

EBA/CP/2016/07

29 June 2016

Consultation Paper

Guidelines

on disclosure requirements under Part Eight of Regulation (EU)
575/2013

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1. Responding to this consultation

The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 5.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

Submission of responses

To submit your comments, click on the 'send your comments' button on the consultation page by 29.09.2016. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA's rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA's Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation (EC) N° 45/2001 of the European Parliament and of the Council of 18 December 2000 as implemented by the EBA in its implementing rules adopted by its Management Board. Further information on data protection can be found under the Legal notice section of the EBA website.

2. Executive Summary

The Basel Committee released a revised version of the Pillar 3 framework in January 2015. The EBA is issuing own initiative Guidelines to ensure the harmonised and timely implementation of the revised Pillar 3 framework in the EU. These Guidelines do not fundamentally change the regulatory disclosures, with regard to the requirements defined in Part Eight of Regulation (EU) 575/2013. However, they provide guidance on these disclosures from a presentational aspect.

By introducing more specific guidance and also specific formats for disclosures, with the use of tables and templates, the revised Pillar 3 framework ('the RPF') represents a significant step to enhance the consistency and comparability of institutions' regulatory disclosures in accordance with Part Eight of Regulation (EU) 575/2013 ('the CRR').

The EBA has long taken part in the initiatives for enhancing comparability and consistency of institutions' Pillar 3 disclosures. With the release of the RPF, whose first application is set for year-end disclosures 2016, EU institutions are also facing stronger market pressure to move towards a more harmonised presentation of their disclosures. However, due to the differences between the Basel Pillar 1 framework and the CRR, the RPF presents areas of misalignment with Part Eight CRR.

As the RPF cannot be used for disclosures by institutions in substitution of the legally applicable requirements in Part Eight CRR, market pressure might, in the absence of action by supervisors, force institutions to provide a double set of disclosures in these areas of misalignments between the CRR and the revised Pillar 3. In addition, without consistent guidance on how to tailor the content of the RPF to the CRR requirements, different institutions may make different adjustments, which ultimately, despite common format for disclosures, is likely to undermine the comparability and consistency of disclosures provided by institutions both within and between jurisdictions.

As a result the EBA has drafted own initiative Guidelines to allow EU institutions to implement the RPF in a way that is compliant with the requirements of Part Eight CRR. These Guidelines come as specifications of the existing disclosure requirements in the CRR regarding the general requirements for disclosures, risk management, scope of application, credit risk, counterparty credit risk, and market risk. Securitisation, although in the scope of the RPF, was left out at this stage, and so were other requirements in Part Eight CRR for which there are already Delegated or Implementing Regulations or guidelines, such as own funds and leverage ratio.

The 56 templates (for disclosure formats), tables (for disclosure guidance) and textual guidance items in these Guidelines are tied to the CRR as specification of the requirements thereof, and not a *sui generis* framework, as the RPF can be. The Guidelines cannot waive, contradict or supersede the CRR disclosures requirements, which still apply in their entirety even if they are not (or only partially) specified in these Guidelines.

Anchoring these Guidelines to the CRR has necessitated the following adjustments in the RPF tables and templates:

- Adjustments to align to the EU specificities, for instance in terms of exposure classes or concepts used
- Adjustments to fit with the CRR requirement that the table or template specifies
- Adjustments to cater for redundancy between the RPF and the CRR requirements

In addition, the EBA has also provided extra guidance beyond the one provided for through the RPF for areas where the RPF lacked clarity, and for which it has observed different disclosure practices in its regular assessments of Pillar 3 disclosures. Adjustments have also been made to the provision of EBA/GL/2014/14 on frequency of disclosures, to incorporate the frequency triptych (annual, semi-annual, quarterly) in the RPF.

Whenever possible, the EBA has endeavoured to use the supervisory reporting framework (COREP and FINREP) as well as information already published under the Transparency Exercises or the good practices publicly identified during its assessment of disclosures as sources for the adjustments and extra guidance brought to the RPF, to ease their implementation by EU institutions.

This document provides a comprehensive description and justifications for the changes to RPF, and a summary is provided in Annex I.

The disclosure requirements in Part Eight CRR apply to all institutions meeting the requirements in Article 6, 10 and 13 CRR, with proportionality ensured via the risk profile of institutions and their use of materiality. However, the comprehensiveness of the guidance provided in these Guidelines has led the EBA to limit, at this early stage, its scope of application to Globally and Other Systemically Important Institutions (G-SII and O-SII), and to any other institution opted-in these Guidelines on the basis of a supervisory decision.

This limited scope of application does not waive the requirement for other institutions to comply with Part Eight CRR, and any institution wishing to implement the RPF in its disclosures is encouraged to do so, as these Guidelines offer a compliant version of the RPF with the requirements in Regulation (EU) 575/2013.

Next steps

Following the three-month consultation period, the Guidelines will be finalised by end-2016 and apply for the year-end 2017 disclosures. G-SII are nevertheless recommended to implement as a limited subset of disclosures pertaining to risk-weighted assets (RWA) and capital requirements soon as year-end 2016 to provide users with information suitable for comparison with international peers in line with the implementation date of the RPF.

3. Background and rationale

On January 28 2015, the Basel Committee released a revised package of the regulatory disclosure requirements – known as the Pillar 3 disclosure requirements - included in the Basel 2 agreement¹. This revised package supersedes the Basel 2 version of the Pillar 3 requirements that was updated in 2009 and 2011 for disclosure requirements related to securitisation, market risk and remuneration².

The January 2015 revised Pillar 3 framework aims to address shortcomings in the comparability and consistency of regulatory disclosures that negatively impact the ability of market participants to compare institutions' levels of risks³. In particular, the revised framework focuses on improving the transparency surrounding the use of internal models for calculating risk-weighted assets by introducing more granular disclosure requirements under tabular format – for qualitative information – and template format – for quantitative information. These tables and templates are intended to improve the comparability of institutions' disclosures, across jurisdictions and institutions as well as over time.

The revision of Pillar 3 requirements comes in successive phases, of which the January 2015 release constitutes the first. This first phase of the revised Pillar 3 establishes new disclosure tables and templates with a harmonised frequency for the following areas:

- Disclosure principles
- Linkages with the financial statements
- Risk management
- Overview of risk-weighted assets (RWA)
- Credit risk
- Credit risk mitigation
- Counterparty credit risk
- Securitisation

¹ Standards Revised Pillar 3 disclosure requirements (<http://www.bis.org/bcbs/publ/d309.htm>)

² Basel II: International Convergence of Capital Measurement and Capital Standards: A Revised Framework - Comprehensive Version (accessible at <http://www.bis.org/publ/bcbs128.htm>); July 2009 (Enhancements to the Basel II framework (accessible at <http://www.bis.org/publ/bcbs157.htm> and Revisions to the Basel II market risk framework accessible at <http://www.bis.org/publ/bcbs158.htm>) and Pillar 3 Disclosure Requirements for Remuneration July (available at <http://www.bis.org/press/p110701.htm>).

³ The Basel Committee especially noted that “the existing Pillar 3 framework, even after its market risk and securitisation parts were enhanced in July 2009, failed to promote the identification of a bank's material risks and did not provide sufficient, and sufficiently comparable, information to enable market participants to assess a bank's overall capital adequacy and to compare it with its peers.”

- Market risk

A second phase of the revised Pillar 3 was consulted on during the first semester 2016 by the Basel Committee, and covers disclosure requirements related to own funds, leverage ratio, liquidity and other areas⁴.

The Pillar 3 disclosure requirements from the Basel Framework have been implemented in EU law first via Annex XII of Directive 2006/48/EC (the CRD), and their 2009 and 2011 revision by Directive 2009/111/EC (CRD 2) and Directive 2010/76/EU (CRD 3). Since 2014, Pillar 3 disclosure requirements have been implemented in the EU via Part Eight of Regulation (EU) 575/2013 ('the CRR').

The revised Pillar 3 changes the current Pillar 3 framework compared to the version of the framework currently included in the CRR more from a presentation point of view than with the introduction of new disclosure requirements compared to the ones currently in the CRR. At the same time, the revised Pillar 3 requirements have been modelled following the Basel Pillar 1 requirements, while the CRR disclosure requirements follow the regulatory requirements as applicable in the CRR.

The revised Pillar 3 is expected to start applying for the disclosures related to year-end 2016. In order to enable European users to benefit from the improvement in the comparability and consistency of disclosures expected from the revised Pillar 3 and to allow European institutions to be in position to provide disclosures comparable with their international peers when implementing Part Eight CRR, the EBA has decided to issue own initiative Guidelines under Article 16 of Regulation (EU) 1090/2010 to specify the disclosure requirements from Part Eight CRR.

3.1 The EBA draft Guidelines

3.1.1 The need for consistent disclosures at the EU level

The EBA and its predecessor CEBS have been assessing the Pillar 3 disclosures of EU institutions from their first release in 2009, for the 2008 financial year⁵. These repeated assessments have demonstrated that, although disclosures have tended to improve over time, they remained heterogeneous as concerns the presentation and the granularity of information presented by different institutions, which had a negative impact on the comparability of disclosures.

While part of this heterogeneity is explained by the different business models and risk profiles of institutions providing disclosures (the CRR relies on an embedded proportionality principle that should conduct less complex institutions to comply with the disclosure requirements via less developed and granular information), the lack of comparability of disclosures also stems from the lack of guidance and prescribed format for published information.

Indeed, as noted as soon as 2008, *“CEBS also observed that Pillar 3 disclosures are mixed in terms of the presentation, the timeframe, the format and the nature of the data disclosed. Even though some*

⁴ Pillar 3 disclosure requirements - consolidated and enhanced framework - consultative document (<http://www.bis.org/bcbs/publ/d356.pdf>)

⁵ All assessments are available here: <http://www.eba.europa.eu/regulation-and-policy/transparency-and-pillar-3/-/topic-documents/m5cbuvPOTdmW/more>

of those differences may relate to the non-prescriptive approach retained by the Capital Requirement Directive (CRD) and the member states, this may raise comparability issues for users”⁶. This assessment was reiterated in the following years⁷.

While retaining a non-prescriptive approach for most of its disclosure requirements, the CRR empowered the EBA to foster more consistency in the disclosure format of a limited number of them, following a similar approach adopted in 2012 by the Basel Committee. As a result, Commission Implementing and Delegated Regulations as well as EBA Guidelines – both mandated by the CRR and from own initiative - have been issued since 2013 regarding the content and format of disclosures for

- Own funds in accordance with Article 437 CRR (Commission Implementing Regulation (EU) No 1423/2013)⁸
- Countercyclical buffer in accordance with Article 440 CRR (Commission Delegated Regulation (EU) 2015/1555)⁹
- Leverage ratio in accordance with Article 451CRR (Commission Implementing Regulation (EU) 2016/200)¹⁰
- Globally Systemically Important Institutions in accordance with Article 441CRR (Commission Delegated Regulation (EU) No 1222/2014 and Guidelines for the identification of global systemically important institutions (G-SIIs))¹¹

⁶ Assessment of banks’ Pillar 3 disclosures June 2009 <http://www.eba.europa.eu/documents/10180/16151/Assessment-of-Pillar-3-disclosures.pdf>

⁷ In 2010, as regards 2009 disclosures, CEBS noted: “Similar to its findings of 2008, CEBS observed variations this year in the presentation and the content of Pillar 3 disclosures (such as the scope for the data provided, the definition of particular concepts or the structure of the breakdowns). These differences may raise comparability issues for users.” In 2011 regarding the 2010 disclosures, EBA observed that “Further efforts are necessary regarding the interrelationship between IFRS and Pillar 3 disclosures with a view to enabling users to gain a better understanding of the overall profile of the bank as provided by both accounting and prudential information. However, the main concern remains the need for greater harmonisation of the disclosures provided by the firms. The ESAs, and the ESRB even more so, would benefit from improved timeliness and greater comparability or some standardisation in the presentation of public data.” This conclusion was confirmed in 2012 as regards 2011 disclosures: “As last year, the EBA noticed that one of the main challenges of Pillar 3 information, regardless the requirements considered, was comparability of disclosures between credit institutions. The EBA still believes greater comparability or some standardisation would enhance the benefits of Pillar 3 information for users, including the ESAs and the ESRB.” And finally for the 2013 assessment of 2012 disclosures: “Despite the improvements and as noted in previous years, consistency and comparability of disclosures still need improvement, but this would require common presentation formats and definitions, which are currently not available.”

⁸ Commission Implementing Regulation (EU) No 1423/2013 of 20 December 2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1400597718546&uri=CELEX:32013R1423>)

⁹ Commission Delegated Regulation (EU) 2015/1555 of 28 May 2015 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer in accordance with Article 440 (http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2015_244_R_0001)

¹⁰ Commission Implementing Regulation (EU) 2016/200 of 15 February 2016 laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions, according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2016_039_R_0004)

¹¹ Commission Delegated Regulation (EU) No 1222/2014 of 8 October 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards for the specification of the methodology for the identification of global systemically important institutions and for the definition of subcategories of global systemically important institutions (<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1464026270173&uri=CELEX:32014R1222>) and

- Encumbered and unencumbered assets in accordance with Article 443 CRR (Guidelines on disclosure of encumbered and unencumbered assets)¹²
- Materiality, proprietary and confidential nature and frequency of disclosures in accordance with Article 432 and Article 433 CRR (Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013)¹³
- Remuneration (Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013)¹⁴

In addition the EBA is currently consulting on Guidelines regarding disclosures on liquidity¹⁵ and an enhancement of the disclosures on asset encumbrance¹⁶.

As noted in the last assessment of EU Pillar 3 disclosures, the development of standardized formats has had a positive impact on the consistency and comparability of disclosures they covered, though the consistency and comparability issue remained unsolved for disclosure requirements outside the scope of these Regulations and Guidelines¹⁷.

3.1.2 Objective of the draft Guidelines

The present own initiative Guidelines therefore intend to specify guidance and formats for disclosure requirements from Part Eight CRR in areas where these requirements have not already been specified by Regulations or other Guidelines listed above.

Unlike the revised Pillar 3 framework, which substitutes itself to the current Pillar 3 requirements, these Guidelines are not a set of *sui generis* disclosure requirements that would replace the current CRR disclosure requirements. Rather, their objective is to provide institutions with the necessary guidance to comply both with the CRR requirements and the revised Pillar 3 framework. This will in turn maximize the benefits for users of a standardization of disclosures at the EU level.

Indeed, the EBA is aware that peer and market pressure create strong incentive for EU institutions to implement the revised Pillar 3 as soon as the date set by the Basel Committee or its first application.

<http://www.eba.europa.eu/documents/10180/1333746/EBA-GL-2016-01+%28Final+report+on+GL+on+G-SII+identification%29.pdf/f3472fbf-64a3-48eb-9676-28ac942c3d5e>

¹²

<http://www.eba.europa.eu/documents/10180/741903/EBA-GL-2014-03+Guidelines+on+the+disclosure+of+asset+encumbrance.pdf/c65a7f66-9fa5-435b-b843-3476a8b58d66>

¹³

<http://www.eba.europa.eu/documents/10180/937948/EBA+GL+2014+14+%28Guidelines+on+disclosure%29.pdf/ea55f6be-8d55-4bd4-bc74-ed77466823b9>

¹⁴

<http://www.eba.europa.eu/documents/10180/1314839/EBA-GL-2015-22+Guidelines+on+Sound+Remuneration+Policies.pdf/1b0f3f99-f913-461a-b3e9-fa0064b1946b>

¹⁵

<http://www.eba.europa.eu/regulation-and-policy/liquidity-risk/guidelines-on-the-lcr-disclosure>

¹⁶

<http://www.eba.europa.eu/regulation-and-policy/transparency-and-pillar-3/rts-on-the-disclosure-of-encumbered-and-unencumbered-assets>

¹⁷

EBA 2015 assessment of 2014 Pillar 3 disclosures: "In general, the development of standardised formats has increased the consistency of the information disclosed in accordance with these formats. Nevertheless, the challenges of consistency and comparability remain for the other disclosure requirements where such standardised formats do not exist, and further improvements are still needed to fully comply with disclosure requirements, especially those newly introduced by the CRR".



However, due to the differences between the Basel Pillar 1 requirements on which the revised Pillar 3 is based and CRR, the former includes some misalignments with the current CRR disclosure requirements, as it was already identified by the EBA in 2015¹⁸. As a result, the market pressure may create a compliance burden for institutions: they are legally bound to apply the CRR, but at the same time face peer pressure to apply the revised Pillar 3 Framework, and in the absence of alignment between the two, the only way to satisfy both the legal requirement and the market expectation would be to duplicate disclosures.

To avoid this situation, the Guidelines are intended to be specifications of the CRR requirements taking into account the revised Pillar 3 framework, and thus enabling institutions to implement the revised Pillar 3 framework while complying with the CRR disclosure requirements.

As a consequence, each table or template in the revised Pillar 3 framework has been linked to an existing requirement in Part Eight CRR, which is recalled before any template or table and before any disclosure guidance. However, the tables or templates are not substitute to the CRR requirements and the Guidelines do not waive, contradict or supersede the CRR disclosures requirements. The CRR requirements from Part Eight CRR for which no guidance or format is provided for in these Guidelines or for which these Guidelines only provide partial specifications continue to apply to institutions in their entirety.

The Guidelines therefore offer institutions with a *vade mecum* to implement the revised Pillar 3 framework in consistency with the CRR and while complying with all the disclosure requirements in Part Eight CRR. This *vade mecum* will enable institutions to make sure that the content from the revised Pillar 3 framework that may be included in their Pillar 3 reports do not contradict or duplicate the disclosures the CRR requires them to provide.

For users, these Guidelines will ensure that the revised Pillar 3 framework is implemented in a consistent way throughout the EU. As a matter of fact, due to the aforementioned misalignments, it is very often the case that it is not possible to use directly a table or a template from the revised Pillar 3 framework to comply with an existing CRR disclosure requirement. Instead, adjustments are needed to align the content of the table or template on the CRR requirement, and turn the table or template into a specification of that requirement. These Guidelines specify these adjustments that will have to be made by all institutions. Absent the specifications in these Guidelines, each institution would have operated the adjustments it saw fit, which would have resulted in various implementations in the EU of tables and templates in the EU, thereby defeating the purpose of the revised Pillar 3 framework to improve comparability between institutions' disclosures.

Lastly, these Guidelines include references to other regulatory products as regards disclosures, so as to provide a comprehensive guide for the implementation of Part Eight CRR to institutions that are in its scope.

¹⁸ See the Thematic Study in EBA Report on banks' transparency in their 2014 Pillar 3 reports <http://www.eba.europa.eu/documents/10180/950548/EBA+Report+on+banks%27%20transparency.pdf>



3.1.3 Scope of the draft Guidelines

The table below shows the scope of the Guidelines in terms of CRR requirements. Some of the requirements in Part Eight CRR have not been included in these Guidelines because of their current specification by existing EBA Guidelines or Commission Delegated or Implementing Regulations. Most of these requirements are moreover included in the second phase of the revision of the Pillar 3 framework by the Basel Committee. Therefore, future updates of already existing Regulation or Guidelines might take place in the future, in accordance with the appropriate due process.

Requirements out of the scope of the Guidelines		Requirements in the scope of the Guidelines		
Article	Name	Reason for non-coverage	Article	Name
Article 432	Non-material, proprietary or confidential information	Already specified in EBA GI/2014/14 although the Guidelines will use materiality to implement the concept of "meaningfulness"	Article 431	Scope of disclosure requirements
Article 433	Frequency of disclosure	Already specified in EBA GI/2014/14 although the Guidelines update EBA GI/2014/14 to include the more specific disclosure frequencies for quantitative disclosures (Overview of capital requirements (OV1) and RWA flow statements (CR6, CCR7 and MR2) are to be disclosed quarterly, other quantitative disclosures are on a semi-annual frequency and qualitative disclosures follow an annual frequency)	Article 436	Scope of application
Article 437	Own funds	Already specified in Commission Implementing Regulation (EU) No 1423/2013 Covered in phase II of the Basel work	Article 434	Means of disclosure
Article 440	Capital buffers	Already specified in Commission Implementing Regulation (EU) No 2015/1555 of 28 May 2015 Covered in phase II of the Basel work	Article 435	Risk management objectives and policies
Article 441	Indicators of global systemic importance	Already specified in Commission Implementing Regulation (EU) No 1030/2014 of 29 September 2014 and EBA GI/2014/02 Covered in phase II of the Basel work	Article 438	Capital requirements
Article 443	Unencumbered assets	Already specified in EBA GI/2014/03 Covered in phase II of the Basel work	Article 439	Exposure to counterparty credit risk
Article 446	Operational risk	Not covered in Phase 1 of the revised Pillar 3 framework Covered in phase II of the Basel work	Article 442	Credit risk adjustments
Article 447	Exposures in equities not included in the trading book	Deleted from the revised Pillar 3 framework Covered in phase II of the Basel work	Article 444	Use of ECAI
Article 448	Exposures to interest rate risk on positions not included in the trading book	Not covered in Phase 1 of the revised Pillar 3 framework Covered in phase II of the Basel work	Article 445	Exposure to market risk
Article 450	Remuneration policy	Not covered in Phase 1 of the revised Pillar 3 framework and will be specified in forthcoming EBA guidelines Covered in phase II of the Basel work	Article 452	Use of the IRB Approach for credit risk
Article 451	Leverage	Already specified in EBA/ITS/2014/04 Covered in phase II of the Basel work	Article 453	Use of credit risk mitigation techniques
Article 454	Use of the Advanced Measurement Approaches to operational risk	Not covered in the revised Pillar 3 framework Covered in phase II of the Basel work	Article 455	Use of Internal Market Risk Models
Article 449	Exposures to securitisation positions	Covered in table SECA and templates SECT to SECT4 but excluded from the scope of the Guidelines as may be reviewed by Basel		

Blue requirements are partially covered in the Guidelines

Green requirements are not covered in the Guidelines as they are specified in other EBA regulatory products

Purple requirements are not covered in the Guidelines as they will be reviewed in future work of the Basel Committee

Orange requirements excluded from the scope of the Guidelines as they will be revised both in future work of the Basel Committee

The Guidelines cover the following CRR Articles, achieving a consistent scope with the revised Pillar 3 framework, excluding the disclosure requirements on securitisation:

- General requirements on disclosures (Article 431, Article 432, Article 433, Article 434)

- Disclosure requirements on risk management (Article 435)
- Disclosure requirements on scope of application (Article 436)
- Disclosure requirements on credit risk (Article 442, Article 444, Article 452)
- Disclosure requirements on credit risk mitigation (Article 453)
- Disclosure requirements on counterparty credit risk (Article 439)
- Disclosure requirements on market risk (Article 445, Article 455)

3.2 Explanations on the content of the draft Guidelines

3.2.1 Adjustments to the revised Pillar 3 tables and templates

The objective of these Guidelines is to enable institutions to implement the revised Pillar 3 framework while complying with the CRR requirements. It entails some adjustments of the Basel revised Pillar 3 framework in terms of guidance and format.

The following adjustments to the revised Pillar 3 framework have been implemented in these Guidelines:

- **Adjustments to align on the EU specificities:** as provided for in the revised Pillar 3 framework, the outlook of the templates (rows and columns) as well as the content of the qualitative requirements in the tables was adjusted to reflect the CRR specificities, for instance the concepts, the regulatory approaches, the exposure classes used, that differ from the Basel framework or reflect different stages in the implementation of that framework. These adjustments appear in **orange** in the Templates.
- **Adjustments to fit the CRR requirements that are specified:** each table or template has been linked to a specific disclosure requirement in Part Eight CRR and the tables or templates have to be adjusted to reflect exactly what the CRR requires. Doing otherwise and for instance leaving a template unadjusted while it only covers part of the disclosures in the CRR requirement it is linked to, would lead to the Guidelines waiving the application of or substituting themselves to the CRR requirements, possibly triggering a disclosure set back when the CRR requirements are more granular than a given Basel template. The flexible nature of some of the Basel templates has allowed for the implementation of such adjustments, but they have also been implemented in templates labelled as fixed in the Basel revised framework. In seven instances, the linkage of the content of the revised Pillar 3 to the CRR requirements has necessitated the inclusion of new templates, including the split of the Basel proposed templates in two. The adjustments to fit the CRR requirements appear in **green** in the templates.
- **Adjustments to cater for redundancy:** as opposed to the above described cases of possible misalignment between a CRR requirement and its intended specification using the Basel templates or tables, there were cases where the CRR Articles and the guidance provided in

tables were totally redundant. These cases are identified in **red** and have led to the inclusion of other relevant guidance for these specific CRR requirements where appropriate.

In addition, the Guidelines intend to facilitate the implementation of the CRR requirements, which has justified the provision of additional content compared to the revised Pillar 3 framework:

- **Clarifications in the instructions of the templates:** the EBA is aware that some templates from the revised Pillar 3 framework have led to interrogations from the industry regarding their implementation. Whenever possible, the EBA has endeavoured to provide the clarifications or additional definitions needed to ensure the appropriate implementation of those templates within the CRR context, especially as regards linkages and market risk. Any textual extra element compared to the text in the revised Pillar 3 from Basel has been identified in **blue**.
- **CRR requirements not covered in the revised Pillar 3:** the assessments of the Pillar 3 reports of EU institutions that the EBA has been conducted since 2009 led to the identifications of areas for which the quality and compliance of disclosures with the requirements would be improved if additional guidance and formats were provided. These areas have been identified both when there is no element in the revised Pillar 3 Framework, or where the guidance in the revised Pillar 3 framework is too unspecific to ensure better consistency in disclosures in the CRR context. In eight instances, the incremental guidance provided on the EBA assessment has led to the introduction of new templates, in one case to the introduction of a new table and in two cases to the introduction of new guidance under textual format. Whenever new specifications have been introduced, it was taken care that these specifications do not lead to information overlapping with disclosure requirements in IFRS 7 and the accounting standards set in accordance with national GAAP based on Directive 86/635/EEC.

Lastly, the EBA has taken the opportunity to consolidate all guidance it has provided regarding disclosures in a single document. This has been done via:

- Cross references for the pieces of guidance already issued
- Additional insertion for the pieces of guidance on disclosure the release of which is expected to follow the same timeframe as these Guidelines
- Additional guidance following specific requests and users' needs

In particular, although the revised Pillar 3 framework does not extend to disclosures on the governance arrangements, Article 435(2), which refers to such disclosures, has been included within the scope of those Guidelines. This choice has led to the introduction of one new specific guidance item under textual format.

Finally, specific disclosure initiatives that have taken place recently regarding the impact of options and national discretions in the CRR on risk-weighted assets as well as the exposures to non-performing and forborne exposures have been included in those Guidelines. This has led to the introduction of two new templates in the Guidelines compared to the revised Pillar 3.

The EBA has sought to limit the impact of any adjustment to the revised Pillar 3 framework, whether it proceeds from the need to align on the CRR requirements or from the need to provide extra guidance to implement those requirements, by relying as much as possible on information already available to institutions in their supervisory reporting (FINREP and COREP)¹⁹ and providing a flexible format for the templates in order to allow the use of similar information already available for the institutions. In addition, as regards qualitative guidance, extra information compared to the revised Pillar 3 take as far as possible the form of the best practices and recommendations that the EBA has so far identified and provided in its assessments of the Pillar 3 reports. It is therefore expected that institutions are already aware of this content²⁰.

The leverage on the content in supervisory reporting has enabled the EBA not to scale down the revised Pillar 3 templates: for the sake of international comparability data requested in the revised Pillar 3 templates has been left in the EU versions of the templates when available in the supervisory reporting, even though data may not be specifically required to be disclosed separately in the CRR.

3.2.2 Formats for disclosures

The Guidelines retain the distinction in the revised Pillar 3 between tables (for qualitative information and, in some instances quantitative information), and templates (for quantitative information) with different possibilities left for institutions to adjust them:

- Tables and Templates with a flexible format, for which the format is only illustrative and institutions are left with flexibility in the implementation provided they disclose information with a similar level of granularity,
- Templates with fixed format where the possibility of deviating from the presentation of information advised is limited except in case of non-applicability or non-materiality of an item of information.

As in the revised Pillar 3, the fixed format is used for information on capital requirements and RWA, while other information on risks and qualitative information come with a flexible format.

Taking into account all the above-described adjustments in terms of content compared to the revised Pillar 3 framework, the Guidelines consist of:

- 12 Tables, with flexible formats
- 3 guidance items under textual format, especially for guidance that is specific to CRR requirements

¹⁹ The latest available version of the supervisory reporting framework in the EU, for financial reporting (FINREP) and regulatory reporting (COREP) is available here: <http://www.eba.europa.eu/regulation-and-policy/supervisory-reporting/implementing-technical-standards-amending-commission-implementing-regulation-eu-no-680/2014-on-supervisory-reporting-of-institutions-march-2016>

²⁰ For an example of guidance provided on disclosure requirements see the EBA assessment of Pillar 3 reports of EU institutions published in 2012 (<http://www.eba.europa.eu/documents/10180/16148/Follow-up-review-of-banks-transparency-in-their-2012-Pillar-3-report.pdf>). At the time of this report, the guidance referred to the disclosure requirements from Appendix XII in Directive 2006/48. Nevertheless, those requirements have broadly remained unchanged with the switch to the CRR, and as a result most of the guidance in the 2012 report can still be applied in a CRR environment

- 41 Templates, including 26 with fixed format and 15 with flexible format

The following sections describe in more detail the adjustments made to the revised Pillar 3 framework. An overview of the specifications of each template, table and textual guidance item is provided in Annex I of the Guidelines.

3.2.3 General requirements for disclosures

Point 4.2 of the Guidelines implements the revised Pillar 3 principles for disclosures (Section A), as well as the guidance given in the revised Pillar 3 for the assurance of disclosures, the disclosure of confidential and proprietary information, the location of disclosures as well as the frequency and timing of disclosures (Sections B to E).

a. Principles for disclosures

As regards the principles for disclosures, they were implemented by reference to Article 431(1) CRR for the principles related to clarity, consistency over time and comparability of disclosures. The principle for comprehensiveness of disclosures is actually a requirement from Article 431(3) and has been implemented separately from the others Basel principles, and the reference to meaningfulness of disclosures was implemented with a reference to Article 432(2) and the 2014 Guidelines on materiality.

b. Verification of disclosures

The guidance regarding the verification of information – which at a minimum should have the same level of internal verification as for information disclosed as part of the management report – is implemented as a specification of the requirement for the verification policy of disclosures in Article 431(3). The guidance has been left unchanged from the revised Basel Pillar 3, save for adjustments to specific EU concepts:

- the management discussion and analysis part of the financial report has become the management report as defined in Directives 2013/34/EU and 2004/109/EC (the Accounting and Transparency Directives)
- the reference to the board of directors or senior management has been replaced by a reference to management body and senior management as defined in Directive 2013/36/EU, to take into account of the different governance structures of institutions in the EU

This guidance regarding verification of disclosures does not substitute itself to any more stringent requirement that are imposed by competent authorities regarding the audit of Pillar 3 information.

c. Location of disclosures

The Guidelines include the guidance on the location of disclosures from the revised Pillar 3 as a specification of the requirements in Article 434 CRR. These specifications in practice frame the freedom of localisation of information that is left to institutions in accordance with Article 434, and specify the signposting requirements included in that Article.

Institutions are now advised to include to the extent possible all of their disclosures required by Part Eight CRR in a separate document or in a separate and clearly identifiable section of their financial report. In particular all the disclosures made via fixed templates which are directly related to the calculation of capital requirements, should be included within this separate document or section. The signposting of information can take place provided specific elements are included to identify signposted information. In addition strict conditions in terms of equivalence in presentation and scope of consolidation used in the disclosures are imposed to allow for the signposting of information that is specified in fixed templates.

These strict conditions aim at ensuring that, in accordance with Article 434, to the extent possible all information is provided in a single media or location, and especially information on capital requirements and RWA for which specifications are introduced via fixed templates.

3.2.4 Timing and frequency of disclosures

The revised Pillar 3 framework introduces a harmonised frequency for the tables and templates:

- Tables (qualitative and quantitative requirements) are to be disclosed annually
- Templates on linkages between the accounting and regulatory scopes of consolidation and the accounting and regulatory exposure values, as well as on the backtesting of PD under the IRB approach are to be disclosed annually
- Templates (with flexible and fixed formats) are to be disclosed semi-annually
- A limited set of templates with a fixed format and focused on RWA variations and capital requirements are to be disclosed quarterly

The Guidelines adopt the same distinctions as regards the frequency of disclosures, with the following adjustments due to the implementation of the revised Pillar 3 within the CRR framework:

- for the purpose of frequency, the textual guidance has been assimilated to tables, and therefore is to be provided with an annual frequency
- the quarterly breakdown of capital requirements is limited to a breakdown at risk level (Template EU OV1-A) and does not imply a breakdown at exposure class level for credit risk and counterparty credit risk (Template EU OV1-B)

More importantly, the present Guidelines do not supersede the requirements in Article 433 CRR that the disclosure of information required in Part Eight CRR has to take place on an annual basis, with institutions either being required by their competent authorities to provide more frequent disclosures in accordance with Article 106 CRD 4 or assessing their need to disclose information more often in accordance with EBA Guidelines 2014/14. Guidelines EBA 2014/14 list a set of information that institutions meeting specific significance criteria²¹ are advised, without being required, to

²¹ consolidated exposures calculated on the basis of the rules for the leverage ratio exceeding € 200 billion; or the institution is one of the three largest institutions in its home Member State; or the institution's consolidated assets exceed



consider for more frequent disclosure. The recommended frequency of disclosure depends on the criteria met by institutions:

- Institutions with a leverage ratio exposure above €200 bn should particularly pay attention to the need for:
 - A quarterly disclosure of information on capital structure, capital adequacy (RWA and capital requirements), capital ratios, leverage ratio
 - A semi-annual disclosure of information on IRB exposures by internal grade and model parameters, and on the entire information specified by Commission Implementing Regulation (EU) No 1423/2013 on own funds and Commission Implementing Regulation (EU) 2016/200 on leverage ratio
- Institutions meeting other criteria of significance should pay attention to the need for disclosing on a semi-annual basis information on capital structure, capital adequacy (RWA and capital requirements), capital ratios, leverage ratio, IRB exposures by internal grade and model parameters

The current Guidelines amend Title V and Title VII of Guidelines EBA 2014/14 in order to (i) include all institutions identified as G-SII or O-SII in the scope of EBA/GL/2014/14, and (ii) make the guidance in terms of frequency of disclosures and type of information recommended to be disclosed more frequently depends on whether institutions apply the current Guidelines.

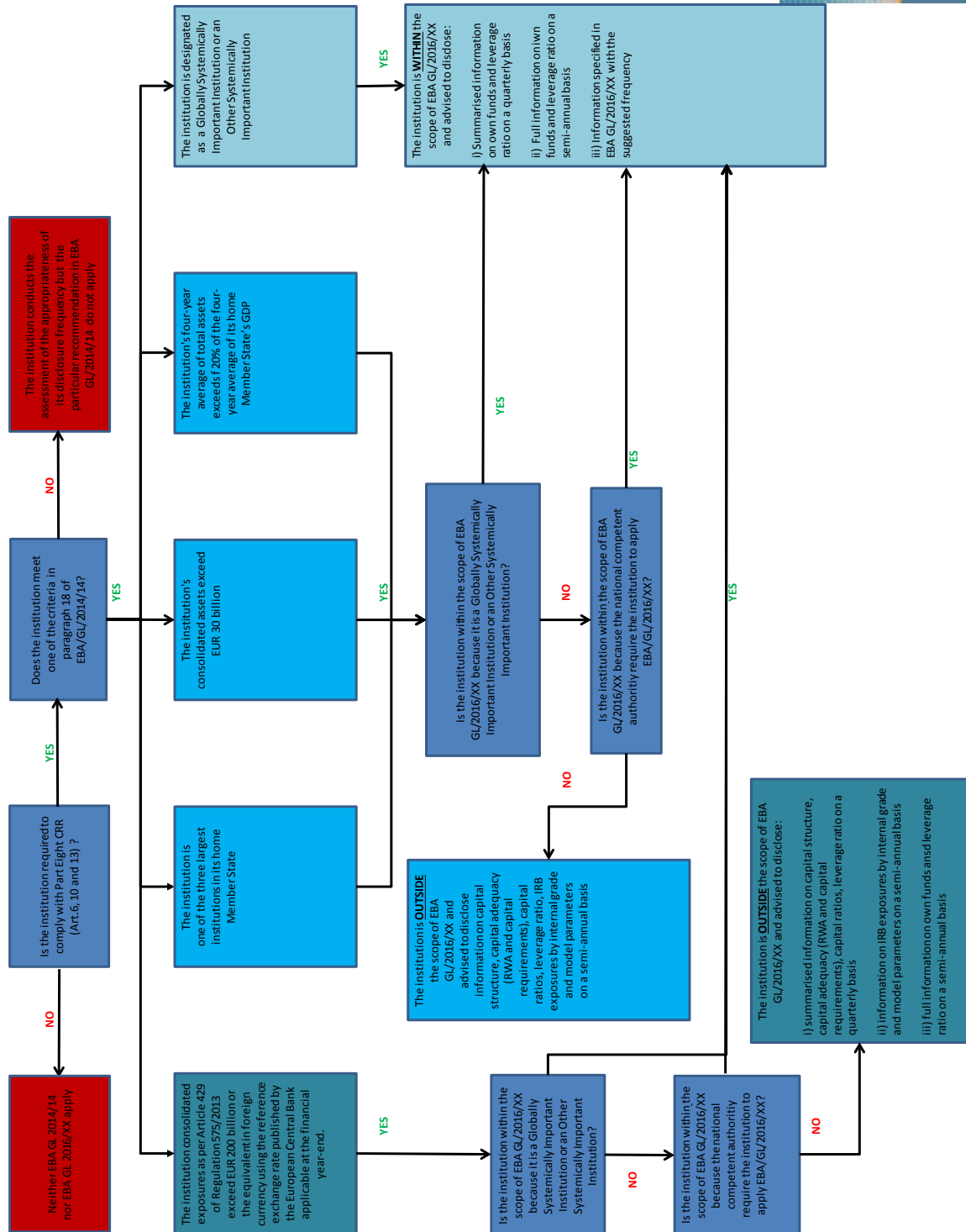
The approach is summarised in the table below, and the advised frequency of disclosures depends whether institutions within the scope of EBA GL 2014/14 are also:

- Within the scope of the current GL 2016/XX, or
- Outside the scope of the current GL 2016/XX

EUR 30 billion; or the institution's four-year average of total assets exceeds of 20% of the four-year average of its home Member State's GDP;

INSTITUTIONS WITHIN THE SCOPE OF EBA GL/2014/14 ('FREQUENCY GUIDELINES')			
		Quarterly basis	Semi-annually
Institutions WITHIN the scope of EBA GL/2016/XX (mandatory application for G-SII/O-SII or supervisory decision for other institutions)	Summary information on own funds as specified in EBA GL/2014/14	X	
	Summary information on leverage ratio as specified in EBA GL/2014/14	X	
	Full information on own funds as specified in Commission Implementing Regulation (EU) No 1423/2013		X
	Full information on leverage ratio as specified in Commission Implementing Regulation (EU) No 2016/200		X
	Other information listed in EBA GL/2016/XX	X	X
Institutions OUTSIDE the scope of EBA GL/2016/XX: institutions with consolidated with a leverage ratio exposure above €200 bn	Information on capital adequacy (RWA and capital requirements) as specified in EBA GL/2014/14	X	
	Summary information on own funds as specified in EBA GL/2014/14	X	
	Summary information on leverage ratio as specified in EBA GL/2014/14	X	
	Information on IRB exposures by internal grade and model parameters		X
	Full information on own funds as specified in Commission Implementing Regulation (EU) No 1423/2013		X
Institutions OUTSIDE the scope of EBA GL/2016/XX: institutions being either one of the 3 largest institutions in their home jurisdiction, or having €30 bn total consolidated assets or, or having a 4 year average total assets amounting to 20% four year average GDP of the home jurisdiction	Summary information on own funds as specified in EBA GL/2014/14		X
	Summary information on leverage ratio as specified in EBA GL/2014/14		X
	Information on capital adequacy (RWA and capital requirements) as specified in EBA GL/2014/14		X
	Information on IRB exposures by internal grade and model parameters		X

The decision tree below illustrates the interaction between EBA GL/2014/14 and these Guidelines as regards the frequency of disclosures. Although drafted with the example of an institution, it applies *mutadis mutandis* for a significant subsidiary or a subsidiary of material significance for its local market.



These Guidelines however do not change the approach in EBA GL/2014/14 but update the list of requirements to be considered for more frequent disclosures. They do not make the disclosure of interim information mandatory. In accordance with Article 433 CRR, each institution remains responsible for assessing the appropriateness of its chosen frequency of disclosures and its need for disclosing some information from Part Eight CRR more frequently than annually, but some institutions are especially advised to pay special attention to their need to disclose more frequently a



specific set of information. Simply, the scope of institutions advised has been broadened, as was the set of information eligible for specific consideration.

It was not at this stage believed relevant to fully align the scopes of EBA GL 2014/14 and the current Guidelines:

- **In terms of information whose disclosures is advised more frequently than annually:** information on own funds and the leverage ratio are only covered in the second phase of the revision of Pillar 3, while these information are already included in the scope of EBA GL/2014/14, especially following the requirements in Article 433 CRR for the disclosures on own funds. Therefore, to avoid a step back in terms of recommendation for more frequent disclosures compared to the current CRR requirements, these recommendations were not entirely aligned on the disclosure frequency in the revised Pillar 3
- **In terms of scopes of institutions:** the scope of application of the current Guidelines – O-SII and G-SII institutions at a minimum – differs from the scope of application of the specific advice for more frequent disclosures in EBA/GL/2014/14. The difference in terms of institutions covered differ between jurisdictions, with jurisdictions with a large banking sector generally showing more institutions in the scope of EBA GL/2014/14, and jurisdictions with smaller banking systems having more O-SIIs.
 - 76 institutions are within the scope of EBA GL/2014/14 and not in the scope of the present Guidelines
 - 50 institutions are within the scope of the present Guidelines but not within the scope of EBA GL/2014/14

The numbers above are to be interpreted as maxima, since they were estimated using the lists of institutions recognized as O-SII²² and subject to the reporting obligation towards EBA²³ while not all of those institutions may be subject to the requirements in Part Eight CRR. However these differences in terms of coverage were judged important enough in order not to align the scope application of EBA GL 2014/14 on the scope of these Guidelines, as it could result in a loss of interim information from some institutions for users.

