22 September 2015

Instructions for EBA data collection exercise on the proposed regulatory changes of the Definition of Default

Table of contents

Contents

1. Introduction

1. The EBA has a mandate to develop draft regulatory technical standards to specify the conditions according to which a competent authorities shall set the materiality threshold for credit obligations past due under Article 178(6) of Regulation (EU) No 575/2013 (CRR) and to issue guidelines on the application of the definition of default under Article 178(7) of that Regulation. In this context the EBA has published the following consultation papers:

   i. Consultation Paper on the draft RTS on materiality threshold of credit obligation past due under Article 178 of Regulation (EU) 575/2013 (EBA/CP/2014/32) published on 31 October 2014;

   ii. Consultation Paper on the draft guidelines on the application of default of an obligor under Article 178 of Regulation (EU) 575/2013 (EBA/CP/2015/15) published on 22 September 2015;

2. As it is expected that the changes resulting from the two regulatory products mentioned above might have significant impact on some institutions the EBA has decided to carry out a qualitative and quantitative analysis (QIS) in order to:

   a. estimate the impact of specific policy decisions on the regulatory capital requirements;

   b. assess the ability of institutions to recover historical data based on an adjusted definition of default;

   c. estimate the expected impact of the policy decisions on the calibration of risk parameters and assessing the expected materiality of the model changes resulting from the changes in the definition of default;

   d. gather information necessary to take final decisions on the regulatory requirements to be included in the RTS and GL.

3. However, the EBA is also mindful of the burden for the institutions that participate in the QIS and provide necessary estimates. Therefore the QIS is based on a number of simplifying assumptions that are intended to reduce that burden but at the same time allow obtaining meaningful information on the impact of a number of policy options. These assumptions will be described in detail further in the instructions.

4. The QIS is composed of two parts: qualitative questionnaire where institutions are asked to provide information on their current practices with regard to the most important technical policy options that are considered with regard to the definition of default and quantitative survey that aims to quantify the impact of selected technical policy options for representative samples of selected portfolios. The aspects chosen for the quantitative

analysis are those that are considered to be the most suitable for quantitative analysis where it is expected that the necessary data should be relatively easy available for banks.

2. General information

2.1 Scope of the exercise

5. This data collection exercise will be carried out on a voluntary basis. As in the further analysis of the data it is planned to use information available in the COREP reports, the QIS is directed to those banks that provide COREP reporting.

6. The exercise will be performed for banks that use the IRB and/or the Standardised Approach. The qualitative questionnaire is the same for all banks. The quantitative impact will be measured on the basis of different templates for each of those methods.

2.2 Consolidation level

7. As in the further analysis of the data it is planned to use information available in the COREP reports, the data in the QIS should be provided on the same consolidation level as used for the purpose of COREP reporting. Therefore in general data should be reported at the highest level of consolidation in a Member State. However, those institutions that only report COREP on a solo basis should complete the QIS also on a solo basis. This choice should be reflected in the QIS template ("General information" sheet, field 12D). The same level of consolidation as specified above should be used for both qualitative and quantitative questionnaires.

8. For further information, please see the document below "Decision of the European Banking Authority on Reporting by Competent Authorities to the EBA".

Adobe Acrobat
Document

2.3 Reporting date

9. Unless noted otherwise, all data should be reported as of 30 June 2015. In case data are not available for that reference period, please indicate the relevant reference date in the QIS template ("General information" sheet) and, if possible, provide the estimates for that different period. The relevant date should also be specified in each relevant template sheet.

2.4 Filling in the data

10. This data collection exercise should be completed on a best efforts basis. Where a participating bank is unable to answer a question or provide required estimation, the corresponding cells should be filled in with the information that the data is not available ('not available'). Where the issue is for some reason not applicable to some banks, for instance because they don't have specific types of exposures or don't use certain options, the corresponding cells should be filled in with the information that the issue is not applicable ('not applicable').

11. The cells should not be left empty. Where the information is not available or not applicable the symbols should be used as described in the previous paragraph. No other symbols should be used in these cases, in particular zeros should not be confused with not applicable or not available.

12. The general information and qualitative questionnaire should be filled by all participating banks. As regards the quantitative survey, banks that don't have the permission to use the IRB Approach should fill in only the quantitative survey for the Standardised Approach. Banks that have the permission to use the IRB Approach as a general rule fill in only the quantitative survey for the IRB Approach. However, they may also fill in the template for the Standardised Approach for some types of exposures if these portfolios (or parts of these portfolios) are under the permanent partial use of the Standardised Approach or are in the roll-out plan of the IRB Approach.

13. Answers to the questions should only be provided in the dedicated yellow cells. Additional comments, where necessary, should be provided in the dedicated cells for comments.

14. Percentages should be entered as decimals (i.e. per unit, for example 0.75 instead of 75%).

15. The glossary provided in the QIS Excel template may be helpful in understanding various notions, acronyms and measures used in the template.

2.5 References to COREP templates

16. In the analysis of the results of the QIS the information reported by institutions in accordance with this template will be combined with the information already available to the EBA via COREP reports. Some fields in the template contain reference to specific records in COREP reporting. It is not necessary to fill in these fields in the template as the relevant information has already been reported via COREP. However, if the data is available it would be beneficial to include it in the template directly.

2.6 Process

17. The QIS templates and these Instructions are published alongside the Consultation Paper on the draft guidelines on the application of default of an obligor under Article 178 of

Regulation (EU) 575/2013 (EBA/CP/2015/15) and are designed to measure policy options proposed in this Consultation Paper.

18. In the first stage of the process institutions are encouraged to review the templates and instructions and raise comments and questions if anything is unclear. Any comment or questions regarding the QIS should be sent to a dedicated mailbox: EBA-DoD@eba.europa.eu. If necessary, based on this review, the template and/or the instructions will be adjusted to ensure unanimous understanding of the exercise.

19. Institutions should submit the completed templates to the respective Competent Authorities (CAs), which will forward them to the EBA.

20. After receiving the completed templates the CAs together with the EBA will carry out data quality checks. If necessary, institutions might be asked for additional clarifications or adjustments.

2.7 Timeline

21. The timeline for the QIS is the following:

21/09/2015	Publication and distribution of the QIS templates and instructions
9/10/2015	Deadline for submitting questions and comments to the templates and instructions
15/10/2015	Publication and distribution of the final QIS templates and instructions
10/12/2015	Deadline for submitting the completed templates to relevant CAs
15/01/2016	Completion of data quality checks by the CAs and EBA
29/01/2016	Resubmission of the templates, if necessary to relevant CAs

3. Specific instructions

Information on how to fill the different sheets of the QIS templates can be found below.

