

**EN
ANNEX III**

‘ANNEX V

REPORTING ON FINANCIAL INFORMATION

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PART 1

GENERAL INSTRUCTIONS

1. REFERENCES

1. This Annex contains additional instructions for the financial information templates ('FINREP') in Annexes III and IV to this Regulation. This Annex complements the instructions included in the form of references in the templates in Annexes III and IV.
2. Institutions that use national accounting standards compatible with IFRS ('compatible national GAAP') shall apply the common and IFRS instructions in this Annex, unless otherwise provided. This is without prejudice to the compliance of the compatible national GAAP requirements with the requirements of BAD. Institutions that use national GAAP non-compatible with IFRS or that have not yet been made compatible with the requirements in IFRS 9 shall apply the common and BAD instructions in this Annex, unless provided otherwise.
3. The data points identified in the templates shall be drawn up in accordance with the recognition, offsetting and valuation rules of the relevant accounting framework, as defined in Article 4(1)(77) of Regulation (EU) No 575/2013.
4. Institutions shall only submit those parts of the templates related to:
 - (a) assets, liabilities, equity, income and expenses that are recognised by the institution;
 - (b) off-balance sheet exposures and activities in which the institution is involved;
 - (c) transactions performed by the institution;
 - (d) valuation rules, including methods for the estimation of allowances for credit risk, applied by the institution.
5. For the purposes of Annexes III and IV as well as this Annex, the following abbreviations shall apply:
 - (a) 'CRR': Regulation (EU) No 575/2013

- (b) ‘IAS’ or ‘IFRS’: ‘International Accounting Standards’, as defined in Article 2 of the IAS Regulation No 1606/2002¹, which have been adopted by the Commission;
- (c) ‘ECB BSI Regulation’ or ‘ECB/2013/33’: Regulation (EC) No 1071/2013 of the European Central Bank²;
- (d) ‘NACE Regulation’: Regulation (EC) No 1893/2006 of the European Parliament and of the Council³;
- (e) ‘NACE codes’: codes in NACE Regulation;
- (f) ‘BAD’: Council Directive 86/635/EEC⁴;
- (g) ‘Accounting Directive’: Directive 2013/34/EU⁵;
- (h) ‘National GAAP’: national generally accepted accounting principles developed under BAD;
- (i) ‘SME’: micro, small and medium-sized enterprises defined in Commission Recommendation C(2003)1422⁶;
- (j) ‘ISIN code’: the International Securities Identification Number assigned to securities, composed of 12 alphanumeric characters, which uniquely identifies a securities issue;
- (k) ‘LEI code’: the global Legal Entity Identifier assigned to entities, which uniquely identifies a party to a financial transaction;
- (l) ‘Impairment stages’: categories of impairment as defined in IFRS 9.5.5. ‘Stage 1’ refers to impairment measured in accordance with IFRS 9.5.5.5.

¹ Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L243, 11/09/2002, p.1)

² Regulation (EC) No 1071/2013 of the European Central Bank of 24 September 2013 concerning the balance sheet of monetary financial institutions sector (recast) (ECB/2013/33) (OJ L297, 7.11.2013, p. 1).

³ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

⁴ Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372, 31.12.1986, p. 1).

⁵ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19)

⁶ Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (C(2003)1422) (OJ L 124, 20.5.2003, p. 36).

‘Stage 2’ refers to impairment measured in accordance with IFRS 9.5.5.3.
‘Stage 3’ refers to impairment on credit-impaired assets as defined in Appendix A of IFRS 9.

2. CONVENTIONS

6. For the purposes of Annexes III and IV, a data point shadowed in grey shall mean that this data point is not requested or that it is not possible to report it. In Annex IV, a row or a column with references shadowed in black means that the related data points shall not be submitted by those institutions that follow those references in that row or column.
7. Templates in Annexes III and IV include implicit validation rules which are laid down in the templates themselves through the use of conventions.
8. The use of brackets in the label of an item in a template means that this item is to be subtracted to obtain a total, but it does not mean that it shall be reported as negative.
9. Items that shall be reported in negative are identified in the compiling templates by including ‘(-)’ at the beginning of their label such as in ‘(-) Treasury shares’.
10. In the ‘Data Point Model’ (‘DPM’) for financial information reporting templates of Annexes III and IV, every data point (cell) has a ‘base item’ to which the ‘credit/debit’ attribute is allocated. This allocation ensures that all entities who report data points follow the ‘sign convention’ and allows to know the ‘credit/debit’ attribute that corresponds to each data point.
11. Schematically, this convention works as in Table 1.

Table 1 Credit/debit convention, positive and negative signs

Element	Credit /Debit	Balance /Movement	Figure reported
Assets	Debit	Balance on assets	Positive (‘Normal’, no sign needed)
		Increase on assets	Positive (‘Normal’, no sign needed)
		Negative balance on assets	Negative (Minus '-' sign needed)
		Decrease on assets	Negative (Minus '-' sign needed)
Expenses		Balance on expenses	Positive (‘Normal’, no sign needed)
		Increase on expenses	Positive (‘Normal’, no sign needed)
		Negative balance (including reversals) on expenses	Negative (Minus '-' sign needed)
		Decrease on expenses	Negative (Minus '-' sign needed)

Element	Credit /Debit	Balance /Movement	Figure reported
Liabilities	Credit	Balance on liabilities	Positive ('Normal', no sign needed)
		Increase on liabilities	Positive ('Normal', no sign needed)
		Negative balance on liabilities	Negative ('-' sign needed) (Minus)
		Decrease on liabilities	Negative ('-' sign needed) (Minus)
Equity		Balance on equity	Positive ('Normal', no sign needed)
		Increase on equity	Positive ('Normal', no sign needed)
		Negative balance on equity	Negative ('-' sign needed) (Minus)
		Decrease on equity	Negative ('-' sign needed) (Minus)
Income		Balance on income	Positive ('Normal', no sign needed)
		Increase on income	Positive ('Normal', no sign needed)
		Negative balance (including reversals) on income	Negative ('-' sign needed) (Minus)
		Decrease on income	Negative ('-' sign needed) (Minus)

3. CONSOLIDATION

12. Unless specified otherwise in this Annex, FINREP templates shall be prepared using the prudential scope of consolidation in accordance with Part 1, Title II, Chapter 2, Section 2, of CRR. Institutions shall account for their subsidiaries, joint ventures and associates using the same methods as for prudential consolidation:

- (a) institutions may be permitted or required to apply the equity method to investments in insurance and non-financial subsidiaries in accordance with Article 18(5) of CRR;
- (b) institutions may be permitted to use the proportional consolidation method for financial subsidiaries in accordance with Article 18(2) of CRR;
- (c) institutions may be required to use the proportional consolidation method for investment in joint ventures in accordance with Article 18(4) of CRR.

4. ACCOUNTING PORTFOLIOS OF FINANCIAL INSTRUMENTS

13. For the purposes of Annexes III and IV as well as this Annex, 'accounting portfolios' means financial instruments aggregated by valuation rules. These

aggregations shall not include investments in subsidiaries, joint ventures and associates, balances receivable on demand classified as 'Cash, cash balances at central banks and other demand deposits' as well as those financial instruments classified as 'Held for sale' presented in the items 'Non-current assets and disposal groups classified as held for sale' and 'Liabilities included in disposal groups classified as held for sale'.

14. Under national GAAP, institutions that are permitted or required to apply certain valuation rules for financial instruments in accordance with IFRS shall submit, to the extent that they are applied, the relevant IFRS accounting portfolios. Where the valuation rules for financial instruments that institutions are permitted or required to use under national GAAP based on BAD do refer to the valuation rules in IAS 39, institutions shall submit the accounting portfolios based on BAD for all their financial instruments until the valuation rules they apply refer to the valuation rules in IFRS 9.

4.1. Financial assets

15. The following accounting portfolios based on IFRS shall be used for financial assets:
 - (a) 'Financial assets held for trading';
 - (b) 'Non-trading financial assets mandatorily at fair value through profit or loss'
 - (c) 'Financial assets designated at fair value through profit or loss';
 - (d) 'Financial assets at fair value through other comprehensive income';
 - (e) 'Financial assets at amortised cost'.
16. The following accounting portfolios based on national GAAP shall be used for financial assets:
 - (a) 'Trading financial assets';
 - (b) 'Non-trading non-derivative financial assets measured at fair value through profit or loss';
 - (c) 'Non-trading non-derivative financial assets measured at fair value to equity;
 - (d) 'Non-trading non-derivative financial assets measured at a cost-based method'; and
 - (e) 'Other non-trading non-derivative financial assets'.
17. 'Trading financial assets' includes all financial assets classified as trading under the relevant national GAAP based on BAD. Irrespective of the measurement methodology applied under the relevant national GAAP based on BAD, all derivatives with a positive balance for the reporting institution that

are not classified as hedge accounting in accordance with paragraph 22 of this Part shall be reported as trading financial assets. This classification shall also apply for derivatives which according to national GAAP based on BAD are not recognised on the balance-sheet, or have only the changes in their fair value recognised on-balance sheet or which are used as economic hedges as defined in paragraph 137 of Part 2 of this Annex.