As regards the timing of disclosures, the Guidelines clarify that the current requirement in Article 433 CRR of publishing the information from Part Eight in conjunction with the date of publication of the financial statements does not mean that the publication has to take place on the same date. Though convergence in the date of publication of financial and Pillar 3 information is desirable in the medium term, the publication can occur within reasonable delay. Such delay cannot exceed any national deadline for publication set in accordance with Article 106 CRD 4.

²² See <http://www.eba.europa.eu/risk-analysis-and-data/other-systemically-important-institutions-o-siis-/2015>

²³ See Decision of the European Banking Authority on reporting by competent authorities to the EBA September 2015 and its Appendix <http://www.eba.europa.eu/risk-analysis-and-data>

3.2.5 Risk management and governance disclosures

Point 4.3 of the Guidelines covers the tables in the revised Pillar 3 framework on risk management (table OVA), credit risk (table CRA), counterparty credit risk (table CCRA) and market risk (table MRA). These tables are specifications of Article 435(1) CRR.

While table OVA adds some specification of the general requirements in Article 435(1) CRR, tables CRA, CCRA and MRA also adds specific guidance on the requirements from Article 435(1) CRR, with a focus on different risks. The content of all these tables has been left unchanged compared to the revised Pillar 3 framework, with the exception of the following:

- Addition of extra guidance for content in table EU OVA (points b), c) and d)) as well as in table CCRA (all items in the table), which otherwise would be redundant with the current CRR requirements
- Point e) in Table OVA was moved in the section in 4.3 that specifies the requirements on governance, due to this point overlapping with Article 435(2)(e) CRR, related to governance arrangements
- Specific guidance on disclosures for reputational risk, conduct risk, intragroup transactions with reputational risk and the performance and independence of the internal control function were added to Table EU OVA, to take account that the disclosure requirements in Article 435(1) can be used to comply with the description of the internal arrangements required by Article 106 CRD

Disclosure requirements from Article 435(2) are not covered by the Basel revised Pillar 3 framework, with the exception of point e) in Table OVA, as mentioned above. However, as the EBA provides guidance on the requirements in Article 435(1), it was decided to also provide guidance on the requirements in Article 435(2), which are a specificity from the CRR. This guidance will be especially be helpful as the last assessment of Pillar 3 report revealed the need for improvement in these new disclosure requirements introduced by CRR.

3.2.6 Scope of application disclosures

Point 4.4 of the Guidelines covers information from the revised Pillar 3 on the difference in the scope of consolidation (template LI1), measurement of exposure (template LI2), and additional information on these issues (table LIA). Templates EU LI1 and EU LI2 and Table EU LIA are linked to Article 436(b) CRR, as they provide different views (at the aggregated level and at the level of measurement of exposures) on the differences in the scope of accounting and regulatory consolidation.

Templates EU LI1 and EU LI2 are identical to the revised Pillar 3 framework, but the Guidelines provide supplementary guidance around implementation issues that the EBA has been aware of:

- Disclosure of items deducted from own funds in EU LI1 and EU LI2
- Elements that have an impact on the difference in the exposure value between the regulatory and the accounting framework (netting, provisions, prudential filters) in Template EU LI2

- Separate disclosure of the exposure value by regulatory approach (internal models and standardized approaches) for each category of risk in Template EU LI2
- Requirement to quantify the differences originating from for (i) Deconsolidated entities (separately for insurance entities, securitisation vehicles, other entities), (ii) Consolidated entities, (iii) Changes in the consolidation method and (iv) Changes in the accounting standards used between the accounting and the regulatory consolidation in the accompanying information (Table EU LIA)
- The flexibility to provide disclosures on prudent valuation as part of the market risk disclosures (Table EU LIA), since in the CRR those disclosures are only required for positions under the internal model approach (Article 455(c)), and not for all positions

The Guidelines include an additional template, Template EU LI 3, to specify the consolidation treatment entity by entity between the regulatory and the accounting scopes of consolidation. This template was inserted to provide additional transparency and consistency in the disclosures made by institutions in application of Article 436(b). The following features render the implementation of this additional template non-burdensome:

- Information is already required by Article 436(b)
- The format of the template has been left flexible and the frequency set as annual
- Information on the consolidation status (accounting and regulatory scopes) for each entity within a group is available in FINREP F40.1 columns 140 and 150, and in COREP C06.01 columns 010 to 240 for their consolidation status and regulatory treatments

3.2.7 Capital requirements disclosures

Disclosures on capital requirements and RWA are specified in template OV1 (for all the risks) and template CR10 (for equity exposures) in the Basel revised Pillar 3, and linked to the requirements in Article 438 CRR. Indeed the disclosure of RWA in addition to the disclosure of the sole capital requirements as required in Article 438 is one of the good practices that have been observed in institutions' disclosures.

a. Templates EU OV1-A and EU OV1-B

Template OV1 in the revised Pillar 3 framework has been linked to Article 438(c) to (f) CRR. This has required splitting the template between Template EU OV1-A and Template EU OV1-B. Indeed, Article 438(c) and (d) CRR require that for all exposures that are risk-weighted in accordance with Chapter 2 and 3 of Part Three, Title II of CRR (ie exposures subject to the credit risk and the counterparty credit risk frameworks), the capital requirements have to be broken down by exposure classes.

In order to keep as much as possible consistency with the revised Pillar 3 framework for purpose of international comparability while aligning on the CRR requirements, it was decided to:



- Have a reduced template, Template EU OV1-A, aligned on template OV1 used in the Basel revised Pillar 3 framework and with a quarterly frequency
- Have a comprehensive template, Template EU OV1-B, allowing the disclosure of information by exposure class for credit risk and where relevant counterparty credit risk, but with a reduced frequency (ie semi-annual)

This solution also allows keeping consistency in the disclosure practices of institutions, as the EBA noted that institutions tended to provide all disclosures related to capital requirements and RWA by types of risks and exposure classes in a single template.

Q1. Do users prefer a comprehensive template providing a breakdown of capital requirements and RWA by exposure classes for credit risk in Template EU OV1-B, or would they prefer to have the detailed breakdown by exposure classes provided in Template EU CR5-B for the Standardised approach and Template EU CR6 for the IRB approach?

The structure of Template EU OV1-A and especially of Template EU OV1-B has been aligned on the structure of information available in COREP C02 to facilitate the disclosure by institutions. The only difference resides in the breakdown by exposure classes for equity exposures, which follow the requirements in Article 438(d) and are therefore more granular than what is to be found in COREP for equity exposures,.

In addition, the EBA operated the following adjustments to template OV1:

- In Template EU OV1-A:
 - information required on equity investments in funds has been deleted as it refers to a regulatory treatment that does not apply in the EU yet²⁴
 - the row on Equity positions in banking book under market-based approach has been moved as a breakdown of information on exposures under the credit risk IRB approach, consistently with the treatment of those exposures under Article 438 CRR
 - information on securitization exposures under the standardized approach has been required separately, consistently with the applicable securitization framework in the EU, whereas template OV1 in the revised Pillar 3 framework is based on the revised securitization framework²⁵
- In Template EU OV1-B:
 - the different components of counterparty credit risk capital requirements (exposures, contribution to default funds and CVA) are separately identified to align on the structure of COREP C02 and ease the disclosure for institutions.

²⁴ Capital requirements for banks' equity investments in funds December 2013 <http://www.bis.org/publ/bcbs266.pdf>

²⁵ Revisions to the securitisation framework December 2014 <http://www.bis.org/bcbs/publ/d303.htm>

- In Templates EU OV1-A and EU OV1-B:
 - the breakdown by exposure measurement methods for counterparty credit risk was adjusted in order to show the methods in force in the EU (the Standardised approach for counterparty credit risk, the Mark to Market Method, the Original exposure method and the Internal Models Method) as oppose to the methods in the Basel revised counterparty credit risk framework on which template OV1 has been based in the revised Basel Pillar 3
 - it was clarified that information disclosed should not include Pillar 2 capital requirements, and that those requirements should be disclosed separately if required by national competent authorities or disclosed in application of EBA Opinion Op/2015/24

The EBA noticed a few instances where information may be more complex for institutions to retrieve in a CRR context, though they were maintained for purpose of international comparability and after considering their availability in supervisory reporting:

- **Information on counterparty credit risk:** Template OV1 requires a breakdown of capital requirements along the methods used to compute the exposure value. While Article 438(c) and (d) CRR when read in conjunction with Article 107 CRR are explicit regarding the breakdown by exposure classes for counterparty credit risk, they are silent regarding a breakdown by method of computation of the exposure value.

A breakdown of the counterparty credit risk exposures by computation method is required under Article 439(f) CRR and therefore is expected to be available to institutions. However a breakdown of the capital requirements and RWA by exposure computation method may be more challenging for institutions to disclose, considering that information on capital requirements (8% of RWA) and RWA due to counterparty credit risk is available in COREP (COREP C07 rows 090 to 130 and column 220, and COREP C08 rows 040 to 060 and column 260) but this information does not however differentiate between the approach used for the calculation of the exposure value. Nevertheless, the EBA expects information on exposure computation methods to be available to institutions as part of information to be disclosed under Article 439(f) CRR and information to be reported in COREP for the exposure value subject to counterparty credit risk in the aforementioned templates.

- **Information on settlement risk:** Template OV1 requires the separate disclosure of RWA and capital requirements on settlement risk. This separate disclosure is captured in Template EU OV1-A via the reference to Article 438(e) CRR, which itself refers to Article 92(3)(c) CRR, where settlement risk is listed as part of the market risk components. Information on settlement risk is available in COREP C11, and the information reported covers settlement risk on transactions that are in the trading book and outside the trading book, which should enable institutions to provide information on settlement risk separately from other risks.
- **Information on amounts below the threshold for deduction:** Template OV1 requires the disclosure of the RWA and capital requirements associated with significant investments in the common shares of unconsolidated financial institutions (credit institutions, insurance and other financial entities). There is no requirement for a separate disclosure from the other

elements risk-weighted in application of the credit risk framework in Article 438 CRR, but the unweighted value of these elements is required to be disclosed in rows 72 to 75 of Annex IV and VI of the Commission Implementing Regulation adopted on the basis of Article 437(2) CRR. It is therefore expected that information on capital requirements and RWA related to undeducted exposures is available to institutions.

- **Information on the floor adjustments:** Template OV1 requires the disclosure of the floor adjustment in a separate row that intends to show the impact of any Pillar 1 floor adjustment on total RWA and total capital so that the total row reflects the total Pillar 1 RWA and total capital requirements, including the floor. Floor or adjustments applied at a more granular level (for instance at risk category level) are reflected in the capital requirements reported for this risk category. In Templates EU OV1-A and EU OV1-B, references were made to the floors available in the CRR, meaning the Basel I floor (Article 500(1)) as well as an alternative floor using the Standardised Approach for credit institutions that have started using the IRB approach on or after 1 January 2010 (Article 500(2)). Information on these floors is available in COREP C04 and therefore institutions are expected to be able to provide disclosures on floors.

b. **Template EU CR 10**

Information on the capital requirements on equity exposures under the IRB approach is detailed in Template EU CR 10, which provides in accordance with the last paragraph in Article 438 a breakdown of exposures assigned to each category specified in Article 153(5) for specialised lending exposures, and to each risk weight mentioned in Article 155(2) for equity exposures under the simple risk-weight.

In the revised Basel Pillar 3 framework, Template CR10 has a flexible format and can be adjusted to fit the specificities of the local implementation of the Basel framework. To suit the requirements in Article 438 CRR it was adjusted as follows:

- There is only one template for all specialised lending exposures, as opposed to separate templates between High Volatility Commercial Real Estate and Other than HVCRE, which are not separately referred to in Article 153(5) CRR
- There is only one column for the exposure value of specialised lending exposures, without distinction between Project finance, Object finance, Commodities finance, and Income producing real estate, since these categories are not mentioned in the table in Article 153(5)
- The row breakdown for specialised lending exposures refers to the five categories mentioned in Article 153(5) CRR instead of the categories of Strong, Good, Satisfactory, Weak and Default
- The breakdown by maturities is applied to all the categories, while CR10 applies it to the Strong and Good categories instead, the applicable risk-weights aligned on those mentioned in Article 153(5) CRR

- An extra column has been inserted for the capital requirements for equity exposures under the simple risk-weight approach, as required under Article 438

The EBA has noted that the last paragraph of Article 438 CRR does not require information on EL and RWA for specialised lending exposures to be disclosed. Nevertheless, this information appears complementary to information on capital requirements required to be disclosed in application of Article 438(d) CRR. In addition, information on risk-weighted assets and EL is available in COREP C08.1 for specialised lending exposures, and in COREP C10.1 for equity exposures. Therefore, it was believed that this information could be disclosed and should be kept in Template EU CR10 for reasons of international comparability.

c. Non-deducted insurance participations (Template EU INS 1)

The EBA decided to design appropriate disclosure requirements for financial conglomerates exercising the option in Article 49 CRR for non-deduction of insurance participations from own funds. This follows earlier work by some competent authorities²⁶.

The disclosures in accordance with Template EU INS 1 are to be provided as part of the information on capital requirements from Article 438(c) and (d), since non-deducted insurance participations are then risk-weighted in accordance with the CRR credit risk framework.

These disclosures bring additional information compared to what is already available to users in Commission Implementing Regulation (EU) No 1423/2013 regarding the deducted participations in entities from the financial sector. The required disclosures in Template EU INS 1 make available (i) the amount of holdings of own funds not deducted as a consequence of using Article 49(1) CRR, and (ii) the total risk weighted exposure amounts associated with those exposures. These disclosures should enable users to easily assess what are the impact of non-deduction in terms of additional risk-weighted assets.

3.2.8 Credit risk and credit risk mitigation disclosures (general information)

Point 4.8 of the Guidelines covers information on credit risk included in table CRB, template CR1 and template CR2, as well as information on credit risk mitigation included in table CRC and template CR3. This information relates to the general credit risk and credit risk mitigation, and not information on the regulatory treatments of credit risk. The guidance and format from the revised Pillar 3 have been implemented as specifications of Article 442 CRR (for the disclosures related to credit risk) and Article 453 CRR (for the disclosures related to credit risk mitigation).

a. Scope of disclosures in point 4.8 and exposure value used

Information on credit risk exposures in point 4.8 excludes exposures treated under the counterparty credit risk framework (instruments subject to Part Three, Title II, Chapter 2 or Chapter 3 in

²⁶ See for instance ECB Guide on options and discretions available in Union law March 2016 https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ecb_guide_options_discretions.en.pdf and EBA Board of Supervisors – Final Minutes December 2015 <http://www.eba.europa.eu/documents/10180/758169/EBA+BS+2016+001rev1+%28Final+Minutes+BoS+08-09+December+2015%29.pdf>

accordance with Article 92(3)(f)), and exposures treated under the securitization framework (exposures subject to the requirements in Part Three, Title II, Chapter 5 CRR).

These restrictions have been introduced in the Guidelines to align with the revised Pillar 3 framework. Article 442 and Article 453 CRR are silent on whether they may cover securitization positions or exposures subject to the counterparty credit risk framework.

In the revised Pillar 3 framework the exposure value before CRM disclosed in templates from the credit risk section stems from the regulatory exposure value attained in template LI2. The derivation of the regulatory exposure before CRM in template LI2 however includes the impact of netting. The Guidelines have therefore clarified that the exposure value before CRM disclosed in templates from points 4.8 to 4.11 in these Guidelines did include the impact of netting that was disclosed in Template EU LI2.

b. Breakdown by exposure classes

The disclosure requirements in Article 442 impose breakdowns of exposures by exposure classes. The types of exposure classes to be used in Article 442 are not specified in the CRR, unlike for the breakdowns to be provided in application of Article 444 and Article 452. The EBA believe that the Guidelines should provide guidance on the exposure classes to be used for the breakdown in application of Article 442, as it observed variety of practices among institutions.

Nevertheless, when considering the breakdowns already available to institutions (exposure classes as specified in the CRR, as required in COREP, and as disclosed in the 2015 Transparency Exercise), some variations appears as regards their granularity.

- For the Standardised approach, exposures to SME within the corporate, retail and real-estate secured portfolios are separately identified in COREP and the Transparency exercises, but not in the CRR exposure classes

STANDARDISED APPROACH			
Article 112 CRR	COREP C02	COREP C09.01	Transparency Exercise 2015
Central governments or central banks	Central governments or central banks	Central governments or central banks	Central governments or central banks
Regional governments or local authorities	Regional governments or local authorities	Regional governments or local authorities	Regional governments or local authorities
Public sector entities	Public sector entities	Public sector entities	Public sector entities
Multilateral development banks	Multilateral Development Banks	Multilateral Development Banks	Multilateral Development Banks
International organisations	International Organisations	International Organisations	International Organisations
Institutions	Institutions	Institutions	Institutions
Corporates	Corporates	Corporates <i>of which: SME</i>	Corporates <i>of which: SME</i>
Retail	Retail	Retail <i>of which: SME</i>	Retail <i>of which: SME</i>
Secured by mortgages on immovable property	Secured by mortgages on immovable property	Secured by mortgages on immovable property <i>of which: SME</i>	Secured by mortgages on immovable property <i>of which: SME</i>
Exposures in default	Exposures in default	Exposures in default	Exposures in default
Exposures associated with particularly high risk	Items associated with particular high risk	Items associated with particularly high risk	Items associated with particularly high risk
Exposures in the form of covered bonds	Covered bonds	Covered bonds	Covered bonds
Items representing securitisation positions;	Securitisation positions SA <i>of which: resecuritisation</i>		Securitisation
Exposures to institutions and corporates with a short-term credit assessment	Claims on institutions and corporates with a short-term credit assessment	Claims on institutions and corporates with a short-term credit assessment	Claims on institutions and corporates with a ST credit assessment
Exposures in the form of units or shares in collective investment undertakings ('CIUs')	Collective investments undertakings (CIU)	Collective investments undertakings (CIU)	Collective investments undertakings (CIU)
Equity exposures	Equity	Equity exposures	Equity
Other items.	Other items	Other exposures	Other exposures

- For the IRB approach, divergences occur between the breakdown to be used for the disclosure of capital requirements in accordance with Article 438 CRR as regards equity

exposures, which is more granular than what is available in COREP, the Transparency exercise or the breakdown of exposures and model parameters in accordance with Article 452 CRR. Limited divergences are also observed as regards the corporate exposures category, especially for purchased exposures, the SME exposure class (which the CRR does not require to breakdown between exposures secured by real estate and unsecured exposures), and the Other retail exposure class (which the CRR does not require to breakdown between SME and non-SME exposures).

		IRB APPROACH		
Article 147 CRR with Article 438	Article 147 CRR with Article 452	COREP C02	COREP C09.02	Transparency Exercise 2015
Exposures to central governments and central banks	Exposures to central governments and central banks	Central governments and central banks	Central governments or central banks	Central banks and central governments
Exposures to on institutions	Exposures to on institutions	Institutions	Institutions	Institutions
Exposures to corporates	Exposures to corporates		Corporates	Corporates
	Corporate SME	Corporates - SME	Of Which: SME	Corporates - Of Which: SME
	Corporate specialised lending	Corporates - Specialised Lending	Of Which: Specialised Lending	Corporates - Of Which: Specialised Lending
	Purchased corporate receivables	Corporates - Other		
Retail exposures	Retail exposures		Retail	Retail
Retail exposures secured by immovable property	Retail exposures secured by immovable property		Secured by real estate property	Retail - Secured on real estate property
		Retail - Secured by real estate SME	SME	Retail - Secured on real estate property - Of Which: SME
		Retail - Secured by real estate non-SME	Non-SME	Retail - Secured on real estate property - Of Which: non-SME
Retail SME	Retail SME			
Qualifying revolving	Qualifying revolving	Retail - Qualifying revolving	Qualifying Revolving	Retail - Qualifying Revolving
			Other Retail	Retail - Other Retail
		Retail - Other SME	SME	Retail - Other Retail - Of Which: SME
		Retail - Other non-SME	Non-SME	Retail - Other Retail - Of Which: non-SME
Equity exposures	Equities	Equity IRB	Equity	Equity
Simple risk-weight				
Exchange-traded exposures				
Private equity exposures				
Exposures in sufficiently diversified portfolios				
Other exposures				
Exposures subject to supervisory transition				
Exposures subject to grandfathering provisions				
Items representing securitisation positions	Items representing securitisation positions	Securitisation positions IRB		Securitisation
		Of which: resecuritisation		
Other non credit-obligation assets	Other non credit-obligation assets	Other non credit-obligation assets		Other non credit-obligation assets

The EBA believes that, in the absence of specific requirements set by the CRR, each of the breakdowns has its own merits and could be used to implement the requirements in Article 442. Therefore the EBA proposes to implement the breakdown that is the most useful for users.

Q2. Do members prefer a breakdown by exposure classes for Article 442 CRR using the granularity from COREP, the CRR or the Transparency exercise? In case users prefer a combination of the different exposure classes available in these breakdowns, please indicate the combination you would favour.

c. Guidance and format from the revised Pillar 3 framework (Templates EU CR1-A-E and EU CR2-A-B)

The guidance and formats from the revised Pillar 3 framework consist in Table CRB and Table CRC, as well as in Templates CR1, CR2 and CR3.

Table EU CRB and Table EU CRC were supplemented by guidance based on the EBA assessment to supplement redundant content that overlapped with the CRR requirements, especially for table CRC.

Template CR1 requires the disclosure of gross exposures, separately for defaulted and non-defaulted exposures, allowance for impairment, and net exposures. Exposures are broken down by types of instruments (loans, debt securities, off-balance sheet items). This template has been linked to the requirements in Article 442(c), (g) and (h) regarding the breakdown of exposures by exposure classes and the breakdown of past-due and impaired exposures by industry, counterparty and geography. This has necessitated the following adjustments to adjust to the CRR requirements:

- Template CR1 was split between one template for a breakdown by exposure class (EU CR1-A), one template for an industry or counterparty breakdown (Template EU CR1-B), and one template for a geographical breakdown (Template EU CR1-C)
- A breakdown by exposure classes was added to the breakdown by instrument types used in Basel (loans, debt securities, off-balance sheet), as the other requirements in the CRR for credit risk requires a breakdown by exposure classes. Thereby, international comparability is maintained without loss in the granularity of disclosures compared to the current requirements
- The categories of “defaulted” and “non-defaulted” exposures, which are not required to be disclosed in Article 442 have been broken down by concepts for which this Article requires disclosures (past-due and impaired), thus retaining the breakdown advocated in Basel but implementing it within the constraints of the CRR
- The category of “allowance” was broken down between “specific credit risk adjustment” and “general credit risk adjustments” which are the categories required to be disclosed by the CRR
- A new column for the disclosure of the credit risk adjustment charge for the period was added to fit with the requirement in Article 442(g)
- An extra column on write-offs was added to cater for the need to provide information on write-off, as they have been excluded from the concept of credit risk adjustments in the meaning of the CRR by Q&A 2014_1064 and cannot therefore be disclosed among specific credit risk adjustments with direct impact on the P&L which required to be disclosed as part of Article 442(i). The EBA believes this specific information on write-off will be useful to users considering the variety in write-off practices throughout the EU.

The EBA believes that the implementation of the changes to template CR1 will be eased by the availability of information by regulatory exposure classes on defaulted exposures, specific credit risk adjustments, general credit risk adjustments, write-offs, and credit risk and write-off charges in COREP C09.01 (for exposures under the Standardised approach) and COREP C09.02 (for exposures under the IRB approach). Information on exposure values, defaulted exposures and value adjustments is also available separately for on-balance sheet and off-balance sheet exposures in COREP C07 (for exposures under the Standardised approach) and COREP C08.01 (for exposures under the IRB approach). Information on exposures that are past-due but not impaired is available as part of FINREP F07.

Template CR2 on the reconciliation of the defaulted exposures has been implemented as a supplementary specification of Article 442(i), on the reconciliation of the changes in the specific and general credit risk adjustments for impaired exposures. This has led to the inclusion of an extra template for the reconciliation of the changes in specific and general credit risk adjustments, which was built on FINREP F12 template, with the addition of extra rows for drivers of change in the allowance that are specifically mentioned in Article 442(i) CRR.

Template CR3 on credit risk mitigation was implemented as a specification of the requirement in Article 453(f) and (g), which has necessitated the following adjustments:

- A breakdown by exposure classes to complement the breakdown by instrument type (loans, debt securities, off-balance sheet) in Basel by the breakdown required in the CRR
- Specific information added on the impact of netting on the exposures secured by collateral, financial guarantees, and credit derivatives

d. The impact of IFRS 9 on Templates EU CR1-A to C and EU CR2-A and B

The Guidelines will be applicable when IFRS 9 enters into force. Some concepts such as “impaired” or “credit risk adjustments” for which specifications are included in these Guidelines are likely to have a different meaning under IFRS 9, and this could lead to different implementation of the disclosure guidance in the Guidelines. However the interactions of some of the regulatory concepts in the CRR with the new accounting standards have not yet been fully confirmed at the EU level.

Therefore, to provide institutions with a tool to implement the Guidelines in an IFRS 9 context without pre-empting the decisions on the interactions between regulatory and accounting concepts, the Guidelines simply state that, upon the entry into force of IFRS 9, the regulatory concepts of “defaulted exposures”, “non-defaulted exposures”, “specific credit risk adjustments”, “general credit risk adjustments” and ‘credit risk adjustment charges” in Templates EU CR1-A to C and EU-CR2-A and B should be broken down by impairment stages, instead of the breakdowns currently provided for in Templates EU CR1-A to C.

Such guidance, as it pertains to disclosures regarding the accounting mapping of regulatory concepts, does not overlap with the updated disclosure requirements in IFRS 7.

e. Additional guidance compared to the revised Pillar 3 framework

The Guidelines include additional templates to provide guidance on disclosure requirements in Article 442 CRR that were not covered in the Basel revised Pillar 3 but for which the different Pillar 3 assessment had shown the added value of more guidance. These extra templates are however provided under a flexible format (which allows institutions to tailor their level of granularity or to signpost to other similar information disclosed, for instance in financial statements). In addition they seek to re-use in their design to the best extent possible information already available in supervisory reporting:

- Total amount of exposures at the end of period and on average over the period (Article 442(c), specified by Template EU CRB-B)
- Geographical and sectoral breakdown of exposures (Article 442(d) and (e), specified by Templates EU CRB-C and EU CRB-D – information on the geographical breakdown of exposures by exposure classes is already available in COREP C09.01 (for standardised approach) and COREP C09.02 (for the IRB approach), and information on a sectoral breakdown is available in FINREP F06)
- Maturity of exposures (Article 442(f), specified by Template EU CRB-E)
- Ageing of past-due exposures (specified by Template CR1-D)

- Non-performing and forborne exposures (see below)

f. Non-performing and forborne exposures (Template EU CR1-E)

The release of the definitions of non-performing exposures and forbearance in 2013 marked an important step in the harmonization of asset quality concepts in the EU. 2014 and 2015 saw the disclosure of individual information on those exposures on an institution by institution basis by competent authorities, be it as part of the asset quality reviews²⁷, transparency exercises²⁸ or supervisory assessment exercises on individual institutions²⁹.

At the same time it was noted that the disclosure of information using the EBA definitions in institutions' own disclosures remained anecdotal, with important variations as regards to the level of granularity of information when provided. The EBA observed that the Basel Committee had recently issued definitions on non-performing exposures and forbearance, which present a high degree of consistency with the EBA definitions, and which have disclosures among their possible usages³⁰. To improve the level of transparency regarding non-performing and forborne exposures, the EBA therefore decided to include in these Guidelines a specific template on these exposures.

In order to limit the implementation cost for institutions, this template merges the templates that are already disclosed under the EBA Transparency Exercise, with any incremental information required fully available to institutions as part of supervisory reporting (FINREP templates F18 and F19). In particular, information on non-performing exposures that are impaired has been thought necessary to be disclosed in order for users to be able to inter-relate information in Template EU CR1-E with information disclosed in Template EU CR1-A to D. While information on impaired exposures is not disclosed as part of the Transparency exercise, it is available in column 120 in FINREP F18.

3.2.9 Credit risk and credit risk mitigation disclosures (Standardised approach)

Point 4.8 of the Guidelines covers information on the use of the Standardised approach referred to in table CRD and in templates CR4 and CR5 in the revised Pillar 3 framework. These table and templates are implemented as specifications of Article 444 and Article 453 CRR.

It was assessed that Table CRD completely overlapped with the requirements from Article 444(a) to (d).

As regards template CR4, it was implemented as a complementary specification of the requirements in Article 453(f) and (g), which require separate disclosures on the secured exposures by IRB and Standardised exposure classes. As a consequence, it was decided to supplement this template with additional information on the impact of CRM with substitution effect and the impact of credit conversion factors on the exposure value, so as to provide more transparency on the switch from the

²⁷ <https://www.bankingsupervision.europa.eu/banking/comprehensive/2014/html/index.en.html>

²⁸ <http://www.eba.europa.eu/risk-analysis-and-data/eu-wide-transparency-exercise/2015/results>

²⁹ <https://www.bankingsupervision.europa.eu/banking/comprehensive/2015/html/index.en.html>

³⁰ Guidelines Prudential treatment of problem assets – definitions of non-performing exposures and forbearance April 2016 <http://www.bis.org/bcbs/publ/d367.htm>

exposure before CCF and before CRM to the exposure after CCF and after CRM. This information is available in COREP C07 by exposure classes (columns 090 to 140 for the impact of credit risk mitigation on the exposure value, and columns 160 to 190 for the impact of credit conversion factors on off-balance sheet exposures). Therefore, it is expected that institutions are in position to disclose such information.

Template CR5 was assessed as corresponding to information required to be disclosed in application of Article 444(e). This nevertheless entailed the following adjustments to fit the requirements in that Article:

- The CRR requires the breakdown of exposures by applicable credit quality steps, and the revised Pillar 3 by risk-weight bands. Template EU CR5 therefore requires a breakdown by all the risk-weight bands that correspond to the credit quality steps in the CRR. All these risk-weight bands are available in COREP C07.
- The CRR requires the disclosure of deducted exposures. Template EU CR5 therefore includes a dedicated column
- The CRR requires the disclosure of both the exposure value and the exposure value after credit risk mitigation. To comply with this requirement and ensure consistency with Template EU CR4, it was decided that Template EU CR5-A would require the disclosure of the exposure value before CRM and before CCF, while Template EU CR5-B would provide a disclosure of exposure after CCF and after CRM. The choice of the metric of “exposure value before CRM and before CCF” was made after considering the information already currently disclosed by EU institutions.

3.2.10 Credit risk and credit risk mitigation disclosures (IRB approach)

Point 4.9 of the Guidelines covers information on the use of the IRB approach, as referred to in table CRE and in templates CR6, CR7, CR8 and CR9 of the revised Pillar 3. They have been implemented as specifications of the requirements in Article 438, Article 452 and Article 453 CRR.

a. Qualitative information (table CRE)

It was assessed that the table CRE was a specification of the disclosure requirements in Article 452(a) to (d) regarding the rating methodologies, with only one redundancy, on the scope of supervisory acceptance of IRB models.

b. Breakdown of model parameters by PD bands (Template EU CR6)

Template CR6 was implemented as a specification of the requirements in Article 452(e) CRR. The template includes additional information (maturity, value adjustments and provisions, original exposure, EL, number of obligors) that are not required by the CRR even though some of these information items (average PD, average LGD) used to be required before 2014 by Annex XII of Directive 2006/48. Nevertheless, the different assessments of Pillar 3 reports of EU institutions revealed however that institutions had already chosen to disclose most of those items of information on a voluntary basis, most likely due to the fact that they are already available to them as part of



COREP C08.01 and C08.02 (columns 020, 250, 280, 290, 300). These items of information have therefore be left in Template EU CR6, in order to ensure international comparability with the revised Pillar 3 framework used by third-countries institutions. The EBA is however unsure of the usefulness of information on exposure-weighted average maturity by PD grade.

Q3. Do you believe information on the exposure-weighted average maturity by PD grade is useful for understanding of an institution's IRB RWA?

One of the main improvements of template CR6 compared to the current state of play as regards disclosures on IRB model parameters is the introduction of a harmonised and fixed PD masterscale for the breakdown of exposure values, which introduces consistency compared to a situation where the granularity of such breakdown greatly varies among institutions. The EBA believes that this feature should be kept in Template EU CR6, considering the improvement it brings and its own assessment of the lack of consistency of PD breakdowns across EU institutions. Nevertheless, this masterscale was set in international level considering the values used in third-countries institutions and supervisory authorities, which led to a PD breakdown often less granular than the ones already provided by institutions in the scope of these Guidelines.

To avoid a situation where the fixed nature of the harmonized masterscale would either lead to a transparency setback or a double-disclosure requirement on institutions in the name of international comparability, the EBA decided to have the masterscale as a minimum required level of granularity, and to allow institutions to provide more granular breakdown of PD bands if it reflects their risk profile better.

The EBA notes that the use of a harmonized PD masterscale may constrain institutions in their re-use of the data from supervisory reporting, and particularly from COREP C08.02, where a different PD breakdown may be in use. This has led the EBA to keep the information on value adjustments and provisions at the same level of granularity as in template CR6, and not to require their breakdown by PD grades, unlike what is available in supervisory reporting. The EBA is however mindful that some institutions already provide such a breakdown in their disclosures, as it may be of interest for users.

Q4. Would it be feasible to breakdown the value adjustments and provisions by PD grade for the fixed PD grade bands that are provided in the masterscale? Would this information be useful to users?

The exposure class breakdown was adjusted to the exposure class required to be disclosed in the CRR. For retail exposures in particular, the possibility in accordance with Article 452(f) to provide a breakdown by a minimum relevant number of EL bands instead of the disclosures specified by Template EU CR6 is not superseded by these Guidelines.

c. Other quantitative information (Templates EU CR7 and EU CR8)

As regards information required in template CR7 on the impact of credit derivatives on IRB RWA, it is provided as a specification, with a focus on IRB exposures, of the requirements in Article 453(f) and (g), which require separate disclosures on the secured exposures by IRB and Standardised exposure

classes. The breakdown by exposure classes was adjusted to fit the regulatory exposure classes under the IRB approach.

Template CR8 on the reconciliation of the changes for RWA under the IRB approach was also considered as a major improvement to enhance users' understanding of the changes in RWA and therefore restore confidence in the RWA numbers, by fostering a better apprehension of the relationship between internally modelled RWA and the level of risks. For this reason, this template was implemented as a specification of Article 438 CRR, with a reference to the RWA required to be computed by Article 92 CRR although the CRR does not require a separate identification of the drivers for RWA changes. This linkage has necessitated the addition of a column for capital requirements, which are the focus of the CRR Articles 92 and 438.

The EBA notes that the CRR requirements are only minimum requirements that institutions can exceed if their situation justifies the provision of additional disclosures, and that institutions have started disclosing such a RWA flow statement since it was first recommended by the FSB-sponsored Enhanced Disclosures Task Force in 2012. In addition, the EBA expects that the variations in RWA and the sources of variations to be already monitored internally by institutions.

Template CR9 was implemented as in the revised Pillar 3 framework, with the provision of extra guidance (see below).

d. Additional guidance

Lastly, the Guidelines provide additional guidance – without templates – on two disclosure areas that are not covered in the revised Pillar 3, in order to provide comprehensive guidance on IRB disclosure requirements for which variety of practices were observed in the different Pillar 3 assessments:

- **Backtesting of model parameters:** template CR9 in the revised Pillar 3 framework provides guidance on PD backtesting, while the corresponding CRR requirement in Article 452(i) focuses on EL backtesting and only mention PD backtesting as a possible supplementary disclosures. Therefore, guidance was provided on principles to follow for EL and other model parameters backtesting
- **Geographical breakdown of model parameters:** this requirement from Article 452(j) has been interpreted variously by institutions, given the lack of clarity of the CRR text. The Guidelines provide for an approach to be followed, taking into account that this breakdown has to do with the backtesting of model parameters on a geographical basis. Therefore, the geographical allocation of an exposure depends on whether it is held directly or via a branch or a subsidiary. In the case of a direct exposure held by an institution in country A towards country B, the exposure is allocated to country A. if the exposure to country B is held via a branch or a subsidiary, it is allocated to country B. While this breakdown may differ from the geographical breakdown of risk parameters available in COREP C09, it is consistent with the requirements in Article 452(j)

3.2.11 Counterparty credit risk

Point 4.11 of the Guidelines covers information on counterparty credit risk specified in template CCR1 (breakdown of counterparty credit risk by exposure computation method), CCR2 (breakdown of the CVA charge), CCR3 (risk-weighting of counterparty credit risk under the Standardised approach), CCR4 (risk-weighting of counterparty credit risk exposures under the IRB approach), CCR5 (breakdown of collateral received and posted), CCR6 (credit derivative exposures), CCR7 (RWA flow statement) and CCR8 (exposures to central counterparties).

The requirements on counterparty credit risk have been implemented as specifications of the disclosure requirements in Article 438, Article 439, Article 444 and Article 452 CRR. However, the Basel templates are based on the revised counterparty credit risk framework³¹, which is not expected to apply before the update of CRR in the EU. Therefore the templates were adjusted to fit the current CRR counterparty credit risk framework.

a. Information on regulatory measures (Templates EU CCR1, EU CCR2 and EU CCR8)

Template CCR1 has been implemented as a specification of Article 439(e), (f) and (i) of CRR. The adjustment to the current CRR framework has led to the following changes in Template EU CCR1:

- Changes in the name of the rows to include the exposure calculation methods in force in the CRR: mark to market method according to Article 274 CRR, original exposure method according to Article 275 CRR, and the Standardised method according to Article 276 CRR, instead of a single row for SA-CCR applying to derivatives.
- Rows referring to credit risk mitigation and applying to SFTs, which are excluded from the scope of the SA-CCR in the revised Basel framework, have seen their label changed in accordance with the CRR methods (Article 222 and 223 CRR), and their use focused on SFTs for which users have chosen to determine the exposure value in application of the credit risk mitigation framework (Article 271(2) CRR)
- A breakdown by sources of exposures to counterparty credit risk (SFTs, derivatives, contractual cross product netting) was implemented for the approaches which could apply to more than one source of counterparty credit risk. The split is implemented for the Internal Model Method, as the Mark to market, Original exposure and Standardised approaches mainly – if not only – include derivative instruments. The EBA believes that users would benefit for this more granular breakdown of IMM exposures by source of exposure.
- The column on “replacement cost”, which is used in template CCR1 for the SA-CRR derivatives, is to be used in Template EU CCR1 for exposures under the Mark to market approach. In addition, the scope of this column has been broadened to also include the current market value to be disclosed for exposures under the Standardised approach

³¹ The standardised approach for measuring counterparty credit risk exposures March 2014
<http://www.bis.org/publ/bcbs279.pdf>

- A new column presenting information on notional was inserted to cover the exposure value of contracts treated under the original exposure method
- The column on “alpha” applicable under the Internal Model Method was broadened to include the “beta” applicable in the Standardised Approach, and consequently renamed “Multiplier”

These adjustments are consistent with the current requirements in Article 439 CRR and with the information available in COREP C07 and C08. In particular, information is required to be reported separately in these templates for the exposure value and risk weighed assets for “Derivatives and Long settlement transactions”, “Securities financing transactions” as well as “From contractual cross product netting”.

Q5. Is information on the sources of counterparty credit risk (breakdown by type of transactions) for exposures measured under the Internal Model Method useful for users? Should this breakdown be expanded to the other methods of computation of the exposure value?

As in the revised Pillar 3 framework, Template EU CCR1 does not include information on the CVA capital charge and exposures cleared through a central counterparty. To allow institutions to provide a comprehensive view on their exposures with counterparty credit risk charges however, separate templates on CVA charges and exposures cleared through central counterparties are also implemented as a specification of the requirements in Article 439(e) and (f) CRR:

- Template EU CCR2 provide information on the CVA charge, and compared to template CCR2, its breakdown of the CVA charge by calculation methods was adjusted to include a method – original exposure method – which is available for institutions in the CRR. This inclusion allows aligning the disclosure template on COREP C25, and thus eases its implementation.
- Template EU CCR8 has been implemented without adjustments compared to template CCR8. The EBA believes it can be implemented under the current counterparty credit risk framework, although the template was originally designed based on the revised framework for counterparty credit risk. The EBA believes that information available in COREP C07 on the exposure values centrally cleared through qualifying central counterparties would assist institutions in disclosing Template EU CCR8.

b. Information by regulatory risk-weighting approaches (Templates EU CCR 3, EU CCR 4 and EU CCR 7)

Templates CCR3 and CCR4 were implemented as specifications of respectively Article 444(e) and Article 452(e). Templates EU CCR3 and EU CCR4 had therefore their shape and content aligned on those of the equivalent templates in credit risk (Template EU CR5 and Template EU CR6). However, unlike for credit risk, Template EU CCR3 will only be required for exposures after considering both the impact of CRM and CCF.

Template CCR7 was implemented as a specification of Article 438 CRR, with a reference to the RWA required to be computed by Article 92 CRR although the CRR does not requires specific disclosure of the changes in RWA. This linkage has necessitated the addition of a column for capital requirements,

which are the focus of the CRR Articles. Template EU CCR7 was nevertheless kept in the scope of the Guidelines for the same reasons as exposed for Template EU CR8.

c. Other information on counterparty credit risk (Templates EU CCR5 and EU CCR6)

Other information on counterparty credit risk pertains to information on collateral received and posted (template CCR5) and exposures to credit derivatives (template CCR6).

Template CCR5 was implemented as a specification of the requirements in Article 439(e) CRR, which requires the breakdown of the fair value of collateral held in derivative transactions. However, adjusting for the exact requirements from that Article led to the insertion of an extra template (Template EU CCR5-A) covering the requirements in Article 439(e) CRR, broadened to SFTs. Template EU CCR5-B then elaborate on the information provided on collateral in Template EU CCR5-A, with additional information on collateral received and posted.

