



CEBS CP04
January 2005

CEBS Consultation Paper on the New Solvency Ratio: Towards a Common Reporting Framework

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I. Purpose of this consultation

1. The question of a common reporting has been addressed by the Commission and discussed at the ECOFIN Council, which encouraged CEBS to work on this issue. In addition to improving the exchange of information between supervisory authorities, the proposed common reporting framework is a response to the requests expressed by the banking industry. Groups operating on a cross-border basis within the Single Market are presently required to prepare and submit their supervisory reporting according to different national formats and using different technologies. Greater commonality of approaches would substantially reduce their compliance burden. This should contribute to removing a potential obstacle to financial market integration.
2. CEBS began to work on a Common Reporting framework for the new solvency ratio in July 2004, assisted by a working group including all EU banking supervisors. At the end of 2004, CEBS introduced its work in informal sessions to banking industry on a national level to gain first reactions and feedback.

3. The general feeling in the feedback was positive as banks appreciated the aims of CEBS i.e.: the harmonisation and the possible reduction of the reporting burden. A few general concerns were also raised and where possible have already been addressed. Further work will be done during the consultation period. In this regard, any further input would be welcome. CEBS is aware that the tight time frame has not already allowed a full alignment with the work being done on financial reporting i.e. on consolidated profit & loss account (P&L), balance sheet and annexes, but work has been undertaken to promote this alignment.
4. Based on these initial reactions and in line with the decision of the CEBS, the present **formal consultation** has been launched and will last for three months. Based on the outcome of the consultation, CEBS will include the comments and suggestions, when feasible and appropriate.
5. Finally, **the formal adoption** of the common reporting framework could be announced by the end of June 2005. Each CEBS member will, on a best effort basis, endeavour to implement it. However, each country will remain in charge to do it, according to its needs, practices and regulatory powers. Within a common framework, at a national level, some flexibility is given for its implementation (frequency, scope, level of details and date of implementation).
6. This framework consists of three sets of templates:
 - The computation of the new ratio with the appropriate filters between IAS (International Accounting Standards) accounting figures and regulatory own funds;
 - Tables for credit risk, market risk (VaR - Value at Risk -, model) and operational risk;
 - Other tables.
7. Additionally all these tables are brought together within a data model. This data model is also provided by CEBS and it is CEBS' intention to complete an XML/XBRL (eXtensible Mark-up Language/eXtensible Business Reporting Language) coding for this framework before June 2005.

II. Why is a common reporting an important aim?

8. Achieving a common reporting framework in Europe is a highly desirable aim that should reduce the administrative burden on firms, improve the co-operation and exchange of information between supervisors and help move towards a level playing field in Europe.
9. The expectations from firms, especially cross border firms, are high. These expectations were outlined by the EU Commission's Forum Group in its report on reporting requirements (2002) which looked at the administrative burden on firms across the EU.

10. Capital Requirements Directive (CRD) and International Financial Reporting Standards (IFRS) provide the EU with a unique opportunity to streamline reporting as countries will need to develop new reporting requirements.

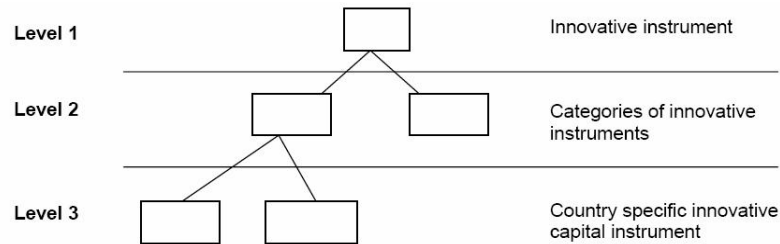
III. What has been done?

11. The working group mandated by CEBS focussed on the Pillar I requirements and its scope has been limited to Basel II/CRD regulatory own funds, credit risk, operational risk and market risk (VaR model).
12. The reporting framework will not cover other areas such as liquidity, large exposures or credit registers, for instance.
13. The common reporting applies to credit institutions. This initiative could potentially be extended to investment firms, subject to Basel II/CRD requirements as referred to in Article 6 of recast Directive 93/6/EEC on the capital adequacy of investment firms and credit institutions.
14. The working group has designed a comprehensive reporting framework based on the templates and has set the basis for a data model that would allow national flexibility on data reporting.
15. A Data Model has been designed with an aim to remain neutral as far as the IS (Information System) solution to be adopted is concerned. It must be noted that the recommended – but not compulsory – solution, to take full advantage of all the designed functionality, is the *XBRL protocol*. Other IS solutions have also been investigated in order to allow the implementation of a common reporting across Europe that would be compatible with existing national reporting systems.

