



EBA/RTS/2014/17

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EBA FINAL draft Regulatory Technical Standards

on disclosure of information in relation to the compliance of
institutions with the requirement for a countercyclical capital
buffer under Article 440 of Regulation (EU) No 575/2013

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Abbreviations

CCB	Countercyclical Capital Buffer
CP	Consultation Paper
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
EU	European Union
IRB	Internal Rating Based
IRC	Incremental Risk Charge
ITS	Implementing Technical Standards
MS	Member State
RTS	Regulatory Technical Standards
SA	Standardised Approach

1. Executive summary

These final draft regulatory technical standards (RTS) specify the disclosure requirements relating to institutions' compliance with the requirement for a countercyclical capital buffer (CCB) under Article 440 of Regulation (EU) No 575/2013 (CRR). The RTS set out two disclosure templates that will harmonise the information available to the general public on the institution-specific CCB and the geographical location of the exposures determining this buffer.

Draft RTS were published on the EBA website for a three-month consultation period from 27 June 2014. The feedback received has been taken into account by the EBA when formulating these final draft RTS.

Institutions are required to disclose this information at least on an annual basis. The level of application will follow Articles 6(3) and 13 of the CRR, which only require the disclosure of this information at an individual level if the institution is not part of a group, i.e. it is not a parent or subsidiary institution. For institutions that are part of a group, the disclosure of information should be made at a consolidated level by the parent institution/financial holding of the group, in accordance with Article 13(1) of the CRR, or at an individual or sub-consolidated level for significant subsidiaries of EU parent institutions/financial holdings and subsidiaries that are of material significance for their local markets.

As soon as an institution is to comply with the requirement for a CCB referred to in Title VII, Chapter 4 of Directive 2013/36/EU (CRD), the disclosures required by Article 440 of the CRR must be provided. Disclosures must be provided in accordance with the specification of these RTS at the earlier of the two dates: six months following the date of its publication in the Official Journal or 1 January 2016.

The final draft RTS contain two tabular disclosure templates. The first template requires institutions to disclose the geographical distribution by country of credit exposures of an institution that are relevant for the calculation of its CCB in accordance with Article 140(4) of the CRD. The geographical location of a relevant credit exposure is to be identified as per draft RTS EBA/RTS/2013/15. In addition, this template includes information on the CCB rates applied in each country where the institution has exposures. The second template requires institutions to disclose the amount of institution-specific CCB in accordance with Article 440 (1)(b) of the CRR.

The use of uniform templates will ensure consistent and comparable disclosure of the amounts used to calculate the CCB and of the amount of the CCB itself. These disclosure requirements and the use of uniform templates will facilitate the geographical comparison of the amounts used to calculate the CCB. This will also ensure transparency in the calculation of the buffer for all financial institutions across the EU.

Following the approval of these RTS, EBA intends to update the ITS on Supervisory Reporting to ensure that the two TS are aligned regarding information related to the CCB.

2. Background and rationale

2.1 Background and regulatory approach followed in the draft RTS

Article 440(2) of Regulation (EU) No 575/2013 (CRR) requires the EBA to develop draft RTS to specify the disclosure requirements according to which information relating to compliance with the requirement for a CCB must be disclosed.

2.1.1 Background

Requirement to hold a CCB

Article 130 of Directive 2013/36/EU (CRD) requires institutions to maintain an institution-specific CCB. This requirement follows closely the international approach of Basel III, which introduced the CCB to be deployed by national jurisdictions when excess aggregate credit growth is judged to be associated with a build-up of system-wide risk.

Pursuant to Article 130 of the CRD, the institution-specific CCB is determined by multiplying the total risk exposure amount (calculated in accordance with Article 92(3) of the CRR) and the institution specific CCB rate (calculated in accordance with Article 140 of the CRD) on an individual and consolidated basis, as per Part One, Title II of the CRR.

The institution-specific CCB rate is calculated as the weighted average of the CCB rates that apply in those countries where the relevant credit exposures of the institution are located in accordance with Article 140(1) of the CRD. The weighted average of the CCB rates is calculated by applying to each applicable CCB rate the institution's own funds requirements for relevant credit exposures in the country in question, divided by the institution's own funds requirements for credit risk that relate to all of the institution's credit exposures relevant for CCB calculation. The CCB rate is the buffer rate applicable in the country in question in accordance with Articles 136, 137, 138 and 139 of the CRD.

Relevant credit exposures include exposures as defined in points (a) to (c) of Article 140(4) of the CRD. Therefore, in accordance with this article, the relevant credit exposures are subdivided into exposures subject to credit risk (general credit exposures), as defined in point (a) of Article 140(4) of the CRD, exposures in trading book subject to specific risk and incremental default and migration risk (trading books exposures) as defined in point (b) of Article 140(4) of the CRD, and securitisation exposures as defined in point (c) of Article 140(4) of the CRD.

Geographical breakdown of relevant credit exposures

In December 2013, the EBA published the final draft RTS on the method for the identification of the geographical location of the relevant credit exposures (EBA/RTS/2013/15). In these final draft RTS, the EBA proposed using primarily the country of the obligor (debtor in the case of trading book exposures) to determine the geographical location of relevant credit exposures for the calculation of the CCB rate.

These final draft RTS also take into account materiality considerations for institutions with limited foreign credit exposures or trading book exposures. Institutions that have a total share of trading book exposures or foreign credit exposures below 2% of their aggregate general credit-, trading- and securitisation-risk-weighted exposures may choose to allocate these exposures to the country of the institution.

These RTS apply when determining the geographical distribution of exposures relevant for the computation of the CCB.

2.1.2 Regulatory approach

Disclosure requirements and templates

Article 440(1) of the CRR requires that all banks disclose (a) the geographical distribution of their credit exposures relevant for the calculation of their CCB; and (b) the amount of institution-specific CCB. Article 440(2) requires the EBA to draft RTS to specify these disclosure requirements.

Therefore, the final draft RTS contain two tabular disclosure templates:

- Table 1 provides the format for the disclosure of the geographical distribution of an institution's credit exposures relevant for the calculation of its CCB by country in accordance with Article 440(1)(a) of the CRR. The table follows the breakdown by exposure group specified in Article 140(4) of the CRD. The geographical location of a relevant credit exposure is identified as per draft RTS EBA/RTS/2013/15. The values to be disclosed are:
 - exposure values for relevant credit exposures defined in accordance with points (a) and (c) of Article 140(4) of the CRD;
 - the sum of long and short positions for relevant credit exposures defined in accordance with point (b) of Article 140(4) of the CRD in banks using the standardised approach;
 - the sum of fair value of cash positions and notional value of derivatives for relevant credit exposures defined in accordance with point (b) of Article 140(4) of the CRD in banks using internal models.

In addition, the table includes information on own funds requirements and CCB rates applied in each country where the institution has exposures used directly in the calculation of the institution-specific CCB rate.

- Table 2 provides the format for the disclosure of the amount of institution-specific CCB in accordance with Article 440(1)(b) of the CRR. This table also includes the institution-specific CCB (calculated in accordance with Article 140(1) of the CRD) and total risk exposure amount (calculated in accordance with Article 92(3) of the CRR), both being used in the calculation of the amount of institution-specific CCB in accordance with Article 130 of the CRD.

These uniform templates will ensure that the key information on institutions' compliance with the requirement for a CCB is disclosed and will facilitate the geographical comparison of the amounts used to calculate the CCB. This will also ensure transparency in the calculation of the buffer for all financial institutions across the EU.

