

EBA/CP/2018/06

---

27 April 2018

---

# Consultation Paper

---

Draft Guidelines

on disclosure of non-performing and forborne exposures

# Contents

---

<b>1. Responding to this consultation</b>	<b>3</b>
<b>2. Executive Summary</b>	<b>4</b>
<b>3. Background and rationale</b>	<b>5</b>
<b>4. Draft Guidelines on disclosure of non-performing and forborne exposures</b>	<b>9</b>
Compliance and reporting obligations	11
Subject matter, scope and definitions	12
Implementation	15
Annex I – Disclosure templates: Forbearance	16
Annex II – Disclosure templates: Non-performing exposures	21
Annex III – Disclosure templates: Collateral valuation	33
Annex IV – Disclosure templates: Changes in the stock of NPLs	37
Annex V – Disclosure templates: Foreclosed assets	40
<b>5. Accompanying documents</b>	<b>45</b>
5.1 Draft cost-benefit analysis / impact assessment	45
5.2 Overview of questions for consultation	53
5.3 Feedback on the public consultation and on the opinion of the BSG	54

# 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 27.07.2018. 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

---

1. The financial crises negatively affected the European banking sector and contributed to a build-up of non-performing exposures (NPE) in many banks' balance sheets. The overall level of NPEs remains high by historic standards, especially in some jurisdictions, even if the joint efforts of banks, supervisors, regulators and macro prudential authorities led to the slow improvement of NPE ratios in recent years.
2. In July 2017, the European Union Council agreed on an Action Plan<sup>1</sup> to tackle non-performing loans (NPLs) in Europe. The Council's Conclusions stressed that a comprehensive approach combining a mix of complementing policy actions, at national and European level, is needed to address the existing stock of non-performing loans (NPLs) as well as to prevent the emergence and accumulation of new NPEs on banks' balance sheets. In this regards, the EBA, along with other bodies and institutions, was invited by the Council to contribute to this Action Plan with a number of initiatives. The enhanced disclosure requirements developed in these guidelines are one of the initiatives that the EBA is developing.
3. The guidelines specify a common content and uniform disclosure formats on information on NPEs, forborne exposures and foreclosed assets that credit institutions should disclose. Proportionality is embedded in the guidelines based on two criteria, the significance of the credit institution and the level of NPEs, and there is a set of templates that only need to be disclosed by significant credit institutions with a high level of NPEs. The aim of the guidelines is the provision of meaningful information to market participants on credit institutions' asset quality, and a better insight on the distribution and level of collateralization of NPEs for those with high level of NPEs, better conveying the credit institutions' risk profile, in line with Article 431.3 paragraph 2 of Regulation (EU) No 575/2013 (CRR). Eventually, the guidelines seek to reduce information asymmetry and promote comparability of credit institutions' risk profile and, in the end, market discipline.

### Next steps

4. The EBA aims to issue the draft guidelines for consultation during the summer of 2018 and to publish the final guidelines, taking into account the comments received during the consultation, before the end of 2018.

---

<sup>1</sup> <http://www.consilium.europa.eu/en/press/press-releases/2017/07/11/banking-action-plan-non-performing-loans/#>

## 3. Background and rationale

---

5. The financial crises negatively contributed to the build-up of large stock of non-performing exposures (NPE) in bank balance sheets. The stock of non-performing loans (NPLs) in the EU banking sector amounted to EUR 990 Billion at the end of 2016, and EUR 810 Billion in Q4 2017, equaling 5.1% and 4.0% of total loan portfolios respectively. The EU average NPE ratio was 3.6% in Q4 2017.<sup>2</sup>
6. While the dispersion of the stock of NPEs is uneven across Member States, the problem is undeniably European considering its scale and cross border implications with 12 Member States experiencing above average NPE ratios. The overall level remains high by historic standards and the improvement of NPE ratios has been disappointingly slow, even if the joint efforts of banks, supervisors and macro prudential authorities recently led to an acceleration of the adjustment.
7. The EBA's risk analysis, supported by similar research conducted by other international organisations, pointed out that high levels of NPEs are a drag on profitability and are strongly correlated with weak lending growth. In addition, the effects of high levels of NPEs in bank balance sheets on funding costs and capital and efficiency among other, can seriously jeopardise institutions' ability to run a viable and sustainable business model.
8. NPEs are a problem at multiple levels: at micro prudential level, heightened NPEs are associated with lower profitability and lower efficiency; at macro prudential level, high levels of NPEs are connected to stagnant growth as capital is tied up with NPEs and decreased new lending into the real economy. In addition, a high stock of NPEs negatively affect the resilience of the banking sector to shocks and hence increases systemic risk. All of these effects must be tackled in a comprehensive manner.
9. In 2014, the EBA published an ITS on supervisory reporting introducing definitions of NPE and forborne exposures (FBE) to facilitate identification of problematic assets.
10. In July 2017 the European Union Council agreed on an Action Plan<sup>3</sup> to tackle NPLs in Europe. The Council's Conclusions stressed that a comprehensive approach combining a mix of complementing policy actions, at national and at the European level where appropriate, is the most effective way to address the existing stock of NPEs as well as the emergence and accumulation of new NPEs on banks' balance sheets. The policy actions should cover the following four policy areas: (i) supervision, (ii) structural reforms of insolvency and debt recovery frameworks, (iii) development of secondary markets for distressed assets, and (iv) restructuring of the banking system. In this regard, the EBA, along with other bodies and institutions, was invited by the Council to contribute to this Action Plan with a number of initiatives and action points, in particular on (i) and (iii). There are two specific initiatives in which the EBA is involved and that require disclosure related actions:

---

<sup>2</sup> The EBA Risk Dashboard – data as of Q3 2017 <http://www.eba.europa.eu/risk-analysis-and-data/risk-dashboard>

<sup>3</sup> <http://www.consilium.europa.eu/en/press/press-releases/2017/07/11/banking-action-plan-non-performing-loans/#>



- (i) The Council invites the EBA to issue guidelines on NPL management consistent with the ECB-SSM "Guidance to banks on Non-Performing Loans" (SSM Guidance).

The SSM Guidance follows the life cycle of NPL management: It starts with the supervisory expectations on NPL strategies, which closely link to NPL governance and operations. Following this, the guidance outlines important aspects for forbearance treatments, and NPL recognition, including disclosure of NPLs. Then qualitative guidance on NPL provisioning and write-off is provided and eventually collateral valuation is also addressed.

- (ii) In addition, the Council invites the EBA, in consultation with the ESMA and competent authorities, to implement by the end of 2018 enhanced disclosure requirements on asset quality and non-performing loans to all banks.

11. The EBA has therefore undertaken various actions which can be categorised into (i) enhancement of disclosure requirements, (ii) supervisory guidance, and (iii) improving efficiency of secondary markets.

- (iii) These guidelines include enhanced disclosure requirements on NPEs, forbearance and foreclosed assets applicable to all banks. It also includes more specific disclosure requirements applicable to significant credit institutions that report high levels of non-performing loans. When issuing these guidelines, the EBA is implementing enhanced disclosure requirements that are consistent with the disclosure part of the NPL management cycle described in the SSM Guidance, following the Council requests on disclosure related topics. The EBA is also developing new supervisory reporting requirements on NPEs, and there will be alignment between the disclosure templates included in these guidelines and the supervisory reporting data.

- (iv) The EBA is also developing guidelines on management of non-performing and forborne exposures that provide supervisory guidance, and set rules for suitable NPE management that should be applied by credit institutions to facilitate the effective management of the stock and flow of NPEs. The aim is to achieve sustainable reduction of NPEs in credit institutions' balance sheets.

- (v) Additionally, and in order to enhance supervisory guidance, the EBA will issue guidelines on banks' loan origination monitoring and internal governance.

- (vi) On the secondary market development, in December 2017 the EBA published uniform and standardised templates to facilitate the screening and financial due diligence phase of NPLs transactions. In particular the 'EBA NPL transaction templates' will serve for the financial due diligence and valuation of portfolios and the 'EBA NPL portfolio screening templates' will be particularly useful for the initial screening of portfolios.

## Objective and structure of the guidelines

12. Proportionality is embedded in the guidelines based on the significance of the credit institutions and their level of NPEs; there is a set of templates applicable to all credit institutions and some additional templates applicable only to significant credit institutions with a high level of NPEs.

13. The disclosure templates applicable to all credit institutions show the volumes and level of NPEs, forborne and foreclosed assets in their balance sheet, with the aim of fostering transparency, providing meaningful information to market participants on the quality of credit institutions' assets, and addressing any potential asymmetries of information. The templates applicable only to significant credit institutions with a high level of NPEs provide additional information that would allow stakeholders to have a better insight of the distribution and features of the problematic assets, the quality and value of the collaterals backing them and the efficiency of the institution's recovery function.