To address financial stability concerns related to the unintended disclosure of covert Emergency Liquidity Assistance, the format of Template EU CCR5-B has been left fully flexible, be it regarding the level of granularity of types of instruments disclosed, or the level of granularity of the operations – SFTs and derivative transactions, which the revised Pillar 3 framework requires to separately disclose.

In addition, and consistently with the approach in EBA GL/2014/03 regarding information on the encumbrance status of collateral received, a waiver has been introduced where in case central banks undertake liquidity assistance in the form of collateral swap transactions, a competent authority may decide that institutions should not disclose Template EU CCR5-B where it deems that the disclosure in that format would allow, now or in the future, for the detection of liquidity assistance provided by central banks via collateral swaps. The waiver by a competent authority should be based on thresholds regarding collateral received and posted, as well as on objective criteria that are publicly disclosed.

Institutions to which the waiver has been applied would still have to disclose Template EU CCR5-A, though without being required to separately identify derivatives and SFTs. Template EU CCR5-A would then acts as the minimum standardized information on the impact of collateral on derivative and SFTs exposures subject to counterparty credit risk. To ease the implementation of this template, its format has been left flexible.

As regards exposures to credit derivatives, template CCR6 was implemented as a guidance to the requirements in Article 439(g) and (h) CRR, which necessitated the following adjustments:

- A duplication of templates – one for credit derivatives used for the institution's own credit portfolio (Template EU CCR6-A) and one for credit derivatives used in the institutions' intermediation activities (Template EU CCR6-B) was inserted to comply with the requirements in Article 449(h)
- The inclusion of a separate column for credit derivatives other than credit derivative hedges due the broader requirement in Article 439(h)

- The inclusion of separate rows for a breakdown of credit derivative exposures by underlying hedged exposure classes, to take account of the requirements in Article 449(g)

The EBA is aware that the relevance of a split of information on credit derivative exposures between those used for the institution's own credit portfolio and one for credit derivatives used in the institutions' intermediation activities is disputed. Though the EBA cannot waive the application of the CRR requirement that imposes such a split in credit derivative exposures, it believes that the questioning surrounding the usefulness of this split may come from the lack of definition in the CRR of the concepts of "used for its own credit portfolio", and "used for its intermediation activities".

Q6. Is the split of credit derivatives between used for the institution's own credit portfolio and one for credit derivatives used in the institutions' intermediation activities useful or relevant to users? What definitions or policies do you currently use to identify credit derivatives used for your own portfolio, and credit derivatives used for your intermediation activities?

3.2.12 Market risk

Point 4.13 covers disclosures on market risk, both qualitative (table MRB), and quantitative (templates MR1, MR2, MR3 and MR4). These tables and templates were implemented as guidance for the requirements in Article 445 and Article 455 CRR.

a. Measurement and capital requirements for trading book exposures (Table MRB-A and Template MR1-A)

Considering that in the EU the requirements on prudent valuation apply to all exposures at fair value and not only to exposures in the trading book, the EBA regarded as necessary to emphasize that the disclosures required under Article 455(c) CRR should not be limited to trading book exposures under the internal models approach since the CRR prudent valuation requirements equally apply to positions under the Standardised approach.

As a consequence, the EBA decided to extract the guidance in table MRB related to the measurement and management of trading book positions and include it in a separate template, Template EU MRB-A, to be applied by all institutions (and not only institutions with trading book exposures under the internal models approach as it is the case for table MRB in the revised Pillar 3).

As regards information on the capital requirements for trading book exposures, Article 445 CRR does not require a separate identification between Standardised approach and internal modal approach. Instead, the capital requirements are required to be disclosed for each risk referred to in Article 92 (3)(b) and (c) separately, which covers risks under the Standardised approach and the Internal Models since both approaches are captured via the reference to Part Three, Title IV and Title V CRR).

However, the revised Pillar 3 provides in template MR1 for a breakdown of market risk capital requirements by types of risks similar to those referred to in Article 445 and 92(3)(b) and (c) CRR but only for the Standardised Approach. As a consequence, since Article 445 CRR is the legal basis for the inclusion of template MR1 in the Guidelines, the reference to Article 445 CRR triggers the need to include an extra template encompassing the own funds requirements for all the trading book positions (Template EU MR1-A).

Template EU MR1-A allows harmonizing the presentation of the disclosures provided in accordance with Article 445 CRR. Indeed the EBA observed various practices as regards the provisions of information on the total capital requirements for market risk by type of risks. Some institutions currently disclose a comprehensive breakdown of capital requirements as Article 445 CRR requires, while other institutions limit their disclosures by types of risks to the requirements calculated under the Standardised approach.

To ease the implementation of Template EU MR1-A by institutions, the EBA chose to base it entirely on information available in COREP, although it acknowledges that limited data on capital requirements by types of risks may be available for capital requirements calculated under Internal models. As shown in the mapping below:

- Position risk: while the corresponding information is available in COREP C02.00 row 540 to be added to row 550 for the Standardised approach, limited information is available for the Internal models (COREP C24.00 provides information on VaR and stressed VaR by types of risks, but under the format of memorandum items and not under a breakdown format)
- Foreign exchange risk: corresponding information is available in COREP C02.00 row 560 to be added to row 550 for the Standardised approach, limited information is available for the Internal models (COREP C24.00 provides information on VaR and stressed VaR by types of risks, but under the format of memorandum items and not under a breakdown format)
- Commodity risk: corresponding information is available in COREP C02.00 row 570 to be added to row 550 for the Standardised approach, limited information is available for the Internal models (COREP C24.00 provides information on VaR and stressed VaR by types of risks, but under the format of memorandum items and not under a breakdown format)
- Settlement risk: COREP C02.00 row 490
- Large exposures: COREP C02.00 row 680
- Specific interest rate of securitization positions: COREP C18.00 row 325, column 060 to be added to row 330, column 060

The EBA notes that the reporting of the memorandum items from COREP C24 can be discontinued upon an institution proving that a reporting of these figures would be unduly burdensome.

Q7. Which impediments, if any, including issues of availability of information, currently prevent you from disclosing the information on total (Standardised plus Internal model approaches) capital requirements by types of market risk as required under Article 445 CRR or are likely to render the disclosure of Template EU MR1-A unduly burdensome?

b. Own fund requirements under the Standardised approach (Template EU MR1-B)

Template MR1 has been implemented with a reference to Article 445 CRR and a specific focus on the Standardised approach, rendered via the use of a separate template (Template EU MR1-B). The only change implemented in Template EU MR1-B compared to the revised Pillar 3 framework is the

restriction of the scope of information required to be disclosed for securitization positions to the requirements linked to the specific risk of such positions. This is because the EBA believes that, pending the update of the disclosure requirements on market risk that will take place when the Fundamental Review of the Trading Book is implemented into EU law, the Guidelines should remain as close as possible to what is available to institutions as part of supervisory reporting.

The EBA notes that Article 445 CRR does not explicitly require a separate breakdown of the capital requirements for market risk between outright products and options. However, the EBA considers that this breakdown as specified in Template EU MR1-B could easily be implemented by institutions on the basis of information available in COREP, as illustrated below:

- Interest rate risk (general and specific): COREP C18.00 row 010 column 060, adjusted for the contribution of securitization and correlation portfolios (rows 325 and row 330, column 060) and of options (row 350, column 060)
- Equity risk (general and specific): COREP C21.00 row 010 column 060, adjusted for the contribution of options (row 090, column 060)
- Foreign exchange risk: COREP C22.00 row 010 column 090, adjusted for the contribution of options (row 050, column 090)
- Commodity risk: COREP C23.00 row 010 column 060, adjusted for the contribution of options (row 100, column 060)
- Options simplified approach: is the sum of COREP C18.00 row 360 column 060 + COREP C21.00 row 100 column 060 + COREP C22.00 row 060 column 090 + COREP C23.00 row 110 column 060
- Options Delta-plus method: is the sum of COREP C18.00 row 370 and row 380 column 060 + COREP C21.00 row 110 and row 120 column 060 + COREP C22.00 row 070 and row 080 column 090 + COREP C23.00 row 120 and row 130 column 060
- Options scenario approach: is the sum of COREP C18.00 row 390 column 060 + COREP C21.00 row 130 column 060 + COREP C22.00 row 090 column 090 + COREP C23.00 row 140 column 060
- Securitisation: COREP C19.00 row 010 column 610 + COREP C 20.00 row 010 column 450

c. Qualitative information on the internal model approach (Table EU MRB-B)

Information in template MRB was implemented as a specification of the requirements in Article 455. Safe for the part of template MRB that were split to apply to all trading book exposures, Table EU MRB-B is identical to the revised Pillar 3 framework.

A couple of guidance items were deleted as they overlapped with CRR requirements (points (c) and (h) in section B, points (b) to (d) in Sections C and D. In addition, the EBA added some guidance as it became aware of difficulties of implementation by the industry in jurisdictions which have started

applying the revised Pillar 3 framework (especially point (g) in Section A, which has been repeated in the other sections of Table EU MRB-B).

d. Capital requirements under the internal model approach (Templates EU MR2-A and MR2-B)

Template MR2 was linked to the disclosure requirements in Article 438 and Article 92 CRR and, as for the other templates on RWA reconciliation, it necessitated the addition of a specific column on capital requirements. Template MR2 was kept in the Guidelines for the same reasons as the other templates providing information on the reconciliation of RWA. In addition, the end of period value of this template can also be used to comply with the requirements in Article 455(e) CRR.

Nevertheless it was observed that this specific disclosure requirement pertains to the disclosure of the elements of own funds for market risk under the internal models, and that this requirement was implemented with varying level of granularity by institutions. To improve transparency on the components of market risk RWA under the internal models, template MR2 was split between Template EU MR2-A on the different elements on market risk RWA, and Template EU MR2-B on the reconciliation of these RWAs by drivers of changes.

However, the EBA was made aware of difficulties of implementing Template EU MR2-B when the VaR and other values to be reconciled in this template are average values as opposed to end of period values. These difficulties are due to the impossibility to reconcile average values for some institutions. These difficulties could preclude using Template MR2-B as guidance for satisfying the requirements in Article 455(e), if the own funds requirements are calculated on the basis of average values but the template is not conducive to the reconciliation of the changes in average values between different quarters.

The EBA added specific rows to allow institutions to disclose the value of the metric at the end of the periods for which reconciliation disclosures are provided, as well as the specific rows needed for the necessary adjustments to switch from the end of period value to the average value, if average values are used for deriving the capital requirements. These extra rows ensure that the reconciliation is always performed on the basis of end of period (ie point in time) values, which should ease the implementation of Template EU MR2-B by EU institutions.

The functioning of the extra rows is illustrated below regarding the VaR, through an example where different scenarios are illustrated in each of the columns:

- a. The institution uses an average value at both the beginning and the end of the quarter
- b. The institution uses an end day VaR value at the beginning of the quarter but switches to an average value at the end of the quarter
- c. The institution uses an average value at the beginning of the quarter but switches to an end of day value at the end of the quarter
- d. The institution uses an end of day value at both the beginning and the end of the quarter

		a	b	c	d
		VaR	VaR	VaR	VaR
1	RWA at previous quarter end ⁽¹⁾	60 day average	End day value	60 day average	End day value
1b	Regulatory adjustment	Δ 60 day average/end of period		Δ 60 day average/end of period	
1c	RWA at end of day previous quarter	End day value		End day value	
2	Movement in risk levels				
3	Model updates/changes				
4	Methodology and policy				
5	Acquisitions and disposals				
6	Foreign Exchange movement				
7	Others				
8a	RWA at end of day quarter	End day value	End day value		
8b	Regulatory adjustment	Δ 60 day average/end of period	Δ 60 day average/end of period		
8	RWA at end of reporting period	60 day average	60 day average	End day value	End day value

As regards Template MR2-A, it was built considering information available in COREP C24, as well as information already disclosed by institutions as part of the Transparency Exercise, which should limit its implementation cost by institutions.

- Previous day's VaR: COREP C24.00 row 010 column 040
- Average of the daily VaR on each of the preceding sixty business days (VaRavg) x multiplication factor (mc): COREP C24.00 row 010 column 030
- Latest SVaR (sVaRt-1): COREP C24.00 row 010 column 060
- Average of the SVaR during the preceding sixty business days (sVaRavg) x multiplication factor (ms): COREP C24.00 row 010 column 050
- Most recent IRC value: COREP C24.00 row 010 column 080
- Average of the IRC number over the preceding 12 weeks: COREP C24.00 row 010 column 070
- Most recent risk number for the correlation trading portfolio: COREP C24.00 row 010 column 110
- Average of the risk number for the correlation trading portfolio over the preceding 12-weeks: COREP C24.00 row 010 column 100
- 8 % of the own funds requirement in SA on most recent risk number for the correlation trading portfolio COREP C24.00 row 010 column 090
- Total: COREP C24.00 row 010 column 120

The EBA believes that information on the floor used for capital requirements computation for exposures under the comprehensive risk method in accordance with Article 338(4) CRR should be disclosed in such a template on the components of own funds, and therefore preferred to have this information included in Template EU MR2-A instead of in template MR3 as in the revised Pillar 3. However, the EBA is unsure whether a separate disclosure of the latest available values and the average values over 60 days or 12 weeks is necessary for VaR, stressed VaR, Incremental Risk Charge and CRM. Template EU MR2-A however includes such a breakdown of the VaR, stressed VaR and IRC own funds components to keep-up with the level of transparency already achieved via the 2015 Transparency Exercise.

Q8. Is the separate disclosure of end of period and average values for VaR, stressed VaR, IRC and CRM useful for users?

e. Other quantitative information regarding the internal model approach (Templates EU MR3 and EU MR4)

These other quantitative information refers to information regarding the end of period, maximum, minimum and average values of internal model metrics - VaR, stressed VaR, Incremental Risk Charge, and Comprehensive Risk Measure – (template MR3) and the backtesting of internal models (template MR4).

These templates were implemented as specifications of the corresponding CRR requirements in Article 455(d) and (g) respectively. Template EU MR3 was left unchanged (save for the value of the floor on CRM that is to be disclosed in Template EU MR2-A instead). Similarly, the only change in Template EU MR4 relates to the deletion of the request for clarification on whether the P&L value includes fees and commissions, since Article 366(3) CRR requires their exclusion from the actual P&L value to be used for the backtesting.

Lastly, the Guidelines provide additional guidance for the disclosures pertaining to the liquidity horizons in Article 455(f), as disclosure practices were identified as varying significantly in the assessments of Pillar 3 reports of EU institutions.

3.2.13 Securitisation

Disclosure requirements on securitization in Article 449 CRR are not included in the scope of these Guidelines, while they have been included in the revised Pillar 3 framework. The revised Pillar 3 framework includes the following elements, which represent a downsizing of the securitization disclosure requirements compared to the CRR:

- Table SEC A, for information on risk management due to securitization positions
- Templates SEC 1 and SEC 2, for the outstanding securitization exposures (retained originated and sponsored exposures, and purchased exposures)
- Templates SEC 3 and SEC 4, for the risk-weighting of exposures and the associated RWA and capital requirements

The Guidelines do not include securitization disclosure requirements from Article 449 CRR in their scope because discussions are currently taking place regarding the update of the CRR requirements on securitization, following the finalization of a revised securitization framework at the international level, and it did not appear pertinent to provide guidance on the disclosure requirements before the EU own revised securitization framework is finalized.

However, the lack of guidance and formats in these Guidelines shall not have for consequence that institutions substitute the disclosures in the revised Pillar 3 framework to the requirements in Article 449 CRR, and provide disclosures on the basis of the guidance and formats in the revised Pillar 3 framework only. Rather, all the requirements in Article 449 CRR shall still be complied with, and institutions are responsible to adjust themselves the Templates provided by the revised Pillar 3 framework should they choose to use them to comply with the CRR requirements. In particular, they should pay attention to the following needs for adjustments:

- The scope of application of templates SEC1 and SEC2, which in the revised Pillar 3 framework is not restricted to the securitization exposures risk-weighted under the securitization framework, unlike Article 449(n)(ii)
- The inclusion of deducted exposures, appropriate risk-weight bands and separate information by risk-weighting approach and localization of exposures (trading and non-trading book) in templates SEC 3 and SEC 4, in order to comply with the requirements in Article 449(o) and Article 449(n)(iv)

3.3 Other issues in the context of the Guidelines

3.3.1 Scope of application of the Guidelines and proportionality considerations

The current requirements in Part Eight CRR apply on an individual or consolidated level and in full or part to every institution which meet the requirements in Article 6, Article 10 and Article 13 CRR, meaning every solo institution, parent institution (on a consolidated basis), central body institution (on a consolidated basis), significant subsidiary (on a limited scale), and subsidiary of material significance for its local market.

Proportionality is embedded in the CRR in the following manners:

- **Purpose and applicability of the disclosure requirements:** the disclosure requirements in Part Eight CRR intend to shed light on the risks incurred by institutions and their management in accordance with other parts of the CRR. Smaller, less sophisticated or less complex institutions are expected to have a lower risk profile and therefore will not be subject to all the disclosure requirements – for instance, some disclosure requirements only apply to institutions that use internal models to compute capital requirements and therefore do not apply to less complex institutions that have only been using the Standardised Approaches
- **Materiality:** even for disclosure requirements that are applicable to institutions, the concept of materiality, as specified by EBA GL/2014/14, allows institutions to tailor the level of details and granularity of their disclosures to focus on elements that are deemed material.

Information on immaterial elements as determined by institutions based on the existing EBA Guidelines can be omitted.

- **Differentiated frequency:** as outlined in the section on frequency of disclosures, while the CRR requires a minimum annual frequency of disclosure for all institutions and leaves them free to determine the need for and scope of more frequent disclosures, EBA GL/2014/14 especially advise a subset of institutions deemed significant for the purpose of disclosures to consider providing a subset of information more frequently

Without questioning the fact the disclosure requirements from Part Eight CRR are to be applied by all institutions meeting the requirements in the aforementioned Articles, the EBA believes that the comprehensive and granular scope of the guidance introduced by these guidelines makes it relevant to limit their scope of application to a subset of institutions. The EBA proposes at this stage to define this subset as follows:

- Institutions identified by competent authorities as Global Systemically Important Institutions (G-SII) as set forth in Commission Delegated Regulation (EU) No 1222/2014 and any subsequent amendment
- institutions identified as Other Systemically Important Institutions (O-SII) in application of Article 131(3) of Directive 2013/36/EU as specified by EBA/GL/2014/10

Moreover, to cater for the fact that in any given jurisdiction this subset may turn too limited to enable users to benefit from the increase in comparability of disclosures as a result of the common guidance and formats, national competent authorities are provided with the possibility to broaden the scope of application of all or part of the Guidelines as they see fit.

However, specific points in the Guidelines have a broader scope of application. These points are those are additional to the content of the revised Pillar 3 framework:

- **Point 4.3 Section C:** the guidance on disclosure requirements for governance arrangement (Article 435(2)) : in addition to G-SII and O-SII, this guidance applies to other institutions determined by the competent authority or national law, based on an assessment of the institutions' size, internal organisation and the nature, the scope and the complexity of their activities. This deviation is to accommodate the scope of application of the requirements in CRD 4 regarding governance arrangements (Article 88) and the management body (Article 91). However, considering the criteria used to define G-SII and O-SII as well as the flexibility provided to national competent authorities to broaden their scope of application of the Guidelines, this deviation is expected to be minimal in terms of institutions.
- **Points that refer to other existing Implementing or Delegated Regulations and Guidelines:** Point 4.2 Section B and Section E on materiality, confidentiality and frequency, Point 4.5 on own funds, Point 4.7 on macro-prudential measures, Point 4.12 on unencumbered assets, Point 4.14 on remuneration and Point 4.15 on leverage ratio. These points apply to all institutions, in order not to create confusion on the scope of application of these Implementing or Delegated Regulations and Guidelines

The fact for an institution to be outside of the scope of application of those Guidelines does not waive for this institution the obligation to comply with the requirements in Part Eight CRR. In addition, in line with the Guidelines' objective to be a *vade mecum* for the implementation of the revised Pillar 3 in the EU, the EBA emphasizes that institutions that are not expected to implement the Guidelines may choose on a voluntary basis to do so, in particular when they decide to implement the revised Pillar 3 in their disclosures provided in accordance with Part Eight CRR. Indeed, to avoid the burden of double disclosures, the revised Pillar 3 guidance and formats implemented have to be consistent with the CRR requirements, and these Guidelines are the only version of the revised Pillar 3 that offers this consistency.

When institutions choose to implement these Guidelines on a voluntary basis, they may choose to implement only the parts of these Guidelines that are relevant considering their own objectives. For instance, an institution that would like to implement only the templates on linkages on the revised Pillar 3 framework may choose to implement only the templates on linkages in these Guidelines. Annex I provides a mapping between the different templates and tables in the revised Pillar 3 framework and these Guidelines.

Given the coverage in terms of total assets in any EU jurisdictions allowed by this subset of institutions, the possibility for the scope of application to be broader if justified by the peculiar situation in any jurisdictions and the possibility for other institutions to opt-in to these Guidelines, the EBA believes that at this stage, the proposed scope of application provides users with a satisfactory starting point in terms of improvement in the comparability of disclosures. It needs also to be borne in mind that consistent guidance and formats may at a later stage be rolled out on a wider scope of institutions if needs be. The EBA final proposal in terms of proportionality and scope of application will indeed be consistent with the outcome of reflections that are on-going on this issue at the European level.

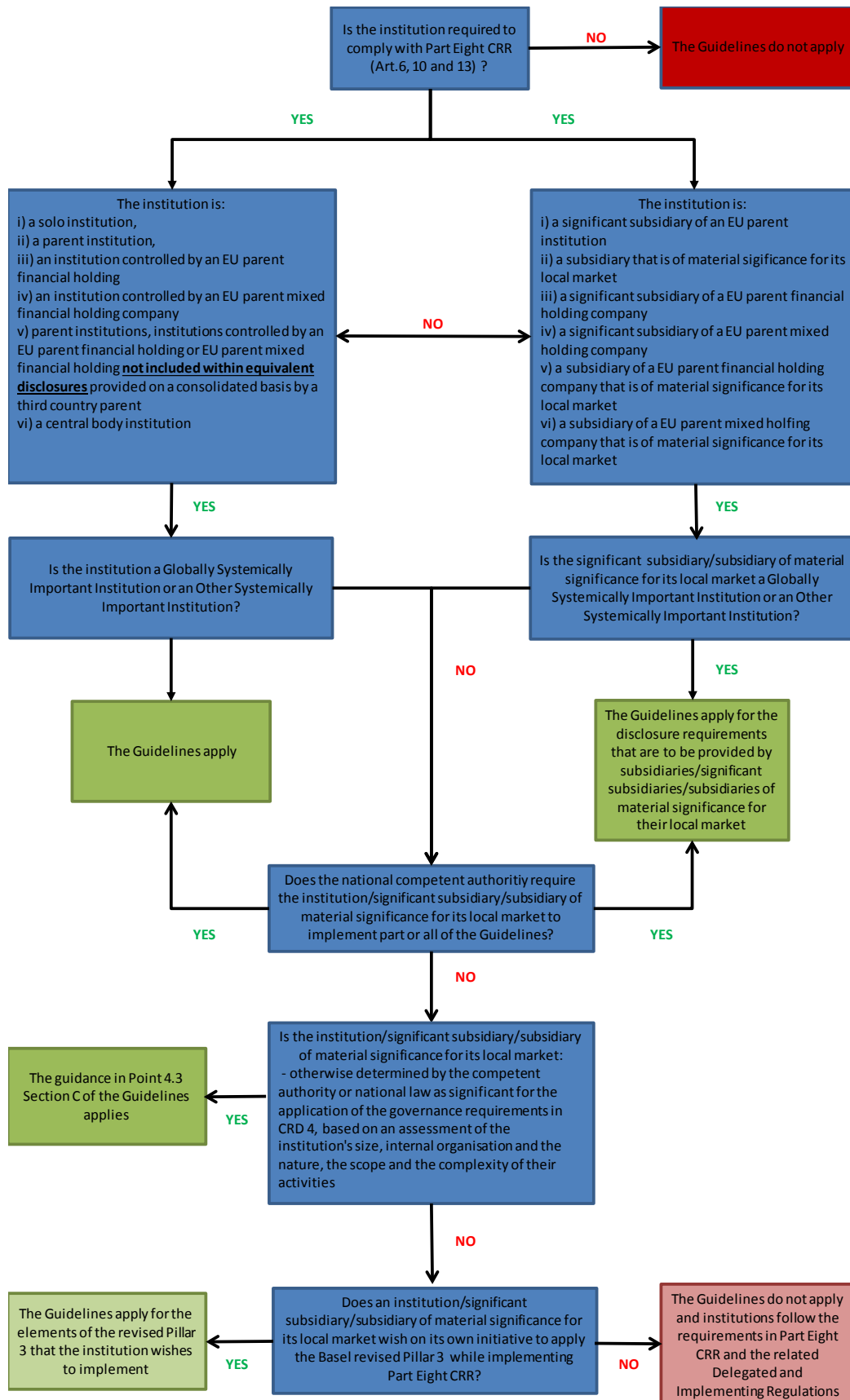
For the disclosures on liquidity³², the EBA has been separately consulting on the opportunity to develop a simpler template for a limited subset of institutions while applying the template inspired from the Basel standards to all institutions outside this subset. The difference in approaches followed between the Guidelines on LCR disclosures and these Guidelines stems from the fact that, given the lack of reference to a specific list of disclosures requirements for liquidity risk in the CRR while liquidity risk is in the scope of Article 435(1) CRR, there is a need to ensure that all institutions disclose information along a common format, independently of its granularity. Nevertheless, the EBA believes that there could be merit for users if the present Guidelines included one or more template applicable to all institutions and allowing them to access to the key risk metrics of that institution. The EBA notes that the Basel Committee is currently consulting on such a key risk metric template.

Q9. Do you agree with the proposed scope of application of the Guidelines?

Q10. In case you support the development of key risk metric template(s) that would apply to all institutions, which area of risks and metrics would you like to be covered in such template(s)?

³² See Guidelines on the LCR disclosure <http://www.eba.europa.eu/regulation-and-policy/liquidity-risk/guidelines-on-the-lcr-disclosure>

The decision tree below illustrates the scope of application of these Guidelines.



3.3.2 Availability of information

It is generally acknowledged that market discipline works better when true and fair information is available on a timely basis, comparable, disseminated widely and of easy access for users. The Guidelines will result in most of the content of regulatory information provided by G-SII and O-SII being standardised. However, exchanges with users have demonstrated that if standardised information was appreciable, they also needed to be able to access and process this information easily and swiftly to perform their calculation and compare the situations of institutions.

The EBA also noticed that some institutions were already disclosing their quantitative disclosures in an editable format (Excel). In addition, the EBA already makes available on its website in an editable format disclosures on G-SII indicators required by the CRR, as well as some information drawn from supervisory reporting as part of its Transparency Exercises.

The EBA therefore believes that disclosures by institutions in the scope of these Guidelines of their quantitative information in an editable format would enhance the ability of users to process information and run their analyses. In practice, it means that in addition to the report including all quantitative and qualitative information required by Part Eight CRR, a separate Excel file (or another editable format widely used in markets) should be made available on institutions' websites. This separate file in editable format could include part or all quantitative information disclosed in accordance with Part Eight CRR and specified in these Guidelines.

Q11. Do you regard making available quantitative disclosures in an editable format as feasible and useful?

Q12. In case you do not support making available all quantitative information specified in these Guidelines under an editable format, which subset of quantitative information should in your views be made available?

3.3.3 Date of implementation and recommendation for early application

The EBA has set end-year 2017 as the first implementation date of these Guidelines. While it mirrors the approach in the revised Pillar 3 framework to start implementing the different tables and templates for year-end disclosures, it leaves EU institutions misaligned with the date of first application of the revised Pillar 3 framework (end-year 2016).

Therefore, to enable EU institutions to provide a suitable level of information as early as possible and users to compare them with their international peers, the EBA intends to advise institutions which as at 01/01/2016 qualify as Globally Systemically Important Institutions in accordance with Commission Implementing Regulation (EU) No 1030/2014 to implement a subset of these Guidelines as soon as practicable, starting with end-year 2016 disclosures. National competent authorities will have the power to advise a broader set of institutions than G-SII to disclose the set of information below as soon as end-2016. Institutions will be advised to endeavor to disclose the following specifications:

- Template EU OV 1-A and EU OV 1-B



- Template EU CR 5-B
- Template EU CR 6
- Template CR 8
- Template EU CCR 3
- Template EU CCR 4
- Template EU CCR 7
- Template EU MR 1-B
- Template EU MR 2-A
- Template EU MR 2-B

The EBA has selected this reduced set of information taking into account that the revised Pillar 3 especially intends to address the uncertainty arising from the use of internal approaches and model to calculate risk-weighted exposure amounts and the capital requirements in accordance with Article 92(3) CRR, and that the elements of information in the above-listed templates are expected to be already available to G-SII because of the current disclosure requirements in Part Eight CRR.

Q13. Does an early implementation of a selected set of information specified in these Guidelines appear feasible?

Q14. Which amendments, if any, would you bring to the selected set intended to be included in the recommendation for early application?

4. Guidelines

Q15. Do you agree with the content of these Guidelines? In case of disagreement with specific parts of these Guidelines, please outline alternatives regarding these specific part(s) to achieve the implementation of the revised Pillar 3 framework in a fully compliant way with the current CRR requirements.



EBA/GL/20XX/XX

DD Month YYYY

Draft Guidelines

on disclosures requirements under Part Eight of Regulation (EU) 575/2013



1. Compliance and reporting obligations

Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010³³. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.
2. Guidelines set the EBA view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

Reporting requirements

3. According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, by ([dd.mm.yyyy]). In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website to compliance@eba.europa.eu with the reference 'EBA/GL/201x/xx'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to EBA.
4. Notifications will be published on the EBA website, in line with Article 16(3).

³³ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p.12).



2. Subject matter, scope and definitions

Subject matter

5. These Guidelines specify the disclosure requirements in Part Eight of Regulation (EU) 575/2013. These specifications take the form of guidance regarding the information that institutions have to disclose in application of the relevant Articles within that Part, as well as regarding the presentation of information to be disclosed. These Guidelines however do not alter specifications of disclosure requirements that have already been introduced by Implementing or Delegated Regulation for specific Articles in Part Eight of the said Regulation.
6. The specifications introduced by these guidelines take into consideration the on-going review of the Pillar 3 framework by the Basel Committee on Banking Supervision. These Guidelines especially consider the revised Pillar 3 framework published by the Basel Committee on Banking Supervision in January 2015.

Scope of application

7. Except when otherwise provided in paragraph 8 below, these Guidelines apply to institutions required to comply with some or all of the disclosure requirements in Part Eight of Regulation (EU) 575/2013, in accordance with Article 6, Article 10 and Article 13 of the same Regulation which meet any of the following criteria
 - a) the institution has been identified by competent authorities as a Global Systemically Important Institution (G-SII) as set forth in Commission Delegated Regulation (EU) No 1222/2014 and any subsequent amendment
 - b) the institution has been identified as an Other Systemically Important Institution (O-SII) in application of Article 131(3) of Directive 2013/36/EU as specified by EBA/GL/2014/10
8. Notwithstanding paragraph 7, the following considerations apply:
 - a) The guidance in point 4.3 Section C should also apply, as appropriate, to other institutions not referred to in paragraph 7 determined as significant by the competent authority or national law for the application of the requirements in Article 88 and Article 91 of Directive 2013/36/EU, based on an assessment of the institutions' size, internal organisation and the nature, the scope and the complexity of their activities
 - b) Point 4.2 Section B and Section E; Point 4.3 Section C; Point 4.7; Point 4.12; Point 4.14 and Point 4.15 should apply to all institutions required to comply with some or all the disclosure requirements in Part Eight of Regulation (EU) 575/2013, including significant subsidiaries and subsidiaries of material significance for their local market for the



disclosure requirements that are applicable to them in accordance with Article 13 in Regulation (EU) 575/2013

9. Competent authorities may require institutions that are neither G-SII nor O-SII to apply some or all the guidance in these Guidelines when complying with the requirements in Part Eight of Regulation (EU) 575/2013.
10. The Guidelines do not apply in all or part to an institution that is neither referred to in paragraphs 7, 8 or 9 above. This institution remains required to comply with the requirements in Part Eight of Regulation (EU) 575/2013 and the related Delegated and Implementing Regulations and Guidelines. However such an institution may apply voluntarily some or all of the guidance in the present Guidelines. This could be the case when it chooses to use on its own initiative the formats and guidance provided by international standards when satisfying some or all of the disclosure requirements in Part Eight of Regulation (EU) 575/2013. Indeed institutions should ensure that the international formats and guidance used comply with the requirements in that Regulation, and these Guidelines offer a compliant version of international standards with the requirements in Regulation (EU) 575/2013.

Addressees

11. These guidelines are addressed to competent authorities as defined in points i-ii of Article 4(2) of Regulation (EU) No 1093/2010 and to financial institutions as defined in Article 4(1) of Regulation No 1093/2010.



3. Implementation

Date of application

12. These guidelines apply from 31.12.2017

Amendments

13. The following guidelines are amended with effect from 31 December 2017: Title V, paragraph 18 and Title VII in Guidelines EBA/GL/2014/14.



4. Guidelines on disclosure requirements in Part Eight of Regulation (EU) 575/2013

4.1 Disclosure requirements, guidance and formats

14. These Guidelines do not substitute themselves to the applicable disclosure requirements in Part Eight of Regulation (EU) 575/2013.
15. These Guidelines specify partially or totally information required in specific Articles in Part Eight of Regulation (EU) 575/2013. The lack of guidance in these Guidelines for a specific requirement or sub-requirement from an Article in the said Part does not mean that institutions in the scope of these Guidelines, including via supervisory or voluntary decision, are not any more required to comply with this requirement or sub-requirement.
16. The guidance in these Guidelines is provided via Tables for qualitative information and via Templates for quantitative information, though some tables may include quantitative information as well. Templates come with a flexible or a fixed format while Tables come with a flexible format.
 - 1) Where the format of a template is described as fixed:
 - a) Institutions should complete the fields in accordance with the instructions given
 - b) Institutions may delete a specific row/column that is not considered to be relevant to their activities or for which the information provided would not be material in application of Article 432(1) CRR as specified by EBA GL/2014/14. Nevertheless in this case, institutions should (i) not alter the numbering of the subsequent rows and columns in the template, and (ii) provide the information mentioned in paragraph 19 of EBA GL/2014/14
 - c) Institutions may add extra rows and extra columns when necessary to convey their risk profile comprehensively to market participants in application of Article 431(3) CRR, but should not alter the numbering of prescribed rows and columns in the template
 - 2) Where the format of the table or template is flexible:
 - a) Institutions may present the information in a table or a flexible template either in the format provided in this document or in one that better suits them. The format of information referred to in a table is not prescribed and institutions may choose the format they prefer for disclosing that information



- b) Institutions should, in case the format provided in this document is not used, provide information comparable with that required in the table or template. The level of granularity between the institution's own format and the format in these Guidelines should be similar.
17. Each Template, regardless of its fixed or flexible format, should have its quantitative information supplemented with a narrative commentary to explain at least any significant changes between reporting periods and any other issues that management considers to be of interest to market participants.
18. The format for the presentation of qualitative information in tables is not prescribed.
19. The guidance in these guidelines, including in terms of presentation, does not intend to limit the ability of institutions to disclose additional information. In application of Article 431(3), institutions could provide additional information, if this is necessary to convey users with their comprehensive risk profile.
20. Additional quantitative information that institutions choose to disclose in addition to the requirements in Part Eight of Regulation (EU) 575/2013, regardless of whether these requirements are specified in these Guidelines, should comply with the specifications in 4.2 below.
21. The provisions in these Guidelines are without prejudice to more stringent requirements that may be set by National Competent Authorities as part of their supervisory powers as conferred to them by Directive 2013/36/EU or by other relevant European or national legal act.

4.2 General requirements for disclosures

22. This point specifies the requirements included in Article 431, Article 432, Article 433 and Article 434 of Part Eight in Regulation (EU) 575/2013.

Section A – Principles for disclosure

23. When assessing the appropriateness of their disclosures in application of Article 431(3) in Regulation (EU) 575/2013, institutions should ensure that their disclosures adhere to the following principles:
- clarity,
 - meaningfulness,
 - consistency over time and
 - comparability across institutions.



24. Disclosures should be clear. Clear disclosures have the following characteristics:

- Disclosures should be presented in a form that is understandable to key stakeholders, such as investors, analysts, financial customers and others)
- Important messages should be highlighted and easy to find.
- Complex issues should be explained in simple language with important terms defined.
- Related risk information should be presented together.

25. To ensure users can easily find disclosures required by Part Eight of Regulation (EU) 575/2013, institution should disclose at the beginning of the single medium or location referred to in paragraph 34 below a disclosure index under a tabular format, informing on where, in the different publications made by institutions, information required by the different Articles in Part Eight of that Regulation can be found.

26. Disclosures should be meaningful to users. Disclosures should highlight an institution's most significant current and emerging risks and how those risks are managed, including information that is likely to receive market attention. Where it enhances the meaningfulness of disclosures, linkages must be provided to line items on the balance sheet or the income statement. Achieving meaningful disclosures should come as a consequence of the implementation of the requirements in Article 432 of CRR on non-material information, as specified in EBA/GL/2014/14.

27. Disclosures should be consistent over time to enable key stakeholders to identify trends in an institution's risk profile across all significant aspects of its business. Additions, deletions and other important changes in disclosures from previous reports, including those arising from an institution's specific, regulatory or market developments, should be highlighted and explained.

28. Disclosures should be comparable across institutions. The level of detail and the format of presentation of disclosures should enable key stakeholders to perform meaningful comparisons of business activities, prudential metrics, risks and risk management between institutions and across jurisdictions.

29. Comprehensive disclosures in the meaning of Article 431(3) of Regulation (EU) 575/2013 should possess the following characteristics:

- Disclosures should describe the main activities and all significant risks of an institution, supported by relevant underlying data and information. Significant changes in risk exposures between reporting periods should be described, together with the appropriate response by senior management or the management body.



- Disclosures should provide sufficient information in both qualitative and quantitative terms on an institution's processes and procedures for identifying, measuring and managing those risks. The level of detail of such disclosure should be proportionate to an institution's complexity.
- Approaches to disclosure should be sufficiently flexible to reflect how senior management and the management body internally assess and manage risks and strategy, helping users to better understand an institution's risk tolerance/appetite.

Section B – Non-material, proprietary or confidential information

30. For the application of Article 432 in Part Eight of Regulation (EU) 575/2013, institutions should refer to the guidance included in Title I to IV and Title VI in in EBA Guidelines EBA/GL/2014/14 on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013

Section C – Verification of disclosures

31. In application of Article 431 (3), subparagraph 1 and Article 434(1) in Part Eight of Regulation (EU) 575/2013, institutions should have a policy on the verification of disclosures. As part of this policy, institution should ensure that the information required to be disclosed by Part Eight of Regulation (EU) 575/2013 is subject, at a minimum to the same level of internal review and internal control processes as the other information provided by institutions for their financial reporting. Therefore, the level of verification for information required to be disclosed by Part Eight of Regulation (EU) 575/2013 should at a minimum be the same as for information provided within the management report part of the financial report, within the respective meaning of Article 19 of Directive 2013/34 and Article 4 and Article 5 in Directive 2004/109/EC.
32. The formal policy adopted in application of Article 431(3) to comply with the disclosure requirements in Part Eight of Regulation (EU) 575/2013 should set out the internal controls and procedures for disclosure of such information. The key elements of this policy should be described in the year-end report provided according to Part Eight of Regulation (EU) 575/2013 or cross-referenced to another location where they are available. The management body and senior management are responsible for establishing and maintaining an effective internal control structure over the disclosure of, including disclosures provided according to Part Eight of Regulation (EU) 575/2013. They should also ensure that appropriate review of the disclosures takes place. One or more senior management officers of an institution, and one or more members of the management body of an institution, should attest in writing that disclosures provided according to Part Eight of Regulation (EU) 575/2013 have been prepared in accordance with the internal control processes agreed at the management body level.



Section D – Disclosure location and signposting

33. In application of Article 434 in Part Eight of Regulation (EU) 575/2013, when choosing the appropriate medium and location for disclosures required in that Part institutions to the degree feasible provide all disclosures required by Part Eight in one medium or location. This single medium or location should be a standalone document that provides a readily accessible source of prudential measures for users. This standalone document may take the form of a discrete section included in or appended to an institution's financial report. In such case it should be easily identifiable to users.
34. The requirement in Article 434 of Part Eight in Regulation (EU) 575/2013 for institutions to provide to the degree feasible all disclosures in one medium or location applies to all disclosure specified in these Guidelines, regardless of whether the specifications take the form of fixed or flexible Templates. Notwithstanding this, institutions should make every effort to include all Templates with a fixed format in the same medium or location without sign posting.
35. When however in accordance with Article 434 institutions choose to disclose information required by Part Eight of Regulation (EU) 575/2013, including the Tables and Templates specified by these Guidelines, in more than one medium or location, institutions should signpost clearly in where the disclosure requirements have been published. This signposting in the report provided according to Part Eight of Regulation (EU) 575/2013 should include:
- the title and number of the disclosure requirement;
 - the full name of the separate document in which the disclosure requirement has been published;
 - a web link, where relevant; and
 - the page and paragraph number of the separate document where the disclosure requirements can be located.
36. When signposting Templates specified in these Guidelines with a fixed format outside the single medium or location referred to in paragraph 34 above, institutions should ensure the following:
- the information contained in the signposted document is equivalent in terms of presentation and content to that required in the fixed template and allows users to make meaningful comparisons with information provided by institutions disclosing the fixed format templates;
 - the information contained in the signposted document is based on the same scope of consolidation as the one used in the disclosure requirement; and



- the disclosure in the signposted document is mandatory.
37. When making use of signposting, institutions should ensure that the signposted information to be provided according to Part Eight of Regulation (EU) 575/2013 benefits from a level of verification equivalent to, or greater than, the minimum internal verification level described in paragraph 30.
38. Institutions or competent authorities may also make available on their websites an archive of information required to be disclosed in application of Part Eight of Regulation (EU) 575/2013 and related to previous periods. This archive should be kept accessible for a suitable period of time that should be no less than the storage period set by national law for information included in the financial reports as defined in Article 4 and Article 5 in Directive 2004/109/EC.