Level of application

The level of application of disclosure of information on the compliance of institutions with the requirement for a CCB is specified in Part One, Title II of the CRR. In accordance with Article 6(1) and (3) and Article 13 of the CRR, disclosures required by Part Eight of the CRR (including those required by Article 440) must take place on an individual level if the institution is not part of a group, i.e. it is not a parent or subsidiary institution. If an institution is part of a group, disclosures must be provided by the parent on the basis of its consolidated situation. Institutions controlled by an EU parent financial holding company or EU parent mixed financial holding company must comply with the requirements of Article 440 on the basis of the consolidated situation of that financial holding company or mixed financial holding company.

Significant subsidiaries of EU parent institutions/financial holdings, and subsidiaries that are of material significance for their local markets should disclose this information on an individual or sub-consolidated basis, in accordance with Article 13 of the CRR.

Frequency of disclosure

As for all other information required by Part Eight of the CRR, Article 433 of the CRR provides for the disclosure of information on institutions' compliance with the requirement for a CCB at least on an annual basis in conjunction with the date of publication of financial statements. Article 433 will be specified by guidelines that will be issued by 31 December 2014.

The amount of the CCB is disclosed as part of the final draft ITS on disclosure for own funds by institutions under Articles 437(2) and 492(5) of the CRR. Disclosures as per Article 437 must also be made at least on an annual basis. In applying the guidelines under Article 433 of the CRR, institutions can choose different frequencies for disclosures covered by that Article, in particular disclosures relating to own funds under Article 437 of the CRR and capital requirements under Article 438(c) to (f) of the CRR may have different disclosure frequencies to CCB disclosures under Article 440 of the CRR.

Date of application of the RTS

In accordance with Article 521(2) of the CRR, the disclosure requirements specified in Part Eight of the CRR shall apply from 1 January 2014.

Article 440 of the CRR specifies that an institution must disclose the information relating to its compliance with the requirements for a CCB referred to in Title VII, Chapter 4 of the CRD. Requirements for the disclosure of information relating to a CCB should therefore apply at the same time as the requirement to hold a CCB. The CCB requirements specified in Title VII, Chapter 4 of the CRD apply:

- from 1 January 2016 in accordance with Article 162(2) of the CRD or;
- from 31 December 2013, if a Member State decides to implement the CCB at an earlier date in accordance with Article 160(6) of the CRD.

Once the CCB requirements apply, information relating to institutions' compliance with the requirements for a CCB pursuant to Article 440 of the CRR should be disclosed even if the applicable CCB rate of a certain country or all countries in which the institution holds exposures is zero.

The first disclosure using the specifications set out in these RTS must take place at the earlier of the following two dates: six months following the date of its publication in the Official Journal or 1 January 2016. This will allow banks sufficient time to prepare their systems for the disclosure of information in accordance with these RTS.

As the CCB is calculated on a quarterly basis, the disclosure of information on institutions' compliance with the requirement for a CCB will refer to the information on the CCB from the last available quarter, which is the fourth quarter of the previous year. For example, if the CCB requirement applies in a country from 1 January 2016, the first disclosure will take place in 2017, in conjunction with the date of publication of financial statements for 2016, and will refer to the information relating to the institution's compliance with the requirements for a CCB in the last available quarter — Q4 2016.

The disclosure of information in relation to the countercyclical capital buffer should be based on the prevailing conditions at the time of the computation of the CCB, including the countercyclical capital buffer rates applicable at the time of the computation of the CCB. Hence the disclosure should not include CCB rates that were set by the competent authorities in accordance with Articles 136, 137, 138 and 139 of the CRD, but are not yet applicable at the time of computation of the CCB to which the disclosure relates.

Alignment with other regulation

Currently the ITS on Supervisory Reporting provide for the reporting of own funds requirements related to relevant credit exposures for the purpose of calculation of the CCB. Following the

approval of these RTS, EBA intends to propose an update of the ITS on Supervisory Reporting to ensure that the two TS are aligned regarding information related to the CCB.

The nature of these RTS under EU law

These draft RTS are produced in accordance with Article 10 of the EBA Regulation. Pursuant to Article 10(4) of the EBA Regulation, these RTS shall be adopted by means of a regulation or decision. Under EU law, EU Regulations are binding in their entirety and directly applicable in all Member States. This means that, on the date of their entry into force, they become part of the national law of the Member States and that enactment in national law is not only unnecessary but also prohibited by EU law, except insofar as this is expressly required by the Member States.

Shaping these rules in the form of a regulation would prevent diverging national requirements and facilitate the cross-border provision of services, thereby ensuring there is a level playing field. Currently, an institution that wishes to begin working in another Member State has to apply different sets of rules.

The EBA has developed these draft RTS on the basis of the CRR. The EBA must submit this document to the Commission by 31 December 2014.

3. EBA FINAL draft regulatory technical standards on disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer under Article 440 of Regulation (EU) No 575/2013

COMMISSION DELEGATED REGULATION (EU) No .../..

of XXX

supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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 648/2012¹, and in particular Article 440 thereof,

Whereas:

- (1) Institutions should disclose the key elements of the calculation of their countercyclical capital buffer, in particular the geographical distribution of their relevant credit exposures and the final amount of the countercyclical capital buffer. With the view to improving the transparency and comparability of these figures across institutions, appropriate disclosure templates should be designed.
- (2) The institution specific countercyclical buffer should be calculated as the product of its total risk exposure amount and the institution specific countercyclical buffer rate. Therefore, this information should be part of the templates used for disclosure by the institutions.
- (3) The institution specific countercyclical capital buffer rate should be calculated as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the institution are located. Therefore, the distribution by country of relevant credit exposures should be disclosed in a template, in accordance with the provisions laid down in EBA/RTS/2013/15 on the method for the identification of the geographical location of the relevant credit exposures. With a view to fulfilling the requirements set forth in Article 440(1), letter (a) of Regulation (EU) No 575/2013 which does not set forth a minimum amount above which disclosure should be made, the geographical breakdown of relevant credit exposures should be disclosed even in cases when the applicable countercyclical capital buffer rate of a country is zero. Disclosures in accordance with this Regulation should be without prejudice to the application of Article 432(1) of Regulation (EU) No 575/2013 relating to non-material information.

¹ OJ L 176, 27.06.2013, p. 1.

- (4) For the purpose of the calculation of the institution specific countercyclical buffer rate, the weights applied to countercyclical buffer rates are proportionate to the total own funds requirements for credit risk that relates to the relevant credit exposures in each country where the institution holds exposures. Therefore, institutions should disclose own fund requirements for all relevant credit exposures.
- (5) Institutions should disclose their countercyclical buffer requirements at least on an annual basis in conjunction with the date of publication of financial statements in accordance with Article 433 of Regulation (EU) No 575/2013. As the countercyclical capital buffer is calculated on a quarterly basis, the disclosure of information on the compliance of institutions with the requirement for a countercyclical capital buffer should refer to the information on the countercyclical capital buffer from the last available quarter. The disclosure of information in relation to the countercyclical capital buffer should be based on the countercyclical capital buffer rates that are applicable at the time of the computation of the institution specific countercyclical capital buffer to which the disclosure relates.
- (6) Pursuant to Article 6(1) of Regulation (EU) No 575/2013, institutions should disclose the information relating to the countercyclical capital buffer on an individual basis. However, an institution which is either a parent undertaking or a subsidiary, and an institution included in the consolidation pursuant to Article 18 of Regulation (EU) No 575/2013 should not be required to comply with the disclosure requirements laid down in Part Eight on an individual basis as required in Article 6(3) of such Regulation. EU parent institutions and institutions controlled by a parent financial holding company should disclose this information on a consolidated basis, while significant subsidiaries of EU parent institutions or EU parent financial holding company or EU parent mixed financial holding company and subsidiaries which are of material significance for their local markets should disclose this information on individual or sub-consolidated basis, as provided for in Article 13 of Regulation (EU) No 575/2013.
- (7) This Regulation is based on the draft regulatory technical standards submitted by the European Supervisory Authority (European Banking Authority) to the European Commission.
- (8) The European Supervisory Authority (European Banking Authority) has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010.