14. In particular, the guidelines include the following disclosures applicable to all credit institutions:

- a. **Template 1 - "Credit quality of forborne exposures"**, where credit institutions are requested to disclose the gross carrying amount, broken down by exposures class, of forborne exposures, the related accumulated impairment, provisions and/or changes in fair value, and the collateral and financial guarantees received, and to explain the drivers of any significant changes across the time.
- b. **Template 3 – "Credit quality of non-performing exposures by past due days"**, where credit institutions should disclose the gross carrying amount, broken down by exposures class, of performing and non-performing exposures, including a further breakdown for past due exposures by number of days that the exposures have been past due. Credit institutions are also requested to explain the drivers of any significant changes across the time-periods.
- c. **Template 4 - "Performing and non-performing exposures and related provisions"**, where credit institutions are requested to disclose information on the gross carrying amount of impairments, provisions, accumulated changes in fair value due to credit risk, accumulated partial write-offs, collateral and financial guarantees received, both for performing and non-performing exposures, with a breakdown by exposure class. Further details are requested on the stage of the exposures for IFRS banks. Explanations on significant changes across the time-periods should be provided.
- d. And **template 9 - "Collateral obtained by taking possession and execution processes"**, where credit institutions should disclose information on the instruments and value of the collateral obtained by taking possession.

15. In addition the following templates apply to significant credit institutions with a high level of non-performing loans:

- a. **Template 2 - “Quality of forbearance”**, where credit institutions should disclose the number of times that an exposure has been forborne and inform about the non-performing forborne exposures that failed to meet the non-performing exit criteria.
- b. **Template 5 – “Quality of non-performing exposures by geography”** that requests credit institutions to disclose the gross carrying amount of performing and non performing exposures and the related accumulated impairment, provisions, and accumulated change in fair value due to credit risk by geographical area and or country.
- c. **Template 6 “Quality of loans and advances by industry”**, requesting credit institutions to disclose the gross carrying amount of loans and advances to non-financial corporations and the related accumulated impairment and accumulated change in fair value due to credit risk by industry/sector of activity of the counterparty.
- d. **Template 7 “Collateral valuation - Loans and advances at cost or amortised cost”**, which includes information on the gross carrying amount of loans and advances collateralized, the related accumulated impairment, the value of the collateral/financial guarantees received and partial write-off for these exposures. All these information is requested by past-due bucket. In addition, further detailed information is requested by loan-to-value bucket.
- e. **Template 8 “Changes in the stock of non-performing loans and advances”**, which includes information on the movements of gross carrying amount of non-performing loans and advances during the period with specific details on the net cumulated recoveries related with these changes.
- f. And **Template 10 “Collateral obtained by taking possession and execution processes – Vintage breakdown”** including information on the value and the related impairment of the assets cancelled in exchange of the collateral obtained by taking possession, on the value and the related impairment of the collateral obtained and on the vintage of the foreclosed assets.

16. The disclosure by credit institutions of this information will allow market participants and stakeholders to have a better picture of the quality of the banks’ assets, and, in the case of more troubled banks, the distribution of the problematic assets and the value of the collateral backing those assets.



## 4. Draft Guidelines on disclosure of non-performing and forborne exposures

---

EBA/GL-REC/20XX/XX

---

DD Month YYYY

---

## Draft Guidelines

---

# on disclosure of non-performing and forborne exposures

# Compliance and reporting obligations

---

## Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010<sup>4</sup>. 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](mailto: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).

---

<sup>4</sup> 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).

# Subject matter, scope and definitions

---

## Subject matter

5. These guidelines specify the content and uniform disclosure formats for credit institutions for disclosures related to non-performing exposures (NPE), forborne exposures (FBE) and foreclosed assets.

## Scope of application

6. These guidelines apply to credit institutions that are subject to all or part of the disclosure requirements specified in Part Eight of Regulation (EU) No 575/2013 (CRR)<sup>5</sup> in accordance with Articles 6, 10 and 13 of the CRR.
7. These guidelines apply to all exposures subject to the definition of non-performing and forbearance as defined in Annex V of Commission Implementing Regulation 680/2014<sup>6</sup>.
8. Proportionality applies based on the significance of the credit institution and on the level of non-performing exposures reported, according to the scope of application prescribed in each individual template. While some templates apply to all credit institutions, some other templates are applicable only to credit institutions that are significant and report an elevated level of non-performing exposures.

## Addressees

9. These guidelines are addressed to competent authorities as defined in point i of Article 4(2) of Regulation (EU) No 1093/2010 and to credit institutions as defined in point 1 of Article 4(1) of Regulation No 575/2013.

## Definitions

10. Unless otherwise specified, terms used and defined in Regulation (EU) No 575/2013 and in Regulation (EU) No 680/2014 have the same meaning in the guidelines.

---

<sup>5</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance, (OJ L 176, 27.6.2013, p. 1).

<sup>6</sup> Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council, (OJ L 191, 28.6.2014, p. 1)

11. In addition and in particular, for the purposes of these guidelines, the following definitions apply:
12. **Credit institutions** that meet one or more of the following significance criteria are significant:
- The credit institution is one of the three largest credit institutions in its home Member State;
  - The credit institution's consolidated assets exceed EUR 30 billion;
  - The credit institution's 4-year average of total assets exceeds 20% of the 4-year average of its home Member State's GDP;
  - The credit institution has consolidated exposures as per Article 429 of the CRR 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;
  - The credit institution has been identified by competent authorities as a global systemically important institution (G-SII) as set forth in the Commission Delegated Regulation (EU) No 1222/2014, or as an other systemically important institution (O-SII) pursuant to Article 131(3) of Directive 2013/36/EU and the EBA/GL/2014/14<sup>7</sup>.
13. **Credit institutions with an elevated level of non-performing exposures** are those credit institutions that report a non-performing loans (NPL) ratio above 5%.
14. **NPL ratio** is the ratio between the gross carrying amount of non-performing loans and advances and the total gross carrying amount of loans and advances subject to the NPE definition.
15. **Non-performing loans and advances** includes loans and advances as defined in Annex V of Regulation (EU) 680/2014 that are classified as non-performing according to Annex V of Regulation (EU) 680/2014.

## Frequency of the disclosures

16. The Guidelines introduce a harmonised frequency for templates as follows:
- Template 1 on "Credit quality of forborne exposures", Template 3 on "Credit quality of non-performing exposures by past due days", Template 4 on "Quality of non-performing exposures and related provisions " and Template 9 on "Collateral obtained by taking possession and execution processes" should be disclosed by all credit institutions specified in the scope of application of these templates with the following frequency:

---

<sup>7</sup>EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013

- a) more frequently than annually by credit institutions:
    - a. that meet at least one of the “criteria” specified in points ‘a’ to ‘d’ of paragraph 12, and with an elevated level of NPEs in accordance with paragraph 13;
    - b. that are identified by competent authorities as a G-SIIs or O-SII in accordance with point (e) of paragraph 12;
  - b) On an annual basis by all other credit institutions.
2. Template 2 "Quality of forbearance", Template 5 "Quality of non-performing exposures by geography", Template 6 "Quality of loans and advances by industry", Template 7 "Collateral valuation - Loans and advances at cost or amortised cost", Template 8 "Changes in the stock of non-performing loans and advances" and template 10 on "Collateral obtained by taking possession and execution processes – Vintage breakdown" should be disclosed on an annual basis by all the credit institutions specified in the the scope of application of these templates.

# Implementation

---

## Date of application

17. These guidelines apply from 31 December 2019.

# Annex I – Disclosure templates: Forbearance

## Template 1: Credit quality of forborne exposures

<b>Purpose:</b> Provide an overview of quality of forborne exposures as per the Commission Implementing Regulation (EU) No 680/2014.
<b>Scope of application:</b> The template applies to all credit institutions as defined in paragraph 6.
<b>Content:</b> Gross carrying amount of forborne exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk and collaterals and financial guarantees received, according to the scope of regulatory consolidation in accordance with Chapter 2 of Title II of Part One of the CRR.
<b>Frequency:</b> Semi annual/annual in accordance with paragraph 16.
<b>Format:</b> Fixed
<b>Accompanying narrative:</b> Institutions should explain the drivers of any significant changes in the amounts from the previous reporting period.

		a	b	c	d	e	f	h	i
		Gross carrying amount of forborne exposures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures	Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures		
			Of which defaulted	Of which impaired					
1	Loans and advances								
2	Central banks								
3	General governments								



4	Credit institutions								
5	Other financial corporations								
6	Non-financial corporations								
7	Households								
8	Debt Securities								
9	Loan commitments given								
<b>10</b>	<b>Total</b>								

### Definitions

#### Columns:

*Gross carrying amount:* Gross carrying amount as defined in paragraphs 34 of Part 1 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443. For loan commitments given, the nominal amount as defined in paragraph 118 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443 shall be reported.

