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Mr Jose Maria Roldan
Chairman
CEBS
Floor 18, Tower 42
25 Old Broad Street

LONDON EC2N 1HQ
E-mail : josemaria.roldan@c-ebs.org

Brussels, 28 June 2005

Dear Sir,

FINREP – Comment of the Belgian Bankers' and Stockbroking Firms' Association

The purpose of this letter is to inform you of our comment upon the CEBS proposal for the FINREP model (CP06, as published on www.c-ebs.org). This letter contains the position approved by the Board of Directors of the Belgian Bankers' and Stockbroking Firms' Association on June 24, 2005.

The Belgian Bankers' and Stockbroking Firms' Association fully agrees with the harmonisation of an IFRS-based financial reporting at the European level. Since the IFRS are taken as a basis for the reporting, the harmonisation of the reporting requirements can be based on a common set of rules, which, we think, is something positive.

The harmonisation of reporting involves more than just opting for a common framework though, and special attention should be paid to the use regulators make of the data in developing the reporting. In this matter, we refer to the charter in which the role of the CEBS has been laid down and which says among other things that '*the role of the Committee of the European Banking Supervisors is to contribute to a consistent implementation of EU directives and to the convergence of member States supervisory practices across the European Union*'.

If we put the FINREP model which is the object of the current consultation, against this charter, we have some doubts about the approach which has been followed by the CEBS working subgroup, because there is no harmonisation of financial reporting, only a standardisation at the most.

We are aware of the strong differences which exist in the way reporting is being organised at the European level : in the southern part of Europe, the number of data required is far bigger than in the northern part, although strictly speaking there is no difference in supervision. Nevertheless, we think that these differences must not be an obstacle to a harmonisation of reporting. The key elements of such a harmonisation are explained more into detail in our position paper enclosed with this letter.



In our opinion, a true harmonisation of European reporting practices also raises the question of a harmonisation of the supervisory practices as they exist at the level of the different supervisory authorities. Also in this respect, we are convinced – along the line of the CEBS charter – that a harmonisation of supervisory practices is the right way to follow. So, we seriously question the approach CEBS wants to follow and which consists in trying to achieve harmonisation in the long run by choosing the indirect way of a standardisation of data. The added value of such an indirect approach seems to be very small to us and entails the need for banks to organize successive implementations, which will lead to additional costs.

Hence, our ‘policy’ remarks as for this FINREP model first and foremost deal with the lack of any kind of harmonisation of the reporting model. According to us, the degree of flexibility one has opted for, is excessively high but we would also like to point out that we do not have the intention to ban all flexibility from supervision. There should indeed be room for a flexible approach to some extent and only when there is a need to do so at the national level, but the tendency towards supervisory convergence should prevail over these exceptions. In the current FINREP model however, the flexibility one has imposed permeates the whole of reporting. We do not support this kind of approach.

We understand that the harmonisation of supervisory practices is a delicate subject, but we hope that this consultation will be the opportunity for CEBS to start a full discussion of this topic in the light of the CEBS charter together with the sector. Our services as well as the working group concerned will be pleased to pursue the discussions in this matter.

A copy of this letter will be sent to Mr. E. Wymeersch, Chairman of the Banking, Finance and Insurance Commission, the Belgian regulator.

Finally, we hope that the comment in our position paper can be useful for your services for the purpose of adapting this reporting model.

Yours sincerely,

Michel Vermaerke
Chief Executive Officer

Daniel Mareels
Head of the Taxation, Accounting Standards
and Prudential Regulations Department

Enc.

cc. Mr. E. Wymeersch, Chairman of the BFIC (Banking, Finance and Insurance Commission)



FINREP – comments of the Belgian Bankers' and Stockbroking Firms Association

I. Executive Summary

The BBA supports the development of a harmonised European financial reporting based upon the IFRS. The use of IFRS as a basis for the reporting ensures a common ground for the harmonisation of the reporting requirements and is to be welcomed.

However, harmonising a reporting is more than choosing a common framework alone, **careful attention should be given to the use regulators make of the data** when developing the reporting. It seems useless to develop a common European framework where the prudential need is based only on the needs of some national supervisors or where the IFRS-market reporting is the only reason for adding data to a supervisory reporting.