3.1 General information

Row	Column	Heading	Description
8	D	Legal Entity Identifier	Please provide the legal Entity Identifier of the legal entity or head of the group (depending on the level of consolidation as specified in section 2.2 of these Instructions).
9	D	Name of the institution	Please provide the name of the legal entity or head of the group.
10	D	Jurisdiction	Please choose one from the defined list of countries.
12	D	Scope of consolidation	Please choose whether the data is provided at the solo or at the consolidated level. The level of consolidation should be the same as used for COREP reporting (see section 2.2 of these instructions).
14	D	Reference period	All data should be reported as of 30 June 2015 (see section 2.3 of these instructions), therefore this date has been predefined in the template. However, if a different date is used due to the availability of data, this different date should be entered in this field.
17-19	D	Units	For data such as EV, EAD, RWA, CRM LGD, CRA, EL, ELBE, ELBE-E (see glossary for the definitions) please indicate whether the numbers are given in units, thousands or millions. For data such as LGD, PD, DR, DR-E, CR, CR-E, RR, RR-E, Def%, Def%-E, share of secured exposure (see glossary for the definitions) it has been predefined in the template that numbers are given

Row	Column	Heading	Description
			in percentage terms. For data such as number of obligors please indicate whether the numbers are given in ones or thousands.
22	D	Reporting currency	Please choose one from the defined list of currencies. It should be the same currency as used in the COREP reporting.

3.2 Part 1: Qualitative questionnaire

3.2.1 Current practices

Row	Column	Heading	Description
1. Use of different default definitions			The differences in the default definition may be related with various aspects, including for example: number of days past due, counting of days past due, materiality threshold, application of indications of unlikeliness to pay specified in Article 178(3), specification of additional indications of unlikeliness to pay, criteria to return to non-defaulted status etc.
13	D	Do you use different definitions of default for different types of exposures?	Please specify whether different definitions of default are used across the entities established in the Member State within a banking group for different types of exposures. Type of exposure should be understood as defined in point (2) of Article 142(1) CRR. The answer should be ‘No’ if the same default definition is used for all types of exposures.
14	D	Do you use different definitions of default for different legal entities or branches?	Please specify whether different definitions of default are used for different legal entities or branches established in the Member State. The answer should be ‘No’ if the same default

Row	Column	Heading	Description
			definition is used for all legal entities or branches within the EU.
15	D	Do you use different definitions of default for different geographical locations?	Please specify whether different definitions of default are used for different geographical locations, in particular different jurisdictions, within the EU. The answer should be 'No' if the same default definition is used for all geographical locations within the Member State.
16	D	How many different default definitions do you use across all entities established in the Member State within a banking group?	Please specify the total number of default definitions used within the entities established in the Member State for different types of exposures, legal entities, branches or geographical locations. If the number of definitions is very large the approximate estimation may be provided.
17	D	If you use more than one definition of default what are the main differences between the definitions?	If there is one main difference between the definitions of default used within the entities established in the Member State please select from the drop-down menu. If this aspect is not included in the list or if there are more areas of differences please provide short description of these areas in the field for comments (17E).
2. Level of application of the default definition for retail exposures			
18	D	At which level do you apply the default definition for retail exposures?	Please choose from the specified options whether default definition for retail exposures is applied at the level of individual credit facility or at the obligor level. The option 'both' should be chosen where different levels of application are used for different portfolios of retail exposures within the EU.
19	D	If you use both the obligor and facility level, which are the portfolios with different level of	If the answer to the previous question is 'both obligor and facility level' please select from the drop-down menu what is the main split between the portfolios with the definition of default at

Row	Column	Heading	Description
		application?	the obligor level and those portfolios where default definition applies at facility level. If this aspect is not included in the list or if there are more dimensions in which the portfolios are split please provide short description of these dimensions in the field for comments (19E).
2.a. Pulling effect			
20	D	If you apply the default definition at the facility level, do you apply 'pulling effect' for default identification?	If the answer to the question in cell 18D is 'facility level', please specify whether you apply the 'pulling effect' for default identification, where 'pulling effect' means a rule where a significant part of total obligations of a borrower is in default then all other exposures to that borrower should also be defaulted; this effect is only applicable to retail exposures where default definition is applied at the level of individual credit facility and has been introduced in the ITS on supervisory reporting with a threshold of 20%. If the 'pulling effect' is applied only partially, for example for certain types of products or in certain entities within the group, please specify the scope of application of pulling effect in the field for comments (20E).
21	D	If yes, what level of threshold do you use?	If the answer to the previous question is yes, please specify what level of threshold is used for the 'pulling effect' as a percentage of total obligations of a borrower (the value should be entered as decimals). Should the level of this threshold be different for different types of exposures, for different entities or branches within a banking group or across geographical locations, please provide a short description in the field for comments (21E). If the answer to the previous question is 'No', please insert 'not applicable'.

Row	Column	Heading	Description
2.b. Contagion effect			
22	D	If you apply the default definition at the obligor level, please describe the rules with regard to default contagion including the treatment of joint credit obligations.	If the answer to the question in cell 18D is 'obligor level', please describe the rules with regard to default contagion including the treatment of joint credit obligations, where a joint credit obligation should be understood as an exposure to two or more obligors that are equally responsible for the repayment of the credit obligation. This notion does not extend to a credit obligation of an individual obligor secured by another individual or entity in the form of a guarantee or other credit protection.
3. Technical default definition			
23	D	Please describe your definition of technical default.	Please describe which definition of technical default is used within your legal entity or head of the group. If different definitions of technical default are used for different types of exposures, for different entities or branches within a banking group, across geographical locations or at other levels of granularity, please provide a short description of the scope of application of various definitions that are in use. Note that the description should refer to current practices and the notion of technical default may not necessarily be equal to the definition included in the Consultation Paper on the Materiality threshold (small amounts that are past due as a result of technical circumstances rather than the financial situation of the obligor, which is what should drive the materiality of default).
4. Counting of days past due			
24	D	Which convention do you use when allocating the	Please select from the drop-down menu whether a specific convention is used for allocating the

Row	Column	Heading	Description
		payments?	payments, i.e. FIFO (first-in-first-out) or LIFO (last-in-first-out), or another approach. In case another approach is used, for instance due to legal constraints or because certain allocation rules are included in the credit contracts with the clients, please describe this rule and give an explanation in the field for comments (24E).
5. Materiality threshold			Different thresholds may be specified across institutions to assess the materiality of a credit obligation past due, and this threshold may be different for retail versus non-retail exposures and even at more detailed levels of granularity. The questions below enquire about the structure of this threshold, what is the reference figure to express this threshold as a ratio, what is the level set for this thresholds, etc.
5.a Materiality threshold: non-retail exposures			
25	D	What is the structure of the materiality threshold currently used in the non-retail Portfolio?	Please select from the drop-down menu whether an absolute threshold, a relative threshold, a combination of both where only one breach or where both breaches are necessary to trigger default, or whether another structure is used for the materiality threshold. If another structure is used, please provide an explanation in the field for comments (25E).
26	D	What is the reference figure for the materiality threshold? (specification of measure that is assessed against the threshold)	Please select from the drop-down menu whether all amounts past due, all amounts that are past due more than 90 days, the whole credit obligation or another reference figure is used for comparison against the materiality threshold. If another reference figure is used, please provide an explanation in the field for comments (26E).
27	D	Is the assessment against the materiality threshold performed individually	Please select the appropriate answer from the drop-down menu. If the assessment is neither performed for each facility individually, nor in an

