impairment

Stages. This presentation is more in line with the specific measurement criteria of POCs set out by IFRS 9.

Asset Encumbrance

82. The minor amendments to the Asset Encumbrance module has been introduced to ensure full alignment with Pillar 3 framework.

Losses from immovable property

83. The Losses from Immovable Property (IP Losses) reporting has been amended with regard to the reporting frequency (from semi-annual to annual) as mandated by Article 430a of the CRR2. A further review of the underlying methodology for reporting IP Losses will be undertaken during 2020.

Harmonising the use of LEI codes in supervisory reporting

84. Throughout the EBA supervisory reporting, there were different entity identifier solutions. Some amendments have been done with the purpose to harmonise the use of LEI codes in supervisory reporting and harmonise practices that enable to identify unequivocally the same entity across different reporting request.

85. Promoting the use of LEI codes will improve the quality of the data reported reducing redundancy enabling data processing, aggregation and calculation, assuring the comparability between data from different sources and times and thereby improve the data quality.

3.6 Changes to the reporting framework and implementation timelines

86. The EBA is issuing new reporting requirements in framework releases, in an annual framework release or by releases by module to accommodate different development and application timelines, which often are defined by the underlying regulations.

87. The next major framework release will be version v3.0, where changes and new reporting requirements resulting from the CRR2, CRD V and the BRRD2 will be incorporated.

88. The planned deliverables for implementing the changes driven by the banking package are:

- New ITS on supervisory reporting that will replace the Commission Implementing Regulation (EU) No 680/2014 for consistency and legal certainty reasons, proposed in this consultation paper (v3.0);
- New ITS on reporting on the new market risk requirements (v2.10) and
- New ITS on MREL/TLAC reporting and disclosures (v3.0).



Timeline for reporting frameworks to meet CRR2 and BRRD2 reporting mandates in version 3.0 framework release.



4. Draft implementing technical standards

In between the text of the draft RTS/ITS/Guidelines/advice that follows, further explanations on specific aspects of the proposed text are occasionally provided, which either offer examples or provide the rationale behind a provision, or set out specific questions for the consultation process. Where this is the case, this explanatory text appears in a framed text box.

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

of XXX

laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council, and repealing Commission Implementing Regulation (EU) No 680/2014

(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 investment firms and amending Regulation (EU) No 648/2012⁸ and in particular the first subparagraph of Article 430(7), second subparagraph of Article 430(9), and first subparagraph of Article 430b(6) thereof,

Whereas:

- (1) Without prejudice to the competent authorities' powers under point (j) of Article 104(1) of Directive 2013/36/EU⁹ and with a view to increasing efficiency and reducing the administrative burden, a coherent reporting framework should be established on the basis of a harmonised set of standards. Commission Implementing Regulation (EU) No 680/2014¹⁰ specifies, on the basis of Article 430 of Regulation (EU) No 575/2013, the modalities according to which institutions are required to report information relevant to their compliance with Regulation (EU) No 575/2013. This Regulation has been amended several times¹¹, as new prudential elements have been introduced or further developed or amended in Regulation (EU) No 575/2013.
- (2) Regulation (EU) 2019/876 of the European Parliament and of the Council¹² ("CRR2") amends significantly Regulation (EU) 575/2013 in a number of aspects, such as the leverage ratio, the net stable funding requirement, requirements for own funds and eligible liabilities, the counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures as well as reporting and disclosure requirements. These developments call for a revision of the reporting framework as set out in the Commission Implementing Regulation (EU) No

⁸ OJ L 176, 27.6.2013, p. 1.

⁹ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338)

¹⁰ Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 (OJ L 191, 28.6.2014, p. 1).

¹¹ For more detailed analysis of the revisions, see EBA website <https://eba.europa.eu/risk-analysis-and-data/reporting-frameworks>

¹² 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, OJ L 150, 7.6.2019, p. 1–225.

680/2014. It is, therefore, necessary to update the set of templates for the collection of information for supervisory reporting purposes accordingly to reflect those rules.

- (3) Regulation (EU) No 2019/876, amending Regulation (EU) No 575/2013, has introduced a Tier 1 capital leverage ratio requirement calibrated at 3 %. At the same time and in order to avoid that the 3% requirement constrains certain business models, lines of business and certain activities and services disproportionately, the Regulation (EU) No 2019/876 provides for a range of adjustments to the calculation of the leverage ratio exposure. The Regulation also implements a leverage ratio buffer requirement for institutions identified as global systemically important institutions (G-SIIs) in accordance with Directive 2013/36/EU also reflecting the International standards of the Basel Committee on Banking Supervision. This leverage ratio buffer requirement for G-SIIs will apply from 1 January 2022. Therefore, the leverage ratio reporting has been updated to reflect the new requirements and adjustments in the exposure calculation up to the level of detail necessary for supervisory review.
- (4) Regulation (EU) No 2019/876, amending Regulation (EU) No 575/2013, has introduced new net stable funding ratio (NSFR) reporting requirements, including simplified requirements. In order to reflect this, there is a need for a new set of templates and instructions (Annex XXVI and XXVII) to be added to the reporting framework.
- (5) Regulation (EU) No 2019/876, amending Regulation (EU) No 575/2013, has updated the credit risk framework, on one hand by introducing a new supporting factor to infrastructure projects' exposures and, on the other hand by reviewing the approaches to calculate risk weighted exposure amounts for Collective investments undertakings (CIU). To reflect these changes and to provide additional information on credit risk in line with the disclosures framework, the current instructions have been updated and new templates and instructions have been added.
- (6) Regulation (EU) No 2019/876, amending Regulation (EU) No 575/2013, has updated the counterparty credit risk framework by replacing the standardised approaches by a more risk sensitive one called Standardised Approach for Counterparty Credit Risk (SA-CCR) A simplified version (Simplified SA-CCR) has also been introduced to be applied by institutions that meet a predefined eligibility criteria. The Original Exposure Method remains also for institutions meeting predefined criteria, although it has been revised to address some shortcomings. To reflect these changes and to provide additional information on counterparty credit risk, the current instructions have been updated and new templates and instructions have been added.
- (7) Regulation (EU) No 2019/876, amending Regulation (EU) No 575/2013, introduced changes in the reporting requirements of large exposures by replacing the references to 'eligible capital', in the calculation of Large exposures, with 'Tier 1 capital'. Furthermore, another threshold for reporting of large exposures on a consolidated basis has been introduced. The requirement to report the expected run-off of the exposures expressed as the amount maturing within monthly maturity buckets up to one year, quarterly maturity buckets up to three years and annually thereafter has been repealed. Therefore, the large exposure reporting has been updated to take into consideration this changes.
- (8) Regulation (EU) No 2019/630, amending Regulation (EU) No 575/2013, introduced a prudential backstop for non-performing exposures (NPEs) imposing a deduction from the institutions' own funds where NPEs are not sufficiently covered by provisions or other adjustments, following a pre-defined calendar to build up a full coverage over time. This requirement applies to exposures originated on and after 26 April 2019 as well as to exposures originated before 26 April 2019, when the latter are modified after

that date in a way that increases their exposure value. The measure of this prudential backstop is based on the definitions of NPEs and Forbearance already laid down in the Commission Implementing Regulation (EU) No 680/2014. As a consequence, it is necessary to review the reporting definitions of NPEs and Forbearance in order to define those terms by reference to the amended Regulation (EU) No 575/2013 to ensure that a single definition of NPEs and Forbearance for both reporting and prudential backstop purposes exists. New templates are also necessary for the collection of information for monitoring the development of NPEs over time as well as for the backstop calculation.

- (9) To ensure legal certainty and consistency and in line with the principle of better regulation while having regard to the extensive amendments necessary to reflect the new changes in the prudential framework, it is necessary to fully repeal the Commission Implementing Regulation (EU) 680/2014 and replace it with this Regulation.
- (10) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority (EBA) to the Commission.
- (11) 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 1093/2010¹³ in relation to those.

HAS ADOPTED THIS REGULATION:

CHAPTER 1

SUBJECT MATTER AND SCOPE

Article 1

SUBJECT MATTER AND SCOPE

This Regulation lays down uniform reporting formats and templates, instructions and methodology on how to use those templates, the frequency and dates of reporting, the definitions and the IT solutions for the reporting of institutions to their competent authorities pursuant to paragraphs 1 to 4 of Article 430 of Regulation (EU) No 575/2013, paragraph 7 and 9 of Article 430 of Regulation (EU) No 575/2013.

CHAPTER 2

REPORTING REFERENCE AND REMITTANCE DATES AND REPORTING THRESHOLDS

¹³ 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).

Article 2

REPORTING REFERENCE DATES

1. Institutions shall submit information to competent authorities as this information stands on the following reporting reference dates:
 - (a) Monthly reporting: on the last day of each month;
 - (b) Quarterly reporting: 31 March, 30 June, 30 September and 31 December;
 - (c) Semi-annual reporting: 30 June and 31 December;
 - (d) Annual reporting: 31 December.
2. Information submitted pursuant to the templates set out in Annex III and Annex IV according to the instructions in Annex V referring to a certain period shall be reported cumulatively from the first day of the accounting year to the reference date.
3. Where institutions are permitted by national laws to report their financial information based on their accounting year-end which deviates from the calendar year, reporting reference dates may be adjusted accordingly, so that reporting of financial information is done every three, six or twelve months from their accounting year-end, respectively.

Article 3

REPORTING REMITTANCE DATES

1. Institutions shall submit information to competent authorities by close of business of the following remittance dates:
 - (a) Monthly reporting: 15th calendar day after the reporting reference date;
 - (b) Quarterly reporting: 12 May, 11 August, 11 November and 11 February;
 - (c) Semi-annual reporting: 11 August and 11 February;
 - (d) Annual reporting: 11 February.
2. If the remittance day is a public holiday in the Member State of the competent authority to which the report is to be provided, or a Saturday or a Sunday, data shall be submitted on the following working day.
3. Where institutions report their financial information using adjusted reporting reference dates based on their accounting year-end as set out in paragraph 3 of Article 2, the remittance dates may also be adjusted accordingly so that the same remittance period from the adjusted reporting reference date is maintained.
4. Institutions may submit unaudited figures. Where audited figures deviate from submitted unaudited figures, the revised, audited figures shall be submitted without undue delay. Unaudited figures are figures that have not received an external auditor's opinion whereas audited figures are figures audited by an external auditor expressing an audit opinion.
5. Other corrections to the submitted reports shall also be submitted to the competent authorities without undue delay.

Article 4

REPORTING THRESHOLDS — ENTRY AND EXIT CRITERIA

1. Institutions, which meet or cease to meet the conditions set out in Article 4(1) points (145) or (146) of Regulation (EU) No 575/2013, shall commence or, respectively, cease reporting information as small and non-complex or as large institutions, already on the first reporting reference date after these conditions have been met or have ceased to be met.
2. Institutions shall commence reporting information subject to thresholds set out in this Regulation on the on the next reporting reference date after these thresholds have been exceeded on two consecutive reporting reference dates. Institutions may stop reporting information subject to thresholds set out in this Regulation on the next reporting reference date provided they have fallen below the relevant thresholds on three consecutive reporting reference dates.

CHAPTER 3

FORMAT AND FREQUENCY OF REPORTING ON OWN FUNDS, OWN FUNDS REQUIREMENTS

Article 5

INDIVIDUAL BASIS - QUARTERLY REPORTING

1. In order to report information on own funds and on own funds requirements according to point (a) of Article 430(1) of Regulation (EU) No 575/2013 on an individual basis, institutions shall submit information as set out in the following paragraphs with a quarterly frequency. Institutions shall submit information according to paragraphs 2 to 14 of this Article.

Large institutions which are either G-SIIs or their shares have been admitted to trading in a regulated market shall also submit information according to paragraphs 15 and 16.

2. Information relating to own funds and own funds requirements shall be submitted as specified in templates 1 to 5 of Annex I, according to the instructions in Part II point 1 of Annex II.
3. Information on credit risk and counterparty credit risk exposures treated under the Standardised Approach shall be submitted as specified in template 7 of Annex I, according to the instructions in point 3.2 of Part II of Annex II.
4. Information on credit risk and counterparty credit risk exposures treated under the Internal Rating Based Approach shall be submitted as specified in template 8.1 and 8.2 of Annex I, according to the instructions in point 3.3 of Part II of Annex II.
5. Information on the geographical distribution of exposures by country, as well as aggregated at a total level, shall be submitted as specified in template 9 of Annex I, according

to the instructions in point 3.4 of Part II of Annex II. In particular, information specified in templates 9.1 and 9.2 and in particular information on the geographical distribution of exposures by country, shall be submitted, where non-domestic original exposures in all ‘non-domestic’ countries in all exposures classes, as reported in row 850 of template 4 of Annex I, are equal or higher than 10 % of total domestic and non-domestic original exposures as reported in row 860 of template 4 of Annex I. Exposures shall be deemed to be domestic where they are exposures to counterparties located in the Member State where the institution is established. The entry and exit criteria of Article 4 shall apply.

6. Information on counterparty credit risk shall be submitted as specified in templates 34.01 to 34.06 and 34.08 to 34.10 of Annex I, according to the instructions in point 3.9 of Part II of Annex II.