Section E - Timing and frequency of disclosures

39. Article 433 in Regulation (EU) 575/2013 requires information listed in Part Eight of the same Regulation to be published in conjunction with the date of publication of financial statements. While institutions should ensure that the publication date of the financial statements and the information required by Part Eight of Regulation (EU) 575/2013 are only a reasonable period of time apart from each other and strive to make these dates ever closer, Regulation (EU) 575/2013 does not require the financial statements and information listed in Part Eight of that Regulation to be published on the very same day. This reasonable delay should be compliant with any deadline for publication set by national competent authorities in application of Article 106 in Directive 2013/36/EU.
40. Title VII in in EBA Guidelines EBA/GL/2014/14 on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013 are modified as follows (added elements in **green** and deleted elements in **red**):

Title V – Considerations regarding the need to assess the disclosure of information more frequently than annually

17. All institutions should assess the need to disclose some or all information required by Titles II and III in Part Eight of Regulation (EU) No 575/2013 more frequently than annually in light of the criteria specified in Article 433 of the same Regulation and in accordance with the process described in Title II of these guidelines.

18. Despite the fact that all institutions are required to assess the need to provide more frequent disclosures using any relevant assessment tool within the framework of the elements referred to in Article 433 of Regulation (EU) No 575/2013, institutions should especially assess their need to publish information more frequently than annually when one of the following indicators applies to them:

- a) the institution is one of the three largest institutions in its home Member State;*
- b) the institution's consolidated assets exceed EUR 30 billion;*



c) the institution's four-year average of total assets exceeds f 20% of the four-year average of its home Member State's GDP;

d) the institution has consolidated exposures as per Article 429 of Regulation 575/2013 exceeding EUR 200 billion or the equivalent in foreign currency using the reference exchange rate published by the European Central Bank applicable at the financial year-end.

e) the institution has identified by competent authorities as a Global Systemically Important Institution (G-SII) as set forth in Commission Delegated Regulation (EU) No 1222/2014 and any subsequent amendment, or as an Other Systemically Important Institution (O-SII) in application of Article 131(3) of Directive 2013/36/EU as specified by EBA/GL/2014/10

Title VII - Disclosures to be provided more frequently than annually

23. Even though it is up to each institution to decide on the type of information and level of detail to disclose to ensure the effective communication of knowledge about their business and risk profile, institutions required to comply with the obligations specified in Part Eight of Regulation (EU) No 575/2013 and meeting one of the indicators specified in paragraph 18 should pay particular attention to the possible need to provide the following information listed in these Guidelines more frequently than annually.

24. The type, format and frequency of information that institutions which are meeting one of the indicators specified in paragraph 18 should pay particular attention to the possible need to provide depend on whether those institutions are also identified as G-SII or as O-SII and whether they are within the scope of application of EBA GL/2016/XX.

25. Institutions meeting one of the indicators specified in paragraph 18 (a) to (d) but neither identified as G-SII or as O-SII nor within the scope of application of EBA GL/2016/XX should pay particular attention to the possible need to provide more frequently than annually:

a) information on own-funds and relevant ratios as required by Article 437 and Article 492, as applicable, of Regulation (EU) No 575/2013, especially the following information, as defined in the appropriate rows of Annexes IV and V of Commission Implementing Regulation (EU) No 1423/2013 of 20 December 2013:

- i. total amount of Common Equity Tier 1 capital, as in rows 6 and 29;
- ii. total amount of Additional Tier 1, as in rows 36 and 44;
- iii. total amount of Tier 1 capital, as in row 45;
- iv. total amount of Tier 2 capital, as in rows 51 and 58;
- v. total amount of capital, as in row 59;
- vi. total regulatory adjustments to each capital aggregate, as in rows 28, 43 and 57;
- vii. Common Equity Tier 1 ratio, as in row 61;
- viii. Tier 1 ratio, as in row 62;
- ix. total capital ratio, as in row 63.



b) Information required by points (c) to (f) in Article 438 of Regulation (EU) No 575/2013:

i. the amounts of risk-weighted assets and capital requirements by type of risks specified in Article 92 (3) of Regulation (EU) No 575/2013;

ii. the amounts of risk-weighted assets and capital requirements by type of risks specified in Article 92 (3) of Regulation (EU) No 575/2013 and by the exposure classes referred in Article 438 of the same Regulation

c) information on the leverage ratio as required by Article 451 of Regulation (EU) No 575/2013, especially the following information, as defined in the appropriate rows of Annex I and II of the Draft ITS on Disclosure for Leverage Ratio under Article 451(2) of Regulation (EU) No 575/2013:

i. amount of Tier 1 capital used as a numerator as in row 20, with the specification required in row EU-23;

ii. amount of total exposure used as a denominator as in row 21;

iii. resulting leverage ratio as in rows 22 and EU-22a if applicable.

d) information on risk exposures, especially quantitative information on internal models as required by Article 452 d), e) and f) of Regulation (EU) No 575/2013, separately for exposures for which institutions use own estimates of Loss Given Default or conversion factors for the calculation of risk-weighted exposure amounts and for exposures for which they do not use such estimates;

e) information on other items prone to rapid changes and on those items covered by Part Eight of Regulation (EU) No 575/2013 that have experienced highly significant changes during the reporting period.

~~24. Institutions should provide additional interim information to those listed in paragraph 23 when the result of their assessment for the need to provide disclosures in Part Eight of Regulation (EU) No 575/2013 more frequently than annually shows that this additional information is necessary to convey their comprehensive risk profile to market participants.~~

~~25. Interim information disclosed by institutions in accordance with paragraph 23 and paragraph 24 and pursuant to the frequency specified in paragraph 26 should be consistent and comparable over time.~~

26. ~~For institutions referred to in paragraph 25~~ the frequency of disclosure should depend on the criteria in paragraph 18 that ~~those institutions which are required to comply with the obligations specified in Part Eight of Regulation (EU) No 575/2013~~ meet:

a) institutions meeting the indicator in point d) of paragraph 18 should pay particular attention to the possible need for disclosing:

i. information listed in points a) b)i, c) and e) of paragraph 23 on a quarterly basis;

ii. information listed in point d) and b)ii of paragraph 23 on a semi-annual basis;



iii. the full set of information required by Commission Implementing Regulation (EU) No 1423/2013 and the draft ITS on disclosure of the leverage ratio under Article 451(2) of Regulation (EU) No 575/2013 on a semi-annual basis.

b) institutions meeting one of the indicators listed in points a) to c) of paragraph 18 should pay particular attention to the possible need for disclosing information listed in points a), b)ii and c) to e) of paragraph 23 on a semi-annual basis.

27. Institutions required to comply with the obligations specified in Part Eight of Regulation (EU) No 575/2013 and identified as G-SII or as O-SII or within the scope of application of EBA GL/2016/XX should pay particular attention to the possible need to provide more frequently than annually:

a) information on own-funds as referred to in paragraph 25(a), with a quarterly frequency

b) information on leverage ratio as referred to in paragraph 25(c), with a quarterly frequency

c) the full set of information required by Commission Implementing Regulation (EU) No 1423/2013 and the draft ITS on disclosure of the leverage ratio under Article 451(2) of Regulation (EU) No 575/2013, on a semi-annual basis.

d) other information listed in the guidance in EBA/GL/2016/XX, with the applicable frequency, and in particular:

i. information in Article 438 points (c) to (f), as specified in templates EU OV1-A, EU OV1-B, EU CR8, EU CCR 7, EUMR1-B and EU MR2-B,

ii. Information on risk exposures, as specified in templates EU CR5-B and EU CR6

e) information on other items prone to rapid changes

284. Institutions should provide additional interim information to those listed in paragraph 253 and paragraph 27 when the result of their assessment for the need to provide disclosures in Part Eight of Regulation (EU) No 575/2013 more frequently than annually shows that this additional information is necessary to convey their comprehensive risk profile to market participants.

295. Interim information disclosed by institutions in accordance with paragraph 253, paragraph 27 and paragraph 284 and pursuant to the frequency specified in paragraph 26 should be consistent and comparable over time.

3027. The information on own funds and leverage ratio listed in points a) and c) of paragraph 253 and in points a) and b) of paragraph 27 should be disclosed following the formats specified in Commission Implementing Regulation (EU) No 1423/2013 and Commission Implementing Regulation (EU) 2016/200, respectively the draft ITS on disclosure of the leverage ratio under Article 451(2) of Regulation (EU) No 575/2013.

3128. The information in paragraph 253, paragraph 27 and paragraph 28 should be published in conjunction with the date of publication of the interim financial statements or information, as applicable. The requirements provisions in Article 434 of Regulation (EU) No 575/2013 should apply, making only the necessary changes, to the information in paragraph 253, paragraph 27 and paragraph 28, where relevant taking into consideration the guidance in EBA/GL/2016/XX.



3229. Independently on whether they are identified as G-SII or O-SII or within the scope of application of EBA/GL/2016/XX, when institutions meeting at least one of the indicators listed in paragraph 18 choose not to provide one or more of the disclosures listed in paragraph 253 or paragraph 27 more frequently than annually they should state this fact at a minimum in the annual release of the document containing the disclosures as required by Part Eight of Regulation (EU) No 575/2013 and provide information on how they have arrived at their decision.

4.3 Risk management, objectives and policies

41. This point specifies the requirements included in Article 435 of Part Eight in Regulation (EU) 575/2013.

Section A - General information on risk management, objectives and policies

42. Disclosures required by Article 435(1) and specified in template OVA should be provided for each separate category of risk that are materially relevant as determined in accordance with EBA GL/2014/14, including but not limited to those covered in the Regulation (EU) 575/2013. Disclosures should cover all risk types and business lines, including new products/markets.

43. In addition to the risks directly referred to under Regulation (EU) 575/2013 and the other material risks institutions disclose information on, institutions should disclose information on their risk management objectives and policies for the following risks where they are material for the institution:

- Reputational risk;
- Any specific objectives and policies set out for the subcategory of operational risks that are related to conduct, including the risks that are related to the mis-selling of products.

Table EU OVA: Institution risk management approach

Purpose: Description of the institution’s strategy and how senior management and the management body assess and manage risks, enabling users to gain a clear understanding of the institution’s risk tolerance/appetite in relation to its main activities and all significant risks.
Scope of application: The template is mandatory for all institutions.
Content: Qualitative information.
Frequency: Annual
Format: Flexible

Institutions should describe their risk management objectives and policies, in particular:

Article 435(1)(f)	(a)	<p>The concise risk statement approved by the management body in application of Article 435(1)(f) should describe how the business model determines and interacts with the overall risk profile, for instance the key risks related to the business model and how each of these risks is reflected and described in the risk disclosures, and how the risk profile of the institution interacts with the risk tolerance approved by the management body.</p> <p>Within the risk statement in application of Article 435(1)(f), institutions should also disclose the nature, extent, purpose and economic substance of transactions within the group, affiliates and related parties. Only those transactions that have a material or reputational impact on the risk</p>
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		profile of the institution or the distribution of risks within the group should be disclosed.
Article 435(1)(b)	(b)	<p>Information to be disclosed in application of Article 435(1)(b) include the risk governance structure for each type of risk: responsibilities attributed throughout the institution (including where relevant oversight and delegation of authority; breakdown of responsibilities between the management body, the senior management, the business lines and the risk management function by type of risk, business unit, and other relevant information); relationships between the structures involved in risk management processes (as appropriate the management body, risk committee, risk management function, compliance function, internal audit function), the organisational and internal control procedures and an illustration of the risk management function from the relevant business line and from the compliance unit and internal audit).</p> <p>When disclosing the structure and organisation of the relevant risk management function, institutions should disclose the following:</p> <ul style="list-style-type: none"> • information on the overall internal control framework and how its control functions are organized (authority, resources, stature, independence), the major tasks they perform, how the performance is monitored by the management body and any actual and planned material changes to these functions; • The approved limits of risks to which the institution is exposed to; • changes of the heads of the internal control, risk management, compliance and internal audit function;
Article 435(1)(b)	(c)	As part of information on the other appropriate arrangements for the risk management function in accordance with Article 435(1)(b) the following should be disclosed: channels to communicate, decline and enforce the risk culture within the institution, for instance whether there are a code of conduct, manuals containing operating limits or procedures to treat violations or breaches of risk thresholds or procedures to raise and share risk issues between business lines and risk functions.
Article 435(1)(c)	(d)	<p>The scope and main features of risk measurement systems. [redundant requirement so changed with the wording below]</p> <p>When providing information about the main features of risk reporting and measurement systems in application of Article 435(1)(c), institutions should disclose their policies regarding systematic and regular reviews of risk management strategies, and periodical assessment of their effectiveness.</p>
Article 435(2)(e)	(e)	
Article 435(1)(a)	(f)	Disclosure on the strategies and processes to manage risk in application of Article 435(1)(a) should include qualitative information on stress testing, such as the portfolios subject to stress testing, scenarios adopted and methodologies used, and use of stress testing in risk management.
Article 435(1)(a) and (d)	(g)	<p>InThe strategies and processes to manage, hedge and mitigate risks that arise from the institution's business model and the processes for monitoring the continuing effectiveness of hedges and mitigants. [possible redundancy so changed with the wording below]</p> <p>Risks for which institutions should provide information on the strategies and processes to manage, hedge and mitigate them as well as on the monitoring of the effectiveness of hedges and mitigants in accordance with Article 435(1)(a) and (d) should be risks that arise from the institutions' business model</p>



Section B – Information on risk management, objectives and policies by category of risks

44. In application of Article 435(1) of Regulation (EU) 575/2013, institutions should disclose information for each separate category of risks, including credit risk, counterparty credit risk and market risk for which disclosure guidance is provided in this section.
45. In addition to the specifications below for these selected types of risks, institutions should provide disclosures on risk management objectives and policies for each type of material risk they are disclosing information on in accordance with the aforementioned Article 435(1).
46. Specifically for credit risk, institutions should provide the following information specified in Table EU CRA below as part of the disclosures required by the said Article 435(1):

Table EU CRA: General qualitative information about credit risk

Purpose: Describe the main characteristics and elements of credit risk management (business model and credit risk profile, organisation and functions involved in credit risk management, risk management reporting).	
Scope of application: The template is mandatory for all institutions.	
Content: Qualitative information.	
Frequency: Annual	
Format: Flexible	
Institutions should describe their risk management objectives and policies for credit risk, providing the following information :	
Article 435(1)(f)	(a) In the concise risk statement in accordance with Article 435(1)(f), how the business model translates into the components of the institution's credit risk profile
Article 435(1)(a) (d)	(b) When discussing their strategies and processes to manage credit risk and the policies for hedging and mitigating that risk in accordance with Article 435(1)(a) and (d), the criteria and approach used for defining credit risk management policy and for setting credit risk limits
Article 435(1)(b)	(c) When informing on the structure and organisation of the risk management function in accordance with Article 435(1)(b), the structure and organisation of the credit risk management and control function
Article 435(1)(b)	(d) When informing on the authority, status and other arrangements for the risk management function in accordance with Article 435(1)(b), the relationships between the credit risk management, risk control, compliance and internal audit functions
Article 435(2)(e)	(e) Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors. [moved]

47. For counterparty credit risk, institutions should provide the following information specified in Table CCRA below regarding the institution's approach to counterparty credit risk as referred to in Part Three, Title II, Chapter 6:

**Table EU CCRA:** Qualitative disclosure related to counterparty credit risk

Purpose: Describe the main characteristics of counterparty credit risk management regarding, among others, operating limits, use of guarantees and other CRM techniques, and the impacts of own credit downgrading.	
Scope of application: The table is mandatory for all institutions.	
Content: Qualitative information.	
Frequency: Annual	
Format: Flexible	
Institutions should provide:	
Article 439 (a) and 435(1) b)	(a) Risk management objectives and policies related to counterparty credit risk, including:
Article 439 (a)]	(b) Disclosures in accordance with Article 439(a) regarding the methods used to assign operating limits in terms of counterparty credit risk exposures should also cover the methods employed to assign such limits to CCP exposures <p>The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures and for CCP exposures; [partially redundant so changed with the wording below]</p>
Article 435(1)(b)	(c) Disclosures regarding the policies related to guarantees and other risk mitigants in accordance with Article 439(b) should provide information on the assessment of counterparty risk, including for exposures towards CCP. <p>Policies relating to guarantees and other risk mitigants and assessments concerning counterparty risk, including exposures towards CCPs; [partially redundant so changed with the wording below]</p>
Article 439 (c)	(d) Policies with respect to wrong-way risk exposures; [redundant]
Article 439(d)	(e) Disclosures in accordance with Article 439(d) should provide the actual impact in terms of incremental collateral that the institution would be required to provide in case of a credit downgrade. <p>The impact in terms of the amount of collateral that the institution would be required to provide given a credit rating downgrade. [partially redundant, except that CCRA refers to the impact and not to the discussion of the impact so changed with the wording below]</p>

48. For market risk institutions should provide the following information specified in Table EU MRA below:

**Table EU MRA:** Qualitative disclosure requirements related to market risk

Purpose: Provide a description of the risk management objectives and policies concerning market risk
Scope of application: The table is mandatory for all institutions that are subject to a market risk capital requirement for their trading activities.
Content: Qualitative information.
Frequency: Annual
Format: Flexible

Institutions should describe their risk management objectives and policies for market risk according to the framework below (the granularity of the information should support the provision of meaningful information to users):

Article 435(1)(a)(d)	(a)	The disclosure on strategies and processes of the institution to manage market risk as well as on the policies to hedge and mitigate market risk in application of Article 435(1)(a) and (d) should include an explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the institution's market risks, including policies for hedging risk and strategies/processes for monitoring the continuing effectiveness of hedges.
Article 435(1)(b)	(b)	As part of the disclosures required in Article 435(1)(b) on the structure and organisation of the market risk management function, institutions should disclose a description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above, and describing the relationships and the communication mechanisms between the different parties involved in market risk management.
Article 435(1)(c)	(c)	As part of the disclosures required in Article 435(c), institutions should disclose the scope and nature of risk reporting and/or measurement systems used for market risk

49. For liquidity risk, institutions should refer to EBA GL XX [Draft Guidelines on liquidity risk disclosures EBA CP 2016/06 released for consultation on 11/05/2016]

Section C – Information on governance arrangements

50. In application of Article 435(2), institutions should disclose the following information specified in paragraphs 50 to 53 :

51. When disclosing the number of directorships held by members of the management body in accordance with Article 435(2)(a), the following specifications apply:

- significant institutions should disclose the number of directorships as counted under Article 91 (3) and (4) of Directive 2013/36/EU
- institutions should disclose the number of directorships effectively held for each member of the management body, whether it is a group company or not, a qualifying holding or an institution within the same institutional protection scheme and whether the directorship is an executive or non-executive directorship
- where an additional directorship was approved by the competent authority, regardless of whether this additional directorship is with an entity that pursue or not a commercial objective, all institutions in which this member holds a directorship should disclose this



fact together with the name of the competent authority approving the additional directorship.

52. When disclosing information regarding the recruitment policy for the selection of members of the management body in accordance with Article 435(2)(b), institutions should disclose foreseeable changes within the overall composition of the management body.
53. When disclosing their diversity policy in accordance with Article 435(2)(c) institutions should disclose the policy on gender diversity and where a target has been set for the underrepresented gender and the policies with regard to diversity in terms of age, educational background, professional background and geographical provenance, and when a target has been set, the target set and the extent to which targets are met.
54. As part of information on the information flow on risk to the management body in application of Article 435(2)(e), institutions should describe the process of risk information reporting provided to the management body and senior management, in particular the frequency, scope and main content of reporting on risk exposure and the way how the management body was involved in defining the content to be reported. This description should especially cover the scope and main content of the reporting on credit risk exposure and on the credit risk management function to the senior management and management body as well as the content of the reporting on market risk.

4.4 Information on the scope of application of the regulatory framework

55. This point specifies the requirements included in Article 436 of Part Eight in Regulation (EU) 575/2013 regarding the scope of application of Part Eight in this Regulation.
56. In application of Article 436(b), institutions should disclose an outline of the difference in the basis of consolidation for accounting and prudential purposes. Institutions should first provide this outline at the level of the consolidated group, following the specifications in Template EU LI1 below.
57. The breakdown of the differences in the scope of consolidation on an aggregated basis should then be accompanied by a description of the differences in scope of consolidation at the level of each entity. This description of the differences at the entity level should take the form of the description and explanations required by Article 436(b), with the specifications introduced by Template EU LI3.
58. Information on the scope of application of the regulatory framework at the aggregated group level and at the entity level to be disclosed in accordance with Article 436(b) should be supplemented by a description of the differences between the financial statements' carrying value amounts under the regulatory scope of consolidation and the exposure amounts used for regulatory purposes. Template EU LI2 should be disclosed for this purpose.



Template EU LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

<p>Purpose: Columns (a) and (b) enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation that applies for the purpose of providing information required in Part Eight of Regulation (EU) 575/2013. Columns (c)–(g) break down how the amounts disclosed in column (b), which correspond to the amounts reported in institutions’ financial statements (rows) once the regulatory scope of consolidation is applied, are to be allocated to the different risk frameworks laid down in Part Three of Regulation (EU) 575/2013. The sum of amounts disclosed in columns (c)–(g) may not equal the amounts disclosed in column (b) as some items may be subject to capital requirements for more than one risk framework listed in Part Three of the said Regulation.</p>
<p>Scope of application: The template applies to all institutions. For institutions that are not required to publish consolidated financial statements, only columns (b) to (g) should be disclosed.</p>
<p>Content: Carrying values. In this template, carrying value are the values reported in financial statements.</p>
<p>Frequency: Annual.</p>
<p>Format: Flexible, although the row structure should align with the presentation of the institution’s balance sheet in its latest annual financial statements.</p>
<p>Accompanying narrative: Institutions should supplement Template EU LI1 notably with the qualitative information specified in table LIA. Institutions are expected to provide qualitative explanation on assets and liabilities that that are subject to capital requirements for more than one risk framework listed in Part Three of Regulation (EU) 575/2013.</p>

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central banks							
Items in the course of collection from other banks							
Trading portfolio assets							
Financial assets designated at fair value							
Derivative financial instruments							



Loans and advances to banks							
Loans and advances to customers							
Reverse repurchase agreements and other similar secured lending							
Available for sale financial investments							
....							
Total assets							
Liabilities							
Deposits from banks							
Items in the course of collection due to other banks							
Customer accounts							
Repurchase agreements and other similar secured borrowings							
Trading portfolio liabilities							
Financial liabilities designated at fair value							
Derivative financial instruments							
....							
Total liabilities							



Instructions

Rows

The row structure should be the same as the row structure of the balance sheet used in the latest available financial reporting of the institution. When template LI1 is disclosed on an annual basis, “financial reporting” refers to the annual individual and consolidated financial statements defined in Article 4 and Article 24 of Directive 2013/34/EU, as well as, when applicable, to the financial statements in the meaning of the international accounting standards as endorsed in the EU in application of Regulation (EC) 1606/2002. When institutions choose in application of Article 433 of Regulation (EU) 575/2013 to disclose template LI1 on a more frequent basis, “financial reporting” refers to the interim individual or consolidated financial information published by institutions, including when this information does not qualify as financial statements in application of Directive 2013/34/EU or the international accounting standards as endorsed in the EU.

Columns

Carrying values as reported in published financial statements: amount reported on the asset side and the liabilities side of the balance sheet established following the consolidation requirements in the applicable accounting framework, including frameworks based on Directive 2013/34/EU, 86/635/EEC, or the international accounting standards as endorsed in the EU.

Carrying values under scope of regulatory consolidation: amount reported on the asset side and the liabilities side of the balance sheet established following the regulatory consolidation requirements in Part One, Title II Section 2 and Section 3 in Regulation (EU) 575/2013.

If a credit institution’s scope of accounting consolidation and its scope of regulatory consolidation are exactly the same, columns (a) and (b) should be merged.

The breakdown of carrying amounts under the regulatory scope of consolidation by regulatory frameworks (c) to (f) corresponds to the risk frameworks listed in Part Three of Regulation (EU) 575/2013 and to the breakdown prescribed in the rest of these Guidelines:

- Subject to credit risk: the carrying values of items, other than off-balance sheet items, to which Part Three, Title II of Regulation (EU) 575/2013 apply and for which the disclosure requirements in Part Eight of the same Regulation are specified in point 4.9 and point 4.10 of these Guidelines should be included in column (c)
- Subject to counterparty credit risk: the carrying values of items, other than off-balance sheet items, to which Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013 apply and for which the disclosure requirements in Part Eight of the same Regulation are specified in point 4.11 of these Guidelines should be included in column (d)
- Subject to the securitisation framework: the carrying values of items, other than off-balance sheet items, from the non-trading book to which Part Three, Title II, Chapter 5 of Regulation (EU) 575/2013 apply should be included in column (e)
- Subject to the market risk framework: the carrying values of items, other than off-balance sheet items, to which Part Three, Title IV of Regulation (EU) 575/2013 apply and for which the disclosure requirements in Part Eight of the same Regulation are specified in point 4.13 of these Guidelines for non-securitisation positions should be included in column (f). Items corresponding to securitisation positions in the trading book to which the requirements in Part Three, Title IV of Regulation (EU) 575/2013 apply should be included in column (f)
- Column (g) should include the amounts not subject to capital requirements according to Regulation (EU) 575/2013 or that are subject to deductions from own funds in accordance with Part Two of that Regulation.

Deducted items should include for instance the items listed in Article 37, Article 38, Article 39, Article 41 of that Regulation. The amounts disclosed for assets should be the amounts actually deducted from own funds, taking into account any netting with liabilities allowed by and any threshold for deduction applicable as per the relevant Articles in Part Two of the same Regulation. When the items listed in Article 36(1)(k) and Article 48 of Regulation (EU) 575/2013 are 1 250% risk-weighted instead of being deducted, they should not be disclosed in column (g) but in the other appropriate columns of template LI1 as well as in the other appropriate templates provided for by these Guidelines. This also applies to any other item that is 1 250% risk-weighted in accordance with the requirements from Regulation (EU) 575/2013.

The amounts disclosed for liabilities should be the amount of liabilities that is taken into consideration for the determination of the amount of assets to be deducted from own funds as per the relevant Articles in Part Two the same Regulation. In addition, should be disclosed in column (g) all liabilities other than those (i) that are relevant for the application of the requirements in Part Three, Title II, Chapter 4 of Regulation



(EU) 575/2013, or (ii) that are relevant for the application of the requirements in Part Three, Title II, Chapter 6 and Title IV of the same Regulation.

Where a single item attracts capital requirements according to more than one risk framework, it should be reported in all columns corresponding to the capital requirements it attracts. As a consequence, the sum of amounts in columns (c) to (g) may be greater than the amount in column (b).

Template EU LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Purpose: Provide information on the main sources of differences (other than due to different scopes of consolidation which are shown in Template EU LI1) between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.
Scope of application: The template applies to all institutions.
Content: Carrying values. In this template, carrying values correspond to values reported in financial statements according to the scope of regulatory consolidation (rows 1–3) established following the regulatory consolidation requirements in Part One, Title II Section 2 and Section 3 in Regulation (EU) 575/2013 and amounts considered for regulatory exposure purposes (row 10). Where relevant, the reconciliation can distinguish between exposures risk-weighted under the Standardised and the IRB approach for the credit risk, counterparty credit risk and securitisation risk frameworks, and between the Standardised approach and the Internal model approach for the market risk framework.
Frequency: Annual.
Format: Flexible . Rows 1 to 4 are fixed and should be disclosed by all institutions Other headings shown below are provided for illustrative purposes only and should be adapted by each institution to describe the most meaningful drivers for differences between its financial statements carrying values under the regulatory scope of application and the exposure amounts considered for regulatory purposes.
Accompanying narrative: See Template EU LIA. Institutions that do not provide one of the rows listed in the template below should explain the reasons for the absence of the specific row in the reconciliation.

	a	b	c	d	e
	Total	Items subject to:			
		Credit risk framework	Counterparty credit risk framework	Securitisation framework	Market risk framework
1	Asset carrying value amount under scope of regulatory consolidation (as per template LI1)				
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)				
3	Total net amount under regulatory scope of consolidation				
4	Off-balance sheet amounts				



5	<i>Differences in valuations</i>					
6	<i>Differences due to different netting rules, other than those already included in row 2</i>					
7	<i>Differences due to consideration of provisions</i>					
8	<i>Differences due to prudential filters</i>					
9	⋮					
10	Exposure amounts considered for regulatory purposes					

Instructions

Amounts in rows 1 and 2, columns (b) to (e) correspond to the amounts in columns (c) to (f) of LI1.

Total net amount under regulatory scope of consolidation is the amount after on-balance sheet netting between assets and liabilities under the regulatory scope of consolidation, regardless of the eligibility of those assets and liabilities to the specific netting rules in application of Part Three, Title II, Chapter 4 and 5 as well as of Title IV in Regulation (EU) 575/2013.

Off-balance sheet amounts include off-balance sheet original exposure prior to the use of conversion factor from the off-balance sheet statement established following the regulatory scope of consolidation in column (a) and the off-balance sheet amounts subject to regulatory framework, after application of the relevant conversion factors in columns (b) to (e). The conversion factor for off-balance sheet items to be risk-weighted in application of Part Three, Title II of Regulation (EU) 575/2013 are defined in Article 111, Article 166, Article 167, and Article 182 as applicable for credit risk, Article 246 for securitisation risk, Article 274 to Article 276 and Article 283 of the same Regulation for counterparty credit risk.

Differences in valuations include the impact of the carrying amount of value adjustments in accordance with in Part Two, Title I, Chapter 2 Article 34 and Part Three, Title I, Chapter 3 Article 105 of Regulation (EU) 575/2013 on trading book and non-trading book exposures measured at fair value in accordance with the applicable accounting framework.

Differences due to different netting rules, other than those already included in row 2 refer to the net on- and off-balance sheet exposure amounts after application of the specific netting rules in Part Three, Title II, Chapter 4 and 5 as well as of Title IV in Regulation (EU) 575/2013. The impact of the application of the netting rules can be negative, in case more exposures have to be netted than the use of the on-balance sheet netting in row 2, or positive, in case the application of the netting rules in Regulation (EU) 575/2013 lead to less amount being netted-out than the on-balance sheet netting in row 2.

Differences due to consideration of provisions discloses the re-integration in the exposure value of specific and general credit risk adjustments as defined in Commission Delegated Regulation (EU) No 183/2014 that have been deducted in accordance with the applicable accounting framework from the carrying amount of exposures under Part Three, Part II, Chapter 3 of Regulation (EU) 575/2013 for risk-weighting purposes. As regards exposures risk-weighted in accordance with Part Three, Part II, Chapter 2 of Regulation (EU) 575/2013, when the carrying amount in the financial statements under the regulatory scope of consolidation has been reduced by elements qualifying as general credit risk adjustments under the aforementioned Delegated Regulation, these elements have to be re-integrated in the exposure value.

Differences due to prudential filters include the impact on the carrying amount under the regulatory scope of consolidation of the prudential filters listed in Article 32, 33 and 35 in Part Two, Title I, Chapter 2 of Regulation (EU) 575/2013 and applied in accordance with the requirements in Part Ten, Title I, Chapter 1 Article 467 and 468 in Regulation (EU) 575/2013 and CEBS 04/91 Guidelines on prudential filters for regulatory capital.

Exposure amounts considered for regulatory purposes: The expression designates the aggregate amount considered as a starting point of the RWA calculation before the application of credit risk mitigation methods other than netting in Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013 but after the application of netting requirements in Part Three, Title II, Chapter 4 and 5 and Title IV of the same Regulation for each of the risk categories. Under the credit risk framework this should correspond either to the exposure amount applied in the credit risk standardised approach (see Article 111 in Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013) or to the exposures at default (EAD) in the credit risk – Internal Rating Based Approach



(see Article 166, Article 167 and Article 168 in Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013); securitisation exposures should be defined as in Article 246 in Part Three, Title II, Chapter 5 of Regulation (EU) 575/2013 counterparty credit exposures are the exposure calculated in accordance with defined as the exposure considered for counterparty credit risk purposes (see Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013); and market risk exposures correspond to positions subject to the market risk framework (see Part Three, Title IV of Regulation (EU) 575/2013).

The breakdown of columns in regulatory risk categories (b) to (e) corresponds to the breakdown listed in Part Three of Regulation (EU) 575/2013 and prescribed in these Guidelines:

- Credit risk framework corresponds to the exposures to which Part Three, Title II of Regulation (EU) 575/2013 apply, upon the choice of the disclosing institution [separately for exposures under Chapter 2 and Chapter 3 of that Title](#), and for which the disclosure requirements in Part Eight of the same Regulation are specified in point 4.9 and point 4.10 of these Guidelines
- Counterparty credit risk framework corresponds to the exposures to which Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013 apply, upon the choice of the disclosing institution [separately for each method of computation of the exposure value](#), and for which the disclosure requirements in Part Eight of the same Regulation are specified in point 4.11 of these Guidelines
- Securitisation framework corresponds to exposures from the non-trading book to which Part Three, Title II, Chapter 5 of Regulation (EU) 575/2013 apply, upon the choice of the disclosing institution [separately for exposures under Subsection 3 and Subsection 4 of Section 3](#),
- Market risk framework corresponds to the exposures to which Part Three, Title IV of Regulation (EU) 575/2013 apply, upon the choice of the disclosing institution [separately for exposures under Chapter 2 to 4 on the one hand and Chapter 5 on the other hand](#), and for which the disclosure requirements in Part Eight of the same Regulation are specified in point 4.13 of these Guidelines.

Template EU LI3: Outline of the differences in the scopes of consolidation – entity by entity

Purpose: Provide information on the consolidation method applied for each entity within the accounting and the regulatory scopes of consolidation.
Scope of application: The template applies to all institutions.
Content: All entities included within the accounting and the regulatory scope of consolidation as defined in accordance with the applicable accounting framework and Part One, Title II Section 2 and Section 3 in Regulation (EU) 575/2013. Institutions should tick the applicable columns to identify the method of consolidation of each entity under the accounting framework and whether under the regulatory scope of consolidation each entity is (i) fully consolidated; (ii) proportionally consolidated; (iii) deducted from own funds; (iv) neither consolidated nor deducted; or (v) recognised under the equity method. When some entities belong to the same sector of activity, have not been identified as individually material for the purpose of separate disclosures in accordance with EBA GL 2014/14, and have a similar treatment under Part One, Title II Section 2 and Section 3 in Regulation (EU) 575/2013, they can be disclosed on an aggregated basis
Frequency: Annual.
Format: Flexible. The rows are flexible. The columns (a) to (g) are a minimum level of granularity for disclosure. Additional columns can be included depending on the consolidation methods implemented in accordance with Part One, Title II Section 2 and Section 3 in Regulation (EU) 575/2013 as specified by any Delegated or Implementing Regulation .
Accompanying narrative: See Table LIA. Clarify if entities that are Neither consolidated nor deducted are risk-weighted or not consolidated in accordance with Article 19 of Regulation (EU) 575/2013.



a	b	c	d	e	f	g
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation				Description of the entity
		Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Entity A	Full consolidation	X				Credit institution
Entity N	Full consolidation		X			Credit institution
Entity Z	Full consolidation				X	Insurance entity
Entity AA	Full consolidation			X		Immaterial leasing company
Entities BC, BD, BN	Full consolidation			X		Immaterial commercial entities (media companies)

Instructions

Name of the entity: commercial name of any entity included or deducted from the regulatory and accounting scope of consolidation of an institution.

Method of accounting consolidation: consolidation method used in accordance with the applicable accounting framework.

Method of regulatory consolidation: consolidation method implemented for the purpose of Part One, Title II, Chapter 2 of Regulation (EU) 575/2013. At a minimum, the methods listed in Article 436(b) of the same Regulation should be disclosed.

Description of the entity: brief description of the entity, with at a minimum disclosure of its sector of activity.



59. In application of Article 436(b), information in Template LI1 and Template LI2 should be accompanied by the explanatory information specified in Table LIA.

60. Information in point (c) in Table LIA should be provided both in relation to fair value-measured exposures in the trading book to which Article 105 and Article 455(c) in Regulation (EU) 575/2013 apply, and to exposures from the non-trading book to which Article 35 in the same Regulation applies. Disclosures related to exposures in the trading book can be provided as part of the market risk disclosures.

Table EU LIA: Explanations of differences between accounting and regulatory exposure amounts

Purpose: Provide qualitative explanations on the differences observed between accounting carrying value (as defined in LI1) and amounts considered for regulatory purposes (as defined in LI2) under each framework.
Scope of application: The template applies to all institutions.
Content: Qualitative information.
Frequency: Annual.
Format: Flexible.

Article 436 (b)		Institutions should explain the origins of the differences between accounting amounts, as disclosed in financial statements under the accounting scope of consolidation and regulatory exposure amounts, as displayed in templates LI1 and LI2.
Article 436 (b)	(a)	Institutions should explain and quantify the origins of any significant differences between the amounts in columns (a) and (b) in LI1, regardless of whether differences proceed from different consolidation rules or from the use of different accounting standards between the accounting and the regulatory consolidation.
Article 436 (b)	(b)	Institutions should explain the origins of differences between carrying values under the regulatory scope of consolidation and amounts considered for regulatory purposes shown in LI2.
Article 455 (c) and Article 34	(c)	For exposures from the trading and the non-trading book that are measured at fair value in accordance with the applicable accounting framework and which have their exposure value adjusted in accordance with Part Two, Title I, Chapter 2 Article 34 and Part Three, Title I, Chapter 3 Article 105 of Regulation (EU) 575/2013 as well as Commission Delegated Regulation (EU) 2016/101, , institutions should describe systems and controls to ensure that the valuation estimates are prudent and reliable. These disclosures can be provided as part of the market risk disclosures for exposures from the trading book, and should include: <ul style="list-style-type: none"> • Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used. • Description of the independent price verification process. • Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).

4.5 Own funds

61. The disclosures required by Article 437(1) of regulation (EU) 575/2013 are specified in Commission Implementing Regulation (EU) No 1423/2013 of 20 December 2013.

4.6 Capital requirements

62. These sections specify the requirements included in Article 438 of Part Eight in Regulation (EU) 575/2013.



63. In accordance with Article 438(c) to (f) in Regulation (EU) 575/2013, institutions should disclose Template OV1-A on a quarterly basis, and Template EU OV1-B on a semi-annual basis

Template EU OV1-A: Overview of RWA

Purpose: Provide an overview of total risk-weighted exposure (RWA) forming the denominator of the risk-based capital requirements calculated in accordance with Article 92 of Regulation (EU) 575/2013. Further breakdowns of RWAs are presented in subsequent parts of these Guidelines.
Scope of application: The template applies to all institutions.
Content: Risk-weighted assets and minimum capital requirements under Part Three, Title I, Chapter 1 of Regulation (EU) 575/2013.
Frequency: Quarterly.
Format: Fixed.
Accompanying narrative: Institutions are expected to identify and explain the drivers behind differences in reporting periods T and T-1 where these differences are significant. When minimum capital requirements in application of Article 92 in Regulation (EU) 575/2013 do not correspond to 8% of RWA in column (a), institutions should explain the adjustments made.

			RWA		Minimum capital requirements
			T	T-1	T
	1	Credit risk (excluding counterparty credit risk) (CCR)			
Art 438(c)(d)	2	Of which standardised approach (SA)			
Art 438(c)(d)	3	Of which internal rating-based (IRB) approach			
Art 438(d)	4	Of which Equity IRB under the Simple risk-weight or the internal models approach			
Article 107 Art.438(c)(d)	5	Counterparty credit risk			
Art 438(c)(d)	6	Of which Marked to market			
Art 438(c)(d)	7	Of which Original exposure			
	8	of which standardised approach for counterparty credit risk			
	9	CCR of which internal model method (IMM)			
	7	Equity positions in banking book under market-based approach [moved]			
		Equity investments in funds			
Art 438(e)	10	Settlement risk			
Art 449(o)(i)	11	Securitisation exposures in banking book (after cap)			
	12	Of which IRB ratings-based approach (RBA)			
	13	Of which IRB Supervisory Formula Approach (SFA)			
	14	Of which Internal assessment approach (IAA)			
	15	Of which Standardised approach (SA)			
	16	Market risk			
	17	Of which standardised approach (SA)			
	18	Of which internal model approaches (IM)			
	19	Operational risk			
	20	Of which Basic Indicator Approach			
	21	Of which Standardised Approach			
	22	Of which Advanced Measurement Approach			
Art 437(2), 48,60	23	Amounts below the thresholds for deduction (subject to 250% risk weight)			
Art 500	24	Floor adjustment			
	25	Total			



Definitions

RWA: risk-weighted assets according to Regulation (EU) 575/2013. In accordance with Article 92(4) of the same Regulation, the risk-weighted assets related to market risk foreign exchange risk, settlement risk, commodities risk and operational risk are the capital requirements determined in accordance with the relevant requirements in the Regulation, multiplied by 12.5).

RWA (T-1): risk-weighted assets as disclosed in the previous interim period. As template OV1 is required to be disclosed with a quarterly frequency, the RWA (T-1) figure should be the figure disclosed at the end of the previous quarter.

T capital requirements at the disclosure date calculated as per the specifications in Article 92 in Regulation (EU) 575/2013. In accordance with Article 438 of the same Regulation, the disclosed capital requirements will normally be $RWA \times 8\%$ but may differ if a floor is applicable or adjustments (such as scaling factors) are applied at jurisdiction level.

Credit risk (excluding counterparty credit risk): RWA and capital requirements calculated in accordance with Article 92 as well as in accordance with Part Three, Title II, Chapters 2 and 3 and Article 379 of Regulation (EU) 575/2013. RWA and capital requirements for credit risk are further disclosed in points 4.9 and 4.10 of these Guidelines. They exclude the RWA and capital requirements of any item for which the exposure value is calculated in accordance with Part Three, Title II, Chapters 5 and 6 of Regulation (EU) 575/2013. For those items the associated RWA and capital requirements are respectively disclosed in row 11 (for securitisation exposures in the non-trading book) and in row 5 (for counterparty credit risk).

Of which standardised approach: RWA and capital requirements calculated according to Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013.