Row	Column	Heading	Description
		for each facility or in an aggregate manner for all exposures of an obligor?	aggregated manner for all exposures of an obligor, please provide an explanation in the field for comments (27E).
28	D	What is the level of the threshold?	Please specify the level of the materiality threshold used for non-retail exposures. If different levels of materiality threshold are used for different types of exposures, for different entities or branches within a banking group, across geographical locations or at other levels of granularity, please provide all levels that are used with a short description of the scope of application of these thresholds in the field for comments (28E).
5.b Materiality threshold: retail exposures			Retail exposures for the Standardised Approach should be understood as all exposures that fulfil the criteria specified in Article 123 of the CRR. For the IRB Approach exposures should be classified as retail if they fulfil criteria specified in Article 147(5) of the CRR.
29	D	What is the structure of the materiality threshold currently used in the retail portfolio?	Please select from the drop-down menu whether an absolute threshold, a relative threshold, a combination of both where only one breach or where both breaches are necessary to trigger default, or whether another structure is used for the materiality threshold in the retail portfolio. If another structure is used, please provide an explanation in the field for comments (29E).
30	D	What is the reference figure for the materiality threshold? (specification of measure that is assessed against the threshold)	Please select from the drop-down menu whether all amounts past due, all amounts that are past due more than 90 days, the whole credit obligation or another reference figure is used for comparison against the materiality threshold. If another reference figure is used, please provide an explanation in the field for comments (30E).
31	D	Is the assessment against	Please select the appropriate answer from the

Row	Column	Heading	Description
		the materiality threshold performed individually for each facility or in an aggregate manner for all exposures of an obligor?	drop-down menu. If the assessment is neither performed for each facility individually, nor in an aggregated manner for all exposures of an obligor, please provide an explanation in the field for comments (31E).
32	D	What is the level of the threshold?	Please specify the level of the materiality threshold used for retail exposures. If different levels of materiality threshold are used for different types of exposures, for different entities or branches within a banking group, across geographical locations or at other levels of granularity, please provide all levels that are used with a short description of the scope of application of these thresholds in the field for comments (32E).
6. Specific credit risk adjustments as an indication of default			
33	D	Please describe the conditions when specific credit risk adjustments trigger default.	Please provide an explanation for how a specific credit risk adjustment resulting from a significant perceived decline in credit quality is recognised by the institution as an indication of unlikeliness to pay (i.e. how is Article 178(3)(b) of the CRR applied in practice). If applicable, please describe which provisions from the RTS on the specification of the calculation of the specific and general credit risk adjustments[1] are used to trigger default.
34	D	Do you use a quantitative threshold for the specific credit risk adjustments to trigger default?	Please select from the drop-down menu whether you use a quantitative threshold for the specific credit risk adjustments to trigger default. If the answer is ‘partially’, please provide an explanation on the scope of application of the quantitative threshold in the field for comments (34E).

[1] http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0183&from=EN

Row	Column	Heading	Description
35	D	What is the reference figure for the threshold? (specification of measure that is assessed against the threshold)	If the answer to the previous question is yes or partially, please specify which reference figure is used to express the threshold. If necessary, please provide an explanation in the field for comments (35E). If the answer to the previous question is 'No', please insert 'not applicable'.
36	D	What is the level of the threshold?	If the answer to the question 34D is yes or partially, please specify the level of the threshold used for recognising a specific credit risk adjustment as default. If different levels of this threshold are used for different types of exposures, for different entities or branches within a banking group, across geographical locations or at other levels of granularity, please provide a short description in the field for comments (36E). If the answer to the previous question is 'No', please insert 'not applicable'.
7. Distressed restructuring definition			
37	D	Please describe the definition and conditions for the restructuring that triggers default.	Please provide an explanation for how a distressed restructuring of the credit obligation, where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest, or, where relevant, fees, is recognised by the institution as an indication of unlikeliness to pay (i.e. how is Article 178(3)(d) applied in practice).
38	D	Do you use a quantitative threshold for the loss related with distressed restructuring?	Please select from the drop-down menu whether you use a quantitative threshold for distressed restructuring to trigger default. If the answer is 'partially', please provide an explanation on the scope of application of the quantitative threshold in the field for comments (38E).
39	D	What is the reference	If the answer to the previous question is yes or

Row	Column	Heading	Description
		figure for the threshold? (specification of measure that is assessed against the threshold)	partially, please specify which reference figure is used to express the threshold. If necessary, please provide an explanation in the field for comments (39E). If the answer to the previous question is 'No', please insert 'not applicable'.
40	D	What is the level of the threshold?	If the answer to the previous question is yes or partially, please specify the level of the threshold used for recognising distressed restructuring as default. If different levels of this threshold are used for different types of exposures, for different entities or branches within a banking group, across geographical locations or at other levels of granularity, please provide all levels that are used with a short description of the scope of application of these thresholds in the field for comments (40E). If the answer to the previous question is 'No', please insert 'not applicable'.
8. Sale of credit obligations as an indication of default			Different practices may exist across institutions on how the sale of a credit obligation at a material credit-related economic loss is recognised by the institution as an indication of unlikeliness to pay.
41	D	Do you often sell exposures that are not defaulted?	Please select from the drop-down menu the option which best reflects how often exposures are sold that are not defaulted. Please provide an explanation for how the sale of a credit obligation at a material credit-related economic loss is recognised as an indication of unlikeliness to pay by the institution (i.e. how is Article 178(3)(c) CRR applied in practice?) in the field for comments (41E).
42	D	Do you use a quantitative threshold for the loss related with the sale of exposures for default	Please select from the drop-down menu whether you use a quantitative threshold related with the sale of exposures for default identification as a trigger for default. If the answer is 'partially', please provide an explanation in the field for

Row	Column	Heading	Description
		identification?	comments (42E).
43	D	What is the reference figure for the threshold?	If the answer to the previous question is yes or partially, please specify which reference figure is used to express the threshold as a ratio. If necessary, please provide an explanation in the field for comments (43E). If the answer to the previous question is 'No', please insert 'not applicable'.
44	D	What is the level of the threshold?	If the answer to the previous question is yes or partially, please specify the level of the threshold for recognising the sale of a credit obligation as a trigger for default as a percentage entered as decimals. If different levels of this threshold are used for different types of exposures, for different entities or branches within a banking group, across geographical locations or at other levels of granularity, please provide all levels that are used with a short description of the scope of application of these thresholds in the field for comments (44E). If the answer to the previous question is 'No', please insert 'not applicable'.
9. Other indications of unlikeliness to pay			Different practices may exist across institutions on whether and which other indications of unlikeliness to pay are used and whether these trigger default automatically or whether these require a case-by-case assessment. The additional indications of unlikeliness to pay may be based on internal or external information.
45	D	Do you specify other indications of unlikeliness to pay apart from those required by Art. 178(3) of the CRR?	Please describe which other indications of unlikeliness to pay are used, in addition to those already listed in Art. 178(3) CRR. Please specify whether these other indications of unlikeliness to pay are specified differently for different types of exposures, as defined in point (2) of Article 142(1) of the CRR, for different entities or branches within a banking group, across

