ANNEX 6 – Instructions for disclosure of information on the scope of application of the regulatory framework

**Template EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories.** Flexible format.

1. Institutions shall apply the instructions provided below in this Annex in order to complete template EU LI1 as presented in Annex 5, in application of Article 436(c) of Regulation (EU) No. 575/2013 (CRR).

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| Legal references and instructions | |
| **Row number** | **Explanation** |
| 1 to XXX | **Total Assets**  The row structure shall be the same as the row structure of the balance sheet used in the latest available financial reporting of the institution.  ‘Financial reporting’ refers to the annual individual or consolidated financial statements defined in Article 4 and Article 24 of Directive 2013/34/EU, as well as (when applicable) to the financial statements in the meaning of the international accounting standards as endorsed in the EU in the application of Regulation (EC) No 1606/2002. |
| 1 to XXX | **Total Liabilities**  The row structure shall be the same as the row structure of the balance sheet used in the latest available financial reporting of the institution.  ‘Financial reporting’ refers to the annual individual or consolidated financial statements defined in Article 4 and Article 24 of Directive 2013/34/EU, as well as (when applicable) to the financial statements in the meaning of the international accounting standards as endorsed in the EU in the application of Regulation (EC) No 1606/2002. |

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| Legal references and instructions | |
| **Column reference** | **Explanation** |
| **a** | **Carrying values as reported in published financial statements**  Amount reported on the assets side and the liabilities side of the balance sheet established following the consolidation requirements in the applicable accounting framework, including frameworks based on Directive 2013/34/EU, 86/635/EEC, or the international accounting standards as endorsed in the EU. |
| **b** | **Carrying values under the scope of regulatory consolidation**  Amount reported on the assets side and the liabilities side of the balance sheet established following the regulatory consolidation requirements in Part One, Title II, Section 2 and Section 3 of CRR.  If the scope of accounting consolidation and the scope of regulatory consolidation are exactly the same, columns (a) and (b) shall be merged. |
| **c** | **Carrying values of items subject to credit risk framework**  Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) to which Part Three, Title II, chapters 2 and 3 of CRR applies. |
| **d** | **Carrying values of items subject to counterparty credit risk framework**  Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) to which Part Three, Title II, Chapter 6 of CRR applies. |
| **e** | **Carrying values of items subject to the securitisation framework**  Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) from the non-trading book to which Part Three, Title II, Chapter 5 of CRR applies. |
| **f** | **Carrying values of items subject to the market risk framework**  Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) to which Part Three, Title IV of CRR applies. Items corresponding to securitisation positions in the trading book -to which the requirements in Part Three, Title IV of CRR- shall be included in this column. |
| **g** | **Carrying values of items not subject to own funds requirements or subject to deduction from own funds**  Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) not subject to own funds requirements according to CRR.  Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) that are subject to deductions from own funds in accordance with Part Two of CRR. Deducted items may include, for instance, the items listed in Article 37, Article 38, Article 39, and Article 41 of CRR.  The amounts disclosed for assets shall be the amounts actually deducted from own funds, taking into account any netting with liabilities allowed by (and any threshold for) deduction applicable as per the relevant articles in Part Two of CRR.  When the items listed in Article 36(1) (k) and Article 48 of the CRR are 1 250% risk-weighted instead of being deducted, they shall not be disclosed in column (g) but in the other appropriate columns of template EU LI1. This also applies to any other item that is 1 250% risk-weighted in accordance with the requirements in CRR.  The amounts disclosed for liabilities shall be the amount of liabilities that is taken into consideration for the determination of the amount of assets to be deducted from own funds as per the relevant articles in Part Two of CRR. In addition, all liabilities other than those that (i) are relevant for the application of requirements in Part Three, Title II, Chapter 4 of CRR, or (ii) that are relevant for the application of requirements in Part Three, Title II, Chapter 6 and Title IV of the same regulation shall be disclosed in this column. |
| **all** | Where a single item attracts capital requirements according to more than one risk framework, it shall be reported in all columns corresponding to the capital requirements it attracts. As a consequence, the sum of amounts in columns (c) to (g) may be greater than the amount in column (b). Institutions shall provide qualitative explanations on assets and liabilities that are subject to capital requirements for more than one risk framework listed in Part Three of CRR. |

**Template EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements.** Fixed format.

1. Institutions shall apply the instructions provided below in this Annex in order to complete template EU LI2 as presented in Annex 5, in application of Article 436(d) of CRR.