18. Under national GAAP based on BAD, for financial assets, ‘cost-based methods’ shall include those valuation rules by which the debt instrument is measured at cost plus interest accrued less impairment losses.
19. Under national GAAP based on BAD, ‘Non-trading non-derivative financial assets measured at a cost-based method’ includes financial instruments measured at cost-based methods as well as instruments measured at the lower of cost or market (‘LOCOM’) under a non-continuous basis (moderate LOCOM) regardless of their actual measurement as of the reporting reference date. Assets measured at moderate LOCOM are assets for which LOCOM is applied only in specific circumstances. The applicable accounting framework provides for these circumstances, such as impairment, a prolonged decline in fair value compared to cost or change in the management intent.
20. Under national GAAP based on BAD, ‘Other non-trading non-derivative financial assets’ shall include financial assets that do not qualify for inclusion in other accounting portfolios. This accounting portfolio includes, among others, financial assets that are measured at LOCOM on a continuous basis (‘strict LOCOM’). Assets measured at strict LOCOM are assets for which the applicable accounting framework either provides for the initial and subsequent measurement at LOCOM, or the initial measurement at cost and the subsequent measurement at LOCOM.
21. Regardless of their measurement method, investments in subsidiaries, joint ventures and associates that are not fully or proportionally consolidated under the regulatory scope of consolidation are reported in ‘Investments in subsidiaries, joint ventures and associates’, except where they are classified as held for sale in accordance with IFRS 5.
22. ‘Derivatives - Hedge accounting’ shall include derivatives with a positive balance for the reporting institution held for hedge accounting under IFRS. Under national GAAP based on BAD, banking book derivatives shall be classified as derivatives held for hedge accounting only if there are special accounting rules for banking book derivatives under the relevant national GAAP based on BAD and the derivatives reduce risk of another position in the banking book.

4.2. Financial liabilities

23. The following accounting portfolios based on IFRS shall be used for financial liabilities:
 - (a) ‘Financial liabilities held for trading’;

- (b) 'Financial liabilities designated at fair value through profit or loss';
 - (c) 'Financial liabilities measured at amortised cost'.
24. The following accounting portfolios based on national GAAP shall be used for financial liabilities:
- (a) 'Trading financial liabilities';
 - (b) 'Non-trading non-derivative financial liabilities measured at a cost-based method'.
25. 'Trading financial liabilities' includes all financial liabilities classified as trading under the relevant national GAAP based on BAD. Irrespective of the measurement methodology applied under the relevant national GAAP based on BAD, all derivatives with a negative balance for the reporting institution that are not classified as hedge accounting in accordance with paragraph 26 of this Part shall be reported as trading financial liabilities. This classification shall also apply for derivatives which according to national GAAP based on BAD are not recognised on the balance-sheet, or have only the changes in their fair value recognised on-balance sheet or which are used as economic hedges as defined in paragraph 137 of Part 2 of this Annex.
26. 'Derivatives - Hedge accounting' shall include derivatives with a negative balance for the reporting institution held for hedge accounting under IFRS. Under national GAAP based on BAD, banking book derivatives shall be classified as hedge accounting only if there are special accounting rules for banking book derivatives under the relevant national GAAP based on BAD and the derivatives reduce risk of another position in the banking book.
5. FINANCIAL INSTRUMENTS
27. For the purposes of Annexes III and IV as well as this Annex, "the carrying amount" means the amount to be reported in the balance sheet. The carrying amount of financial instruments shall include accrued interest. Under the relevant national GAAP based on BAD, the carrying amount of derivatives shall be either the carrying amount under national GAAP including accruals, premium values and provisions if applicable, or it shall be equal to zero where derivatives are not recognised on-balance sheet.
28. If recognised under the relevant national GAAP based on BAD, accruals and deferrals of financial instruments including interest accrual, premiums and discounts or transaction costs shall be reported together with the instrument and not as other assets or other liabilities.
29. Where applicable under national GAAP based on BAD, 'Haircuts for trading positions valued at fair value' shall be reported. The haircuts decrease the value of trading assets and increase the value of trading liabilities.

5.1. Financial assets

30. Financial assets shall be distributed among the following classes of instruments: 'Cash on hand', 'Derivatives', 'Equity instruments', 'Debt securities' and 'Loans and advances'.
31. 'Debt securities' are debt instruments held by the institution issued as securities that are not loans in accordance with the ECB BSI Regulation.
32. 'Loans and advances' are debt instruments held by the institutions that are not securities; this item includes 'loans' in accordance with the ECB BSI Regulation as well as advances that cannot be classified as 'loans' according to the ECB BSI Regulation. 'Advances that are not loans' are further characterized in paragraph 85(g) of Part 2 of this Annex.
33. In FINREP, 'debt instruments' shall include 'loans and advances' and 'debt securities'.

5.2. Gross carrying amount

34. Gross carrying amount of debt instruments shall have the following meaning:
 - (a) under IFRS and national GAAP based on BAD for debt instruments measured at fair value through profit or loss without being included in the held for trading or trading portfolio, the gross carrying amount shall depend on whether they are classified as performing or non-performing. For performing debt instruments, the gross carrying amount shall be the fair value. For non-performing debt instruments, the gross carrying amount shall be the fair value after adding back any accumulated negative fair value adjustment due to credit risk, as defined in paragraph 69 of Part 2 of this Annex. For the purpose of the measurement of the gross carrying amount, the valuation of the debt instruments shall be performed on the level of single financial instruments;
 - (b) under IFRS for debt instruments at amortised cost or at fair value through other comprehensive income, the gross carrying amount shall be the carrying amount before adjusting for any loss allowance;
 - (c) under national GAAP based on BAD, for debt instruments classified as 'non-trading non-derivative financial assets measured at a cost-based method', the gross carrying amount of impaired assets shall be equal to the carrying amount before adjusting for specific allowances for credit risk. The gross carrying amount of unimpaired assets shall be the carrying amount before adjusting for general allowances for credit risk and general allowances for banking risk, where affecting the carrying amount;
 - (d) under national GAAP based on BAD, the gross carrying amount of debt instruments classified as 'Non-trading non-derivative financial assets measured at fair value to equity' shall depend on whether these financial assets are subject to impairment requirements. Where they are subject to impairment requirements, the gross carrying amount shall be the carrying amount before adjusting for any accumulated impairment, following the requirements in point (c) above for impaired and unimpaired assets, or any

accumulated amount of fair value adjustment that is considered as impairment loss. When these financial assets are not subject to impairment requirements, the gross carrying amount of these financial assets shall be the fair value for performing exposures, and for non-performing exposures the fair value after adding back any accumulated negative fair value adjustment due to credit risk;

- (e) under national GAAP based on BAD, the gross carrying amount of debt instruments measured at strict or moderate LOCOM shall be the cost where measured at cost during the reporting period. Where these debt instruments are measured at market value the gross carrying amount shall be the market value before adjusting for credit-risk induced value adjustments;
- (f) under national GAAP based on BAD, for debt instruments reported under 'Other non-trading non-derivative financial assets' under measurement methods other than LOCOM, the gross carrying amount shall be the carrying amount before taking into account any valuation adjustment that qualifies as impairment;
- (g) for trading financial assets under GAAP based on BAD or held for trading financial assets under IFRS, the gross carrying amount shall be the fair value. Where GAAP based on BAD require haircuts on trading and fair valued instruments, the carrying amount of the financial instruments shall be the fair value before these haircuts.

5.3. Financial liabilities

- 35. Financial liabilities shall be distributed among the following classes of instruments: 'Derivatives', 'Short positions', 'Deposits', 'Debt securities issued' and 'Other financial liabilities'.
- 36. For the purposes of Annexes III and IV as well as this Annex the definition of 'deposits' in Annex II, Part 2 of the ECB BSI Regulation applies.
- 37. 'Debt securities issued' shall be debt instruments issued as securities by the institution that are not deposits in accordance with the ECB BSI Regulation.
- 38. 'Other financial liabilities' shall include all financial liabilities other than derivatives, short positions, deposits and debt securities issued.
- 39. Under IFRS 'Other financial liabilities' shall include financial guarantees given where they are measured either at fair value through profit or loss [IFRS 9.4.2.1(a)] or at the amount initially recognised less cumulative amortization [IFRS 9.4.2.1(c)(ii)]. Loan commitments given shall be reported as 'Other financial liabilities' where they are designated as financial liabilities at fair value through profit or loss [IFRS 9.4.2.1(a)] or they are commitments to provide a loan at a below-market interest rate [IFRS 9.2.3(c), IFRS 9.4.2.1(d)].
- 40. Where loan commitments, financial guarantees and other commitments given are measured at fair value through profit or loss, any change in the fair value,

including changes due to credit risk, shall be reported as ‘other financial liabilities’ and not as provisions for ‘Commitments and guarantees given’.

41. ‘Other financial liabilities’ shall also include dividends to be paid, amounts payable in respect of suspense and transit items, and amounts payable in respect of future settlements of transactions in securities or foreign exchange transactions where payables for transactions are recognised before the payment date.

