POSITION PAPER

ESBG response to the EBA consultation on draft Guidelines on the LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013.

ESBG (European Savings and Retail Banking Group)

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ESBG

Dear Sir/Madam,

Thank you for the opportunity to comment on the EBA consultation on the *draft Guidelines on the LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013*. We would like to share with you the following reflections that we hope will be appropriately taken into account by the EBA.

General remarks

The consultation paper mentions that the EBA has no specific mandate to elaborate Guidelines on the LCR or on liquidity risk in general terms. Nevertheless, the EBA takes the view that article 435(1)(f) Capital Requirements Regulation (CRR) is as a legal foundation sufficient for Guidelines to harmonise the specifications. We do not share this point of view, but rather believe that EBA Guidelines are not the appropriate legislative level. In order to make sure that there is a solid legal basis, an amendment of the CRR would be necessary.

The annexes referred to should be checked again, as they correspond in part to the final EBA ITS rather than the version published in the EU Official Journal.

Question 1: Do respondents have any comment to the scope of application of the draft guidelines?

Most of the aspects regulated by the Guidelines are based on requirements of the Basel standards, which are not designed for smaller or non-internationally active banks. The Guidelines do not properly respect the principle of proportionality, from ESBG's point of view. The disclosure requirements should be limited for banks in such a way as to disclose the nominator, the denominator and the ratio itself. This would not only be for proportionality reasons, but rather for confidentiality and privacy reasons (please see also our answers to questions 8 and 14).

Apart from that, the framed text box included in paragraph 7 of the draft Guidelines details the following: "[...] credit institutions which have been waived from the LCR requirement on a solo basis would not fall in the scope of the individual disclosure of the LCR."

We understand that this sentence makes reference to Art. 6(3) CRR ("Every institution which is either a parent undertaking, or a subsidiary, and every institution included in the consolidation pursuant to Article 19, shall not be required to comply with the obligations laid down in Part Eight on an individual basis").

The scope of application of these guidelines should be aligned with the Basel Committee's Pillar III requirements, which are applied on the consolidated basis only. Indeed it is the most consistent way with which banks manage their liquidity. The guidelines should clarify that they do not apply to all institutions but only to parent companies.

Based on this, in order to clarify the scope and level of application of these draft Guideline, the EBA could consider including the text box of paragraph 7 as a proper paragraph in the final Guidelines.

<u>Question 2:</u> As currently foreseen, the application date will be in June 2017. Do respondents find the date of application of the guidelines appropriate?

ESBG would like to stress that it is crucial that institutions have enough time to adapt their systems to new or revised disclosure requirements.

The LCR disclosure requirements have to be applied two months after their publication in the EU Official Journal. Currently, the EBA is anticipating the application for June 2017 at the earliest. However, the consultation on LCR disclosure runs until August 2016. As further editing of the LCR disclosure requirements is likely once the consultation period ends, ESBG believes that an application by June 2017 is too ambitious.

More precisely, the implementation date is not appropriate as long as undue operational complexity of consolidating daily LCR is maintained in the draft guidelines. The implementation date should be:

- Either sufficiently postponed to give time to institutions to comply with the guidelines;
- Or maintained if the guidelines were amended in such way that quarterly LCR is a monthly average LCR.

If the first option was chosen, a first-time application of the LCR disclosure requirements should not be foreseen before 2018, in our view.

<u>Question 3:</u> Do respondents consider that the transitional period is sufficiently clear?

ESBG understands that the transitional period shall be the period following final publication of the guidelines in the EU Official Journal, as it will only then be clear to institutions what they are actually required to disclose, on what scale, and how frequently. In other words, only once the guidelines have been published in the Official Journal is their implementation feasible, since the EBA's final draft may differ from the European Commission's version (as the additional liquidity monitoring metrics already showed).

The starting point for calculation and provision of the LCR data should not be in advance to the publication of these guidelines. In this context the draft seems to be unclear, which raises further questions or aspects that need to be clarified in more detail. At present, it is not clear whether firms would be expected to disclose information on the LCR from June 2017 or whether this might be the date from which the guidelines apply with disclosure envisaged from a later date. In addition, we would like to highlight that in June 2017, under the LCR transitional arrangements, firms will be required to meet 90% of their LCR requirements and that it might be clearer for users, therefore, if disclosure was to commence from 2018 when firms will have to meet their LCR requirements in entirety.

