

Response of Kredyt Bank SA to EBA Consultation Paper on Draft Implementing Technical Standards on Supervisory reporting requirements for institutions (CP 50)

Dear Sirs,

In relation to the EBA Consultation Paper on Draft Implementing Technical Standards on Supervisory reporting requirements for institutions (CP-50) we would like to provide you with our comments / remarks to the Paper. Please be aware that both FINREP and COREP reporting are used by National Bank of Poland and Polish Financial Supervision Authority as a source of regulatory data, therefore the reporting packages include data which is specific to the market and required specifically by regulators, so it is extended in comparison to version proposed in CP-50.

Following your request we provide our answer to questions which are crucial for us and were asked in the Consultation Paper:

1. Question 1 & 2

- 1. How would you assess the cost impact of using only the CRR scope of consolidation for supervisory reporting of financial information?*
- 2. Please specify cost implications if parts 1 and 2 of Annex III and of Annex IV of this regulation would be required, in addition to the CRR scope of consolidation, with the accounting scope of consolidation.*

In our view the proposed scope of consolidation would provide additional burden to the reporting processes. We believe that accounting consolidation scope should be assessed as proper consolidation scope for regulatory proposes. We thing think that unifying the reporting should be the aim rather that creating additional consolidation scope, which in fact does not represent economic reality.

Example:

Some of business activities which are in the normal course of business in one bank may be outsourced to the non-financial subsidiary in the other bank (i.e. office space rental, cash handling etc.).

2. Question 4 & 5

- 4. Does having the same remittance period for reporting on an individual and a consolidated level allow for a more streamlined reporting process?*
- 5. How would you assess the impact if remittance dates were different on an individual level from those on a consolidated level?*

The process of reporting is streamlined in such way that at a first stage we produce standalone reporting and afterwards we prepare consolidated figures. We would rather have two different deadlines for standalone and consolidated reports.

3. Question 6

- 6. When would be the earliest point in time to submit audited figures?*

Our financial statements are audited on annual basis (year end figures) and reviewed on semi-annual periods (30 June figures). In case of year end audit the earliest day to provide reporting package would be the end of February, and in case of 30 June review it would be mid August.

1Q and 3Q data are not subject to review / audit.

4. Question 7

7. Do you see any conflicts regarding remittance deadlines between prudential and other reporting (e.g. reporting for statistical or other purposes)?

Yes we see conflicts. As of now, apart from several minor reportings, we provide a set of WEBIS reporting to our regulators on 10th business day after the month end. WEBIS reporting is second biggest reporting package we prepare.

Example:

Proposed deadline for quarterly reporting in accordance with Consultation Paper – 12 May, 11 August, 11 November, 11 February

Our current deadline for WEBIS (IV, VII, X, I) reporting – 16 May, 14 August, 14 November, 14 February

5. Question 17 & 19

17. What is your assessment of impact, costs and benefits related to the extent of financial information as covered by Articles 8 and 9?

19. What is your general assessment of applying reporting standards regarding financial information on an individual level?

Currently we provide FINREP and COREP reporting both on standalone and consolidated level. As stated above the standalone reporting package is for us the basis for the preparation of consolidated figures. Therefore in order to arrive at consolidated FINREP or COREP we would have to prepare standalone package first and then aggregate the data and perform required eliminations and adjustments. We believe that uniform standards should be applied to both standalone and consolidated packages. Not having uniform format of reporting would mean additional effort for us and additional costs to maintain two different systems / data sets.

6. Question 21

21. If the proposal was to be extended, what implementation time would be needed?

Due to the above, the same time would be required (but longer than proposed).

7. Question 22

22. What cost implications would arise if the use of XBRL taxonomies would be a mandatory requirement in Europe for the submission of ITS-related data to competent authorities?

We already report using XBRL formats. In our view the format is more receiver friendly (more standardized layout) but for the Bank it is less transparent (regular user cannot read the report) and makes the Bank dependent on the provider of the IT solution.

We face the problem relating to the lack of knowledge of XBRL. There are hardly any specialized trainings on XBRL on Polish market.

8. Question 23, 24, 25 & 27

23. How would you assess the cost implications of the following two options?

(1) Implement the ITS as of the first possible reference date (31/03/2013)

(2) Delay the implementation of the ITS by 6 months (first reporting based on data as of 30/09/2013) and implement national interim solutions for reporting as of 31/03/2013
Regarding prudential reporting some institutions in Europe have already been subject to reporting requirements based on the guidelines for common reporting (COREP) developed by EBA predecessor CEBS.

24. What would be the minimum implementation period to adjust IT and reporting systems to meet the new ITS reporting requirements? Please elaborate on the challenges which could arise.

Regarding prudential reporting several institutions in Europe have already been subject to reporting requirements based on the guidelines for common reporting (COREP) and financial reporting (FINREP) as developed by EBA predecessor CEBS. Due to the inconsistent implementation of the above guidelines in Europe, the extent of new reporting requirements varies significantly between institutions.

25. What would be the minimum implementation period required for institutions already subject to FINREP reporting to implement the financial reporting described in this consultation paper?

27. Would the required implementation period be the same for reporting requirements on an individual basis and on a consolidated basis?

We have analyzed the proposed implementation dates (additionally we have contacted our IT solution provider) and believe that option 1 (31/03/2013) is too short deadline to meet the requirements. We believe that implementation time should be set at a minimum of 1 year after publication of detailed requirements on the local level (even though it is EBA regulation and does not have to be implemented on the local level, as stated above, our regulators require us to provide more data than included in EBA proposal, therefore detailed instruction on local level would be crucial).

Apart from general comments we have couple of detailed questions / remarks:

1) Question to a sheet '3.2a CR SA Total' rows 450 and 470.

Is the definition of SME the same for the row 450 and 470? The reference to the Article 118 of CRR in both cases is not clear as the article defines retail exposures.

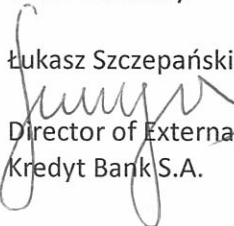
2) Does the segment name in sheets and rows refers to the original segment or after CRM substitution effect?

3) Question to a sheet '3.2.b CR SA Details' rows 110 – 371.

We would like to make sure that in a phrase 'of which: without credit assessment by a nominated ECAI' with was not accidentally replaced by without.

Yours faithfully

Łukasz Szczepański


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Kredyt Bank S.A.