Row	Column	Heading	Description
			geographical locations or at other levels of granularity in the field for comments (45E).
46-48	D	Please list 3 most frequently occurring additional indications of unlikeliness to pay that trigger default.	If the answer to the previous question is yes or partially, please describe which additional indications of unlikeliness to pay are used most often. Please use one cell for each additional indication of unlikeliness to pay (cell 46D, 47D and 48D). If the answer to the previous question is 'No', please insert 'not applicable'.
49-51	D	For these 3 most commonly used indications of unlikeliness to pay: do they trigger default automatically or is it a case-by-case assessment?	Please indicate, for each of these 3 most frequently occurring additional indications of unlikeliness to pay as indicated in your response to the previous question, whether these trigger default automatically, or whether these require a case-by-base assessment.
10. Criteria to return to non-defaulted status			Differences may exist in criteria used by institutions that have to be met to rate a previously defaulted exposure again as non-defaulted, i.e. how institutions assess that no trigger of default continues to apply to a previously defaulted exposure (i.e. how Article 178(5) CRR is applied in practice).
52	D	Have you specified a probation (observation) period before the exposure / obligor can be reclassified from default to non-defaulted status?	Please select from the drop-down menu whether you have specified a minimum length of probation period (observation period) before the exposure or obligor (depending on whether the definition of default for retail exposures is applied at the level of the individual credit facility or at the level of the obligor level) can be reclassified from default to non-defaulted status. The probation period should be understood as a required minimum period before an exposure/obligor can be reclassified from default to a non-defaulted, and during which the exposure/obligor is monitored by an institution

Row	Column	Heading	Description
			in order to make sure that the improvement in the credit quality is factual and permanent.
53	D	If yes, does it trigger the return to non-default automatically or does it require a case-by-case assessment?	If the answer to the previous question is yes or partially, please select from the drop-down menu whether at the end of the probation period the return to non-defaulted status is triggered automatically, or whether it requires a case-by-base assessment. If the answer to the previous question is 'No', please insert 'not applicable'.
55-57	D	If you use probation periods, from which moment does the probation period start?	The start of the probation period may be specified differently, depending on whether the origin for classifying an exposure/obligor as default is exceeding the past due criterion (row 55), the exposure is under distressed restructuring (row 56), or where default was triggered by another qualitative indication of default (row 57). Please specify, for each of these situations, when the probation period starts. If the probation period is not used, please insert 'not applicable'.
59-61	D	If you use probation periods, how long is the minimum probation period?	The specification of the length of the probation period may be different, depending on whether the origin for classifying an exposure/obligor as default is exceedance of the past due criterion (row 59), the exposure is under distressed restructuring (row 60), or where default was triggered by another qualitative indication of default (row 61). Please specify, for each of these situations, the minimum length of the probation period. If the probation period is not used, please insert 'not applicable'.
12-61	E	Comments	In case any additional explanations, apart from those already mentioned above, are necessary to ensure adequate understanding of the reported data please provide them in these dedicated

Row	Column	Heading	Description
			fields.

3.2.2 Views on impact of proposed policy options

Row	Column	Heading	Description
Impact of the proposed policy options on the own funds requirements			
66	D	1. Different default definitions	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on the use of different default definitions across types of exposures, across legal entities or branches or across geographical locations proposed in paragraphs 65-71 of draft Guidelines on default of an obligor. If the impact is considered significant or very significant, please provide short explanation in the field for comments (66E).
67	D	2. Level of application of the default definition for retail exposures	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on the level of application of the default definition for retail exposures proposed in paragraphs 72-77 of draft Guidelines on default of an obligor. If the impact is considered significant or very significant, please provide short explanation in the field for comments (67E).
68	D	2.a Pulling effect	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on the application of pulling effect proposed in paragraph 47(h) of draft Guidelines on default of an obligor. If the impact is

Row	Column	Heading	Description
			considered significant or very significant, please provide short explanation in the field for comments (68E).
69	D	2.b Contagion effect	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on the default contagion proposed in paragraphs 81-90 of draft Guidelines on default of an obligor. If the impact is considered significant or very significant, please provide short explanation in the field for comments (69E).
70	D	3. Technical default definition	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on technical defaults proposed in paragraph 20 of draft Guidelines on default of an obligor. If the impact is considered significant or very significant, please provide short explanation in the field for comments (70E).
71	D	4. Counting of days past due	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on counting of days past due proposed in paragraphs 16-23 of draft Guidelines on default of an obligor. If the impact is considered significant or very significant, please provide short explanation in the field for comments (71E).
72	D	5.a Materiality threshold: non-retail exposures	Please select from the drop-down menu your assessment of the effect on own funds of the policy option on materiality threshold for non-retail exposures specified in section 3.3.1 of these Instructions. If the impact is considered

Row	Column	Heading	Description
			significant or very significant, please provide short explanation in the field for comments (72E).
73	D	5.b Materiality threshold: retail exposures	Please select from the drop-down menu your assessment of the effect on own funds of the policy option on materiality threshold for retail exposures specified in section 3.3.1 of these Instructions. If the impact is considered significant or very significant, please provide short explanation in the field for comments (73E).
74	D	6. Specific credit risk adjustments as an indication of default	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on the treatment of specific credit risk adjustments proposed in paragraphs 25-29 of draft Guidelines on default of an obligor. If the impact is considered significant or very significant, please provide short explanation in the field for comments (74E).
75	D	7. Distressed restructuring definition	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on the treatment of distressed restructuring proposed in paragraphs 38-44 of draft Guidelines on default of an obligor. If the impact is considered significant or very significant, please provide short explanation in the field for comments (75E).
76	D	8. Sale of credit obligations as an indication of default	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on the sale of credit obligations proposed in paragraphs

Row	Column	Heading	Description
			30-37 of draft Guidelines on default of an obligor. If the impact is considered significant or very significant, please provide short explanation in the field for comments (76E).
77	D	9. Other indications of unlikeliness to pay	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on the application of other indications of unlikeliness to pay proposed in paragraphs 46-50 of draft Guidelines on default of an obligor. If the impact is considered significant or very significant, please provide short explanation in the field for comments (77E).
78	D	10. Criteria to return to non-defaulted status	Please select from the drop-down menu your assessment of the effect on own funds of the requirements on the return to non-defaulted status proposed in paragraphs 58-64 of draft Guidelines on default of an obligor. If the impact is considered significant or very significant, please provide short explanation in the field for comments (78E).
Impact on selected non-retail exposure classes			
Standardised Approach:			
81	D	Exposures to central governments or central banks (CRR Article 112(a))	Please select from the drop-down menu your assessment of how severe would be the impact of requirements proposed in draft Guidelines on default of an obligor on your portfolio of exposure class 'central governments or central banks' under the Standardised Approach? Please explain the main drivers of this impact in the field for comments (81E).