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| 1 | **Assets carrying value amount under the scope of regulatory consolidation**  Amounts in columns (b) to (e) shall be the same as the amounts in columns (c) to (f) of template EU LI1. |
| 2 | **Liabilities carrying value amount under the regulatory scope of consolidation**  Amounts in columns (b) to (e) shall be the same as the amounts in columns (c) to (f) of template EU LI1. |
| 3 | **Total net amount under regulatory scope of consolidation**  Amount after on-balance-sheet netting between assets and liabilities under the regulatory scope of consolidation, regardless of the eligibility of those assets and liabilities of the specific netting rules in the application of Part Three, Title II, Chapters 4 and 5, as well as of Title IV of CRR. |
| 4 | **Off-balance-sheet amounts**  Include off-balance-sheet original exposures, prior to the use of a conversion factor, where relevant, from the established off-balance-sheet statement, following the regulatory scope of consolidation in column (a) to (e). |
| 5 | ***Differences in valuations***  Impact of the carrying amount of value adjustments in accordance with Part Two, Title I, Chapter 2, Article 34 and Part Three, Title I, Chapter 3, Article 105 of CRR on trading book and non-trading book exposures measured at fair value in accordance with the applicable accounting framework. |
| 6 | ***Differences due to different netting rules, other than those already included in row 2***  Refer to the net on-balance-sheet and off-balance-sheet exposure amounts after the application of the specific netting rules in Part Three, Title II, Chapters 4 and 5 as well as of Title IV in the CRR. The impact of the application of the netting rules can be negative (in case more exposures have to be netted than the use of on-balance-sheet netting in row 2) or positive (in the case of the application of netting rules in the CRR leading to a lower amount being netted out than on-balance-sheet netting in row 2). |
| 7 | ***Differences due to consideration of provisions***  Re-integration in the exposure value of specific and general credit risk adjustments (as defined in the Commission Delegated Regulation (EU) No 183/2014) that have been deducted in accordance with the applicable accounting framework from the carrying amount of exposures under Part Three, Title  II, Chapter 3 of CRR for risk-weighting purposes. Regarding exposures risk-weighted in accordance with Part Three, Title II, Chapter 2 of CRR, when the carrying amount in the financial statements under the regulatory scope of consolidation has been reduced by elements qualifying as general credit risk adjustments under the aforementioned delegated regulation, these elements have to be re-integrated in the exposure value. |
| 8 | ***Differences due to the use of credit risk mitigation techniques***  Impact on the exposure value under the regulatory scope of consolidation of the application of credit risk mitigation techniques as defined in the CRR. |
| 9 | ***Differences due to credit conversion factors***  Impact on the exposure value of off-balance sheet exposures under the regulatory scope of consolidation of the application of the relevant conversion factors as defined in the CRR. The conversion factor for off-balance-sheet items to be risk-weighted in the application of Part Three, Title II of CRR is defined in Article 111, Article 166, Article 167 and Article 182 (as applicable for credit risk), Article 246 (as applicable for securitisation risk). |
| 10 | ***Differences due to Securitisation with risk transfer***  Impact on the exposure value of securitised exposures of the use of securitised transactions to transfer credit risk to third parties in accordance with the CRR. |
| 11 | ***Other differences*** *(if relevant)*  Other meaningful drivers for differences between financial statements’ carrying values under the regulatory scope of application and the exposure amounts considered for regulatory purposes. Institutions shall complement the quantitative disclosures included in this row with qualitative explanations on the main drivers of these differences in table EU LIA. |
| 12 | **Exposure amounts considered for regulatory purposes**  Aggregate amount considered as a starting point of the RWA calculation after the application of CRM methods other than netting in Part Three, Title II, Chapter 4 of CRR and after the application of netting requirements in Part Three, Title II, Chapters 4 and 5 and Title IV of the same regulation for each of the risk categories.  In case the Standardised Approach (SA) is applied, this is the value after specific credit adjustments, additional value adjustments in accordance with Articles 34 and 110 of Regulation (EU) No 572/2013 (CRR) and other own funds reductions related to the asset item. For off-balance sheet items listed in Annex I, the exposure value is the nominal value after reduction of specific credit risk adjustments, multiplied with the applicable percentage mentioned in Article 111(1) (a) to (d) of the CRR.  For the IRB approach it would be exposure value within the meaning of Articles 166, 167 and 168 of the CRR.  Thus, the carrying values as reported in the financial statements under the scope of regulatory consolidation should be reported in the corresponding rows 1 to 3, while the off-balance-sheet original exposures is reported in row 4. Any specific regulatory addition or reduction concerning these amounts is to be included in rows 5 to 11 in order to explain how to reconcile these amounts with the exposure amount for the regulatory starting point of the RWA calculation according to each of the frameworks mentioned in columns (b) to (e). This means that in particular for credit risk, the exposure amounts considered for regulatory purposes to be reported in row 12 will be different from the carrying values as reported in the financial statements under the scope of regulatory consolidation, due to the particular regulatory treatment of accounting provisions for the calculation of the RWAs. |