6. COUNTERPARTY BREAKDOWN

42. Where a breakdown by counterparty is required the following counterparty sectors shall be used:

- (a) central banks;
- (b) general governments: central governments, state or regional governments, and local governments, including administrative bodies and non-commercial undertakings, but excluding public companies and private companies held by these administrations that have a commercial activity (which shall be reported under ‘credit institutions’, ‘other financial corporations’ or ‘non-financial corporations’ depending on their activity); social security funds; and international organisations, such as institutions of the European Union, the International Monetary Fund and the Bank for International Settlements;
- (c) credit institutions: any institution covered by the definition in Article 4(1)(1) of CRR (‘undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account’) and multilateral development banks (MDBs);
- (d) other financial corporations: all financial corporations and quasi-corporations other than credit institutions such as investment firms, investment funds, insurance companies, pension funds, collective investment undertakings, and clearing houses as well as remaining financial intermediaries, financial auxiliaries and captive financial institutions and money lenders;
- (e) non-financial corporations: corporations and quasi-corporations not engaged in financial intermediation but principally in the production of market goods and non-financial services according to the ECB BSI Regulation;
- (f) households: individuals or groups of individuals as consumers and producers of goods and non-financial services exclusively for their own final consumption, and as producers of market goods and non-financial and financial services provided that their activities are not those of quasi-corporations. Non-profit institutions which serve households (‘NPISH’) and which are principally engaged in the production of non-market goods and services intended for particular groups of households shall be included.

43. The counterparty sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. Among other classifications, the distribution of jointly incurred exposures by counterparty sector, country of residence and NACE codes shall be driven by the characteristics of the more relevant or determinant obligor.
44. The immediate counterparties in the following transactions shall be:
- (a) for loans and advances, the immediate borrower. For trade receivables, the immediate borrower shall be the counterparty obliged to pay the receivables, except in transactions with recourse, where the immediate borrower shall be the transferor of receivables where the reporting institution does not acquire substantially all the risks and rewards of ownership of the transferred receivables;
 - (b) for debt securities and equity instruments, the issuer of the securities;
 - (c) for deposits, the depositor;
 - (d) for short positions, the counterparty of the securities borrowing transaction or reverse repurchase agreement;
 - (e) for derivatives, the direct counterparty of the derivative contract. For centrally cleared OTC derivatives the direct counterparty shall be the clearing house acting as a central counterparty. Counterparty breakdown for credit risk derivatives refers to the sector where the counterparty of the contract (buyer or seller of protection) belongs;
 - (f) for financial guarantees given, the counterparty shall be the direct counterparty of the guaranteed debt instrument;
 - (g) for loan commitments and other commitments given, the counterparty whose credit risk is assumed by the reporting institution;
 - (h) for loan commitments, financial guarantees and other commitments received, the guarantor or the counterparty that has provided the commitment to the reporting institution.

PART 2

TEMPLATE RELATED INSTRUCTIONS

1. BALANCE SHEET

1.1. Assets (1.1)

1. 'Cash on hand' shall include holdings of national and foreign banknotes and coins in circulation that are commonly used to make payments.

2. 'Cash balances at central banks' shall include balances receivable on demand at central banks.
3. 'Other demand deposits' shall include balances receivable on demand with credit institutions.
4. 'Investments in subsidiaries, joint ventures and associates' shall include the investments in associates, joint ventures and subsidiaries which are not fully or proportionally consolidated under the regulatory scope of consolidation, except where they shall be classified as held for sale in accordance with IFRS 5, irrespectively of how they are measured, including where the accounting standards allow for them to be included in the different accounting portfolios used for financial instruments. The carrying amount of investments accounted for using the equity method shall include related goodwill.
5. Assets that are not financial assets and that due to their nature could not be classified in specific balance sheet items shall be reported in 'Other assets'. Other assets shall include, among others, gold, silver and other commodities, even where they are held with trading intent.
6. Under the relevant national GAAP based on BAD, the carrying amount of repurchased own shares shall be reported as 'other assets' where presentation as asset is allowed under the relevant national GAAP.
7. 'Non-current assets and disposal groups classified as held for sale' shall have the same meaning as under IFRS 5.

1.2. Liabilities (1.2)

8. Under national GAAP based on BAD provisions for contingent losses arising from the ineffective part of portfolio hedge relationship shall be reported in row 'Derivatives – Hedge accounting' where the loss arises from the valuation of the hedging derivative, or in row 'Fair value changes of the hedged items in portfolio hedge of interest rate risk' where the loss arises from the valuation of the hedged position. Where no distinction between losses arising from the valuation of the hedging derivative and loss arising from the valuation of the hedged position is possible, all provisions for contingent losses arising from the ineffective part of the portfolio hedge relationship shall be reported in row 'Derivatives – Hedge accounting'.
9. Provisions for 'Pensions and other post-employment defined benefit obligations' shall include the amount of net defined benefit liabilities.
10. Under IFRS provisions for 'Other long-term employee benefits' shall include the amount of the deficits in the long-term employment benefit plans listed in IAS 19.153. The accrued expense from short term employee benefits [IAS 19.11(a)], defined contribution plans [IAS 19.51(a)] and termination benefits [IAS 19.169(a)] shall be included in 'Other liabilities'.
11. Under IFRS, provisions for 'Commitments and guarantees given' shall include provisions related to all commitments and guarantees, irrespectively of whether

their impairment is determined in accordance with IFRS 9 or their provisioning follows IAS 37 or they are treated as insurance contracts under IFRS 4. Liabilities arising from commitments and financial guarantees measured at fair value through profit or loss shall not be reported as provisions although they are due to credit risk, but as 'other financial liabilities' in accordance with paragraph 40 of Part 1 of this Annex. Under national GAAP based on BAD, provisions for 'Commitments and guarantees given' shall include provisions related to all commitments and guarantees.

12. 'Share capital repayable on demand' shall include the capital instruments issued by the institution that do not meet the criteria to be classified in equity. Institutions shall include in this item the cooperative shares that do not meet the criteria to be classified in equity.
13. Liabilities that are not financial liabilities and that due to their nature could not be classified in specific balance sheet items shall be reported in 'Other liabilities'.
14. 'Liabilities included in disposal groups classified as held for sale' shall have the same meaning as under IFRS 5.
15. Under national GAAP based on BAD 'Funds for general banking risks' are amounts that have been assigned in accordance with Article 38 of BAD. Where recognised, they shall appear separately either as liabilities under 'provisions' or within equity under 'other reserves' in accordance with the relevant national GAAP.

1.3. Equity (1.3)

16. Under IFRS equity instruments that are financial instruments shall include those contracts under the scope of IAS 32.
17. Under the relevant national GAAP based on BAD, 'Unpaid capital which has been called up' shall include the carrying amount of capital issued by the institution that has been called-up to the subscribers but not paid at the reference date. If capital increase, not yet paid, is recorded as an increase of share capital, unpaid capital which has been called up shall be reported in 'Unpaid capital which has been called up' in template 1.3 as well as in 'other assets' in template 1.1. Under the relevant national GAAP based on BAD where capital increase can be recorded only following the receipt of the payment from shareholders, unpaid capital shall not be reported in template 1.3.
18. 'Equity component of compound financial instruments' shall include the equity component of compound financial instruments (that is, financial instruments that contain both a liability and an equity component) issued by the institution, where segregated in accordance with the relevant accounting framework (including compound financial instruments with multiple embedded derivatives whose values are interdependent).

19. 'Other equity instruments issued' shall include equity instruments that are financial instruments other than 'Capital' and 'Equity component of compound financial instruments'.
20. 'Other equity' shall comprise all equity instruments that are not financial instruments including, among others, equity-settled share-based payment transactions [IFRS 2.10].
21. 'Fair value changes of equity instruments measured at fair value through other comprehensive income' shall include accumulated gains and losses due to changes in fair value on investments in equity instruments for which the reporting entity has made the irrevocable election to present changes in fair value in other comprehensive income.
22. 'Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income' shall comprise the accumulated hedge ineffectiveness arising in fair value hedges in which the hedged item is an equity instrument measured at fair value through other comprehensive income. Hedge ineffectiveness reported in this row shall be the difference between the accumulated variation of the fair value of the equity instrument reported in 'Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]' and the accumulated variations of the fair value of the hedging derivative reported in 'Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]' [IFRS 9.6.5.3 and IFRS 9.6.5.8].
23. 'Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in the credit risk' shall include accumulated gains and losses recognised in other comprehensive income and related to own credit risk for liabilities designated at fair value through profit or loss, regardless of whether the designation takes place at initial recognition or subsequently.
24. 'Hedge of net investments in foreign operations [effective portion]' shall include the foreign currency translation reserve for the effective portion of both on-going hedges of net investments in foreign operations and hedges of net investments in foreign operations that no longer apply while the foreign operations remain recognised in the balance sheet.
25. 'Hedging derivatives. Cash flow hedges reserve [effective portion]' shall include the cash flow hedge reserve for the effective portion of the variation in fair value of hedging derivatives in a cash flow hedge, both for on-going cash flow hedges and cash flow hedges that no longer apply.
26. 'Fair value changes of debt instruments measured at fair value through other comprehensive income' shall include accumulated gains or losses on debt instruments measured at fair value through other comprehensive income, net of the loss allowance that is measured at the reporting date in accordance with IFRS 9.5.5.