Row	Column	Heading	Description
82	D	Exposures to regional governments or local authorities (CRR Article 112(b))	Please select from the drop-down menu your assessment of how severe would be the impact of requirements proposed in draft Guidelines on default of an obligor on your portfolio of exposure class 'regional governments or local authorities' under the Standardized Approach? Please explain the main drivers of this impact in the field for comments (82E).
83	D	Exposures to public sector entities (CRR Article 112(c))	Please select from the drop-down menu your assessment of how severe would be the impact of requirements proposed in draft Guidelines on default of an obligor on your portfolio of exposure class 'public sector entities' under the Standardized Approach? Please explain the main drivers of this impact in the field for comments (83E).
84	D	Exposures to institutions (CRR Article 112(f))	Please select from the drop-down menu your assessment of how severe would be the impact of requirements proposed in draft Guidelines on default of an obligor on your portfolio of exposure class 'institutions' under the Standardized Approach? Please explain the main drivers of this impact in the field for comments (84E).
IRB Approach:			
86	D	Central governments and central banks (CRR Article 147(2)(a))	Please select from the drop-down menu your assessment of how severe would be the impact of requirements proposed in draft Guidelines on default of an obligor on your portfolio of exposure class 'central governments and central banks' under the IRB Approach? Please explain the main drivers of this impact in the field for

Row	Column	Heading	Description
			comments (86E).
87	D	Institutions (CRR Article 147(2)(b))	Please select from the drop-down menu your assessment of how severe would be the impact of requirements proposed in draft Guidelines on default of an obligor on your portfolio of exposure class 'central governments and central banks' under the IRB Approach? Please explain the main drivers of this impact in the field for comments (87E).
88	D	Corporates non-SME (CRR Article 147(2)(c))	Please select from the drop-down menu your assessment of how severe would be the impact of requirements proposed in draft Guidelines on default of an obligor on your portfolio of exposure class 'corporates' excluding exposures to SMEs under the IRB Approach? Please explain the main drivers of this impact in the field for comments (88E).

3.3 Part 2: Quantitative questionnaire – policy options

3.3.1 Materiality threshold

The proposal for the materiality threshold included in the Consultation Paper for the RTS on the materiality threshold published in October 2014 resulted in some concern from the respondents. Hence the EBA is exploring also different possible approaches. Therefore the QIS will be used to measure the impact of an alternative policy option that is taken into consideration. This policy option is based on the following assumptions:

(a) For non-retail exposures the threshold is applied at the obligor level; for retail exposures the threshold is applied at the obligor or facility level depending on the level of application of the definition of default.

(b) For non-retail exposures the threshold is composed of an absolute and a relative limit (relative to the total on-balance sheet obligations of a borrower); for retail exposures the threshold is composed only of an absolute limit.

(c) The absolute limit is 200 EUR for retail exposures and 1000 EUR for non-retail exposures and the relative limit for non-retail exposures is 2,5%.

(d) The reference amount for the threshold (credit obligation past due) is defined as the sum of all amounts past due and the counting of 90 days (or where relevant 180 days) begins at the moment this amount breaches the threshold.

(e) For non-retail exposures the counting of 90 days (or where relevant 180 days) starts when both absolute and relative thresholds are breached.

3.3.2 Technical defaults

This policy option is based on the definition included in paragraph 20 of the draft Guidelines on default of an obligor (EBA/CP/2015/15) that specifies that a 'technical default' should only be considered to have occurred in either of the following cases:

(a) where an institution identifies that the defaulted status was a result of data or system error, including manual errors of automated processes but excluding wrong credit decisions;

(b) where due to the nature of the transaction there is a time lag between the receipt of the payment by an institution and the allocation of that payment to the relevant account, so that the payment was made before the 90 days and the crediting in the client's account took place after the 90 days past due.

Therefore where currently used definition of technical defaults is broader all those cases that do not fulfil one of the above conditions will have to be added to the default rate. On the other hand, if the currently applied definition of technical default is stricter all cases that fulfil one of the above conditions will have to be removed from the computation of the default rate.

3.3.3 Specific credit risk adjustments (SCRA)

The estimation of the impact of treatment of SCRA should be based only on the currently applicable accounting standards and should not include possible changes that will be applicable after implementation of IFRS 9. As specified in paragraphs 25 to 27 of the draft Guidelines on default of an obligor (EBA/CP/2015/15) all SCRA except for incurred but not reported losses should be treated as an indication of default. This means that where one of the following conditions is met the exposures should be classified as defaulted:

(a) losses recognised in the profit or loss account for instruments measured at fair value that represent credit risk impairment under the applicable accounting framework;

(b) losses as a result of current or past events affecting a significant individual exposure or exposures that are not individually significant which are individually or collectively assessed.

Therefore, where stricter approach is currently, for example where also IBNR is treated as unlikeliness to pay, those cases will have to be removed from the calculation of the default rate, unless there were other indications of unlikeliness to pay. On the other hand, where on the basis of current policies some exposures that meet one of the above conditions were not treated as defaulted these cases will have to be added to the default rate.

3.3.4 Sale of credit obligations

The analysis of the sale of credit obligations should be based on the criteria proposed in paragraphs 30 to 37 of the draft Guidelines on default of an obligor (EBA/CP/2015/15) and in particular on the proposed threshold of 5%. In order to provide the requested estimations institutions will have to include in the calculation of the default rate all exposures that were sold at the credit-related economic loss exceeding 5% of the total outstanding amount of the obligations subject to the sale. On the other hand, if on the basis of currently applicable policies the institution classified as default the sale of exposures where the loss was not related with credit risk or where the credit-related loss was lower than 5% these cases will have to be removed from the calculation of the default rate, unless there were other indications of unlikeliness to pay.

3.3.5 Probation period before return to non-defaulted status

The analysis should be based on the minimum probation period of 3 months as proposed in paragraph 58 of the draft Guidelines on default of an obligor (EBA/CP/2015/15). The probation period before return to non-defaulted status should start at the moment that the conditions referred to in Articles 178(1)(b) and 178(3) of Regulation (EU) No 575/2013 were no longer met and the exposures cannot be reclassified to non-defaulted status before the end of that period. This requirement will have to be included in the estimation of cure rate, as well as in the calculation of default rate on the basis of currently applicable treatment of multiple defaults. In the case of institutions that already use a probation period of 3 months or more no impact is expected to occur unless it is expected that the probation period would be shortened after the implementation of the Guidelines.