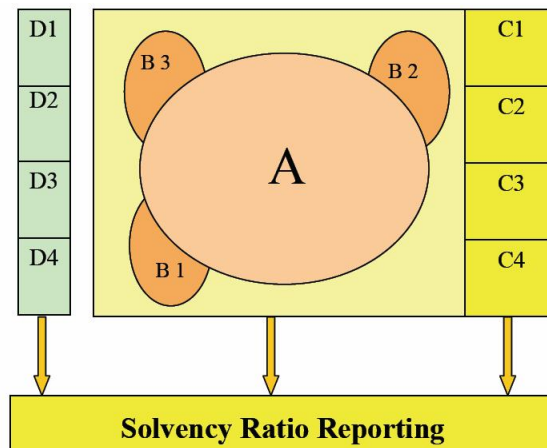
IV. Key principles followed

16. Bearing in mind that the objective of the common reporting is to strike the right balance between the highest level of commonality and some degree of flexibility, the following principles have prevailed:
17. **FLEXIBILITY.** The common reporting framework should allow each supervisor to choose the level of aggregation required in order to obtain an amount of information commensurate with its supervisory targets. It is worth bearing in mind that the common reporting is not envisaged as a “minimum” common reporting, but as one that provides a maximum harmonisation and a common format for the reporting, which means an advantage for banks. Not all the supervisors will require the same amount of detail for the reporting, as it will depend on national requirements and supervisory practices.

As set out below, flexibility means the possibility to use or not to use secondary levels, even if the latter is defined in the common taxonomy.



For example, at Level 1, aggregated information on innovative capital will be asked; at Level 2, general categories of innovative capital instruments, and, where appropriate, at Level 3, more detailed information (i.e. specific national instrument).



The common European reporting will actually allow for three different degrees (**A**, **B**, **C**) of flexibility, where:

- **A** represents the data deemed necessary by all supervisors;
- **B1**, **B2**, **B3** represent data which are i) country specific or ii) deemed necessary by one or different supervisors. They are included in the European taxonomy;
- **A + B** represent the European common reporting (taxonomy);
- **C**: Local or Sector-wide taxonomies (developed under the same standard as the common reporting).
- **D**: Country specific requirement *outside* the scope of the common reporting (but close to or related in some way to solvency).

18. **CONSISTENCY**. The common reporting framework aims at minimising the number of different concepts used throughout the different templates (exposure classes, exposure types, PD - Probability of Default - grades, subcomponents of own funds, etc.) and use these concepts always with the same meaning. A consequence of this principle is that any concept used should have, in order of preference:
- (i) a link to a definition within a relevant EU Directive or guidance issued by international supervisory fora;
 - (ii) a link to areas where the concept is used in those Directives or guidance; and in absence of those links;
 - (iii) a clear and widely accepted meaning amongst financial practitioners.
19. **STANDARDISATION**. In part because of the former two principles, the common reporting should aim at minimising the number of different templates, being aware that this is achievable at the cost of losing some information.
20. The application of these principles explains many of the adopted options. Some examples are:
- (i) Regarding flexibility, the ample use of tree structures with the inclusion of intermediate "totals" and "subtotals" provide a wide range of possibilities to the supervisors in order to aggregate information. Particularly relevant is the tree structure used for the exposure classes (total exposures, central governments and central banks, regional governments...); or the one used for the exposure types (total, on-balance, off-balance, etc).
 - (ii) Regarding consistency, the use of similar exposure classes for the different approaches used in credit risk assessment SA (Standardised Approach) and IRB (Internal Rating Based) approach or, where applicable, the same concepts for the columns in the templates are clear examples.
 - (iii) With respect to standardisation, a unique template has been designed for all the different IRB approaches (foundation or advanced) with only one exception for the "slotting criteria" within the specialised lending.

V. Templates

21. Data Reporting Requirements

For ease of reference the data that will be required for the purpose of this reporting framework are presented through a set of templates. Each

template can in turn be applied at the required level or for various items of the designed lists (exposure class, asset type) as defined in Annex 1. More explanations on the contents of the templates will be provided by the end of February. It must be noted that not all the templates will necessarily apply to the same institution at the same time. For instance, the treatment of the Equity exposures under the IRB approach is managed through 3 templates, one for each of the available approaches.

22. Reporting Data Lists

Because aggregated figures are not necessarily meaningful, i.e. adding up cash exposures with derivative notional, or simply to maintain the required degree of flexibility, a number of data have been organised through Data Lists:

Exposure Classes:

Although they are based on the seven Exposure Classes described under the IRB Approach in the Directive, they provide a level of detail sufficient to allow its use under the SA. The exposure classes' list count up to 3 levels of sub-classes that result in a maximum of 26 sub-classes (see Annex 2).

Exposure types:

Because the risks considered are very different, the Directive treats certain types of exposure differently. In order to obtain from the reporting institutions a detailed picture of the elements behind their ratio, the reporting framework allows for a breakdown of some components according to the following 5 types of items: total exposures, balance sheet, off-balance sheet, repos and derivatives.