The gross carrying amount related to the exposures subject to impairment is net of accumulated partial and total write-off.

*Forborne exposure:* Forborne exposures as defined in paragraphs 240 to 244 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443. 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:* Forborne exposures that are also impaired in accordance with the applicable accounting framework according to paragraph 215 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443.

*Defaulted exposures:* Forborne exposures that are also classified as defaulted in accordance with Article 178 of the CRR.

*Accumulated impairments, accumulated negative changes in fair value due to credit risk and provisions:* This shall include the amounts determined in accordance with paragraphs 11, 69 to 71, 106 and 110 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443.

*Collateral and guarantees received on forborne exposures:* shall be reported for all exposures with forbearance measures, regardless of their performing or non-performing status. Amounts reported for collateral received and guarantees received shall be calculated in accordance with paragraphs 172 and 174 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443. The sum of the amounts reported for both collateral and guarantees shall be capped at the carrying amount of the related exposure.

*Non-performing exposures with forbearance measures:* (non-performing forborne exposures) shall comprise forborne exposures that meet the criteria to be considered as non-performing and are included in the non-performing exposures category. Those non-performing forborne exposures shall include the following: (a) exposures which have become non-performing due to the application of forbearance measures; (b) exposures which were non-performing prior to the extension of forbearance measures; (c) forborne exposures which have been reclassified from the performing

category, including exposures reclassified pursuant to paragraph 260 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443.

**Rows:**

*Counterparty breakdown:* shall be used the breakdown by counterparty as defined in paragraph 42 of Part 1 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443.

The counterparty sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done based on the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. Among other classifications, the distribution of jointly incurred exposures by counterparty sector, country of residence and NACE codes shall be driven by the characteristics of the more relevant or determinant obligor.

**Template 2: Quality of forbearance**

<b>Purpose:</b> Provide an overview of quality of forbearance.
<b>Scope of application:</b> The template applies to credit institutions meeting at least one of the "criteria" as defined in paragraph 12 together with the criteria on elevated level of non-performing exposures as defined in paragraph 13.
<b>Content:</b> Gross carrying amount of forborne loans and advances exposures according to the scope of regulatory consolidation in accordance with Chapter 2 of Title II of Part One of the CRR.
<b>Frequency:</b> Annual in accordance with paragraph 16.
<b>Format:</b> Fixed
<b>Accompanying narrative:</b> Institutions should explain the drivers of any significant changes in the amounts from the previous reporting period.

		a
		Gross carrying amount of forborne exposures
1	Having been forborne more than once	
2	<i>Having been forborne more than twice</i>	
3	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	

**Definitions**

**Columns:**

*Gross carrying amount:* See the definition in Template "Credit quality of forborne exposures".

*Forborne exposure:* See the definition in Template "Credit quality of forborne exposures".

**Rows:**

*Having been forborne more than once:* gross carrying amount of forborne loans and advances that had been granted other forbearance measures in the past. Loans and advances for which forbearance was granted that exited the forborne status (i.e. cured forborne loans and advances) are also included here, when a new forbearance measure has been granted.

*Having been forborne more than twice:* gross carrying amount of loans and advances that had been granted forbearance measures in the past and more than twice. Loans and advances for which forbearance was granted that exited the forborne category (i.e. cured forborne loans and advances) are also included here when a new forborne measure has been granted.

*Non-performing forborne loans and advances that failed to meet the non-performing exit criteria:* Gross carrying amount of non-performing forborne loans and advances that are in the perimeter of non-performing forborne loans and advances under probation of 1 year and failed to comply with the forbearance measures after the twelve months period of probation and therefore did not succeed to move towards the performing forborne status and remained consequently in the non-performing forborne under probation status.

# Annex II – Disclosure templates: Non-performing exposures

## Template 3: Credit quality of performing and non-performing exposures by past due days

<b>Purpose:</b> Provide an overview of credit quality of non-performing exposures as per the Commission Implementing Regulation (EU) No 680/2014.
<b>Scope of application:</b> The template applies to all credit institutions as defined in paragraph 6.
<b>Content:</b> Gross carrying amount of performing and non-performing exposures according to the scope of regulatory consolidation in accordance with Chapter 2 of Title II of Part One of the CRR.
<b>Frequency:</b> Semi annual/annual in accordance with paragraph 16.
<b>Format:</b> Fixed
<b>Accompanying narrative:</b> Institutions should explain the drivers of any significant changes in the amounts from the previous reporting period. Institutions are also expected to disclose the NPL ratio which is calculated as column (d) row (1) divided by the sum of column (d) row (1) plus column (a) row (1).

		a	b	c	d	e	f	g	h	j	k	i	l	m
		Gross carrying amount												
		Performing exposures			Non-performing exposures									
		Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past-due or past-due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which defaulted	Of which impaired	
1	Loans and advances													
2	Central banks													
3	General governments													
4	Credit institutions													

5	Other financial corporations													
6	Non-financial corporations													
7	Households													
8	Debt Securities													
9	Central banks													
10	General governments													
11	Credit institutions													
12	Other financial corporations													
13	Non-financial corporations													
14	Off-balance sheet exposures													
15	Central banks													
16	General governments													
17	Credit institutions													
18	Other financial corporations													
19	Non-financial corporations													
20	Households													
<b>21</b>	<b>Total</b>													

**Definitions**

**Columns:**

*Gross carrying amount:* See the definition in Template "Credit quality of forborne exposures".

*Non-performing exposures:* As defined in paragraph 213 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as amended by Commission Implementing Regulation (EU) 2015/227 as amended by Commission Implementing Regulation (EU) 2017/1443.

*Impaired exposures:* Non-performing exposures that are also considered to be impaired in accordance with the applicable accounting framework according to paragraph 215 of annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443.

*Defaulted exposures:* Non-performing exposures that are also classified as defaulted in accordance with Article 178 of the CRR.

*Not past due or Past due <= 30 days:* Subcategory of performing exposures which are not past-due or with 1-30 days past due.

*Past due > 30 days <= 90 days:* Subcategory of performing exposures with 31-90 days past due. In addition the exposures more than 90 days past due which are not material are included in this subcategory.

*Unlikely to pay that are not past-due or past-due <= 90 days:* Subcategory of exposures that are either not past due or “past due up to 90 days”, but are nevertheless identified as non-performing, pursuant to paragraph 213b of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443.

**Rows:**

*Counterparty breakdown:* institutions shall apply the breakdown by counterparty as defined in paragraph 42 of Part 1 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as amended by Commission Implementing Regulation (EU) 2017/1443.

The counterparty sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall 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. Among other classifications, the distribution of jointly incurred exposures by counterparty sector, country of residence and NACE codes shall be driven by the characteristics of the more relevant or determinant obligor.

**Template 4: Performing and non-performing exposures and related provisions.**

<b>Purpose:</b> Provide an overview of credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class.
<b>Scope of application:</b> The template applies to all credit institutions defined in paragraph 6.
<b>Content:</b> Gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk, accumulated partial write-off, collaterals and financial guarantees received, according to the scope of regulatory consolidation in accordance with Chapter 2 of Title II of Part One of the CRR.
<b>Frequency:</b> Semi annual/annual in accordance with paragraph 16.
<b>Format:</b> Fixed
<b>Accompanying narrative:</b> Institutions should 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	n		o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received		
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3					
1	Loans and advances																
2	Central banks																
3	General governments																
4	Credit institutions																
5	Other financial corporations																
6	Non-financial corporations																



7	<i>Of which: SMEs</i>															
8	<i>Households</i>															
9	Debt Securities															
10	<i>Central banks</i>															
11	<i>General governments</i>															
12	<i>Credit institutions</i>															
13	<i>Other financial corporations</i>															
14	<i>Non-financial corporations</i>															
15	Off-balance sheet exposures															
16	<i>Central banks</i>															
17	<i>General governments</i>															
18	<i>Credit institutions</i>															
19	<i>Other financial corporations</i>															
20	<i>Non-financial corporations</i>															
21	<i>Households</i>															
22	<b>Total</b>															

**Definitions**

**Columns:**

*Gross carrying amount:* See the definition in Template "Credit quality of forborne exposures".

*Non-performing exposures:* As defined in paragraph 213 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as amended by Commission Implementing Regulation (EU) 2015/227 n°2017/1443.

*Accumulated impairment and provisions and negative fair value adjustments due to credit risk:* This shall include the amounts determined in accordance with paragraphs 11, 69 to 71, 106 and 110 of Part Two of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443.

*Accumulated partial write-offs:* shall include, the accumulated partial amount as at the reference date of principal and accrued past due interest and fees of any debt instrument that has been de-recognised to date using either of the methods described in paragraph 74 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443 shall be reported because the institution has no reasonable expectations of recovering the contractual cash flows. These amounts shall be reported until the total extinguishment of all the reporting institution’s rights by expiry of the statute-of-limitations period, forgiveness or other causes, or until recovery. Therefore where the written-off amounts are not recovered, they shall be reported while they are subject to enforcement activities.