7. Information on equity exposures treated under the Internal Ratings Based Approach shall be submitted as specified in template 10 of Annex I, according to the instructions in point 3.5 of Part II of Annex II;

8. Information on settlement risk shall be submitted as specified in template 11 of Annex I, according to the instructions in point 3.6 of Part II of Annex II.

9. Information on securitisation exposures shall be submitted as specified in template 13.01 of Annex I, according to the instructions in point 3.7 of Part II of Annex II.

10. Information on own funds requirements and losses relating to operational risk shall be submitted as specified in template 16 of Annex I, according to the instructions in point 4.1 of Part II of Annex II;

11. Information on own funds requirements relating to market risk shall be submitted as specified in templates 18 to 24 of Annex I, according to the instructions in point 5.1 to 5.7 of Part II of Annex II.

12. Information on own funds requirements relating to credit valuation adjustment risk shall be submitted as specified in template 25 of Annex I, according to the instructions in point 5.8 of Part II of Annex II;

13. Information on prudent valuation shall be submitted as specified in template 32 of Annex I in accordance with the instructions in point 6 of Part II, of Annex II as follows:

(a) all institutions shall submit the information specified in template 32.1 of Annex I in accordance with the instructions in point 6 of Part II, of Annex II;

(b) institutions that apply the core approach pursuant to Commission Delegated Regulation (EU) 2016/101¹⁴ shall also report the information specified in template 32.2 of Annex I in accordance with the instructions in point 6 of Part II, of Annex II;

(c) institutions that apply the core approach pursuant to Commission Delegated Regulation (EU) 2016/101 and which exceed the threshold referred to in Article 4(1) of that Regulation, shall also report the information specified in templates 32.3 and 32.4 of Annex I in accordance with the instructions in point 6 of Part II, of Annex II.

The entry and exit criteria of Article 4 shall not apply.

14. Information on prudential backstop for non-performing exposures shall be submitted as specified in templates 35.01 to 35.03 of Annex I, according to the instructions in point 8 of Part II of Annex II.

15. Information on template 8.4 of Annex I on credit risk treated under the Internal Rating Based Approach shall be submitted solely by large institutions which are either G-SIIs or

¹⁴ Commission Delegated Regulation (EU) 2016/101 of 26 October 2015 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for prudent valuation under Article 105(14), OJ L 21, 28.1.2016, p. 54–65

their shares have been admitted to trading in a regulated market in, according to the instructions in point 3.3 of Part II of Annex II.

16. Information in template 34.11 of Annex I on counterparty credit risk shall be submitted solely by large institutions which are either G-SIIs or their shares have been admitted to trading in a regulated market, according to the instructions in point 3.9.12 of Part II of Annex II.

Article 6

INDIVIDUAL BASIS - SEMI-ANNUAL REPORTING

1. In order to report information on own funds and on own funds requirements according to point (a) of Article 430(1) of Regulation (EU) No 575/2013 on an individual basis, institutions shall submit information as set out in the following paragraphs with a semi-annual frequency. Institutions shall submit information according to paragraph 2, paragraph 3 and point (a) of paragraph 4.

Large institutions shall also submit information according to point (b) to (f) of paragraph 4 and paragraph 5.

Large institutions which are either G-SIIs or their shares have been admitted to trading in a regulated market shall also submit information according to paragraph 6.

2. Information on all securitisation exposures shall be reported as specified in templates 14 and 14.01 of Annex I, according to the instructions in point 3.8 of Part II of Annex II;

3. Information on sovereign exposures shall be submitted in the following manner:

- (a) Institutions shall submit the information specified in template 33 according to the instructions in Part II point 7 of Annex II where the aggregate carrying amount of financial assets from the counterparty sector General governments is equal or higher than 1 % of the sum of total carrying amount for Debt securities and Loans and advances. To calculate the relevant values, institutions shall follow the instructions for Annex III or Annex IV, as applicable for template 4;
- (b) Institutions that meet the criterion referred to in point (a) and where the value reported for domestic exposures of non-derivative financial assets as defined in row 10, column 10 of template 33 is less than 90 % of the value reported for domestic and non-domestic exposures for the same data point, shall submit the information specified in templates 33 according to the instructions in Part II point 7 of Annex II but with a full country breakdown;
- (c) Institutions that meet the criterion referred to in point (a) but do not meet the criterion referred in point (b), shall submit the information specified in template 33 according to the instructions in point 7 of Part II of Annex II but with exposures aggregated at (i) a total level and (ii) a domestic level.

The entry and exit criteria of Article 4(2) shall apply.

4. Information on material losses regarding operational risk shall be reported in the following manner:

- a) institutions which calculate own funds requirements relating to operational risk according to Chapter 4 of Title III of Part Three of Regulation (EU) No 575/2013, shall report this information as specified in template 17.01 and 17.02 of Annex I, according to the instructions in point 4.2 of Part II of Annex II;

- b) large institutions which calculate the own funds requirements relating to operational risk according to Chapter 3 of Title III of Part Three of Regulation (EU) No 575/2013, shall report this information as specified in templates 17.01 and 17.02 of Annex I, according to the instructions in point 4.2 of Part II of Annex II;
 - c) Institutions other than large institutions, which calculate the own funds requirements relating to operational risk according to Chapter 3 of Title III of Part Three of Regulation (EU) No 575/2013, shall report the information described in points (i) and (ii) in accordance with the instructions in point 4.2 of Part II of Annex II:
 - i. The information as specified for column 080 of template 17.01 of Annex I for the following rows:
 - 1. number of events (new events) (row 910);
 - 2. gross loss amount (new events) (row 920);
 - 3. number of events subject to loss adjustments (row 930)
 - 4. loss adjustments relating to previous reporting periods (row 940)
 - 5. maximum single loss (row 950);
 - 6. sum of the five largest losses (row 960);
 - 7. total direct loss recovery (except insurance and other risk transfer mechanisms) (row 970)
 - 8. total recoveries from insurance and other risk transfer mechanisms (row 980)
 - ii. The information as specified in template 17.02 of Annex I.
 - d) The institutions referred to in point (c) may report the complete set of information as specified in templates 17.01 and 17.02 of Annex I, according to the instructions in point 4.2 of Part II of Annex II.
 - e) Large institutions which calculate the own funds requirements relating to operational risk according to Chapter 2 of Title III of Part Three of Regulation (EU) No 575/2013 shall report this information as specified in templates 17.01 and 17.02 of Annex I, according to the instructions in point 4.2 of Part II of Annex II.
 - f) Institutions other than large institutions which calculate the own funds requirements relating to operational risk according to Chapter 2 of Title III of Part Three of Regulation (EU) No 575/2013 may report the information referred to in templates 17.01 and 17.02 of Annex I, according to the instructions in point 4.2 of Part II of Annex II.
 - g) The entry and exit criteria of Article 4(2) shall apply.
5. Information on template 8.3 of Annex I on credit risk treated under the Internal Rating Based Approach shall be submitted by large institutions only, according to the instructions in point 3.3 of Part II of Annex II.
6. Information on template 34.07 on counterparty credit risk shall be submitted solely by large institutions which are either G-SIIs or their shares have been admitted to trading in a regulated market, according to the instructions in point 3.9.8 of Part II of Annex II.

Article 7

INDIVIDUAL BASIS - ANNUAL REPORTING

1. In order to report information on own funds and on own funds requirements according to point (a) of Article 430(1) of Regulation (EU) No 575/2013 on an individual basis, institutions shall submit information as set out in the following paragraphs with annual frequency. Large institutions shall submit information according to paragraph 2.

Large institutions which are neither G-SIIs nor have their shares been admitted to trading in a regulated market shall also submit information according to paragraphs 3 to 5.

2. Information on template 8.5, 8.5b, 8.6 and 8.7 of Annex I on credit risk and counterparty credit risk exposures treated under the Internal Rating Based Approach shall be submitted solely by large institutions, according to the instructions in point 3.3 of Part II of Annex II.

3. Information on template 8.4 of Annex I on credit risk treated under the Internal Rating Based Approach shall be submitted solely by large institutions which are neither G-SIIs nor have their shares been admitted to trading in a regulated market, according to the instructions in point 3.3 of Part II of Annex II.

4. Information on template 34.11 of Annex I on counterparty credit risk shall be submitted solely by large institutions which are neither G-SIIs nor have their shares been admitted to trading in a regulated market, according to the instructions in point 3.9.12 of Part II of Annex II.

5. Information on template 34.07 of Annex I on counterparty credit risk, which shall be reported only by large institutions which are neither G-SIIs nor have their shares been admitted to trading in a regulated market, according to the instructions in point 3.9.8 of Part II of Annex II.

Article 8

REPORTING ON A CONSOLIDATED BASIS

In order to report information on own funds and own funds requirements according to point (a) of Article 430(1) of Regulation (EU) No 575/2013 on a consolidated basis, institutions shall submit:

- (a) the information specified in Articles 5, 6 and 7 on a consolidated basis with the frequency specified therein;
- (b) the information specified in template 6 of Annex I according to the instructions provided in point 2 of Part II of Annex II regarding entities included in the scope of consolidation, with a semi-annual frequency.

Article 9

REPORTING FOR INVESTMENT FIRMS SUBJECT TO ARTICLES 95 AND 96 REGULATION (EU) NO 575/2013 ON AN INDIVIDUAL BASIS

1. Investment firms that make use of the transitional provisions of Article 57 point (3) of Regulation (EU) 2019/xxxx [Investment firms Regulation] shall submit information as set out in the following paragraphs.

2. In order to report information on own funds and on own funds requirements according to point (a) of Article 430(1) of Regulation (EU) No 575/2013 on an individual basis, with the exception of information on the leverage ratio, investment firms making use of Article 57 (3) of IFR with reference to Article 95 of Regulation (EU) No 575/2013 shall submit the information specified in templates 1 to 5 of Annex I, according to the instructions in point 1 of Part II of Annex II with a quarterly frequency.

3. In order to report information on own funds and own funds requirements according to point (a) of Article 430(1) of Regulation (EU) No 575/2013 on an individual basis, investment firms making use of Article 57 (3) of IFR with reference to Article 96 of Regulation (EU) No 575/2013 shall submit the information specified in points (1) to (5), point (7) to (12) and point (15) of Article 5 of this Regulation and point (2) of Article 6 of this Regulation with the frequency specified therein.

Article 10

REPORTING FOR GROUPS WHICH ONLY CONSIST OF INVESTMENT FIRMS SUBJECT TO ARTICLE 95 AND 96 REGULATION (EU) NO 575/2013 ON A CONSOLIDATED BASIS

1. Investment firms that make use of the transitional provisions of Article 57 point (3) of Regulation (EU) 2019/xxxx [Investment firms Regulation] shall submit information as set out in the following paragraphs.

2. In order to report information on own funds and on own funds requirements according to point (a) of Article 430(1) of Regulation (EU) No 575/2013 on a consolidated basis, with the exception of information on the leverage ratio, investment firms of groups which consist only of investment firms making use of Article 57 (3) of IFR with reference to Article 95 of Regulation (EU) No 575/2013 shall submit the following information on a consolidated basis:

- (a) the information on own funds and own funds requirements as specified in templates 1 to 5 of Annex I according to the instructions in point 1 of Part II of Annex II, with a quarterly frequency;
- (b) the information on own funds and own funds requirements regarding entities included in the scope of consolidation as specified in template 6 of Annex I, according to the instructions in point 2 of Part II of Annex II, with a semi-annual frequency.

3. In order to report information on own funds and on own funds requirements according to point (a) of Article 430(1) of Regulation (EU) No 575/2013 on a consolidated basis, investment firms of groups which consist of investment firms subject to both Article 95 and Article 96 as well as groups which consist only of investment firms making use of Article 57 (3) of IFR with reference to Article 96 of Regulation (EU) No 575/2013 shall submit the following information on a consolidated basis:

- (a) the information specified in points (1) to (5), point (7) to (12) and point (15) of Article 5 of this Regulation and point (2) of Article 6 of this Regulation with the frequency specified therein.;
- (b) the information regarding entities included in the scope of consolidation as specified in

template 6 of Annex I, according to the instructions of point 2 of Part II of Annex II, with a semi-annual frequency.