HAS ADOPTED THIS REGULATION:

Article 1
Disclosure of information

Institutions that comply with the requirements in Title VII, Chapter 4 of Directive 2013/36/EU and with the requirements in Article 6 and Article 13 of Regulation (EU)

575/2013 related to Part Eight of that Regulation shall disclose the information in relation to the compliance with the requirement for a countercyclical capital buffer required by Article 440 of that Regulation following the provisions of Article 2 and Article 3 below.

Article 2

Disclosure of the geographical distribution of credit exposures

Institutions shall disclose the geographical distribution of their credit exposures relevant for the calculation of countercyclical buffer, by completing and publishing Table 1 of Annex 1 in accordance with the instructions contained in Annex 2, Part I and II.

Article 3

Disclosure of the amount of institution specific countercyclical buffer

Institutions shall disclose the amount of their institution specific countercyclical buffer, by completing and publishing Table 2 of Annex 1 in accordance with the instructions contained in Annex 2, Part I and III.

Article 4

Final provision

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

[*Instruction to the O.J.:* It shall apply from the earliest of the following two dates: 6 months after publication on the O.J or 1 January 2016].

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission

The President

On behalf of the President

[Position]

Annex 1 – Template for disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer

Disclosure of information relevant for the calculation of the countercyclical buffer

Level of application

Table 1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

Row		General credit exposures		Trading book exposures		Securitisation exposures		Own funds requirements				Own funds requirements weights	Countercyclical capital buffer rate
		Exposure value for SA	Exposure value for IRB	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for SA	Exposure value for IRB	of which: General credit exposures	of which: Trading book exposures	of which: Securitisation exposures	Total		
		010	020	030	040	050	060	070	080	090	100	110	120
010	Breakdown by country:												
	Country: 001												
	002												
	NNN												
020	Total												

Table 2 - Amount of institution-specific countercyclical capital buffer

Row	Column
	010
010	Total risk exposure amount
020	Institution specific countercyclical capital buffer rate
030	Institution specific countercyclical capital buffer requirement

Annex 2 – Instructions for disclosure templates

PART I. GENERAL INSTRUCTIONS

Reference data

1. Under the field ‘Level of application’ institutions shall indicate the level of application that forms the basis for the data provided in Tables 1 and 2. When completing this field institutions shall select one of the following, in accordance with Article 6 and 13 of the Regulation (EU) NO. 575/2013:
 - Consolidated
 - Individual
 - Sub-consolidated
2. For disclosure on an individual basis in accordance with Part One, Title II of Regulation (EU) NO. 575/2013, institutions shall complete Tables 1 and 2 of these Instructions on an individual basis in accordance with Part One, Title II, Chapter 1 of the Regulation (EU) NO. 575/2013.
3. For disclosure on a consolidated or sub-consolidated basis in accordance with Part One, Title II of Regulation (EU) NO. 575/2013, institutions shall complete Tables 1 and 2 of these Instructions based on a consolidated basis in accordance with Part One, Title II, Chapter 2 of the Regulation (EU) NO. 575/2013.

PART II. INSTRUCTIONS FOR TABLE TEMPLATE 1

Table 1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

4. The scope of Table 1 is limited to credit exposures relevant for the calculation of CCB in accordance with Art 140 (4) of the Directive 2013/36/EU.

Legal references and instructions	
Row number	Explanation

010-01X	<p>Breakdown of relevant credit exposures by country</p> <p>List of countries in which the institution has credit exposures relevant for the calculation of the institution specific countercyclical buffer in accordance with EBA/RTS/2013/15.</p> <p>The number of rows may vary depending on the number of countries where the institution has its credit exposures relevant for the calculation of the countercyclical buffer.</p> <p>In accordance with EBA/RTS/2013/15, if trading book exposures or foreign credit exposures of an institution represent less than 2% of its aggregate risk weighted exposures, the institution may choose to allocate these exposures to the place of institution. If the exposures disclosed for the place of institution include exposures from other countries, these should be clearly identified in a note or footnote to the disclosure table.</p>
020	<p>Total</p> <p>The value as described in accordance with the explanation for columns 010 to 120 of the current Table.</p>

Legal references and instructions	
Column number	Explanation
010	<p>Exposure value of general credit exposures for SA</p> <p>Exposure value of relevant credit exposures defined in accordance with Article 140(4)(a) of the Directive 2013/36/EU, determined in accordance with Article 111 of the Regulation (EU) No 575/2013.</p> <p>Geographical breakdown is made in accordance with EBA/RTS/2013/15.</p> <p>Row 020 (Total): The sum of all relevant credit exposures defined in accordance with Article 140(4)(a) of the Directive 2013/36/EU, determined in accordance with Article 111 of the Regulation (EU) No 575/2013</p>
020	<p>Exposure value of general credit exposures for IRB</p> <p>Exposure value of relevant credit exposures defined in accordance with Article 140(4)(a) of the Directive 2013/36/EU, determined in accordance with Article 166 of the Regulation (EU) No. 575/2013.</p> <p>Geographical breakdown is made in accordance with EBA/RTS/2013/15.</p> <p>Row 020 (Total): The sum of all relevant credit exposures defined in accordance with Article 140(4)(a) of the Directive 2013/36/EU, determined in accordance with Article 166 of the Regulation (EU) No. 575/2013.</p>
030	<p>Sum of long and short positions of trading book exposures</p> <p>Sum of long and short positions of relevant credit exposures defined in</p>