These are the reasons why - after carefully reading the proposals - we end up feeling uncomfortable with the approach taken by the CEBS subworkgroup as no harmonisation of the reporting is achieved, only a standardisation of certain information. In paragraph 5 of the consultation paper we read the following: *'Each supervisor is free to select from the framework those data that it considers useful in carrying out its supervisory mission. In addition, each supervisor has the option of extending the standardised reporting framework with additional information considered necessary at the national level. This approach allows each individual supervisor to collect financial information adapted to its specific needs.'*

As such we feel that FINREP represents a menu of possible reporting information where regulators get the right to do their 'data cherry picking' or can even order 'à la carte' additional information. Building a European reporting based on these grounds is an obstacle for the harmonisation of reporting.

We are aware that there are strong differences in the way reporting is being organised throughout Europe : in the southern part of Europe, the amount of data one is asked to provide lies far above that required in the northern part for something which, strictly speaking, is one and the same kind of supervision.

Although we do not have the intention to prevent or hamper prudential supervision, one should ask the following question as a matter of principle : are all of the detailed data proposed in the FINREP model really necessary for exercising prudential supervision? As the answer to this question seems to be different from one regulator to another, we consider it a major flaw that the CEBS working group does not seem to be able to provide an answer to this question by establishing a level playing field in the field of financial reporting. Such an approach also ignores the tendency towards more supervisory convergence.

Instead, we are of the opinion that **reporting should be fully harmonised at the lowest common requirements across the various regulatory environments**, without there being a possibility for local supervisors to ask additional reporting. IFRS should be the foundation for this reporting. Only when absolutely necessary for prudential reasons, additional information (so called ‘common practices’) should be included in the package. In order to be a real common practice, the need for the data should be recognised by a qualified majority of prudential supervisors within the EU.

We believe that an adequate reporting should provide the supervisors with a sufficient amount of information for fulfilling their duty of prudential supervision. Indeed, it is also in the interest of the sector that the supervisors can detect problems, if any, so that the systemic risk can be reduced to a minimum. Hence, we opt for an approach based on the **principle of proportionality**.

One is indeed afraid that a European harmonisation will lead to considering the most stringent way of reporting within Europe as a general standard. We fear that the lack of agreement between supervisors about the way prudential supervision should be exercised (and also about which data are needed for this) is used as a pretext for extending the reporting requirements of controlled entities to one of the largest single supervisory practices in Europe. We do not support such an approach.

So, it may be useful to draw the attention on a number of principles which should underlie **adequate financial reporting** on the European level. First, prudential reporting should reflect the supervisor’s real needs in the prudential field. Moreover, we would also welcome the possibility of getting a justification for the need for financial reporting data (since some regulators currently do not need this information for carrying out their supervision) and of making a cost-benefit analysis beforehand : in this respect, one should put the marginal usefulness of additional data for the supervisor against the marginal cost banks have to make for providing these data. The best solution is to apply the principle of proportionality (a generally accepted principle of corporate governance) to the need for financial reporting data, i.e. making sure that there is a reasonable balance between the reporting requirements and the objective in the field of prudential supervision. Another thing one must avoid, is to confound between quantity (excessive detail) and quality.

We also note that the (national implementations of the) FINREP model ask(s) for additional breakdowns or categories within market reporting or put(s) a limit on the options in market reporting. In that case, there will be a need for expensive and technically complicated adaptations to the IT-systems and organisation at the internal level in order to adopt the market reporting to comply with the rules for FINREP. For this reason, we ask that the FINREP-model should recognise the options available in the IFRS-framework and that the additional breakdowns (also in the national conversions of the FINREP-model) should be limited as much as possible.

In order to reduce the overall reporting burden, the implementation of the final FINREP model should at the same time lead to:

- **a discontinuation of financial reporting on the basis of local GAAP.** As in most countries IFRS will be used only at consolidated level, this will be limited to that specific level only.
- **an overall strong reduction in the non-consolidated reporting.**

The BBA also would like to point out the importance of an adequate guide to the tables. Both for internal use as vis-à-vis the numerous subsidiaries, it is important to have a uniform understanding of reporting. However, this guidance must not become overly descriptive. A right balance should be struck between adding sufficient information on how to fill in the tables (which instruments belong to which cells) and avoiding to impose very detailed measures which would have an impact on the banks' internal systems. Each bank should be able to maintain its current internal structure and accounting organisation.

Finally, FINREP proposals must be put into line with the Common Reporting (COREP).

2. Questions asked by CEBS in its consultation paper

2.1. Do respondents agree that the reporting framework is IAS/IFRS consistent? Please indicate where you believe this is not the case.