Write-offs shall constitute a de-recognition event and relate to a financial asset in its entirety or to a portion of it, including where the modification of an asset leads the institution to give up its right of collecting cash flows on a portion or the entirety of this asset.

*of which: Stage 1/Stage2/Stage3:* categories of impairment as defined in IFRS 9.5.5. 'Stage 1' shall refer to impairment measured in accordance with IFRS 9.5.5.5. 'Stage 2' shall refer to impairment measured in accordance with IFRS 9.5.5.3. 'Stage 3' shall refer to impairment on credit-impaired assets as defined in Appendix A of IFRS 9.

The columns "of which: stage 1", "of which: stage 2" and "of which: stage 3" shall not be reported by institutions which apply National GAAP based on Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions.

*Collateral and guarantees received:* shall be reported for all exposures, on their performing and non-performing status. Amounts reported for collateral received and guarantees received shall be calculated in accordance with paragraphs 172 and 174 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing Regulation (EU) n°2017/1443. The sum of the amounts reported for both collateral and guarantees shall be capped at the carrying amount of the related exposure.

**Template 5: Quality of Non-performing exposures by geography**

<b>Purpose:</b> Provide an overview of credit quality of non-performing exposures and related accumulated impairment, provisions and valuation adjustments by geography.
<b>Scope of application:</b> The template applies to credit institutions meeting at least one of the "significance criteria" as defined in paragraph 12 together with the criteria on elevated level of non-performing exposures as defined in paragraph 13 and where non-domestic original exposures in all 'non-domestic' countries in all exposure classes are equal to or higher than 10 % of total (domestic and non-domestic) original exposures.
<b>Content:</b> Gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk according to the scope of regulatory consolidation in accordance with Chapter 2 of Title II of Part One of the CRR.
<b>Frequency:</b> Annual in accordance with paragraph 16.
<b>Format:</b> Fixed
<b>Accompanying narrative:</b> Institutions should 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' rows.

		a	b	c	d	e	f	g
		Gross carrying/Nominal amount			Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees under IFRS 9 impairment	Other provisions	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing	of which: subject to impairment				
<b>1</b>	<b><i>On balance sheet exposures</i></b>							
2	Geographical area 1							
3	<i>Country 1</i>							
4	<i>Country 2</i>							
5	<i>Country 3</i>							
6	<i>Country 4</i>							

7	Country N							
8	Other countries							
9	Geographical area 2							
10	Geographical area N							
11	Other geographical areas							
<b>12</b>	<b>Off balance sheet exposures</b>							
13	Geographical area 1							
14	Country 1							
15	Country 2							
16	Country 3							
17	Country 4							
18	Country N							
19	Other countries							
20	Geographical area 2							
21	Geographical area N							
22	Other geographical areas							
<b>23</b>	<b>Total</b>							

### Definitions

#### Columns:

*Gross carrying amount:* See the definition in Template "Credit quality of forborne exposures".

*Nominal amount:* for financial guarantees, loan commitments and other commitments given, the 'Nominal amount' shall be the amount that best represents the institution's maximum exposure to credit risk without taking account of any collateral held or other credit enhancements. In particular, for financial guarantees given, the nominal amount shall be the maximum amount the entity could have to pay if the guarantee is called on. For loan commitments, the nominal amount shall be the undrawn amount that the institution has committed to lend. Nominal amounts shall be the exposure values before applying conversion factors and credit risk mitigation techniques.

*Non-performing exposures:* As defined in paragraph 213 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as amended by Commission Implementing Regulation (EU) 2015/227 n°2017/1443.

*Gross carrying/nominal amount - of which: subject to impairment:* the gross carrying/nominal amount related to exposures that are subject to the impairment requirements of the applicable accounting framework.

*Accumulated impairment, provisions and negative fair value adjustments due to credit risk:* This shall include the amounts determined in accordance with paragraphs 11, 69 to 71, 106 and 110 of Part Two of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443.

**Rows:**

*Geographical area:* a group of significant countries in which the disclosing institution has exposures. Institutions should identify significant geographical areas as those geographical areas that are material according with the EBA Guidelines 2014/14 and should break down the exposures within each significant geographical area in significant countries of exposures.

*Country:* is a country in which the institution's exposures are material in accordance with the EBA Guidelines 2014/14.

Exposures to geographical areas or countries that are not deemed material should be aggregated and reported in the residual row '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' rows.

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

**Template 6: Credit quality of loans and advances by industry**

<b>Purpose:</b> Provide an overview of credit quality of loans and advances to non-financial corporations and related impairments, provisions and valuation adjustments by industry.
<b>Scope of application:</b> The template applies to credit institutions meeting at least one of the “significance criteria” as defined in paragraph 12 together with the criteria on elevated level of non-performing exposures as defined in paragraph 13.
<b>Content:</b> Gross carrying amount of loans and advances to non-financial corporations and the related accumulated impairment and accumulated change in fair value due to credit risk according to the scope of regulatory consolidation in accordance with Chapter 2 of Title II of Part One of the CRR.
<b>Frequency:</b> Annual in accordance with paragraph 16.
<b>Format:</b> Fixed
<b>Accompanying narrative:</b> Institutions should explain the drivers of any significant changes in the amounts from the previous reporting period.

		a	b	c	d	e
		Gross carrying amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which: non-performing				
		of which: loans and advances subject to impairment				
1	Agriculture, forestry and fishing					
2	Mining and quarrying					
3	Manufacturing					
4	Electricity, gas, steam and air conditioning supply					
5	Water supply					

6	Construction					
7	Wholesale and retail trade					
8	Transport and storage					
9	Accommodation and food service activities					
10	Information and communication					
11	Real estate activities					
12	Professional, scientific and technical activities					
13	Administrative and support service activities					
14	Public administration and defense, compulsory social security					
15	Education					
16	Human health services and social work activities					
17	Arts, entertainment and recreation					
18	Other services					
<b>19</b>	<b>Total</b>					

### Definitions

#### Columns:

*Gross carrying amount:* See the definition in Template "Credit quality of forborne exposures".

*Gross carrying amount - of which: loans and advances subject to impairment:* the gross carrying amount related to exposures that are subject to the impairment requirements of the applicable accounting framework.

*Non-performing exposures:* As defined in paragraph 213 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as amended by Commission Implementing Regulation (EU) 2015/227 n°2017/1443.

*Accumulated impairment and negative fair value adjustments due to credit risk:* This shall include the amounts determined in accordance with paragraphs 69 to 71 of Part Two of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443.

#### Rows:

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 based on 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 the EBA Guidelines 2014/14, and immaterial industry sectors or counterparty types can be aggregated under a row 'other'.



# Annex III – Disclosure templates: Collateral valuation

## Template 7: Collateral valuation - Loans and advances at cost or amortised cost

<b>Purpose:</b> Disclose the collateral valuation and other information on loans and advances at cost and at amortised cost.
<b>Scope of application:</b> The template applies to credit institutions meeting at least one of the “significance criteria” as defined in paragraph 12 together with the criteria on elevated level of non-performing exposures as defined in paragraph 13.
<b>Content:</b> Gross carrying amount on loans and advances at cost and at amortised cost and the related accumulated impairment, collateral/financial guarantees received and partial write-off according to the scope of regulatory consolidation in accordance with Chapter 2 of Title II of Part One of the CRR.
<b>Frequency:</b> Annual in accordance with paragraph 16.
<b>Format:</b> Fixed
<b>Accompanying narrative:</b> Institutions should explain the drivers of any significant changes in the amounts from the previous reporting period.

Loans and advances							
Performing		Non Performing					
		Unlikely to pay that are not past due or past due <= 90 days	Past due > 90 days				
of which past due > 30days			of which Past due > 90 days <= 180 days	of which Past due > 180 days <= 1 year	of which Past due > 1 years <=2 years	of which Past due > 2 years <=5 years	of which Past due > 5 years <=7 years

1	Gross carrying amount												
2	<i>Of which: secured</i>												
3	<i>Of which: secured with Immovable property</i>												
3	<i>Of which: instruments with LTV higher than 60% and lower than 80%</i>												
4	<i>Of which: instruments with LTV higher than 80% and lower than 100%</i>												
5	<i>Of which: instruments with LTV higher than 100%</i>												
6	Accumulated impairment for secured assets												
8	Collateral												
9	<i>Of which: Immovable property</i>												
10	Financial guarantees received												
11	Partial write-off												

**Definitions**

**Columns:**

*Of which past due > 30days:* Subcategory of performing loans and advances 31-90 days past due

*Non-performing exposures:* As defined in paragraph 213 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as amended by Commission Implementing Regulation (EU) 2015/227 n°2017/1443.