27. 'Hedging instruments [not designated elements]' shall include the accumulated changes in fair value of all of the following:
- (a) the time value of an option where the changes in the time value and the intrinsic value of that option are separated and only the change in the intrinsic value is designated as a hedging instrument [IFRS 9.6.5.15];
 - (b) the forward element of a forward contract where the forward element and the spot element of that forward contract are separated and only the change in the spot element of the forward contract is designated as hedging instrument;
 - (c) the foreign currency basis spread from a financial instrument where this spread is excluded from the designation of that financial instrument as the hedging instrument [IFRS 9.6.5.15, IFRS 9.6.5.16].
28. Under IFRS 'Revaluation reserves' shall include the amount of reserves resulting from first-time adoption to IAS that have not been released to other type of reserves.
29. 'Other reserves' shall be split between 'Reserves or accumulated losses of investments in subsidiaries, joint ventures and associates accounted for using the equity method' and 'Other'. 'Reserves or accumulated losses of investments in subsidiaries, joint ventures and associates accounted for using the equity method' shall include the accumulated amount of income and expenses generated by the aforementioned investments through profit or loss in past years where they are accounted for using the equity method. 'Other' shall include reserves different from those separately disclosed in other items and may include legal reserve and statutory reserve.
30. 'Treasury shares' shall cover all financial instruments that have the characteristics of own equity instruments which have been reacquired by the institution while they are not sold or amortised, except where under the relevant national GAAP based on BAD they shall be reported in 'other assets'.

2. STATEMENT OF PROFIT OR LOSS (2)

31. Interest income and interest expense from financial instruments measured at fair value through profit or loss and from hedging derivatives classified in the category 'hedge accounting', shall be reported either separately from other gains and losses under items 'interest income' and 'interest expense' ('clean price') or as part of gains or losses from these categories of instruments ('dirty price'). The clean or dirty price approach shall be applied consistently for all financial instruments measured at fair value through profit or loss and for hedging derivatives classified in the category 'hedge accounting'.
32. Institutions shall report the following items, which include income and expense in relation to related parties not fully or proportionally consolidated under the regulatory scope of consolidation, broken down by accounting portfolios:
- (a) 'Interest income';

- (b) 'Interest expense';
 - (c) 'Dividend income';
 - (d) 'Gains or losses on de-recognition of financial assets and liabilities not measured at fair value through profit or loss, net';
 - (e) 'Modification gains or losses, net';
 - (f) 'Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss'.
33. 'Interest income. Financial assets held for trading' and 'Interest expenses. Financial liabilities held for trading' shall include, where the clean price is used, the amounts related to those derivatives classified in the category 'held for trading' which are hedging instruments from an economic but not accounting point of view to present correct interest income and expenses from the financial instruments that are hedged.
34. Where the clean price is used, 'Interest income. Financial assets held for trading' and 'Interest expenses. Financial liabilities held for trading' shall also include time-apportioned fees and balancing payments in relation to credit derivatives measured at fair value and used to manage the credit risk of part or all of a financial instrument that is designated at fair value at that occasion [IFRS 9.6.7].
35. 'Interest income. Derivatives – Hedge accounting, interest rate risk' and 'Interest expenses. Derivatives – Hedge accounting, interest rate risk' shall include, where the clean price is used, the amounts related to those derivatives classified in the category 'hedge accounting' which cover interest rate risk, including hedges of a group of items with offsetting risk positions (hedges of a net position) whose hedged risk affect different line items in the statement of profit or loss. Where the clean price is used, these amounts shall be reported as interest income and expenses on a gross basis to present correct interest income and expenses from the hedged items to which they are linked. With clean price, where the hedged item generates interest income (expense), these amounts shall be reported as an interest income (expense) even where it is a negative (positive) amount.
36. 'Interest income - other assets' shall include amounts of interest income not included in the other items, like interest income related to cash, cash balances at central banks and other demand deposits and to non-current assets and disposal groups classified as held for sale as well as net interest income from net defined benefit asset.
37. Under IFRS and where not provided otherwise in national GAAP, interest in relation to financial liabilities with a negative effective interest rate shall be reported in 'Interest income on liabilities'. These liabilities and their interests give rise to a positive yield for an institution.

38. 'Interest expenses - other liabilities' shall include amounts of interest expenses not included in the other items, like interest expenses related to liabilities included in disposal groups classified as held for sale, expenses derived from increases in the carrying amount of a provision reflecting the passage of time or net interest expenses from net defined benefit liabilities.
39. Under IFRS and where not provided otherwise in national GAAP, interest in relation to financial assets with a negative effective interest rate shall be reported in 'Interest expense on assets'. These assets and their interests give rise to a negative yield for an institution.
40. Dividend income on equity instruments measured at fair value through profit or loss shall be reported either as 'dividend income' separately from other gains and losses from these classes of instruments where the clean price is used or as part of gains or losses from these classes of instruments where the dirty price is used.
41. Dividend income on equity instruments designated at fair value through other comprehensive income shall encompass dividends related to instruments derecognised during the period and dividends related to instruments held at the end of the reporting period.
42. Dividend income from investments in subsidiaries, joint ventures and associates shall include the dividends of these investments where they are accounted for using other than the equity method.
43. 'Gains or (-) losses on financial assets and liabilities held for trading, net' shall include gains and losses in the remeasurement and derecognition of financial instruments classified as held for trading. This item shall include also gains and losses on credit derivatives measured at fair value through profit or loss used to manage the credit risk of all, or part of, a financial instrument that is designated as measured at fair value through profit or loss, as well as dividend and interest income and expense on financial assets and liabilities held for trading where the dirty price is used.
44. 'Gains or losses on financial assets and liabilities designated at fair value through profit or loss' shall include also the amount recognised in the statement of profit or loss for the own credit risk of liabilities designated at fair value where recognising own credit risk changes in other comprehensive income creates or enlarges an accounting mismatch [IFRS 9.5.7.8]. This item shall include also gains and losses on the hedged instruments that are designated as measured at fair value through profit or loss where the designation is used to manage credit risk, as well as interest income and expense on financial assets and liabilities designated at fair value through profit or loss where the dirty price is used.
45. 'Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss' shall not include gains on equity instruments that a reporting entity chose to measure at fair value through other comprehensive income [IFRS 9.5.7.1(b)].

46. Where a change in business model leads to the reclassification of a financial asset into a different accounting portfolio, the gains or losses from the reclassification shall be reported in the relevant rows of the accounting portfolio in which the financial asset is reclassified, in accordance with the following:
- (a) where a financial asset is reclassified out of the amortised cost measurement category and into the fair value through profit or loss accounting portfolio [IFRS 9.5.6.2], gains or losses due to the reclassification shall be reported in ‘Gains or (-) losses on financial assets and liabilities held for trading, net’ or ‘Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net’, as applicable;
 - (b) where a financial asset is reclassified out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category [IFRS 9.5.6.7], the cumulative gains or losses previously recognised in other comprehensive income reclassified to profit or loss shall be reported in ‘Gains or (-) losses on financial assets and liabilities held for trading, net’ or ‘Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net’, as applicable.
47. ‘Gains or (-) losses from hedge accounting, net’ shall include gains and losses on hedging instruments and on hedged items, including those on hedged items measured at fair value through other comprehensive income other than equity instruments, in a fair value hedge in accordance with IFRS 9.6.5.8. It shall also include the ineffective part of the variation of the fair value of the hedging instruments in a cash flow hedge. The reclassifications of the cash-flow hedges reserve or of the reserve for hedges of net investment in a foreign operation shall be recognised in the same rows of the ‘Statement of profit or loss’ as those impacted by the cash flows from the hedged items. ‘Gains or (-) losses from hedge accounting, net’ shall include also the gains and losses from hedges of net investment in foreign operations. This item shall also include gains on hedges of net positions.
48. ‘Gains or losses on derecognition of non-financial assets’ shall include the gains and losses on derecognition of non-financial assets, except where classified as held for sale or as investments in subsidiaries, joint ventures and associates.
49. ‘Modification gains or (-) losses, net’ shall include the amounts arising from adjusting the gross carrying amounts of financial assets to reflect the renegotiated or modified contractual cash flows [IFRS 9.5.4.3 and Appendix A]. The modification gains or losses shall not include the impact of modifications on the amount of expected credit losses, which shall be reported in ‘Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss’.
50. ‘Provisions or (-) reversal of provisions. Commitments and guarantees given’ shall include the net charges in the ‘Statement of profit or loss’ for provisions

on all commitments and guarantees in the scope of IFRS 9, IAS 37 or IFRS 4 in accordance with paragraph 11 of this Part, or under national GAAP based on BAD. Under IFRS, any change in the fair value of commitments and financial guarantees measured at fair value shall be reported in 'Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net'. Provisions therefore include the impairment amount for commitments and guarantees for which impairment is determined in accordance with IFRS 9 or their provisioning follows IAS 37 or they are treated as insurance contracts under IFRS 4.