Not only might a different schedule for the current LCR reporting as outlined in the draft guidelines be an obstacle but also ongoing implementation efforts due to a delayed finalisation of necessary technical standards, or differences in currently implemented definitions (e.g. intervals, calculation basis, etc.), should be kept in mind when defining a starting point. Therefore, ESBG suggests defining a clear start for the disclosure that gives time enough for any necessary implementation activity or calibration needs.

In addition, we are of the opinion that a retroactive disclosure of values belonging to the transitional period is out of scope. In case supervisors should regard retroactive reporting as essential, institutions should be allowed to disclose averaged values of the monthly reported LCR.

<u>Question 4:</u> Do respondents have any comment relative to the proposed LCR related items prone to rapid change?

No.

<u>Question 5:</u> Do respondents have any comment relative to the content of the table in Annex I of the draft guidelines and the way to display it?

The table proposed in Annex I is only composed of the information envisaged in Art. 435(1) CRR in a table format. In our opinion, as nothing new is provided in this table and Art. 435 CRR does not mandate the EBA to draw up a table, there is no need to include the latter in the final Guidelines.

The information to be disclosed according to Art. 435(1) CRR is too extensive to be put into a table. Institutions should be free to disclose the information in the format they consider best.

Furthermore, this qualitative disclosure template departs significantly from the Basel Committee's Pillar 3 Disclosure requirements with regard to the type of information required, the level of granularity and, unlike the Basel approach, does not give banks the flexibility to choose the relevant information to disclose. The EBA should align with the Basel approach and allow respondents to provide their own qualitative inputs which will vary depending on their business model and degree of liquidity and funding risks to which they are exposed. Requiring EU banks to provide additional, potentially highly sensitive material could distort the global level playing field and exacerbate any market confidence issues affecting credit institutions.

<u>Question 6:</u> Do respondents have any comment on the content of the LCR disclosure template in Annex II?

The LCR is a very volatile ratio compared to other prudential liquidity ratios (such as the German LiqV), as it is designed to ensure that financial institutions have the necessary assets at their disposal to face a severe short-term liquidity disruptions over a 30-day period. This volatility results essentially from the variation in some of its components due to their very nature, which, if misunderstood by stakeholders, may have a detrimental impact on the real liquidity situation of an institution.

With this in mind, ESBG is not sure whether the level of granularity proposed would be more significant or meaningful to investors than simplified disclosure based only on the ratio itself at a group consolidated level, the numerator and the denominator. In this regard, we note that, for supervisory purposes, banks must comply with a ratio and not with any sub-ratios, values or variation limits of the LCR components.

In ESBG's opinion, if such detailed granularity is maintained, it may not only lead to an overload of information for investors but would also harbour potential for disruption at banks, driven by a "self-fulfilling prophecy" situation.

Furthermore, the additions to the EU-specific information in the LCR disclosure template may lead to serious misinterpretation at international level. These items are unknown internationally. It therefore needs to be assumed that third countries lack the required background knowledge to understand what these items mean. What is more, these items are not often of great significance for the resulting ratio. This EU-specific information could therefore be omitted.

To avoid any misunderstandings, the designation for row 19 in the proposed reporting template should be amended to *"Other cash inflows (fully performing)"*. The current wording could create the impression that liquidity inflows from non-performing exposures have to be entered here. Alternatively, the designation for row 18 could be modified accordingly.

Moreover, the requirement to report average daily figures is operationally not feasible. This applies especially to smaller institutions that have access to fewer resources within their reporting units than larger institutions. In most banks, the reported LCR is based on balance sheet data that is only partially available on a monthly basis.

The table requires daily averages, which obviously only works if processes allow calculation of all required line items in that frequency. An alternative could be merely reporting the monthly figures and adding a statement confirming that, based on approximated daily figures derived from a liquidity management system, the reporting institution never violated the minimum regulatory LCR requirement (or if it did, on how many days within the reporting period). Please see also our reply to question 11.

***Question 7:* Do respondents have any comment relative to the content of the template on qualitative information on LCR?**

The draft currently describes a disclosure based on a daily average LCR and remains silent on snapshot results. The information that shall be disclosed under the LCR disclosure template and shall state the values and figures referred to the previous four quarters prior to the disclosure date and shall be calculated as simple averages of daily observations over the corresponding previous quarter.

