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20 March 2012

Dear Sir/Madam

The Co-operative Banking Group response to EBA CP50: Draft ITS on Supervisory Reporting Requirements

The Co-operative Banking Group recognises and supports the aim of the EBA to introduce Common Reporting throughout Europe and the creation of a single rule book. This letter summarises the Co-operative Banking Group's key areas of concern and includes responses to the CP questions in Appendix 1.

The Co-operative Banking group has three principal concerns:

- Time available to transition to new reporting requirements
- Reporting to calendar quarter ends
- Scale of implementation support from EBA

Time available to transition to new reporting requirements

A key criterion for success in achieving harmonised reporting across Europe is ensuring the data supplied by member institutions is accurate, consistent and fit for purpose. If the data provided is in any way unreliable, the value of any data comparison exercises will be compromised.

In order to provide complete, accurate and consistent information, templates should be easy to understand with comprehensive guidance notes, and derived from easily accessible information.

With this in mind, COREP should be phased in during 2013. Own funds should be reported first with the remainder of the templates phased in over the first year. The EBA should also consider a longer remittance period for 2013, reducing to the proposed 30 days by 2016. This will help ensure there is sufficient time for development and testing of reporting solutions.

FINREP consultation should be extended; the detail and granularity of data required means the current implementation timescale is unrealistic. The current guidelines would mean that data from firms would not be comparable (IFRS vs national GAAP) therefore would be of limited value.

Reporting to accounting calendar quarter

A key concern for the Co-operative Banking Group is the requirement to report at calendar quarters. The Co-operative Bank's year end is 31 December but the Co-operative Bank reporting cycle is based on 4-4-5 weekly cycle. This means reporting on a strict calendar quarter is not currently possible without significant manual intervention. Currently a waiver is in place for FSA reporting which allows the Co-operative bank to report on 4-4-5 weekly cycle.

Reporting to FSA on the existing basis enables greater efficiency of data production and allows a more transparent reconciliation to the Bank's published annual and half-year accounts.

The provision of financial reports, for regulatory reporting purposes, on a calendar basis may require a complete overhaul of our existing systems to facilitate general ledgers reporting on a daily basis in order to enable us to differentiate between the position as at the end of a calendar quarter and that at an (internal) accounting quarter. Without having undertaken detailed costing, we envisage the cost of the duplicated reporting approach to be significant.

The time difference between calendar quarter and internal reporting quarter is not considered to be material. There is no significant reduction in the scope or quality of information provided to the regulator or the public. In particular, there is no reason to believe that prudential supervision of the firm would be compromised. Consideration should be given to provide waivers in transition period before the Bank can move to calendar monthly reporting.

Implementation support

In order to support the implementation work being performed by firms, it is desirable that a dedicated team at the EBA is in place to answer queries on the templates and reporting rules.

I hope these comments are useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C. Gosling', written in a cursive style.

Clare Gosling
Director of Financial Control