Maturity:

Maturity should only be specified for a limited set of items, namely it applies only for the Specialised Lending under the "Slotting Criteria" approach that requires distinguishing between exposures at more than 2,5 years and below.

CRM (Credit Risk Mitigation) types:

This list is used to obtain a thinner level of information on the transfer of risk from one exposure class to another generated by the CRM techniques.

23. Summary and impact of IAS templates

- Summary template provides details for the numerator and summarizes the main elements of the denominator that are detailed in the other templates.

- The impact of IAS template includes a prudential filter that might be used to make the necessary adjustments between IAS accounting figures and regulatory own funds.
- In the summary template only very synthetic figures regarding the prudential filters are included. Details of the filters are reported in a specific template. The present version is compliant with the press release issued by CEBS in December.

24. SA

- Four templates are dedicated to the SA: Capital Requirements, Impact of CRM and two templates for the exposures on Traditional and Synthetic Securitisations.
- The Capital Requirement templates can be broken down into four exposure types and twelve exposure classes. Within the template, the exposures are in turn split by risk weight and by CCF (Credit Conversion Factor).

25. IRB Approach

- This more complex approach requires nine templates. However, it should be noted that usually not all templates will be used at the same time.

26. CRM Risk Transfer Table

- This template is designed to report in detail how the CRM techniques transfer risks from one exposure class to another within each of the three main approach used: (SA, FIRB - Foundation Internal Risks Based - Approach and AIRB - Advanced Internal Risk Based approach) and also among the exposures treated under these different approaches.
- As mentioned above, this template can be split by type of CRM.

27. Market Risk Templates

- The templates designed for the Market Risk Capital Requirements are only meant for the Internal Model Approach. The first template is an overview of the Capital Requirement computation, the second template aims at providing the supervisor with information on the regulatory value at risk and its back testing.
- CEBS is also developing templates for a common reporting of market risk under the SA with the aim to issue them at a later stage. Comments on the need of such an extension of the common reporting are welcome.

28. Operational Risk Templates

- The first template on Operational Risk is meant to report some level of detail on the computation of the Capital Requirement.
- The second template aims at obtaining from the Institutions information on the Operational losses they have suffered during the year.

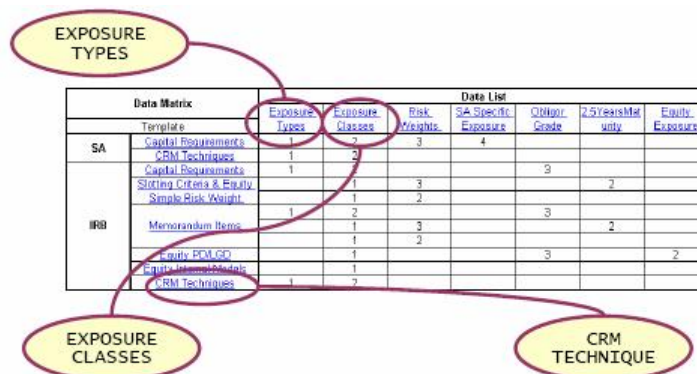
29. Other Supervisory Information

- Five additional templates have been agreed. The information required in these templates are not directly linked to the computation of the solvency ratio, but rather aim at providing the supervisor with a better view on some specific risks through detailed information that BASEL II / CDR permits:
 - on individual exposures;
 - on exposures per industry;
 - on the split of risk within groups;
 - on major operational risk losses
 - on originated securitisation programs.