Of which internal rating based approaches: RWA and capital requirements according to Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013. Capital requirements and RWA arising from both the Foundation Internal Ratings-Based (FIRB) and Advanced Internal Ratings-Based (AIRB) should be disclosed in this row.

Of which: Equity positions under the simple risk-weight and the internal models approaches: the amounts in row 4 correspond to RWA for equity exposures for which institutions apply the approaches referred to in Article 155(2) and (4) in Regulation 575/2013. For equity exposures treated under the PD/LGD approach in accordance with Article 155(3) in the same Regulation, the corresponding RWA and capital requirements are reported in Template EU CR6 (portfolio Equity PD/LGD) and are included in row 3 of this template.

Counterparty credit risk: RWA and capital requirements for elements whose exposure value is calculated in accordance with Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013. In accordance with Article 107 risk-weighted assets and capital requirements for those exposures are estimated on the basis of the requirements in Part Three, Title II, Chapters 2 and 3. The breakdown of capital requirements and RWA according to the regulatory approach used for their estimation is disclosed in accordance with the specifications of Point 4.11 of these Guidelines. Counterparty credit risk RWA and capital requirements do include those amounts linked to the charge for credit valuation adjustment risk of OTC derivatives other than credit derivatives recognised to reduce RWA for credit risk, in accordance with Part Three, Title VI and Article 92(3)(d) of Regulation (EU) 575/2013, as well as the RWA and capital requirements for the contributions to the default fund of a CCP calculated in accordance with Articles 307 to 309 of the same Regulation.

Settlement risk: the capital requirements and RWA amounts estimated in accordance with Articles 92(3)(c)(ii) and 92(4)(b) in Regulation (EU) 575/2013, respectively. There is no corresponding template in these guidelines.

Securitisation exposures in banking book: the amounts correspond to capital requirements and RWA for securitisation exposures in the non-trading book for which the RWA and capital requirements are calculated in accordance with Part Three, Title II, Chapter 5. The RWA amounts must be derived from the capital requirements and therefore include the impact of the cap in accordance with Article 260 of that Chapter, when applicable.

Market risk: the amounts reported in row 16 correspond to the capital requirements and RWA estimated in accordance with Part Three, Title IV and V and Article 92 (4) of Regulation (EU) 575/2013, respectively. These amounts therefore include capital charges for securitisation positions booked in the trading book but excludes the counterparty credit risk capital charges (reported in Point 4.11 of this document and row 4 of this template). Market risk capital requirements and RWA are broken down in Point 4.13 of these Guidelines, while RWA and capital requirements for counterparty credit risk are broken down in Point 4.11 of these Guidelines

Operational risk: RWA and capital requirements estimated in accordance of Article 92(4) and Part Three, Title III of Regulation (EU) 575/2013. There is no corresponding template in these Guidelines.

Amounts below the thresholds for deduction (subject to 250% risk-weight): the amounts correspond to items not deducted from own funds as they are below the applicable thresholds for deduction according to Article 48 and Article 470 of Regulation (EU) 575/2013. It includes in particular deferred tax assets as well as direct, indirect and synthetic holdings of CET 1 instruments from financial sector entities (as defined in Article 4(27) of Regulation (EU) 575/2013) outside the scope of regulatory consolidation where the institution has a significant investment in those entities. The amounts disclosed in this row are after application of the 250% risk weight.

Floor adjustment: this row must be used to disclose the impact of any floor implemented in accordance with Article 500(1), or where relevant and after meeting the prerequisites, Article 500(2) in Regulation (EU) 575/2013 so that the total row in template OV1 reflects the total RWA and total capital requirements in accordance with Article 92 in Regulation (EU) 575/2013, including such an adjustment. Floor or adjustments applied at a more granular level (where relevant at risk category level) must be reflected in the capital requirements reported for this risk category. Additional capital requirements based on the supervisory review



process as referred to in point (a) of Article 104(1) of Directive 2013/36/EU should not be included in the row Floor adjustment. However, when the disclosure of these capital requirements is demanded by the relevant competent authority in accordance with Article 438(b) of Regulation (EU) 575/2013 or voluntarily disclosed in application of EBA/Op/2015/24, they should be included in a distinct row, separated from the capital requirements calculated in accordance with Article 92 of Regulation (EU) 575/2013..

Template EU OV1-B: Overview of Exposure by Class

Purpose: Provide an overview of exposures classes forming the denominator of the risk-based capital requirements.
Scope of application: The template applies to all institutions.
Content: Risk-weighted assets and minimum capital requirements under Part Three, Title I, Chapter 1 of Regulation (EU) 575/2013. Institutions should break down the regulatory approaches used to risk-weight exposures with counterparty credit risk into the different exposure classes from Article 111 and 147 in which there is exposures with counterparty credit risk.
Frequency: Semi-annual
Format: Fixed.
Accompanying narrative: Institutions are expected to identify and explain the drivers behind differences in reporting periods T and T-1 where these differences are significant. When minimum capital requirements in application of Article 92 in Regulation (EU) 575/2013 do not correspond to 8% of RWA in column (a), institutions should explain the adjustments made.

			RWA		Capital requirements
			T	T-1	T
	1	Credit risk (excluding counterparty credit risk)			
Art 438(c)(d)	2	Of which standardised approach (SA)			
	2a	Central governments or central banks			
	2b	Regional governments or local authorities			
	2c	Public sector entities			
	2d	Multilateral Development Banks			
	2e	International Organisations			
	2f	Institutions			
	2g	Corporates			
	2h	Retail			
	2i	Secured by mortgages on immovable property			
	2j	Exposures in default			
	2k	Items associated with particular high risk			
	2l	Covered bonds			
	2n	Claims on institutions and corporates with a short-term credit assessment			
	2o	Collective investments undertakings (CIU)			
	2p	Equity exposures			
	2q	Other items			
	3	Of which internal rating-based (IRB) approach			
	3a	Neither own estimates of LGD nor Conversion Factors are used			
	3a1	- Central governments and central banks			
	3a2	- Institutions			
	3a3	- Corporates – SME			
	3a4	- Corporates - Specialised Lending			
	3a5	- Corporates – Other			
	3b1	When own estimates of LGD and/or Conversion Factors are used			
	3b2	- Central governments and central banks			
	3b3	- Institutions			
	3b4	- Corporates – SME			



	3b5	- Corporates - Specialised Lending		
	3b6	- Corporates – Other		
	3b7	Retail - Secured by real estate SME		
	3b8	Retail - Secured by real estate non-SME		
	3b9	Retail - Qualifying revolving		
	3b10	Retail - Other SME		
	3b11	Retail - Other non-SME		
Art 438(d)	4a	Equity IRB		
	4b	- Under the PD/LGD approach		
	4c	- Under internal model		
	4d	- Under the simple risk-weight approach		
	4e	o Exchange traded exposures		
	4f	o Private equity exposures		
	4g	o Other exposures		
	4h	- Under supervisory transition		
	4i	- Under grandfathering requirements		
	3c	Other non-credit-obligation assets		
Article 107 Art 438(c)(d)	5	Counterparty credit risk		
	6	Of which Marked to market		
	7	Of which Original exposure		
	8	of which standardised approach for counterparty credit risk		
Article 107 Art 438(c)	9	Of which: under the internal models		
Art 438(c)(d)	5a	Of which: Risk exposure amount for contributions to the default fund of a CCP		
Art 438(c)(d)	5b	Of which: CVA		
	11	Securitisation exposures in banking book (after cap)		
	12	Of which IRB ratings-based approach (RBA)		
	13	Of which IRB Supervisory Formula Approach (SFA)		
	14	Of which Internal assessment approach (IAA)		
	15	Of which Standardised approach (SA)		
Art 438(e)	16	Market risk		
	17	Of which standardised approach (SA)		
	18	Of which internal model approaches (IM)		
Art 438(f)	19	Operational risk		
	20	Of which Basic Indicator Approach		
	21	Of which Standardised Approach		
	22	Of which Advanced Measurement Approach		
Art 437(2), 48,60		Amounts below the thresholds for deduction and other non-deducted investments		
Art 500	24	Floor adjustment		
	25	Total		



Definitions

RWA: risk-weighted assets according to Regulation (EU) 575/2013. In accordance with Article 92(4) of the same Regulation, the risk-weighted assets related to market risk foreign exchange risk, settlement risk, commodities risk and operational risks are the capital requirements determined in accordance with the relevant requirements in the Regulation, multiplied by 12.5).

RWA (T-1): risk-weighted assets as disclosed in the previous interim period. As template OV1 is required to be disclosed with a quarterly frequency, the *RWA (T-1)* figure should be the figure disclosed at the end of the previous quarter.

T capital requirements at the disclosure date calculated as per the specifications in Article 92 in Regulation (EU) 575/2013. In accordance with Article 438 of the same Regulation, the disclosed capital requirements will normally be $RWA \times 8\%$ but may differ if a floor is applicable or adjustments (such as scaling factors) are applied at jurisdiction level.

Credit risk (excluding counterparty credit risk): RWA and capital requirements calculated in accordance with Article 92 as well as in accordance with Part Three, Title II, Chapters 2 and 3 and Article 379 of Regulation (EU) 575/2013. RWA and capital requirements for credit risk are further disclosed in Points 4.9 and 4.10 of these Guidelines. They exclude the RWA and capital requirements of any item for which the exposure value is calculated in accordance with Part Three, Title II, Chapters 5 and 6 of Regulation (EU) 575/2013. For those items the associated RWA and capital requirements are respectively disclosed in row 11 (for securitisation exposures in the non-trading book) and in row 5 (for counterparty credit risk).

Of which standardised approach: RWA and capital requirements calculated according to Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013, further broken down by exposure classes in application of Article 438(c) and Article 112 of Regulation (EU) 575/2013.

Of which internal rating based approaches: RWA and capital requirements according to Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013. Capital requirements and RWA arising from both the Foundation Internal Ratings-Based (FIRB) and Advanced Internal Ratings-Based (AIRB) should be disclosed separately, respectively in row *Neither own estimates of LGD nor Conversion Factors are used* and in row *When own estimates or LGD and/or Conversion Factors are used*. Exposures are broken down by exposure classes in application of Article 438(d) and Article 147 of Regulation (EU) 575/2013.

Equity IRB: equity exposures broken down by approaches and types of exposures referred to in Article 438(d) and Article 155 in Regulation (EU) 575/2013.

Under supervisory transition and grandfathering: equity exposures within the scope of Article 495 in Regulation (EU) 575/2013

Counterparty credit risk: RWA and capital requirements for elements whose exposure value is calculated in accordance with Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013. In accordance with Article 107 risk-weighted assets and capital requirements for those exposures are estimated on the basis of the requirements in Part Three, Title II, Chapters 2 and 3. Capital requirements and RWA are broken down by method for the calculation of the exposure value in accordance with Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013. The breakdown of capital requirements and RWA according to the regulatory approach used for their estimation is disclosed in accordance with the specifications of point 4.11 of these Guidelines.

Of which: Risk exposure amount for contributions to the default fund of a CCP: risk-weighted assets and capital requirements for the contributions to the default fund of a CCP calculated in accordance with Articles 307 to 309 of the same Regulation (EU) 575/2013.

Of which: CVA: risk-weighted assets and capital requirements for credit valuation adjustment risk of OTC derivatives other than credit derivatives recognised to reduce RWA for credit risk, in accordance with Part Three, Title VI and Article 92(3)(d) of Regulation (EU) 575/2013 calculated

Settlement risk: the capital requirements and RWA amounts estimated in accordance with Articles 92(3)(c)(ii) and 92(4)(b) in Regulation (EU) 575/2013, respectively. There is no corresponding template in these guidelines.

Securitisation exposures in banking book: the amounts correspond to capital requirements and RWA for securitisation exposures in the non-trading book for which the RWA and capital requirements are calculated in accordance with Part Three, Title II, Chapter 5. The RWA amounts must be derived from the capital requirements and therefore include the impact of the cap in accordance with Article 260 of that Chapter, when applicable.

Market risk: the amounts reported in row 16 correspond to the capital requirements and RWA estimated in accordance with Part Three, Title IV and V and Article 92 (4) of Regulation (EU) 575/2013, respectively. These amounts therefore include capital charges for securitisation positions booked in the trading book but excludes the counterparty credit risk capital charges (reported in Point 4.11 of this document and row 4 of this template). Market risk capital requirements and RWA are broken down in Point 4.13 of these Guidelines, while RWA and capital requirements for counterparty credit risk are broken down in Point 4.11 of these Guidelines

Operational risk: RWA and capital requirements estimated in accordance with Article 92(4) and Part Three, Title III of Regulation (EU) 575/2013. There is no corresponding template in these Guidelines.

Amounts below the thresholds for deduction (subject to 250% risk-weight): the amounts correspond to items not deducted from own funds as they are below the applicable thresholds for deduction according to Article 48 and Article 470 of Regulation (EU) 575/2013. It includes in particular deferred tax assets as well as direct, indirect and synthetic holdings of CET 1 instruments from financial sector entities (as defined in Article 4(27) of Regulation (EU) 575/2013) outside the scope of regulatory consolidation where the institution has a significant investment in those entities. The amounts disclosed in this row are after application of the 250% risk weight.

Floor adjustment: this row must be used to disclose the impact of any floor implemented in accordance with Article 500(1), or where relevant and after meeting the prerequisites, Article 500(2) in Regulation (EU) 575/2013 so that the total row in template OV1 reflects the total RWA and total capital requirements in accordance with Article 92 in Regulation (EU) 575/2013, including such an adjustment. Floor or adjustments applied at a more granular level (where relevant at risk category level) must be reflected in the



capital requirements reported for this risk category. Additional capital requirements based on the supervisory review process as referred to in point (a) of Article 104(1) of Directive 2013/36/EU should not be included in the row *Floor adjustment*. However, when the disclosure of these capital requirements is demanded by the relevant competent authority in accordance with Article 438(b) of Regulation (EU) 575/2013 or voluntarily disclosed in application of EBA/Op/2015/24, they should be included in a distinct row, separated from the capital requirements calculated in accordance with Article 92 of Regulation (EU) 575/2013.

64. Template EU-OV1-A and Template EU-OV1-B include only information regarding the minimum capital requirements from Regulation (EU) 575/2013. Upon demand from competent authorities or when voluntarily disclosed in application of EBA/Op/2015/24, information referred to in Article 438(b) on the own funds requirements based on the supervisory review process as referred to in point (a) of Article 104(1) of Directive 2013/36/EU should be included in a separate row in Template OV1-A and further detailed in Template OV1-B depending on the demand of the competent authorities or the decision of the institution, as appropriate.

65. To comply with Article 438 last paragraph, institutions calculating risk-weighted exposure amounts in accordance with Article 153(5) or Article 155(2) for specialised lending and equity exposures respectively should disclose Template CR10.

Template EU CR10: IRB (specialised lending and equities)

Purpose: Provide quantitative disclosures of institutions' specialised lending and equity exposures using the simple risk-weight approach.
Scope of application: The template applies to all institutions using one of the approaches included in the template in accordance with Article 153(5) or Article 155(2) of Regulation (EU) 575/2013.
Content: Carrying values, exposure amounts, RWA and capital requirements.
Frequency: Semiannual.
Format: Flexible.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary.

Specialised lending							
Regulatory categories	Remaining maturity	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWA	Expected losses
Category 1	Less than 2.5 years			50%			
	Equal to or more than 2.5 years			70%			
Category 2	Less than 2.5 years			70%			
	Equal to or more than 2.5 years			90%			
Category 3	Less than 2.5 years			115%			
	Equal to or more than 2.5 years			115%			
Category 4	Less than 2.5 years			250%			
	Equal to or more than 2.5 years			250%			
Category 5	Less than 2.5 years			-			
	Equal to or more than 2.5 years			-			
Total	Less than 2.5 years						
	Equal to or more than 2.5 years						
Equities under the simple risk-weight approach							



Categories	On-balance sheet amount	Off-balance sheet amount	Risk weight	Exposure amount	RWA	Capital requirements
Exchange-traded equity exposures			190%			
Private equity exposures			290%			
Other equity exposures			370%			
Total						

Definitions

On-balance sheet amount: banks should disclose the amount of exposure in accordance with Article 167 of Regulation (EU) 575/2013 (net of allowances and write-offs) under the regulatory scope of consolidation as per Part One, Title II, Chapter 2 of the same Regulation.

Off-balance sheet amount: banks should disclose the exposure value in accordance with Article 167 of Regulation (EU) 575/2013 without taking into account conversion factors and the effect of credit risk mitigation techniques.

Exposure amount: the amount relevant for the capital requirement's calculation, therefore after having applied CRM techniques and CCF.

Expected losses: amount of expected losses calculated according to Article 158 of Regulation (EU) 575/2013.

Category: category specified in Article 153(5) of Regulation (EU) 575/2013

66. Parent institutions, parent financial holding companies or parent mixed financial holding companies or institutions should supplement the disclosures required by Article 438(c) and (d) on exposures that are risk-weighted in accordance with Part Three, Title II, Chapter 2 or Chapter 3 with specific information regarding non-deducted participations risk-weighted under the above-mentioned requirements in Regulation (EU) 575/2013 when they are allowed in accordance with Article 49(1) of Regulation (EU) 575/2013, not to deduct their holdings of own funds instruments of an insurance undertaking, a re-insurance undertaking or an insurance holding company. Information should separately be disclosed the information specified in Template EU INS 1.
67. In accordance with Article 49(5) of Regulation (EU) 575/2013, the disclosure of information specified in Template EU INS 1 should be accompanied by the disclosure of the supplementary own funds requirement and capital adequacy ratio of the financial conglomerate as calculated in accordance with Article 6 of and Annex I to Directive 2002/87/EC when an institution applies methods 1 (Accounting consolidation) or 2 (Deduction and aggregation) in that Annex for the calculation of the conglomerate ratio.



Template EU INS1: Non-deducted participations in insurance undertakings

Purpose: Provide users with information on the impact on risk-weighted assets of the authorisation granted to institutions not to deduct their holding of own funds instruments of an insurance undertaking, a re- insurance undertaking or an insurance holding company in which institutions have a significant investment.
Scope of application: The template applies to all institutions which are required or permitted by their competent authorities to apply method 1, 2 or 3 of Annex I to Directive 2002/87/EC and permitted in accordance with Article 49(1) of Regulation (EU) 575/2013 not to deduct their holding of own funds instruments of an insurance undertaking, a re- insurance undertaking or an insurance holding company for the purpose of calculating their capital requirements on an individual, sub-consolidated and consolidated basis.
Content: Carrying amount and risk-weighted exposures.
Frequency: Semi-annually.
Format: Fixed.
Accompanying narrative: Institutions should disclose any relevant information regarding the incidence of the use of the treatment allowed by Article 49(1) of Regulation (EU) 575/2013 on their RWA and the changes of this incidence over time.

	Value
Holdings of own funds instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk weighting)	
Total risk weighted exposure amount (RWA)	

Instructions

Rows

Holdings of own funds instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk weighting): carrying amount of the own fund instruments from an insurance undertaking, a re- insurance undertaking or an insurance holding company in which institutions have a significant investment and for which institutions have been allowed to apply the non-deduction treatment in Article 49(1) of Regulation (EU) 575/2013 (participations in insurance undertakings). The carrying amount should be the accounting value in accordance with Article 24 of that Regulation, as in the financial statements under the regulatory scope of consolidation in accordance with Part One, Title II, Chapter 2 of that Regulation.

Total risk weighted exposure amount (RWA): risk-weighted amount of non-deducted participations in application of Article 49(4) of Regulation (EU) 575/2013.

Columns

Value: carrying amount of insurance participation and RWA

4.7 Macroprudential supervisory measures

68. The disclosures required by Article 440 of Regulation (EU) 575/2013 are specified in Commission Delegated Regulation (EU) 2015/1555 of 28 May 2015.

69. The disclosures required by Article 441 are specified in Commission Implementing Regulation (EU) No 1030/2014 of 29 September 2014 and in Revised guidelines on the further specification of the indicators of global systemic importance and their disclosure (EBA/GL/2016/01).

4.8 Credit risk and credit risk mitigation general information

70. The following content in these Guidelines specify the disclosure requirements to be provided in accordance with Article 442 and Article 453 in Regulation (EU) 575/2013. Information on credit risk included in the Sections below relates only to instruments subject to Part Three,



Title II, Chapter 2 and Chapter 3 in order to calculate their risk-weighted exposure amount for the purposes of Article 92(3)(a) in the same Regulation (credit risk under the Standardised and the Internal rating based approaches).

71. Instruments subject to Part Three, Title II, Chapter 2 and Chapter 3 in order to calculate their risk-weighted exposure amount for the purposes of Article 92(3)(f) in Regulation (EU) 575/2013 (exposures subject to counterparty credit risk), as well as instruments to which the requirements in Part Three, Title II, Chapter 5 apply (exposures under the securitisation framework) are not covered by the disclosures in the following Sections. Disclosures in relation to these instruments are specified in Points 4.11 of these Guidelines.

Section A – General qualitative information on credit risk

72. In application of Article 442 (a) and (b) institutions should disclose information listed in Table EU CRB-A below.

Table EU CRB-A: Additional disclosure related to the credit quality of assets

Purpose: Supplement the quantitative templates with information on the credit quality of a institution's assets.
Scope of application: The table applies to all institutions.
Content: Additional qualitative and quantitative information (carrying values).
Frequency: Annual.
Format: Flexible.

Institutions should provide the following disclosures when informing in the scope of the definitions of past-due and impaired used for accounting purposes in accordance with Article 442(a):	
Qualitative disclosures	
Article 442 (a)	The scope and definitions of "past due" and "impaired" exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition of default. [partially redundant so changed with the wording below] The differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified respectively by paragraph 48 of Annex V Commission Implementing Regulation (EU) No 680/2014 and the EBA Guidelines on the application of the definition of default.
Article 442 (a)	The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.
Article 442 (b); (i) (i)	Description of methods used for determining general and specific credit risk adjustments. [redundant requirement]
Article 442 (a)	The institution's own definition of a restructured exposure used for the implementation of Article 178(3)(d) specified by the EBA Guidelines on default when different from the definition of forborne exposure defined in Annex V Commission Implementing Regulation (EU) No 680/2014.

Section B – General quantitative information on credit risk

73. In application of Article 442 (c), institutions should provide information in Template EU CRB-B below.



Template EU CRB-B: Total and average net amount of exposures

Purpose: Provide the total and the average amount of the net exposures over the period by exposure class.
Scope of application: The template applies to all institutions.
Content: Net carrying values of on-balance and off-balance sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of Regulation (EU) 575/2013).
Frequency: Annual
Format: Flexible. The columns cannot be altered. The rows reflect the exposure classes should at a minimum be those as defined under Articles 112 and 147 of Regulation (EU) 575/2013.
Accompanying narrative: Institutions are expected to explain the drivers of any significant changes in the amounts from the previous reporting period.

		a	b
		Net exposure at the end of the period	Average net exposure over the period
1	Central governments or central banks		
2	Institutions		
3	Corporates		
4	<i>Of Which: Specialised Lending</i>		
5	<i>Of Which: SME</i>		
6	Retail		
7	<i>Secured by real estate property</i>		
8	<i>SME</i>		
9	<i>Non-SME</i>		
10	<i>Qualifying Revolving</i>		
11	<i>Other Retail</i>		
12	<i>SME</i>		
13	<i>Non-SME</i>		
14	Equity		
15	<i>Total IRB approach</i>		
16	Central governments or central banks		
17	Regional governments or local authorities		
18	Public sector entities		
19	Multilateral Development Banks		
20	International Organisations		
21	Institutions		
22	Corporates		
23	<i>of which: SME</i>		
24	Retail		
25	<i>of which: SME</i>		
26	Secured by mortgages on immovable property		
27	<i>of which: SME</i>		
28	Exposures in default		
29	Items associated with particularly		



	high risk		
30	Covered bonds		
31	Claims on institutions and corporates with a short-term credit assessment		
32	Collective investments undertakings (CIU)		
33	Equity exposures		
34	Other exposures		
35	<i>Total SA approach</i>		
36	Total		

Definitions

Columns:

Exposure: in accordance with Article 7 of Regulation (EU) 575/2013, exposure refers to an asset or an off-balance sheet item that give rise to a credit risk exposure according to the CRR framework

Average net exposure over the period: refer to the average of the net exposure values observed at the end of each month of the observation period.

Net carrying values: for the on-balance sheet items the net carrying value is the gross carrying value of exposure less allowances/impairments. For the off-balance sheet items the net carrying value is the gross carrying value of exposure less provisions.

Gross carrying values: The gross value is the accounting value before any allowance/impairments but after considering write-offs. Institutions should not take into account any credit risk mitigation technique (CRM) in application of Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013. Off-balance sheet items should be disclosed for their nominal amount gross of any credit conversion factor (CCF) applicable in accordance with Article 111 and 166 of Regulation (EU) 575/2013 or CRM techniques, and gross of any provision, and in particular (a) guarantees given – the maximum amount that the institution would have to pay if the guarantee were called. (b) loan commitments and other commitments – total amount that the institution has committed to lend. of the same Regulation.

Allowances/impairments and provisions: for on-balance sheet assets, total amount of impairments, made via an allowance or via a direct reduction in the carrying amount against impaired and not impaired exposures according to the applicable accounting framework. Direct reductions for the purpose of impairment are different from write-off, in the sense that they are not derecognition events due to un-collectability, but write-downs due to credit risk (the written-down amount can be reversed via an increase in the carrying value of the exposure). For off-balance sheet items, provisions made in accordance with the accounting framework.

Write-offs: write-offs constitute a de-recognition event and relate to a financial asset in its entirety or to a portion of it. Write-offs include, respectively, the partial and total amount of principal and past due interest of any on-balance sheet instrument that is de-recognized because the institution has no reasonable expectations of recovering the contractual cash flows. Write-offs shall include amounts caused both by reductions of the carrying amount of financial assets recognised directly in profit or loss as well as reductions in the amounts of the allowance accounts for credit losses taken against the carrying amount of financial assets.

Rows:

Exposure class: Institutions should report the exposure within an exposure class only when the exposure is material according to EBA GL/2014/14. Institutions may aggregate the immaterial exposures in one row: "other".

74. In application of Article 442 (d), institutions should provide information on the geographical breakdown of the net carrying amount of exposures using Template EU CRB-C below. Template EU CRB -C can be further detailed if appropriate.
75. Only geographical areas that are significant, meaning countries in which the exposures are deemed material in application of EBA GL/2014/14, should be individually identified in Template EU CRB-B. Non-material countries may be disclosed on an aggregated basis in a column "Other countries".



Template EU CRB-C: Geographical breakdown of exposures

Purpose: Provide a breakdown of exposures by geographical areas and exposure classes.
Scope of application: The template applies to all institutions.
Content: Net carrying values of on-balance and off-balance sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of Regulation (EU) 575/2013).
Frequency: Annual.
Format: Flexible. The columns should provide the significant geographical areas in which institutions have material exposure classes. The rows should at a minimum reflect the exposure classes as defined under Articles 112 and 147 of Regulation (EU) 575/2013 and can be supplemented to provide further details as appropriate.
Accompanying narrative: Institutions are expected to explain the drivers of any significant changes in the amounts from the previous reporting period. When materiality of geographical areas or countries is determined using a materiality threshold, that threshold should be disclosed, as well as the list of immaterial countries included in the Other geographical areas and Other countries columns.

		a	b	c	d	e	g	h	i	j	h	i	j	k
		Net carrying values												
		Significant area 1	Country 1	Country 2	Country 3	Country 4	Country 5	Country 6	Country N	Other countries	Significant area N	Country N	Other geographical areas	Total
1	Central governments or central banks													
2	Institutions													
3	Corporates													
4	<i>Of Which: Specialised Lending</i>													
5	<i>Of Which: SME</i>													
6	Retail													
7	<i>Secured by real estate property</i>													
8	<i>SME</i>													
9	<i>Non-SME</i>													
10	<i>Qualifying Revolving</i>													
11	<i>Other Retail</i>													
12	<i>SME</i>													
13	<i>Non-SME</i>													



Definitions**Columns:**

Significant geographical areas mean for the purpose of Template CRB-C a group of significant countries in which the disclosing institution has exposures. Institutions should determine significant geographical areas as those geographical areas that are deemed material in application of EBA GL/2014/14 and break down the exposures within each significant geographical areas in significant countries of exposures. Significant countries are countries in which the institution's exposures are deemed material in application of EBA GL/2014/14.

Exposures to geographical areas or countries that are not deemed material should be aggregated and reported in the residual column "Other geographical areas, or within each area, "Other countries". When materiality of geographical areas or countries is determined using a materiality threshold, that threshold should be disclosed, as well as the list of immaterial geographical areas and countries included in the Other geographical areas and Other countries columns.

Institutions should allocate exposures to a significant country on the basis of the residence of the immediate counterparty. Exposures with supranational organizations shall not be assigned to the country of residence of the institution but to the geographical area "other geographical areas".

Rows:

Net carrying values: see the definition in Template EU CRB-B

Exposure class: Institutions should report the exposure within an exposure class only when the exposure is material according to EBA GL 2014/14. Institutions may aggregate the immaterial exposures in one row: "other".

76. In application of Article 442 (e), institutions should provide information on the industry or counterparty type of exposures in accordance with Template CR-D below, and further detailed if appropriate.
77. Template EU CRB-D below shows a breakdown by industry sector. When an institution chooses to replace or to supplement the breakdown by industry sector by a breakdown between counterparty types as allowed under Article 442(e), the column breakdown should be adjusted and at a minimum it should differentiate between financial sector and non-financial sector counterparties as defined in Article 4(27) in Regulation (EU) 575/2013, and further detailed if appropriate.
78. The breakdown by exposure classes, industry or counterparties should separately identify the exposure classes, industry or counterparties that are deemed material in accordance with EBA GL/2014/14. Exposure classes, industry or counterparties that are deemed immaterial can be aggregated in a row or column "Other". However, exposures to SMEs should always be separately identified.



Template EU CRB-D: Concentration of exposures by industry or counterparty types

<p>Purpose: Provide a breakdown of exposures by geographical areas and exposure classes.</p>
<p>Scope of application: The template applies to all institutions.</p>
<p>Content: Net carrying values of on-balance and off-balance sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of Regulation (EU) 575/2013). The counterparty sector allocation is based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor should be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure.</p>
<p>Frequency: Annual.</p>
<p>Format: Flexible. The columns should provide the material industry sectors or counterparty types to which institutions have exposures. Materiality should be assessed based on EBA GL 2014/14, and immaterial industry sectors or counterparty types can be aggregated under a column "Other". The rows should at a minimum reflect the exposure classes as defined under Articles 112 and 147, with a separate identification of exposures to SMEs, of Regulation (EU) 575/2013 and can be supplemented to provide further details as appropriate.</p>
<p>Accompanying narrative: Institutions are expected to explain the drivers of any significant changes in the amounts from the previous reporting period.</p>



	a	b	c	d	e	f	g	h	i	j	l	m	n	o	p	q	r	s	u	
	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services	Total	
1	Central governments or central banks																			
2	Institutions																			
3	Corporates																			
4	<i>Of Which: Specialised Lending</i>																			
5	<i>Of Which: SME</i>																			
6	Retail																			
7	<i>Secured by real estate property</i>																			
8	<i>SME</i>																			
9	<i>Non-SME</i>																			
10	<i>Qualifying Revolving</i>																			
11	<i>Other Retail</i>																			
12	<i>SME</i>																			
13	<i>Non-SME</i>																			
14	Equity																			
15	Total IRB approach																			
16	Central governments or central banks																			
17	Regional governments or local authorities																			
18	Public sector entities																			
19	Multilateral Development Banks																			



20	International Organisations																			
21	Institutions																			
22	Corporates																			
23	<i>of which: SME</i>																			
24	Retail																			
25	<i>of which: SME</i>																			
26	Secured by mortgages on immovable property																			
27	<i>of which: SME</i>																			
28	Exposures in default																			
29	Items associated with particularly high risk																			
30	Covered bonds																			
31	Claims on institutions and corporates with a short-term credit assessment																			
32	Collective investments undertakings (CIU)																			
33	Equity exposures																			
34	Other exposures																			
35	Total SA approach																			
36	Total																			



79. In application of Article 442 (f), institutions should provide information on the residual maturity of their net exposures in accordance with Template CRB-E below, and further detailed if appropriate.

80. While Template CRD-E should include all exposures of the institution, only those exposure classes that are deemed material in application of EBA/GL/2014/14. Immaterial exposure classes may be aggregated in a row “Other”.

Template EU CRB-E: Maturity of exposures

Purpose: Provide a breakdown of net exposures by residual maturity and exposure classes.
Scope of application: The template applies all institutions.
Content: Net carrying values of on-balance exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation Part One, Title II, Chapter 2 of Regulation (EU) 575/2013).
Frequency: Annual.
Format: Flexible. The rows should at a minimum reflect the exposure classes as defined under Articles 112 and 147 of Regulation (EU) 575/2013).
Accompanying narrative: Institutions are expected to explain the drivers of any significant changes in the amounts from the previous reporting period.

		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Central governments or central banks						
2	Institutions						
3	Corporates						
4	<i>Of Which: Specialised Lending</i>						
5	<i>Of Which: SME</i>						
6	Retail						
7	<i>Secured by real estate property</i>						
8	<i>SME</i>						
9	<i>Non-SME</i>						
10	<i>Qualifying Revolving</i>						
11	<i>Other Retail</i>						
12	<i>SME</i>						
13	<i>Non-SME</i>						
14	Equity						
15	Total IRB approach						
16	Central governments or central banks						
17	Regional governments or local authorities						
18	Public sector entities						
19	Multilateral Development Banks						
20	International Organisations						
21	Institutions						
22	Corporates						



23	<i>of which: SME</i>						
24	Retail						
25	<i>of which: SME</i>						
26	Secured by mortgages on immovable property						
27	<i>of which: SME</i>						
28	Exposures in default						
29	Items associated with particularly high risk						
30	Covered bonds						
31	Claims on institutions and corporates with a short-term credit assessment						
32	Collective investments undertakings (CIU)						
33	Equity exposures						
34	Other exposures						
35	Total SA approach						
36	Total						

Definitions

Columns:

Net exposure values: The net carrying values as defined in Template EU CRB-B shall be reported by residual contractual maturities. In this disclosure:

- when a counterparty has a choice of when an amount is repaid, the amount is allocated to column a "On demand". The column include balances receivable on demand (call), at short notice, current accounts and similar balances which may include loans that are overnight deposits for the borrower, regardless of their legal form. It also includes "overdrafts" that are debit balances on current account balances;
- when an exposure has no stated maturity for reasons other than the counterparty having the choice of the repayment date, the amount of this exposure should be disclosed in column "No stated maturity"
- when the amount is repaid in instalments, the exposure should be allocated in the maturity bucket corresponding to the last instalment.

Rows:

Net exposure values: see the definition in Template CRB-B.

Exposure class: institutions should disclose separately only those exposure classes that are deemed material in accordance with EBA GL/2014/14. Institutions may aggregate the immaterial exposures in one row: "other".

81. In application of Article 442(g) and (h), institutions should disclose a breakdown of their defaulted and non-defaulted exposures by exposure classes as provided for in Template EU CR1-A below. Where more practicable, Template CR1-A can be split between two templates, one for exposures treated under the Standardised approach and one for exposures under the IRB approach.
82. The total exposure amounts for each regulatory approach used in Template EU CR1-A should be broken down by significant industry or counterparty types in accordance with Template EU CR1-B, and by significant geographical area in accordance with Template EU CR1-C. Templates EU CR1-C and EU CR1-D can be provided separately for exposures under the Standardised and the IRB approach.
83. Institutions can choose whether to disclose a breakdown of their exposures by significant recall industry or counterparty type. The granularity of the breakdown chosen in Template EU CR1-C, including when institutions choose to disclose a breakdown of both industry and counterparty types, should be consistent with the granularity of the breakdown used in



Template EU CRB-D. Similarly, the geographical breakdown provided in Template EU CR1-D should be consistent with the geographical breakdown in Template EU CRB-C.

84. The breakdown by of exposures and credit risk adjustments by exposure classes, industry or counterparty type should individually identify those exposure classes, industry sectors or counterparty types that are deemed material in application of EBA/GL/2014/14. Exposure classes, industry sectors or counterparty types that are deemed immaterial can be aggregated and disclosed in a single row or column, as appropriate, named “Other”.
85. Past-due exposures, irrespective of their impairment or default status, should then be broken down by past-due bands as illustrated in Template CR1-D. At a minimum, past-due exposures should be broken down by types of instruments, and separately by regulatory approach used. Similarly as for the breakdown in Template EU CR1-A, institutions may also identify past-due instruments by exposure classes separately for each regulatory approach used, and break the total for each regulatory approach used by types of instruments.



Template EU CR1-A: Credit quality of exposures by exposure classes and instruments

Purpose Provide a comprehensive picture of the credit quality of an institution’s on- and off-balance sheet exposures.
Scope of application: The template applies to all institutions.
Content: Carrying values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of Regulation (EU) 575/2013).
Frequency: Semiannual.
Format: Fixed. The rows should at a minimum reflect the exposure classes as defined under Articles 112 and 147 of Regulation (EU) 575/2013).
Accompanying narrative: Institutions are expected to explain the drivers of any significant changes in the amounts from the previous reporting period.

	a	b	c	d	e	f	g	h	i	j	k	l	m
	Gross carrying values of								Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+a1+b+b1-c-c1-c2-c3)
	Defaulted exposures				Non-defaulted exposures								
	Unimpaired	Of which: past-due	Impaired	Of which: past-due	Unimpaired	Of which: past-due	Impaired	Of which: past-due					
1	Central governments or central banks												
2	Institutions												
3	Corporates												
4	<i>Of Which: Specialised Lending</i>												
5	<i>Of Which: SME</i>												
6	Retail												
7	<i>Secured by real estate property</i>												
8	<i>SME</i>												
9	<i>Non-SME</i>												



Accumulated write-off: see the definition of write-off in Template EU CRB-B. These amounts shall be reported until the total extinguishment of all the institution's rights (by expiry of the statute-of-limitations period, forgiveness or other causes,) or until recovery. Therefore when the rights of an institution are not extinguished, written-off amounts shall be reported even though the loan has been entirely derecognized and no enforcement action has been taking place. Accumulated write-offs do not include direct value adjustments of the gross carrying value of an exposure when these direct value adjustments are due to impairment and not to un-collectibility of part or all of the exposure. Those direct value adjustments should be disclosed as credit risk adjustments.

Credit risk adjustments charge: charges booked in the period for specific and general credit risk adjustments

Rows:

Exposure class: Institutions should report the exposure within an exposure class only when the exposure is material according to EBA GL 2014/14. Institutions may aggregate the immaterial exposures in one row: "other".

86. Template EU CR1-B below shows a breakdown of the total exposures by industry sector. When an institution chooses to replace or to supplement the breakdown by industry sector by a breakdown between counterparty types as allowed under Article 442(g), the row breakdown should be adjusted and at a minimum it should differentiate between financial sector and non-financial sector counterparties as defined in Article 4(27) in Regulation (EU) 575/2013.

Template EU CR1-B: Credit quality of exposures by industry or counterparty types

Purpose	Provide a comprehensive picture of the credit quality of an institution's on- and off-balance sheet exposures by industry or counterparty types.
Scope of application:	The template applies to all institutions.
Content:	Carrying values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of Regulation (EU) 575/2013) of total exposures under the Standardised and the IRB approaches altogether. Institutions may provide separate templates for exposures treated under Part Two, Title Three, Chapter 3 (Standardised approach) and Chapter 4 (IRB approach), respectively, of Regulation (EU) 575/2013
Frequency:	Semiannual.
Format:	Fixed. The row breakdown is flexible and should be consistent with the breakdown used in Template EU CRB-D but the column breakdown is fixed
Accompanying narrative:	Institutions are expected to explain the drivers of any significant changes in the amounts from the previous reporting period.

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Gross carrying values of								Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values (a+a1+b+b1-c-c1-c2-c3)
		Defaulted exposures				Non-defaulted exposures								
		Unimpaired	Of which: past-due	Impaired	Of which: past-due	Unimpaired	Of which: past-due	Impaired	Of which: past-due					
1	Agriculture, forestry and													



16	Human health services and social work activities													
17	Arts, entertainment and recreation													
18	Other services													
42	Total													
43	Of which: Loans													
44	Of which: Debt Securities													
45	Of which: Off-balance sheet exposures													

Definitions

Columns:

Gross carrying values: see the definition in Template EU CRB-B.

Net exposure values: see the definition in Template EU CRB -B.

Defaulted exposures: for exposures under the IRB approach and the, Standardised approach defaulted exposures are exposures defaulted in accordance with Article 178 of Regulation (EU) 575/2013.

Non-defaulted exposures: any exposure not defaulted in accordance with Article 178 in Regulation (EU) 575/2013

Impaired exposures: exposures which are considered to be impaired in accordance with the applicable accounting framework.

Unimpaired exposures: any exposure not considered as impaired in accordance with the applicable accounting framework.

Off-balance sheet exposure without any provision raised against them should be reported as Unimpaired, and off-balance sheet exposures with provisions raised against them should be reported as impaired. Provisions are raised in accordance with the applicable accounting framework.

General and specific credit risk adjustments: include amounts defined in the Article 1 of Commission Delegated Regulation (EU) No 183/2014 of 20 December 2013.

Accumulated write-off: see the definition of write-off in Template EU CRB-B. These amounts shall be reported until the total extinguishment of all the institution's rights (by expiry of the statute-of-limitations period, forgiveness or other causes,) or until recovery. Therefore when the rights of an institution are not extinguished, written-off amounts shall be reported even though the loan has been entirely derecognized and no enforcement action has been taking place. Accumulated write-offs do not include direct value adjustments of the gross carrying value of an exposure when these direct value adjustments are due to impairment and not to un-collectibility of part or all of the exposure. Those direct value adjustments should be disclosed as credit risk adjustments.

Credit risk adjustments charge: charges booked in the period for specific and general credit risk adjustments

Rows



The counterparty sector allocation is based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor should be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure.

The rows should provide the material industry sectors or counterparty types to which institutions have exposures. Materiality should be assessed based on EBA GL 2014/14, and immaterial industry sectors or counterparty types can be aggregated under a row "Other".