3.3.6 Probation period for exposures subject to distressed restructuring

The analysis should be based on the minimum probation period of 1 year for exposures subject to distressed restructuring as proposed in paragraphs 59 and 60 of the draft Guidelines on default of an obligor (EBA/CP/2015/15). The exposure cannot be reclassified to non-defaulted status before 1 year starting from the latest between the following events:

(a) the moment of extending the restructuring measures;

(b) the moment when the exposure has been classified as defaulted;

(c) the end of the grace period included in the restructuring arrangements.

This requirement will have to be included in the estimation of cure rate, as well as in the calculation of default rate on the basis of currently applicable treatment of multiple defaults. In the case of institutions that already use a probation period of 1 year or more no impact is expected to occur unless it is expected that the probation period would be shortened after the implementation of the Guidelines.

3.3.7 Contagion effect

This policy option should be tested only for retail exposures and only by those institutions that apply the definition of default at the obligor level. The contagion requirements have been specified in paragraphs 82 to 87 of the draft Guidelines on default of an obligor (EBA/CP/2015/15). Where currently the required contagion between individual and joint credit obligations is not used the contaminated exposures will have to be added to the default rate. On the other hand, where currently stricter contagion rules apply, the affected exposures that do not meet the criteria specified in the Guidelines should be removed from the calculation of the default rate, unless there were other indications of unlikeliness to pay.

In the estimation of impact of the contagion requirements the materiality threshold should be used in accordance with the currently applicable materiality threshold specified in the institution's internal policies.

3.3.8 Combined effect of all policy options

As it is expected that the impact of policy decisions specified in sections 3.3.1 to 3.3.7 will be estimated on the basis of the same sample of exposures it is also requested to provide the information of the joint impact of all of those policy decisions. However, this combined estimation cannot be achieved by simple adding and deducting of defaults under the policy options. Rather, where a single exposure within the sample is affected by more than one policy option this should be taken into account in the estimation of the combined effect.

3.4 Part 2: Quantitative questionnaire – Standardised Approach

3.4.1 Characteristics of the representative sample

Row	Column	Heading	Description
17,19, 21	D	Specification of the sample	For each of the exposure classes specified in the table please describe the criteria that were used to choose a sample of exposures for the purpose of quantitative estimations. If the sample was chosen on the basis of one or several rating systems please provide the name and scope of application of this rating system.
23	D	Specification of the sample	Please describe the criteria that were used to

Row	Column	Heading	Description
		of exposures in default	choose a sample of exposures in default for the purpose of quantitative estimations. These criteria should be consistent with the criteria used for choosing the sample of exposures to corporates, retail exposures and exposures secured by mortgages on immovable property. The sample of exposures in default should only include exposures that before the classification as defaulted were classified to one of the above classes.
17,19, 21,23	E	Exposure value – sample	Exposure value (EV) should be understood as the total exposure value determined in accordance with Article 111 CRR i.e. after specific credit risk adjustments, additional value adjustments and other own funds reductions as well as, where applicable, funded credit protection and taking into account the conversion factors for off-balance sheet items as specified in Article 111(1) CRR. Please provide exposure value of the sample of exposures selected for the purpose of quantitative estimations.
16,18, 20,22	E	Exposure value - total	Please refer to section 2.5 of these Instructions.
17,19, 21,23	F	RWA – sample	For the risk-weighted exposure amounts (RWA) the same definition as in the ITS on supervisory reporting applies: RWA calculated in accordance with Article 113 (1) to (5) CRR without taking into account the SME-supporting factor according to Article 501 CRR. Please provide total RWA of the sample of exposures selected for the purpose of quantitative estimations.
16,18,	F	RWA - total	Please refer to section 2.5 of these Instructions.

Row	Column	Heading	Description
20,22			
17,19, 21,23	G	Share of secured exposures – sample	For each exposure class specified in the table please provide the share of exposure that is covered by collateral and/or guarantees eligible for credit risk mitigation purposes under Part 3 Title II Chapter 4 of the CRR, in relation to the total on and off-balance sheet outstanding exposure before credit value adjustments and any other adjustment and before conversion factors. The value should be given as percentage for the sample of exposures selected for the purpose of quantitative estimations and should be entered as decimals.
16,18, 20,22	G	Share of secured exposures – total	For each exposure class specified in the table please provide the share of exposure that is covered by collateral and/or guarantees eligible for credit risk mitigation purposes under Part 3 Title II Chapter 4 of the CRR, in relation to the total on and off-balance sheet outstanding exposure before credit value adjustments and any other adjustment and before conversion factors. The value should be given as percentage for the total exposure class and should be entered as decimals.
17,19, 21,23	H	Number of obligors – sample	For the sample of exposures selected for each exposure class specified in the table please provide the number of legal entities / obligors assigned to this exposure class, regardless of the number of different loans or exposures granted. Within the retail exposure class and exposure class secured by immovable property the number of exposures assigned to this exposure class may be provided instead of the number of obligors. If this is the case please

Row	Column	Heading	Description
			specify that in the field for comments (16-23I)
16,18, 20,22	H	Number of obligors – total	For each exposure class specified in the table please provide the number of legal entities / obligors assigned to this exposure class, regardless of the number of different loans or exposures granted. Within the retail exposure class and exposure class secured by immovable property the number of exposures assigned to this exposure class may be provided instead of the number of obligors. If this is the case please specify that in the field for comments (16-23I)
16-23	I	Comments	In case any additional explanations, apart from those already mentioned above, are necessary to ensure adequate understanding of the reported data please provide them in these dedicated fields.

3.4.2 Current risk parameters of the sample

In completing this template please use the classification of exposures as reported in COREP.

Row	Column	Heading	Description
29	C	Exposures to corporates	Please provide the exposure value of those defaulted exposures included in the sample that would be classified as exposures to corporates if they weren't defaulted.
30	C	Retail exposures	Please provide the exposure value of those defaulted exposures included in the sample that would be classified as retail exposures if they weren't defaulted.
31	C	Exposures secured by mortgages on immovable property	Please provide the exposure value of those defaulted exposures included in the sample that would be classified as exposures secured by mortgages on immovable property if they

Row	Column	Heading	Description
			weren't defaulted.
29-31	D	Comments	In case any additional explanations are necessary to ensure adequate understanding of the reported data please provide them in these dedicated fields.

3.4.3 Estimated effect of proposed policy options on the sample

In completing this template please use the classification of exposures as reported in COREP.