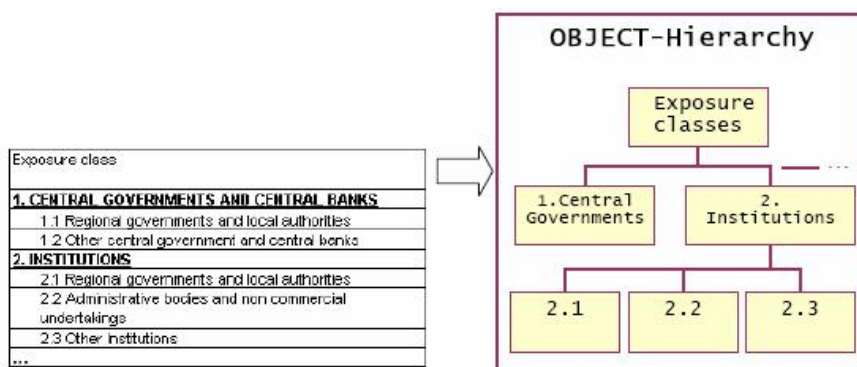
VI. Data Model

30. The data model has the same objectives as the framework. These are:

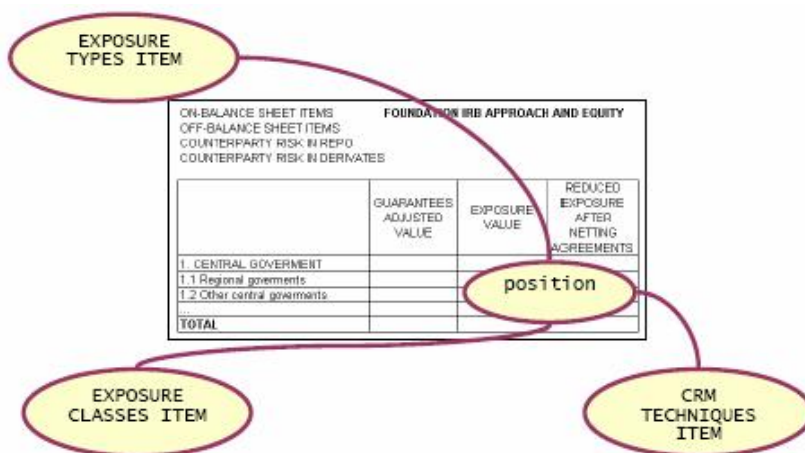
- Hierarchical tables allowing each country to choose its level of details;
- Unique definition for each item;
- All the necessary references to the relevant directives;
- An architecture suitable to any reporting standard.



- The templates were taken and incorporated into a data model. The data model matrix (See Annex 3) summarises the data model and highlights the level of reporting agreed. This represents A + B in the European common reporting framework.
- All items of an object are built up in an object hierarchy.



- Each position inside one template can be located as a combination of items of all involved objects.



VII. Annexes

ANNEX 1: List of Templates

Section / Template Name	Count	Breakdown by					Total
		Exposure Type	Maturity	Exchange	Guarantee Type	Exposure Class	
Ratio							
Summary	1						1
Impact of IAS	1						1
SA							
Capital Requirements	1	4				12	48
Impact of CRM	1	4					4
Securitisations Trad	1						1
Securitisations Synth	1						1
IRB							
Capital Requirements	1	4				20	80
Impact of CRM	1	4					4
	1	4					4
SL Slotting Criteria	1		2				2
IRB Equity PD/LGD	1			4			4
IRB Equity Simple RWA	1						1
IRB Equity Internal Model	1						1
Securitisations Trad	1						1
Securitisations Synth	1						1
SA & IRB							
CRM Risk Transfer table	1				4		4
Market Risk							
Overview	1						1
Daily Info	1						1
Operational Risk							
Capital Requirements	1						1
Losses	1						1
Other Supervisory Information							
Individual Exposures	1						1
Sectorial Exposures	1						1
Affiliates	1						1
Individual Operational Losses	1						1
Securitized Exposures	1						1
TOTAL	25						167

ANNEX 2: Flexibility based on Hierarchical Lists

Label	Level	SA Capital Requirements and CRM		IRB Capital Requirements	IRB Slotting Criteria	Equity Simple	IRB Capital Requirements Memo	IRB Equity PD/LGD	IRB Equity Internal Models	IRB CRM	Risk Redistribution
		SA Capital Requirements	CRM								
CENTRAL GOVERNMENTS AND CENTRAL BANKS	1	A	A					A		A	
<i>Regional governments and local authorities</i>	2	A	A					A			
<i>Other central government and central banks</i>	2	A	A					A			
INSTITUTIONS	1	A	A					A		A	
<i>Regional governments and local authorities</i>	2	A	A					A			
<i>Administrative bodies and non commercial undertakings</i>	2	A	A					A			
<i>Other Institutions</i>	2	A	A					A			
CORPORATE	1	A	A					A		A	
<i>Administrative bodies and non commercial undertakings</i>	2	A	A					A			
<i>Specialized lending</i>	2		A					A			
<i>Slotting criteria</i>	3		A	A				A			
<i>Excluding slotting criteria</i>	3		A					A			
<i>Other Corporate</i>	2	A	A					A			
<i>Purchased receivables</i>	3		A					A			
<i>Excluding purchased receivables</i>	3		A					A			
<i>Of which SME</i>	2	A	A					A			
<i>Purchased receivables</i>	3		A					A			
<i>Excluding purchased receivables</i>	3		A					A			
RETAIL	1	A	A					A		A	
<i>Secured by real estate</i>	2	A	A					A			
<i>Qualifying Revolving</i>	2		A					A			
<i>Purchased receivables</i>	3		A					A			
<i>Excluding purchased receivables</i>	3		A					A			
<i>Other retail</i>	2		A					A			
<i>Purchased receivables</i>	3		A					A			
<i>Excluding purchased receivables</i>	3		A					A			
<i>Of which SME</i>	2	A	A					A			
<i>Secured by real estate</i>	3		A					A			
<i>Other retail</i>	3		A					A			
<i>Purchased receivables</i>	4		A					A			
<i>Excluding purchased receivables</i>	4		A					A			
Equity	1	A									A
<i>Simple Risk Weight Approach</i>	2			A	A			A			
<i>PD/LGD Approach</i>	2				A	A		A			
<i>Internal Models Approach</i>	2						A				
Securitisation Positions	1										A
<i>Traditional</i>	2										
<i>Synthetic</i>	2										
Other Non Credit Obligation Assets	1	A									A