*Unlikely to pay that are not past due or past due <= 90 days:* Subcategory of loans and advances that are either not past due or "past due up to 90 days", but are nevertheless identified as non-performing, due to the likelihood of non-full repayment pursuant to paragraph 213b of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443.

*Of which Past due > 90 days <= 180 days:* Subcategory of loans and advances 91-180 days past due.

*Of which Past due > 180 days <= 1 year:* Subcategory of loans and advances 181 days -1 year past due.

*Of which Past due > 1 years <=2 years:* Subcategory of loans and advances 1 – 2 years past due.

*Of which Past due > 2 years <=5 years:* Subcategory of loans and advances 2 – 5 years past due.

*Of which Past due > 5 years <=7 years:* Subcategory of loans and advances 5 – 7 years past due.

*Of which Past due > 7 years:* Subcategory of loans and advances more than 7 years past due.

#### **Rows:**

*Gross carrying amount:* See the definition in Template "Credit quality of forborne exposures".

*Instruments with LTV higher than 60% and lower than 80%:* The Loan-to-Value ratio shall be calculated according to the calculation method presented for LTV Current in Recommendation of the European Systemic Risk Board of 31 October 2016 on closing real estate data gaps (ESRB/2016/14). Institutions shall disclose the gross carrying amount of loans and advances having a LTV ratio higher than 60%, up to 80% (inclusive).

*Instruments with LTV higher than 80% and lower than 100%:* Institutions shall disclose the gross carrying amount of loans and advances having a LTV ratio higher than 80%, up to 100% (inclusive).

*Instruments with LTV higher than 100%:* Gross carrying amount of loans and advances having a LTV ratio higher than 100%.

*Accumulated impairment for secured assets* For secured debt instruments measured at amortised cost or at a cost-based method, accumulated impairment shall be the cumulative amount of impairment losses, net of use and reversals that has been recognised, where appropriate for each of the impairment stages( Regulation (EU) No 680/2014, Annex V, Part 2, §70).

*Collateral:* In this template, the actual value of the collateral shall be disclosed, without applying any cap (i.e. institutions shall not apply for the calculation of the value of the collateral in this template paragraphs 172 not 174 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing Regulation (EU) n°2017/1443).

*Of which: Immovable Property:* Part of collateral consisting of residential or commercial immovable property (Regulation (EU) No 680/2014, Annex V, Part 2, §173(a)).

*Financial guarantees received:* As defined in paragraphs 114 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing Regulation (EU) n°2017/1443).

*Partial Write-off:* Shall include the accumulated partial amount as at the reference date of principal and accrued past due interest and fees of any debt instrument that has been de-recognised to date using either of the methods described in paragraph 74 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443 shall be reported because the institution has no reasonable expectations of recovering the contractual cash flows. These amounts shall be reported until the total extinguishment of all the reporting institution's rights by expiry of the statute-of-limitations period, forgiveness or other causes, or until recovery. Therefore, where the written-off amounts are not recovered, they shall be reported while they are subject to enforcement activities.

Partial Write-offs shall constitute a de-recognition event and relate to a portion of the financial assets, including where the modification of an asset leads the institution to give up its right of collecting cash flows on a portion of this asset.

## Annex IV – Disclosure templates: Changes in the stock of NPLs

### Template 8: Changes in the stock of non-performing loans and advances

<b>Purpose:</b> Provide an overview of the movements (inflows and outflows) of non-performing loans and advances at cost and at amortised cost during the period.
<b>Scope of application:</b> The template applies to credit institutions meeting at least one of the “significance criteria” as defined in paragraph 12 together with the criteria on elevated level of non-performing exposures as defined in paragraph 13.
<b>Content:</b> Movements of gross carrying amount of non-performing loans and advances at cost and at amortised cost during the period.
<b>Frequency:</b> Annual in accordance with paragraph 16.
<b>Format:</b> Fixed
<b>Accompanying narrative:</b> Institutions should to explain the drivers of a significant amount in the row “Outflow due to other situations”.

		a	b
		Gross carrying amount	Related net cumulated recoveries
<b>1</b>	<b>Initial stock of non-performing loans and advances</b>		
2	Inflows to non performing portfolios		
3	Outflows from non performing portfolios		
4	Outflow to performing portfolio		
5	Outflow due to loan repayment, partial or total		
6	Outflow due to collateral liquidations		
8	Outflow due to taking possession of collateral		
10	Outflow due to sale of instruments		
12	Outflow due to risk transfers		
14	Outflows due to write-offs		
15	Outflow due to Other Situations		

<b>16</b>	<b>Final stock of non-performing loans and advances</b>		
-----------	---	--	--

## Definitions

### Columns:

*Gross carrying amount:* Gross carrying amount as defined in paragraphs 34 of Part 1 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443. For loan commitments given, the nominal amount as defined in paragraph 118 of Part 2 of Annex V of the Commission Implementing Regulation (EU) No 680/2014 as modified by Commission Implementing regulation (EU) n°2017/1443 shall be reported.

### Rows:

*Initial stock of non-performing loans and advances:* The gross carrying amount of the stock of non-performing loans and advances at the end of last financial year

*Inflows to non performing portfolios:* The gross carrying amount of the loans and advances that have entered the non-performing perimeter during the period.

*Outflow to performing portfolio:* The gross carrying amount of loans and advances that exited the non-performing status and became performing during the period (since the end of last financial year).

*Outflow due to loan repayment, partial or total:* The gross carrying amount reduction of non-performing loans and advances due to cash payments, namely regular payments of capital and any ad hoc repayments during the period (since the end of last financial year).

*Outflow due to collateral liquidations:* The effect on the gross carrying amount of an instrument from the liquidation of any kind of collateral shall be reported in this row. Outflows due to other liquidation or legal procedures and voluntary sale of property are also included in this row. For the avoidance of doubt, please note that the gross carrying amount of the instrument shall be reported including any potential accompanying partial write-off. Please also note that the "outflows" might not be equal to the sum of the "net cumulated recoveries" and the "partial write-offs".

*Of which net cumulated recoveries:* Cash recoveries or cash equivalents collected due to collateral liquidations (net of respective collateral liquidation costs) are provided in this row.

*Outflow due to taking possession of collateral:* The effect on the gross carrying amount of an instrument due to the foreclosure of any kind of collateral shall be reported in this row. Taking possession refers to acquisition of non-cash collateral for which the credit institution or a group subsidiary has acquired ownership and has not yet sold it to a third party. Debt asset swaps, voluntary surrenders and debt equity swaps are also included in this category. For the avoidance of doubt, please note that the gross carrying amount of the instrument shall be reported, including any potential accompanying partial write-off. Please also note that the "outflows" might not be equal to the sum of the "net cumulated recoveries" and the "partial write-offs".

*Of which net cumulated recoveries:* The initial recognition in the bank's balance sheet of the fair value of the collateral at the moment of taking possession is monitored in this row. Cash recoveries or cash equivalents collected in the context of taking possession of collateral net of costs should not be included in this row, those should be reported under 'Outflows due to loan repayment, partial or total'.

*Outflow due to sale of instruments:* Total balance changes stemming from loans and advances sold to other institutions, excluding intragroup transactions. For the avoidance of doubt, please note that the gross carrying amount of the loans and advances sold due is reported (including any potential accompanying partial write-offs) and not its valuation or price during the transaction. Please also note that the “outflows” might not be equal to the sum of the “net cumulated recoveries” and the “partial write-offs”.

*Of which net cumulated recoveries:* Cash recoveries or cash equivalents collected in the context of sale of loans and advances, net of selling costs, are included in this row.

*Outflow due to risk transfers:* The gross reduction of non-performing loans and advances due to the securitisation or other risk transfers qualifying for de-recognition from the balance sheet. Please also note that the “outflows” might not be equal to the sum of the “net cumulated recoveries” and the “partial write-offs”.

*Of which net cumulated recoveries:* Cash recoveries or cash equivalents collected in the context of the outflows due to significant risk transfers are reported in this row.

*Outflows due to write-offs:* Total loans and advances’ full or partial write-offs recorded during the reference period. A write-off (full or partial) constitutes a de-recognition event. Therefore, the gross carrying amount of loans and advances are reduced by the amount of the write-offs. For the avoidance of doubt please note, that for the purposes of the current report that reflects the changes of loans and advances’ gross carrying amount, any potential partial write-offs that has already been reported in previous rows (e.g. accompanying sale of loans and advances, collateral liquidation, taking possession of collateral or significant risk transfer) shall not be included in the current row. Furthermore debt forgiveness in the context of forbearance measures, i.e. write-offs for which the amount of debt outstanding by the borrower was cancelled (the bank forfeits the right to legally recover it), are also included in this category.