	<p>accordance with Article 140(4)(b) of the Directive 2013/36/EU, calculated as the sum of long and short positions determined in accordance with Article 327 of the Regulation (EU) No 575/2013.</p> <p>Geographical breakdown is made in accordance with EBA/RTS/2013/15.</p> <p>Row 020 (Total): The sum of all long and short positions of relevant credit exposures defined in accordance with Article 140(4)(b) of the Directive 2013/36/EU, calculated as the sum of long and short positions determined in accordance with Article 327 of the Regulation (EU) No 575/2013.</p>
040	<p>Value of trading book exposures for internal models</p> <p>Sum of the following:</p> <ul style="list-style-type: none"> - Fair value of cash positions, that represent relevant credit exposures as defined in Article 140(4)(b) of the Directive 2013/36/EU, determined in accordance with Article 104 of the Regulation (EU) No 575/2013. - Notional value of derivatives, that represent relevant credit exposures as defined in accordance with Article 140(4)(b) of the Directive 2013/36/EU. <p>Geographical breakdown is made in accordance with EBA/RTS/2013/15.</p> <p>Row 020 (Total): The sum of fair value of all cash positions, that represent relevant credit exposures as defined in Article 140(4)(b) of the Directive 2013/36/EU, determined in accordance with Article 104 of the Regulation (EU) No 575/2013, and notional value of all derivatives, that represent relevant credit exposures as defined in accordance with Article 140(4)(b) of the Directive 2013/36/EU.</p>
050	<p>Exposure value of securitisation exposures for SA</p> <p>Exposure value of relevant credit exposures defined in accordance with Article 140(4)(c) of the Directive 2013/36/EU, determined in accordance with Article 246(a) and (c) of the Regulation (EU) No 575/2013.</p> <p>Geographical breakdown is made in accordance with EBA/RTS/2013/15.</p> <p>Row 020 (Total): The sum of all relevant credit exposures defined in accordance with Article 140(4)(c) of the Directive 2013/36/EU, determined in accordance with Article 246(a) and (c) of the Regulation (EU) NO. 575/2013.</p>
060	<p>Exposure value of securitisation exposures for IRB</p> <p>Exposure value of relevant credit exposures defined in accordance with Article 140(4)(c) of the Directive 2013/36/EU, determined in accordance with Article 246(b) and (d) of the Regulation (EU) No 575/2013.</p> <p>Geographical breakdown is made in accordance with EBA/RTS/2013/15.</p> <p>Row 020 (Total): The sum of all relevant credit exposures defined in accordance with Article 140(4)(c) of the Directive 2013/36/EU, determined</p>

	in accordance with Article 246(b) and (d) of the Regulation (EU) No 575/2013.
070	<p>Own funds requirements: general credit exposures</p> <p>Own funds requirements for relevant credit exposures in the country in question, defined in accordance to Article 140(4)(a) of the Directive 2013/36/EU, determined in accordance with Part Three, Title II of the Regulation (EU) No 575/2013.</p> <p>Row 020 (Total): The sum of all own funds requirements for relevant credit exposures, defined in accordance to Article 140(4)(a) of the Directive 2013/36/EU, determined in accordance with Part Three, Title II of the Regulation (EU) No 575/2013.</p>
080	<p>Own funds requirements:: trading book exposures</p> <p>Own funds requirements for relevant credit exposures in the country in question, defined in accordance to Article 140(4)(b) of the Directive 2013/36/EU, determined in accordance with Part Three, Title IV, Chapter 2 of the Regulation (EU) No 575/2013 for specific risk, or in accordance with Part Three, Title IV, Chapter 5 of the Regulation (EU) No 575/2013 for incremental default and migration risk.</p> <p>Row 020 (Total): The sum of all own funds requirements for relevant credit exposures, defined in accordance to Article 140(4)(b) of the Directive 2013/36/EU, determined in accordance with Part Three, Title IV, Chapter 2 of the Regulation (EU) No 575/2013 for specific risk, or in accordance with Part Three, Title IV, Chapter 5 of the Regulation (EU) No 575/2013 for incremental default and migration risk.</p>
090	<p>Own funds requirements: securitisation exposures</p> <p>Own funds requirements for relevant credit exposures in the country in question, defined in accordance to Article 140(4)(c) of the Directive 2013/36/EU, determined in accordance with Part Three, Title II, Chapter 5 of the Regulation (EU) No 575/2013.</p> <p>Row 020 (Total): The sum of all own funds requirements for relevant credit exposures, defined in accordance to Article 140(4)(c) of the Directive 2013/36/EU, determined in accordance with Part Three, Title II, Chapter 5 of the Regulation (EU) No 575/2013.</p>
100	<p>Own funds requirements - Total</p> <p>The sum of columns 070, 080 and 090.</p> <p>Row 020 (Total): The sum of all own funds requirements for relevant credit exposures, defined in accordance to Article 140(4) of the Directive 2013/36/EU.</p>
110	<p>Own funds requirements weights</p> <p>The weight applied to the countercyclical buffer rate in each country,</p>

	<p>calculated as the total own funds requirements that relates to the relevant credit exposures in the country in question (row 01X, column 100), divided by the total own funds requirements that relates to all credit exposures relevant for the calculation of the countercyclical buffer in accordance with Article 140(4) of the Directive 2013/36/EU (row 020, column 100).</p> <p>This value is disclosed as an absolute number with 2 decimal points.</p>
120	<p>Countercyclical capital buffer rate</p> <p>Countercyclical capital buffer rate applicable in the country in question, and set in accordance with Articles 136, 137, 138 and 139 of the Directive 2013/36/EU. This column does not include countercyclical capital buffer rates that were set, but are not yet applicable at the time of computation of the institution specific countercyclical capital buffer to which the disclosure relates.</p> <p>This value is disclosed as percentage with the same number of decimal points as set in accordance with Articles 136, 137, 138 and 139 of the Directive 2013/36/EU.</p>

PART III. INSTRUCTIONS FOR TABLE TEMPLATE 2

Table 2: Amount of institution specific countercyclical capital buffer

5. Institutions shall apply the instructions provided in this section in order to complete Table 2 Amount of institution specific countercyclical capital buffer.

Legal references and instructions	
Row number	Explanation
010	<p>Total risk exposure amount</p> <p>Total risk exposure amount calculated in accordance with Article 92 (3).</p>
020	<p>Institution specific countercyclical capital buffer rate</p> <p>Institution specific countercyclical capital buffer rate, determined in accordance with in accordance with Article 140(1) of the Directive 2013/36/EU.</p> <p>The institution specific countercyclical capital buffer rate is calculated as the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures of the institution are located and reported in rows 010 to 01X of column 120 of the Table 1.</p> <p>The weight applied to the countercyclical buffer rate in each country is the share of funds requirements in total own funds requirements, and is disclosed in Table 1 column 110.</p>

	This value is disclosed as percentage with 2 decimal points.
030	<p>Institution specific countercyclical capital buffer requirement</p> <p>Institution specific countercyclical capital buffer requirement, calculated as the institution specific countercyclical buffer rate, as reported in row 020 of this Table, applied to the total risk exposure amount as reported in row 010 of this Table.</p>

Legal references and instructions	
Column number	Explanation
010	The value as described in accordance with the explanation for rows 010 to 030 of the current Table.

4. Accompanying documents

4.1 Cost-benefit analysis/impact assessment

Article 15(1) of the EBA Regulation (Regulation (EU) No 1093/2010 of the European Parliament and of the Council) provides that when any draft regulatory technical standards (RTS)/implementing technical standards (ITS) developed by the EBA are submitted to the Commission for adoption, they should be accompanied by an analysis of ‘the potential related costs and benefits’. This analysis should provide the reader with an overview of the findings regarding the problem to be dealt with, the solutions proposed and the potential impacts of these options.

This section outlines the impact assessment of the draft RTS on disclosure of information in relation to the compliance of institutions with the requirement for a CCB. The draft RTS stem from the requirement for a CCB as specified in Article 440 of the CRR.

4.1.1 Problem definition

The draft RTS specify the format of the templates that credit institutions should use and the information they should report. These draft RTS aim to ensure that the key information required by Article 440(1) of the CRR relating to institutions’ compliance with the requirements for the computation of a CCB in accordance with Title VII, Chapter 4 of Directive 2013/36/EU is disclosed. The RTS also aim to ensure transparency in the calculation of the buffer for all financial institutions across the EU, as well as consistent and comparable disclosure of the amounts used to calculate the CCB and of the amount of the CCB itself.

4.1.2 Options considered

This section explains specific choices made by the EBA when drafting the RTS.