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| **Legal references and instructions** | |
| **Column reference** | **Explanation** |
|  | The breakdown of columns in the regulatory risk categories (b) to (e) corresponds to the breakdown listed in Part Three of CRR: |
| **b** | **Credit risk framework**  Exposures in Part Three, Title II of CRR. Exposures under the credit risk framework shall correspond either to the exposure amount applied in the credit risk standardised approach (see Article 111 in Part Three, Title II, Chapter 2 of CRR) or to the exposures at default (EAD) in the credit risk – IRB approach (See Article 166, Article 167 and Article 168 in Part Three, Title II, Chapter 3 of CRR). |
| **c** | **Securitisation framework**  Exposures from the non-trading book given in Part Three, Title II, and Chapter 5 of CRR. Securitisation exposures shall be defined as in Article 246 in Part Three, Title II, Chapter 5 of CRR. |
| **d** | **Counterparty Credit Risk framework (CCR)**  Exposures considered in Part Three, Title II, Chapter 6 of CRR. |
| **e** | **Market risk framework**  Market risk exposures correspond to positions subject to the market risk framework in Part Three, Title IV of CRR. |

**Template LI3 - Outline of the differences in the scopes of consolidation (entity by entity)**

1. Institutions shall apply the instructions provided below in this Annex in order to complete temlpate EU LI3 as presented in Annex 5, in application of Article 436(b) of CRR.

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
|  | The rows are flexible. Disclosures shall be provided for entities included within the accounting and the regulatory scopes of consolidation as defined in accordance with the applicable accounting framework and Part One, Title II, Section 2 and Section 3, for which the method of the accounting consolidation is different from the method of the regulatory consolidation. One row per entity. |

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| **Legal references and instructions** | |
| **Column reference** | **Explanation** |
| a | **Name of the entity**  Commercial name of any entity included or deducted from the regulatory and accounting scope of consolidation of an institution. |
| b | **Method of accounting consolidation**  Consolidation method used in accordance with the applicable accounting framework. |
| c to g | **Method of regulatory consolidation**  Consolidation method implemented for the purpose of Part One, Title II, Chapter 2 of CRR. At a minimum, the methods listed in Article 436(b) of the same regulation shall be disclosed.  Institutions shall tick the applicable columns in order to identify the method of consolidation of each entity under the accounting framework and whether, under the regulatory scope of consolidation, each entity is (i) fully consolidated; (ii) proportionally consolidated; (iii) recognised under the equity method; (iv) neither consolidated nor deducted or; (v) deducted. |
| **h** | **Description of the entity**  Brief description of the entity, with (at a minimum) disclosure of its sector of activity. |

**Table EU LIA - Explanations of differences between accounting and regulatory exposure amounts.** Free format text boxes for disclosure of qualitative information

1. Institutions shall apply the instructions provided below in this Annex in order to complete table EU LIA as presented in Annex 5, in application of Article 436(b) and (d) of CRR.

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| (a) | Institutions shall explain and quantify the origins of any significant differences between the amounts in columns (a) and (b) in template EU LI1, regardless of whether the differences proceed from different consolidation rules or from the use of different accounting standards between the accounting and the regulatory consolidations. |
| (b) | Institutions shall explain the origins of differences between carrying values under the regulatory scope of consolidation and amounts considered for regulatory purposes shown in template EU LI2. |

**Table EU LIB – Other qualitative information on the scope of application.** Free format text boxes for disclosure of qualitative information

1. Institutions shall apply the instructions provided below in this Annex in order to complete table EU LIB as presented in Annex 5, in application of Article 436(f), (g) and (h) of CRR.

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| (a) | Institutions shall disclose any current or expected material practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries. |
| (b) | Where applicable, institutions shall disclose the name or names of the subsidiaries that are not included in the consolidation. |
| (c) | Where applicable, institutions shall disclose the circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9. |
| (d) | Where applicable, institutions shall disclose aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries. |

**Template EU PV1 – Template EU PV1: Prudent valuation adjustments (PVA):** Fixed format

Institutions applying the core approach for the determination of the additional valuation adjustment for prudent valuation in accordance with Chapter III of the Commission delegated regulation (EU) 2016/101 of 26 October 2015 shall apply the instructions provided below in this Annex to complete template EU PV1 as presented in Annex 5, in accordance with Article 436 (e) of Regulation (EU) No 575/2013 (CRR).