*Outflow due to other Situations:* Any other decreases to the carrying amount of loans and advances that are not covered by the events mentioned above shall be included in this row. Those adjustments might include for instance: FX changes, other closure actions, reclassifications between asset classes etc. In cases where this category would be significant, reporting institutions are expected to provide details in the respective text box located at the right of the template and labelled “Notes on Inflows/ Outflows to/ from NP Portfolios”.

## Annex V – Disclosure templates: Foreclosed assets

### Template 9: Collateral obtained by taking possession and execution processes

#### Template: Collateral obtained by taking possession

**Purpose:** Provide an overview of foreclosed assets obtained from non-performing exposures.

**Scope of application:** The template applies to all credit institutions defined in paragraph 6.

**Content:** Information on the instruments that were cancelled in exchange of the collateral obtained by taking possession and on the value of collateral obtained by taking possession.

**Frequency:** Semi-annual/annual in accordance with paragraph 16.

**Format:** Fixed

**Accompanying narrative:** Institutions should explain the drivers of any significant changes in the amounts from the previous reporting period.

		Collateral obtained by taking possession accumulated	
		Value at initial recognition	Accumulated impairment, accumulated negative changes
1	Property Plant and Equipment (PP&E)		
2	Other than Property Plant and Equipment		
3	<i>Residential immovable property</i>		
4	<i>Commercial Immovable property</i>		
5	<i>Movable property (auto, shipping, etc.)</i>		
6	<i>Equity and debt instruments</i>		



7	<i>Other</i>		
<b>8</b>	<b>Total</b>		

### Definitions

#### Columns:

*Value at initial recognition:* The gross carrying amount of the collateral obtained by taking possession at initial recognition in the reporting institution's balance sheet shall be monitored in this column.

*Accumulated impairment, accumulated negative changes:* Accumulated impairment or accumulated negative changes to the initial recognition value of the collateral obtained by taking possession, as described above. Please note that accumulated negative changes due to amortisation in the case of PP&E and investment properties, if applicable, shall also be included.

#### Rows:

*Collateral obtained by taking possession other than classified as Property Plant and Equipment (PP&E):* The stock of collaterals obtained by taking possession that remain recognised in the balance sheet at the reporting reference date and that are not classified as PP&E, will automatically be reported in this row. The total stock will be calculated considering the initial stock (since the end of the last financial year), the inflows and the outflows that occurred during the reporting period (since the end of the last financial year). Collateral obtained by taking possession (other than PP&E) is monitored in rows, per type of collateral.

*Residential immovable property:* Collaterals obtained by taking possession in the form of residential property (e.g. houses, apartments etc.) or with potential use in the future as such (e.g. unfinished residential property etc.).

*Commercial Immovable property:* Collaterals obtained by taking possession in the form of commercial or industrial property which can be used for business and/or investment purposes as well as any immovable property that is not a residential property, as described above. Land (both non-agricultural and agricultural) shall also be included in this category

*Movable property:* Collaterals obtained by taking possession in the form of property other than immovable shall be reported in this row.

*Equity and debt instruments:* Collaterals obtained by taking possession in the form of equity or debt instruments shall be reported in this row.

*Other Collaterals:* Obtained by taking possession different from the categories described in the other rows. In case the amount reported in this row is relatively material, reporting institutions are asked to provide additional information in the free-text box located on the right-hand side of the template and labelled "Notes on other collateral obtained by taking possession".

*Collateral obtained by taking possession classified as PP&E:* The stock of collaterals obtained by taking possession that remain recognised in the balance sheet at the reporting reference date and that are classified as PP&E shall be reported in this row

**Template 10: Collateral obtained by taking possession and execution processes – Vintage breakdown**

<b>Purpose:</b> Provide an overview of collateral obtained by taking possession (by type and by time since date of foreclosure)
<b>Scope of application:</b> The template applies to credit institutions meeting at least one of the “significance criteria” as defined in paragraph 12 together with the criteria on elevated level of non-performing exposures as defined in paragraph 13.
<b>Content:</b> Information on the instruments that were cancelled in exchange of the collateral obtained by taking possession and on the value of collateral obtained by taking possession.
<b>Frequency:</b> Annual in accordance with paragraph 16.
<b>Format:</b> Fixed
<b>Accompanying narrative:</b> Institutions should explain the drivers of any significant changes in the amounts from the previous reporting period.

		Debt balance reduction		Total collateral obtained by taking possession									
				Foreclosed <=2 years		Foreclosed >2 years <=5 years		Foreclosed >5 years		Of which: Non-current assets held-for-sale			
		Gross carrying amount	Accumulated impairment	Value at initial recognition	Accumulated impairment, accumulated negative changes	Value at initial recognition	Accumulated impairment, accumulated negative changes	Value at initial recognition	Accumulated impairment, accumulated negative changes	Value at initial recognition	Accumulated impairment, accumulated negative changes	Value at initial recognition	Accumulated impairment, accumulated negative changes
1	Collateral obtained by taking possession classified as Property Plant and Equipment (PP&E)												
2	Collateral obtained by taking possession other than												

	classified Property Plant and Equipment												
3	<i>Residential immovable property</i>												
4	<i>Commercial Immovable property</i>												
5	<i>Movable property (auto, shipping, etc.)</i>												
6	<i>Equity and debt instruments</i>												
7	<i>Other</i>												
<b>8</b>	<b>Total</b>												

**Definitions**

**Columns:**

*Gross carrying amount:* The gross amount of the debt that was cancelled in exchange of the collateral obtained by taking possession, at the exact moment of the exchange, through judicial procedures or bilateral agreement. Gross amount shall be considered as the gross reduction of the instrument balance, not taking into account any provisions. For the avoidance of doubt, balance reductions due to other reasons (e.g. cash collections) shall not be reported in this column.

*Accumulated Impairment:* The accumulated impairment of the instrument that was cancelled in exchange of the collateral obtained by taking possession, at the exact moment of the exchange shall be reported in this column. The corresponding information shall be filled out with a negative sign.

*Value at initial recognition:* The gross carrying amount of the collateral obtained by taking possession at initial recognition in the reporting institution’s balance sheet shall be monitored in this column.

*Accumulated impairment, accumulated negative changes:* Accumulated impairment or accumulated negative changes to the initial recognition value of the collateral obtained by taking possession, as described above. Please note that accumulated negative changes due to amortisation in the case of PP&E and investment properties, if applicable, shall also be included.

*Foreclosed <=2 years:* ‘Value at initial recognition’ and ‘Accumulated impairment, accumulated negative changes’ for collateral obtained by taking possession and recognised in the balance sheet since 2 years or less, at the reporting reference date.

*Foreclosed >2 years <=5 years:* ‘Value at initial recognition’ and ‘Accumulated impairment, accumulated negative changes’ for collateral obtained by taking possession and recognised in the balance sheet for more than 2 years and up to 5 years, at the reporting reference date.

*Foreclosed >5 years:* 'Value at initial recognition' and 'Accumulated impairment, accumulated negative changes' for collateral obtained by taking possession and recognised in the balance sheet for more than 5 years, at the reporting reference date.

*Of which: Non-current assets held for sale:* 'Initial value' and 'Accumulated impairment, accumulated negative changes' for collateral obtained by taking possession that are classified as 'Non-current assets held for sale' shall be monitored in these columns. If this classification is not relevant according to the accounting framework applicable to the credit institution, this information should not be provided.

**Rows:**

*Collateral obtained by taking possession other than classified as Property Plant and Equipment (PP&E):* The stock of collaterals obtained by taking possession that remain recognised in the balance sheet at the reporting reference date and that are not classified as PP&E will automatically be reported in this row. The total stock will be calculated considering the initial stock (since the end of the last financial year), the inflows and the outflows that occurred during the reporting period (since the end of the last financial year). Collateral obtained by taking possession (other than PP&E) is monitored in rows, per type of collateral.

*Residential immovable property:* Collaterals obtained by taking possession in the form of residential property (e.g. houses, apartments etc.) or with potential use in the future as such (e.g. unfinished residential property etc.).

*Commercial Immovable property:* Collaterals obtained by taking possession in the form of commercial or industrial property which can be used for business and/or investment purposes as well as any immovable property that is not a residential property, as described above. Land (both non-agricultural and agricultural) shall also be included in this category

*Movable property:* Collaterals obtained by taking possession in the form of property other than immovable shall be reported in this row.

*Equity and debt instruments:* Collaterals obtained by taking possession in the form of equity or debt instruments shall be reported in this row.

*Other Collaterals:* Obtained by taking possession different from the categories described in the other rows. In case the amount reported in this row is relatively material, reporting institutions are asked to provide additional information in the free-text box located on the right-hand side of the template and labelled "Notes on other collateral obtained by taking possession".