CHAPTER 4

FORMAT AND FREQUENCY OF REPORTING ON FINANCIAL INFORMATION

Article 11

REPORTING ON A CONSOLIDATED BASIS FOR INSTITUTIONS APPLYING REGULATION (EC) NO 1606/2002

1. In order to report financial information on a consolidated basis according to Article 430(3) or (4) of Regulation (EU) No 575/2013, institutions shall submit the information specified in Annex III on a consolidated basis, according to the instructions in Annex V.
2. The information referred to in paragraph 1 shall be submitted according to the following specifications:
 - (a) the information specified in Part 1 of Annex III with a quarterly frequency;
 - (b) the information specified in Part 3 of Annex III with a semi-annual frequency;
 - (c) the information specified in Part 4 of Annex III, with the exception of the information specified in template 47, with an annual frequency;
 - (d) the information specified in template 20 in Part 2 of Annex III with a quarterly frequency where the institution exceeds the threshold defined in the second sentence of paragraph (5) of Article 5. The entry and exit criteria referred to in Article 4(2) shall apply;
 - (e) the information specified in template 21 in Part 2 of Annex III where tangible assets subject to operating leases are equal or higher than 10 % of total tangible assets as reported in template 1.1 in Part 1 of Annex III with a quarterly frequency. The entry and exit criteria referred to in Article 4(2) shall apply;
 - (f) the information specified in template 22 in Part 2 of Annex III where net fee and commission income is equal or higher than 10 % of the sum of net fee and commission income and net interest income as reported in template 2 in Part 1 of Annex III with a quarterly frequency. The entry and exit criteria referred to in Article 4(2) shall apply;
 - (g) the information specified in templates 23, 24, 25 and 26 in Part 2 of Annex III with a quarterly frequency where both of the following conditions are fulfilled:
 - (i) the institution is not a small and non-complex institution
 - (ii) the ratio between the institutions' gross carrying amount of non-performing loans and advances and the total gross carrying amount of loans and advances falling under the category of non-performing exposures as set out in section 17 of Part 2 of Annex V to this Regulation is equal to or higher than 5%. For the purpose of this point, the ratio shall not include loans and advances classified as held for sale, cash balances at central banks and other demand deposits in its both the denominator and the numerator.

The entry and exit criteria referred to in Article 4(2) shall apply.

- (h) the information specified in template 47 in Part 4 of Annex III with an annual frequency where both of the conditions set out in points (i) and (ii) of point (g) of this paragraph are fulfilled. The entry and exit criteria referred to in Article 4(2) shall apply.

Article 12

CONSOLIDATED REPORTING FOR INSTITUTIONS APPLYING NATIONAL ACCOUNTING FRAMEWORKS

1. Where a competent authority has extended the reporting requirements of financial information to institutions established in a Member State in accordance with Article 430(9) Regulation (EU) No 575/2013, institutions shall submit the information specified in Annex IV on a consolidated basis, according to the instructions in Annex V.

2. The information referred to in paragraph 1 shall be submitted according to the following specifications:

- (a) the information specified in Part 1 of Annex IV with a quarterly frequency;
- (b) the information specified in Part 3 of Annex IV with a semi-annual frequency;
- (c) the information specified in Part 4 of Annex IV, with the exception of the information specified in template 47, with an annual frequency;
- (d) the information specified in template 20 in Part 2 of Annex IV with a quarterly frequency where the institution exceeds the threshold defined in the second sentence of paragraph (5) of Article 5. The entry and exit criteria referred to in Article 4(2) shall apply;
- (e) the information specified in template 21 in Part 2 of Annex IV where tangible assets subject to operating leases are equal or higher than 10 % of total tangible assets as reported in template 1.1 in Part 1 of Annex IV with a quarterly frequency. The entry and exit criteria referred to in Article 4(2) shall apply;
- (f) the information specified in template 22 in Part 2 of Annex IV where net fee and commission income is equal or higher than 10 % of the sum of net fee and commission income and net interest income as reported in template 2 in Part 1 of Annex IV with a quarterly frequency. The entry and exit criteria referred to in Article 4(2) shall apply;
- (g) the information specified in templates 23, 24, 25 and 26 in Part 2 of Annex IV with a quarterly frequency where both of the following conditions are fulfilled:
 - (i) the institution is not a small and non-complex;
 - (ii) the institution's ratio defined in point (g) (ii) of Article 11 (2) is equal to or higher than 5%.

The entry and exit criteria referred to in Article 4(2) shall apply;

- (h) the information specified in template 47 in Part 4 of Annex IV with an annual frequency where both of the conditions set out in points (i) and (ii) of point (g) of this paragraph are fulfilled. The entry and exit criteria referred to in Article 4(2) shall apply.

CHAPTER 5

**FORMAT AND FREQUENCY OF SPECIFIC REPORTING
OBLIGATIONS ON LOSSES STEMMING FROM LENDING
COLLATERALISED BY IMMOVABLE PROPERTY
ACCORDING TO ARTICLE 430a(1) OF REGULATION (EU)
No 575/2013**

Article 13

1. Institutions shall submit information as specified in Annex VI according to the instructions in Annex VII on a consolidated basis with an annual frequency.
2. Institutions shall submit information as specified in Annex VI according to the instructions in Annex VII on an individual basis with an annual frequency.
3. Branches in another Member State shall also submit to the competent authority of the host Member State information as specified in Annex VI according to the instructions in Annex VII related to that branch with an annual frequency.

CHAPTER 6

**FORMAT AND FREQUENCY OF REPORTING ON LARGE
EXPOSURES ON AN INDIVIDUAL AND A CONSOLIDATED
BASIS**

Article 14

1. In order to report information on large exposures to clients and groups of connected clients according to Article 394 of Regulation (EU) No 575/2013 on an individual and a consolidated basis, institutions shall submit the information specified in Annex VIII according to the instructions in Annex IX, with a quarterly frequency.
2. In order to report information on the twenty largest exposures to clients or groups of connected clients according to Article 394(1) of Regulation (EU) No 575/2013 on a consolidated basis, institutions subject to Chapter 3 of Title II of Part Three of Regulation (EU) No 575/2013 shall submit the information specified in Annex VIII according to the instructions in Annex IX, with a quarterly frequency.
3. In order to report information on exposures of a value greater than or equal to EUR 300 million but less than 10 % of the institution's Tier 1 capital according to Article 394 (1) of Regulation (EU) No 575/2013 on a consolidated basis, institutions shall submit the information specified in Annex VIII according to the instructions in Annex IX, with a quarterly frequency.
4. In order to report information on the ten largest exposures to institutions, on a consolidated basis, and on the ten largest exposures to shadow banking entities which carry out banking activities outside the regulated framework on a consolidated basis, according to Article 394 (2) Regulation (EU) No 575/2013,

institutions shall submit the information specified in Annex VIII according to the instructions in Annex IX, with a quarterly frequency.

CHAPTER 7

FORMAT AND FREQUENCY OF REPORTING ON LEVERAGE RATIO ON AN INDIVIDUAL AND A CONSOLIDATED BASIS

Article 15

1. In order to report information on the leverage ratio according to point (a) of Article 430 (1) of Regulation (EU) No 575/2013 on an individual and a consolidated basis, institutions shall submit the information specified in Annex X according to the instructions in Annex XI, with a quarterly frequency. Template 48.00 shall be submitted by large institutions only.

2. The cell {r350;c010} in template 40.00 shall only be reported by:

- i. large institutions which are either G-SIIs or their shares have been admitted to trading in a regulated market with a semi-annual frequency,
- ii. large institutions which are neither G-SIIs nor have their shares been admitted to trading in a regulated with an annual frequency,
- iii. other institutions than large institutions and small and non-complex institutions, which shares have been admitted to trading in a regulated with an annual frequency.

3. Institutions shall calculate the leverage ratio at the reporting reference date in accordance with Article 429 of Regulation (EU) No 575/2013.

4. Institutions shall report the information referred to in paragraph 13 of Part II of Annex XI if one of the following conditions is met:

- (a) the derivatives share referred to in paragraph 5 of Part II of Annex XI is more than 1,5 %;
- (b) the derivatives share referred to in paragraph 5 of Part II of Annex XI exceeds 2,0 %.

The entry and exit criteria of Article 4(2) shall apply, except for point (b) where institutions shall start reporting information from the next reporting reference date, where they have exceeded the threshold on one reporting reference date.

5. Institutions for which the total notional value of derivatives as defined in paragraph 8 of Part II of Annex XI exceeds 10 billion euro shall report the information referred to in paragraph 13 of Part II of Annex XI, even though their derivatives share does not fulfil the conditions described in paragraph 3.

The entry criteria of Article 4(2) shall not apply. Institutions shall start reporting information from the next reporting reference date where they have exceeded the threshold on one reporting reference date.

6. Institutions are required to report the information referred to in paragraph 14 of Part II of Annex XI where one of the following conditions is met:

- (a) the credit derivatives volume referred to in paragraph 9 of Part II of Annex XI is more than EUR 300 million;
- (b) the credit derivatives volume referred to in paragraph 9 of Part II of Annex XI exceeds EUR 500 million.

The entry and exit criteria of Article 4(2) shall apply, except for point (b) where institutions shall start reporting information from the next reporting reference date where they have exceeded the threshold on one reporting reference date.

CHAPTER 8

FORMAT AND FREQUENCY OF REPORTING ON LIQUIDITY AND ON STABLE FUNDING ON AN INDIVIDUAL AND A CONSOLIDATED BASIS

Article 16

REPORTING ON LIQUIDITY COVERAGE REQUIREMENT

1. In order to report information on the liquidity coverage requirement according to point (d) Article 430(1) of Regulation (EU) No 575/2013 on an individual and consolidated basis, institutions shall submit the information specified in Annex XXIV according to the instructions in Annex XXV with a monthly frequency;
2. The information set out in Annex XXIV shall take into account the information submitted for the reference date and the information on the cash-flows of the institution over the following 30 calendar days.

Article 17

REPORTING ON STABLE FUNDING

In order to report information on the stable funding according to point (d) Article 430(1) and Article 415 of Regulation (EU) No 575/2013 on an individual and consolidated basis, institutions shall submit the information specified in Annex XXVI according to the instructions in Annex XXVII with a quarterly frequency.

CHAPTER 9

FORMAT AND FREQUENCY OF REPORTING ON ADDITIONAL LIQUIDITY MONITORING METRICS ON AN INDIVIDUAL AND A CONSOLIDATED BASIS

Article 18

In order to report information on additional liquidity monitoring metrics according to point (d) of Article 430(1) and point (b) of Article 415(3) of Regulation (EU) No 575/2013 on an individual

and a consolidated basis, institutions shall submit all of the following information with a monthly frequency:

- (a) the information specified in Annex XVIII in accordance with the instructions in Annex XIX;
- (b) the information specified in Annex XX in accordance with the instructions in Annex XXI ;
- (c) the information specified in Annex XXII in accordance with the instructions in Annex XXIII.

CHAPTER 10

FORMAT AND FREQUENCY OF REPORTING ON ASSET ENCUMBRANCE ON AN INDIVIDUAL AND A CONSOLIDATED BASIS

Article 19

1. In order to report information on asset encumbrance in accordance with point (g) of Article 430(1) of Regulation (EU) No 575/2013 on an individual and a consolidated basis, institutions shall submit the information specified in Annex XVI to this Regulation according to the instructions set out in Annex XVII to this Regulation.
2. The information referred to in paragraph 1 shall be submitted according to the following specifications:
 - (a) the information specified in Parts 1, 2 and 4 of Annex XVI with a quarterly frequency;
 - (b) the information specified in Part 3 of Annex XVI with an annual frequency;
 - (c) the information specified in Part 5 of Annex XVI with a semi-annual frequency.
3. Institutions shall not be required to report the information in Parts 2, 3 and 5 of Annex XVI where all of the following conditions are met:
 - (a) the institution is not considered a large institution;
 - (b) the asset encumbrance level of the institution, as calculated in accordance with paragraph 9 of point 1.6 of Annex XVII, is below 15 %.

The entry and exit criteria of Article 4(2) shall apply.
4. Institutions shall only be required to report the information in Part 4 of Annex XVI where they issue bonds referred to in the first subparagraph of Article 52(4) of Directive 2009/65/EC of the European Parliament and of the Council¹⁵. The entry and exit criteria of Article 4(2) shall apply.

CHAPTER 11

¹⁵ Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).

DATA PRECISION AND INFORMATION ASSOCIATED WITH SUBMISSIONS

Article 20

1. Institutions shall submit the information referred to in this Regulation in the data exchange formats and representations specified by competent authorities and respecting the data point definition of the data point model set out in Annex XIV and the validation formulae specified in Annex XV as well as the following specifications:
 - (a) information that is not required or not applicable shall not be included in a data submission;
 - (b) numeric values shall be submitted as facts according to the following:
 - i. data points with the data type 'Monetary' shall be reported using a minimum precision equivalent to thousands of units;
 - ii. data points with the data type 'Percentage' shall be expressed as per unit with a minimum precision equivalent to four decimals;
 - iii. data points with the data type 'Integer' shall be reported using no decimals and a precision equivalent to units.
 - (c) Institutions shall be identified solely by their Legal Entity Identifier (LEI). Legal entities and counterparties other than institutions shall be identified by their LEI where available.
2. The data submitted by the institutions shall be associated with the following information:
 - (a) reporting reference date and reference period;
 - (b) reporting currency;
 - (c) accounting standard;
 - (d) identifier of the reporting institution (LEI);
 - (e) scope of consolidation.

CHAPTER 12

FINAL PROVISIONS

Article 21

Commission Implementing Regulation (EU) No 680/2014 is repealed with effect from 28 June 2021.

References to the repealed Regulation shall be construed as references to this Regulation.

Articles 9 and 10 of this Regulation are deleted simultaneously with the deletion of Articles 95 to 98 of Regulation (EU) No 575/2013 as set out in point 14 of Article 62 [*Amendments to*

Regulation (EU) No 575/2013] of Regulation (EU) 2019/xxxx [Investment firms Regulation].



Article 22

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 28 June 2021.