Metrics for relevant credit exposures

Article 440 of the CRR requires that institutions disclose the geographical distribution of their credit exposures relevant for the calculation of their institution-specific CCB, as defined in points (a), (b) and (c) of Article 140(4) of the CRD.

The following measures were considered for the relevant credit exposures as defined in points (a) and (c) of Article 140 of the CRD:

- **exposure value** — this option would require banks to disclose the exposure values of the relevant credit exposures;
- **risk-weighted exposure amount** — this option would require banks to disclose the risk-weighted exposure amount of the relevant credit exposures.

‘Exposure values’ is proposed as a metric of exposures, as it shows distribution of the institution’s activities by country. Unlike risk-weighted exposure, it is not risk sensitive, and therefore provides a better measure of the amount of exposures that are relevant for the calculation of the CCB.

The following measures were considered for the relevant credit exposures as defined in point (b) of Article 140 of the CRD:

- **sum of long and short positions** — this option would require banks to disclose the sum of long and short positions;
- **market value** — this option would require banks to disclose the fair value of the relevant credit exposures, in accordance with Article 104 of the CRR;
- **notional value** — this option would require banks to disclose the notional value of the relevant credit exposures;
- **incremental capital charge** — this option would require banks to assign to each geographical location the share of IRC that is contributed by each country in the overall IRC. This may be calculated by computing the IRC for the entire portfolio by excluding one country at a time and comparing it to the overall IRC.

The purpose of the metric for the relevant credit exposures as defined in point (b) of Article 140 of the CRD would be to provide similar informative value as the ‘exposure value’ for the relevant credit exposures under points (a) and (c) of the same article, given that such a measure does not exist for trading book exposures.

The sum of long and short positions is normally computed only where the SA is used, as it is already defined in Article 327 of the CRR, and would be burdensome to implement where internal models are used. Market value provides the fair value that should be available to the institutions. However, this value is used to calculate own funds requirements for cash positions, and not derivatives. An alternative measure should therefore be found for derivative instruments. In accordance with Article 332 of the CRR, the notional value of the credit derivative must be used when calculating own funds requirements for general and specific risk in the SA. Finally, incremental capital charge does not provide a value comparable to exposure values as it is risk sensitive and does not reflect the magnitude of the institution’s relevant credit exposures and activities in a country.

Based on the above argumentation, it has been concluded that:

- where the SA is used, the ‘sum of long and short positions’ should be used, as it is already defined in Article 327 of the CRR;
- where banks use internal models, the value of relevant credit exposures will be calculated as the sum of the following:

- fair value of cash positions, which represent relevant credit exposures as defined in Article 140(4)(c) of Directive 2013/36/EU, determined in accordance with Article 104 of Regulation (EU) No 575/2013;
- notional value of derivatives, which represent relevant credit exposures as defined in accordance with Article 140(4)(c) of Directive 2013/36/EU.

Supplementary information

For the calculation of the institution-specific countercyclical buffer rate, the weights applied to countercyclical buffer rates are proportionate to the total own funds requirements for credit risk that relates to the relevant credit exposures in each country where the institution holds exposures, in accordance with Article 140(1) of the CRD. Own fund requirements and CCB rates are therefore used as a direct input for the calculation of the institution-specific CCB and show the composition of the buffer and the drivers behind its growth.

To provide transparency in the computation of the CCB and for this disclosure to allow users to understand how the CCB works for institutions, the breakdown of credit exposures should be supplemented with a breakdown of other relevant information on own fund requirements for all relevant credit exposures and CCB rates applied in each jurisdiction.

Granularity of relevant credit exposures

Several levels of granularity were considered for the disclosure of the geographical breakdown of relevant credit exposures in accordance with Article 440(1)(a) of the CRR. The options considered were (from the broader to the more specific):

- (a) disclosure of totals for the relevant credit exposures as defined in Article 140 of the CRD;
- (b) disclosure at the level of three exposure groups as defined in points (a), (b) and (c) of Article 140(4) of the CRD;
- (c) disclosure at the level of exposure class in accordance with Article 112 of the CRR.

The disclosure of total own funds requirements for relevant credit exposures provides the inputs for calculating the institution-specific CCB. However, this does not provide any more detailed information about the composition of the CCB and the components that drive its level, such as the information that an institution has exposure to in a jurisdiction where systemic risk is building-up. Moreover, totals cannot be calculated for the measure for the credit exposure, as different measures are used for relevant credit exposures defined in points (a) and (c) of Article 140(4) of the CRD and point (b) of Article 140(4) of the CRD.

A more detailed disclosure at the level of exposure class in accordance with Article 112 of the CRR could provide more insights into the drivers of the CCB. Article 442 of the CRR already requires the separate disclosure of geographical distribution of exposures and distribution of exposures by

exposure class.² Therefore, the EBA does not believe that a more detailed disclosure of information is necessary.

Finally, the disclosure at the level of exposure group, as defined in points (a), (b) and (c) of Article (140)(4) of the CRD, provides a good balance between sufficient detail to explain the composition of the CCB and sufficient aggregation to take account of the disclosure requirements that already exist elsewhere in Part Eight of the CRR.

Geographical breakdown

Article 440 of the CRR requires that institutions disclose the geographical distribution of their credit exposures relevant for the calculation of their institution-specific CCB, but does not provide further detail on the unit of geography to be used. These final draft RTS propose that the breakdown is done at country level, which would be in line with the draft EBA/RTS/2013/15 on the method for the identification of the geographical location of relevant credit exposures under Article 140(7) of the CRD. Any other geographical classification would be inconsistent with EBA/RTS/2013/15.

4.1.3 Impact of the proposals

Benefits

The templates proposed in these RTS will illustrate the allocation of exposures by country as per the RTS on the method for the identification of the geographical location of relevant credit exposures developed under the mandate specified in Article 140(7) of the CRD (EBA/RTS/2013/15). Once these RTS are implemented, the additional costs incurred by the disclosing institutions will be minimal, as they will only require the disclosure of the available information.

The proposed templates will provide investors, market analysts and other users of financial information, and stakeholders with more detailed information on the nature and size of the exposures in different countries, as well as on the composition of the CCB and what drives any change to the CCB.

The disclosure of this information should improve the comparability of information on the geographical allocation of exposures, which is used to calculate the CCB as per the draft RTS EBA/RTS/2013/15. Disclosure requirements in other parts of the CRR generally allow flexibility in the method of allocation of exposures by country. Comparability stemming from the uniform allocation of exposures and the harmonised presentation of their distribution and of other information relevant to user understanding of the computation of the CCB will ensure

² The exposure values disclosed in Article 442 of the CRR are not exactly the same as the values disclosed in Article 440 of the CRR as, in Article 440 of the CRR, credit exposures for the purpose of CCB calculation do not take into account the CRM techniques in determining the ultimate risk. Moreover, the distribution of exposures in significant geographical areas for Article 442 of the CRR may not follow the provisions of EBA/RTS/2013/15 on the geographical distribution of exposures relevant for the calculation of CCB.

transparency in the way institutions comply with the CCB requirement and support market discipline.

Costs

The main costs for institutions relate to setting up the required disclosure templates. Once the CCB requirements apply, information relating to institutions' compliance with the requirements for a CCB specified in Article 440 of the CRR should be disclosed, and it should follow the calculation of the CCB in accordance with Article 140 of the CRD and the RTS on the method of geographical location of relevant credit exposures (EBA/RTS/2013/15). Therefore, the institutions will have to comply with these requirements irrespective of the current RTS, and the disclosure of information about compliance with this buffer will not lead to any significant additional costs.