Template EU CR1-C: Credit quality of exposures by geography

Purpose Provide a comprehensive picture of the credit quality of an institution's on- and off-balance sheet exposures by geography.
Scope of application: The template applies to all institutions.
Content: Carrying values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of Regulation (EU) 575/2013) of total exposures under the Standardised and the IRB approaches altogether broken down by significant geographical areas and jurisdictions in which institutions have exposures. Institutions may provide separate templates for exposures treated under Part Two, Title Three, Chapter 3 (Standardised approach) and Chapter 4 (IRB approach), respectively, of Regulation (EU) 575/2013
Frequency: Semiannual.
Format: Fixed. The breakdown by geographical areas and jurisdictions is flexible and should be consistent with the breakdown used in Template EU CRB-C but the column breakdown is fixed.
Accompanying narrative: Institutions are expected to explain the drivers of any significant changes in the amounts from the previous reporting period. When materiality of geographical areas or countries is determined using a materiality threshold, that threshold should be disclosed, as well as the list of immaterial countries included in the Other geographical areas and Other countries columns.

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Gross carrying values of								Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values (a+a1+b+b1-c-c1-c2-c3)
		Defaulted exposures				Non-defaulted exposures								
		Unimpaired	Of which: past-due	Impaired	Of which: past-due	Unimpaired	Of which: past-due	Impaired	Of which: past-due					
1	Geographical area 1													
2	Country 1													
3	Country 2													
4	Country 3													
5	Country 4													
6	Country N													



7	Other													
8	Geographical area 2													
9	Geographical area N													
10	Other geographical areas													
11	Total													
12	Of which: Loans													
13	Of which: Debt Securities													
14	Of which: Off-balance sheet exposures													

Definitions

Columns:

Gross carrying values: see the definition in Template EU CRB-B.

Net exposure values: see the definition in Template EU CRB -B.

Defaulted exposures: for exposures under the IRB approach and the, Standardised approach defaulted exposures are exposures defaulted in accordance with Article 178 of Regulation (EU) 575/2013.

Non-defaulted exposures: any exposure not defaulted in accordance with Article 178 in Regulation (EU) 575/2013

Impaired exposures: exposures which are considered to be impaired in accordance with the applicable accounting framework.

Unimpaired exposures: any exposure not considered as impaired in accordance with the applicable accounting framework.

Off-balance sheet exposures without any provision raised against them should be reported as Unimpaired, and off-balance sheet exposures with provisions raised against them should be reported as impaired. Provisions are raised in accordance with the applicable accounting framework.

General and specific credit risk adjustments: include amounts defined in the Article 1 of Commission Delegated Regulation (EU) No 183/2014 of 20 December 2013.

Accumulated write-off: see the definition of write-off in Template EU CRB-B. These amounts shall be reported until the total extinguishment of all the institution’s rights (by expiry of the statute-of-limitations period, forgiveness or other causes,) or until recovery. Therefore when the rights of an institution are not extinguished, written-off amounts shall be reported even though the loan has been entirely derecognized and no enforcement action has been taking place. Accumulated write-offs do not include direct value adjustments of the gross carrying value of an exposure when these direct value adjustments are due to impairment and not to un-collectibility of part or all of the exposure. Those direct value adjustments should be disclosed as credit risk adjustments.

Credit risk adjustments charge: charges booked in the period for specific and general credit risk adjustments

Rows:



Significant geographical areas mean for the purpose of Template CRB-C a group of significant countries in which the disclosing institution has exposures. Institutions should determine significant geographical areas as those geographical areas that are deemed material in application of EBA GL/2014/14 and break down the exposures within each significant geographical areas in significant countries of exposures. Significant countries are countries in which the institution's exposures are deemed material in application of EBA GL/2014/14.

Exposures to geographical areas or countries that are not deemed material should be aggregated and reported in the residual column "Other geographical areas, or within each area, "Other countries". When materiality of geographical areas or countries is determined using a materiality threshold, that threshold should be disclosed, as well as the list of immaterial geographical areas and countries included in the Other geographical areas and Other countries columns.

Institutions should allocate exposures to a significant country on the basis of the residence of the immediate counterparty. Exposures with supranational organizations shall not be assigned to the country of residence of the institution but to the geographical area "other geographical areas".

87. In the first semi-annual publication of information required by Part Eight of Regulation (EU) 575/2013 following the entry into force of IFRS 9 standards as endorsed by the European Union, the following information in Templates EU CR1-A to EU CR1-D should separately be broken down into impairment stages as provided for in IFRS 9 instead of the breakdowns currently illustrated by the Templates:

- Defaulted exposures
- Non-defaulted exposures
- Specific credit risk adjustments
- General credit risk adjustments
- Credit risk adjustment charges



Template EU CR1-D: Ageing of past-due exposures

Purpose: Provide an ageing analysis of accounting on-balance sheet past-due exposures regardless of their impairment status.

Scope of application: The template applies to all institutions.

Content: Gross carrying values (corresponding to the accounting values before impairment and provisions but after write-off reported in financial statements according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of Regulation (EU) 575/2013). Institutions may supplement the breakdown by type of instruments for each regulatory approach by a breakdown by material exposure class for each regulatory approach, consistent with the breakdown made in Template EU CR1-A.

Frequency: Semiannual.

Format: Fixed. Minimum past-due bands can be supplemented by additional past-due bands to better reflect the ageing of past-due exposures in an institution's portfolio, and the row breakdown by regulatory approach and type of instruments may be supplemented with a breakdown by exposure classes

Accompanying narrative: Institutions are expected to explain the drivers of any significant changes in the amounts from the previous reporting period.

		a	b	c	d	e	f
		Gross carrying values					
		≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1year	> 1year
1	Loans						
2	Debt Securities						
3	Total Standardised approach						
4	Loans						
5	Debt Securities						
6	Total IRB approach						
7	Total Loans						
8	Total Debt Securities						
9	Total exposures						

Definitions

Columns:



Past due: see the definition in template CRB.

The gross carrying amounts of past due assets shall be broken down according to the number of days of the oldest past due.

88. Information provided in application of Article 442 (g) and (i) on impaired and past-due exposures as specified by Templates EU CR1-A to D should be supplemented by information on non-performing and forborne exposures in accordance with Template EU CR1-E below.

Template EU CR1-E: Non-performing and forborne exposures

Purpose: Provide an overview of non-performing and forborne exposures as per Commission Implementing Regulation (EU) 680/2014 .
Scope of application: The template applies to all institutions.
Content: Gross carrying values (corresponding to the accounting values before impairment, provisions and accumulated negative fair value adjustment due to credit risk reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of Regulation (EU) 575/2013). When the amount of Accumulated impairment and provisions and negative fair value adjustments due to credit risk is materially different from the amount of Specific and General credit risk adjustments disclosed in Templates EU CR1-A to D, institutions should separately disclose the amount of accumulated negative changes in fair value due to credit risk. This separate disclosure should follow the same breakdown as in columns (h) to (k) in this Template
Frequency: Semiannual.
Format: Flexible
Accompanying narrative: Institutions are expected to explain the drivers of any significant changes in the amounts from the previous reporting period and explain the differences between the amounts of Non-performing, impaired and defaulted exposures.

	a	b	c	d	e	f	g	h	i	j	k	l	m
	Gross carrying amount of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
	Of which performing but past due >30 days and <=90 days	of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	of which: forborne exposures	
			Of which: defaulted	of which: impaired	of which: forborne		of which: forborne		of which: forborne				
010	Debt securities												
020	Loans and advances												
030	Off-balance sheet exposures												

Definitions



Columns:

Gross carrying values: see the definition in Template EU CRB-B.

Non-performing exposures: as defined in paragraph 145 and ff in Annex V Commission Implementing Regulation (EU) No 680/2014

Forborne exposure: forborne exposures as defined in paragraphs 163-167 in Annex V Commission Implementing Regulation (EU) No 680/2014 . Depending on whether forborne exposures satisfy the required conditions, set out in Annex V of that Regulation, they can be identified as performing or as non-performing.

Impaired exposures: non-performing exposures which are also considered to be impaired in accordance with the applicable accounting framework.

Defaulted exposures: non-performing exposures that are also classified as defaulted in accordance with Article 178 of Regulation (EU) 575/2013.

Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions: shall include the amounts determined in accordance with paragraphs 48-65-66 of Part 2 of Annex V Commission Implementing Regulation (EU) No 680/2014

Collateral and financial guarantees received: maximum amount of the collateral or guarantee that can be considered, which cannot exceed the carrying amount of the collateralized or guaranteed exposure



89. Institutions should disclose the reconciliation of specific and general credit risk adjustments, shown separately, for impaired exposures required by Article 442(i) in accordance with Template EU CR2-A below.

90. This reconciliation of credit risk adjustments should be supplemented by a reconciliation of defaulted exposures, as specified in Template EU CR2-B.

Template EU CR2-A: Changes in stock of general and specific credit risk adjustments

Purpose: Identify the changes in an institution's stock of general and specific credit risk adjustments held against loans and debt securities that are defaulted or impaired
Scope of application: The template applies to all institutions.
Content: Accumulated amounts of specific and general credit risk adjustments for impaired and defaulted loans and debt securities – general credit risk adjustments may be related to non-defaulted or non-impaired loans and debt securities.
Frequency: Semiannual.
Format: Fixed.
Accompanying narrative: Institutions should describe the type of specific and general credit risk adjustments included in the Template and are expected to explain the drivers of any significant changes in the amounts.

	a	b
	Accumulated Specific credit risk adjustment	Accumulated General credit risk adjustment
1 Opening balance		
2 Increases due to amounts set aside for estimated loan losses during the period		
3 Decreases due to amounts reversed for estimated loan losses during the period		
4 Decreases due to amounts taken against accumulated credit risk adjustments		
5 Transfers between credit risk adjustments		
6 Impact of exchange rate differences		
7 Business combinations, including acquisitions and disposals of subsidiaries		
8 Other adjustments		
9 Closing balance		
10 Recoveries on credit risk adjustments recorded directly to the statement of profit or loss		
11 Specific credit risk adjustments recorded directly to the statement of profit or loss		
12 Direct partial or total write-off		
13 Recoveries of direct partial or total write-offs		

Definition

Columns:

General and specific credit risk adjustments: include amounts defined in Article 1 of Commission Delegated Regulation (EU) No 183/2014 of 20 December 2013.

Rows:

Increases due to amounts set aside for estimated loan losses during the period and decreases due to amounts reversed for estimated loan losses during the period should include respectively the amount of changes in specific and general



credit risk adjustments that are due to changes in the creditworthiness of a counterparty – for instance an increase or a reversal in impairment losses in accordance with the accounting framework – and that do not imply a transfer between allowances. In this latter case the institution should disclose the change in credit risk adjustments in row “*transfer between credit risk adjustments*”.

Decreases due to amounts taken against accumulated credit risk adjustments: impact of partial and total write-offs on the amount of specific and general credit risk adjustments. For a definition of write-off, see Template EU CRB-B.

Business combinations, including acquisitions and disposals of subsidiaries: impact on the amount of accumulated specific and general credit risk adjustments of any transaction or other event in which an acquirer obtains control of one or more businesses.

Other changes: balancing items that are necessary to enable total to reconcile.

Recoveries on credit risk adjustments recorded directly to the statement of profit or loss” and “*Specific credit risk adjustments recorded directly to the statement of profit or loss*”: the rows should include respectively the direct reversal of and the direct increase in specific credit risk adjustments which, in accordance with the applicable accounting standards, are not made via an allowance account but directly reduce the gross carrying amount of an exposure.

“Direct partial or total write-off” and “*Recoveries of direct partial or total write-offs*”: the columns should include the impact of partial and total write-off on the profit and loss account when the amount written-off is not covered by accumulated Specific or General credit risk adjustments, and the recoveries of those directly written-off amount that are recorded in profit and loss. When a written-off exposure is partially covered by accumulated Specific or General credit risk adjustments, the amount disclosed in these rows only relate to that part of the exposure that is not covered by accumulated Specific or General credit risk adjustments.



Template EU CR2-B: Changes in stock of defaulted and impaired loans and debt securities

Purpose: Identify: the changes in an institution's stock of defaulted and impaired loans and debt securities.
Scope of application: The template applies to all institutions.
Content: Gross carrying values.
Frequency: Semiannual.
Format: Fixed.
Accompanying narrative: Banks are expected to explain the drivers of any significant changes in the amounts.

		a
		Gross carrying value defaulted exposures
1	Opening balance	
2	Loans and debt securities that have defaulted or impaired since the last reporting period	
3	Returned to non-defaulted status	
4	Amounts written off	
5	Other changes	
6	Closing balance	

Definitions:

Columns:

Gross carrying values: see the definition in Template EU CRB-B.

Defaulted exposures: exposures under the IRB or the Standardised approach that are defaulted in accordance with Article 178 of Regulation (EU) 575/2013

Rows:

Opening balance: defaulted or impaired exposures at the beginning of the reporting period. They should be disclosed net of partial and total write-offs that have taken place in prior periods and gross of (ie ignoring) impairments, regardless of whether impairment is done via an allowance account or directly via a reduction in the gross carrying amount of the exposure.

Loans and debt securities that have defaulted since the last reporting period: refers to any loan or debt securities that became marked as defaulted during the reporting period.

Return to non-defaulted status: refers to loans or debt securities that returned to non-default status during the reporting period.

Amounts written off: amounts of impaired or defaulted exposures that have been either totally or partially write-off during the period. For a definition of write-off see Template EU CRB-B.

Other changes: balancing items that are necessary to enable total to reconcile.

Section C – General qualitative information on credit risk mitigation

91. In application of Article 453(a) to (e), institutions should provide information in Table EU CRC below.



Table EU CRC: Qualitative disclosure requirements related to credit risk mitigation techniques

Purpose: Provide qualitative information on the mitigation of credit risk.
Scope of application: The template is mandatory for all Institutions.
Content: Qualitative information.
Frequency: Annual.
Format: Flexible

Institutions should disclose:

Article 453 (a)	<p>Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting. [redundant so changed with the wording below]</p> <p>When disclosing information on their netting policies and use of netting in accordance with Article 453(a), institutions should provide a clear description of Credit Risk Mitigation policies and processes concerning on- and off-balance sheet netting. They could also indicate to what extent on- and off-balance sheet netting have been used and their importance regarding credit risk management. Especially institutions could mention details about the techniques in use as the positions covered by on-balance sheet netting agreements and the financial instruments included in the master netting agreements. Furthermore, the conditions necessary to assure effectiveness of these techniques and the controls in place for legal risk could be described too.</p>
Article 453 (b)	<p>Core features of policies and processes for collateral evaluation and management. [redundant so changed with the wording below]</p> <p>As part of their disclosures on the core features of their policies and processes for collateral valuation and management in accordance with Article 453(b), institutions could disclose:</p> <ul style="list-style-type: none"> - the basis for the assessment and validation of the pledged collateral (market value, other values); - to what extent the calculated value of collateral is reduced by a haircut; - the process and methods in place to monitor the value of mortgage collateral and other physical collateral. <p>Additionally, credit institutions could also disclose if there is in place a system of credit exposure limits and how the collateral accepted impact the quantification of that limits.</p>
Article 453 (c)	<p>When describing the main types of collateral taken in application of Article 453(c), institutions should provide a detailed description of the main types of collateral accepted to mitigate credit risk. Furthermore as a good practice, credit institutions could breakdown the accepted financial collateral according to type of credit operations collateralized, and point out the rating and residual maturity of collaterals.</p>
Article 453 (d)	<p>The description of the main types of guarantor and counterparty in credit derivatives and their creditworthiness to be disclosed in accordance with Article 453(d) should cover credit derivatives used for the purposes of reducing capital requirement, excluding those used as part of synthetic securitisation structures.</p>
Article 453 (e)	<p>Information about market or credit risk concentrations under the credit risk mitigation instruments used (ie by guarantor type, collateral and credit derivative providers). [partly redundant so changed with the wording below]</p> <p>When disclosing information about market or credit risk concentrations within the credit risk mitigation taken in accordance with Article 453(e), institutions should provide an analysis of any concentration that arises due to credit risk mitigation measures and may prevent credit risk mitigation instruments from being effective. Concentrations in the scope of those disclosures could include concentrations by type of instrument used as collateral, entity (concentration by guarantor type and credit derivative providers), sector, geographical area, currency, rating or other factors that potentially impact the value of the protection and thereby reducing this protection.</p>

Section D – General quantitative information on credit risk mitigation

92. In application of Article 453 (f) and (g), information on exposure value covered by eligible financial collateral, other eligible collateral, guarantees and credit derivatives is to be



understood as information on the outstanding of secured exposures and the secured amount within those exposures. Information is to be disclosed in accordance with Template EU CR3 below. Due to the different types of credit risk mitigation allowed under the Standardised and the IRB approaches, not all columns may be filled for each of the approaches.



Template EU CR3: Credit risk mitigation techniques – overview

Purpose: Disclose the extent of use of credit risk mitigation techniques.
Scope of application: The template applies to all Institutions.
Content: Carrying values. Institutions should include all collateral, financial guarantees and credit derivatives used as credit risk mitigants for all secured exposures, irrespective of whether the SA or IRB approach is used for risk-weighted assets calculation. Any secured exposures by collateral, financial guarantees or credit derivatives that are not eligible as CRM techniques under Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013 to be used to reduce capital requirements should be disclosed separately within Template EU CR3.
Frequency: Semiannual.
Format: Fixed. The rows should at a minimum reflect the exposure classes as defined under Articles 112 and 147 of Regulation (EU) 575/2013. Where institutions are unable to categorise exposures secured by collateral, financial guarantees or credit derivative into “loans” and “debt securities”, they can either (i) merge two corresponding cells, or (ii) divide the amount by the pro-rata weight of gross carrying values; they should explain which method they have used.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

		a	b	c	d	e	f	g	h	i	j
		Exposures unsecured: carrying amount	Exposures secured by collateral		Exposures secured by collateral after on- and off-balance sheet netting, of which: secured amount	Exposures secured by financial guarantees		Exposures secured by financial guarantees after on- and off-balance sheet netting, of which: secured amount	Exposures secured by credit derivatives		Exposures secured by credit derivatives after on- and off-balance sheet netting, of which: secured amount
			Before on- or off-balance sheet netting	After on- or off-balance sheet netting		Before on- or off-balance sheet netting	After on- or off-balance sheet netting		Before on- or off-balance sheet netting	After on- or off-balance sheet netting	
1	Central governments or central banks										
2	Institutions										
3	Corporates										
4	<i>Of Which: Specialised Lending</i>										
5	<i>Of Which: SME</i>										



6	Retail										
7	<i>Secured by real estate property</i>										
8	<i>SME</i>										
9	<i>Non-SME</i>										
10	<i>Qualifying Revolving</i>										
11	<i>Other Retail</i>										
12	<i>SME</i>										
13	<i>Non-SME</i>										
14	Equity										
15	Total IRB approach										
16	Of which: Loans										
17	Of which: Debt Securities										
18	Of which: Off-balance sheet exposures										
19	Of which defaulted										
20	Central governments or central banks										
21	Regional governments or local authorities										
22	Public sector entities										
23	Multilateral Development Banks										
24	International Organisations										
25	Institutions										
26	Corporates										
27	<i>of which: SME</i>										
28	Retail										



29	<i>of which: SME</i>										
30	Secured by mortgages on immovable property										
31	<i>of which: SME</i>										
32	Exposures in default										
33	Items associated with particularly high risk										
34	Covered bonds										
	Claims on institutions and corporates with a short-term credit assessment										
35	Collective investments undertakings (CIU)										
36	Equity exposures										
37	Other exposures										
38	Total Standardised approach										
39	Of which: Loans										
40	Of which: Debt Securities										
41	Of which: Off-balance sheet exposures										
42	Of which defaulted										
1	Total Loans										
2	Total Debt securities										
5	Total Off-balance sheet exposures										
3	Total all exposures										
4	Of which defaulted										

Definitions



Columns:

Exposures unsecured- carrying amount: carrying amount of exposures (net of allowances/impairments) that do not benefit from a credit risk mitigation technique, regardless or not this technique is recognized under Part Three, Title II, Chapter 4 in Regulation (EU) 575/2013.

Exposures secured by collateral: carrying amount of exposures (net of allowances/ impairments) partly or totally secured by collateral, regardless of what portion of the original exposure is secured.

Exposures secured by collateral – of which secured amount: amounts of the exposure portions, which are secured by collateral. Where the value of the collateral (meaning the amount that the collateral can be settled for) exceeds the value of the exposure, the institution should report the exposure amount and should not report the over-collateralisation.

Exposures secured by financial guarantees: carrying amount of exposures (net of allowances/impairments) partly or totally secured by financial guarantees, regardless of what portion of the original exposure is guaranteed.

Exposures secured by financial guarantees – of which secured amount: amounts of the exposure portions, which are covered by the financial guarantee. Where the value of the guarantee (amount that can be obtained if the guarantee is called) is above the amount of the exposure, the institution should report the amount of the exposure and should not to report the excess value.

Exposures secured by credit derivatives: carrying amount of exposures (net of allowances/ impairments) partly or totally secured by credit derivatives, regardless of what portion of the original exposure is secured.

Exposures secured by credit derivatives – of which secured amount: amounts of the exposure portions which are secured by the credit derivatives. Where the value of the credit derivative (amount that the credit derivative can be settled for) is above the amount of the exposure, the bank must report the amount of the exposure and should not to report the excess value.



4.9 Credit risk and credit risk mitigation Standardised approach

93. The following content in these Guidelines specify the disclosure requirements to be provided in accordance with Article 444 and Article 453 in Regulation (EU) 575/2013. Information in the Sections below relates only to instruments subject to Part Three, Title II, Chapter 2 (standardised approach) in order to calculate their risk-weighted exposure amount for the purposes of Article 92(3)(a) in the same Regulation.
94. Instruments subject to Part Three, Title II, Chapter 2 in order to calculate their risk-weighted exposure amount for the purposes of Article 92(3)(f) in Regulation (EU) 575/2013 (exposures to counterparty credit risk), as well as instruments to which the requirements in Part Three, Title II, Chapter 5 (securitisation exposures) apply are not covered by the disclosures in the following Sections. Disclosures in relation to these instruments are specified in Points 4.11 of these Guidelines for exposures to counterparty credit risk.

Section A – Qualitative information on the use of the Standardised approach

95. In application of Article 444(a) to (d) of Regulation (EU) 575/2013, institutions should provide information specified in Table EU CRD below.

Table EU CRD: Qualitative disclosures on institutions' use of external credit ratings under the Standardised Approach for credit risk

Purpose: Supplement the information on a institution's use of the Standardised Approach with qualitative data on the use of external ratings.
Scope of application: The table applies to all institutions that calculate the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013. In order to provide meaningful information to users, an institution may choose not to disclose the information requested in the table if the exposures and risk-weighted exposure amounts determined under calculating the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013 are not material in accordance with Article 432(1) of the same Regulation, as specified in EBA GL/2014/14. In accordance with that Article and paragraph 19 of these Guidelines, the institution should clearly state that fact. In addition it should explain why it considers the information not to be meaningful to users and not material, including a description of the exposure classes concerned and the aggregate total risk exposure these exposure classes represent.
Content: Qualitative information.
Frequency: Annual.
Format: Flexible.

A. For each of the exposure classes specified in Article 112 of Regulation (EU) 575/2013 for which institutions calculate the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013, institutions should disclose the following information:

Article 444 (a)	(a)	Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the institution, and the reasons for any changes over the reporting period; [redundant requirement]
Article 444 (b)	(b)	The exposure classes for which each ECAI or ECA is used; [redundant requirement]
Article 444 (c)	(c)	A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book and [redundant requirement and the CRR is broader as it does refer to "items" and not "comparabl assets"]



Article 444 (d)	(d)	The alignment of the alphanumerical scale of each agency used with the credit quality steps prescribed in Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013, (except where the institution complies with the standard association published by EBA. [redundant requirement])
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Section B – Quantitative information on the use of the Standardised approach

96. Institutions should supplement the information on exposures covered by eligible financial collateral, other eligible collateral and guarantees or credit derivatives disclosed in application of Article 453(f) and (g) as well as Template XX in these Guidelines, by information on the impact of credit risk mitigation under Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013 on exposures that are risk-weighted in accordance with Chapter 2 of the same Title in the same Regulation (Standardised approach).
97. Information on the impact of credit risk mitigation techniques should follow the specifications laid down in Template EU CR4. Template EU CR4 excludes exposures subject to the requirements in Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013 for the estimation of their exposure value and risk-weighted following Chapter 2 for the purpose of Article 92(3)(f) [exposures subject to the counterparty credit risk and securitisation risk framework].



Template EU CR4: Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

Purpose: Illustrate the effect of all CRM techniques applied in accordance with Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013, including the financial collateral simple method and the financial collateral comprehensive method in application of Article 221 and Article 22 of the same Regulation., on standardised approach capital requirements’ calculations. Risk-weighted exposure amount (RWA) density provides a synthetic metric on riskiness of each portfolio.

The template applies to all institutions calculating the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013.

Template EU CR4 does not cover derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions subject to Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013 or subject to Article 92 (3) point (f) of the same Regulation, whose regulatory exposure value is calculated according to the methods laid down in the aforementioned Chapter.

An institution may risk-weight exposures under Chapter 3 of the same Regulation and the exposures and RWA amounts calculated in accordance with Chapter 2 is not material in accordance with Article 432(1) of the same Regulation, as specified in EBA GL/2014/14. In such circumstances, and to provide only meaningful information to users, an institution may choose not to disclose Template EU CR4. In accordance with that Article and paragraph 19 of these Guidelines, the institution should clearly state that fact. In addition it should explain why it considers the information in Template CR4 not to be meaningful to users. The explanation should include a description of the exposures included in the respective exposure classes and the aggregate total of RWAs from such exposure classes.

Content: Regulatory exposure amounts.

Frequency: Semiannual.

Format: Fixed. (The columns cannot be altered. The rows reflect the exposure class in Article 112 of Regulation (EU) 575/2013)

Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

		a	b	c	d	e				f	g	h	i
		Exposures before CCF and CRM		CRM techniques with substitution effects	CRM techniques affecting the exposure amount	Value of off-balance items by conversion factors				Exposures post-CCF and CRM		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount			%	%	%	%	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Central governments or central banks												
2	Regional government or local authorities												
3	Public sector entities												



4	Multilateral development banks												
5	International organisations												
6	Institutions												
7	Corporates												
8	Retail												
9	Secured by mortgages on immovable property												
10	Exposures in default												
11	Higher-risk categories												
12	Covered bonds												
13	institutions and corporates with a short term credit assessment												
14	collective investment undertakings												
15	Equity												
16	Other items												
17	Total												

Definitions

Exposure classes: exposure classes are defined in Article 112 to Article 134 in Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013.

Other items: refers to assets subject to specific risk weight set out by Article 134 in Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013 and to assets not deducted in application of Article 39 [Tax overpayments, tax loss carry backs and deferred tax assets that do not rely on future profitability], Article 41 [defined benefit pension fund assets], Article 46 and Article 469 [non-significant investments in CET1 of financial sector entities], Article 49 and Article 471 [participations in insurance entities whether or not insurance entities are supervised under the conglomerate directive], Article 60 and Article 475 [non-significant and significant indirect and investments in AT1 of financial sector entities], Article 70 and Article 477 [insignificant and significant indirect and synthetic holdings of T2 from a financial sector entity] when not allocated to other exposure classes, and to qualifying holdings outside the financial sector when they are not 1,250% risk-weighted, in application of Article 36(k) in Part Two, Title I, Chapter 1 of Regulation (EU) 575/2013.

Columns:

Exposures before credit conversion factors (CCF) and CRM – On-balance sheet amount: institutions should disclose the on-balance sheet exposure under the regulatory scope of consolidation in accordance with Article 111 in Regulation (EU) 575/2013 net of specific credit risk adjustments as defined in Commission Delegated Regulation (EU) No 183/2014 and write-offs as defined in the applicable accounting framework, but before (i) the application of conversion factors as specified in the same Article and (ii) the application of credit risk mitigation techniques specified in Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013, [except for on- and off-balance sheet netting already disclosed in Template EU LI2](#). [Exposure values for leases are subject to Article 134 \(7\) of the same Regulation](#)

Exposures before CCF and CRM – Off-balance sheet amount: institutions should disclose the off-balance sheet exposure value under the regulatory scope of consolidation, net of specific credit risk adjustments as defined in Commission Delegated Regulation (EU) No 183/2014 but before the application of conversion factors in accordance with Article 111 in Regulation (EU) 575/2013 and before the effect of credit risk mitigation techniques in application of Part Three, Title II, Chapter 4 of the same Regulation [except for on- and off-balance sheet netting already disclosed in Template EU LI2](#).



CRM techniques with substitution effect: net of outflows and inflows from and to a given exposure class due to credit risk mitigation with substitution effects in accordance with Articles 222(3), Article 235 (1) to (2) and Article 236 of Part Three, Title II, Chapter 4 in Regulation (EU) 575/2013. Outflows correspond to the covered part of the Exposure before CCF and CRM that is deducted from the obligor's exposure class and subsequently assigned to the protection provider's exposure class. Symmetrically, Inflows are the covered part of the Exposure before CCF and CRM which is assigned to the protection provider's exposure class.

CRM techniques affecting the exposure amount: Financial collateral adjusted value in accordance with Part Three, Title II, Chapter 4 in Regulation (EU) 575/2013 Article 239(2), which is deducted from the exposure before CRM and before CCF in accordance with Article 220 (4) and Article 223 (2) to (5) of the same Regulation. The amount disclosed should include any offsetting effect arising from the adjustment of the exposure value due to Volatility adjustment calculated in accordance with Article 223(2) and (3) of the same Regulation. .

Value of off-balance items by conversion factors: off-balance sheet exposure value under the regulatory scope of consolidation, net of specific credit risk adjustments as defined in Commission Delegated Regulation (EU) No 183/2014 and after the application of credit risk mitigation mechanisms broken down by applicable conversion factors in accordance with Article 111 in Regulation (EU) 575/2013, as well as Article 222(3) and 228(1) as applicable in case of collateralised exposures.

Credit exposure post-CCF and post-CRM: Exposure value after taking into account specific credit risk adjustments as defined in Commission Delegated Regulation (EU) No 183/2014 and write-offs as defined in the applicable accounting framework, all credit risk mitigants and credit conversion factors. This is the amount to which the risk weights according to Article 113 and Part Three Title II Chapter 2 section 2 of Regulation (EU) 575/2013 are applied. It is a net credit equivalent amount, after having applied CRM techniques and CCF.

RWA density: Total risk-weighted exposures/exposures post-CCF and post-CRM. The result of the ratio must be expressed as a percentage.

Linkages across templates

The amount in [CR4:14/c+CR4:14/d] is equal to the amount in [CR5:14/j]

98. In application of Article 444(e) institutions should provide two templates, Template EU CR5-A and Template EU CR5-B:

- Template EU CR5-A should provide for a breakdown of exposures before both the application of conversion factor and before the application of risk mitigation techniques,
- Template EU CR5-B should provide for a breakdown of exposures post conversion factor and post risk mitigation techniques

99. Template EU CR5-A and Template EU CR5-B are presented together below. Both templates share the same features, except for the exposure value that should be disclosed.



Template EU CR5-A and Template EU CR5-B: Standardised approach

Purpose: Present the breakdown of exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to standardised approach). The risk-weights in template CR5a encompass all those assigned to each credit quality step in Article 113 to Article 134 in Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013.

The template applies to all institutions calculating the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013.

An institution risk-weights exposures under Chapter 3 of the same Regulation and the exposures and RWA amounts calculated in accordance with Chapter 2 is not material in accordance with Article 432(1) of the same Regulation, as specified in EBA GL/2014/14. In such circumstances, and to provide only meaningful information to users, an institution may choose not to disclose Template EU CR4. In accordance with that Article and paragraph 19 of these Guidelines, the institution should clearly state that fact. In addition it should explain why it considers the information in Template CR4 not to be meaningful to users. The explanation should include a description of the exposures included in the respective exposure classes and the aggregate total of RWAs from such exposure classes.

Content: Regulatory exposure values broken down by risk-weights. In Template EU CR5-A, institutions should disclose a breakdown of exposures before both the application of conversion factor and before the application of risk mitigation techniques. In Template EU CR5-B, institutions should disclose exposures post conversion factor and post risk mitigation techniques. The risk-weight used for the breakdown correspond to the different credit quality steps applicable in accordance with Article 113 to Article 134 in Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013

Frequency: Semiannual.

Format: Fixed.

Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

	Exposure Classes	Risk Weight															Unrated	Total	
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others			Deducted
1	Central governments or central banks																		
2	Regional government or local authorities																		
3	Public sector entities																		
4	Multilateral development banks																		
5	International organisations																		
6	Institutions																		



7	Corporates																	
8	Retail																	
9	Secured by mortgages on immovable property																	
10	Exposures in default																	
11	Higher-risk categories																	
12	Covered bonds																	
13	Institutions and corporates with a short term credit assessment																	
14	Collective investment undertakings																	
15	Equity																	
16	Other items																	
17	Total																	

Definitions

Total: total amount of on- and off-balance sheet exposure under the regulatory scope of consolidation in accordance with Article 111 in Regulation (EU) 575/2013 net of specific credit risk adjustments as defined in Commission Delegated Regulation (EU) No 183/2014 and write-offs as defined in the applicable accounting framework, but before in Template CR5-A or after in Template CR5-B (i) the application of conversion factors as specified in the same Article and (ii) the application of credit risk mitigation techniques specified in Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013.

Exposure classes: exposure classes are defined in Article 112 to Article 134 in Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013.

Other items: refers to assets subject to specific risk weight set out by Article 134 in Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013 and to assets not deducted in application of Article 39 [Tax overpayments, tax loss carry backs and deferred tax assets that do not rely on future profitability], Article 41 [defined benefit pension fund assets], Article 46 and Article 469 [non-significant investments in CET1 of financial sector entities], Article 49 and Article 471 [participations in insurance entities whether or not insurance entities are supervised under the conglomerate directive], Article 60 and Article 475 [non-significant and significant indirect and investments in AT1 of financial sector entities], Article 70 and Article 477 [insignificant and significant indirect and synthetic holdings of T2 from a financial sector entity] when not allocated to other exposure classes, and to qualifying holdings outside the financial sector when they are not 1,250% risk-weighted, in application of Article 36(k) in Part Two, Title I, Chapter 1 of Regulation (EU) 575/2013.

Deducted: exposures required to be deducted in accordance with Part Two of Regulation (EU) 575/2013.

Unrated: Exposures for which a credit assessment by a nominated ECAI is not available and that are applied specific risk-weights depending on their class, as specified in Article 113 to Article 134 in Regulation (EU) 575/2013.



4.10 Credit risk and credit risk mitigation IRB approach

100. The following sections in these Guidelines specify the disclosure requirements to be provided in accordance with Article 452 and Article 453 in Regulation (EU) 575/2013. Information in the Sections below relates only to instruments subject to Part Three, Title II, Chapter 3 in order to calculate their risk-weighted exposure amount for the purposes of Article 92(3)(a) in the same Regulation (IRB approach).
101. Instruments subject to Part Three, Title II, Chapter 3 in order to calculate their risk-weighted exposure amount for the purposes of Article 92(3)(f) in Regulation (EU) 575/2013 (exposures to counterparty credit risk), as well as instruments to which the requirements in Part Three, Title II, Chapter 5 (exposures to securitisation transactions) apply are not covered by the disclosures in the following Sections [exposures subject to the counterparty credit risk and securitisation risk framework]. Disclosures in relation to these instruments are specified in Points 4.11 of these Guidelines.

Section A - Qualitative information on the use of the IRB approach

102. In application of Article 452 (a) to (c) institutions should disclose information on the qualitative environment of IRB models, following the specifications in Table EU CRE.

Table EU CRE: Qualitative disclosures related to IRB models

Purpose: Provide additional information on IRB models used to compute RWA.
Scope of application: The table applies to institutions permitted to use Advanced Internal Rating Based (AIRB) or Foundation Internal Rating Based (FIRB) approaches for some or all of their exposures in accordance with Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013. To provide meaningful information to users, institutions should describe the main characteristics of the models used at the group-wide level (according to the scope of regulatory consolidation as per Part One, Title II of the same Regulation) and explain how the scope of models described was determined. The commentary should include the percentage of RWAs covered by the models for each of the institution's regulatory portfolios.
Content: Qualitative information.
Frequency: Annual.
Format: Flexible.

Institutions must provide the following information on their use of IRB models:

Article 452(b)(iv)	(a)	The description of the control mechanisms for rating systems in accordance with Article 452(b)(iv) should cover internal model development, controls and changes. When describing the independence, accountability and rating systems review the role of the functions involved in the development, approval and subsequent changes of the credit risk models should be disclosed
Article 452 (b)(iv)	(b)	The description of the role of the functions referred above should also include the relationships between risk management function and internal audit function and procedure to ensure the independence of the function in charge of the review of the models from the functions responsible for the development of the models.
Article	(c)	As part of information provided in accordance with Article 452(b)(iv), institutions should



452 (b)(iv)		disclose the scope and main content of the reporting related to credit risk models.
Article 452(a)	(d)	Scope of the supervisor's acceptance of approach [redundant requirement]
Article 452 (a)	(e)	When disclosing information on the competent authority's permission of the approach or approved transition in accordance with Article 452(a), institutions should indicate for each of the exposure classes, the part of EAD within the group (in percentage of total EAD) covered by standardised, FIRB and AIRB approach and the part of exposure classes that are involved in a roll-out plan.
Article 452 (c)	(f)	The disclosure of the internal rating processes by exposure classes listed in Article 452(c) should include the number of key models used with respect to each portfolio, with a brief discussion of the main differences among the models within the same portfolios.
Article 452(c)	(g)	The disclosure of the internal rating processes by exposure classes listed in Article 452(c) should also include a description of the main characteristics of the approved models, in particular: (i) definitions, methods and data for estimation and validation of PD, such as how PDs are estimated for low default portfolios; if there are regulatory floors; the drivers for differences observed between PD and actual default rates at least for the last three periods; and where applicable: (ii) definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD; how LGDs are estimated for low default portfolio; the time lapse between the default event and the closure of the exposure; (iii) definitions, methods and data for estimation and validation of credit conversion factors, including assumptions employed in the derivation of these variables; The description of the internal model characteristics for equities in accordance with Article 452(c)(v) should cover the models used for exposures under the internal model approach in accordance with Article 155(4).

Section B – Quantitative information on the use of the IRB approach

103. In application of Article 452(e) and (g) institutions should provide information specified in Template CR6.

- The disclosure of the “Exposure value” as required under Article 452 (e)(i) is satisfied with the disclosure of the original exposure values (both on-balance sheet and off-balance sheet) in columns (a) and (b) and with the disclosure of the EAD in column (d).
- The disclosure of “ the amount of undrawn commitments and exposure-weighted average exposure values for each exposure class” as required by Article 452(e)(iii) is satisfied with the disclosure of the “Average CCF”
- The disclosure of the exposure-weighted average risk weight as required under Article 452 (e)(ii) is satisfied via the disclosure of the RWA in combination with the RWA density.
- When disclosing information broken down by PD bands as required under Article 452(e) institutions should also provide the number of obligors that correspond to the number of individual PDs in this band. Approximation (round number) is acceptable



104. In addition to the disclosure of the exposure-weighted average PD and LGD by geographical area as required under Article 452(j), institutions should also provide a breakdown of “Average PD” and “Average LGD” by exposure classes (columns e and g).
105. When disclosing value adjustments and provisions under Article 452(g) institutions should add information on the development of value adjustments and provisions, including specific credit risk adjustments by exposure class and how they differ from past experience as well as a description of the factors that impacted on the loss experience in the preceding period (Article 452(h)).
106. The breakdown by a sufficient number of obligor grades should be adjusted beyond the minimum required mandatory breakdown to the extent an adjustment is necessary to provide a representative breakdown of the distribution of those grades used in the IRB approach by an institution, including where grades are aggregated. In case where additional PD grades are inserted in Template CR6, grades can be aggregated if the breakdown remains representative of the distribution of grades used for the IRB approach.



Template EU CR6: IRB – Credit risk exposures by exposure class and PD range

<p>Purpose: Provide main parameters used for the calculation of capital requirements for IRB models. This disclosure requirement aims at showing the exposure classes according to PD grades to allow for an assessment of the credit quality of the portfolio. The purpose of disclosing these parameters is to enhance the transparency of institutions' RWA calculations and the reliability of regulatory measures.</p>
<p>Scope of application: The template applies to institutions using either the FIRB or the AIRB approach for some or all of their exposures in accordance with Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013. Where an institution makes use of both FIRB and AIRB approaches, it should disclose one template for each approach used.</p>
<p>Content: Columns (a) and (b) are based on accounting carrying values and columns (c) to (l) are regulatory values either determined by institutions or specified in the aforementioned Chapter. All values in Template CR6 are based on the scope of regulatory consolidation as defined in Part One, Title II, Chapter 2 of Regulation (EU) 575/2013.</p>
<p>Frequency: Semiannual.</p>
<p>Format: Fixed. The columns, their contents and the PD scale in the rows cannot be altered although the PD masterscale in the template is the minimum granularity that an institution should provide (an institution can decide to expand the breakdown in the PD masterscale)</p>
<p>Accompanying narrative: Institutions are expected to supplement the template with a narrative to explain the effect of credit derivatives on RWAs.</p>

		a	b	c	d	e	f	g	h	i	j	k	l
	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Value adjustments and Provisions
Exposure class X													
	0.00 to <0.15												
	0.15 to <0.25												
	0.25 to <0.50												
	0.50 to <0.75												
	0.75 to <2.50												
	2.50 to <10.00												
	10.00 to <100.00												
	100.00 (Default)												
	Sub-total												
	Total (all portfolios)												

Definitions



Rows

Exposure class X includes separately the different exposure classes listed in paragraph 147 in Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013, with a separate identification within the exposure class “Corporate” of SMEs, Specialised lending and Purchased corporate receivables, and with the exposure class “Retail” identifying separately of each of the categories of exposures to which the different correlations in Article 154(1) to (4) correspond. The equity exposures under each of the regulatory approach in Article 155 should be disclosed separately. No breakdown by PD band is necessary for equity exposures treated under Article 155(2).

Default: The data on defaulted exposures in accordance with Article 178 of Regulation (EU) 575/2013 may be further broken down according to jurisdiction’s definitions for categories of defaulted exposures.