When looking at the intention of any disclosure as it shall give (potential) investors and the market (or even the depositor) an overview of the current situation of an institution. This information should be comparable not only with other institutions but also consistent with further disclosure and reporting requirements within the same institution. It is possible that other reported information (monthly or quarterly) is not based on average figures. Therefore, ESBG suggests reconsidering the approach of focussing on average figures solely and instead allowing to also use peak figures or snapshots, which could also be advantageous when defining a consistent interval or frequency for the disclosure and/or reporting data selection, if institutions wish to do so.

What is more, internal models could sometimes be more meaningful than the LCR, in ESBG's opinion. An example is foreign exchange LCR disclosure, which has no clear-cut benchmarks.

We understand this to be a requirement with respect to the content of information called for by Art. 435(1) CRR. The consultation paper does not stipulate any specific form in which such information is to be provided nor is it referring to a 'combined text'. This information may be included in the institution's financial statement or risk report.

Paragraph 18, row 1: *"Concentration of funding and liquidity sources"*:
No direct connection with the LCR is recognisable here, as considering only funding sources that will be due in the next 30 days does not appear appropriate. This information is connected more with the additional liquidity monitoring metrics (ALMMs). What is more, this item is implicitly included in the qualitative information in the table in paragraph 16. For this reason, we believe that this item should be dropped here.

Mandatory qualitative explanation (paragraph 18):

We see a benefit in institutions explaining the LCR they disclose in more detail, where required. This may also be in their own interest, e.g. to explain an unusual business situation or if the current LCR differs significantly from that in the preceding period. In such cases, a qualitative explanation makes sense, in ESBG's view. However, we do not see a benefit in a mandatory qualitative explanation if the institution itself sees no need for it. We would, in addition, like to point out that the Basel Committee on Banking Supervision also allows institution-specific interpretation and application of the requirements. The Basel Committee's disclosure requirements provided for disclosure in accordance with paragraph 15 only *"(…) where significant for the LCR (…)"*. This ought to have allowed institutions sufficient discretion in accordance with Art. 432 (1) CRR.

Furthermore, we see items 1-4 of the qualitative disclosure requirements very critically. The LCR disclosed is intended to give other market participants an idea of an institution's liquidity situation. The information proposed here could, however, allow a much deeper insight into an institution's business strategy.

It is, moreover, unclear what information supervisors specifically expect, as detailed descriptions or examples of the qualitative information to be provided are missing in Annex III – particularly as, according to the guidelines, quantitative explanations or results are not called for in this part of the report.

With regard to the qualitative information in Annex I and Annex II, ESBG does not believe that the guidelines on LCR disclosure are the right place to address these requirements, also because they are already mentioned in Art. 435 (1) CRR.

Paragraph 18, row 3: *"Currency mismatch in the LCR"*:
We take a critical view on the designation *"Currency mismatch in the LCR"*. Since, given the large number of currency pairs, actual presentation of currency mismatches is too complex, this item should be renamed to *"Liquidity position in significant currencies"*.

Paragraph 18, row 4: *"A description of the degree of centralisation of liquidity management and interaction between the group's units"*:
This item is already a mandatory part of the information called for in row 2 of the table in paragraph 16, in our understanding. To avoid any duplication and keep disclosure as consistent and concise as possible, this item should be deleted from paragraph 18.

Paragraph 18, row 5: *"Other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile"*:
This row does not seem appropriate to us. In accordance with the LCR Delegated Regulation, in conjunction with the CRR, the LCR is designed to ensure a comprehensive picture of an institution's liquidity situation within the next 30 days under assumed stress conditions. Consequently, all the facts of significance for this picture have to be taken into account in the LCR. Therefore there cannot be any other significant inflows/outflows that are not taken into account. For this reason, ESBG proposes deleting this item from paragraph 18.

Question 8: ***What information from Annex II, if any, would respondents consider irrelevant for LCR disclosure purposes?***

All EU-specific information in the LCR disclosure template (see question 6) is irrelevant, in our view.

Relationship between materiality, business secrecy and Art. 432 CRR (paragraph 18):

As mentioned above, we take a critical view of items 1-4 of the qualitative disclosure requirements. The LCR, as disclosed, is intended to give other market participants an idea of an institution's liquidity situation. The information proposed here could, however, allow a much deeper insight into an institution's business strategy. Thus, we generally question whether public disclosure of such information is consistent with the confidentiality and privacy of a bank's business operations. Granular information on items may be misused in the marketplace to attack a bank's business model for improper reasons. We instead take the view that compliance with well-known and understood regulatory ratios reviewed and regularly audited by an authorised supervisory bodies should enable a third party to rely on an institution having a sustainable liquidity and funding position. This was a primary objective of aiming for standardised and harmonised liquidity ratios in Pillar I. Disclosure of the three main components – HQLA, outflows and capped inflows – plus the LCR ratio, should therefore provide sufficient information balancing the interests of all parties involved.