The proposed measures for trading book exposures are sum of long and short positions where the SA is used and fair value for cash positions subject to the IRC and the notional value for derivatives subject to the IRC where banks use internal models. Given that Article 440 of the CRR requires the disclosure of distribution of credit exposures relevant for the calculation of the CCB, including for point (b) of Article 140(4) of the CRD, these measures were chosen with due consideration to the costs they may imply. Although compared to exposure values the disclosure of this information may require more costs for banks, these costs will be minimal as this information is already available and only has to be collected in one table.

The buffer should be applied gradually from 1 January 2016 or, in certain cases, will be applied as early as 31 December 2013 in accordance with Article 160 of the CRD. The first disclosure using the specifications specified in these RTS must take place at the earlier of the two dates: six months following the date of its publication in the Official Journal or 1 January 2016. This will ensure banks have sufficient time to prepare their systems for the disclosure of information in accordance with these RTS.

Figure 1. Summary of the costs and benefits of the proposals.

	Costs	Benefits
Institutions	Small: preparing disclosure templates, with a six-month preparation period after the publication of the RTS in the Official Journal; collection of exposure data (fair value and notional value) related to relevant credit exposures defined in point (b) of Article 140(4) of the CRD	Medium: the higher degree of transparency on the calculation of the countercyclical buffer rate calculation may increase the confidence of the market in the institution
Markets and Investors	Zero	Medium: the templates will help markets and investors to compare institutions, their countercyclical capital buffer rates, and their relevant exposures by country, increasing market confidence and financial stability

4.2 Views of the Banking Stakeholder Group (BSG)

This section sets out the BSG's comments on the draft RTS on disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer under Article 440 of Regulation (EU) No 575/2013.

Question 1. *Are the provisions included in these draft RTS sufficiently clear? Are there aspects which need to be expanded in more detail?*

Yes, the provisions included in these draft RTS are sufficiently clear, with the exceptions mentioned below.

Question 2. *Are the instructions provided in Annex 2 of the draft RTS sufficiently clear?*

1. Reference data. The level of application:

On the one hand, after reading page 15, paragraphs 1 and 3, page 4, paragraph 2, and page 11, paragraph 7 [of the draft CP], our understanding is that an international group will **only** be required to fulfil the templates on a consolidated basis. On the other hand, after reading page 7, paragraph 2, we infer that an international group will be required to fulfil the templates **both** on a consolidated **and** on sub-consolidated/individual basis.

As a consequence, it is not clear to us whether an international group will have to fulfil the templates **on a consolidated, sub-consolidated or individual basis** (or all of them). This needs clarification to remove any ambiguity.

2. Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer: breakdown by country:

After reading the instructions referred to in the breakdown of relevant credit exposures by country (page 16) and the EBA's final draft RTS on the method for the identification of the geographical location of the relevant credit exposures (EBA/RTS/2013/15), we are uncertain whether the split by country will apply **only** to **European** exposures **or** to the **whole** exposures of a group.

3. The exposure value of credit exposures:

According to the explanation provided in PART II. INSTRUCTIONS FOR TABLE TEMPLATE 1, referring to the exposure value of credit exposures (page 16), it is not clear to us whether credit exposure values calculated through the standardised approach and through Internal Rated Based have to be aggregated.

Question 3. *Our analysis shows that the costs of implementation are negligible. Do you agree with our assessment? If not please explain why.*

The templates to comply with the requirement for a CCB include information that institutions are already required to disclose in accordance with Article 440(1) of Regulation (EU) No 575/2013 (page 13). Therefore, the costs associated with calculating the countercyclical capital buffer would be incurred anyway. However, this does not imply that costs of implementation are negligible as entities still have to invest in providing the breakdown by country for:

- exposure value of credit exposures
- the sum of net long and short positions of trading book exposures
- exposure value of securitisation exposures.

4.3 Feedback on the public consultation and on the opinion of the BSG

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

The consultation period lasted for three months and ended on 27 September 2014. Eight responses were received, of which seven were published on the EBA website.

This section 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 have been incorporated as a result of the responses received during the public consultation.

4.3.1 Summary of key issues and the EBA's response

The main points raised by the respondents with regard to these draft RTS are as follows:

Level of detail

The vast majority of respondents recognised the relevance of providing sufficient data to give a clear understanding of the calculation of the institution-specific CCB. However, it was pointed out that providing data that is too detailed would not necessarily add any further value but would still result in a cost for the institutions.

EBA response

We agree that providing detailed data can place significant additional burden on institutions. As institutions already need to produce the breakdowns given in tables 1 and 2 so that they can calculate the institution-specific CCB rate and therefore comply with the CCB requirement, the provision should not involve any additional costs for institutions.

Metric for trading book exposures

Two respondents expressed a concern regarding the metric for reporting relevant credit exposures as defined in point (b) of Article 140(4) of the CRD, i.e. the sum of net long and short positions. In general, respondents did not disagree with the principle behind the proposal but were worried about a practical issue. The sum of net long and short positions is calculated only if banks use the SA, and not if they use internal models. Calculating the sum of net long and short positions for banks using internal models would be time consuming and would involve an additional cost for institutions, as investment would be required to build such capacity.

EBA response

The EBA agrees that it is more challenging to provide information on exposure values due to lack of a comparable measure for trading book exposures. Therefore, for trading book exposures, alternative measures were proposed: where the standardised approach is used, sum of long and short positions and, where internal models are used, the sum of fair value of cash positions subject to IRC and notional value of derivatives subject to IRC.

Date of application

Two respondents believed that the **date of application** of the disclosure requirements was not clearly specified in the draft RTS. Specifically, they stated that it is not clear whether the disclosure applies if a Member State imposes the application of the CCB at an earlier date than 1 January 2016. One respondent said that some banks may be unable to comply with disclosure requirements if they are applied too early and may need to develop systems to enable the production of certain required metrics. Suggestions for the date of application were Q4 2015 or Q1 2016.

EBA response

Article 440 of the CRR specifies that an institution shall disclose the information in relation to its compliance with the requirements for a CCB referred to in Title VII, Chapter 4 of the CRD. Therefore, the disclosure requirements in Article 440 should apply at the same time as the requirement to hold a CCB:

- from 1 January 2016 in accordance with Article 162(2) of the CRD or;
- from 31 December 2013 if a Member State decides to implement the CCB at an earlier date in accordance with Article 160(6) of the CRD.

The first disclosure using the specifications set out in these RTS must take place at the earlier of the two dates: six months following the date of its publication in the Official Journal or 1 January 2016. This will ensure banks have sufficient time to prepare their systems for the disclosure of information in accordance with these RTS.

Scope

Finally, a number of the questions raised were related to issues out of the scope of these draft RTS:

- method of calculating the CCB
- geographical allocation of credit exposures relevant for the calculation of the CCB
- frequency of disclosure and level of application

- CCB rates applied and reciprocity rules.

EBA response

These issues are already addressed in the CRR, CRD and/or the RTS on the method for the identification of geographical location of relevant credit exposures for the calculation of CCB EBA/RTS/2013/15.