Columns

PD scale: Exposures should be broken down according to the PD scale used in the template instead of the PD scale used by institutions in their RWA calculation. Institutions should map the PD scale they use in the RWA calculations into the PD scale provided in the template.

Original on-balance sheet gross exposure: amount of the on-balance sheet exposure in accordance with Article 24(1) for financial statements on a consolidated basis and recital 39 for those on a solo basis as well as Article 166 to 168 of Regulation (EU) 575/2013 before taking into account any credit risk adjustment made, and before taking into account the effect of credit risk mitigation techniques [except for credit risk mitigation via on- and off-balance sheet netting as disclosed in Template EU LI2](#). Exposure values of derivatives, SFTs etc. are covered under the counterparty credit risk framework.

Off-balance sheet exposure pre conversion factor: exposure value in accordance with Article 24(1) for financial statements on a consolidated basis and recital 39 for those on a solo basis of Regulation (EU) 575/2013, without taking into account any credit risk adjustments made, the conversion factors specified in Article 166 of the same Regulation and the effect of credit risk mitigation techniques in accordance with Part Three, Title II, Chapter 4 of that Regulation.

Average CCF: EAD off-balance sheet exposure post-conversion factors applicable as per Article 166 and Article 230(1), third sentence of Regulation (EU) 575/2013 to total off-balance sheet exposure pre-conversion factor.

EAD post-CRM and post CCF: exposure value in accordance with Article 166 to 168 and Article 230(1), third sentence, in Regulation (EU) 575/2013, as well as the impact of credit risk mitigation in accordance with Part Three, Title II, Chapter 4 of that Regulation. For equity exposures and other non-credit obligation assets, the exposure value is the accounting or nominal value reduced by specific credit risk adjustments for this exposure. .

Number of obligors: corresponds to the number of individual PDs in this band. Approximation (round number) is acceptable.

Average PD: obligor grade PD weighted by EAD [post CRM and post CCF](#).

Average LGD: the obligor grade LGD weighted by EAD [post CRM and post CCF](#). In accordance with Article 161 of Regulation (EU) 575/2013. the LGD should be net, meaning after impact, of any credit risk mitigation effect recognised in accordance with Part Three, Title II, Chapter 4 of the same Regulation .

Average maturity: the obligor maturity in years weighted by EAD [post CRM and post CCF](#); this parameter needs to be filled in only when it is used for the RWA calculation in accordance with Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013

RWA density: Total risk-weighted assets determined in accordance with Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013 to EAD post-CRM [and post CCF](#).

EL: the expected losses as calculated according to Article 158 in Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013 ;

Value adjustments and provisions: specific and general credit risk adjustments in accordance with Commission Delegated Regulation (EU) No 183/2014, additional value adjustments in accordance with Article 34 and 110 of Regulation (EU) 575/2013, as well as other own fund reductions related to exposures that are risk-weighted in accordance with Part Three, Title II, Chapter 3 of that Regulation. These value adjustments and provisions are those considered for the implementation of Article 159 of that Regulation.



107. In application of Article 453(g) information to be disclosed on the total exposure that is covered by guarantees or credit derivatives as already specified in paragraph 97 and Template EU CR3 in these Guidelines should be supplemented with information on the impact of credit derivatives on the risk-weighted assets. This supplementary information is specified in Template EU CR7 below.

Template EU CR7: IRB – Effect on RWA of credit derivatives used as CRM techniques

Purpose: Illustrate the effect of credit derivatives on the IRB approach capital requirements' calculations. The pre-credit derivatives RWA before taking account of credit derivatives mitigation effect has been selected to assess the impact of credit derivatives on RWA. Template EU CR7 includes the impact of credit derivatives on RWA due to substitution effect as well as due to incidence on PD and LGD parameters in accordance with Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013.

Scope of application: The template applies to institutions using the AIRB and/or FIRB approaches for some or all of their exposures.

Content: Risk-weighted assets subject to credit risk treatment.

Frequency: Semiannual.

Format: Fixed. The disclosures of RWA calculated assuming the absence of recognition of the credit derivative as a CRM technique (pre-credit derivatives RWA) and RWA calculated taking into account the CRM technique impact of the credit derivative (actual RWA) should be presented separately for foundation and advanced IRB approaches exposure classes.

Accompanying narrative: Institutions may supplement the template with a narrative commentary to explain the effect of credit derivatives on the institution's RWAs.

		a	b
		pre-credit derivatives RWA	Actual RWA
1	Exposures under Foundation IRB		
2	Central governments and central banks		
3	Institutions		
4	Corporates - SME		
5	Corporates - Specialised Lending		
6	Corporates - Other		
7	Exposures under Advanced IRB		
8	Central governments and central banks		
9	Institutions		
10	Corporates - SME		
11	Corporates - Specialised Lending		
12	Corporates - Other		
13	Retail - Secured by real estate SME		
14	Retail - Secured by real estate non-SME		
15	Retail - Qualifying revolving		
16	Retail - Other SME		



	Retail - Other non-SME		
	Equity IRB		
	Other non credit-obligation assets		
17	Total		

Definitions

Pre-credit derivatives RWA: hypothetical RWA calculated assuming the absence of recognition of the credit derivative as a CRM technique in accordance with Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013

Actual RWA: RWA calculated taking into account the CRM technique impact of the credit derivative in accordance with Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013

108. Institutions disclosing information regarding the capital requirements and risk-weighted assets, in application of Article 92(3) in Regulation (EU) 575/2013 and of Article 438(d) of the same Regulation as specified in paragraph XX of these Guidelines, for exposures subject to Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013 should supplement these disclosures with information regarding the variations of risk-weighted assets over the period. Information to be provided on such variations is specified in Template EU CR8 below.



Template EU CR8: RWA flow statements of credit risk exposures under IRB

Purpose: Present a flow statement explaining variations in the credit risk-weighted assets (RWA) of exposures for which the risk-weighted amount is determined in accordance with Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013 and the corresponding capital requirement as specified in Article 92(3)(a).

Scope of application: The template applies to institutions using the AIRB and/or FIRB approaches.

Content: Risk-weighted assets do not include the risk-weighted assets for derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions subject to Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013 or subject to Article 92 (3) point (f) of the same Regulation, whose regulatory exposure value is calculated according to the methods laid down in the aforementioned Chapter. . Changes in RWA amounts over the reporting period for each of the key drivers should be based on an institution's reasonable estimation of the figure.

Frequency: Quarterly.

Format: Fixed. Columns and rows 1 and 9 cannot be altered. Institutions may add additional rows between rows 7 and 8 to disclose additional elements that contribute significantly to RWA variations.

Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

		a	b
		RWA amounts	Capital requirements
1	RWA as at end of previous reporting period		
2	Asset size		
3	Asset quality		
4	Model updates		
5	Methodology and policy		
6	Acquisitions and disposals		
7	Foreign exchange movements		
8	Other		
9	RWA as at end of reporting period		

Asset size: organic changes in book size and composition (including origination of new businesses and maturing loans) but excluding changes in book size due to acquisitions and disposal of entities.

Asset quality: changes in the assessed quality of the institution's assets due to changes in borrower risk, such as rating grade migration or similar effects.

Model updates: changes due to model implementation, changes in model scope, or any changes intended to address model weaknesses.

Methodology and policy: changes due to methodological changes in calculations driven by regulatory policy changes, including both revisions to existing regulations and new regulations.

Acquisitions and disposals: changes in book sizes due to acquisitions and disposal of entities.

Foreign exchange movements: changes driven by market movements such as foreign exchange movements.

Other: this category must be used to capture changes that cannot be attributed to any other category. Institutions should add additional rows between rows 7 and 8 to disclose other material drivers of RWA movements over the reporting period.

109. When providing information on the backtesting of PD in addition to the minimum disclosures required on the backtesting of EL by Article 452(i) in Regulation (EU) 575/2013, institutions should provide information specified in Template CR9 and comparing by exposure class and internal grade the PD with the actual default rate.



110. When disclosing information on the backtesting of other model parameters, institutions may choose to disclose information in a similar fashion as backtesting for PD as specified in Template EU CR9. In particular, when disclosing information on the backtesting of model parameters other than PDs, institutions should:

- Disclose the backtesting at the level of regulatory exposure classes in accordance with Article 147 and 155 of Regulation (EU) 575/2013, with further details if appropriate
- Define the model estimates that are backtested and the actual observations against which they are backtested and inform whether any limitations in the possibility to compare the model estimates and the actual observations chosen – therefore when providing a backtesting of EL against actual losses, an institution should define the concept of EL as well as the concept of actual losses (including the observation period for these EL and actual losses), and describe any difference between these two concepts that may make the comparison between EL and actual losses figures not straightforward
- For each exposure class, distinguish the model estimates and the actual observations related to defaulted and non-defaulted obligors,
- For each exposure class, quantify if relevant the number of defaulted and non-defaulted obligors
- Disclose information on backtesting accompanied with indicators or with information of backtesting from previous periods that allow users to assess the performance of the rating models over a sufficiently long time horizon, at a minimum three years



Template EU CR9: IRB – Backtesting of probability of default (PD) per exposure class

Purpose: Provide backtesting data to validate the reliability of PD calculations. In particular, the template compares the PD used in IRB capital calculations with the effective default rates of institutions obligors. A minimum five-year average annual default rate is required to compare the PD with a “more stable” default rate, although an institution may use a longer historical period that is consistent with its actual risk management practices.

Scope of application: The template applies to institutions using the AIRB and/or FIRB approaches. Where an institution makes use of a FIRB approach for certain exposures and an AIRB approach for others, it must disclose two separate sets of portfolio breakdown in separate templates.

To provide meaningful information to users on the backtesting of their internal models through this template, the institution must include in this template the key models used at the group-wide level (according to the scope of regulatory consolidation) and explain how the scope of models described was determined. The commentary must include the percentage of RWAs covered by the models for which backtesting results are shown here for each of the institution’s regulatory portfolios.

Content: Modelling parameters used in IRB calculation.

Frequency: Annual.

Format: Flexible. *Exposure class X* includes separately the different exposure classes listed in paragraph 147 in Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013, with a separate identification within the exposure class “Corporate” of SMEs, Specialised lending and Purchased corporate receivables, and with the exposure class “Retail” identifying separately of each of the categories of exposures to which the different correlations in Article 154(1) to (4) correspond. The equity exposures under each of the regulatory approach in Article 155 should be disclosed separately. No breakdown by PD band is necessary for equity exposures treated under Article 155(2).

Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes. Institutions may wish to supplement the template when disclosing the amount of exposure and the number of obligors whose defaulted exposures have been cured in the year.

a	b	c	d	e	f		g	h	i
					Number of obligors				
Exposure class	PD Range	External rating equivalent	Weighted average PD	Arithmetic average PD by obligors	End of previous year	End of the year	Defaulted obligors in the year	of which: new defaulted obligors in the year	Average historical annual default rate

External rating equivalent: one column has to be filled in for each rating agency authorised for prudential purposes in the jurisdictions where the institution operates;

Weighted average PD: the same as reported in template CR6;

Arithmetic average PD by obligors: PD within range by number of obligor within the range;

Number of obligors: two sets of information are required: (i) the number of obligors at the end of the previous year; (ii) the number of obligors at the end of the year subject to reporting;

Defaulted obligors in the year: number of defaulted obligors during the year in accordance with Article 178 of Regulation (EU) 575/2013;

of which: new obligors defaulted in the year: number of obligors having defaulted during the last 12-month period that were not funded at the end of the previous financial year;



Average historical annual default rate: the five-year average of the annual default rate (obligors at the beginning of each year that are defaulted during that year/total obligor hold at the beginning of the year) is a minimum. The institution may use a longer historical period that is consistent with the institution's actual risk management practices.

111. As regards the geographical breakdown of PD and LGD to be disclosed in accordance with Article 452(j), the allocation of an exposure to a given jurisdiction should not depend from the counterparty of residence off the immediate obligor, but should depend on whether the exposure is a direct exposure or is held via a subsidiary or a branch.

- When an exposure to an obligor domiciliated in another Member State or a third country is held via a subsidiary or a branch in that Member State or third country, the geographical location of the exposure is that Member State or third country
- When an exposure to an obligor domiciliated in another Member State or third country is held directly by an institution without subsidiary or branch in that other Member State or third country the exposure should be considered as an exposure towards the Member State in which the institution has been authorised.

112. The geographical breakdown is expected for each material exposure class for which the disclosures in EU Template CR6 have been provided.

4.11 Counterparty credit risk

113. The following sections in these Guidelines specify the disclosure requirements to be provided in accordance with Article 439, Article 444 and Article 452 in Regulation (EU) 575/2013 regarding instruments in the trading and in the non-trading books for which the exposure value is measured in accordance with Part Three, Title II, Chapter 6 of the same Regulation [counterparty credit risk framework] and the risk-weighting for the purpose of Article 92(3)(f) in that Regulation is done in accordance with the requirements in Part Three, Title II, Chapter 2 or 3 [credit risk framework] of that Regulation.

114. Specific information is also included on those instruments referred to in the above paragraphs for which either a specific own fund requirement is calculated either in accordance with Part Three, Title II, Chapter 6, Section 9 [own funds requirements for exposures to counterparty credit risk] in Regulation (EU) 575/2013 or for the purpose of Article 92(3)(d) in accordance with Part Three, Title VI [capital requirements for CVA] of that Regulation.

Section A – Information on regulatory measures

115. In application of Article 439(e) (f) and (i) of Regulation (EU) 575/2013, institutions should disclose information specified in Template EU CCR1 regarding the methods used to measure the exposure value of instruments subject to capital requirements for counterparty credit risk in application of Article 92(3)(f) as well as the net exposure of these instruments.

Template EU CCR1: Analysis of the counterparty credit risk (CCR) exposure by approach

Purpose: Provide a comprehensive view of the methods used to calculate counterparty credit risk regulatory requirements and the main parameters used within each method.
Scope of application: The template applies to all institutions with instruments for which the exposure value is calculated in accordance with Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013.
Content: Regulatory exposures, RWA and parameters used for RWA calculations for all exposures subject to the counterparty credit risk framework (excluding CVA charges or exposures cleared through a CCP).
Frequency: Semi-annual.
Format: Fixed

		a	b	c	d	e	f	g
		Notional	Replacement cost/ Current market value	Potential future exposure	EEPE	Multiplier	EAD post-CRM	RWA
1	Mark to market							
2	Original exposure							
3	Standardised approach							
4	Internal Model Method (for derivatives and SFTs)							
5	Securities Financing Transactions							
6	Derivatives & Long Settlement Transactions							
7	From Contractual Cross Product Netting							
8	Financial collateral simple method (for SFTs)							
9	Financial collateral comprehensive method (for SFTs)							
10	VaR for SFTs							
11	Total							

Definitions

Financial collateral simple method (for SFTs) and Financial collateral comprehensive method (for SFTs): repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions for which institutions have chosen to determine the exposure value in accordance with Part Three, Title II, Chapter 4 [credit risk mitigation], as opposed to Chapter 6 of Regulation (EU) 575/2013 in accordance with Article 271(2) of the same Regulation.

VaR for SFTs: repurchase transactions, securities or commodities lending or borrowing transactions, margin lending transactions, or other capital market driven transactions other than derivative transactions for which, in accordance with Article 221 in Regulation (EU) 575/2013 the exposure value is calculated using an internal models approach which takes into account correlation effects between security positions subject to the master netting agreement as well as the liquidity of the instruments concerned.

Replacement Cost (RC): The replacement cost under the Mark to Market Method is the current exposure value, meaning the larger of zero and the market value of a transaction or portfolio of transactions within a netting set with a counterparty that would be lost upon the default of the counterparty, assuming no recovery on the value of those transactions in insolvency or liquidation

Current market value: under the Standardised approach, the current market value is the net market value of the portfolio of transactions within a netting set – meaning that both negative and positive values are used in computing the current market value.

Potential Future Exposure is for the Mark to Market method the product of the notional amounts, or underlying values as applicable, by specific percentages set in Article 274 of Regulation (EU) 575/2013. *Effective Expected Positive Exposure (EEPE)* is weighted average of effective expected exposure over the first year of a netting set or, if all the contracts within the netting set mature within less than one year, over the time period of the longest maturity contract in the netting set, where the weights are the proportion of



the entire time period that an individual expected exposure represents;

Multiplier: value of the β under the Standardised Approach (Article 276 of Regulation (EU) 575/2013), and of the α under the Internal Model Approach (Article 284 of Regulation (EU) 575/2013). The value disclosed should be the value actually used in the measurement of the exposure, be they regulatory values of value determined by institutions after approval by competent authorities.

EAD post-CRM: exposure value calculated according to the methods laid down in Part Three Title II Chapter 6 sections 2, 3, 4, 5, 6 and 7 of Regulation (EU) 575/2013. This refers to the amount relevant for the capital requirements calculation having applied CRM techniques, credit valuation adjustments and specific wrong-way adjustments.

116. In application of Article 439 (e) and (f), the exposure value and the risk exposure amount of transactions subject to the capital requirements for credit valuation adjustments in accordance with Part Three, Title VI of Regulation (EU) 575/2013 should be disclosed separately following the specifications in Template EU CCR2.

Template EU CCR2: Credit valuation adjustment (CVA) capital charge

Purpose: Provide the CVA regulatory calculations (with a breakdown by standardised and advanced approaches).
Scope of application: The template applies to all institutions with exposures subject to CVA capital charges in accordance with Part Three, Title VI, Article 382 in Regulation (EU) 575/2013.
Content: Risk-weighted assets and corresponding exposures at default.
Frequency: Semiannual.
Format: Fixed
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

		a	b
		Exposure value	RWA
1	Total portfolios subject to the Advanced Method		
2	(i) VaR component (including the 3×multiplier)		
3	(ii) Stressed VaR component (including the 3×multiplier)		
4	All portfolios subject to the Standardised Method		
EU4	Based on Original Exposure Method		
5	Total subject to the CVA capital charge		

Definitions

Exposure value: exposure value determined in accordance with Part Three, Title II, Chapter 6, or in the case of transactions in the scope of Article 271(2), Chapter 4, for transactions that are in the scope of Title VI of Regulation (EU) 575/2013. The exposure value is the value used in the calculation of the CVA capital requirements, For transactions treated under the OEM, the exposure value is the value that has been used for computing RWA.

RWA: Own funds requirements for CVA Risk calculated via the chosen method multiplied by 12.5 in accordance with Article 92(4)

VaR component (including the 3×multiplier): RWA for CVA risk obtained via an implementation of the formula in Article 383 of Regulation (EU) 575/2013 using VaR calculation based on internal models for market risk (use of current parameter calibrations for expected exposure as set out in the first subparagraph of Article 292(2)). The calculation includes the use of a multiplier which is at least set at 3.

Stressed VaR component (including the 3×multiplier): RWA for CVA risk obtained via an implementation of the formula in Article 383 of Regulation (EU) 575/2013 using stressed VaR calculation based on internal models for market risk (use of stressed



parameters for the calibration of the formula). The calculation includes the use of a multiplier which is at least set at 3.

Advanced CVA capital charge: exposure value and associated RWA for the portfolios subject to the advanced method in accordance with Article 383 in Regulation (EU) 575/2013.

Standardised CVA capital charge: exposure value and associated RWA for the portfolios subject to the advanced method in accordance with Article 383 in Regulation (EU) 575/2013 the the amount of the standardised capital charge calculated according to paragraph 104 of Annex 4 of the Basel framework or with the definition provided in domestic regulation if use of external credit ratings is not permitted.

Other Exposure Method: simplified approach to calculate the CVA capital requirement, in accordance with Article 385 in Regulation (EU) 575/2013.

117. In application of Article 439 (e) and (f), institutions should disclose specific information specified in Template EU CCR8 on the exposure to derivatives with CCPs and their associated risk exposure amounts.

Template EU CCR8: Exposures to central counterparties

Purpose: Provide a comprehensive picture of the institutions exposures to central counterparties in the scope of Part Three, Title II, Chapter 6, section 9 of Regulation (EU) 575/2013. In particular, the template includes all types of exposures (due to operations, margins, contributions to default funds) and related capital requirements.
Scope of application: The template applies to all institutions
Content: Exposures at default and risk-weighted assets corresponding to exposures to central counterparties.
Frequency: Semiannual.
Format: Fixed. Institutions are requested to provide a breakdown of the exposures by qualifying and non-qualifying central counterparties as applicable for the requirements in Part Three, Title II, Chapter 6, section 9 of Regulation (EU) 575/2013.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

		a	b
		EAD (post-CRM)	RWA
1	Exposures to QCCPs (total)		
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3	(i) OTC derivatives		
4	(ii) Exchange-traded derivatives		
5	(iii) Securities financing transactions		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin		
8	Non-segregated initial margin		
9	Pre-funded default fund contributions		
10	Unfunded default fund contributions		
11	Exposures to non-QCCPs (total)		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		



13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) Securities financing transactions		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Pre-funded default fund contributions		
20	Unfunded default fund contributions		

Exposures to central counterparties: contracts and transactions listed in Article 301 of Regulation (EU) 575/2013 for as long as they are outstanding with a CCP, including exposures to CCP-related transaction for which as per Article 303 of Regulation (EU) 575/2013 the own funds requirements are calculated in accordance with Part Three, Title II, Chapter 6, section 9 of Regulation (EU) 575/2013. A CCP-related transaction means a contract or a transaction listed in Article 301(1) of the same Regulation between a client and a clearing member that is directly related to a contract or a transaction listed in that paragraph between that clearing member and a CCP. The concepts of clearing member and client are defined in Article 300 of Regulation (EU) 575/2013. ;

EAD post-CRM: exposure value determined in accordance with Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013 for transactions in the scope of section 9 of that Chapter, after application of the relevant adjustments provided for by Article 304, Article 306, Article 308 and Article 310 of that section. An exposure can be a trade exposure, as defined in Article 4(91) of Regulation (EU) 575/2013. The exposure value disclosed is the amount relevant for the capital requirements calculation in accordance with Part Three, Title II, Chapter 6, section 9 of Regulation (EU) 575/2013, considering the requirements in Article 497 of that Regulation during the transitional period provided for by that Article.

A qualifying central counterparty (QCCP) means a central counterparty that has been either authorised in accordance with Article 14 of Regulation (EU) No 648/2012 or recognised in accordance with Article 25 of that Regulation

Initial margin means margins collected by the CCP to cover potential future exposure to clearing members providing the margin and, where relevant, interoperable CCPs in the interval between the last margin collection and the liquidation of positions following a default of a clearing member or of an interoperable CCP default. 'Margins' means margins as referred to in Article 41 of Regulation (EU) No 648/2012 which may include initial margins, as defined in the previous sentence, and variation margins, which are margins collected or paid out to reflect current exposures resulting from actual changes in market price. For the purposes of this template, initial margin does not include contributions to a CCP for mutualised loss-sharing arrangements (ie in cases where a CCP uses initial margin to mutualise losses among the clearing members, it will be treated as a default fund exposure). Definition in EMIR: 'initial margin' means

Pre-funded default fund contributions means a contribution to the default fund of a CCP that is paid in by an institution. 'Default fund' has the same meaning as in Article 4(89) of Regulation (EU) 575/2013.

Unfunded default fund contributions means contributions that an institution acting as a clearing member has contractually committed to provide to a CCP after the CCP has depleted its default fund to cover the losses it incurred following the default of one or more of its clearing members..

Segregated refers to collateral which is held in a bankruptcy-remote manner in the meaning of Article 300 in Regulation (EU) 575/2013.

Unsegregated refers to collateral that is not held in a bankruptcy-remote manner.

Section B – Information by regulatory risk-weighting approach

118. When providing information required in accordance with Article 444(e), institutions should disclose separately exposure values, which in accordance with Article 107 in the said Regulation are subject to Part Three, Title II Chapter 2 (Standardised approach) for the purpose of Article 92(3)(a) and for the purpose of Article 92(3)(f). Information on instruments for which Article 92(3)(f) applies should be disclosed in Template EU CCR 3.



Template EU CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk.

<p>Purpose: Provide a breakdown of counterparty credit risk exposures calculated in accordance with Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013 and risk-weighted according to Chapter 3 of the same Title: by portfolio (type of counterparties) and by risk weight (riskiness attributed according to standardised approach)</p>
<p>Scope of application: The template is mandatory for all institutions using the credit risk standardised approach to compute RWA for counterparty credit risk exposures in accordance with Article 107 in Regulation (EU) 575/2013, irrespective of approach used to determine exposure at default.in accordance with Part Three, Title II, Chapter 6 of the same Regulation.</p> <p>In order to provide meaningful information to users, an institution may choose not to disclose the information requested in the table if the exposures and risk-weighted exposure amounts determined in accordance with Part Three, Title II, Chapter 2 of Regulation (EU) 575/2013 are not material in accordance with Article 432(1) of the same Regulation, as specified in EBA GL/2014/14. In accordance with that Article and paragraph 19 of these Guidelines, the institution should clearly state that fact. In addition it should explain why it considers the information not to be meaningful to users and not material, including a description of the exposure classes concerned and the aggregate total risk exposure these exposure class represent.</p>
<p>Content: Credit exposure amounts.</p>
<p>Frequency: Semiannual.</p>
<p>Format: Fixed</p>

	Exposure Classes	Risk Weight															Unrated	Total		
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others			Deducted	
1	Central governments or central banks																			
2	Regional government or local authorities																			
3	Public sector entities																			
4	Multilateral development banks																			
5	International organisations																			
6	Institutions																			
7	Corporates																			
8	Retail																			
9	Secured by mortgages on immovable property																			



10	Exposures in default																	
11	Higher-risk categories																	
12	Covered bonds																	
13	Institutions and corporates with a short term credit assessment																	
14	Collective investment undertakings																	
15	Equity																	
16	Other items																	
17	Total																	

Definitions

Total: total amount of on- and off-balance sheet exposure under the regulatory [scope of consolidation in accordance with Article 111 in Regulation \(EU\) 575/2013](#) net of specific credit risk adjustments as defined in [Commission Delegated Regulation \(EU\) No 183/2014](#) and write-offs as defined in the applicable accounting framework, but before in [Template CR5-A](#) or after in [Template CR5-B](#) (i) the application of conversion factors as specified in the same Article and (ii) the application of credit risk mitigation techniques specified in Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013.

Exposure classes: exposure classes are defined in Article 112 to Article 134 in Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013.

Other items: refers to assets subject to specific risk weight set out by Article 134 in Part Three, Title II, Chapter 4 of Regulation (EU) 575/2013 and to assets not deducted in application of Article 39 [Tax overpayments, tax loss carry backs and deferred tax assets that do not rely on future profitability], Article 41 [defined benefit pension fund assets], Article 46 and Article 469 [non-significant investments in CET1 of financial sector entities], Article 49 and Article 471 [participations in insurance entities whether or not insurance entities are supervised under the conglomerate directive], Article 60 and Article 475 [non-significant and significant indirect and investments in AT1 of financial sector entities], Article 70 and Article 477 [insignificant and significant indirect and synthetic holdings of T2 from a financial sector entity] when not allocated to other exposure classes, and to qualifying holdings outside the financial sector when they are not 1,250% risk-weighted, in application of Article 36(k) in Part Two, Title I, Chapter 1 of Regulation (EU) 575/2013.

Deducted: exposures required to be deducted in accordance with Part Two of Regulation (EU) 575/2013.

Unrated: Exposures for which a credit assessment by a nominated ECAI is not available and that are applied specific risk-weights depending on their class, as specified in Article 113 to Article 134 in Regulation (EU) 575/2013.



119. When providing information required in accordance with Article 452(e) in Regulation (EU) 575/2013, institutions should provide separate disclosures for those exposure, which in accordance with Article 107 in the said Regulation are subject to Part Three, Title II, Chapter 3 of that Regulation for the purpose of Article 92(3)(a) and for the purpose of Article 92(3)(f) of the same Regulation. Information on instruments for which Article 92(3)(f) applies should be disclosed in template CCR 4.

Template EU CCR4: IRB – CCR exposures by portfolio and PD scale

<p>Purpose: Provide all relevant parameters used for the calculation of counterparty credit risk capital requirements for IRB models.</p>
<p>Scope of application: The template is mandatory for institutions using an AIRB or FIRB approach to compute RWA for counterparty credit risk exposures in accordance with Article 107 in Regulation (EU) 575/2013, whatever counterparty credit risk approach is used to determine exposure at default in accordance with Part Three, Title II; Chapter 6 of that Regulation. Where an institution makes use of an FIRB approach for certain exposures and an AIRB approach for others, it must disclose two separate sets of portfolio breakdown in two separate templates. To provide meaningful information, the institution should include in this template the key models used at the group-wide level (according to the scope of regulatory consolidation) and explain how the scope of models described in this template was determined. The commentary should include the percentage of RWAs covered by the models shown here for each of the institution's regulatory portfolios.</p>
<p>Content: RWA and parameters used in RWA calculations for exposures subject to the counterparty credit risk framework (excluding CVA charges or exposures cleared through a CCP) and where the credit risk approach used in accordance with Article 107 in Regulation 575/2013 to compute RWA is an IRB approach.</p>
<p>Frequency: Semiannual.</p>
<p>Format: Fixed. Columns and PD scales in the rows are fixed.</p>
<p>Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.</p>



		a	b	c	d	e	f	g	h	i	j	k	l
	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD	Number of obligors	Average LGD	Average maturity	RWA	RWA density	EL	Value adjustments and Provisions
Exposure class X													
	0.00 to <0.15												
	0.15 to <0.25												
	0.25 to <0.50												
	0.50 to <0.75												
	0.75 to <2.50												
	2.50 to <10.00												
	10.00 to <100.00												
	100.00 (Default)												
	Sub-total												
	Total (all portfolios)												

Definitions

Rows

Exposure class X includes separately the different exposure classes listed in paragraph 147 in Part Three, Title II, Chapter 3 of Regulation (EU) 575/2013, with a separate identification within the exposure class “Corporate” of SMEs, Specialised lending and Purchased corporate receivables, and with the exposure class “Retail” identifying separately of each of the categories of exposures to which the different correlations in Article 154(1) to (4) correspond. The equity exposures under each of the regulatory approach in Article 155 should be disclosed separately when applicable. No breakdown by PD band is necessary for equity exposures treated under Article 155(2).

Default: The data on defaulted exposures in accordance with Article 178 of Regulation (EU) 575/2013 may be further broken down according to jurisdiction’s definitions for categories of defaulted exposures.

Columns

PD scale: Exposures should be broken down according to the PD scale used in the template instead of the PD scale used by institutions in their RWA calculation. Institutions should map the PD scale they use in the RWA calculations into the PD scale provided in the template.

Original on-balance sheet gross exposure: amount of the on-balance sheet exposure in accordance with Article 24(1) for financial statements on a consolidated basis and recital 39 for those on a solo basis as well as Article 166 to 168 and Article 271 of Regulation (EU) 575/2013 before taking into account any credit risk adjustment made, and before taking into account the effect of credit risk mitigation



techniques [except for credit risk mitigation via on- and off-balance sheet netting as disclosed in](#) covered under the counterparty credit risk framework.

[Template EU LI2](#). Exposure values of derivatives, SFTs etc. are

Off-balance sheet exposure pre conversion factor: exposure value in accordance with Article 24(1) for financial statements on a consolidated basis and recital 39 for those on a solo basis of Regulation (EU) 575/2013, without taking into account any credit risk adjustments made, the conversion factors specified in Article 166 of the same Regulation and the effect of credit risk mitigation techniques in accordance with Part Three, Title II, Chapter 4 of that Regulation.

Average CCF: EAD off-balance sheet exposure post-conversion factors applicable as per Article 166 and Article 230(1), third sentence of Regulation (EU) 575/2013 to total off-balance sheet exposure pre-conversion factor.

EAD post-CRM and post CCF: exposure value in accordance with Article 166 to 168 and Article 230(1), third sentence, as well as Article 271 in Regulation (EU) 575/2013, as well as the impact of credit risk mitigation in accordance with Part Three, .Title II, Chapter 4 of that Regulation. For equity exposures and other non-credit obligation assets, the exposure value is the accounting or nominal value reduced by specific credit risk adjustments for this exposure. .

Number of obligors: corresponds to the number of individual PDs in this band. Approximation (round number) is acceptable.

Average PD: obligor grade PD weighted by EAD [post CRM and post CCF](#).

Average LGD: the obligor grade LGD weighted by EAD [post CRM and post CCF](#). In accordance with Article 161 of Regulation (EU) 575/2013,, the LGD should be net, meaning after consideration of any credit risk mitigation effect recognised in accordance with Part Three, Title II, Chapter 4 of the same Regulation .

Average maturity: the obligor maturity in years weighted by EAD [post CRM and post CCF](#); this parameter needs to be filled in only when it is used for the RWA calculation in accordance with Part Three, .Title II, Chapter 3 of Regulation (EU) 575/2013

RWA density: Total risk-weighted assets determined in accordance with Part Three, .Title II, Chapter 3 of Regulation (EU) 575/2013 to EAD post-CRM [and post CCF](#).

EL: the expected losses as calculated according to Article 158 in Part Three, .Title II, Chapter 3 of Regulation (EU) 575/2013 ;

Value adjustments and provisions: specific and general credit risk adjustments in accordance with Commission Delegated Regulation (EU) No 183/2014, additional value adjustments in accordance with Article 34 and 110 of Regulation (EU) 575/2013, as well as other own fund reductions related to exposures that are risk-weighted in accordance with Part Three, .Title II, Chapter 3 of that Regulation. These value adjustments and provisions are those considered for the implementation of Article 159 of that Regulation.



120. When providing information in application of Article 92(3) and (4) as well as Article 438(d) in Regulation (EU) 575/2013 as specified in paragraph 63 of these Guidelines institutions should provide separate disclosures on the capital requirements and risk-weighted assets associated with exposures subject to Part Three, Title II, Chapter 3 (internal rating based approach) and measured in accordance with Chapter 6 (counterparty credit risk framework) of Regulation (EU) 575/2013. These disclosures should be supplemented with information regarding the variations of risk-weighted assets over the period as specified in Template EU CCR7.

Template EU CCR7: RWA flow statements of CCR exposures under Internal Model Method (IMM)

Purpose: Present a flow statement explaining changes in counterparty credit risk RWA determined under the Internal Model Method approach for counterparty credit risk (derivatives and SFTs) in accordance with Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013.
Scope of application: The template is mandatory for all institutions using the Internal Model Method for measuring exposure at default of exposures subject to the counterparty credit risk framework in accordance with Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013, irrespective of the credit risk approach used to compute RWA from exposures at default.
Content: Risk-weighted assets corresponding to counterparty credit risk (credit risk shown in CR8 is excluded). Changes in RWA amounts over the reporting period for each of the key drivers should be based on an institution's reasonable estimation of the figure.
Frequency: Quarterly.
Format: Fixed. Columns and rows 1 and 9 are fixed. Institutions may add additional rows between rows 7 and 8 to disclose additional elements that contribute to RWA variations.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

		a	b
		Amounts	Capital requirements
1	RWA as at end of previous reporting period		
2	Asset size		
3	Credit quality of counterparties		
4	Model updates (IMM only)		
5	Methodology and policy (IMM only)		
6	Acquisitions and disposals		
7	Foreign exchange movements		
8	Other		
9	RWA as at end of current reporting period		



Asset size: organic changes in book size and composition (including origination of new businesses and maturing exposures) but excluding changes in book size due to acquisitions and disposal of entities.

Credit quality of counterparties: changes in the assessed quality of the institution's counterparties as measured under the credit risk framework, whatever approach the institution uses. This row also includes potential changes due to IRB models when the institution uses an IRB approach.

Model updates: changes due to model implementation, changes in model scope, or any changes intended to address model weaknesses. This row addresses only changes in the IMM model.

Methodology and policy: changes due to methodological changes in calculations driven by regulatory policy changes, such as new regulations (only in the IMM model).

Acquisitions and disposals: changes in book sizes due to acquisitions and disposal of entities.

Foreign exchange movements: changes driven by changes in FX rates.

Other: this category is intended to be used to capture changes that cannot be attributed to the above categories. Institutions should add additional rows between rows 7 and 8 to disclose other material drivers of RWA movements over the reporting period.

Section D – Other information on counterparty credit risk

121. In application of Article 439(e), institutions should disclose information on the impact of netting and collateral held on the exposure value for derivative and securities financing transactions in accordance with the specifications in Template EU CCR5-A.

Template EU CCR5-A: Impact of netting and collateral held on exposure values

Purpose: Provide an overview of the impact of netting and collateral held on exposures for which the exposure value is measured under Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013, including exposures arising from transactions cleared through a Central Counterparty (CCP).
Scope of application: The template applies to all institutions
Content: fair value
Frequency: Semiannual.
Format: Flexible. Except when the waiver referred to in paragraph 123 is used as regards Template EU CRR5-B, institutions should at a minimum identify derivatives and securities financing transaction exposures and break their exposures by types of underlying
Accompanying narrative: Institutions are expected to supplement disclosures by types of underlying with disclosures by types of instruments when there exist concentrations in specific instruments deemed material in accordance with EBA GL 2014/14



		a	b	c	d	e
		Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
1	Derivatives by underlying					
2	Interest contracts					
3	Foreign exchange and gold contracts					
4	Securities, other derivatives instruments, financial indices/ measures					
5	Commodities					
6	Contracts for differences					
7	Climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics					
8	Other derivatives					
9	Securities Financing Transactions					
10	Total					

Instructions:**Rows:**

Derivatives: any derivative instrument in accordance with the accounting framework and listed in Annex I of Regulation (EU) 575/2013 that has its exposure value calculated in accordance with Part Three, Title II, Chapter 6 of that Regulation. It includes any long settlement transactions as per Article 271 of the same Regulation that do not qualify as securities financing transactions.

Securities Financing Transactions: any repurchase transactions, securities or commodities lending or borrowing transactions in accordance with the applicable accounting framework that has its exposure value calculated in accordance with Part Three, Title II, Chapter 6 of Regulation (EU) 575/2013. It also includes any margin lending transactions as per Article 271 of the same Regulation that do not otherwise qualify as derivatives.

Columns:

Gross positive fair value or net carrying amount: regardless of the accounting requirements regarding the booking of derivatives and securities financing transactions on-balance sheet or off-balance sheet, the gross fair value or net carrying amount, as applicable, should be the exposure value before credit risk mitigation and after the application of any conversion factor. Fair value should be marked-to-model or marked to market and as determined under the relevant accounting framework after the application of the prudent value adjustments in accordance with Article 34 and Article 105 of Regulation (EU) 575/2013 as specified in Commission Delegated Regulation (EU) 2016/101. Net carrying amount is the carrying amount of exposures after specific and credit risk adjustments. While the measurement approach depends on the accounting requirements for exposures from the non-trading book, the gross fair value should be disclosed for exposures from the trading book. Fair value and net carrying amount should be measured at the same level as required in the applicable accounting standards.

Netting benefits: reduction in the gross positive fair value or net carrying amount due to the use of legally enforceable netting agreements in application of Part Two, Title Three, Chapter 4 and Chapter 6 of Regulation (EU) 575/2013. Any netting that would not be eligible under these Chapters should be disclosed separately within column (b).

Netted current exposure: the larger of zero and the market value of a transaction or portfolio of transactions within a netting set with a counterparty that would be lost upon the default of the counterparty, assuming no recovery on the value of those transactions in insolvency or liquidation.



Collateral held: impact of collateral on the netted current exposure, including volatility adjustments in application of Part Two, Title Three, Chapter 4 and Chapter 6 of Regulation (EU) 575/2013. The impact of any collateral that would not be eligible for credit risk mitigation or that would have no impact on the netted current credit exposure in application of these Chapters should be disclosed separately within column (d).

Net credit exposure: credit exposure on derivatives and securities financing transactions after considering both the benefits from legally enforceable netting agreements and collateral arrangements. This exposure value may differ from the EAD value disclosed in Template CCR1, due to the other parameters for the calculation of the regulatory exposure values not being disclosed in Template CCR5-A.

122. Collateral received should then be disaggregated by types of instruments in application of Template EU CCR5-B, separately for derivatives and securities financing transactions. This information should be supplemented by information on collateral posted.

123. Where central banks undertake liquidity assistance in the form of collateral swap transactions, a competent authority may decide that institutions should not disclose Template EU CCR5-B where it deems that the disclosure in that format would allow, now or in the future, for the detection of liquidity assistance provided by central banks via collateral swaps. The waiver by a competent authority should be based on thresholds and objective criteria that are publicly disclosed.

Template EU CCR5-B: Composition of collateral for exposures to counterparty credit risk

Purpose: Provide a breakdown of all types of collateral posted or received by banks to support or reduce the counterparty credit risk exposures related to derivative transactions or to securities financing transactions (SFTs), including transactions cleared through a CCP.
Scope of application: The template applies to all institutions.
Content: Carrying values of collateral used in derivative transactions or SFTs, whether or not the transactions are cleared through a CCP and whether or not the collateral is posted to a CCP.
Frequency: Semiannual.
Format: Flexible.
Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
...						
Total						

Definitions

Derivative transactions and SFTs: see the definitions in Template EU CCR5-A.

Segregated refers to collateral which is held in a bankruptcy-remote manner in the meaning of Article 300 in Regulation (EU) 575/2013.

Unsegregated refers to collateral that is not held in a bankruptcy-remote manner.

124. In application of Article 439(g) and (h) institutions should disclose information specified in Template EU CCR6.
125. Template CCR6-A should be disclosed for credit derivative transactions used for the credit institution's own credit portfolio and Template EU CCR6-B should be disclosed for credit derivatives used in a credit institution's intermediation activities. These two templates share the exact same features.

Template EU CCR6-A and Template EU CCR6-B: Credit derivatives exposures

Purpose: Illustrate the extent of an institution's exposures to credit derivative transactions broken down between derivatives bought or sold.
Scope of application: This template applies to all institutions.
Content: Notional derivative amounts (before any netting) and fair values.
Frequency: Semiannual.
Format: Flexible (the columns are fixed but the rows are flexible).
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

	a	b	c
	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notionals			
Single-name credit default swaps			
Index credit default swaps			
Total return swaps			
Credit options			
Other credit derivatives			
Total notionals			
Fair values			
Positive fair value (asset)			
Breakdown by underlying hedged exposure classes			
Negative fair value (liability)			
Breakdown by underlying hedged exposure classes			

4.12 Unencumbered assets

126. The disclosure requirements in Article 443 of Regulation (EU) 575/2013 are specified in Guidelines on disclosure of encumbered and unencumbered assets (EBA/GL/2014/03).