Regarding the qualitative information in Annex I and Annex II, we do not believe that the guidelines on LCR disclosure are the right place to address these requirements, also because they are already mentioned in Art. 435(1) CRR.

Moreover, we would like to point out that the alignment of disclosure with new reporting standards (correction of the LCR is already planned) also requires a transitional period and should not be allowed to call for retroactive correction of values; such alignment should only be allowed to apply to future time periods. In addition, it would – as explained above – make sense to gear disclosure solely to HQLA, outflows as well as capped inflows and the reported LCR ratio.

Question 9: ***What information would respondents like to see added to the LCR disclosure requirements?***

In principle, ESBG does not believe that there is any additional information that needs to be publicly disclosed.

Optionally, banks could be allowed to also disclose their current LCR rather than only historical values. Investors may be interested also in the most recent ratio reflecting the liquidity and funding status of the bank. For the bank itself, it may be helpful, where it has recovered from low ratios reported in recent quarters, to demonstrate to the market that its liquidity and funding status has improved.

Question 10: ***Do respondents find the general instructions in Annex III sufficiently clear for the development of the disclosure template?***

Yes.

***Question 11**: In accordance with Article 4 of Commission Delegated Regulation (EU) 2015/61, the LCR needs to be met at any time whereas Article 15(1) of Commission Implementing Regulation (EU) No 680/2014 requires a monthly frequency of LCR reporting. The suggested approach for the LCR disclosure template is based on averaged values over daily observations based on the reporting templates. Particularly considering that the most recent data needed would be from the quarter prior to the disclosure date, do respondents consider that this approach is, from a practical point of view, operationally feasible meaning that the accuracy of the daily reporting observations for the calculation of the averages can be ensured? Do*

respondents consider that this operational feasibility could depend on the size of the credit institution or could be different in the case of solo or consolidated data?

ESBG does not support the proposed approach, the two main reasons being:

- There is no legal basis to require banks to report this type of information on a daily basis. Banks are currently obliged to submit the LCR, based on the LCR Delegated Act, to the local regulators on a monthly basis, which should be sufficient to provide the regulator with a short-term understanding of the liquidity situation and therefore a daily calculation should not be introduced. We do not see the added value of reporting this data based on averaged values of daily observations.

- Moreover, making the daily reporting mandatory would be an additional, problematic burden on banks, lacking evidence that there would be a gain of data quality and efficiency on the regulators' side.

The EBA rightly points out the problem of operational feasibility, which is a high concern for our members. In order to have the best possible data quality, a significant part of the data for the LCR is extracted from accounting systems and is produced only monthly. The calculation of a daily LCR will then necessarily be based on proxies. Furthermore, these daily calculations are neither reconciled with accountancy nor audited by competent authorities. ESBG strongly believes the disclosure requirement should be based on the best data quality possible and not on proxies. If the average daily calculation aims at demonstrating that banks comply with LCR at any time, instead of window dressing at end of month, banks can use additional monitoring tools (roll of the funding, funding gaps) to attest that their LCR is managed in a way that is fully compliant each day. Moreover, we believe that daily calculation has no added value for end users. All prudential ratios (capital, liquidity, leverage) should be met at any time by institutions. This does not mean that, for public disclosure purposes, they should be requested to be calculated on a daily basis.

What is more, the calculation of the LCR on a daily basis for disclosure purposes would, firstly, impose a disproportionately heavy burden on institutions' reporting unit resources. Secondly, the gain in information is limited, in our view, if an institution has, for example, internal controls that ensure that the LCR does not drop below a certain internal minimum ratio. Application of an above mentioned simplified approach that may be used on a monthly basis for disclosure purposes can, in our view, ensure an optimal balance between the burden on reporting institutions and added value for interested, external third parties. This would be a pragmatic solution particularly for smaller institutions, which naturally have less reporting unit resources.