51. Under IFRS, 'Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss' shall include all impairment gains or losses for debt instruments arising from the application of the impairment rules in IFRS 9.5.5, regardless of whether the expected credit losses in accordance with IFRS 9.5.5 are estimated over a 12-month or a lifetime period, and including the impairment gains or losses for trade receivables, contract assets and lease receivables [IFRS 9.5.5.15].
52. Under national GAAP based on BAD 'Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit and loss' shall include all allowances and reversal of allowances of financial instruments measured at cost based methods due to the change in creditworthiness of the debtor or issuer, as well as, depending on the specifications of the national GAAP, the allowances due to the impairment of financial instruments measured at fair value through equity and other measurement methods, including LOCOM.
53. 'Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss' shall also include the amounts written off - as defined in paragraph 72, 74 and 165(b) of this Part of this Annex- that exceed the amount of the loss allowance at the date of write-off and are therefore recognised as a loss directly in profit or loss, as well as recoveries of previously written-off amounts recorded directly to the statement of profit or loss.
54. The share of profit or loss from subsidiaries, associates and joint ventures which are accounted for under the equity method in the regulatory scope of consolidation shall be reported within 'Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method'. According to IAS 28.10, the carrying amount of the investment shall be reduced by the amount of dividends paid by those entities. The impairment on those investments shall be reported in '(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)'. Gains or losses on de-recognition of these investments shall be reported in accordance with paragraph 55 and 56 of this Part.
55. 'Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations' shall include profit or loss generated by non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations.

56. Under IFRS, the gains or losses on de-recognition of investments in subsidiaries, joint ventures and associates shall be reported within 'Profit or (-) loss before tax from discontinued operations' where they are considered discontinued operations under IFRS 5. Under national GAAP based on BAD, these gains and losses shall be reported in 'Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net'.

3. STATEMENT OF COMPREHENSIVE INCOME (3)

57. 'Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income' shall include the change in the accumulated hedge ineffectiveness in fair value hedges in which the hedged item is an equity instrument measured at fair value through other comprehensive income. The change in accumulated hedge ineffectiveness reported in this row shall be the difference between the changes in the variation of the fair value of the equity instrument reported in 'Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]' and the changes in the variation of the fair value of the hedging derivative reported in 'Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]'.

58. 'Hedge of net investments in foreign operations [effective portion]' shall include the change in the accumulated foreign currency translation reserve for the effective portion of both on-going and discontinued hedges of net investments in foreign operations.

59. For hedges of net investment in foreign operations and cash flow hedges the respective amounts reported in 'Transferred to profit or loss' shall include amounts transferred because the hedged flows have occurred and are no longer expected to occur.

60. 'Hedging instruments [not designated elements]' shall include changes in the accumulated changes in fair value of all of the following where they are not designated as a hedging component:

- (a) time value of options;
- (b) forward elements of forward contracts;
- (c) foreign exchange basis spread of financial instruments.

61. For options, the amounts reclassified to profit or loss and reported in 'Transferred to profit or loss' shall include reclassifications due to options that hedge a transaction-related hedged item and options that hedge a time-period related hedge item.

62. 'Debt instruments at fair value through other comprehensive income' shall include gains or losses on debt instruments measured at fair value through other comprehensive income other than impairment gains or losses and foreign exchange gains and losses, that shall respectively be reported in '(Impairment or (-) reversal of impairment on financial assets not measured at fair value

through profit or loss)' and in 'Exchange differences [gain or (-) loss], net' in template 2. 'Transferred to profit or loss' in particular shall include the transfer to profit or loss due to de-recognition or reclassification into the fair value through profit or loss measurement category.

63. Where a financial asset is reclassified out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category [IFRS 9.5.6.4], the gains or losses arising due to the reclassification shall be reported in 'Debt instruments at fair value through other comprehensive income'.
64. Where a financial asset is reclassified out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category [IFRS 9.5.6.7] or into the amortised cost measurement category [IFRS 9.5.6.5], the reclassified cumulative gains and losses previously recognised in other comprehensive income shall be respectively reported in 'Transferred to profit or loss' and in 'Other reclassifications', adjusting in the latter case the carrying amount of the financial asset.
65. For all components of the other comprehensive income, 'Other reclassifications' shall include transfers other than the reclassifications from the other comprehensive income to the profit or loss or to the initial carrying amount of hedged items in the case of cash flow hedges.
66. Under IFRS 'Income tax relating to items that will not be reclassified' and 'Income tax relating to items that may be reclassified to profit or (-) loss' [IAS 1.91 (b), IG6] shall be reported as separate line items.

4. BREAKDOWN OF FINANCIAL ASSETS BY INSTRUMENT AND BY COUNTERPARTY SECTOR (4)

67. Financial assets shall be broken down by accounting portfolio and instrument and – where required – by counterparty. For debt instruments measured at fair value through other comprehensive income and at amortised cost, the gross carrying amount of assets and accumulated impairments shall be broken down by impairment stages.
68. Derivatives reported as trading financial assets under GAAP based on BAD include instruments measured at fair value as well as instruments measured at cost-based methods or LOCOM.
69. For the purposes of Annexes III and IV as well as this Annex, 'accumulated negative changes in fair value due to credit risk' means, for non-performing exposures, accumulated changes in fair value due to credit risk where the accumulated net change is negative. The accumulated net change in fair value due to credit risk shall be calculated by adding all negative and positive changes in fair value due to credit risk that have occurred since recognition of the debt instrument. This amount shall only be reported if the addition of positive and negative changes in fair value due to credit risk results in a negative amount. The valuation of the debt instruments shall be performed on the level of single

financial instruments. For each debt instrument, 'Accumulated negative changes in fair value due to credit risk' shall be reported until the derecognition of the instrument.

70. For the purposes of Annexes III and IV as well as this Annex, 'accumulated impairment' means:

- (a) for debt instruments measured at amortised cost or at a cost-based method, accumulated impairment is the cumulative amount of impairment losses, net of use and reversals that has been recognised, where appropriate for each of the impairment stages. Accumulated impairment reduces the carrying amount of the debt instrument through the use of an allowance account under IFRS and national GAAP based on BAD, or via direct reductions that do not constitute a derecognition event under national GAAP based on BAD;
- (b) for debt instruments measured at fair value through other comprehensive income under IFRS, accumulated impairment is the sum of expected credit losses and their variations recognised as a reduction of fair value on a given instrument since initial recognition;
- (c) for debt instruments at fair value through equity under national GAAP based on BAD subject to impairment, accumulated impairment is the cumulative amount of impairment losses, net of use and reversals that has been recognised. The reduction in the carrying amount is either made through use of an allowance account or via direct reductions that do not constitute a derecognition event.

71. Under IFRS, accumulated impairment shall include the allowance for expected credit losses for financial assets under each of the impairment stages specified by IFRS 9. Under national GAAP based on BAD, it shall include specific and general allowance for credit risk, as well as the general allowance for banking risk where it reduces the carrying amount of debt instruments. Accumulated impairment shall also include the credit risk-induced value adjustments on financial assets under LOCOM.

72. 'Accumulated partial write-offs' and 'Accumulated total write-offs' shall include, respectively, the accumulated partial and total amount as at the reference date of principal and accrued past due interest and fees of any debt instrument that has been de-recognised to date using either of the methods described in paragraph 74 because the institution has no reasonable expectations of recovering the contractual cash flows. These amounts shall be reported until the total extinguishment of all the reporting institution's rights by expiry of the statute-of-limitations period, forgiveness or other causes, or until recovery. Therefore where the written-off amounts are not recovered, they shall be reported while they are subject to enforcement activities.

73. Where a debt instrument is eventually totally written-off as a consequence of successive partial write-offs, the cumulative amount written-off shall be reclassified from the 'Accumulated partial write-offs' into the 'Accumulated total write-offs' column.