4.13 Market risk

127. The following Sections in these Guidelines specify the disclosure requirements to be provided in accordance with Article 445 and Article 455 in Regulation (EU) 575/2013. Information in the Sections below relates to instrument in the trading book and instruments in the non-trading book that have their risk-weighted exposure amount for the purposes of Article 92(3)(b) and (c) calculated in accordance with Part Three, Title IV and V as well as Part Four of Regulation (EU) 575/2013 .

128. Information on instruments which exposure value is measured in accordance with Part Three, Title II, Chapter 6 (counterparty credit risk framework) of Regulation (EU) 575/2013 is not included in the following section but in point 4.11 of these Guidelines.

Section A – Measurement and own funds requirements for exposures in the trading book

129. In application of Article 105 in Regulation (EU) 575.2013, institutions should disclose information specified in Table EU MRB-A.

Table EU MRB-B-A: Qualitative disclosures on position measurement

Purpose: Provide information on the measurement of positions in the trading book in application of Article 102 and Article 105 as specified in Commission Delegated Regulation (EU) 2016/101.
Scope of application: The table is mandatory for all institutions subject to capital requirements in its trading book business in application of Part Three, Title IV of Regulation (EU) 575/2013. Where necessary, separate disclosures may be provided for positions under Chapter 5 of that Title, if the measurement and prudent valuation requirements are implemented differently as for the other positions under that Title.
Content: Qualitative information.
Frequency: Annually.
Format: Flexible.

Article 455 (c)	General information for institutions using models	
Article 455 (c) related to article 104	(a) (i)	Description of the procedures and systems implemented for the assurance of tradability of the positions included in the trading book.
	(a) (ii)	Description of the methodology used to ensure that the policies and procedures implemented for the overall management of the trading book is appropriate.
Article 455 (c) related to article 105	(b)	In accordance with the EBA/RTS/2014/06 on prudent valuation regarding positions included in the Trading book , institutions should describe systems and controls to ensure that the valuation estimates are prudent and reliable. Disclosure must include: <ul style="list-style-type: none"> Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used. Description of the independent price verification process. Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).



130. In application of Article 445 of Regulation (EU) 575/2013, institutions subject to capital requirements for their trading book business should disclose information in the format of Template EU MR1-A below.

131. In addition, to comply with the requirements in the said Article, institutions calculating their own funds requirements in accordance with Part Three, Title IV, Chapters 2 to 4 of Regulation (EU) 575/2013 (standardised approach) should disclose information listed in Template EU MR1-B, as specified in Section B below.

Template Eu MR1-A: Market risk Own funds requirements

Purpose: Display the components of the own funds requirement for market risk by risk type
Scope of application: The template applies to all institutions
Content: Capital requirements and risk-weighted exposure amounts (as specified in article 92.4 (b) CRR)-RWA.
Frequency: Semiannual.
Format: Fixed.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes in the reporting period and the key drivers of such changes

		a	b
		RWA	Capital requirements
1	Position risk		
2	Foreign exchange risk		
3	Commodity risk		
4	Settlement risk		
5	Large exposures		
6	Specific interest rate risk of securitisation position		
7	Total		

Section B – Own funds requirements for market risk under the Standardised approach

132. Institutions calculating their capital requirements in accordance with Part Three, Title IV, Chapters 2 to 4 of Regulation (EU) 575/2013 (standardised approach), should comply with the requirements of Article 445 in the same Regulation by providing, in addition to Template EU MR1-A, the information covered by Template EU MR1-B.



Template EU MR1-B: Market risk under standardised approach

Purpose: Display the components of the own funds requirements under the standardised approach for market risk.
Scope of application: The template applies to all institutions calculating their capital requirements in accordance with Part Three, Title IV, Chapters 2 to 4 of Regulation (EU) 575/2013. For institutions using internal models in accordance with Chapter 5 in the same Title and for which the Risk Weighted Exposure amounts (RWA) under the standardised approach may be deemed not material in accordance with Article 432(1) in Regulation (EU) 575/2013 as specified by EBA GL/2014/14. In such circumstances, and to provide only meaningful information to users, institutions may choose not to disclose Template MR1. In accordance with that Article and paragraph 19 of these Guidelines, institutions should clearly state that fact and should explain why they consider the information not to be meaningful to users. The explanation should include a description of the exposures included in the respective risk portfolios and the aggregate total of RWAs from such exposures.
Content: Capital requirements and Risk Weighted Exposure amounts (RWA) (as specified in article 92.4 (b) in Regulation (EU) 575/2013).
Frequency: Semiannual.
Format: Fixed.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes in the reporting period and the key drivers of such changes.

		a	b
		RWA	Capital requirements
	Outright products		
1	Interest rate risk (general and specific)		
2	Equity risk (general and specific)		
3	Foreign exchange risk		
4	Commodity risk		
	Options		
5	Simplified approach		
6	Delta-plus method		
7	Scenario approach		
8	Securitisation (specific risk)		
9	Total		

Outright products refer to positions in products that are not optional.

Section C – Qualitative information on Internal Model Approach

133. In application of article 455 of Regulation (EU) 575/2013, institutions should disclose information specified in Table EU MRB below.

**Table EU MRB-B: Qualitative disclosures for institutions using the Internal Models Approach (IMA)**

Purpose: Provide the scope, the main characteristics and the key modelling choices of the different models (Value at Risk –VaR-, stressed VaR, Incremental Risk Charge –IRC-, Comprehensive Risk Measured –CRM) used for regulatory calculation of market risks.
Scope of application: The table is mandatory for all institutions using an internal model to calculate its market risk capital requirements in accordance with Part Three, Title IV, Chapter 5 of Regulation (EU) 575/2013. To provide meaningful information to users on their use of internal models, institutions should describe the main characteristics of the models used at the group-wide level (according to the scope of regulatory consolidation determined as per Part One, Title II of the same Regulation) and explain to what extent they represent all the models used at the group-wide level. The commentary should include the percentage of capital requirements covered by the models described for each of the regulatory models (VaR, stressed VaR, IRC, Comprehensive Risk Measure -CRM).
Content: Qualitative information.
Frequency: Annually.
Format: Flexible.

Article 455 (a)(i)	(B) Disclosures in accordance with Article 455(a)(i) for institutions using VaR models and stressed VaR models, institutions should cover the following information	
Article 455	(a)	When describing the scope of the use of the internal models approach under Article 455(a) and (b), institutions should describe activities and risks covered by the VaR and stressed VaR specifying how they are distributed in portfolios/sub-portfolios for which the competent authority has granted permission.
		As part of the description of the scope of application of the VaR and stressed VaR models in application of Article 455(a), institutions should specify which entities in the group use the models for which the competent authority has granted permission or if the same models are used for all entities with market risk exposure.
Article 455 (b)	(b)	Specify which entities in the group use the models
Article 455 (a) (i)	(c)	General description of the models (VaR/stressed VaR), [redundant] Disclosures to be provided as part of the general description of the regulatory VaR and stressed VaR models in accordance with Article 455(a)(i) should include:
Article 455 (a) (i)	(d)	Discussion of the main differences, if any, between the model used for management purposes and the model used for regulatory purposes (10 day 99%). For VaR and stressed VaR models.
Article 455 (a) (i)	(e)	For VaR models, institutions must specify:
	(e) (i)	Data updating frequency; (article 455 (a) ii)
	(e) (ii)	Length of the data period that is used to calibrate the model. Describe the weighting scheme that is used (if any);
	(e) (iii)	How the institutions determines the 10-day holding period. For example, does it scale up a one-day VaR by the square root of 10, or does it directly model the 10-day VaR.
	(e) (iv)	Aggregation approach (method for aggregating the specific and general risk: (ie does the institutions calculate the specific charge as a standalone charge by using a different method than the one used to calculate the general risk or does the institutions use a single model that diversifies general and specific risk?)
	(e) (v)	Valuation approach (full revaluation or use of approximations);
	(e) (vi)	Describe whether, when simulating potential movements in risk factors, absolute or relative returns (or a mixed approach) are used (ie proportional change in prices or rates or absolute change in prices or rates).
Article 455 (a) (i)	(f)	For stressed VaR models, institutions must specify:
	(f) (i)	How the 10-day holding period is determined. For example, does the institutions scale up a one-day VaR by the square root of 10, or does it directly model the 10-day VaR? If the approach is the same as for the VaR models, the institutions may confirm this and refer to disclosure (e) (iii) above.
	(f) (ii)	The stress period chosen by the institution and the rationale for this choice.
	(f) (iii)	Valuation approach (full revaluation or use of approximations);
Article 455 (a) (iii)	(g)	Description of stress testing applied to the modelling parameters (main scenarios developed to capture the characteristics of the portfolios to which the VaR and SVaR models apply at the group-wide level).
Article 455 (a) (iv)	(h)	Description of the approach used for backtesting/validating the accuracy and internal consistency of data and parameters used for the internal models and modelling processes. [redundant]
Article 455 (a) (ii)	(C) Disclosures in application, of Article 455(a)(ii) for institutions using internal models to measure the risk for the incremental risk capital charge should cover the following information: (article 455 (a))	



		When describing the scope of the use if the internal models approach under Article 455(a) and (b), institutions should describe activities and risks covered by the IRC model, specifying how they are distributed in portfolios/sub-portfolios for which the competent authority has granted permission.
		As part of the description of the scope of application of the IRC models in application of Article 455(a), institutions should specify which entities in the group use the models for which the competent authority has granted permission or if the same models are used for all entities with market risk exposure.
Article 455 (a) (ii)	(a)	General description of the methodology; [redundant] The general description of the methodology used for internal models for incremental default and migration risk in accordance with Article 455(a)(ii) should include:
	(a) (i)	Information about the overall modelling approach (notably use of spread-based models or transition matrix-based models);
	(a) (ii)	Information on the calibration of the transition matrix;
	(a) (iii)	Information about correlation assumptions;
	(b)	Approach used to determine liquidity horizons; [redundant]
	(c)	Methodology used to achieve a capital assessment that is consistent with the required soundness standard [redundant]
	(d)	Approach used in the validation of the models. [redundant]
Article 455 (a) (iii)	(g)	Description of stress testing applied to the modelling parameters (main scenarios developed to capture the characteristics of the portfolios to which the IRC models apply at the group-wide level).
Article 455 (a) (iv)	(h)	Description of the approach used for backtesting/validating the accuracy and internal consistency of data and parameters used for the IRC internal models and modelling processes. [redundant]
Article 455 (a) (ii)	(D) Disclosures in application of Article 455(a)(ii) for institutions using internal models to measure the risk for the comprehensive risk capital charge should cover the following information:	
		When describing the scope of the use if the internal models approach under Article 455(a) and (b), institutions should describe activities and risks covered by the, Comprehensive Risk Measure -CRM models specifying how they are distributed in portfolios/sub-portfolios for which the competent authority has granted permission.
		As part of the description of the scope of application of the CRM models in application of Article 455(a), institutions should specify which entities in the group use the models for which the competent authority has granted permission or if the same models are used for all entities with market risk exposure.
Article 455 (a) (ii)	(a)	General description of the methodology The general description of the methodology used for correlation trading in accordance with Article 455(a)(ii) should include:
	(a) (i)	Information about the overall modelling approach (notably choice of model correlation between default/migrations and spread: (i) separate but correlated stochastic processes driving migration/default and spread movement; (ii) spread changes driving migration/default; or (iii) default/migrations driving spread changes);
	(a) (ii)	Information used to calibrate the parameters of the base correlation: LGD pricing of the tranches (constant or stochastic);
	(a) (iii)	Information on the choice whether to age positions (profits and losses based on the simulated market movement in the model calculated based on the time to expiry of each position at the end of the one-year capital horizon or using their time to expiry at the calculation date);
	(b)	Approach used to determine liquidity horizons; [redundant]
	(c)	Methodology used to achieve a capital assessment that is consistent with the required soundness standard; [redundant]
	(d)	Approach used in the validation of the models; [redundant]
Article 455 (a) (iii)	(g)	Description of stress testing applied to the modelling parameters (main scenarios developed to capture the characteristics of the portfolios to which the CRM models apply at the group-wide level).
Article 455 (a) (iv)	(h)	Description of the approach used for backtesting/validating the accuracy and internal consistency of data and parameters used for the CRM internal models and modelling processes. [redundant]

Section D – Own funds requirements for Market risk under Internal Model Approach

134. In application of article 455(e) of Regulation (EU) 575/2013, institutions calculating their own funds requirements in accordance with Part III, Title IV, chapter 5 of the same Regulation (internal market risk models) should disclose information specified in the format of Template EU MR2-A as well as information listed in Template EU MR2-B below:



Template EU MR2-A: Market risk under internal models approach

Purpose: Display the components of the own funds requirements under the internal models approach for market risk.
Scope of application: The template applies to all institutions using an internal model approach for market risk.
Content: Capital requirements and Risk Weighted Exposure amounts -RWA (as specified in article 92.4 (b))-.
Frequency: Semiannual.
Format: Fixed.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes in the reporting period and the key drivers of such changes.

		a	b
		RWA	Capital requirements
1	VaR (higher of values a and b)		
(a)	Previous day's VaR (Article 365(1) (VaR _{t-1}))		
(b)	Average of the daily VaR (Article 365(1)) on each of the preceding sixty business days (VaR _{avg}) x multiplication factor ((mc) in accordance with Article 366)		
2	SVaR (higher of values a and b)		
(a)	Latest SVaR (Article 365(2) (sVaR _{t-1}))		
(b)	Average of the SVaR (Article 365(2) during the preceding sixty business days (sVaR _{avg}) x multiplication factor (ms) (Article 366)		
3	Incremental risk charge -IRC (higher of values a and b)		
(a)	Most recent IRC value (incremental default and migration risks section 3 calculated in accordance with Section 3 articles 370/371)		
(b)	Average of the IRC number over the preceding 12 weeks		
4	Comprehensive Risk Measure – CRM (higher of values a, b and c)		
(a)	Most recent risk number for the correlation trading portfolio (article 377)		
(b)	Average of the risk number for the correlation trading portfolio over the preceding 12-weeks		
(c)	8 % of the own funds requirement in SA on most recent risk number for the correlation trading portfolio (Article 338(4))		
5	Total		

Template EU MR2-B: RWA flow statements of market risk exposures under an IMA

Purpose: Present a flow statement explaining variations in the market RWA (as specified in article 92.4 (b)) determined under an Part Three, Title IV, Chapter 5 of Regulation (EU) 575/2013 (internal model approach).
Scope of application: The template applies to all institutions permitted to use an internal model approach for the calculation of their market risk capital requirements.
Content: Risk-weighted assets for market risk. Changes in RWA amounts over the reporting period for each of the key drivers should be based on an institution's reasonable estimation of the figure.
Frequency: Quarterly.
Format: Fixed format. The columns and rows 1 and 8 are fixed. Institutions may add additional rows between rows 7 and 8 to disclose additional elements that contribute to RWA variations.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.



		a	b	c	d	e	f	g
		VaR	SVaR	IRC	CRM	Other	Total RWA	Total capital requirements
1	RWA at previous quarter end							
<i>1a</i>	<i>Regulatory adjustment</i>							
<i>1b</i>	<i>RWA at end of day previous quarter</i>							
2	Movement in risk levels							
3	Model updates/changes							
4	Methodology and policy							
5	Acquisitions and disposals							
6	Foreign exchange movements							
7	Other							
<i>8a</i>	<i>RWA at end of day previous quarter</i>							
<i>8b</i>	<i>Regulatory adjustment</i>							
8	RWA at end of reporting period							

Definitions

Rows

Movement in risk levels: changes due to position changes.

Model changes: Significant updates to the model to reflect recent experience (eg recalibration), as well as significant changes in model scope; if more than one model update has taken place, additional rows could be necessary.

Methodology and policy: Methodology changes to the calculations driven by regulatory policy changes.

Acquisitions and disposals: Modifications due to acquisition or disposal of business/product lines or entities.

Foreign exchange: Changes driven by foreign exchange movements (to capture changes due to foreign currency transactions).

Other: this category must be used to capture changes that cannot be attributed to any other category. Institutions should add additional rows between rows 6 and 7 to disclose other material drivers of RWA movements over the reporting period.

Rows 1a/1b and 8a/8b may be used when it is not possible to provide the reconciliation required using averages prescribed by Article 364 in Regulation (EU) 575/2013.

Columns

RWA at end of reporting period column VaR: derived risk-weighted assets corresponding to the [capital requirements reflecting the Regulatory Value at Risk (10 day 99%), as well as additional capital charge related to VaR model on the supervisor’s decision] x 12.5. This amount should reconcile with the amount shown in template MRx2 [row 1/col a].

RWA at end of reporting period column Stressed VaR: derived risk-weighted assets corresponding to the [capital requirements reflecting the Stressed Regulatory Value at Risk (10 day 99%) as well as additional capital charge on the supervisor’s decision] x 12.5. This amount should reconcile with the amount shown in template MRx2 [row 2/col a].

RWA at end of reporting period column IRC: derived risk-weighted assets corresponding to the [capital requirements as used for computing the incremental risk charge as well as additional capital charge on the supervisor’s decision (multiplier)] x 12.5. This amount should reconcile with the amount shown in template MRx2 [row 3/col a].

RWA at end of reporting period column CRM: derived risk-weighted assets corresponding to the [capital requirements as used for computing the comprehensive risk capital charge as well as any additional capital charge on the supervisor’s decision] x 12.5. This amount should reconcile with the amount shown in template MRx2 [row 4/col a].

RWA at end of reporting period column Other: derived risk-weighted assets corresponding to specific capital charges (jurisdiction- or firm-specific) on the basis of model approaches not reported in VaR/SVaR/IRC/CRM. Additional columns can be disclosed where the jurisdictions provide more than one specific capital charge.

Total RWA at end of reporting period: derived risk-weighted assets corresponding to the [total capital requirements for market risk in the basis of internal model approaches x 12.5]; this amount must reconcile with the amounts shown in template OV1 column RWA as well as in template MRx2 [row total/col a].

Total capital requirements: this amount should reconcile with the amount shown in template OV1 column Own funds requirement as well as in template MRx2 [row total/col



Section E – Other quantitative information for Market risk for Market risk under Internal Models Approach

135. In application of article 455 (d) of Regulation (EU) 575/2013 institutions should disclose information specified in the format of Template EU MR3 below:

Template EU MR3: IMA values for trading portfolios

Purpose: Display the values (maximum, minimum, average and period ending for the reporting period) resulting from the different types of models approved to be used for computing the regulatory capital charge at the group level, before any additional capital charge is applied on the value in accordance with Article 365 in Part Three, Title IV, Chapter 5 of Regulation (EU) 575/2013.
Scope of application: The template applies to all institutions permitted to use an internal model approach for the calculation of their market risk capital requirements.
Content: Outputs of internal models approved for use in accordance with Part Three, Title IV, Chapter 5 of Regulation (EU) 575/2013 for regulatory capital purposes at the group-wide level (according to the scope of regulatory consolidation as per Part One, Title II of the same Regulation).
Frequency: Semiannual.
Format: Fixed.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

		a
VaR (10 day 99%) –		
1	Maximum value	
2	Average value	
3	Minimum value	
4	Period end	
Stressed VaR (10 day 99%)		
5	Maximum value	
6	Average value	
7	Minimum value	
8	Period end	
Incremental Risk Charge (99.9%)		
9	Maximum value	
10	Average value	
11	Minimum value	
12	Period end	
Comprehensive Risk capital charge (99.9%)		
13	Maximum value	
14	Average value	
15	Minimum value	
16	Period end	

VaR refers in this template to the regulatory VaR used to compute the capital charge, whose characteristics are in accordance with Part Three, Title IV, Chapter 5, Section 2 of Regulation (EU) 575/2013. The amounts reported do not include additional capital charges at supervisor's discretion (related to the multiplier, for instance).

Stressed VaR refers in this template to the regulatory stressed VaR used to compute the capital charge, whose characteristics are in accordance with Part Three, Title IV, Chapter 5, Section 2 of Regulation (EU) 575/2013. The amounts reported do not include additional capital on the supervisor's decision (multiplier).



IRC refers in this template to the IRC as used for computing the capital charge, The amounts reported do not include additional capital on the supervisor's decision (multiplier).

Comprehensive Risk capital charge: the rows 13, 14, 15 and 16 are unfloored numbers; the floor calculation is reflected for reporting period-end in template MR2-A, row 4(c) in column (b).

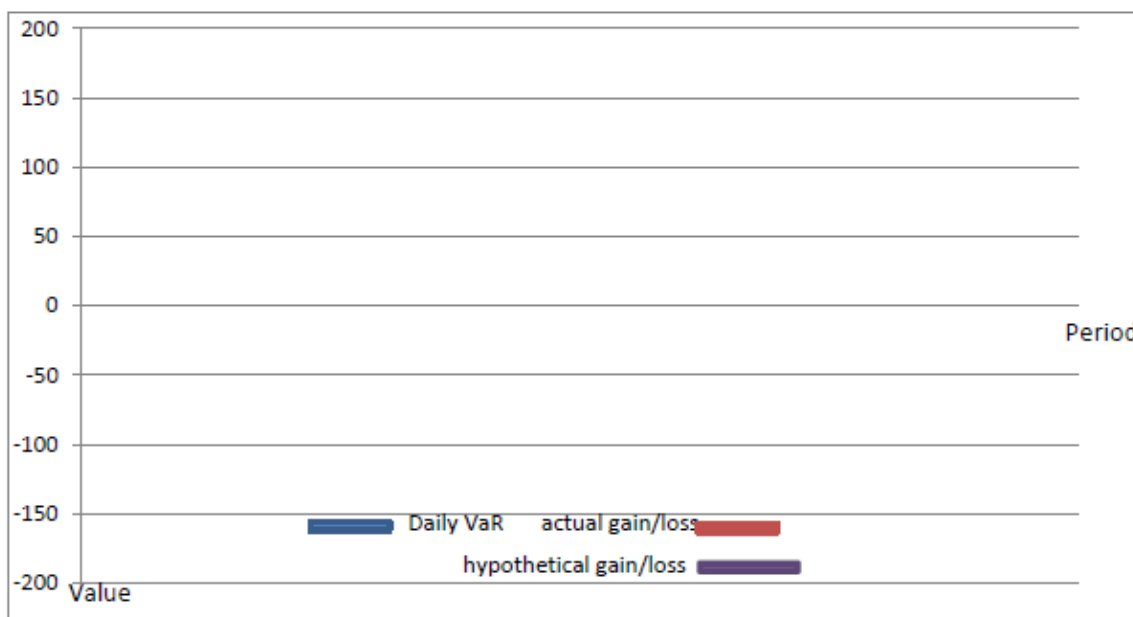
Maximum, Average, Minimum and end of period value reported in this template should be reported in application of article 455 (d) (i) to (iii) **over the reported period and as per the period end** (therefore these values do not need to reconcile with values reported on MRx2 which are calculated following the regulatory rules as defined in article 364 of the CRR after any additional capital charges at supervisor's discretion –for instance average VaR in template MRx2 row 1 (b) should be the average of the daily VaR (99th percentile, one-tailed confidence interval; 10-day holding period) on each of the preceding sixty business days, whereas the expected average value in template MR3 is the average value on the reporting period, therefore on the semiannual period.)

136. In application of article 455 (f) institutions should disclose the weighted average liquidity horizons that have been taken into account in internal models used to compute capital charge for incremental default and migration risk and for correlation trading (as described in information related to requirements in table MRB (C) (b) and MRB (D) (b)). The data disclosed should enable to monitor the liquidity horizon notably in light with articles 374(3) to (5) and 377(2) of Regulation (EU) 575/2013.

137. In application of Article 455 (g) of the CRR institutions should disclose information specified in the format of Template EU MR4.

Template EU MR4: Comparison of VaR estimates with gains/losses

<p>Purpose: Present a comparison of the results of estimates from the regulatory VaR model approved in application of Part Three, Title IV, Chapter 5 of Regulation (EU) 575/2013 with both hypothetical and actual trading outcomes, to highlight the frequency and the extent of the backtesting exceptions, and to give an analysis of the main outliers in backtested results.</p>
<p>Scope of application: The template applies to all institutions using an internal model approach for their market risk exposures.</p> <p>To provide meaningful information to users on the backtesting of their internal models, institutions must include in this template the key models permitted for use at the group-wide level (according to the scope of regulatory consolidation as per Part One, Title I, Chapter 2 of the same Regulation) and explain to what extent they represent the models used at the group-wide level. The commentary should include the percentage of capital requirements covered by the models for which backtesting results are shown in Template MR4.</p>
<p>Content: VaR model outcomes.</p>
<p>Frequency: Semiannual.</p>
<p>Format: Flexible.</p>
<p>Accompanying narrative: Institutions must present an analysis of "outliers" (backtesting exceptions as per Article 366 of regulation (EU) 575/2013 in backtested results, specifying the dates and the corresponding excess (VaR-P&L). The analysis should at least specify the key drivers of the exceptions.</p> <p>Institutions should disclose similar comparisons for actual P&L and hypothetical P&L (as per Article 366 of regulation (EU) 575/2013).</p> <p>institutions must provide information about actual gains/losses, and especially clarify whether they include reserves, and if not, how reserves are integrated into the backtesting process;</p>



Daily VaR in this template should reflect the risk measures (used for regulatory purposes and whose characteristics are in accordance with Part Three, Title IV, Chapter 5, Section 2 of Regulation (EU) 575/2013) calibrated to a one-day holding period to compare with the 99% of confidence level with its trading outcomes.

Hypothetical gain/loss is based on hypothetical changes in portfolio values that would occur if end-of-day positions remain unchanged.

4.14 Remuneration

138. The disclosure requirements in Article 450 of Regulation (EU) 575/2013 are specified in Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013 (EBA/GL/2015/22).

4.15 Leverage ratio

139. The disclosure requirements in Article 451 of Regulation (EU) 575/2013 are specified in Commission Implementing Regulation (EU) 2016/200 of 15 February 2016

4.16 Dissemination of information

141. In addition to the standalone document referred to in Point 4.2 Section D of these Guidelines, institution should make available on their website and in an editable format the quantitative disclosures provided in accordance with Articles from Part Eight in Regulation (EU) 575/2013 for which guidance is provided in these Guidelines.

Annex 1 – Overview of the Guidelines

Annex I separately provides an overview of the Guidelines showing, for each table, template or textual guidance item in these Guidelines:

- The corresponding CRR Article for which guidance is provided
- The corresponding table or template in the revised Pillar 3 framework
- The format (fixed or flexible)
- The frequency of disclosure (quarterly, semi-annually, annually)
- Whether the template or table or textual guidance item is new (in blue)
- Whether the template or table has been amended
- Comments related to the table or template
 - CRR specific requirement: new items in a template or new template inserted to comply with a CRR requirement
 - Alignment of the content to CRR: change in the content of a row/column to fit with the requirements in the CRR
 - EBA assessment: new template/row/column inserted because of a lack of consistency in disclosures practices observed by EBA



5. Accompanying documents

5.1 Draft cost-benefit analysis / impact assessment

The BCBS revised the Pillar 3 disclosure framework in a document published in January 2015. The new Pillar 3 disclosure requirements are expected to be in force in December 2016.

The current EBA initiative stems from these new requirements introduced at the BCBS level and intend to implement them in line with the EU specific disclosure requirements included in the Part 8 of the CRR.

In this vein, EBA intend to issue guidelines to complement current disclosure framework under Part 8 of the CRR while implementing the new Pillar 3 requirements.

As per Article 16(2) of the EBA regulation (Regulation (EU) No 1093/2010 of the European Parliament and of the Council), any guidelines developed by the EBA shall be accompanied by an Impact Assessment (IA) annex which analyses 'the potential related costs and benefits'. Such annex shall provide the reader with an overview of the findings as regards the problem identification, the options identified to remove the problem and their potential impacts.

This annex presents the impact assessment with cost-benefit analysis of the provisions included in the guidelines described in the present draft Consultation Paper. Given the nature of the study, the IA is high level and mostly qualitative in nature.

A. Problem identification

The major problem that the current draft guidelines aim to address is the potential asymmetric information between the institutions and market participants compared to information available internally to institutions. In the current regulatory framework market participants have access to limited information. The problem of asymmetric information is true particularly in the fields of solvency, risks and risk exposure of the institutions, especially when the institutions use internal models.

Secondly, when the information is available the framework allows only a limited level of comparability of information across institutions due to the lack of common disclosure formats for most of the disclosure requirements. As a result institutions, both within a jurisdiction and on a cross-border basis, use various disclosure practices and definitions of key concepts.

In overall, asymmetric information and lack of comparability of information by the market participants impair the functioning of market discipline.



Furthermore, BCBS, in January 2015, issued a revised Pillar 3 framework, expected to be in force in December 2016. The revised framework intends especially to address the issues posed by the lack of comparability of information and its detrimental impact on market discipline, especially in the field of internal models to calculate RWA and capital requirements. The BCBS intends also to restore confidence of markets in internal modelled RWA with increased transparency and comparability of information.

The disclosure requirements in the EU have not yet been updated to incorporate the revised Pillar 3 framework, which may lead to further problems for the institutions in the EU.

As the Basel revised Pillar 3 framework is not legally binding in the EU, EU institutions still have to apply the disclosure requirements from the EU regulatory framework, whose previous assessments by the EBA have identified issues related to their consistent implementation. In parallel however, market pressure may result in some of the EU institutions being compelled to adopt the revised Pillar 3 framework. This would possibly lead to duplicative disclosures when the two sets of requirements overlap without necessary fully matching. As a result, double reporting would increase regulatory burden for the institutions.

In addition, the revised Pillar 3 framework is based on the Basel Pillar 1 while the CRR disclosure requirements follow the EU implementation of the Basel requirements. Institutions that would wish to implement the tables and templates from the revised Pillar 3 framework as a medium to comply with existing CRR disclosure requirements would face the need to adjust the content of the revised Pillar 3 framework to fit the CRR requirements. Should they not be provided with guidance on how to proceed, institutions may end up operating different adjustments to the Basel revised Pillar 3 to fit it into a CRR context, leading to the fragmentation of the use of the harmonised formats agreed on at the international level, depending on the industry policy in each jurisdiction or each institution's decision.

B. Policy objectives

The specific objectives of the guidelines are to increase consistency and comparability of information in the EU disclosure framework and to address any potential misalignments between Basel revised Pillar 3 and the current CRR requirements. Precisely, they aim to enhance the practices of institutions as regards their implementation of the disclosure requirements in Part Eight of the CRR, by allowing in particular to introduce in the EU those elements of the Basel revised Pillar 3 that suit to a harmonised implementation of the CRR disclosure requirements.

Operationally, the guidelines aim to specify the current EU disclosure framework so that it addresses the problem of asymmetric information, increases comparability and removes potential conflicting and non-harmonised practices between EU disclosure requirements and international framework. The ultimate general objective is to strengthen market discipline. Table below summaries the objectives of the guidelines.



Problems	Operational objectives	Specific objectives	General objectives
Asymmetric information and lack of comparability	Specifying the current EU framework in line with international requirements	Improving information consistency and comparability	Strengthening market discipline in the EU banking sector
Misalignment between EU framework and international requirements		Addressing conflicting /redundant requirements between the CRR disclosure requirements and Basel Pillar 3 requirements	Harmonisation in the format used for the CRR disclosure requirements
Market pressure towards compliance with the revised Basel Pillar 3		Decreasing the possible regulatory burden that may arise due to imperfect interaction between EU and Basel disclosure requirements	

C. Baseline scenario

If no further action is taken, institutions in the EU required to provide disclosures in Part Eight of Regulation (EU) 575/2013 in accordance with Article 6 and Article 13 of that Regulation may face issues of market pressure that could lead to a burdensome double disclosure practice. Users of information may adversely be impacted with unharmonised information, despite the common templates agreed at the international level, if institutions are left to operate themselves the adjustments needed to the revised Pillar 3 to use its tables and templates in an EU context.

D. Assessment of the options and the preferred option(s)

This section discusses the major options that have been discussed during the drafting of the current guidelines. Where possible the text presents the advantages and disadvantages of the options and their corresponding qualitative cost evaluation.

a. EBA own-initiated guidelines vs. no action

EBA considered taking regulatory intervention in the form of guidelines to respond to the revision of the Pillar 3 disclosure requirements under BCBS and accommodate them within the CRR framework.



Under the option of “no action” the problems described above are expected to remain until the EU implements the revised Pillar 3 as a modification of the CRR, which will not take place in time for the first implementation date of the revised Pillar 3 (December 2016).

Under “no action” option institutions may face uncertainty regarding the most appropriate way to comply with regulatory requirements on disclosure. On one hand, there are the revised Pillar 3 requirements under BCBS and on the other hand there are the EU requirements under Part Eight of the CRR. These two frameworks do not fully overlap therefore no action may therefore create uncertainty for the institutions in relation to the applicable regulatory framework on disclosures and heterogeneous adjustments to accommodate the new requirements. On the other hand, further guidelines that specify rules under CRR and clarify the synergy with BCBS Pillar 3 framework are expected to establish certainty with regards the compliance with the CRR disclosure requirements at a time where markets expect new formats for disclosures to be used. Institutions would be provided with certainty as regards their compliance with both the CRR and the revised Basel Pillar 3 requirements.

On the side of the market participants, harmonised presentation facilitates the use of information. Information presented under a harmonised format is most useful for market participants. They have cost-effective access to information and the cost of processing of the received information is lower. On the other hand, barriers to access are higher under fragmented disclosure requirements and so are the cost of access to information and cost of information processing for the market participants. Therefore, the intervention in the form of further guidelines is expected to improve the status quo.

As a result, “no action” is first expected to create larger regulatory cost for the institutions due to uncertainty and secondly does not address the fundamental problems that market participants may face (as discussed above) hence put a higher cost to them.

The expected cost of compliance for the institutions is one-off since they need to make operational adjustments to report required information. The benefits of the option are expected to exceed these costs.

b. Adopting the Basel framework vs. adopting the Basel framework including alignment with the CRR

A major trigger for the regulatory intervention (i.e. current draft guidelines) is the recent developments in international level, namely the revised Pillar 3 disclosure requirements under BCBS. As a result, the EBA considered (i) adopting of the Basel framework as it is and (ii) revising the framework in line with the CRR before adopting it.

The preferred option is the revision of the framework in line with the CRR before adopting it. It is clear that the current CRR disclosure requirements are not identical to the revised BCBS Pillar 3 disclosure requirements. Section 3.2 of the draft guidelines presents the CRR-specific adjustments made to the current guidelines that differ from revised Pillar 3 framework.



EBA argues that an adjustment of the content of the revised Pillar 3 framework is in any case needed to implement it in the EU context, as EBA own initiative guidelines can only specify but not amend or supersede existing CRR disclosure requirements. Such adjustments are more cost-effective for institutions as they avoid any conflict between the two frameworks when they are not identical.

In case no adjustments were implemented, institutions would adopt BCBS requirements which in certain aspects do not coincide with the CRR specific disclosure requirements, and as a result, from a pure compliance aspects, would end up providing two sets of disclosure. This is expected to create further cost for the institutions.

The one-off cost of implementing the disclosure framework is equal under both options however adopting the Basel framework as it would create further cost of compliance in the future.

c. Scope of the guidelines: no limitation in the scope of application (all institutions) vs. limiting the scope of application (G-SIIs and O-SIIs)

The disclosure requirements in the CRR currently apply to all institutions as defined in Article 4(2) of the CRR, with specific modalities depending on whether these institutions are standalone institutions, parent institutions or included in a group of institutions.

Proportionality of the application of the disclosure requirements is ensured via the rationale that the smaller institutions are (expected to be) less risky and therefore subject to less disclosure requirements, e.g. the specific disclosure requirements on the use of internal models as specified in Article 452 and Article 455 of the CRR may not be applicable to these institutions. In addition, the principle of materiality as coined in Article 432(1) CRR and specified in EBA/GL/2014/14 ensures that the level of disclosure by institutions is corresponding to the risks that arise from the activities in which they are involved (with institutions allowed not to disclose immaterial information).

The introduction of harmonised disclosure templates can be disproportionately costlier for some institutions, as institutions may have to integrate all the templates in their information systems to be able to produce the data upon request if they became exposed to the risks dealt with by the templates, or if this exposure became material. Because of this, EBA considered to restrict the application of the guidelines to a subset of EU institutions.

- **No limitation in the scope of application of the guidelines (all institutions):** the disclosure requirements in the CRR apply to all institutions, and so should the specifications of these requirements.
- **Limiting the scope of application of the guidelines (G-SIIs and O-SIIs):** comparability of disclosures especially matters for those institutions that have an important domestic or international influence and which are benchmarked by markets with their competitor peers. Disclosures and transparency are still necessary for the smaller, domestic institutions, but it could be provided under a free format, in compliance with the current



CRR disclosure requirements. Whenever they choose to do so, all institutions other than G-SII and O-SII could also implement on their own initiative part or all of the guidance in the current guidelines

Table 1 below presents the scope of the options in terms of number and size of the institutions. Limiting the scope of application of the guidelines to G-SII and O-SII allows covering 68% of the EU banking assets, assuming all these institutions are subject to the CRR disclosure requirements.

	Number of institutions	Total assets for [B]	Number of G-SIIs/ O-SIIs	Total assets for [D]	Asset share of G-SIIs/O-SIIs
[A]	[B]	[C]	[D]	[E]	[F] = [E] / [C]
AT	790	927,155	5	622,550	67%
BE	104	1,044,123	5	720,209	69%
BG	30	43,752	0	0	0%
CY	93	78,836	3	44,133	56%
CZ	44	187,511	3	106,586	57%
DE	1,705	7,808,463	12	3,823,462	49%
DK	96	992,212	4	681,558	69%
EE	15	19,790	2	14,490	73%
ES	286	2,760,637	2	2,061,882	75%
FI	306	534,742	3	439,431	82%
FR	386	7,971,091	6	6,362,728	80%
GB	201	7,976,923	7	7,114,841	89%
GR	40	406,690	4	337,458	83%
HR	35	53,083	3	35,982	68%
HU	169	99,912	3	48,619	49%
IE	32	928,157	2	219,554	24%
IT	684	3,650,047	3	1,607,891	44%
LT	16	22,530	3	17,443	77%
LU	147	713,378	4	243,637	34%
LV	28	29,160	3	13,917	48%
MT	27	49,691	3	18,156	37%
NL	118	2,432,945	5	2,112,073	87%
NO	212	745,159	2	311,972	42%
PL	640	339,153	0	0	0%
PT	183	467,071	5	285,287	61%
RO	36	84,546	11	71,231	84%
SE	105	1,611,585	4	1,303,797	81%
SI	20	39,455	3	18,682	47%
SK	28	59,222	1	11,215	19%
Total	6,574	42,077,118	103	28,648,782	68%

Notes and sources:

Country-level aggregate figures, [B] and [C]: EBA aggregate statistics

Data on reporting institutions, [E]: FINREP

Identification of G-SIIs /O-SIIs: EBA website

Monetary values are expressed in EUR millions.



This quite high coverage, combined with the flexibility let to national competent authorities to broaden the scope of application of the guidelines, comfort the EBA in its view that, pending the update of the CRR for the inclusion of the revised Pillar 3 requirements, a scope of application of the guidelines focused on O-SII and G-SII is appropriate.

Such a focus at this stage will not prevent any possible adjustment later on, to ensure any needed alignment between the scope of application of these guidelines and the general approach in terms of proportional application of EU law.

Q16. Do you agree with the impact assessment? In case of disagreement, please identify areas where costs and benefits are misstated or suggest alternative options.



5.2 Overview of questions for consultation

Q1. Do users prefer a comprehensive template providing a breakdown of capital requirements and RWA by exposure classes for credit risk in Template EU OV1-B, or would they prefer to have the detailed breakdown by exposure classes provided in Template EU CR5-B for the Standardised approach and Template EU CR6 for the IRB approach?

Q2. Do members prefer a breakdown by exposure classes for Article 442 CRR using the granularity from COREP, the CRR or the Transparency exercise? In case users prefer a combination of the different exposure classes available in these breakdowns, please indicate the combination you would favour.

Q3. Do you believe information on the exposure-weighted average maturity by PD grade is useful for understanding of an institution's IRB RWA?

Q4. Would it be feasible to breakdown the value adjustments and provisions by PD grade for the fixed PD grade bands that are provided in the masterscale? Would this information be useful to users?

Q5. Is information on the sources of counterparty credit risk (breakdown by type of transactions) for exposures measured under the Internal Model Method useful for users? Should this breakdown be expanded to the other methods of computation of the exposure value?

Q6. Is the split of credit derivatives between used for the institution's own credit portfolio and one for credit derivatives used in the institutions' intermediation activities useful or relevant to users? What definitions or policies do you currently use to identify credit derivatives used for your own portfolio, and credit derivatives used for your intermediation activities?

Q7. Which impediments, if any, including issues of availability of information, currently prevent you from disclosing the information on total (Standardised plus Internal model approaches) capital requirements by types of market risk as required under Article 445 CRR or are likely to render the disclosure of Template EU MR1-A unduly burdensome?

Q8. Is the separate disclosure of end of period and average values for VaR, stressed VaR, IRC and CRM useful for users?

Q9. Do you agree with the proposed scope of application of the Guidelines?

Q10. In case you support the development of key risk metric template(s) that would apply to all institutions, which area of risks and metrics would you like to be covered in such template(s)?

Q11. Do you regard making available quantitative disclosures in an editable format as feasible and useful?



Q12. In case you do not support making available all quantitative information specified in these Guidelines under an editable format, which subset of quantitative information should in your views be made available?

Q13. Does an early implementation of a selected set of information specified in these Guidelines appear feasible?

Q14. Which amendments, if any, would you bring to the selected set intended to be included in the recommendation for early application?

Q15. Do you agree with the content of these Guidelines? In case of disagreement with specific parts of these Guidelines, please outline alternatives regarding these specific part(s) to achieve the implementation of the revised Pillar 3 framework in a fully compliant way with the current CRR requirements.

Q16. Do you agree with the impact assessment? In case of disagreement, please identify areas where costs and benefits are misstated or suggest alternative options.