During the process of drafting the reporting framework, a big effort was made in trying to adjust the FINREP model to the IAS/IFRS. However, we would like to point out that the options which are available under IAS/IFRS in market reporting, should also be available in the FINREP model. Moreover, there seems to be no need for adding supplementary breakdowns to the market reporting.

Examples :

- a) Valuation of securities at clean price or dirty price and calculation of the accrued income/expense for each portfolio: Some supervisors are in favour of a valuation at clean price and a calculation of the accrued income/expense for each portfolio of financial instruments, so as to be able to calculate the interest margin of the companies put under their supervision. The IFRS framework does not impose any explicit rule in this respect, so the institutions have a free choice. Given this freedom of choice, some of the listed institutions have used the clean price for their market reporting, while others have based themselves on the dirty price.

We would like to see the freedom offered by the IFRS being kept intact (IFRS 7, near final draft, Annex B, B4 (e)). Since some of the supervisors currently do not use financial reporting for the prudential supervision of credit institutions, no proof has been given that the calculation of the interest margin actually is an element which is absolutely necessary for exercising the prudential supervision.

This kind of freedom would be most welcome for trading derivatives.

- b) Choice between trade or settlement date accounting: Given the fact that the IFRS offer this freedom of choice, we would like to see this freedom of choice being kept intact under the FINREP model. Consequently, we cannot agree with a potential revaluation of this freedom of choice as mentioned in the consultation paper.
- c) Tabel 39, impairment:
- i. We cannot agree with the fixed ‘time buckets’ for the calculation of the past due in the ‘impairment and past due’ subtable. First, this is no requirement under IFRS (only an example mentioned in the Implementation Guidance which accompanies but is not part of IFRS 7) and the institutions prefer to use their own breakdown in accordance with the CRD (fundamentally, we wonder what could be the interest for a supervisor in using two different kinds of ‘time buckets’ for prudential and financial reporting)
 - ii. We ask to cancel the ‘fair value of the collateral or other credit enhancements’ column in table 39 D, since this is no longer a requirement under IFRS (IFRS 7, near final draft, BC 71).

2.2. Do respondents believe that the use of Common Practice (CP) is appropriate? Please indicate where you believe this is not the case.

No. First, the FINREP model must be limited and adjusted to the requirements under IFRS as much as possible. Secondly, the CPs which have been proposed, refer to local practices in some countries and as such, they are not an adequate basis for building up a harmonised reporting. In order for a CP to be accepted as an element of a harmonised European reporting, it must be made clear that the CP meets a prudential need in a qualified majority of EU Member States.

In our opinion, the breakdown of ‘staff expenses’ in table 35 is a purely local requirement. The processing of this kind of breakdown is very difficult and we wonder what may be its prudential use.

2.3. Do respondents believe that the data contained in the reporting framework are available within the reporting entity? Please indicate for which data you believe this is not the case.

Most of the data are available within the reporting entities, although not necessarily as part of the accounting systems.

Depending on the internal organisation, some data are deduced from accountancy reporting systems, while others are an output from other internal applications. In view of reduced implementation costs, we think that the reporting framework must be neutral vis-à-vis the internal organisation of a reporting entity.

In the current approach, this is not the case however, since one is dealing with a mix of layered primary financial statements and a more comprehensive set of tables. Although it is mentioned that redundancies which are the result of this kind of approach, can be eliminated, we wonder how this can be done for an institution which is active in different countries. We would prefer that regulators of an internationally active bank decide among themselves about the approach to be taken, so that the bank must provide the data only once.

The reason for this is that the choice between a layered approach and a table approach is not neutral vis-à-vis the bank's internal organisation. It would be too optimistic to say that any kind of overlap between these two can be eliminated at the national level.

Let us take as an example a bank which is active in two Member States, one of which with a supervisor which has opted for a layered approach and the other for a table approach. As has already been mentioned, the internal organisation consists of several systems which provide data. In some banks, the accounting system provides the balance sheet data and the internal explanatory records provide the counterparties. This means that institutions of that kind will find it impossible to comply with a layered approach in which the counterparties must be mentioned. So, we are in favour of a table approach.

We note that this problem cannot be resolved by using XBRL.

Whatever choice CEBS will make in this respect, the sector insists on the need to lay down that institutions must provide each set of data only once.

In one specific case, the data are totally unavailable as part of the accounting systems, i.e. table 43A repurchase agreements, reverse repurchase agreements and related agreements (transferor).