74. Write-offs shall constitute a de-recognition event and relate to a financial asset in its entirety or to a portion of it, including where the modification of an asset leads the institution to give up its right of collecting cash flows on a portion or the entirety of this asset as further explained in paragraph 72. Write-offs shall include amounts caused both by reductions of the carrying amount of financial assets recognised directly in profit or loss as well as reductions in the amounts of the allowance accounts for credit losses taken against the carrying amount of financial assets.
75. The column ‘of which: Instruments with low credit risk’ shall include instruments that are determined to have low credit risk at the reporting date and for which the institution assumes that the credit risk has not increased significantly since initial recognition in accordance with IFRS 9.5.5.10.
76. Trade receivables within the meaning of IAS 1.54(h), contract assets and lease receivables for which the simplified approach of IFRS 9.5.5.15 for the estimation of loss allowances has been applied shall be reported within loans and advances in template 4.4.1. The corresponding loss allowance for those assets shall be reported in either ‘Accumulated impairment on assets with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)’ or ‘Accumulated impairment on credit-impaired assets (Stage 3)’, depending on whether trade receivables, contract assets or lease receivables under the simplified approach are considered as credit-impaired assets.
77. Purchased or originated financial assets that are credit-impaired at initial recognition shall be separately reported in 4.3.1 and 4.4.1. For these loans, the accumulated impairment shall only include the cumulative changes in lifetime expected credit losses since initial recognition [IFRS 9.5.5.13].
78. In template 4.5 institutions shall report the carrying amount of ‘Loans and advances’ and ‘Debt securities’ that fall within the definition of ‘subordinated debt’ in paragraph 100 of this Part.
79. In template 4.8, information to be reported depends on whether Non-trading non-derivative financial assets measured at fair value to equity can be subject to impairment requirements in application of the national GAAP based on BAD. Where these financial assets are subject to impairment, institutions shall report information in this template that relates to the carrying amount, the gross carrying amount of unimpaired assets and impaired assets, accumulated impairment and accumulated write-offs. Where these financial assets are not subject to impairment, institutions shall report the accumulated negative changes in fair value due to credit risk for non-performing exposures.
80. In template 4.9, financial assets measured under moderate LOCOM and their associated value adjustments shall be identified separately from other financial assets measured at a cost-based method and their associated impairment. Financial assets under a cost-based method, including financial assets under moderate LOCOM, shall be reported as unimpaired assets where they have no value adjustments or impairment associated with them, and as impaired assets

in case they have value adjustments that qualify as impairment or impairment associated with them. Value adjustments that qualify as impairment shall be credit risk-induced value adjustments reflecting the deterioration of the creditworthiness of the counterparty. Financial assets under moderate LOCOM with market-risk induced value adjustments reflecting the impact of changes in the market conditions on the value of the asset shall not be considered as impaired. Accumulated credit-risk induced and market-risk induced value adjustments shall be reported separately.

81. In template 4.10, assets measured at strict LOCOM as well as their associated value adjustments shall be reported separately from assets under other measurement methods. Financial assets under strict LOCOM and financial assets under other measurement methods shall be reported as impaired assets in case they have credit-risk induced value adjustments as defined in paragraph 80 or impairment associated with them. Financial assets under strict LOCOM with market risk induced value adjustments as defined in paragraph 80 shall not be considered as impaired. Accumulated credit-risk induced and market-risk induced value adjustments shall be reported separately.

82. Under national GAAP based on BAD, the amount of general allowances for banking risk to be reported in the applicable templates shall only be the part that affects the carrying amount of debt instruments [BAD Article 37.2].

5. BREAKDOWN OF NON-TRADING LOANS AND ADVANCES BY PRODUCT
(5)

83. Loans and advances other than those held for trading or trading assets shall be broken down by type of product and by counterparty sector for the carrying amount and by type of products only for the gross carrying amount.

84. Balances receivable on demand classified as ‘Cash, cash balances at central banks and other demand deposits’ shall also be reported in this template independently of how they are measured.

85. Loans and advances shall be allocated to the following products:

(a) ‘on demand (call) and short notice (current account)’ shall include balances receivable on demand (call), at short notice (by close of business on the day following that on which the demand was made), current accounts and similar balances including loans that are overnight deposits for the borrower (loans to be repaid by close of business on the day following that in which it was granted), regardless of their legal form. It shall also include ‘overdrafts’ that are debit balances on current account balances and compulsory reserves held at the central bank;

(b) ‘Credit card debt’ shall include credit granted either via delayed debit cards or via credit cards [ECB BSI Regulation];

(c) ‘Trade receivables’ shall include loans to other debtors granted on the basis of bills or other documents that give the right to receive the proceeds of transactions for the sale of goods or provision of services. This item shall include all factoring and similar transactions, like acceptances, outright

purchase of trade receivables, forfaiting, discounting of invoice, bills of exchange, commercial papers and other claims where the reporting institution buys the trade receivables (both with and without recourse);

- (d) 'Finance leases' shall include the carrying amount of finance lease receivables. Under IFRS 'finance lease receivables' are as defined in IAS 17;
- (e) 'Reverse repurchase loans' shall include finance granted in exchange for securities or gold bought under repurchase agreements or borrowed under securities lending agreements as defined in paragraphs 183 and 184 of this Part;
- (f) 'Other term loans' shall include debit balances with contractually fixed maturities or terms that are not included in other items;
- (g) 'Advances that are not loans' shall include advances that cannot be classified as 'loans' according to the ECB BSI Regulation. This item shall include, among others, gross amounts receivable in respect of suspense items (such as funds that are awaiting investment, transfer, or settlement) and transit items (such as cheques and other forms of payment that have been sent for collection).

86. Loans and advances shall be classified on the basis of the collateral received as follows:

- (a) 'Loans collateralized by immovable property' shall include loans and advances formally secured by residential or commercial immovable property collateral, independently of their loan/collateral ratio (commonly referred as 'loan-to-value') and the legal form of the collateral;
- (b) 'Other collateralized loans' shall include loans and advances formally secured by collateral, independently of their loan/collateral ratio (commonly referred to as 'loan-to-value') and the legal form of the collateral, other than 'Loans collateralised by immovable property'. This collateral shall include pledges of securities, cash, and other collateral independently from the legal form of the collateral.

87. Loans and advances shall be classified based on the collateral and irrespective of the purpose of the loan. The carrying amount of loans and advances secured by more than one type of collateral shall be classified and reported as collateralised by immovable property collateral where they are secured by immovable property collateral regardless of whether they are also secured by other types of collateral.

88. Loans and advances shall be classified on the basis of its purpose as:

- (a) 'Credit for consumption' shall include loans granted mainly for the personal consumption of goods and services [ECB BSI Regulation];
- (b) 'Lending for house purchase' shall include credit extended to households for the purpose of investing in houses for own use and rental, including building and refurbishments [ECB BSI Regulation].

89. Loans shall be classified on the basis of how they can be recovered. 'Project finance loans' shall include loans that meet the characteristics of specialised lending exposures as defined in Article 147(8) of CRR.
6. BREAKDOWN OF NON-TRADING LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY NACE CODES (6)
90. Gross carrying amount of loans and advances to non-financial corporations other than those included in the held for trading or trading assets portfolios shall be classified by sector of economic activities using NACE Codes on the basis of the principal activity of the counterparty.
91. The classification of the exposures incurred jointly by more than one obligor shall be done in accordance with paragraph 43 of Part 1 of this Annex.
92. Reporting of NACE codes shall be done with the first level of disaggregation (by 'section'). Institutions shall report loans and advances to non-financial corporations which engage in financial or insurance activities in 'K – Financial and insurance activities'.
93. Under IFRS, financial assets subject to impairment shall include (i) financial assets at amortised cost, and (ii) financial assets at fair value through other comprehensive income. Under national GAAP based on BAD, financial assets subject to impairment shall include financial assets measured at a cost-based method, including under LOCOM. Depending on the specifications in each national GAAP, they may include (i) financial assets measured at fair value through equity, and (ii) financial assets under other measurement methods.
7. FINANCIAL ASSETS SUBJECT TO IMPAIRMENT THAT ARE PAST DUE (7)
94. The carrying amount of debt instruments that are included in the accounting portfolios subject to impairment shall be reported in template 7.1 only if they are past due. Past-due instruments shall be allocated to the corresponding past-due buckets on the basis of their individual situation.
95. Accounting portfolios subject to impairment shall be defined as in paragraph 93 of this Part.
96. Financial assets shall qualify as past due where any amount of principal, interest or fee has not been paid at the date it was due. Past due exposures shall be reported for their entire carrying amount. The carrying amounts of such assets shall be reported by impairment stages or impairment status in accordance with the applicable accounting standards and broken down according to the number of days of the oldest past due amount unpaid at the reference date.
8. BREAKDOWN OF FINANCIAL LIABILITIES (8)
97. 'Deposits' and the product breakdown shall be defined in the same way as in the ECB BSI Regulation and therefore, regulated savings deposits shall be classified in accordance with the ECB BSI Regulation and distributed according to the counterparty. In particular, non-transferable sight savings

deposits, which although legally redeemable at demand are subject to significant penalties and restrictions and have features that are very close to overnight deposits, shall be classified as deposits redeemable at notice.

98. 'Debt securities issued' shall be disaggregated into the following type of products:

- (a) 'Certificates of deposits' shall be securities that enable the holders to withdraw funds from an account;
- (b) 'Asset backed securities' according to Article 4(1)(61) of CRR;
- (c) 'Covered Bonds' according to Article 129(1) of CRR;
- (d) 'Hybrid contracts' shall comprise contracts with embedded derivatives;
- (e) 'Other debt securities issued' shall include debt securities not recorded in the previous lines and distinguishes convertible compound financial instruments and non-convertible instruments.

99. 'Subordinated financial liabilities' issued shall be treated in the same way as other financial liabilities incurred. Subordinated liabilities issued in the form of securities shall be classified as 'Debt securities issued', whereas subordinated liabilities in the form of deposits are classified as 'Deposits'.

100. Template 8.2 shall include the carrying amount of 'Deposits' and 'Debt securities issued' that meet the definition of subordinated debt classified by accounting portfolios. 'Subordinated debt' instruments provide a subsidiary claim on the issuing institution that can only be exercised after all claims with a higher status have been satisfied [ECB BSI Regulation].

101. 'Accumulated changes in fair value due to changes in own credit risk' shall include all the said accumulative changes in fair value, regardless of whether they are recognised in profit or loss or in the other comprehensive income.