ANNEX 3: Data model Matrix

Data Matrix / Template	Data List														
	IAS Effects	Exposure Types	Exposure Classes	Risk Weights Level	SA Specific Exposure	Obligor Grade	2.5 Years Maturity	Equity Exposure Types	CRM Type	SEC Origin	SEC Position	MR Surcharge	OR Business Line	OR Count	Universal List
CA Capital Adequacy Summary IAS Adjustment	1														
SA Capital Requirements CRM Techniques	1	2	3	4											
IRB Capital Requirements Slotting Criteria & Equity Simple Risk Weighted Approach Capital Requirements Memorandum Items Equity PD/LGD Equity Internal Models CRM Techniques	1	2	3	2	3	2									
SA & IRB Risk Redistribution Securitisation		2						1		2	3				
MR Internal Models Overview Daily information Additional information											1				1
OR Requirements Event types												1	2	1	
OTH Details by counterparty Details by sector Other Group information OR Major Losses Securitisation Details															1

Annex 4: SUMMARY OVERVIEW OF COMMON REPORTING TEMPLATES

The following overview is a reference guide for the content of the common reporting templates. The number of templates is minimised: for instance, the IRB template for own funds requirements (IRB) is applicable to both foundation and advance IRB, although there is a number of specific features for each approach and for the particular portfolios to which they apply. The whole credit risk reporting requires only 10 templates plus 4 for securitization positions. The sign “+” stands for Breakdown: On-balance / Off-balance / counterparty risk derivatives / counterparty risk repo-style transactions; the sign “*” stands for Specific breakdown for some templates.

CA	CAPITAL ADEQUACY SUMMARY
CA IAS	<i>IMPACT OF IAS-TYPE VALUATION RULES ON OWN FUNDS AND REGULATORY ADJUSTMENTS</i>
+ SA	STANDARDISED APPROACH: CAPITAL REQUIREMENTS. TOTAL EXPOSURES
+ SA	CENTRAL GOVERNMENTS, CENTRAL BANK
+ SA	Regional governments and local authorities
+ SA	Other Central government and central banks ¹
+ SA	INSTITUTIONS
+ SA	Regional governments and local authorities
+ SA	Administrative bodies and non-commercial undertakings
+ SA	Other Institutions ²
+ SA	CORPORATE
+ SA	Administrative bodies and non-commercial undertakings
+ SA	Other Corporate ³
+ SA	Of which: SME ⁴
+ SA	RETAIL
+ SA	Of which: SME
SA	EQUITY
SA	OTHER ITEMS

¹ “Other Central government and central banks” stands for Central government and central banks different from Regional governments and local authorities

² “Other Institutions” stands for Institutions different from Regional governments and local authorities and Administrative bodies and non-commercial undertakings

³ “Other Corporate” stands for corporate different from Administrative bodies and non-commercial undertakings

⁴ “SME” stands for corporate for which the criteria for size adjust. in Annex VII Part 1 point 1.1.4 are satisfied (IRBI)

- SA SEC 1 SECURITISATION EXPOSURES. STANDARDISED APPROACH. TRADITIONAL SECURITISATIONS**
- SA SEC 2 SECURITISATION EXPOSURES. STANDARDISED APPROACH. SYNTHETIC SECURITISATIONS**
- + IRB FOUNDATION IRB APPROACH CAPITAL REQUIREMENTS. TOTAL EXPOSURES⁵**
- + IRB CENTRAL GOVERNMENTS AND CENTRAL BANKS FIRB**
- + IRB** Regional governments and local authorities
- + IRB** Other central government and central banks
- + IRB INSTITUTIONS**
- + IRB** Regional governments and local authorities
- + IRB** Administrative bodies and non-commercial undertakings
- + IRB** Other institutions
- + IRB CORPORATE⁶**
- + IRB** Specialised Lending⁷
- * IRB SLOTT**
- Slotting criteria
- + IRB**
- Excluding slotting criteria
- + IRB** Administrative bodies and non-commercial undertakings
- + IRB** Other Corporate
- + IRB**
- Purchased receivables
- + IRB**
- Excluding purchased receivables
- + IRB** Of which: SME
- + IRB**
- Purchased receivables
- + IRB**
- Excluding purchased receivables
- * IRB EQU 1 EQUITY PD/LGD APPROACH**
- IRB EQU 2 EQUITY SIMPLE RISK WEIGHT APPROACH**
- IRB EQU 3 EQUITY INTERNAL MODELS APPROACH**

⁵ The aggregate template for FIRB does not include, in the case of the exposures subject to the specialized lending slotting criteria, any breakdown of those exposures by risk weights (only relevant for that method)

⁶ The aggregate template for Corporate does not include, in the case of the exposures subject to the specialised lending slotting criteria, any breakdown of the exposures by risk weights that is relevant for that method