Row	Column	Heading	Description
38-44	D	Impact of the proposed policy options on the exposure value of exposures to corporates	For the selected sample of exposures to corporates please specify the total exposure value of the sample that would classified to exposures to corporates if each of the policy options described in section 3.3 of these Instructions would be implemented. This estimation should take into account the expected shifts to and from exposure class "exposures in default".
38-44	E	Impact of the proposed policy options on defaulted exposures to corporates	For the selected sample of exposures to corporates please specify the total exposure value of the sample that would classified to "exposures in default" if each of the policy options described in section 3.3 of these Instructions would be implemented. This estimation should take into account the expected shifts to and from exposure class "exposures in default".
45-52	D	Impact of the proposed policy options on the exposure value of retail exposures	For the selected sample of retail exposures please specify the total exposure value of the sample that would classified to retail exposures if each of the policy options described in section 3.3 of these Instructions would be implemented. This estimation should take into account the expected shifts

Row	Column	Heading	Description
			to and from exposure class “exposures in default”.
45-52	E	Impact of the proposed policy options on defaulted retail exposures	For the selected sample of retail exposures please specify the total exposure value of the sample that would classified to “exposures in default” if each of the policy options described in section 3.3 of these Instructions would be implemented. This estimation should take into account the expected shifts to and from exposure class “exposures in default”.
53-60	D	Impact of the proposed policy options on the exposure value exposures secured by mortgages on immovable property	For the selected sample of exposures secured by mortgages on immovable property please specify the total exposure value of the sample that would classified to exposures secured by mortgages on immovable property if each of the policy options described in section 3.3 of these Instructions would be implemented. This estimation should take into account the expected shifts to and from exposure class “exposures in default”.
45-52	E	Impact of the proposed policy options on defaulted retail exposures	For the selected sample of exposures secured by mortgages on immovable property please specify the total exposure value of the sample that would classified to “exposures in default” if each of the policy options described in section 3.3 of these Instructions would be implemented. This estimation should take into account the expected shifts to and from exposure class “exposures in default”.
38-60	F	Comments	In case any additional explanations are necessary to ensure adequate understanding of the reported data please provide them in these dedicated fields.

3.5 Part 2: Quantitative questionnaire – IRB Approach

3.5.1 Characteristics of the representative sample

Row	Column	Heading	Description
17,19, 21,23, 25,27	C	Specification of the sample	For each of the exposure classes specified in the table please describe the criteria that were used to choose a sample of exposures for the purpose of quantitative estimations. If the sample was chosen on the basis of one or several rating systems please provide the name and scope of application of this rating system.
17,19, 21,23, 25,27	E	EAD – sample	Exposure value (EAD) should be understood as the total exposure values determined in accordance with Art 166 CRR and Article 230(1) sentence 2 of CRR are reported. The same definition as in the ITS on supervisory reporting applies: for the instruments as defined in Annex I, the credit conversion factors (Article 166(8) to (10) of CRR) irrespective the approach chosen by the institution, are applied. For securities financing transactions, derivatives and long settlement transactions and exposures from contractual cross-product netting subject to part 3 title II chapter 6 of CRR, the exposure value is the same as the value for Counterparty Credit Risk calculated according to the methods laid down in part 3 title II chapter 6 sections 3, 4, 5, 6 and 7 of CRR. Please provide exposure value of the sample of exposures selected for the purpose of quantitative estimations for each of the exposure classes specified in the table.
16,18, 20,22, 24,26	E	EAD – total	Please refer to section 2.5 of these Instructions.
17,19, 21,23, 25,27	F	RWA – sample	For the risk-weighted exposure amounts (RWA) the same definition as in the ITS on supervisory reporting applies: RWA calculated in accordance with Article 153 CRR for central governments and central banks, corporate and institutions see and in accordance with Article 154 CRR for retail exposures. The SME-supporting factor according to

Row	Column	Heading	Description
			Article 501 of CRR should not be taken into account. Please provide total RWA of the sample of exposures selected for the purpose of quantitative estimations for each of the exposure classes specified in the table.
16,18, 20,22, 24,26	F	RWA - total	Please refer to section 2.5 of these Instructions.
17,19, 21,23, 25,27	G	CRM LGD – sample	For the CRM techniques taken into account in LGD estimates the same definition as in the ITS on supervisory reporting applies: CRM techniques that have an impact on LGDs as a result of the application of the substitution effect of CRM techniques shall not be included. Where own estimates of LGD are not used: Articles 228 (2), 230 (1) and (2), 231 CRR should be taken into consideration. Where own estimates of LGD are used: — Regarding unfunded credit protection, for exposures to central government and central banks, institutions and corporates: Article 161 (3) CRR and for retail exposures: Article 164 (2) CRR. — Regarding funded credit protection collateral taken into account in the LGD estimates according to Article 181 (1) (e) and (f) CRR. Please provide total value of CRM LGD for the sample of exposures selected for the purpose of quantitative estimations in each of the exposure classes specified in the table.
16,18, 20,22, 24,26	G	CRM LGD – total	Please refer to section 2.5 of these Instructions.
17,19, 21,23, 25,27	H	EL – sample	For expected loss (EL) the same definition as in the ITS on supervisory reporting applies: Expected Loss as defined in Article 5 (3) CRR and calculated in accordance with Article 158 CRR in terms of amount. The expected loss amount should be based on the risk parameters really used in the

Row	Column	Heading	Description
			internal rating system approved by the respective competent authority. Please provide total value of EL for the sample of exposures selected for the purpose of quantitative estimations in each of the exposure classes specified in the table.
16,18, 20,22, 24,26	H	EL – total	Please refer to section 2.5 of these Instructions.
17,19, 21,23, 25,27	I	CRA – sample	For credit risk adjustments (CRA) the same definition as in the ITS on supervisory reporting applies: Value Adjustments as well as specific and general provisions under Article 159 CRR. The amount of general provisions should be assigned pro rata — according to the expected loss of the different exposures. Please provide total value of CRA for the sample of exposures selected for the purpose of quantitative estimations in each of the exposure classes specified in the table.
16,18, 20,22, 24,26	I	CRA – total	Please refer to section 2.5 of these Instructions.
17,19, 21,23, 25,27	J	Number of obligors – sample	For the number of obligors the same definition as in the ITS on supervisory reporting applies: The number of legal entities /obligors which were separately rated, regardless of the number of different loans or exposures granted. Within the exposure class retail - the number of exposures which were separately assigned to a certain rating grade or pool.
16,18, 20,22, 24,26	J	Number of obligors – total	Please refer to section 2.5 of these Instructions.
17,19, 21,23,	K	Average LGD – sample	For the average LGD the same definition as in the ITS on supervisory reporting applies: Exposure weighted LGD (%)

Row	Column	Heading	Description
25,27			where all the impact of CRM techniques on LGD values as specified in Part 3 Title II Chapters 3 and 4 of CRR are considered. In the case of exposures subject to the double default treatment the LGD corresponds to the one selected according to Article 161 (4) CRR. For defaulted exposures, provisions laid down in Article 181 (1) point (h) CRR should be considered. The definition of exposure value (EAD) as specified above should be used for the calculation of the exposure- weighted averages. All effects should be considered including the floor applicable to mortgages. For institutions applying the IRB approach but not using their own estimates of LGD the risk mitigation effects of financial collateral are reflected in E*, the fully adjusted value of the exposure, and then reflected in LGD* according to Article 228 (2) CRR. If own estimates of LGD are applied Article 175 and Article 181 (1) and (2) CRR should be considered. The calculation of the exposure weighted average LGD should be derived from the risk parameters really used in the internal rating system approved by the respective competent authority. Please provide the average LGD for the sample of exposures selected for the purpose of quantitative estimations in each of the exposure classes specified in the table. The value should be given as percentage and entered as decimals.
16,18, 20,22, 24,26	K	Average LGD – total	Please refer to section 2.5 of these Instructions.
17,19, 21,23, 25,27	L	Average PD – sample	For the average PD the same definition as in the ITS on supervisory reporting applies: the exposure weighted average of the PDs assigned to the obligor grades or pools, according to the internal rating scale. The exposure value (EAD) as defined above shall be used for the calculation of the exposure-weighted average PD. All risk parameters should be derived from the risk parameters used in the internal rating system approved by the respective competent authority. All exposures, including defaulted