9. LOAN COMMITMENTS, FINANCIAL GUARANTEES AND OTHER COMMITMENTS (9)

102. Off-balance sheet exposures shall include the off-balance sheet items listed in Annex I to CRR. In templates 9.1, 9.1.1 and 9.2 all off-balance sheet exposures as listed in Annex I to CRR shall be broken down in loan commitments, financial guarantees, and other commitments.

103. Information on loan commitments, financial guarantees and other commitments given and received shall include both revocable and irrevocable commitments.

104. Loan commitments, financial guarantees and other commitments given listed in Annex I to CRR may be instruments that are in the scope of IFRS 9 where they are measured at fair value through profit or loss, or where they are subject to the impairment requirements of IFRS 9, as well as instruments that are within the scope of IAS 37 or IFRS 4.

105. Under IFRS, loan commitments, financial guarantees and other commitments given shall be reported in template 9.1.1 where any of the following conditions are met:
- (a) they are subject to impairment requirements of IFRS 9;
 - (b) they are designated at fair value through profit or loss under IFRS 9;
 - (c) they are within the scope of IAS 37 or IFRS 4.
106. Liabilities that shall be recognised as credit losses for the financial guarantees and commitments given referred to under points (a) and (c) in paragraph 105 of this Part of this Annex shall be reported as provisions independently of the measurement criteria applied.
107. Institutions under IFRS shall report the nominal amount and provisions of instruments that are subject to the impairment requirements of IFRS 9 including those measured at initial cost less cumulative income recognised, broken down by impairment stages.
108. Only the nominal amount of the commitment shall be reported in template 9.1.1 where a debt instrument includes both an on-balance sheet instrument and an off-balance sheet component. Where the reporting entity is unable to separately identify the expected credit losses on the on-balance sheet and off-balance components, the expected credit losses on the commitment shall be reported together with the accumulated impairment on the on-balance sheet component. Where the combined expected credit losses exceed the gross carrying amount of the debt instrument, the remaining balance of the expected credit losses shall be reported as a provision in the appropriate impairment stage in template 9.1.1 [IFRS 9.5.5.20 and IFRS 7.B8E].
109. Where a financial guarantee or a commitment to provide a loan at a below-market rate is measured in accordance with IFRS 9.4.2.1(d) and its loss allowance determined in accordance with IFRS 9.5.5 it shall be reported in the appropriate impairment stage.
110. Where loan commitments, financial guarantees and other commitments are measured at fair value in accordance with IFRS 9, institutions shall report in template 9.1.1 the nominal amount and accumulated negative changes in fair value due to credit risk of these financial guarantees and commitments in dedicated columns. ‘Accumulated negative changes in fair value due to credit risk’ shall be reported applying the criteria of paragraph 69 of this Part.
111. The nominal amount and provisions of other commitments or guarantees that are within the scope of IAS 37 or IFRS 4 shall be reported in dedicated columns.
112. Institutions under national GAAP based on BAD shall report in template 9.1 the nominal amount of commitments and financial guarantees referred to in paragraphs 102 and 103, as well as the amount of provisions required to be held against these off-balance sheet exposures.

113. 'Loan commitments' shall be firm commitments to provide credit under pre-specified terms and conditions, except those that are derivatives because they can be settled net in cash or by delivering or issuing another financial instrument. The following items of Annex I to CRR shall be classified as 'Loan commitments':

- (a) 'Forward deposits';
- (b) 'Undrawn credit facilities' which comprise agreements to 'lend' or provide 'acceptance facilities' under pre-specified terms and conditions.

114. 'Financial guarantees' shall be contracts that require the issuer to make specified payments to reimburse the holder of a loss it incurs, because a specified debtor fails to make payment where due in accordance with the original or modified terms of a debt instrument, including guarantees provided for other financial guarantees. Under IFRS these contracts shall meet the definition of financial guarantee contracts in IFRS 9.2.1(e) and IFRS 4.A. The following items of Annex I to CRR shall be classified as 'financial guarantees':

- (a) 'Guarantees having the character of credit substitute';
- (b) 'Credit derivatives' that meet the definition of financial guarantee;
- (c) 'Irrevocable standby letters of credit having the character of credit substitutes'.

115. 'Other commitments' shall include the following items of Annex I to CRR:

- (a) 'Unpaid portion of partly-paid shares and securities';
- (b) 'Documentary credits issued or confirmed';
- (c) 'Trade finance off-balance sheet items';
- (d) 'Documentary credits in which underlying shipment acts as collateral and other self-liquidating transactions';
- (e) 'Warranties and indemnities' (including tender and performance bonds) and 'guarantees not having the character of credit substitutes';
- (f) 'Shipping guarantees, customs and tax bonds';
- (g) 'Note issuance facilities' (NIFs) and 'Revolving underwritings facilities' (RUFs);
- (h) 'Undrawn credit facilities' which comprise agreements to 'lend' or provide 'acceptance facilities' where the terms and conditions are not pre-specified;
- (i) 'Undrawn credit facilities' which comprise agreements to 'purchase securities' or 'provide guarantees';

- (j) 'Undrawn credit facilities for tender and performance guarantees';
 - (k) 'Other off-balance sheet items' in Annex I to CRR.
116. Under IFRS, the following items are recognised in the balance sheet and, consequently, shall not be reported as off-balance sheet exposures:
- (a) 'Credit derivatives' that do not meet the definition of financial guarantees are 'derivatives' under IFRS 9;
 - (b) 'Acceptances' are obligations by an institution to pay on maturity the face value of a bill of exchange, normally covering the sale of goods. Consequently, they are classified as 'trade receivables' on the balance sheet;
 - (c) 'Endorsements on bills' that do not meet the criteria for de-recognition under IFRS 9;
 - (d) 'Transactions with recourse' that do not meet the criteria for de-recognition under IFRS 9;
 - (e) 'Assets purchased under outright forward purchase agreements' are 'derivatives' under IFRS 9;
 - (f) 'Asset sale and repurchase agreements as defined in paragraphs (3) and (5) of Article 12 of Directive 86/635/EEC'. In these contracts, the transferee has the option, but not the obligation, to return the assets at a price agreed in advance on a date specified or on a date to be specified. Therefore, these contracts meet the definition of derivatives under IFRS 9-Appendix A.
117. The item 'of which: non-performing' shall include the nominal amount of those loan commitments, financial guarantees and other commitments given that are considered as non-performing in accordance with paragraphs 213-239 of this Part.
118. For financial guarantees, loan commitments and other commitments given, the 'Nominal amount' shall be the amount that best represents the institution's maximum exposure to credit risk without taking account of any collateral held or other credit enhancements. In particular, for financial guarantees given, the nominal amount shall be the maximum amount the entity could have to pay if the guarantee is called on. For loan commitments, the nominal amount shall be the undrawn amount that the institution has committed to lend. Nominal amounts shall be the exposure values before applying conversion factors and credit risk mitigation techniques.
119. In template 9.2, for loan commitments received, the nominal amount shall be the total undrawn amount that the counterparty has committed to lend to the institution. For other commitments received the nominal amount shall be the total amount committed by the other party in the transaction. For financial guarantees received, the 'maximum amount of the guarantee that can be considered' shall be the maximum amount the counterparty could have to pay

if the guarantee is called on. Where a financial guarantee received has been issued by more than one guarantor, the guaranteed amount shall be reported only once in this template; the guaranteed amount shall be allocated to guarantor that is more relevant for the mitigation of credit risk.

10. DERIVATIVES AND HEDGE ACCOUNTING (10 AND 11)

120. For the purpose of templates 10 and 11, derivatives shall be considered either as hedging derivatives where they are used in a qualifying hedging relationship in accordance with IFRS or with the applicable national GAAP under BAD, or as held for trading in other cases.
121. The carrying amount and the notional amount of the derivatives held for trading, including economic hedges, as well as the derivatives held for hedge accounting shall be reported broken down by type of underlying risk, type of market and type of product in templates 10 and 11. Institutions shall report the derivatives held for hedge accounting also broken down by type of hedge. Information on non-derivative hedging instruments shall be reported separately, and broken down by types of hedges.
122. Under the relevant national GAAP based on BAD, all derivatives shall be reported in these templates irrespective of whether they are recognised on the balance sheet or not under the relevant national GAAP.
123. The breakdown of the carrying amount, fair value and notional amount of trading and hedging derivatives by accounting portfolios and types of hedges shall be implemented taking into consideration the accounting portfolios and types of hedges that are applicable in IFRS or national GAAP under BAD, whichever framework applies to the reporting entity.
124. Trading derivatives and hedging derivatives which, in accordance with national GAAP based on BAD, are measured at cost or LOCOM shall be separately identified.
125. Template 11 shall include hedging instruments and hedged items irrespective of the accounting standard used to recognise a qualifying hedge relationship, including where this qualifying hedge relationship is in relation to a net position. Where an institution has elected to keep applying IAS 39 for hedge accounting [IFRS 9.7.2.21], the references and names for the types of hedges and accounting portfolios shall be read as the relevant references and names in IAS 39.9: 'Financial assets measured at fair value through other comprehensive income' shall refer to 'Available for sale assets', and 'Assets at amortised cost shall gather 'Held to maturity' as well as 'Loans and receivables'.
126. Derivatives included in hybrid instruments which have been separated from the host contract shall be reported in templates 10 and 11 according to the nature of the derivative. The amount of the host contract is not included in these templates. However, where the hybrid instrument is measured at fair value through profit or loss, the contract shall be reported as a whole and the embedded derivatives are not reported in templates 10 and 11.