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

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Level of detail	<p>Two respondents thought that the templates were too detailed. According to one respondent, requiring the disclosure of the following information is outside of the EBA mandate specified in Article 440 of the CRR:</p> <ul style="list-style-type: none"> (a) exposure values and own fund requirements (Table 1), (b) the breakdown by risk type (Table 1), (c) the CCB rate for each jurisdiction (Table 1), (d) the institution-specific CCB rate (Table 2), (e) the total risk amount and CCB capital requirement (Table 2). 	<p>Article 440(1) of the CRR requires that institutions disclose the geographical distribution of their credit exposures relevant for the calculation of their institution-specific CCB. 'Exposure values' is proposed as a metric of exposures, as it shows the distribution of the institution's activities by country and, unlike other measures, such as risk-weighted exposure, it is not risk sensitive. It therefore provides a better measure of which exposures are relevant for the calculation of the CCB.</p> <p>The breakdown by risk type follows the specifications of Article 140(4) of the CRD and was chosen because it provides a good balance between sufficient detail to explain the composition of the CCB and sufficient aggregation to take account of the disclosure requirements that already exist elsewhere in Part Eight of the CRR.</p> <p>The own funds requirements and the CCB rates are included in the table for clarity on the calculation of the final institution-specific CCB. Moreover, as CCB rates are available on the ESRB website, no undue cost or effort is involved for institutions.</p> <p>Information on the CCB capital requirement is explicitly mandated in Article 440(2). The institution-specific CCB rate and the total exposure risk amount are included to provide transparency on the computation of the</p>	No change

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		institution-specific CCB. This information is used in the computation of solvency ratios and is therefore expected to be available from all institutions.	
CCB calculation	One respondent argues that the method of calculating the CCB in accordance with Article 140 of the CRD is inadequate, as it uses only relevant credit exposures (excluding those to institutions and the public sector) to calculate the institution-specific buffer rate, but applies the rate to the total exposure amount, which reflects all exposure classes as defined in Article 112 of the CRR.	The calculation of the CCB is not within the mandate of these draft RTS.	No change
Geographical distribution of exposure relevant for CCB	One respondent argues that the geographical location should reflect the 'ultimate' risk of an institution by recognising CRM techniques, in line with the calculation of capital requirements.	The method of geographical allocation of credit exposures relevant for the calculation of CCB is provided for in EBA/RTS/2013/15 and is not within the mandate of these draft RTS.	No change
Level of application	One respondent highlighted that the level of application of CCB disclosure should be harmonised with the actual requirements for holding a CCB.	This question is not within the mandate of these draft RTS. The level of application of disclosure of information on the compliance of institutions with the requirement for a CCB is specified in Part One, Title II of the CRR. The level of application of CCB is specified in Article 130 of the CRD.	No change

Responses to questions in Consultation Paper EBA/CP/2014/11

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>Question 1. Are the provisions included in these draft RTS sufficiently clear? Are there aspects which need to be expanded in more detail?</p>	<p>(1) Two respondents believed that the date of application of the disclosure requirements was not clearly specified in the draft RTS. Specifically, it is not clear whether the disclosure applies if a Member State imposes the application of the CCB at an earlier date than 1 January 2016.</p> <p>(2) One respondent asked whether the disclosure applies if an institution or group has relevant exposures in a jurisdiction where the buffer rate is set at 0%. It is also not clear whether the institution/group has to disclose the information if its overall CCB is zero.</p>	<p>(1) Article 440 of the CRR specifies that an institution shall disclose the information in relation to its compliance with the requirements for a CCB referred to in Title VII, Chapter 4 of the CRD. Therefore, the disclosure requirements should apply at the same time as the requirement to hold a CCB. The CCB requirement specified in Title VII, Chapter 4 of the CRD applies from 1 January 2016 in accordance with Article 162(2) of the CRD or from 31 December 2013 if a Member State decides to impose a shorter transition period and thereby implement the CCB at an earlier date in accordance with Article 160 of the CRD. Disclosure requirements in accordance with the specification of these RTS will however only be mandatory once its provisions enter into force. The first disclosure using the specifications set out in these RTS must take place at the earlier of the two dates: six months following the date of its publication in the Official Journal or 1 January 2016. This will ensure banks have sufficient time to prepare their systems for the disclosure of information in accordance with these RTS.</p> <p>(2) Article 440(1) of the CRR requires an institution to disclose information in relation to its compliance with the requirement for a CCB, and, in particular, the geographical distribution of its credit exposures relevant for the calculation of its institution-specific countercyclical capital and the amount of CCB. Since the CRR does not specify a minimum amount above which disclosure should be made, relevant credit exposures and amount of institution-specific CCB have to be disclosed even if the CCB rate in a certain country or all countries where the</p>	<p>The RTS have been amended to include the date of application.</p> <p>Recital 3 of the draft RTS has been amended to clarify this.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		institution holds its exposures is set at 0%, or if the resulting overall institution-specific CCB is zero.	
	(3) One respondent thought that the frequency of the required disclosure was not clearly specified in the draft RTS. The respondent indicated that it did not support a requirement to disclose more often than on an annual basis.	(3) This question is outside of the mandate of these draft RTS. The frequency of disclosure of information on the compliance of institutions with the requirement for a CCB is specified in Part Eight, Article 433 of the CRR, to which recital 5 makes reference.	No change
	(4) Pursuant to Article 13(1) of the CRR, significant subsidiaries of EU parent institutions and those subsidiaries which are of material significance for their local market shall disclose the information specified in Article 440 of the CRR on an individual or sub-consolidated bases. One respondent pointed out that it is not clear who determines when a subsidiary is significant or of material significance for its local market.	(4) This question is outside of the mandate of these draft RTS.	No change
	(5) Two respondents suggested introducing a materiality threshold for disclosure of geographical breakdown of relevant credit exposures	(5) Two issues should be dealt with separately: the calculation of the buffer and the related disclosures. (i) The former issue is out of the mandate of these draft RTS. For the purpose of calculation of CCB, EBA/RTS/2013/15 on identification of geographical location of the relevant credit exposures set a materiality threshold. Institutions that have a total share of trading book exposures or foreign credit exposures below 2% of their aggregate general credit-, trading- and securitisation-risk-weighted exposures may choose to	No change