Row	Column	Heading	Description
			exposures are to be considered for the purpose of the calculation of the exposure weighted average PD. Please provide the average PD for the sample of exposures selected for the purpose of quantitative estimations in each of the exposure classes specified in the table. The value should be given as percentage and entered as decimals.
16,18, 20,22, 24,26	L	Average PD – total	Please refer to section 2.5 of these Instructions.
26-27	M	Comments	In case any additional explanations, apart from those already mentioned above, are necessary to ensure adequate understanding of the reported data please provide them in these dedicated fields.

3.5.2 Current risk parameters of the sample

Row	Column	Heading	Description
34-39	D	One-year default rate – current (DR)	For the sample of exposures selected in each of the exposures classes specified in the table please provide one-year-default rate observed for the year 2013, where the denominator includes the obligors or exposures which are not in default at the 31st of December of 2012; and the numerator includes the obligors or exposures included in denominator that have defaulted during a period of one year, i.e. until the 31st of December of 2013. DR may be calculated on the basis of the current procedures, in particular with respect to the treatment of multiple defaults. If different approach for DR calculation is used than specified above please describe the relevant approach in the field for comments (34-39J). If the reported DR applies to a different period please describe the relevant period in the field for comments (34-

Row	Column	Heading	Description
			39J).
34-39	E	Cure rate – current (CR)	For the sample of exposures selected in each of the exposures classes specified in the table please provide the observed cure rate calculated on the basis of all defaults detected in the time between the 1st January of 2013 and the 31st December of 2013 (used for the purpose of DR as described above). A default should be counted as cure if all of the following conditions are met: a. the respective obligor or facility shows no default trigger anymore at one point in time between the date of default and 30th June of 2015; b. none of the collaterals has been realised; c. the obligor or facility was not treated in the workout or recoveries (only hard collections should be taken into account). Please note that in this definition "cure" does not refer to the currently existing exposure, but to the event of a regulatory default. Cured cases may include closed out engagements, if there was no loss assigned to this case. However, not all zero-loss cases should be classified as cured; in particular where full recovery was a result of collection rather than voluntary repayment by the client such cases should not be treated as cured. If different period or approach for CR calculation is used than specified above please describe the relevant period and/or approach in the field for comments (34-39J).
34-39	F	Overall recovery rare – current (RR)	For the sample of exposures selected in each of the exposures classes specified in the table please provide the total recovered share of the total defaulted exposure (in terms of EAD) for non-cured facilities. This total recovered share should include both secured and unsecured part of defaulted exposure. As the timeframe for recoveries related to defaults which occurred between the 1st of January 2013 and the 31st December 2013 until the 30th June 2015 probably is too

Row	Column	Heading	Description
			short for calculating a recovery rate, it should be calculated based on the current time series an institution uses for recovery rate calculation.
34-39	G	Share of defaulted exposures – current (Def%)	For the sample of exposures selected in each of the exposures classes specified in the table please provide the total exposure value of all defaulted exposures in the representative sample of portfolio expressed as a percentage of the total EAD of this sample as of 30 June 2015. The value should be given as percentage and entered as decimals. If different period or approach for Def% calculation is used than specified above please describe the relevant period and/or approach in the field for comments (34-39J).
34-39	H	Expected Loss Best Estimate – current (ELBE)	For the sample of exposures selected in each of the exposures classes specified in the table please provide the total amount of the best estimate of expected loss in accordance with Articles 158(5) and 181(1)(h) CRR calculated according to the methodology currently used by the institution. In addition, please provide short description of the method used for determining ELBE in the field for comments (34-39I).
34-39	J	Comments	In case any additional explanations, apart from those already mentioned above, are necessary to ensure adequate understanding of the reported data please provide them in these dedicated fields.

3.5.3 Estimated effect of proposed policy options on the sample

All information provided in this part of the template, including both current and estimated values, should refer to the selected sample of exposures in each of the specified exposure classes.

Row	Column	Heading	Description
47-93	D	One-year	For the sample of exposures selected in each of the

Row	Column	Heading	Description
		default rate – if policy option implemented (DR-E)	exposures classes specified in the table and for each policy options as described in section 3.3 of these Instructions please provide the estimated one-year default rate that would occur if the policy option was implemented in the relevant period. The period and DR-E calculation method should be consistent with those used for the current DR (as described in section 3.5.2).
47-93	E	Cure rate – if policy option implemented (CR-E)	For the sample of exposures selected in each of the exposures classes specified in the table and for each policy options as described in section 3.3 of these Instructions please provide the estimated cure rate that would occur if the policy option was implemented in the relevant period. The period and CR-E calculation method should be consistent with those used for the current CR (as described in section 3.5.2).
47-93	F	Overall recovery rare – if policy option implemented (RR-E)	For the sample of exposures selected in each of the exposures classes specified in the table and for each policy options as described in section 3.3 of these Instructions please provide the estimated recovery rate that would occur if the policy option was implemented in the relevant period. The period and RR-E calculation method should be consistent with those used for the current RR (as described in section 3.5.2). In addition, please provide short explanation on the assumptions used for the estimation of RR in the field for comments (47-93I).
47-93	G	Share of defaulted exposures – if policy option implemented (Def%-E)	For the sample of exposures selected in each of the exposures classes specified in the table and for each policy options as described in section 3.3 of these Instructions please provide the estimated share of defaulted exposures that would occur if the policy option was implemented in the relevant period. This estimation should be performed

Row	Column	Heading	Description
			by taking into account all estimated defaults used for the purpose of DR-E as described above. The period and Def%-E calculation method should be consistent with those used for the current Def% (as described in section 3.5.2).
47-93	H	Expected Loss Best Estimate – if policy option implemented (ELBE-E)	For the sample of exposures selected in each of the exposures classes specified in the table and for each policy options as described in section 3.3 of these Instructions please provide the estimated total amount of the best estimate of expected loss that would occur if the policy option was implemented in the relevant period. This estimation should be performed by taking into account all estimated defaults used for the purpose of DR-E as described above. The period and ELBE-E calculation method should be consistent with those used for the current ELBE (as described in section 3.5.2).
47-93	I	Comments	In case any additional explanations, apart from those already mentioned above, are necessary to ensure adequate understanding of the reported data please provide them in these dedicated fields.