The calculation of the LCR on a daily basis is also not feasible from a practical point of view. This would not only substantially increase the amount of work performed by institutions but also dramatically increase the costs resulting from the need for IT upgrades and better information storage capabilities. In most banks, the reported LCR is based on balance sheet data that is only partially available on a monthly basis.

The bigger a group is, the more complex operational feasibility is. Particularly, the calculation of the daily LCR on a consolidated basis is extremely time consuming, as the LCR has to be calculated in subsidiaries and then consolidated in the parent institution. Therefore it cannot be assumed that institutions have already implemented such a process and that calculation of the LCR on a daily basis does not impose any additional workload as the ratio is already available (please also see our reply to question 6).

From *a conceptual point of view*, ESBG does not agree with the proposal to have a higher calculation frequency than called for by supervisors (monthly, according to Commission Implementing Regulation (EU) No 680/2014) for public disclosure purposes.

Additionally, all prudential ratios (capital, liquidity, leverage) are met at any time by institutions. This does not mean that, for public disclosure purposes, they should have to be calculated on a daily basis

Calculation approach (paragraph 19 in conjunction with the disclosure template in Annex II):
In the event that an institution falls below the current minimum LCR, the requirements of the LCR Delegated Regulation and the CRR stipulate that it must be able to calculate an LCR and report it to the competent supervisory authority on a daily basis (see Art. 4, sentence 3 LCR Delegated Regulation in conjunction with Art. 414, sentences 1 and 2 CRR). The current Basel liquidity framework BCBS 238 (paragraph 162) also requires banks to hold capacities allowing them to calculate the LCR on a daily basis in stress situations. This basic daily reporting requirement is being implemented in systems, and capacities and processes are being held to deal with stress situations.

The requirement in paragraph 19 of the consultation paper goes well beyond this requirement set for extreme situations. The guidelines provide for mandatory calculation of the LCR on a daily basis without any transitional period, as this is included in averaging of the disclosed LCR.

The consultation paper itself notes on page 19 that potentially different approaches to calculation of the LCR on a daily and monthly basis may lead to inconsistencies between an LCR computed on the basis of the disclosure template values and the disclosed LCR.

ESBG shares this view and we are therefore opposing to the approach proposed for calculating an average LCR on a daily basis. The purpose of LCR disclosure it to create a better understanding of an institution's liquidity situation among other market participants by disclosing an average LCR. In our view, the general requirement for all institutions to compute quarterly LCR values on the basis of daily observed LCR data goes too far in this context. We believe that producing averages based on less data would also be feasible and in fact more appropriate. In view of the above mentioned inconsistencies and potential deviations between the average LCR and the LCR to be reported (on a monthly basis) for prudential purposes, market participants might be unsure about how to assess these disclosed LCRs. Fluctuations in these LCRs could be primarily data related and fail to reflect economic reality at institutions. To avoid this negative effect, institutions would be compelled to permanently tie up considerable resources also outside liquidity stress situations in order to maintain the high quality standards for both calculation of the LCR and for actual disclosure.

ESBG proposes a different approach to the LCR disclosure: the calculation of an average LCR via the LCR actually already established for prudential purposes covering the period prior to the respective reporting date.

Example: reporting date 30 June:
LCR (April, May, June) / 3 = ø LCR disclosed in reporting on 30 June.

<u>Question 12:</u> Do respondents find the specific instructions in Annex III sufficiently clear for the development of the LCR disclosure template and the template on qualitative information on LCR in Annex II?

Yes.

<u>Question 13</u>: In the elaboration of this CP, the EBA has considered several policy options under three main areas: a proportionality approach in the scope of application, items for a higher disclosure frequency and methodology for the calculation of the disclosures. Do respondents have any particular view on the assessment conducted on these policy options?

a) General assessment:

No options are presented in connection with the cost-benefit analysis. Without any closer analysis of the estimated burden on institutions, the consultation paper assumes that there will be no significant additional workload. At the same time, on the cost side, the consultation paper explicitly lists which data collection, data processing, control system and monitoring costs institutions would face. The argument that the benefits of the guidelines outweigh these costs is therefore puzzling. In particular, it is not clear how risk appetite is supposed to be reduced in this way. Additional costs actually increase the pressure on institutions to earn income. Particularly in the current market environment, the search for earnings is accompanied by a higher risk appetite.