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| Rows 1 to 12 | Category level AVA  The category level AVAs for market price uncertainty, close-out costs, model risk, concentrated positions, future administrative costs, early termination and operational risk are calculated as described in Articles 9 to 11 and 14 to 17 of the Delegated Regulation (EU) 2016/101 on prudent valuation respectively.  For the market price uncertainty, close-out cost and model risk categories, which are subject to diversification benefit as set out under Articles 9(6), 10(7) and 11(7) of the Delegated Regulation (EU) 2016/101 on prudent valuation, respectively, category level AVAs shall be disclosed in columns a to EU e2 as the straight sum of the individual AVAs before diversification benefit. Diversification benefits are disclosed in column EU f2 in accordance with Articles 9(6), 10(7) and 11(7) of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {1} | Market price uncertainty  Article 105(10) CRR.  Market price uncertainty AVAs computed according to Article 9 of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {3} | Close-out costs  Article 105(10) CRR.  Close-out costs AVAs computed according to Article 10 of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {4} | Concentrated positions  Article 105(11) CRR  Concentrated positions AVAs as computed under Article 14 of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {5} | Early termination  Article 105(10) CRR  Early termination AVAs as computed under Article 16 of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {6} | Model risk  Article 105(10) CRR  Model risk AVAs computed according to Article 11 of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {7} | Operational risk  Article 105(10) CRR  Operational risk AVAs as computed under Article 17 of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {10} | Future administrative costs  Article 105(10) CRR  Future administrative costs AVAs as computed under Article 15 of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {12} | Total additional valuation adjustments  Total AVA to be deducted from own funds under Articles 34 and 105 CRR The total AVA shall be the sum of rows 1 to 12. |
| **Column letter** | **Explanation** |
| {a}-{e} | **Breakdown by RISK CATEGORY**  Institutions shall allocate their fair-valued assets and liabilities included in the threshold computation in accordance with Article 4(1) of the Delegated Regulation (EU) 2016/101 on prudent valuation (trading book and non-trading book) according to the following risk categories: interest rates, foreign exchange, credit, equities, commodities.  The breakdown in these columns excludes the AVAs computed in accordance with Articles 12 and 13 of the Delegated Regulation (EU) 2016/101 on prudent valuation that are disclosed in columns EU e1 and EU e2. |
| {EU e1} | **Category level AVA - Valuation uncertainty: Unearned credit spreads AVA**  Article 105(10) CRR, Article 12 of the Delegated Regulation (EU) 2016/101 on prudent valuation  The total AVA calculated for unearned credit spreads (‘AVA on CVA’) and its allocation between market price uncertainty, close-out cost or model risk AVAs under Article 12 of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {EU e2} | **Category level AVA - Investment and funding costs AVA**  Article 105(10) CRR, Article 13 of the Delegated Regulation (EU) 2016/101 on prudent valuation  The total AVA calculated for investing and funding costs and its allocation between market price uncertainty, close-out cost or model risk AVAs under Article 13 of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {EU f1} | **Total category level pre-diversification**  Sum of columns {a} to {EU e2} |
| {EU f2} | **Diversification effects (-)**  Diversification benefits are disclosed in column EU f2 in accordance with Articles 9(6), 10(7) and 11(7) of the Delegated Regulation (EU) 2016/101 on prudent valuation. |
| {f} | **Total core approach**  Article 7(2) of the Delegated Regulation (EU) 2016/101 on prudent valuation  Total core approach encompasses the total AVAs computed under the Core approach as set out in Chapter III of the Delegated Regulation (EU) 2016/101 on prudent valuation for fair-valued assets and liabilities included in the threshold computation in accordance with Article 4(1) of the Delegated Regulation (EU) 2016/101 on prudent valuation. This includes the diversification benefits disclosed in accordance with Articles 9(6), 10(7) and 11(7) of the Delegated Regulation (EU) 2016/101 on prudent valuation |
| {g} | **Of which: in the trading book**  For each relevant category of AVAs, share of AVAs stemming from positions held in the 'trading book': all positions in financial instruments and commodities held by an institution either with trading intent, to hedge either positions held with trading intent in accordance with Article 104. |
| {h} | **Of which: in the banking book**  For each relevant category of AVAs, share of AVAs stemming from fair-valued positions in financial instruments and commodities not held in the trading book. |