⁷ The aggregate template for Specialised lending does not include, in the case of the exposures subject to the specialised lending slotting criteria, any breakdown of the exposures by risk weights that is relevant for that method

+ IRB ADVANCED IRB APPROACH CAPITAL REQUIREMENTS. TOTAL EXPOSURES⁸

+ IRB CENTRAL GOVERNMENTS AND CENTRAL BANKS

+ IRB Regional governments and local authorities

+ IRB Other central government and central banks

+ IRB INSTITUTIONS

+ IRB Regional governments and local authorities

+ IRB Administrative bodies and non-commercial undertakings

+ IRB Other Institutions

+ IRB CORPORATE

+ IRB Specialised Lending

*** IRB SLOTT • Slotting criteria**

+ IRB • Excluding slotting criteria

+ IRB Administrative bodies and non-commercial undertakings

+ IRB Other Corporate

+ IRB • Purchased receivables

+ IRB • Excluding purchased receivables

+ IRB Of which: SME

+ IRB • Purchased receivables

+ IRB • Excluding purchased receivables

+ IRB RETAIL

+ IRB Secured by real estate

+ IRB Qualifying Revolving

+ IRB • Purchased receivables

+ IRB • Excluding purchased receivables

+ IRB Other retail

+ IRB • Purchased receivables

+ IRB • Excluding purchased receivables

+ IRB Of which: SME

+ IRB Secured by real estate

+ IRB Other retail

+ IRB • Purchased receivables

+ IRB • Excluding purchased receivables

⁸ The aggregate template for AIRB does not include, in the case of the exposures subject to the specialised lending slotting criteria, any breakdown of those exposures by risk weights (only relevant for that method)

- IRB SEC 1 SECURITISATION EXPOSURES. IRB APPROACH. TRADITIONAL SECURITISATIONS**
- IRB SEC 2 SECURITISATION EXPOSURES. IRB APPROACH. SYNTHETIC SECURITISATIONS**
- + SA CRM STANDARDISED APPROACH: DETAILS OF EXPOSURE VALUE AND CREDIT RISK MITIGATION TECHNIQUES**
- + FIRB CRM FOUNDATION AND EQUITY IRB APPROACH: DETAILS OF EXPOSURE VALUE AND CREDIT RISK MITIGATION TECHNIQUES**
- + AIRB CRM ADVANCED IRB APPROACH AND RETAIL: DETAILS OF EXPOSURE VALUE AND CREDIT RISK MITIGATION TECHNIQUES**
- * CRM I-O BREAKDOWN BY CRM PROVIDERS OF THE OUTFLOWS ASSOCIATED WITH CRM TECHNIQUES HAVING A REDISTRIBUTION EFFECT ON THE EXPOSURE VALUE. TOTAL APPROACHES**
- * CRM I-O STANDARDISED APPROACH**
- * CRM I-O FOUNDATION IRB**
- * CRM I-O ADVANCED IRB**
- MKR IM TRADING BOOK: INTERNAL MODELS OVERVIEW**
- * MKR IM Daily TRADING BOOK: INTERNAL MODELS. ADDITIONAL AND DAILY INFORMATION**
- OPR OPERATIONAL RISK: BASIC INDICATOR, STANDARD, STANDARD ALTERNATIVE AND ADVANCED MEASUREMENT APPROACHES**
- OPR LOSS OPERATIONAL RISK: GROSS LOSSES BY BUSINESS LINES AND EVENT TYPES IN THE LAST YEAR**
- OTH 1 IND OTHER INFORMATION ON MAJOR COUNTERPARTY EXPOSURES**
- OTH 2 SECT OTHER INFORMATION ON SECTORIAL EXPOSURES**
- OTH 3 AFF OTHER INFORMATION ON AFFILIATES**
- OTH 4 OPR OTHER INFORMATION ON MAJOR OPERATIONAL RISK GROSS LOSSES RECORDED IN THE LAST YEAR OR STILL OPEN**
- OTH 5 SEC OTHER INFORMATION ON SECURITIZATION DETAILS. DETAILED REPORTING FOR ORIGINATORS AND SPONSORS**

Total number of different templates: 25

EXPLANATORY NOTES TO THE TEMPLATES

In these explanatory notes a brief summary of the contents of each template can be found. The complete set of templates will be headed by general information on the reporting institution (such as, for instance, name and code), on the level of application to which the information is referred to (consolidated, sub-consolidated or solo basis), on the time period to which the information is referred to, among others.

As a result of the application of the principles of flexibility and consistency, a high degree of standardization has been achieved, providing the system with important commonalities that streamline the number of the templates required to cover the full range of methods and approaches available in the Directive.

Also the different breakdowns available in the templates have been standardised to the extent possible. However, some template-specific breakdowns denoted by (*) in the list of templates are required for certain methods or imposed by the nature of the information required.