Although the subtable complies with the IAS, providing these data as an output of the accounting system poses a special problem in the field of IT, due to the very short maturity of the overwhelming majority of those instruments. This subtable calls for a breakdown of repos and related agreements for each financial instruments portfolio. These data are available only in the middle office. We would welcome a pragmatic solution, i.e. making it possible to fill in the tables with data which are available in the middle office instead of the accounting system. In this context, we would like to point out that Italian credit institutions have been exempted by law from the obligation to include data about tripartite repos into their accounting system.

2.4. What additional steps do respondents think CEBS should take to promote further convergence towards a system of regular supervisory reporting that strikes a proper balance on the degree of detail of the information requested.

1. Standardisation is not sufficient, harmonisation of reporting should be the goal

While we admit that currently there are strong differences in the way reporting is being organised throughout Europe, we feel that this must not be used as a pretext by regulators for not striving to achieve a really harmonised reporting.

2. Reporting should be fully harmonised at the lowest common requirements across the various regulatory environments, without there being a possibility for local supervisors to ask additional reporting;

As a result of the flexibility principle used by CEBS, each supervisor is free to select from the framework the data he considers to be useful for carrying out his supervisory mission.

We fear that the lack of an agreement between supervisors on how prudential supervision should be exercised (and hence which data are needed for this) is used as a pretext for extending the reporting requirements of the entities controlled to one of the largest single supervisory practices in Europe. We do not support this kind of approach.

So, it may be useful to draw the attention on a number of principles which should underlie adequate financial reporting on the European level.

- Prudential reporting should reflect the supervisor's real needs in the prudential field, which should be based on a level playing field.
- Prudential reporting should be justified (common practices should be based upon a real prudential need recognised by a qualified majority of supervisors within the EU) and should be based upon a cost-benefit analysis. One should put the marginal usefulness of additional data for the supervisor against the marginal cost banks have to make for providing these data.
- Prudential reporting should be based upon the principle of proportionality.
- One should avoid confounding between quantity (excessive detail) and quality.

3. Whenever possible, FINREP and COREP reporting should be mutually adjusted.

More thought should be given to the need of adjusting the two reporting models one another. Although much work has already been done as for the prudential filters (for which we deplore that no level playing field has been established), the latter focus only on the numerator of the capital ratio. We feel that additional research is needed on the use of IFRS values for determining the denominator of the capital ratio.

4. The application of reporting should be based on a level playing field. This also implies that common practices are included into the reporting, only if the need for these is based upon a request from a qualified majority of European regulators.

The principle of flexibility CEBS applies, is a real obstacle for the development of a level playing field for reporting in Europe. We feel that FINREP represents a menu of possible reporting information in which regulators get the right to do their 'data cherry picking' or can even order 'à la carte' additional information.

For this reason, we urge CEBS to find a common ground for the development of a really harmonised reporting as soon as possible.

2.5. Do respondents believe that the guidance provided in Annex 2 is appropriate in all respects? We particularly welcome comments on the first chapter of the explanatory guidance.

The implementation of a FINREP model poses many practical questions. In order to ensure a smooth implementation, CEBS should develop an adequate guidance. For internal use as well as vis-à-vis the numerous subsidiaries, it is important to have a uniform understanding of reporting. This guide is also indispensable for transposing the reporting into an IT-environment : it is very difficult to ask external software companies or internal IT-services for an implementation without this kind of guide. The guide should also make it possible to have a uniform interpretation of the tables by the auditors.

The main purpose of this guidance should be to provide exact information about the kind of data which must be provided as well as about where to put them into the tables. Just referring to the IFRS is not enough.

However, this guidance must not become overly descriptive. A balance should be struck between adding sufficient information on how to fill in the tables (which instruments belong to which cases) and avoiding to impose very detailed measures which would have an impact on the banks' internal systems. Each bank should be able to maintain its current internal structure and accounting organisation.

Neither must the guidance entail an interpretation of the IFRS which would result in the development of a European kind of IFRS which is rejected by the US and Asia. In this way, banks which are active at an international level, would be disadvantaged, as they would have to draft multiple reporting.

3. Common remarks on the full set of tables

• Counterparties

We think that there is no need for including the breakdown as for counterparties into the FINREP model with the same degree of detailing as for COREP. In our opinion, it would be more useful to ensure maximum adjustment by means of an aggregation of COREP counterparties into a reduced number of counterparties under FINREP.