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>allocate these exposures to the country of the institution.</p> <p>(ii) Regarding the disclosures, the primary driver is the user needs. To this aim the principles set out in Article 432 (1) of the CRR concerning non-material information apply and are specified by Guidelines that will be delivered by 31 December 2014.</p>	
<p>Question 2. Are the instructions provided in Annex 2 on the draft sufficiently clear?</p>	<p>(1) One respondent suggested adding further instructions with regards to the breakdown by country. Another respondent commented on the lack of clarity of how the breakdown by country takes place for trading book exposures, given that the calculations in trading book are conducted at portfolio level rather than geographic level.</p> <p>(2) One respondent thought that it was not clear whether the breakdown by country on the relevant credit exposures applied only to European exposures or to exposures overall.</p> <p>(3) One respondent thought that the types of exposures to be reported in Table 1 should be clarified. The respondent assumed that the EBA was referring to the relevant credit, trading book and securitisation exposures in accordance with Article 140 (4) of the CRD but argued that this was not clearly specified.</p>	<p>(2) This question is outside of the mandate of these draft RTS. Nevertheless, reference to the RTS on identification of geographical location of the relevant credit exposures (EBA/RTS/2013/15), which apply for the breakdown by country of all relevant credit exposures, including trading book exposures, has been added to the instructions for the tables.</p> <p>(3) Instruction on breakdown by country of relevant credit exposures is outside of the scope of these RTS. In accordance with the RTS on the identification of the geographical location of the relevant credit exposures EBA/RTS/2013/15, the breakdown should be performed for geographical exposures located in a Member State or in a third country. The breakdown by country therefore applies to all credit exposures.</p> <p>(4) The scope of Table 1 includes relevant credit exposures as defined in Article 140(4) of the CRD.</p>	<p>Additional references to the relevant RTS added to the instructions.</p> <p>No change.</p> <p>A reference to Article 140(4) of the CRD has been added to the Instructions for Table 1.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>(4) One respondent suggested removing columns for trading book and securitisation exposures arguing that only credit exposures are relevant for the calculation of the institution-specific CCB.</p>	<p>(5) Pursuant to Article 440(1) of the CRR, institutions shall disclose the geographical distribution of their credit exposures relevant for calculating their CCB amount. These relevant exposures are those referred to in points (a), (b) and (c) of Article 140(4) in Title VII, Chapter 4 of the CRD. They cover all exposure classes, other than those in point (a) to (f) of Article 112 of the CRR, that are subject to own funds requirements for credit risk, exposures held in trading book that are subject to own funds requirements for specific risk and incremental default and migration risk, and securitisation exposures subject to the own-funds requirements specified in the CRR.</p>	No change.
	<p>(5) Referring to the instructions for Table 1, one respondent was uncertain whether credit exposure values calculated using the SA and IRB should be aggregated if institutions are using both methods.</p>	<p>(6) Separate columns were provided in Table 1 for the separate disclosure under the standardised and IRB approaches.</p>	Table 1 has been modified to include separate columns for the SA and the IRB approach.
	<p>(6) Referring to the level of application, one respondent stated that the wording in the Instructions implies that a parent institution is required to disclose the information only on a consolidated level, while the wording in the section 3.1 of the CP implies that a parent institution should disclose the information on a consolidated, sub-consolidated or individual level. Clarification is therefore needed on how an international group should disclose the information.</p>	<p>(7) The level of application of the disclosure requirements is outside of the mandate of these draft RTS and follows the level of application specified in Articles 6 and 13 of the CRR for all disclosures required by Part Eight of the CRR. Recital 6 of the final draft RTS specifies that the level of application of Article 440 of the CRR is in accordance with Part One, Title II of the CRR.</p>	No change; this aspect is clarified in recital 6.
	<p>(7) One respondent remarked on the lack of sufficient instructions on reciprocity related to CCB rates to be</p>	<p>(8) Instructions on reciprocity are outside of the mandate</p>	No change

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>reported in Table 1:</p> <p>(a) One respondent suggested assigning every exposure to only one country for the purpose of CCB calculation to avoid multiple capital requirements from multiple jurisdictions.</p> <p>(b) The template does not specify whether the buffer rate to be reported in Table 1 is the buffer rate set by the home designated authority or the buffer rate set by the local designated authority.</p> <p>The respondent also noted that if a home designated authority of a group overrides a local designated authority where the group has relevant exposures it is not clear which buffer rate to apply when calculating the group's consolidated CCB. This is particularly relevant when the same exposures have attracted different CCB rates for different entities in the same consolidation group.</p> <p>(8) One respondent thought that an additional column in Table 1, displaying the product of 'Own funds requirements weights' and 'CCB rates', should be added to make the calculation of the institution-specific CCB even clearer.</p> <p>(9) One respondent commented on a typo. In the instructions provided for Table 1 column on 'Own funds requirements weights' there is a reference to a paragraph that does not exist.</p>	<p>of these draft RTS.</p> <p>The allocation of exposures to different countries has an incidence on the institution-specific CCB via the computation of the institution-specific average-weighted CCB rate (this rate depends on the different CCB rates enforced by jurisdictions in which the institution has exposure). This is why Article 440(1) of the CRR requires the relevant exposures to be allocated by country.</p> <p>The CCB rates that should be disclosed in Table 1 are the CCB rates applicable in the country in question in accordance with Articles 136 to 140 of the CRD, as specified in the instructions in Annex 2 to the RTS.</p> <p>(9) The EBA believes that the templates should be kept as simple as possible to provide a clear overview. Adding such a column to Table 1 would add further complexity to the template.</p> <p>(10) We agree that the reference is incorrect.</p>	<p>No change</p> <p>The reference has been amended.</p>
<p>Question 3. Our analysis shows that the</p>	<p>(1) The vast majority of respondents recognised the need to provide sufficient data to give a clear</p>	<p>(1) We agree that any detailed data provided should add value. However, as institutions already need to produce</p>	<p>No change</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>costs of implementation are negligible. Do you agree with our assessment? If not please explain why.</p>	<p>understanding of the calculation of the institution-specific CCB. However, it was pointed out that providing data that is too detailed would not necessarily add any further value but would result in a cost for the institutions. One respondent said this applies in particular to the breakdown by country of exposure values of general credit and securitisation exposures and sum of net long and short positions of trading book exposures.</p>	<p>the breakdowns given in Tables 1 and 2 so that they can calculate the institution-specific CCB rate, the provision should involve any additional cost for the institutions.</p>	
	<p>(2) Two respondents expressed a concern regarding the metric for reporting trading book exposures, i.e. sum of net long and short positions. The respondents did not disagree with the principle behind the proposal, but they had a practical concern. Sum of net long and short positions is calculated only if banks use the standardised approach, and not if banks use internal models. One respondent suggested that Table 1 should be amended to include a column for an alternative measure for institutions using internal models. One respondent remarked that its calculation for institutions using internal models would be time consuming and would result in a cost for the institutions as investment will be required to build such capacity.</p>	<p>(2) The EBA agrees that using a similar metric may be burdensome for banks using internal models. Therefore, for internal models, the use of a new value has been proposed, which is calculated as the sum of the fair value of the cash positions subject to the IRC and the notional value of derivatives subject to IRC.</p>	<p>A new measure for trading book exposures has been included.</p>
	<p>(3) One respondent highlighted the need to review existing reporting capabilities across banks for sourcing information required to identify geographical location of each risk exposure. In particular, the respondent says that the cost of implementing any system change to capture geographical risk at a very granular level for complex transactions has not been fully assessed. Given</p>	<p>(3) The buffer is to be applied gradually from 1 January 2016 or, in specific cases, it is to be applied as early as 31 December 2013, in accordance with Article 160 of the CRD. Once the CCB requirements apply, information relating to institutions' compliance with the requirements for a CCB specified in Article 440 of the CRR should be disclosed, and it should follow the calculation of</p>	<p>No change</p>

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	<p>the costs involved, the respondent suggested that the disclosure requirements should be applied no earlier than Q4 2015. Another respondent suggested applying the disclosure requirements from Q1 2016, given the application of the CCB in 2016.</p> <p>One respondent said that some banks may be unable to comply with the requirements immediately and may need to develop systems to enable the production of required certain metrics.</p> <p>One respondent suggested a transitional framework for the implementation of the RTS.</p>	<p>the CCB in accordance with Article 140 of the CRD and the RTS on the method of geographical location of relevant credit exposures (EBA/RTS/2013/15). Therefore, the institutions will have to comply with these requirements irrespective of the current RTS.</p> <p>The first disclosure using the specifications set out in these RTS must take place at the earlier of the two dates: six months following the date of its publication in the Official Journal or 1 January 2016. This will ensure banks have sufficient time to prepare their systems for the disclosure of information in accordance with these RTS.</p>	