*Collateral obtained by taking possession classified as PP&E :* The stock of collaterals obtained by taking possession that remain recognised in the balance sheet at the reporting reference date and that are classified as PP&E shall be reported in this row

## 5. Accompanying documents

---

### 5.1 Draft cost-benefit analysis / impact assessment

The financial crises negatively affected the European banking sector and contributed to a build-up of non-performing exposures (NPE) in many banks' balance sheets. To tackle this situation the European Union Council concluded on an Action Plan in Europe, which invites the EBA to contribute with a number of initiatives and actions points. In particular, the Council invites the EBA, in consultation with the ESMA, and competent authorities to implement enhanced disclosure requirements on asset quality and non-performing loans to all banks. The Council also invites the EBA to issue guidelines on NPL management consistent with the ECB-SSM "Guidance to banks on Non-Performing Loans" (SSM Guidance). Therefore, these guidelines are own initiative guidelines that the EBA issues to comply with the Action Plan defined by the European Union Council.

As per Article 16(2) of the ESAs regulation (Regulation (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 of the European Parliament and of the Council), any guidelines developed by the ESAs shall be accompanied by an Impact Assessment (IA) annexe which analyses 'the potential related costs and benefits' of the guidelines. 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.

The EBA prepared the IA included in this consultation paper analysing the policy options considered when developing the guidelines. Given the nature of the study, the IA is qualitative in nature.

#### A. Problem identification

After the financial crisis and ensuing recessions, banks in some member states continue to report with particularly high levels of NPLs. The stock of non-performing loans (NPLs) in the EU banking sector amounted to EUR 990 Billion at the end of 2016, and EUR 850 Billion in Q3 2017, equalling 5.1% and 4.2% of total loan portfolio respectively. The EU average NPE ratio was 4.4% at the end of 2016 and 3.7% in Q3 2017. Although the latest data available shows lower average NPL and NPEs ratios (under 5%), there is still an important dispersion between member states, with some countries reporting very high levels of NPL and NPE (In Q3 2017, 10 EU countries reported an NPL ratio above 5%. Values reached up to 46.6% for the country with highest ratio, followed by a 40.6% NPL ratio for the country with the second highest).

High NPL levels can generate negative cross-border spill-overs and can affect market's perception of the EU banking sector. It also can drag heavily on investment, and hence on the economy. High levels of NPLs are a problem at multiple levels: at a micro prudential level, heightened NPLs are associated with lower profitability and lower efficiency due to administrative costs and higher funding costs for banks; at a macro level high levels of NPLs are associated with stagnant growth as capital is tied up with unproductive assets and not funding new lending into the real economy; it also poses a risk for the viability of high-NPL banks; additionally high stock of NPEs negatively affect the resilience of the banking sector to shocks and hence increases systemic risk; finally, for

consumers, proactive engagement on NPLs by banks can help avoid the situation of paying interest and fees on an asset that they may eventually not own.

Due to the importance of the situation described in paragraphs 4 and 5, some actions have been undertaken to improve NPL management (for example, the publication of the ITS on supervisory reporting introducing the definitions of NPE and forborne exposures in 2014). Nevertheless, credit institutions are currently required to disclose very limited information on NPLs. This could cause a potential asymmetry between the information on NPLs available to market participants and the information internally available to institutions; and potential inconsistencies in the information disclosed by different credit institutions.

Asymmetry of information and/or a lack of comparable public information may impair the functioning of market discipline, hinder the assessment by market participants of credit institutions' risk profile and the comparability among peers, impairing the ability of potential investors to make sufficiently informed investment decisions.

## B. Policy objectives

The guidelines aim at enhancing credit institutions' disclosures on credit quality of assets by defining common content and uniform disclosure formats for disclosures of NPEs, forborne exposures and foreclosed assets. For this purpose, the guidelines provide a set of harmonised templates with enough granularity that should address the issues described in paragraph 7, applying, at the same time proportionality, seeking to achieve the following general objectives:

- Reduce asymmetry of information on NPEs, forborne exposures and foreclosed assets;
- Increase consistency and comparability of credit institutions' public disclosures;
- Eventually promoting market discipline.

## C. Baseline scenario

Institutions are required to report NPL related data to supervisors on a regular basis. The ITS on supervisory reporting introduced the definition of NPE and forborne exposures (FBE) that should be used by banks when reporting to supervisors. Information on NPEs is collected regularly in the context of financial reporting using several FINREP templates, including in table F.18 of Annexes III and IV of Commission Implementing Regulation (EU) 680/2014, in which performing and non-performing exposures, and associated accumulated credit losses, are broken down by measurement basis, type of exposure, counterparty and trigger for classification as NPEs. In addition, the EBA is developing new supervisory reporting requirements on NPEs, seeking to align the information included in the disclosure templates included in these guidelines with the information included in the current and future supervisory reporting data.

On the other hand, the EBA Guidelines 2016/11 on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 include some disclosure requirements on non-performing exposures,

these disclosure requirements will be extended by the requirements that are being consulted in the current consultation paper.

Finally, on March 2017, the ECB-SSM published “Guidance to banks on Non-Performing Loans. The SSM Guidance follows the life cycle of NPL management and outlines important aspects for forbearance treatments, and NPL recognition, including disclosure of NPLs.

In July 2017, the European Union Council concluded an Action Plan to tackle NPLs in Europe. The Council stressed the need of a comprehensive approach combining a mix of complementing policy actions, at national and where appropriate at the European level. In particular, the Council invited the EBA to develop initiatives and actions points. There are two specific initiatives in which the EBA is involved and that require disclosure related actions:

- The Council invites the EBA to issue guidelines on NPL management consistent with the ECB-SSM "Guidance to banks on Non-Performing Loans" (SSM Guidance).
- The SSM Guidance follows the life cycle of NPL management, including disclosure of NPLs by credit institutions.
- In addition, the Council invites the EBA, in consultation with the ESMA, and competent authorities to implement, by the end of 2018, enhanced disclosure requirements on asset quality and non-performing loans to all banks.

The EBA is issuing these guidelines in order to comply with the initiatives on disclosure included in the European Union Council July 2017 action plan.

#### D. Options considered

When drafting the present guidelines, the EBA considered several policy options under four main areas:

##### **1) Definitions of non-performing and forbearance**

The EBA has analysed which exposures should fall under the scope of these guidelines.

##### **2) Scope of application**

The EBA has assessed the convenience of extending the scope of application of these guidelines to all EU credit institutions or, on the contrary, to limit its application to EU credit Institutions that meet certain significance criteria. The following options have been assessed:

***Option 1: Scope of application limited to EU credit institutions that meet certain significance criteria***

***Option 2: Extend the scope of application to all credit institutions (irrespective of the significance criteria)***

### 3) Introduction of proportionality

Proportionality is one of the key pillars of EU banking regulation. Different options have been assessed in order to embed proportionality in these guidelines:

**Option 1:** *Apply extended disclose requirements to credit institutions depending on the level of NPLs reported by the institution.*

**Option 2:** *Apply extended disclose requirements to credit institutions depending on both, the size/significance of the institution and on its level of NPLs.*

Regarding the frequency of the disclosure, the EBA has assess two possible options as far as proportionality is concerned:

**Option 1:** *To require the disclosure with the same frequency to all credit institutions regardless the significance of the institution.*

**Option 2:** *Adapt the frequency of the disclosure to the significance of the institution*

### 4) Content and granularity

When defining the guidelines, two options were assessed in terms of content and granularity of the information to be disclosed:

**Option 1:** *Stick to the information on NPEs that credit institutions are and will be required to report as part of the supervisory reporting framework.*

**Option 2:** *Go beyond the supervisory reporting framework and request credit institutions to disclose additional information on the quality of assets that might be considered as relevant for market participants.*

More specifically, some aspects regarding granularity, content or proportionality has been assess at template level. The following table shows the different options considered:

	Template	Topic	Options considered
1	Templates 1,3 and 4	Granularity	<p><b>Option 1:</b> Include breakdown by accounting portfolio for Debt Instruments</p> <p><b>Option 2:</b> Not to include breakdown by accounting portfolio for Debt Instruments</p>



	Template	Topic	Options considered
2	<b>Template 1</b>	Granularity	<p><b>Option 1:</b> Include breakdown by asset class for Debt Instruments</p> <p><b>Option 2:</b> Not to include breakdown by asset class for Debt Instruments</p>
3	<b>Template 4</b>	Number of templates	<p><b>Option 1:</b> Include two different templates showing the quality of NPEs depending on the accounting framework applicable to the Institution (national Gaap or IAS/IFRS)</p> <p><b>Option 2:</b> Include one template showing the quality of NPEs for all Institutions irrespective of the accounting framework applicable (national Gaap or IAS/IFRS)</p>
4	<b>Template 7</b>	Granularity	<p><b>Option 1:</b> Include breakdown by LTV for all secured instruments</p> <p><b>Option 2:</b> Include breakdown by LTV only for instruments secured with Immovable property</p>
5	<b>Template 9 and 10</b>	Proportionality	<p><b>Option 1:</b> Include only one template for all institutions, showing information of collateral obtained by taking possession ( by type and by time since the date of foreclosure)</p> <p><b>Option 2:</b> Include two different templates. One template as defined in option 1. Other template showing information of collateral obtained by taking possession without breakdown by type or time</p>

## E. Assessment of the options and the preferred option(s)

### 1) Definitions of non-performing and forbearance

After analysing which definition of NPEs should be considered, it was decided that the EBA definition included in the ITS on supervisory reporting should be applied. This way, the disclosure requirements will be consistent with the information reported as part of the supervisory reporting framework. Moreover, institutions will face less burden and lower needs of resources when disclosing the required NPL related data if the definition applicable for public disclosure does not differ from the one used for supervisory reporting. Indeed, as institutions will have their reporting systems already prepared with similar information.