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

Annexes marked with an asterisk () will form part of the new ITS, but are not part of this consultation, as no major changes are expected compared to Regulation (EU) No 680/2014 (v2.9).*

Annex I (Solvency)

Annex II (Solvency)

Annex III (FINREP)

Annex IV (FINREP)

Annex V (FINREP)

Annex VI (IP Losses)*

Annex VII (IP Losses)*

Annex VIII (Large Exposures)

Annex IX (Large Exposures)

Annex X (Leverage)

Annex XI (Leverage)

Annex XIV (DPM) *

Annex XV (VR) *

Annex XVI (Asset Encumbrance)

Annex XVII (Asset Encumbrance)

Annex XVIII (AMM) *

Annex XIX (AMM) *

Annex XX (AMM – Concentration of Counterbalancing capacity) *

Annex XXI (AMM – Concentration of Counterbalancing Capacity) *

Annex XXII (AMM – Maturity ladder) *

Annex XXIII (AMM – Maturity ladder) *

Annex XXIV (LCR) *

Annex XXV (LCR) *

Annex XXVI (NSFR)

Annex XXVII (NSFR)



5. Accompanying documents

5.1 Additional clarifying examples

5.1.1 NPL backstop

The box below presents the formula and the steps for the calculation of minimum coverage requirement and the applicable amount of insufficient coverage.

I. Calculations at the exposure level

$EV_i^{Unsecured}$ = Value of the unsecured part of exposure i

$EV_i^{Secured}$ = Value of the secured part of exposure i

$f_v^{Secured}$ = Coverage requirement factor for secured exposures in bucket v

$f_v^{Unsecured}$ = Coverage requirement factor for unsecured exposures in bucket v

v_i Time interval for classification as NPE for exposure i

v_i

$\in V\{ \leq 1 \text{ year}' |' > 1 \text{ year}; \leq 2 \text{ years}' |' > 2 \text{ years}; \leq 3 \text{ years}' |' \dots |' > 7 \text{ years}' \}$

Step 1: Institutions shall calculate the minimum coverage requirements (MCE) exposure-by-exposure, and separately for secured and unsecured part of NPEs.

For each bucket $v \in V$:

I_v are all the exposures of that bucket

Minimum coverage requirement for $EV_i^{Unsecured} = MCE_i^{Unsecured}$
 $= (EV_i^{Unsecured} \times f_{v_i}^{Unsecured})$

Minimum coverage requirement for $EV_i^{Secured} = MCE_i^{Secured} = (EV_i^{Secured} \times f_{v_i}^{Secured})$

Minimum coverage requirement for $EV_i = MCE_i = MCE_i^{Unsecured} + MCE_i^{Secured}$

Step 2: Institutions shall calculate total provisions and adjustments or deductions (uncapped, i.e. not limited to the amount of minimum coverage requirements) corresponding to individual exposures¹⁶ by summing the items specified in the template and point (b) of Article 47c of the CRR. For partially secured exposures, the total provisions and adjustments or deductions shall

¹⁶ In case a deduction is not calculated at exposure but at portfolio level (i.e. IRB shortfall), the total calculated deduction should be allocated to each exposure weighted by the exposure value.

be allocated first to the unsecured part of the non-performing exposure and then to the secured part of the same non-performing exposure.

$$\begin{aligned} & \text{Provisions and adjustments or deductions (uncapped) for } EV_i^{\text{Unsecured}} = C_i^{\text{Unsecured}} \\ & = (\text{Specific credit risk adjustments}_i^{\text{Unsecured}} \\ & + \text{Additional valuation adjustments}_i^{\text{Unsecured}} + \text{Other own funds reductions}_i^{\text{Unsecured}} \\ & + \text{IRB shortfall}_i^{\text{Unsecured}} + \text{Discount at purchase}_i^{\text{Unsecured}} \\ & + \text{Partial write - offs}_i^{\text{Unsecured}}) \end{aligned}$$

$$\begin{aligned} & \text{Provisions and adjustments or deductions (uncapped) for } EV_i^{\text{Secured}} = C_i^{\text{Secured}} \\ & = (\text{Specific credit risk adjustments}_i^{\text{Secured}} \\ & + \text{Additional valuation adjustments}_i^{\text{Secured}} + \text{Other own funds reductions}_i^{\text{Secured}} \\ & + \text{IRB shortfall}_i^{\text{Secured}} + \text{Discount at purchase}_i^{\text{Secured}} + \text{Partial write - offs}_i^{\text{Secured}}) \end{aligned}$$

Step 3: Institutions shall calculate the total provisions and adjustments or deductions limited to the minimum coverage requirements (i.e. total provisions and adjustments or deductions (capped)). The calculations shall be at the exposure level. This allows the aggregation of coverage gaps without taking into account the excess of coverage that institutions may have on individual exposures.

$$\begin{aligned} & \text{Provisions and adjustments or deductions (capped) for } EV_i \\ & = CC_i = \min(C_i, MCE_i) \end{aligned}$$

II. Reporting at the aggregate level

Institutions shall report the appropriate aggregates of the calculations at exposure level as described previously.

Step 4: Institutions shall calculate ‘Total minimum coverage requirement’ as:

$$\text{Total minimum coverage requirement}_v = \sum_i^{I_v} MCE_i^{\text{Unsecured}} + \sum_i^{I_v} MCE_i^{\text{Secured}}$$

For each time interval, v , institutions shall report the total minimum coverage requirement for unsecured part of NPEs (aggregate level) in row 0030, and shall report the total minimum coverage requirement for secured part of NPEs (aggregate level) in row 0040.

Institutions shall report the total minimum coverage requirement (including both unsecured and secured parts of NPEs) in row 0020, for each time interval, v .

Step 5: Institutions shall calculate ‘Total provisions and adjustments or deductions (uncapped)’ as:

Total provisions and adjustment or deductions (uncapped)_v

$$= \sum_i^{I_v} C_i^{Unsecured} + \sum_i^{I_v} C_i^{Secured}$$

For each time interval, v , this total amount shall be reported in row 0090 and the sum of the individual components of C_i shall be reported in rows 0100-0150.

Step 6: Institutions shall calculate ‘**Total provisions and adjustments or deductions (capped)**’ as:

$$Total\ provisions\ and\ adjustment\ or\ deductions\ (capped)_v = \sum_i^{I_v} C C_i$$

Institutions shall report the total provisions and adjustments or deductions (capped) in row 0080, for each time interval, v .

Step 7: Institutions shall calculate the applicable amount of insufficient coverage, defined as the difference between the total minimum coverage requirement (row 0020) and the total provisions and adjustments or deductions (capped) (row 0080) under each time bucket.

The applicable amount of insufficient coverage should be equal to or greater than zero.

$$\begin{aligned} & (Total\ minimum\ coverage\ requirement)_v \\ & - (Total\ provisions\ and\ adjustments\ or\ deductions\ (capped))_v \\ & = (Applicable\ amount\ of\ insufficient\ coverage)_v \geq 0 \end{aligned}$$

Institutions shall report applicable amount of insufficient coverage in row 0010, for each time interval, v .

Step 8: Institutions shall sum applicable amount of insufficient coverage across all time intervals to calculate and report the applicable deductions from CET1.

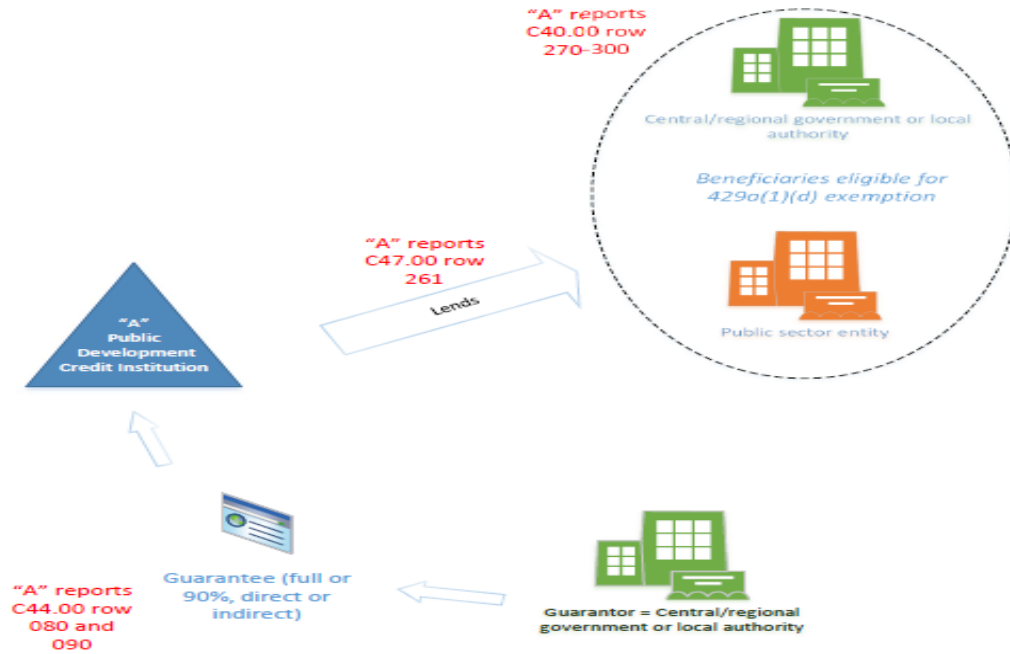
$$\sum_v^V (Applicable\ amount\ of\ insufficient\ coverage)_v = Deductions^{CET1}$$

Institutions shall report this final applicable amount for the deductions in row 0010, column 0110 of template C 35.01.

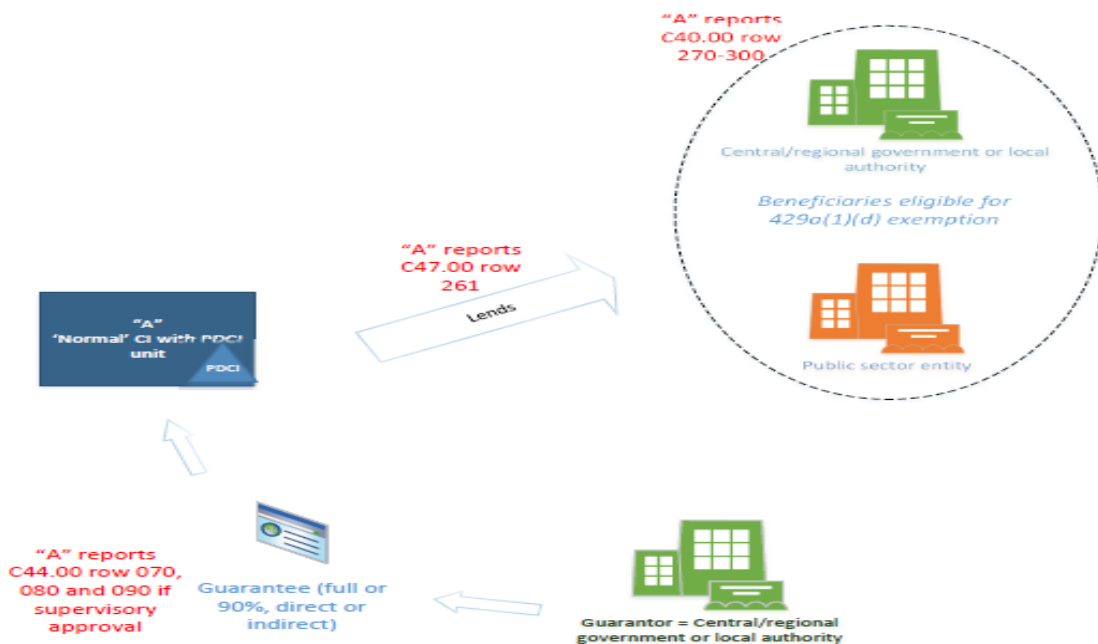
5.1.2 Leverage ratio – Public Development and Promotional Activities – Structure Examples

The diagrams below illustrate the structure by which a Public development credit institution (PDCI) or unit provides a public sector investment, which is exempted from the leverage ratio exposure measure following article 429a(1)(d) and (2) of the CRR2 .