• Breakdown of fair values per counterparty or per product, no IFRS requirement

A breakdown of the fair values per counterparty is needed for some of the tables (tables 6, 7, 8, 39D). According to us, this is no IFRS requirement, since the breakdown per counterparty is based on the CRD. So, we would like to see this requirement being cancelled. Only if the indication of a fair value amount is presented in such a way that the amount can be compared with the carrying amount, can it be based on the IFRS (IFRS 7, 24 near final draft). We think that the breakdown per counterparty is a wrong

interpretation of the IFRS. The same goes for the breakdown of the fair values per product (tables 19, 20, 21). The FINREP model should also be simplified in this respect and for doing so, the required calculation of the fair values should be made only at an aggregate level.

- Simplification of the tables for repos, tax, defined benefits

The sector would prefer a simplified approach for a number of tables, more particularly as for repos (table 43A), tax (table 15) and defined benefit plans (table 45)

Repos (table 43A): we think it would be wise to simplify this table, given the usually very short maturity of most repos and related agreements (cfr. 2.3 above).

Tax (table 15): we think that this table cannot be standardised. So, we are in favour of simplifying this table. A proposal has been included into the detailed comment in this document.

Defined Benefit plans (table 45): We think that the ‘actuarial assumptions’ under No. 4 can be provided in the form of a narrative and consequently, can be left out from the reporting to the same extent as the common practices.

4. Comment on each of the tables taken separately

CONSOLIDATED BALANCE SHEET STATEMENT – LIABILITIES

Shares capital repayable on demand: this is legal share capital (= local GAAP) which, according to the equity-liability definition (IAS 32) is redefined as liabilities. This includes ‘Shares capital repayable on demand’. IFRIC 2 is exactly meant to classify this as equity, upon certain conditions. However, this applies only to cooperative companies. The redefinition of equity as liability covers far more than just Share Capital repayable on demand. This may also apply to structures based on preference shares.

We propose to broaden the scope of this item and to redefine it as the ‘Liability component of compound financial instruments’ with a reference to 32.28

CONSOLIDATED BALANCE SHEET STATEMENT – EQUITY AND MINORITY INTEREST

Please add one line: ‘unpaid capital which has not been called up’.

TABLE 6 AVAILABLE FOR SALE FINANCIAL ASSETS

It is not possible to provide the breakdown of ‘impaired assets’ (cfr. point 3, breakdown of fair values per counterparty).

**TABLE 7. LOANS AND RECEIVABLES – GENERAL INFORMATION**

We wonder if it is necessary to have a breakdown of the general provisions for loans and receivables per counterparty. Since this is no IFRS requirement, we would like to see this breakdown being left out from the FINREP model.

If one refers to loans and advances, this means that the off-balance sheet products are not taken into account. On the contrary, if they are taken into account, should an EAD be applied to these ?

Does one have to include guarantees and collateral into this table ?

TABLE 8 HTM

From a technical point of view, it is impossible to provide a calculation of the fair value amounts with the degree of detailing as required (only the fair value of the full portfolio is available).

TABLE 10 ACCRUED INCOME FROM FINANCIAL ASSETS

According to the IFRS, one may choose between clean and dirty fair value (IFRS 7, near final draft, Annex B, B4 (e)). So, we would like to see this table being cancelled (cfr. 2.1 a) above).

TABLE 11 PROPERTY, PLANT AND EQUIPEMENT

In our opinion, the difference between ‘office equipment’ and ‘other equipment’ is irrelevant; moreover, the systems cannot make this difference. Consequently, we propose to join both these elements and to cancel one column once and for all.

TABLE 12 INVESTMENT PROPERTY (IP)

We think that there is no sense in making a subdivision between ‘acquisitions’ and ‘subsequent expenditures’ and propose to merge both of them into a category called ‘additions’. This means that the ‘subsequent expenditures’ category disappears once and for all.

TABLE 13 GOODWILL AND OTHER INTANGIBLE ASSETS

We think it is impossible to provide the revaluations mentioned in table B. We also wonder what is meant by ‘gross amount of impairment of goodwill’. Should this not be ‘gross amount of goodwill’, as the accumulated impairment is indicated on the next line ?

TABLE 14 INVESTMENTS IN ASSOCIATES

Table B: We propose to introduce a materiality limit for each associate as for the providing of summarized financial information.

One would prefer being allowed to use the local currency when providing the information.

TABLE 15 TAX ASSETS AND LIABILITIES

According to us, this table cannot be standardised. So, the sector proposes to make the following adaptations to the subtables.