CA

Summary template in which information about the numerator (own funds), the denominator (capital requirements) and the ratio is provided. The template applies to all banks, irrespective of the accounting standards followed, although some items in the numerator are specific for banks applying IAS-type valuation rules. Generally, the information on the denominator is linked to the final computation obtained in the detailed capital requirement templates. The information on the banks' solvency covers Pillar 1 (all methods and approaches) and Pillar II.

CA IAS

Comprehensive information related to the effects (unrealized gains and losses) of IAS-type valuation rules on own funds and the prudential filters proposed by CEBS and to be applied by supervisors. The template is devised to directly deal with the part of those effects included in own funds and so it does not need to take into account their related tax effects. This template will have to be reviewed in the light of the final filters agreed. If a country decides to introduce some (mathematical) changes on the CEBS filters it will have to incorporate additional columns (B pieces), but this will be easy to do.

SA

This template provides detailed information on the distribution of the exposure values according to the different risk weights, therefore providing the necessary information for computing the final capital requirement for credit risk according to the SA. In order to have information on the overall impact of the CRM techniques per risk weight levels and assess the inherent quality of the portfolios, the most relevant information requested in the SA CRM template is broken-down here per risk weights. All this information may also be requested by exposure classes and exposure types (denoted + in the list of templates).

SA SEC 1

To be filled in by those institutions holding any position in a traditional (or “cash”) securitisation and whenever the underlying pool being securitised was treated under the SA by the originating bank. This includes: originators (institutions that owned the assets prior the securitisation) that have retained or repurchased any tranche or granted any sort of credit enhancement to the structure (subordinated loans...); investors that have purchased any tranche from a securitisation originated by a third entity; and finally, any institution, in general, that has granted an off-balance sheet exposure to a securitisation structure (liquidity facility, credit facility...). Banks acting as “sponsors” (providing liquidity to third party securitisation structures, usually ABCP) will only have to fill in the off-balance sheet items section.

SA SEC 2

To be filled in by those institutions holding any position in a synthetic securitisation and whenever the underlying pool being securitised was treated under the SA by the originating bank. The definition of synthetic securitisation can be found in Article 4.38 Directive of 2000/12, and refers to those deals where the tranching of credit risk is achieved through the use of credit derivatives or guarantees. The provision of a separate template for synthetic securitisations has proved to be crucial in order to accommodate the reporting to the specificities of synthetic deals. Investors in synthetic deals are those institutions providing the credit protection to the structure (selling a CDS or granting a guarantee to a tranche) or institutions holding credit link notes (CLN) (in cases where the synthetic deal has a funded portion). Originators in synthetic deals are those institutions acquiring the credit protection, achieved through the use of credit derivatives or guarantees, usually also by means of funded protection obtained by CLN issued by an SPV. Finally, all originators must also report on the amount of first losses retained (portion not covered with credit derivatives or guarantees) and/or subordinated loans granted to the structure.

IRB

This template, that is common for Foundation and Advanced IRB approaches, provides information on the inputs that are introduced in the capital requirements' formulae (exposure values, LGD, maturity,...) and for computing the excess/shortfall of provisions. This information is available at the obligor grade level, thus providing an insight on the internal rating system of the banks. Some columns are specific for purchased receivables (dilution risk). In order to have information on the overall impact of the CRM techniques per obligor grade levels and assess the inherent quality of the portfolio, the most relevant information requested in the FIRB CRM and/or AIRB CRM templates is broken-down here per obligor grades.

IRB SLOTT

This specific IRB template provides detailed information on the capital requirements' computation for those specialized lending exposures to which the slotting criteria is applied (available for AIRB and FIRB banks), by distributing the exposure value according to the relevant risk weights. It also provides the necessary data for the excess/shortfall. The relevant maturity breakdown $\geq 2,5$ years, $< 2,5$ years is available (denoted (*)) in the list of templates).

IRB EQU 1

It is aimed to provide relevant information on the capital requirement calculation for equities under the PD/LGD method. The structure is very similar to that of the IRB template (adjusted to the specificities of this method for equities). The available breakdown (*) is also different: exposures of exchange traded equities where the investment is part of a long term relationship; exposures of non-exchange traded equities where the returns on the investment are based on regular and periodic cash flows not derived from capital gains; exposures of exchange traded equities with a 0,40 lower bound for the pd; and finally, exposures of all other equity.

IRB EQU 2

This template provides detailed information on the capital requirements' computation for those equity exposures to which the simple risk weight approach is applied, by distributing the exposure values according to the relevant risk weights. Also the necessary data for the excess/shortfall is provided.

IRB EQU 3

Template that provides detailed information on the capital requirements' computation for those equity exposures to which the internal model method is applied, by giving summary information on the VaR figures and the floor to capital requirements imposed by the PD/LGD approach.