1.1 Example: Exempted Public sector investments by PDCIs (only if 429a(1)(d) and (2) are met)

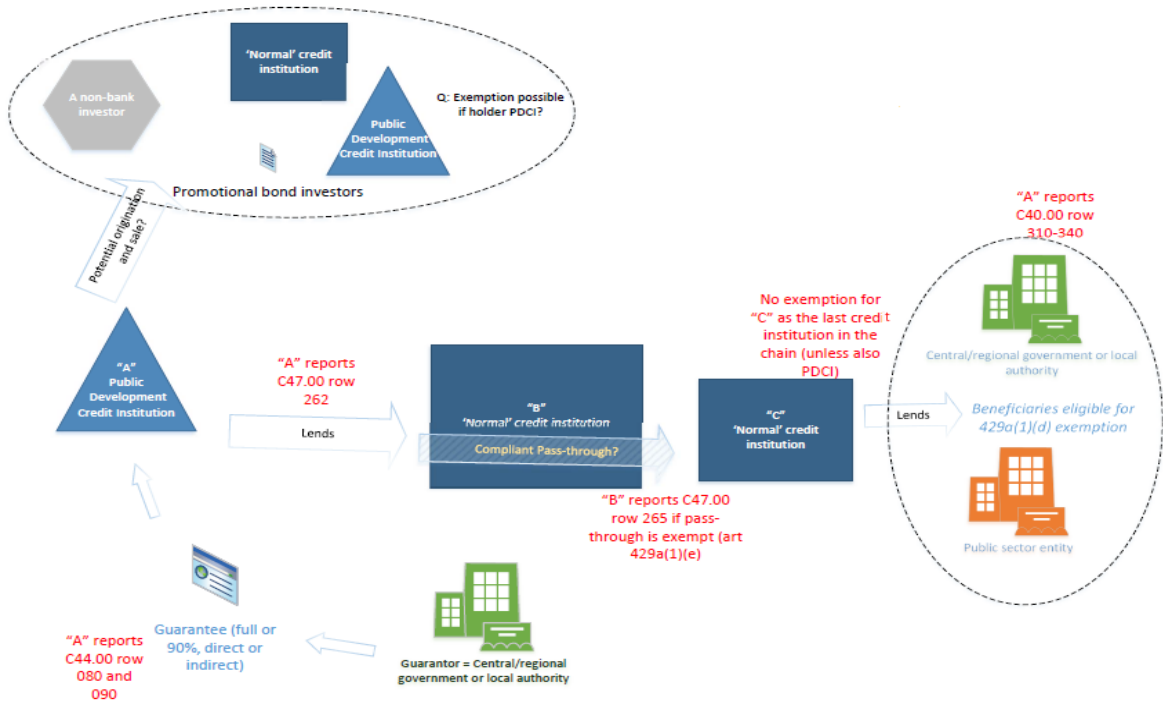


1.2 Example: Exempted Public sector investments by PDCIs Units (only if 429a(1)(d) and (2) are met)

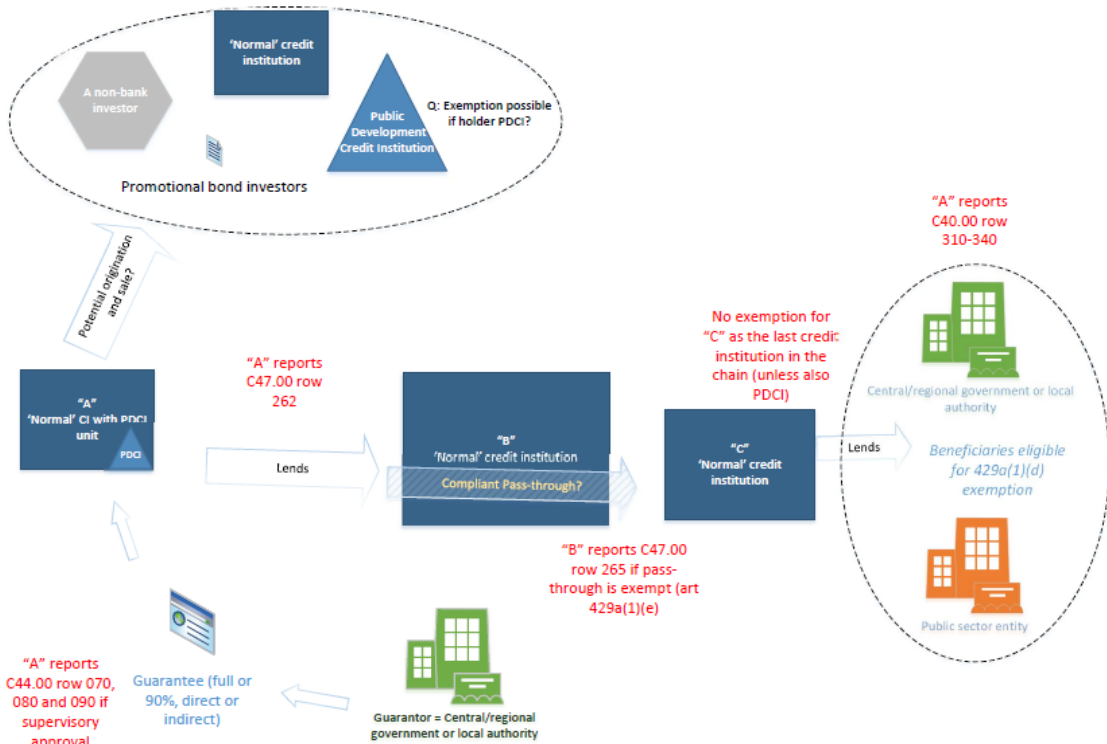


The diagrams below illustrate the treatment of different types of structures for granting a promotional loan by different credit institutions involved in the process.

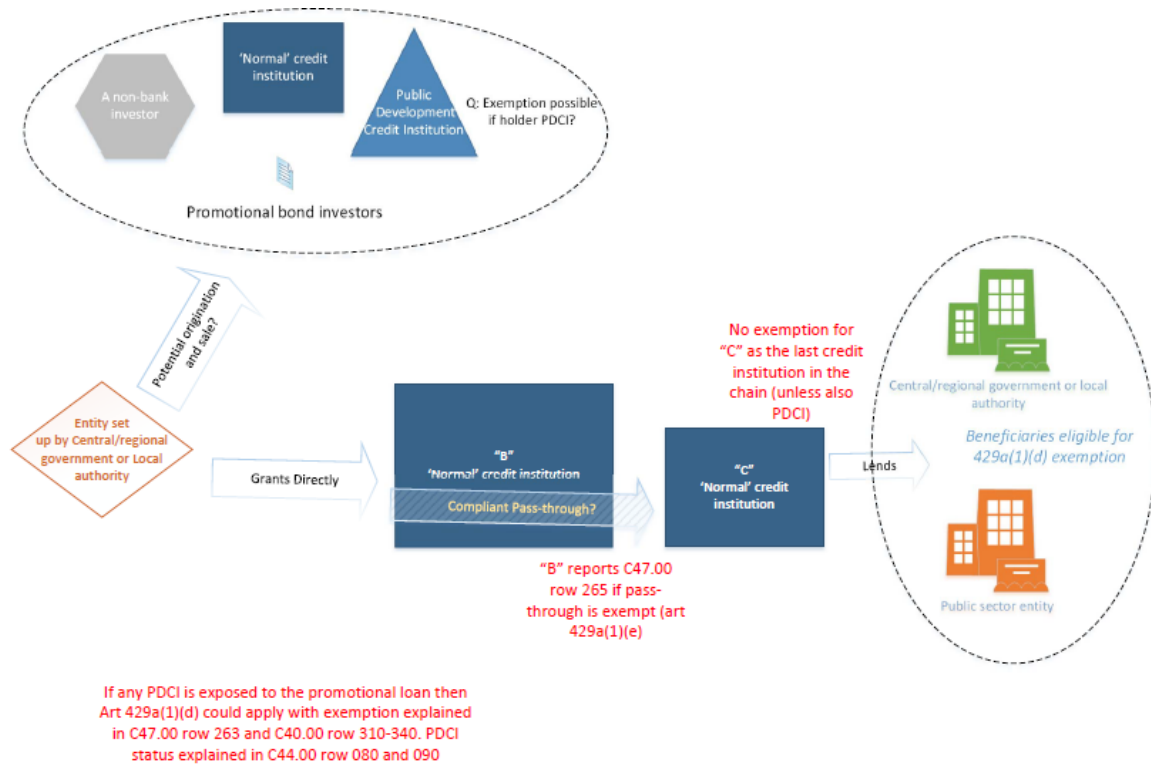
2.1.1 Example: Promotional loan granted by PDCI



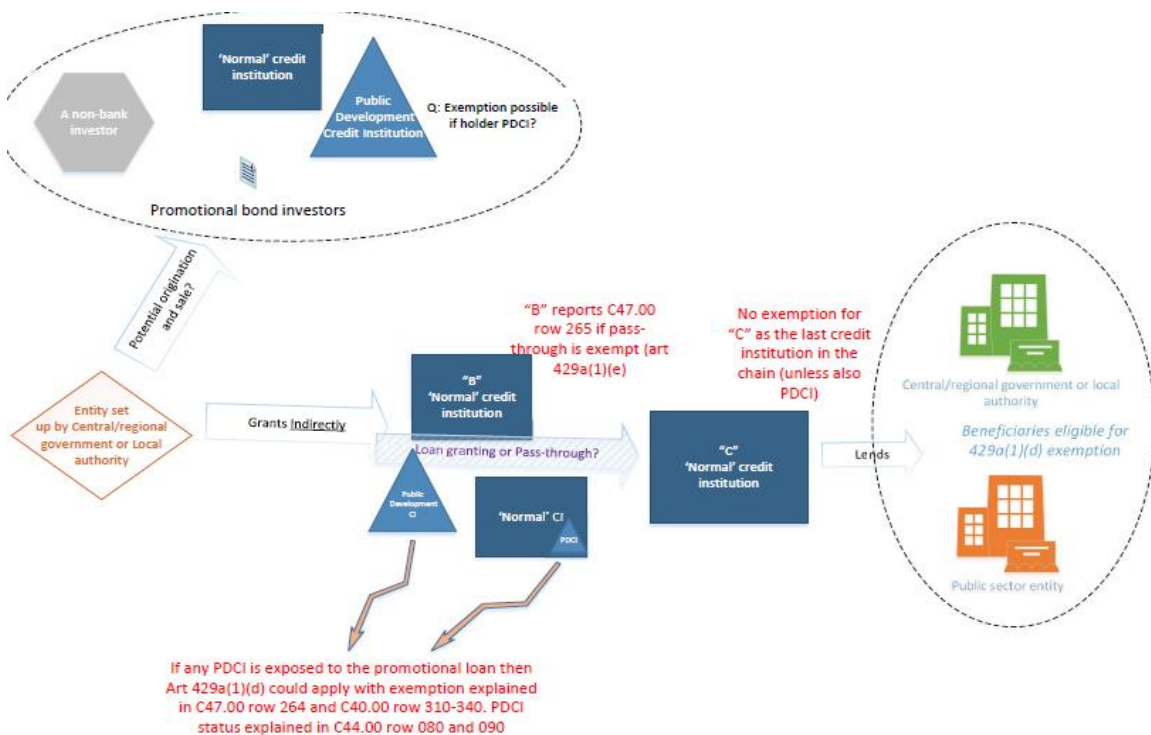
2.1.2 Example: Promotional loan granted by PDCI Unit



2.2 Example: Promotional loan directly granted by a dedicated entity



2.3 Example: Promotional loan indirectly granted by a dedicated entity



5.1.3 NSFR

The following examples are only included for illustrative purposes and follow the letter of the instructions as part of the ITS which clearly indicate their substantiation.

Example 1 - Reporting derivatives by currency subject to separate reporting (Question 28)

(EUR and USD are assumed to be currencies subject to separate reporting)

Netting set 1 (settlement in EUR)		Netting set 2 (settlement in USD)		Netting set 3 (settlement in USD)	
Receivable	Payable	Receivable	Payable	Receivable	Payable
100	80	50	30	10	20
50	90	10	20	10	5

Proposed treatment:

Net value: $100 + 50 - 80 - 90 = -20$ to be reported in the separate EUR return	Net value: $50 + 10 - 30 - 20 = 10$ to be reported in the separate USD return	Net value: $10 + 10 - 20 - 5 = -5$ to be reported in the separate USD return
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Under this proposal:

An amount of -20 would be reported in the separate EUR return as a liability.

An amount of 5 ($10 - 5$) would be reported in the separate USD return as an asset

An amount of -15 ($5 - 20$) would be reported as a liability in the all currencies return.

Example 2 - Netting SFTs with a single counterparty

Following Article 428e of the CRR2, netting positions by residual maturity seems logical here. Netting assets and liabilities above one year would lead to either 100% RSF or ASF factor to be applied and reported. Netting assets and liabilities with a residual maturity of at least six months but less than one year would generally apply 50% RSF or ASF factor and would be reported accordingly. For those instruments where the residual maturity is less than six months, where there is a liability net position it would generally trigger a 0% or 50% ASF factor if stemming from a financial or non-financial. However, for those instruments where the residual maturity is less than six months and where there is an asset net position, this could stem from netting reverse repos subject to different RSF factors (e.g. 0% if interbank and collateralised by level 1 HQLA excluded

extremely high quality covered bonds or 5% if collateralised otherwise). The Instructions clarify that the higher RSF factor (5%) should apply here following paragraph 3 of Article 428c.

	Residual maturity < 6 months		
	Amount	factor	RSF
(SFTs with the same interbank counterparty)			
Level 1 (excl. covered bonds) reverse repo	100	0% RSF factor	
Level 2 reverse repo	80	5% RSF factor	
Level 2 repo	70		
Asset net position	110	5% RSF factor	5.5

5.2 “NSFR calculation tool”

An excel file “calculation tool” under the format of the new NSFR templates for institutions accompanies this document for informative purposes only.

This excel file is exclusively intended to be a clarifying example of the practical application of the NSFR instructions and the templates included in the draft ITS but has no legal value, does not form part of the ITS, does not discharge institutions from their obligation of reporting every item as required in the ITS and does not exempt them from their responsibility when reporting. This tool is just provided for informative purposes and in no case the reporting may be substantiated by it. This calculation tool is provided for consultation purposes only and will not be part of the final ITS to be submitted to the EU Commission. The result of these calculations will be included directly in the validation rules to be developed, along with the Data Point Model and Taxonomy.