## **2) Scope of application**

High level of NPL is an important problem within the EU banking sector. Under **option 1**, these guidelines would only be applicable to significant credit institutions that meet certain criteria. Nevertheless, high levels of NPLs affect not only significant institutions, but also small and medium size institutions. Moreover, the main aim of these guidelines is to provide standardised and harmonized information about NPLs and this aim will not be reached if its scope of application is limited to some institutions based on significance criteria. Therefore, the preferred option is **option 2**. Under this option, these guidelines will apply to all credit institutions that are subject to all or part of the disclosure requirements specified in Part Eight of the CRR irrespective of meeting or not significance criteria.

## **3) Introduction of proportionality**

High levels of NPLs can imply risks for the viability of the institution. The impact of viability risk of a small or medium size institution on the economy of a member state should be less material than the impact of this risk from a significant one. Similarly, the potential impact in terms of reduction of new lending into the real economy due to high NPL levels would be more material if the institution with high levels of NPLs has an important share of the market in a certain member state. Additionally, if the institution is a global systemically important institution (G-SIIs) or other systemically important institution (O-SSIs), the effect of high levels of NPLs and its possible consequences could result in a wider and extended spill-over effect to the member state's economy or to the global economy. In addition, small and medium size institutions may face more resources constraints if they have to disclose a highly detailed amount of information.

On the other hand, banks reporting high levels of NPLs are, in principle, the ones that may potentially cause the problems described in the previous paragraph. Finally, additional detailed information on non-performing exposures and foreclosed assets is relevant for the markets mainly in the case of institutions with high levels of NPLs.

For these reasons, the preferred option is to combine both criteria (size/significance of the institutions and level of NPL) to introduce proportionality in order to limit the application of extended and more detailed disclosure requirements to significant institutions with high level on NPLs (**Option 2**).

In terms of frequency, disclosure requirements with higher than annual frequency would be a burden for small and medium size institutions, which might face resources constraints. The guidelines further embed proportionality in terms of frequency of the disclosures, and only certain institutions are required to disclose some templates with more frequently than annually (**Option 2**).

## **4) Content, structure and granularity**

As explained before, the European Council's Action Plan invites the EBA to implement guidelines on NPL management consistent with the SSM Guidance. In terms of disclosure, this may lead to request credit institutions to disclose information on quality of assets that goes beyond the information that they have, or will have to report, as part of the supervisory reporting framework. It is important to note that the information included in the supervisory reporting framework should

be enough for supervisors to form a clear picture on the quality of assets held by credit institutions. Similarly, this information should also be enough for market participants to understand the risk profile of banks. In addition, sticking to the information that credit institutions will report as part of the supervisory reporting framework will facilitate very much their compliance with the disclosure requirements. Consequently, the preferred option is to ensure that there will be consistency between the disclosure templates included in these guidelines and the supervisory reporting data. **(Option 2).**

More specifically, as previously mentioned, some aspects regarding granularity, content or proportionality have been assessed at template level. The following table shows the assessment of the different options previously described in section D:

	Template	Assessment of the options	Preferred option
1	<b>Templates 1,3 and 4</b>	<p>Option 1 would be to include accounting breakdown for the disclose of information regarding forborne and non-performing exposures.</p> <p>This content can be useful, for example, to provide a wide view of the business model of the bank (from the idea of how long are they keeping their accounting positions). While this information might be useful for supervisors, this level of detail is probably not needed for market participants.</p>	<p>The preferred option is <b>option 2: Not to include breakdown by accounting portfolio for Debt Instruments.</b></p>
2	<b>Template 1</b>	<p>It was assessed whether to include accounting breakdown by asset class for both, forborne exposures and non-performing exposures for debt securities. It is not usual that debt securities become forborne exposures.</p>	<p>The preferred option is <b>option 2: Not to include breakdown by asset class for Debt Instruments</b>, as this breakdown does not provide valuable information to the public.</p>
3	<b>Template 4</b>	<p>For credit institutions subject to the IAS/IFRS framework, this template requires the breakdown of the information on NPEs by "Stage". Nevertheless, this breakdown is probably not applicable to credit institutions subject to national GAAP. Option 1 includes two different templates depending on the accounting framework applicable (the template applicable for IAS/IFRS institutions would contain the Stage breakdown). Nevertheless, this will result in the inclusion of one extra template making more difficult and less simple the use of the information disclosed.</p>	<p>The preferred option is <b>option 2: Include one template showing the quality of NPEs for all Institutions irrespective of the accounting framework applicable (national Gaap or IAS/IFRS).</b> The only one template will include enough breakdown to provide the required information by stage but will also include a column to fill the total amount (without stage breakdown) for institutions not subject to IAS/IFRS.</p>

4	<b>Template 7</b>	<p>The breakdown by LTV is useful information if the user of information knows the share of the exposure that is collateralised by real state items. Option 1 only shows the breakdown by LTV over the whole collateralised exposure, but part of this exposure could be collateralised by other than immovable property collateral. In the latter case, the LTV is not a relevant concept.</p>	<p>The preferred option is <b>option 2: Include breakdown by LTV only for instruments secured with Immovable property</b> as this breakdown is only useful for the share of exposure secured by immovable collateral.</p>
5	<b>Template 9 and 10</b>	<p>The information about the gross amount of the debt or the accumulated impairment of the instrument that was cancelled in exchange of collateral is useful and valuable information for the public. Nevertheless, providing this information by type and by vintage bucket is relevant mainly in the case of credit institutions with high level of NPLs.</p>	<p>The preferred option is <b>Option 2: Include two different templates. One template as defined in option 1. Other template showing information of collateral obtained by taking possession without breakdown by type or vintage.</b> The simplified template will be applicable to all credit institutions, while the detailed template will be applicable to credit institutions that meet any of the significance criteria and report a high level of NPLs.</p>

## 5.2 Overview of questions for consultation

Question 1: Could you provide your views on whether adding an “of which” column to column ‘f’ of template 1 - “Credit quality of forborne exposures”, including the information on non-performing forborne exposures that are impaired (i.e. “of which impaired”) would be useful?

Question 2: Could you provide your views on whether adding the columns with the breakdown of provisions for non-performing exposures by buckets of the number of days that the exposure has been past due to template 3 - “Credit quality of performing and non-performing exposures by aging of past due days” would be useful?

Question 3: Could you provide your views on whether the breakdown between “on balance sheet exposures” and “off balance sheet exposures” included in template 5 – “Quality of Non-performing exposures by geography” is useful?

Question 4: Could you provide your views on whether the information on loans and advances secured with immovable property with a loan-to-value higher than 60% and lower than 80% included in row 3 of template 7 – “Collateral valuation - Loans and advances at cost or amortised cost” is useful?

Question 5: Do you agree with the overall content of these guidelines and with the templates proposed? In case of disagreement, please outline alternatives that would help to achieve the purpose of the guidelines.

## 5.3 Feedback on the public consultation and on the opinion of the BSG

[Include a feedback statement in the CP, only if there has been a previous consultation stage].

The EBA publicly consulted on the draft proposal contained in this paper.

The consultation period lasted for [duration of the consultation] and ended on xx [Month] xxxx. Xx [number] responses were received, of which xx were published on the EBA website.

This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.

In many cases several industry bodies made similar comments or the same body repeated its comments in the response to different questions. In such cases, the comments, and EBA analysis are included in the section of this paper where EBA considers them most appropriate.

Changes to the draft [RTS/ITS/Guidelines/Recommendations] have been incorporated as a result of the responses received during the public consultation.

### **Summary of key issues and the EBA's response**

[In this section cover the main issues/themes raised during this consultation, i.e. the most important ones- Please keep this section to a max length of 2 pages]

## Summary of responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<b>General comments</b> [In here include all comments made, which are not related to the questions in the CP- including details on the main points covered in the summary section of the feedback statement, above]			
<b>Responses to questions in Consultation Paper EBA/CP/20xx/xx</b>			
Question 1.			
Question 2.			
Question 3.			