Besides implementation of processes for computing the LCR on a daily basis across an entire group, formal aspects also need to be taken into account which, for compliance reasons, mean the introduction of additional key controls and documentation measures for institutions. What is more, the complex disclosure will impose an additional auditing burden both internally and externally.

b) Assessment of the policy options

With regard to proportionality, ESBG is in principle in favour of adopting option 1A and also suggests that the EBA considers business models, and not only size, when assessing proportionality. A simplified approach to LCR disclosure for smaller institutions, or those that have a particular business model, ensures that these institutions can deliver key information quickly and in good quality. The information that would have to be disclosed through a simplified disclosure template and a non-simplified disclosure template would, in our view, generally be mutually comparable for interested, external third parties. The key information would be identical.

In respect of frequency, ESBG would prefer option 2B for disclosure more frequently than annually, as it ensures better harmonisation and comparability. In addition, it is then easier for institutions to prepare the figures for annual disclosure, since the templates for more frequent disclosure can be aggregated. Special templates would therefore not make things easier for institutions.

There is an area of conflict as far as the calculation methodology is concerned. In our view, accuracy is increased by fewer data items, as the quality of these is higher thanks to longer validation. Daily values, on the other hand, tend to be inaccurate. We regard the argument in option 3B that calculation of averages based on daily values would be highly data-intensive and burdensome as both very serious and correct. Generally speaking, the feasibility of option 3A is questionable and the averages produced would not match the quality of reported values.

ESBG is therefore in favour of option 3B, as we believe that less frequent data observations allow more reliable and accurate calculation of averages and that, given the considerable implementation burden, weekly values, for example, would be an acceptable solution for institutions.

Furthermore, the cost of implementing option 3A is in no proportion to any potential gain in information that could be obtained through calculation of the LCR on a daily basis rather than its calculation on the basis of averages on the reporting dates. This argument would be particularly true if supervisors were to decide not to introduce any simplified reporting template for smaller institutions (we refer once again in this context to our reply to question 8).

<u>Question 14</u>: The provisions of Regulation (EU) 575/2013, including the disclosure requirements in its Part Eight, respect the principle of proportionality having regard, in particular, to the diversity in size and scale of operations and to the range of activities of institutions. A less complex, low risk institution will have to disclose less than a more complex, higher risk institution. In addition, specific waivers for disclosure exist in case of non-materiality of information, and the EBA has issued Guidelines to specify the cases where such waivers are used. The EBA intends to conduct further work on the application of the principle of proportionality to regulatory requirements, including the disclosure requirements. As a result, should a specific approach be needed as regards the implementation of the Guidelines on liquidity disclosures in a proportionate manner, this approach will be consistent with the EBA general approach as regards proportionality. In the meantime, users are invited to express their views on the following questions, whose answers will inform the future work of the EBA. Any potential solution suggested by respondents will have its feasibility assessed considering the applicable disclosure framework.

Do respondents think that the opportunity of having a simplified disclosure template for smaller credit institutions should be assessed? This simplified LCR disclosure template could comprise for example the ratio itself, the numerator and the denominator as key ratios and figures of the LCR, in the sense of Article 435 (1) (f) CRR. What arguments could respondents provide to justify that the LCR ratio itself, its numerator and its denominator are the only key ratios and figures of the LCR which are required to be disclosed by smaller credit institutions?

ESBG believes that it is important to ensure comparability in the marketplace. The information that would have to be disclosed through a simplified disclosure template and a non-simplified disclosure template would, in our view, generally be mutually comparable for interested, external third parties. The key information (numerator, denominator, ratio) would be identical.

At the same time, however, the templates for solo and group level should be uniform, as this makes it easier for groups to consolidate their individual subsidiaries and complete the group templates.

In line with our reply to question 8, ESBG regards the disclosure of nominator, denominator and the ratio itself as appropriate for *all* banks; not only for proportionality reasons, but also for confidentiality and privacy reasons.

At least for proportionality reasons, a disclosure of key information – as mentioned above – is sufficient for smaller or non-internationally active banks, from our point of view.

About ESBG (European Savings and Retail Banking Group)

ESBG brings together nearly 1000 savings and retail banks in 20 European countries that believe in a common identity for European policies. ESBG members represent one of the largest European retail banking networks, comprising one-third of the retail banking market in Europe, with 190 million customers, more than 60,000 outlets, total assets of €7.1 trillion, non-bank deposits of €3.5 trillion, and non-bank loans of €3.7 trillion. ESBG members come together to agree on and promote common positions on relevant regulatory or supervisory matters.

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