5.3 Draft cost-benefit analysis / impact assessment

As per Article 16(2) of Regulation (EU) No 1093/2010 (EBA Regulation), any guidelines and recommendations 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 (CP) on the package of the draft supervisory reporting templates and instructions for framework v 3.0 following changes of the CRR2 and new Backstop Regulation. The IA is high level and qualitative in nature.

A. Problem identification and background

Several regulatory changes have taken place globally and at European level over recent years. The CRR2 establishes several new prudential requirements, including changes to Credit Risk, Market Risk, Pillar 3, Counterparty Credit Risk (CCR), the leverage ratio, large exposures and the NSFR. In addition, another amendment to the CRR has been adopted in April 2019 on minimum loss



coverage for non-performing loans (NPLs).¹⁷ The new legislation requires institutions to set aside funds to cover for losses on new loans that turn into non-performing.

Whilst some of the new requirements are linked to reporting directly, many other changes are not explicitly referring to reporting in the Level 1 texts. Nevertheless, they still necessitate amendments to the existing reporting framework: Changes in definitions or new prudential requirements imply that the reporting templates used to-date in many places will be outdated once the CRR2 comes into force in 2021, as they do not reflect the latest regulatory requirements or definitions.

Reflecting the CRR2 and the new Backstop Regulation in EBA's reporting framework involves changes to several different templates. The impact assessment at hand discusses all these changes as part of one assessment: all template amendments- whilst in some cases of different nature and scope- have been performed in the same context and for the same reason.

B. Policy objectives

The draft proposed reporting templates and instructions aim at aligning the European reporting framework with changes in the CRR2 and the new regulation on minimum loss coverage for NPLs. Alignment is crucial in order to ensure institutions' reporting follows the latest prudential requirements and to safeguard consistency in reporting, enabling accurate and uniform measurement and reporting by all institutions across the EU.

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

Section C. presents the main policy options discussed and the decisions made during the development and amendments of the templates and instructions. Advantages and disadvantages, as well as potential costs and benefits of the policy options and the preferred options resulting from this analysis, are reported.

Reflecting the CRR2 and the new Backstop Regulation in the EBA's reporting templates involves change to several different templates. As discussed above, these changes are all discussed as part of one impact assessment, however, the below assessment will reflect the different forms of template changes involved. Options are categorised into two groups. One represents overarching options and policy choices that apply to all templates (or many templates), and another group covers more specific changes related to individual templates and topics. The policy options considered as part of the drafting and outlined below are structured along this categorisation.

Option Category 1: Overarching policy options

¹⁷ [REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation \(EU\) No 575/2013 as regards minimum loss coverage for non-performing exposures](#)

Alignment with Pillar 3

Option 1a: Integrate supervisory reporting and disclosures requirements

Option 1b: Do not integrate supervisory reporting and disclosures requirements

There are commonalities of the information that institutions have to report to their supervisors and the regulatory information that they have to make public in the interest of investors and external stakeholders. The information included in the reporting framework is the basis for supervisors and resolution authorities to form a clear picture of an institution's situation in terms of business model/profitability, solvency/risk profile, liquidity and relevance for the financial system and resolvability. Similarly, the information disclosed by institutions is the basis for market participants to understand and assess institutions' situation in order to exercise market discipline. Information relevant for market participants is also relevant for supervisors in their regular tasks, highlighting the importance to strive for alignment.

Improving the consistency between the reporting and disclosure requirements, including a standardisation of formats and definitions, should also facilitate the compliance with both requirements for institutions, as they would use the same data to fulfil their reporting and disclosure obligations. Further, the integration with supervisory reporting will improve the quality of the disclosed information since the latter will be subject to supplementary scrutiny by the supervisor. This will benefit all market participants, enabling them to take more informed decisions. Therefore, **Option 1a has been chosen as the preferred option.**

Option Category 2: Template specific options (by topic)

TOPIC: NPL BACKSTOP (3.5.2)

NPL backstops – NPE vintage in FINREP

Option 2a: In addition to the newly introduced COREP template C 35.01 on the calculation of the NPL backstop, introduce a new template on the vintage of exposures classified as non-performing also in FINREP

Option 2b: Do not introduce a new template on the vintage of non-performing exposures in FINREP

The introduction of the NPL backstop calculation in the legislation requires the introduction of a new set of prudential templates. This is reflected in the new COREP templates C35.01, C35.02 and C35.03 which contain all the information needed for the calculation of the NPE loss coverage and capital requirements within the framework of CRR Pillar 1 measures. These new templates are of a purely prudential nature, capturing items such as minimum coverage requirements for unsecured and secured NPEs by vintage (i.e. by time passed since an exposure has been classified as non-performing).



The reporting of non-performing exposures by using the same vintage provided in the new COREP templates is also important from an accounting point of view, to allow supervisors to monitor institutions' NPE coverage strategies more effectively and capture their risk profiles more accurately: The vintage of a bank's non-performing portfolio is crucial for the analysis of expected credit loss provisions and supervisors should assess the way institutions apply the impairment requirements under IFRS9 (and similar requirements under national GAAPs) in order to assess any (additional) capital requirement under the SREP process. Furthermore, the vintage of a bank's non-performing portfolio can give key indications about the institution's ability to clean its books and whether there are more fundamental structural problems in the business model. Therefore, information on the stocks and provisions of an institution's non-performing exposure portfolio by vintage is also important from an accounting perspective. For this reason, **Option 2a has been chosen as the preferred option**: it is important to introduce a tool to monitor the vintage of non-performing exposures also under the accounting framework and hence a new template is proposed to be introduced also as part of FINREP, namely template F39.00. The added value of being able to monitor the development of NPEs over time has been assessed to outweigh the additional reporting cost on institutions. In order to limit the latter, the new reporting template within FINREP is proposed to be completed and submitted at semi-annual frequency only (versus a quarterly frequency for the corresponding COREP templates).

Additional changes to FINREP templates

Option 3a: Introduce additional changes to FINREP templates (FINREP V3.0)

Option 3b: Keep FINREP changes to the NPE related changes above

Changes to the COREP templates in the form of introducing new templates for the NPL backstop, have been proposed following the Regulation (EU) No 2019/630 amending Regulation (EU) No 575/2013 that sets out uniform minimum levels of coverage to ensure that institutions have sufficient loss coverage for future NPEs. The EBA acts on mandates from level 1 texts (Art. 430(7) of the CRR), but also always strives to work towards improving the functioning and safety of the European banking system. This objective is not only met through acting on specific mandates from the European Commission, but also through dialogue and interaction with the industry and competent authorities. The latter, in particular through the EBA's Q&A tool, can provide valuable information for identifying short-comings in existing regulation or technical standards. In the specific context of the consultation paper at hand, experience and exchange over the last years have identified room for improvement and increased clarity in certain existing FINREP reporting templates, in addition to the changes proposed under the previous option.

Amending reporting templates always incurs some (initial) costs to institutions and competent authorities alike. Changes and the timing of these amendments are therefore always duly reflected on and discussed. Introducing changes to the FINREP framework to make reporting more efficient for institutions and competent authorities, to improve reporting consistency across institutions and reporting alignment with legislation, has been assessed to make sense at this stage. FINREP instructions on the definition of non-performing exposures and forbearance are being revisited in



any case in the context of the NPL backstop. Performing the additional FINREP changes now, implies that institutions can implement the changes all at once, which should reduce the additional costs incurred. Therefore, **Option 3a has been chosen as the preferred option.**

TOPIC: CREDIT RISK (3.5.3)

IRB – Inclusion of a supervisory master scale

Option 4a: Create a new template C 08.03, which includes a supervisory master scale

Option 4b: Merge the information necessary for template C 08.03 (breakdown by PD ranges) in template C 08.02

In the context of EBA's new mandates on developing an extensive disclosure framework under CRR2, it is important to ensure that the reporting framework is aligned as far as possible, to safeguard consistency and efficiency and minimise the reporting and disclosure cost for institutions.

Inter alia, a new disclosure requirement on IRB information, to be broken down by predefined PD ranges/supervisory master scales, has been introduced following the Basel III reforms on IRB disclosures. Some of this information is already included in template C 08.02, where IRB exposure classes are broken down by obligor grade. It could be argued that information on PD ranges could be derived from template C 08.02 by aggregating the obligor grades representing a specific PD range.

However, about 20% of institutions use continuous PDs¹⁸ and therefore it is not always possible to conclude on the PD range an obligor grade falls into from template C 08.02. Therefore, and for the sake of comparability between institutions, it has been assessed that **Option 4a is the preferred option, introducing a new template C 08.03 containing a supervisory master scale with PD ranges.**

IRB – Inclusion of changes resulting from the IRB roadmap

Option 5a: Include changes coming from the IRB roadmap in the reporting framework V 3.0

Option 5b: Include changes coming from the IRB roadmap in the reporting framework V 3.1

In February 2016 the EBA set out a roadmap on the implementation of the regulatory review of the IRB approach.¹⁹ The three main areas outlined in order to repair and restore trust of IRB models were: i) review of the regulatory framework; ii) ensuring supervisory consistency, including EBA benchmarking exercises; iii) increased transparency, based on standardised disclosure templates and improved reporting.

Following the publication of several EBA products that have resulted from the IRB roadmap, some changes/additional information are deemed as critical also in supervisory reporting. Since IRB reporting is subject to several changes already as part of the development of reporting framework

¹⁸ See [EBA Report on IRB modelling practices](#).

¹⁹ <https://eba.europa.eu/-/eba-sets-out-roadmap-for-the-implementation-of-the-regulatory-review-of-internal-models>



V 3.0 following CRR2 and the alignment with disclosure requirements, it could be argued that this is a good opportunity to already integrate also the changes ensuing from the IRB roadmap.

Whilst this early integration could potentially reduce the costs to institutions in terms of the changes usually required when implementing reporting framework updates, several EBA products being brought about by the roadmap, and which might substantially impact reporting, are still under development (eg. CRM). Therefore, **Option 5b has been chosen as the preferred option and changes resulting from the EBA roadmap will be implemented as part of the next reporting framework v 3.1.** This will ensure that they are final and minimises the need of future changes.

TOPIC: CREDIT RISK (3.5.3) AND CCR (3.5.4)

IRB and CCR – Scope of reporting institutions

Option 6a: Request the new IRB and CCR reporting templates arising from the alignment with disclosure templates only from those institutions to which the disclosure requirements apply

Option 6b: Request the new IRB and CCR reporting templates arising from the alignment with disclosure templates from all institutions

CRR2 Articles 433a requires large institutions to disclose certain information on CCR and IRB. To integrate disclosure requirements into reporting requirements, one could ask reporting of this information on CCR and IRB from all institutions (not only large ones), which in the case of IRB would imply only medium to large institutions since they are the only ones applying IRB. In the case of CCR this would imply all institutions with counterparty credit risk, irrespectively of their size, but could be useful information since COREP does not provide much information about this risk type.

The other option is to align the reporting obligations with the CRR2 disclosure obligations in terms of the scope of institutions to report/discard, also in terms of frequency. This way, only institutions which are subject to these disclosure requirements (large institutions) would have to report the same templates to supervisors and with the same frequency. No further information would have to be collected or calculated.

In order to ensure reporting efficiency on medium-sized and small and non-complex institutions, **Option 6a has been chosen as the preferred option.** In line with the disclosure templates, only large institutions will be subject to the aligned reporting templates.

TOPIC: CCR (3.5.4)

CCR – Request additional information or keep the status quo

Option 7a: Keep the status quo, updating the instructions to reflect the changes introduced by the CRR2

Option 7b: Request additional information



Currently, all information on CCR is included as part of the credit risk templates, C 07.00 and C 08.01. The information available in the current COREP templates is deemed insufficient and inadequate for supervisory and analysis purposes. The EBA response to the EU Commission's call for advice on SA CCR and OF requirements for Market Risk (Nov 2016) recommended to introduce additional information on CCR. In particular, specific information on the methodology used to compute the CCR exposure value or the composition of collateral is deemed relevant to provide the supervisors with a deeper insight on the risks potentially faced by the institutions.

Therefore, the option to keep the status quo has been considered as sub-optimal. Instead, **Option 7b has been assessed as the preferred option**. Additional information on CCR is needed to ensure as comprehensive a supervisory assessment as possible.

CCR – Granularity of the additional information on the different CCR approaches/methods

Option 8a: Add only a summary template for the different CCR approaches/methods

Option 8b: Add individual templates for the different approaches/methods as well as detailed information on collateral and credit derivatives exposures

During the discussions and design of the templates it has been concluded that information on the various CCR approaches and additional information is needed, with a substantial degree of granularity. It is crucial for competent authorities in their supervisory functions to understand an institution's risk as much as possible.