IRB SEC 1

To be filled in by those institutions holding any position in a traditional (or "cash") securitisation and whenever the underlying pool being securitised was treated under the IRB approach by the originating bank. The table follows the same structure as template SA SEC 1 but columns have been adapted in order to accommodate the whole set of credit conversion factors, risk weights and methodologies available under the IRB approach.

IRB SEC 2

To be filled in by those institutions holding any position in a synthetic securitisation and whenever the underlying pool being securitised was treated under the IRB by the originating bank. The table follows the same structure as template SA SEC 2 but columns have been adapted in order to accommodate the whole set of credit conversion factors, risk weights and methodologies available under the IRB approach.

SA CRM

It offers detailed information of the impact of the different types of CRM techniques available in the SA approach on the exposure value. Also the impact of credit conversion factor is included in order to end up with the exposure value used in the SA template. This information is provided for each exposure class with the availability of the exposure type (+) breakdown.

FIRB CRM

This template offers detailed information of the impact of the different types of CRM techniques available in the FIRB approach on the exposure value and the LGD

values. Also the impact of credit conversion factor is included in order to reach the exposure value that in the IRB template is breakdown according to obligors' grades. This information is provided for each exposure class with the availability of the exposure type (+) breakdown.

AIRB CRM

This template contains detailed information of the impact of the different types of CRM techniques available in the AIRB approach on the exposure value and on the LGD values. Also the impact of credit conversion factor is included in order to reach the exposure value that in the IRB template is breakdown according to obligors' grades. This information is provided for each exposure class with the availability of the exposure type (+) breakdown.

CRM I-O

This template provides more detailed information on the redistribution effect caused by CRM techniques. The template shows which is the asset class (CRM provider) that, as a consequence of the CRM techniques, will absorb the exposure being deducted from the same or other asset class (CRM receiver). The redistribution effects within the same asset class are included. This information will be available with the relevant breakdown according to the specific CRM techniques that entail a redistribution effect (*).

MKR IM

This template provides a breakdown of the VaR figures according to the different market risks (Debt, equity, FX, commodities). Additional information for the calculation of the capital requirement is also provided (specific risk surcharge, number of exceptions, etc.)

MKR IM Daily

This template provides for each internal model in place in the bank highly detailed information on the VaR figures, the profit & loss account and the back-testing on a daily basis. This daily information will be sent together ex-post to the supervisor according to the standard reporting time table.

OPR

Template that provides detailed information on the relevant indicators of operational risk and percentages to be applied, necessary for the capital requirement calculation in BIA, SA and ASA. Information on partial use or capital alleviation because of insurance is also requested for AMA, as well as other information related to the use of the allocation mechanism.

OPR LOSS

It summarises the information (number of events, total loss amount and maximum single loss) on the gross losses suffered by the bank in the last year according to event types and/or business lines. The template allows supervisors to flexibly choose the type of the information required according to their supervisory concerns.

OTH group of templates

All these templates have been devised to request, if it is the case, standardised relevant information from different perspectives or focused on different areas (columns) but with a feature in common: all of them are open by rows. This means that the supervisors would be free to determine their final scope of application bearing in mind that these templates complement the solvency reporting framework for Pillar I. Accordingly, they do not interfere with any other prudential information currently requested.

OTH 1 IND

This template aims to homogenise relevant information requested on the banks' exposures with individual, groups and/or related counterparties. It should provide a quick picture of those exposures with counterparties, wherever they are registered within the bank or the consolidated group, which, because of their size, may pose special risks for the bank's stability. The limited and succinct information requested, its primary scope (major exposures) and its flexibility differentiate it from other prudential information gathered, particularly to monitor the large exposures, on one hand, and to feed the credit registers, on the other hand.

OTH 2 SECT

A similar template to the former one regarding the type of information required by columns, but with a different target: the total exposures grouped according to supervisory definitions of sectors and sub-sectors, usually defined from the point of view of the sectoral activity and following standardised classifications (e.g. the Classification of Economic Activities in the European Community, NACE). Nonetheless, due to its flexibility, the groups might also be defined from a geographical perspective or following any other classification.

OTH 3 AFF

This template provides information on the distribution of risks and own funds, as well as the solvency situation of the affiliates and/or consolidated subgroups within the consolidated banking group for which all the other templates are referred to.

OTH 4 OPR

Template that informs on the major operational risk gross losses recorded in the last year or that are still open. It allows following the life of those losses above the threshold imposed by each supervisor, informing about the nature of the OPR losses (event types) and their location by business lines, the effects of the hedging techniques followed and relevant time periods.

OTH 5 SEC

This template is to be filled in only by institutions holding a position in any securitisation they originated (thus, only for originators). The template was devised to provide additional information on securitisation exposures on a deal-by-deal basis (versus the aggregate information reported in SA and IRB SEC templates). As long as the institution still maintains a position in a securitisation deal that it originated, it will have to inform on some of the main features of that deal such as nature of the underlying pool and capital requirements on an individual basis.