Table 15B III: one asks for a limitation of the number of breakdowns. We propose the following subdivision :

1. Current income tax expense
2. Deferred tax expense
3. Other

Table 15B IV: we propose to replace this table by the following :

Aggregate current and deferred tax charged or credited to equity	Current year
Aggregate amount of current tax (charged)/credited to equity	
Aggregate amount of deferred tax (charged)/credited to equity	

Table 15B V: one would appreciate being allowed to provide this table with a free lay-out, for indeed this is no prudential information.

TABLE 18 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities measured at fair value: difference between the carrying amount and the amount contractually payable at maturity : what is meant by the latter amount ? Does one have to take premium/discount into account ? Nominal amounts ? There is a need for guidance in this matter.

TABLE 24 PROVISIONS

We propose to merge the ‘provision for tax litigation’ column together with the ‘pending legal issues’ and in this way the ‘provision for tax litigation’ column would disappear for good.

TABLE 32 FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING

The stock of fair values hedged items in case of a discontinuation of hedge accounting is added to the effective yield instead of being written off in a linear way (except for a portfolio hedge, cfr. IAS 39, 92). This is indeed a correct application of the IFRS. These amounts cannot be provided separately.

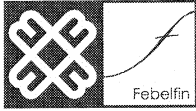


TABLE 36 GENERAL AND ADMINISTRATIVE EXPENSES

In our opinion, a breakdown of this table is useless and so we would like to see this table being left out.

TABLE 39 IMPAIRMENT

Table 39 B, Past due: IFRS 7 near-final draft does not impose standard periods for the disclosure of the past due. It would be useful to adjust the time buckets to those laid down within the framework of the CRD implementation in order to avoid confusion and overlapping.

Table 39 D, Fair value of the collateral or other credit enhancements column: we ask for this column to be cancelled, since this is no longer an IFRS requirement (IFRS 7, near final draft, BC 71).

Table 39 D, Maximum credit exposure : we wonder whether or not the credit lines must be taken into account ?

TABLE 40: MATURITY BREAKDOWN FOR LIQUIDITY RISK

IFRS 7, 37 juncto IFRS 7, IG 30 near final draft does not impose the disclosure of a maturity breakdown.

TABLE 42 LEASING

As for table 42.A, we ask for the third column to be cancelled, since this is about NPVs and in that case, there is no sense in calculating the remaining maturity.

Table 42C rather has a narrative character according to us.

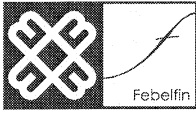
TABLE 43 REPURCHASE AGREEMENTS, REVERSE REPURCHASE AGREEMENTS AND RELATED AGREEMENTS

See the remarks in 2.3 above.

TABLE 44 RELATED PARTY DISCLOSURES

Table 44 A & B: There is no need for a breakdown per product under the IFRS and consequently, we ask for this breakdown to be dropped from the table.

We would like to see the 'key management of the entity or its parent' column being dropped from tables A and B because of the overlap with table C.

***TABLE 45 DEFINED BENEFIT PLANS***

We would like to see the ‘assumptions’ in No. 4 being left out from the table, for they can be provided in the form of a narrative.

TABLE 46 NOTIONAL AMOUNTS ON OFF-BALANCE SHEET COMMITMENTS OTHER THAN DERIVATIVES

The table indeed mentions credit derivatives. Please adapt the title.

We would prefer the available margin being provided instead of the notional amount, for indeed the institution has committed itself for a margin and not for a notional amount. When part of the amount already has been included, it is wrong to mention the notional amount and the part which has not yet been included (margin), should be mentioned instead so as to give a correct view of the obligation imposed on the institution.

Furthermore, we think that this table is an overlap with table 9 as far as credit derivatives are concerned.

TABLE 47 CASH FLOW STATEMENT

Although the CF table generally can be considered to be a very useful instrument for measuring the life expectancy of growing companies, we think that a CF table offers little or no added value for a credit institution. Most (almost all) of the activities of a credit institution, indeed can be considered to be operational activities (collecting deposits, investing in AFS assets, etc.). So, we think that the evolution in the field of B/S, IS, changes in equity as well as the other notes provide all of the information required and that the cash flow table for a credit institution does not add any additional comment in this respect. Since the prudential reporting does not necessarily have to include all of the information required under the IFRS, we propose to leave out the CF table once and for all.

TABLE 48 STATEMENT OF CHANGES IN EQUITY

We propose to wait for the ‘Performance Reporting’ project before introducing an equity statement, in order to avoid making changes to the systems which would need yet another adaptation shortly afterwards.