Namely, additional information by risk categories in the case of the standardised approaches and by instrument and margined and unmargined business in the case of IMM, is therefore highly relevant. The requested additional information can provide supervisors with a deeper insight into the risks (potentially) faced, depending on the composition of the derivative/SFTs portfolio of the institution and on the composition of the collateral received. For instance, a portfolio that shows exposure concentrated in a specific risk category should be closely monitored, in order to ensure that the potential future exposure is adequately measured. Another example is that an institution may have a large amount of the same type of collateral and the risk of an impact in its quality.

The option to include simply a summary template on the various CCR approaches has therefore been assessed as sub-optimal. Instead, **Option 8b has been assessed as the preferred option**.

TOPIC: LEVERAGE RATIO (3.5.5)

Leverage ratio - Monitoring leverage ratio volatility

Option 9a: Request the reporting of all the leverage components potentially susceptible to intra quarter volatility based on averages over the reporting period

Option 9b: Request the reporting based on averages over the reporting period only for those components requested by the Basel Committee for disclosure (reporting using day-end values) and complement with further analysis that could lead to revisions in the future



Pursuant to Article 430(7) of the CRR2, the EBA is required to submit a revised reporting framework on the leverage ratio within 1 year after publication of the CRR2 in the Official Journal. Specifically, CRR2 Article 430(2) mandates the EBA to create reporting requirements for leverage ratio components in order to be able to monitor leverage ratio volatility. Importantly, in the design of this reporting framework, EBA is to i) specify which components of the leverage ratio shall be reported, ii) decide whether this is to be done using day-end or month-end values. Considerations should take into account 'a) how susceptible a component is to significant temporary reductions in transaction volumes that could result in an underrepresentation of the risk of excessive leverage at the reporting reference date and equally '(b) developments and findings at international level'.

In the context of point b), the BCBS in June 2019 has published a statement indicating that for SFT exposures (but no derivative or central bank exposures), averaging and disclosure would be necessary.²⁰ Disclosure of other items has been decided against at the BCBS due to concerns related to confidentiality (Central Bank emergency liquidity) and the ability of smaller institutions to collect averages.

Discussions are ongoing on the components for which average values should be reported at European level. Assessing the significance of each component and how crucial it is to have additional reporting (consideration a) above), in addition to monitoring of institutions under Pillar 2, requires a solid analysis and assessment. Therefore, **Option 9a, to include all components in the reporting framework, has been rejected for the time being, but may be revisited at a later stage.**

For now, only information on the same components required for disclosure by Basel are included in the reporting framework, in particular the mean of SFT exposure values and the mean of the adjustments for the SFT sales accounting transactions in a new template C 48.01. In terms of additional cost for institutions, this implies daily calculations need to be made by large institutions on SFT exposure values. Following Article 430(2) of the CRR2, the daily values used for the calculation of the means are also included in a new template C 48.02. This CP includes questions on the additional cost to large institutions, in order to assess the feasibility to include additional components of the leverage ratio based on averages over the reporting period. **Option 9b has been chosen as the preferred option for the time being.**

Leverage – Templates C 41.00 and C 42.00²¹

Option 10a: Keep templates C 41.00 and C 42.00

Option 10b: Delete templates C 41.00 and C 42.00

With the aim to minimise the number of times that reporting templates are revised and thereby minimise institutions' changes and related costs (see also the discussion at the beginning on Option 7), as part of the revision of the leverage ratio templates to reflect the new CRR2 requirements,

²⁰ <https://www.bis.org/press/p190626.htm>

²¹ Template C 41.00 corresponds to On- And Off-Balance Sheet Items - Additional Breakdown Of Exposures (LR2), and template C 42.00 to Alternative Definition Of Capital (LR3)



also those templates not affected by the new legislation have been reviewed as to ensure that reported and collected information remains accurate and relevant.

Notably, as part of this assessment, templates C 41.00 and C 42.00 have been identified to contain information solely collected for the purpose of past monitoring reports: C 41.00 contains the distribution of exposures across risk weight buckets, collected mostly with the purpose of monitoring uprisking/downrisking as part of the 2016 EBA report on the leverage ratio requirements under Article 511 of the CRR²², and C 42.00 contains data on the **alternative definition of capital information**, which served the purposes of calculating the impact of the choice of a CET1 or TC numerator, also as part of the 2016 EBA leverage ratio report.

Given this report has been completed, it has been assessed that the information collected as part of the two templates are not needed for the calculation of the leverage ratio and contain components that are no longer important for supervisory monitoring purposes. As a result, **Option 10b has been chosen as the preferred option**, substantially reducing the reporting cost for institutions.

Leverage - Level of detail on exempted public development credit institution and promotional loan exposures

Option 11a: Include one additional row on the exemptions related to public development credit institution and promotional loan exposures (in line with exemptions on other items) in template C 47.00

Option 11b: Include more detail on the exemptions related to public development credit institution and promotional loan exposures in template C 47.00

The CRR2 has introduced a Tier 1 capital leverage ratio requirement calibrated at 3%. At the same time, and in order to avoid that the 3% requirement constrains certain business/activities disproportionately, the CRR2 provides for some adjustments to the calculation of the leverage ratio exposure. In general, one row has been included to collect the information for each exemption or deduction.

One of the exemptions applicable to the calculation of the leverage ratio can be made for public development bank exposures and exposure to promotional loans. The definitions are new and the variations in terms of type of exemption are numerous. In particular, the definition of public development credit institution is rather wide and subject to misinterpretation or arbitrage by institutions. A similarly broad scope can be observed regarding potential issuers of promotional loans and the ultimate beneficiaries of public sector investments/ promotional loans. As a result, implementation of these exemptions is complex. Close monitoring of how institutions apply these exemptions is crucial in order to understand the grounds for exemptions, avoid misinterpretation or arbitrage, and thereby ensure a level-playing field of how exemptions are applied by European institutions.

²² [https://eba.europa.eu/documents/10180/1360107/EBA-Op-2016-13+\(Leverage+ratio+report\).pdf](https://eba.europa.eu/documents/10180/1360107/EBA-Op-2016-13+(Leverage+ratio+report).pdf)



As a result, it has been assessed that more granular information is required for the reporting and monitoring of exemptions on exposures to public development credit institutions and promotional loans. Accordingly, **Option 11b has been chosen as the preferred option.**

Specifically, more granular information in the form of additional rows is requested in template C 47.00, inter alia on how a promotional loan is granted (directly, indirectly, via a public development credit institution or not) and its potential pass-through nature. This is deemed necessary to ensure appropriate monitoring of the exemptions' application. In addition, to reflect the need to also understand the ultimate counterparty of public sector investment and promotional loan exposures exempted in accordance with Article 429a(1)(d) of the CRR, information on counterparties has been included in template C 40.00. Finally, information on whether the credit institution is a public development credit institution or has a public development unit, and information on the guarantees received, has also been added to template C 44.00.

The CP includes questions on what kind of structures exist, which exposures are exempted in accordance with Article 429a(1)(d) or (e) of the CRR, and how these structures can be reflected in the reporting framework. The reporting may be updated based on the feedback received.

In view of proportionality, option 11b aims to achieve an intermediate level of granularity and, hence, does not include reporting requirements on all aspects, such as on the fulfillment of all the conditions to be met by public development credit institution in accordance with Article 429a(2) of the CRR. For example no clarification is requested on whether it has been established by a central government, regional government or local authority (subparagraph a).

TOPIC: LARGE EXPOSURES (3.5.6)

Large Exposures – Inclusion of changes to the Large Exposure regime due to amendments in the CRR2

Option 12a: Implement the (technical) changes explicitly included in the CRR2 in the reporting templates and develop further changes once the policy work has progressed.

Option 12b: Implement all the changes resulting from the CRR2 only once also the policy development has been completed.

In view of the changes to the large exposures regime in part four of the CRR2, a number of technical changes to the reporting framework are necessary. Some of the changes under the CRR2 imply technical changes that will not change the structure of the templates, but the definitions and will imply amendments for the instructions (these include changes such as replacing eligible capital with Tier 1 capital in Article 395(1) in the definition of the 25% LE limit). Other CRR2 mandates request a methodological review, requiring additional policy working going forward and the CRR2 mandates the EBA to develop RTS to further develop the large exposures regime.

Whilst the aim is to always minimise the number of revisions to any reporting template, it has been assessed that Option 12b, to await until all changes can be implemented, will not be a feasible option: the current reporting templates on LE reflect certain technical issues incorrectly and



therefore the reported data would not be in line with the CRR2. Therefore, it has been assessed that two rounds of revisions would be preferable to having outdated templates and no longer relevant information reported. As a result, **Option 12a has been assessed as the preferred option**—the reporting framework 3.0 will include those technical changes that can be directly derived from the new CRR2 without further policy work, whilst the rest of the changes will be implemented once the different CRR mandates are developed through RTS.

Large Exposures – Templates C 30.00 and C 31.00 on Maturity buckets

Option 13a: Keep templates C 30.00 and C 31.00

Option 13b: Delete templates C 30.00 and C 31.00

The requirement to report maturity buckets has been repealed from the CRR. Whilst this information could still be collected by the EBA, in order to decrease the reporting cost to institutions, **Option 13b has been chosen as the preferred option** and it has been decided to delete templates C 30.00 and C 31.00 and their respective instructions, in line with the changes in the CRR2.

TOPIC: NSFR (3.5.7)

NSFR - New column on HQLA for the required stable funding (RSF) templates

Option 14a: Do not introduce a new column and keep the templates as per the QIS

Option 14b: Introduce a new HQLA column with no maturity differentiation

Required stable funding reporting is split into liquid and non-liquid assets as per Basel's proposed disclosure templates. Further, the Basel template proposes splitting assets into four maturity buckets: no maturity (applying to assets such as eg capital with perpetual maturity or physical traded commodities), < 6months, 6months to 1 year and > 1year.

There is no differentiation by maturity bucket for the factor to be applied for the calculation of required stable funding for HQLA instruments. All HQLA instruments will be treated the same in the calculation of the RSF. Hence, there is no rationale for further differentiating this asset class into maturity buckets, neither for the calculation, nor for the monitoring or reporting. Therefore, the draft templates propose to introduce an additional column 'HQLA', which is not split further into maturity buckets.

This additional column implies a tremendous increase in reporting efficiency to institutions: in total, around 200 data points no longer need to be reported with the additional HQLA column in the fully-fledged RSF template.

The general reporting requirements forthcoming for institutions as part of new and revised regulation and the continued call for more transparency, are likely to result in increased reporting costs over the next years. Since the additional break-down of HQLA into maturities is not directly



relevant for the NSFR calculation or its disclosure, increasing reporting efficiency and making the templates as effective and user friendly as possible has been identified as the most efficient way forward and **Option 14b has been assessed as the preferred option.**

NSFR - Breakdown of the non-financial customers (except central banks) for the available stable funding (ASF) templates by counterparty

Option 15a: Do not introduce the breakdown by counterparty

Option 15b: Introduce the breakdown by counterparty

Like for the RSF, different treatments exist for different counterparties for the ASF, according to ASF factors (0-100%). Liabilities from ‘other non-financial customers (except central banks)’, listed in rows 2.3.1 to 2.3.6 in template C 81.00, are all subject to the same ASF factor (50%).

Nevertheless, every counterparty included in rows 2.3.1 to 2.3.6 has been listed separately in CRR2 Article 428I. More importantly, in the context of the ASF, the type of counterparty is of importance since it can hold information about the reliability of the funding source and therefore represents relevant and helpful information for supervisors.

For these reasons, **Option 15b has been chosen as the preferred option** and the ASF templates contain a breakdown of other non-financial counterparties (other than central banks), detailed in line with CRR2 Article 428I.

The importance of the counterparty type is also inter alia reflected in different ASF factors for other types of counterparties. In particular, the different characteristics of retail versus corporate deposits are well understood. Retail deposits are known as one of the most stable sources of funding for institutions, with various degrees of stability²³, including in a downturn. They are listed as a separate category in the ASF template (ASF from retail deposits – rows 2.2 to 2.2.0.3). The standard ASF factors for stable retail deposits of 95%, 95% and 100% for the three different maturity buckets (<6months, 6months to 1year and >1year), respectively, versus the 50%, 50%, 100% for ‘other corporate non-financial liabilities’, shows the perceived difference in stability of the two deposit types. Other counterparty types (such as financial), have even lower ASF factors (eg 0%).

TOPIC: OTHER AMENDMENTS (3.5.8)

FINREP – Purchased or originated credit- impaired assets (POCIs)

Option 16a: Align FINREP templates F 04.03.1; F 04.04.1; F 07.01; F 12.01; F 18.00 with the IFRS 9 requirements in the context of POCIs

²³ [EBA Guidelines \(2013\)](#) establish three types of retail deposit buckets to which different outflow rates apply: Guidelines on retail deposits subject to different outflows for purposes of liquidity reporting under Regulation (EU) No 575/2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation – CRR)



Option 16b: Do not align FINREP templates F 04.03.1; F 04.04.1; F 07.01; F 12.01; F 18.00 with the IFRS 9 requirements in the context of POCIs

IFRS 9 has introduced an expected credit loss (ECLs) framework for the recognition of impairment. Under this framework specific rules have been also established for the calculation of ECLs for (POCI).

The current version of FINREP templates F 04.03.1; F 04.04.1; F 07.01; F 12.01; F 18.00 include POCIs' gross carrying amounts and accumulated impairments as part of instruments at impairment stages 2 or 3, as applicable. Given the specific rules applying to POCIs' ECL calculation, this is not consistent with the new IFRS9 accounting rules: To reflect the specific rules applying to POCIs, the latter should also be listed in a separate column as part of the reporting templates. It has therefore been assessed that **Option 16a is the preferred option**, and it is proposed to align FINREP templates F 04.03.1; F 04.04.1; F 07.01; F 12.01; F 18.00 with IFRS 9 requirements. Separate columns are proposed to be included in the templates, showing gross carrying amounts and accumulated impairments for POCIs, outside the impairment stages²⁴. This implies more granular data to be reported by institutions, however, the additional columns are assessed as crucial to fully reflect the IFRS 9 requirements in the reporting templates. In addition, institutions should have the more granular information readily available, since the split-up is required for their internal ECL calculations.

FINREP – Allowances for performing exposures past due > 30 days

Option 17a: Add a new column on allowances for performing exposures past due for more than 30 days in F 18.00

Option 17b: Do not add additional columns on allowances for performing exposures past due for more than 30 days in F 18.00

Under the IFRS 9 requirements, assets move from Stage 1 to Stage 2 when there is a significant increase in credit risk. Usually, this occurs before there is any evidence of impairment or before a default occurs. Moving assets from Stage 1 to Stage 2 (and as a result recognising lifetime ECLs), should be based also on forward-looking information, in addition to past due information. If no forward-looking information is available, a rebuttable presumption is in place that assets should be moved from Stage 1 to Stage 2 (i.e. credit risk has increased significantly) no later than when contractual payments are more than 30 days past due. This can be rebutted in case of evidence that despite the past due status, there is no significant increase in credit risk. The movement from Stage 1 to Stage 2 implies the passage from the recognition of 12-month expected credit losses to the recognition of a full lifetime expected credit losses in the financial statements. For this reason, it is important for supervisors to monitor how institutions are following these IFRS 9 requirements.

Under the current reporting framework V 2.9, the information on allowances for performing exposures past due for more than 30 days is only reported by significant institutions. Since all

²⁴ This will also have implications for the corresponding disclosure templates.



institutions follow IFRS 9, this implies that supervisors lack some information that is useful in the context of monitoring IFRS 9 post-implementation initiatives. Therefore, it has been assessed that an additional column, reflecting impairments >30days past due, should be added and **Option 17a has been identified as the preferred option.**

FINREP – Financial guarantees received

Option 18a: Include information on financial guarantees received in the form of credit derivatives on non-performing loans and advances in template F 13.01

Option 18b: Include information on financial guarantees received in the form of credit derivatives on non-performing loans and advances in template F 18.00

Given EBA’s new mandates on developing an extensive disclosure framework under CRR2, it is important to ensure that the reporting framework is aligned as far as possible to ensure consistency and efficiency and minimise the reporting and disclosure costs for institutions. Following new disclosure requirements on information on financial guarantees received in the form of credit derivatives on non-performing loans and advances, it has **been chosen as the preferred option to include this into template F 13.01**, as an additional sub-column under the last column ‘Financial guarantees received’ and a new sub-row on non-performing loans and advances. The alternative of including the information in template F 18.00 instead has been assessed as sub-optimal, as it would stretch the complexity of the latter template. F 18.00 includes a lot more granular information on asset classes and as such would require substantially more information to be reported when further splitting up the financial guarantees received.

D. Conclusion

Amendments to the reporting templates discussed above are necessary in order to enable institutions to comply with the forthcoming CRR2 and the new Backstop Regulation and for competent authorities to monitor the new and amended requirements.

The templates try to establish and maintain a uniform reporting system on the new regulatory requirements, whilst at the same time accommodating as much simplicity and as little changes for institutions as possible. The templates hence should achieve the goal of maximum consistency of monitoring, reporting and transparency, with as little extra effort and costs as possible on institutions.

5.4 Overview of questions for consultation

5.4.1 Own funds

Question 1: Are the instructions and templates clear to the respondents?



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

Question 3: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?

5.4.2 NPL backstop

Question 4: The definitions of NPEs and Forbearance are now included in the CRR. So, FINREP instructions on templates 18 and 19 have been reviewed, wherever appropriate, to refer to the CRR. The review of the instructions takes into account that the basis for reporting in FINREP are the accounting values and consistency across FINREP templates have to be kept. In addition, the request of information of NPEs and Forbearance in FINREP is relevant for supervisory purposes other than monitoring the prudential backstop calculation.

Do respondents agree with the review of instructions on the definitions of NPEs and Forbearance?

Question 5: The template F39 requests information on the stock of NPEs and related loss allowances/provisions broken-down by the same time buckets as introduced in Article 47c of the CRR and used in the new NPE LC templates of COREP as well. These data allow supervisors to monitor institutions' NPE coverage strategies more effectively and capture their risk profiles more accurately. They complement, from an accounting perspective, the information provided in COREP on prudential backstop calculation.

Which benefit and challenges with regard to the compilation and reporting of this information do you envisage?

Question 6: Are the instructions and templates C35.01 to C35.03 clear to the respondents?

Question 7: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 8: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?

5.4.3 Credit risk

Question 9: Do respondents consider that the new proposed supervisory reporting templates reflect correctly the disclosure requirements, in particular new templates which introduced considerable change? Given that the integration aims at improving consistency, including a standardisation in formats and definitions, do respondents agree that this objective is achieved?

Question 10: Are the instructions and templates clear to the respondents?

Question 11: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?



Question 12: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?

5.4.4 Counterparty credit risk

Question 13: The template C 34.08 contains information on the collateral used in derivatives and SFTs transactions at fair value. It is relevant to understand, on one hand, the part of the collateral that is either segregated or unsegregated and on the other hand, whether it is initial margin, variation margin or the SFT security. Therefore, the unsegregated collateral have been split between initial margin, variation margin and SFT security. However, the segregated collateral has not been split as it is considered that all segregated collateral is initial margin.

Do respondents agree that the segregated collateral is only initial margin? I.e. variation margin and the STF security are only unsegregated collateral?

Question 14: The template C 34.06 provides information on the 20 counterparties with higher counterparty credit risk exposure, including CCPs. The template should be provided by all institution with counterparty credit risk on quarterly frequency.

Question 14.1: If further proportionality would introduced for this templates, would a threshold be an appropriate way? If yes, which thresholds would respondents recommend to distinguish between institutions that should report on quarterly basis and those that should report with lower frequency? Should it be based on the size of the reporting institution, the size of the derivative business, the total amount of CCR exposure or something else?

Question 14.2: Would a semi-annual frequency for small and non-complex institutions be adequate to capture the volatility of these exposures?

Question 15: Do respondents consider that the supervisory reporting templates reflect correctly the disclosure requirements, in particular new templates which introduced considerable change? Given that the integration aims at improving consistency, including a standardisation in formats and definitions, do respondents agree that this objective is achieved?

Question 16: Are the instructions and templates clear to the respondents?

Question 17: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 18: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?

5.4.5 Leverage ratio

Question 19: Article 429a(1)(d) and (e) of the CRR states that "1.By way of derogation from Article 429(4), an institution may exclude any of the following exposures from its total exposure measure: (d) where the institution is a public development credit institution, the exposures arising from



assets that constitute claims on central governments, regional governments, local authorities or public sector entities in relation to public sector investments and promotional loans; (e) where the institution is not a public development credit institution, the parts of exposures arising from passing-through promotional loans to other credit institutions”.

Question 19.1: Are the structures presented in Section 5.1.2 complete? If not, could respondents provide detailed information on other structures in which a credit institution may have exposures exempted in accordance with Article 429a(1)(d) or (e) of the CRR?

Question 19. 2: Do the proposed amendments provide for an adequate reporting on exposures of credit institutions that are involved in these structures?

Question 20: Regarding the proposals to include averaging for some components of the leverage ratio in accordance with Article 430(2) and (7) of the CRR, to develop the standards the EBA shall take into account the how susceptible a component is to significant temporary reductions in transaction volumes that could result in an underrepresentation of the risk of excessive leverage at the reporting reference date.

Question 20.3: What leverage ratio components do respondent consider most and least susceptible to temporary reductions in transaction volumes?

Question 21: Regarding the clarification of the reporting in template C43.00 on whether the breakdown of the RWA should take into account potential substitution effects due to credit risk mitigation, i.e. whether to perform the exposure type categorisation of RWEA by original obligor or guarantor, and bearing in mind that in any case the RWEA reported in C 43.00 is after the RWEA reducing effect of CRM, the respondents are requested to provide the information below cconsidering the importance of consistency as well as reporting costs.

Question 21.1: Would respondents agree to align the information reported by requiring the RWEA in this template without taking into account potential substitution effects due to credit risk mitigation?

Question 21.2: Would respondents strong reasons based on costs to prefer instead the reporting of both values, the RWA as well as the leverage ratio exposure, after substitution effects? What would be the reasons?

Question 22: Are the instructions and templates clear to the respondents?

Question 23: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 24: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?

5.4.6 Large Exposures



Question 25: Are the instructions and templates clear to the respondents?

Question 26: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 27: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?

5.4.7 NSFR

Question 28: Paragraph 4 of Article 428d in the CRR2 states: *“all derivative contracts referred to in points (a) to (e) of paragraph 2 of Annex II that involve a full exchange of principal amounts on the same date shall be calculated on a net basis across currencies, including for the purpose of reporting in a currency that is subject to a separate reporting in accordance with Article 415(2), even where those transactions are not included in the same netting set that fulfils the requirements set out in Article 429c(1)”*

Reporting by currency subject to separate reporting is required to be made on a net basis across different netting sets. This might envisage a situation of derivatives across various counterparties with different settlement currencies. There is a need to provide further instructions on which specific currency subject to separate reporting report should capture the net value in these cases. The implication is that the CRR2 requires consistency between ASF and RSF by currency subject to separate reporting on which specific requirements can be set by CAs.

It is proposed to look at each netting set and calculate the fair value for each of them in its settlement currency. For all netting sets with matching settlement currencies a net amount shall be calculated in accordance with Article 428k(3) and 428ag(3), and reported in the relevant currency subject to separate reporting.

Do respondents agree with this proposal? Would respondents consider it more adequate to look at all payables and receivables related to derivatives and calculate a net amount?

Question 29: Do respondents consider that the “NSFR calculation tool” appropriately translates the use of the different templates for informative purposes?

Question 30: Are the instructions and templates clear to the respondents?

Question 31: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 32: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?

5.4.8 FINREP

Question 33: Under Appendix A (IFRS 9), purchased or originated financial assets (POCIs) correspond to purchased or originated financial assets that are credit-impaired on initial recognition.

IFRS 9 sets out specific rules to measure the expected credit losses (ECL) for POCIs, outside the general approach to impairment by Stage. In order to have a presentation of POCIs more consistent with their measurement criteria, in the following templates F04.03.1; F04.04.1; F07.01; F12.01; F18.00, POCIs are included in separate columns outside the Impairment Stages.

In the template F18, POCIs are also split between non-performing and performing, to take into account any cases where, after the initial recognition, POCIs do not meet the definition of “credit-impaired” of Appendix A (IFRS 9) anymore.

Question 33.1: Do respondents agree with the separate presentation of POCIs outside the IFRS 9 Impairment stages?

Question 33.2: Are the criteria to distinguish between “non-performing” and “performing” POCIs clear? Which challenges with regard to the practical application of these criteria do you envisage?

Question 34: The information on cash balances at central banks and other demand deposits has been included in template F12.01. Although the amount of impairment for cash balances at central banks and other demand deposits should not be relevant in general, these assets are subject to impairment as the other financial assets included in the accounting portfolios of “financial assets at cost or amortized cost” and “financial assets through equity subject to impairment or at fair value through other comprehensive income”. The inclusion of these data is also consistent with data reported in templates F18 and F19.

Question 34.1: Which challenges with regard to reporting of this information do respondents envisage?

Question 34.2: Do you see any inconsistencies between this data and the data collected in other FINREP templates?

Question 35: In template F12.02, additional columns have been added to report the direct transfers between Stage 1 and Stage 3, without considering any intermediate passage through Stage 2. This information is useful in the context of monitoring IFRS 9 post-implementation initiatives and supervisory activities.

Which challenges with regard to reporting of this information do respondents envisage?

Question 36: In template F18.00, the information on loss allowances for more than 30 days-past-due exposures has been added. This information is already reported in template F23.04 by institutions which fulfil both of the conditions referred to in points (i) and (ii) of Article 9(2)(h) of the current ITS on reporting. Since this information is relevant for monitoring IFRS 9 post-



implementation initiatives and supervisory activities, it has been included in template F18.00 for all institutions, although it may create some overlaps with F23.04.

Which challenges with regard to reporting of this information do respondents envisage?

5.4.9 Other amendments

Question 37: Are the instructions and templates clear to the respondents?

Question 38: Do respondents agree with the proposal to harmonise templates and instructions with regard to the reporting of the information of LEI codes?

Question 39: The integration between disclosure and reporting aims at improving consistency, including a standardisation in formats and definitions. Do respondents agree that this objective is achieved?