127. Commitments considered as derivatives [IFRS 9.2.3(b)] and credit derivatives that do not meet the definition of a financial guarantee in paragraph 114 of this Part of this Annex shall be reported in template 10 and template 11 following the same breakdowns as the other derivative instruments, but not be reported in template 9.

128. The carrying amount of non-derivative financial assets or non-derivative financial liabilities that are recognised as hedging instrument in application of IFRS or the relevant national GAAP under BAD shall be reported separately in template 11.3.

10.1. Classification of derivatives by type of risk

129. All derivatives shall be classified into one of the following risk categories:

- (a) interest rate: Interest rate derivatives shall be contracts related to an interest-bearing financial instrument whose cash flows are determined by referencing interest rates or another interest rate contract such as an option on a futures contract to purchase a Treasury bill. This category shall be restricted to those deals where all the legs are exposed to only one currency's interest rate. Thus it shall exclude contracts involving the exchange of one or more foreign currencies such as cross-currency swaps and currency options, and other contracts whose predominant risk characteristic is foreign exchange risk, which are to be reported as foreign exchange contracts. The only exception is where cross-currency swaps are used as part of a portfolio hedge of interest rate risk, where they shall be reported in the dedicated rows for these types of hedges. Interest rate contracts shall include forward rate agreements, single-currency interest rate swaps, interest rate futures, interest rate options (including caps, floors, collars and corridors), interest rate swaptions and interest rate warrants;
- (b) equity: Equity derivatives shall be contracts that have a return, or a portion of their return, linked to the price of a particular equity or to an index of equity prices;
- (c) foreign exchange and gold: These derivatives shall include contracts involving the exchange of currencies in the forward market and the exposure to gold. They therefore shall cover outright forwards, foreign exchange swaps, currency swaps (including cross-currency interest rate swaps), currency futures, currency options, currency swaptions and currency warrant. Foreign exchange derivatives shall include all deals involving exposure to more than one currency, whether in exchange rates or in interest rates except where cross-currency swaps are used as part of a portfolio hedge of interest rate risk. Gold contracts shall include all deals involving exposure to that commodity;
- (d) credit: Credit derivatives shall be contracts in which the payout is linked primarily to some measure of the creditworthiness of a particular reference credit and that do not meet the definition of financial guarantees [IFRS 9]. The contracts shall specify an exchange of payments in which at least one of the two legs is determined by the performance of the reference credit.

Payouts can be triggered by a number of events, including a default, a rating downgrade or a stipulated change in the credit spread of the reference asset. Credit derivatives that meet the definition of a financial guarantee in paragraph 114 of this Part of this Annex shall be reported only in template 9;

- (e) commodity: These derivatives shall be contracts that have a return, or a portion of their return, linked to the price of, or to a price index of, a commodity such as a precious metal (other than gold), petroleum, lumber or agricultural products
- (f) other: These derivatives shall be any other derivative contracts, which do not involve an exposure to foreign exchange, interest rate, equity, commodity or credit risk such as climatic derivatives or insurance derivatives.

130. Where a derivative is influenced by more than one type of underlying risk, the instrument shall be allocated to the most sensitive type of risk. For multi-exposure derivatives, in cases of uncertainty, the deals shall be allocated according to the following order of precedence:

- (a) commodities: All derivatives transactions involving a commodity or commodity index exposure, whether or not they involve a joint exposure in commodities and any other risk category which may include foreign exchange, interest rate or equity, shall be reported in this category;
- (b) equities: With the exception of contracts with a joint exposure to commodities and equities, which are to be reported as commodities, all derivatives transactions with a link to the performance of equities or equity indices shall be reported in the equity category. Equity deals with exposure to foreign exchange or interest rates shall be included in this category;
- (c) foreign exchange and gold: This category shall include all derivatives transactions (with the exception of those already reported in the commodity or equity categories) with exposure to more than one currency, be it pertaining either to interest-bearing financial instruments or exchange rates except where cross-currency swaps are used as part of a portfolio hedge of interest rate risk.

10.2. Amounts to be reported for derivatives

131. Under IFRS, the 'carrying amount' for all derivatives (hedging or trading) shall be the fair value. Derivatives with a positive fair value (above zero) shall be 'financial assets' and derivatives with a negative fair value (below zero) shall be 'financial liabilities'. The 'carrying amount' shall be reported separately for derivatives with a positive fair value ('financial assets') and for those with a negative fair value ('financial liabilities'). At the date of initial recognition, a derivative shall be classified as 'financial asset' or 'financial liability' according to its initial fair value. After initial recognition, as the fair value of a derivative increases or decreases, the terms of the exchange may become either favourable to the institution (and the derivative is classified as 'financial asset') or unfavourable (and the derivative is classified as 'financial liability'). The carrying amount of hedging derivatives shall be

their entire fair value, including where applicable the components of this fair value that are not designated as hedging instruments.

132. In addition to carrying amounts as defined in paragraph 27 of Part 1 of this Annex fair values shall be reported by reporting institutions under national GAAP based on BAD for all derivative instruments, whether required to be booked on-balance sheet or off-balance sheet by the national GAAP based on BAD.

133. The 'Notional amount' shall be the gross nominal of all deals concluded and not yet settled at the reference date, regardless of whether these deals lead to derivative exposures being booked on-balance sheet. In particular, the following shall be taken into account to determine the notional amount:

- (a) for contracts with variable nominal or notional principal amounts, the basis for reporting shall be the nominal or notional principal amounts at the reference date;
- (b) the notional amount value to be reported for a derivative contract with a multiplier component shall be the contract effective notional amount or par value;
- (c) swaps: The notional amount of a swap shall be the underlying principal amount upon which the exchange of interest, foreign exchange or other income or expense is based;
- (d) equity and commodity-linked contracts: The notional amount to be reported for an equity or commodity contract shall be the quantity of the commodity or equity product contracted for purchase or sale multiplied by the contract price of a unit. The notional amount to be reported for commodity contracts with multiple exchanges of principal shall be the contractual amount multiplied by the number of remaining exchanges of principal in the contract;
- (e) credit derivatives: The contract amount to be reported for credit derivatives shall be the nominal value of the relevant reference credit;
- (f) digital options have a predefined payoff which can be either a monetary amount or a number of contracts of an underlying. The notional amount for digital options shall be defined as either the predefined monetary amount or the fair value of the underlying at the reference date.

134. The column 'Notional amount' of derivatives shall include, for each line item, the sum of the notional amounts of all contracts in which the institution is counterparty, irrespective of whether the derivatives are considered assets or liabilities on the face of the balance sheet or are not booked on-balance sheet. All notional amounts shall be reported regardless whether the fair value of derivatives is positive, negative or equal to zero. Netting among the notional amounts shall not be allowed.

135. The 'Notional amount' shall be reported by 'total' and by 'of which: sold' for the line items: 'OTC options', 'Organised market options', 'Credit', 'Commodity' and 'Other'. The item 'of which sold' shall include the notional

amounts (strike price) of the contracts in which the counterparties (option holders) of the institution (option writer) have the right to exercise the option and for the items related to credit risk derivatives, the notional amounts of the contracts in which the institution (protection seller) has sold (gives) protection to their counterparties (protection buyers).

136. The allocation of a transaction as ‘OTC’ or ‘Organized market’ shall be based on the nature of the market where the transaction takes place and not on whether there is a mandatory clearing obligation for that transaction. An ‘Organised market’ is a regulated market in the meaning of Article 4(92) of CRR. Therefore, where a reporting entity enters into a derivative contract in an OTC market where central clearing is compulsory, it shall classify that derivative as ‘OTC’ and not as ‘Organised market’.

10.3. Derivatives classified as ‘economic hedges’

137. Derivatives that are held for hedging purposes but which do not meet the criteria to be effective hedging instruments in accordance with IFRS 9, with IAS 39 where IAS 39 is applied for hedge accounting purposes or with the accounting framework under national GAAP based on BAD shall be reported in template 10 as ‘economic hedges’. This shall apply also to all of the following cases:

- (a) derivatives hedging unquoted equity instruments for which cost may be an appropriate estimate of fair value;
- (b) credit derivatives measured at fair value through profit or loss used to manage the credit risk of all, or part of, a financial instrument that is designated as measured at fair value through profit or loss at, or subsequent to, initial recognition, or while it is unrecognised in accordance with IFRS 9.6.7.;
- (c) derivatives that are classified as ‘held for trading’ in accordance with IFRS 9 Appendix A or trading assets in accordance with the national GAAP based on BAD but are not part of the trading book as defined in Article 4(1)(86) of CRR.

138. ‘Economic hedges’ shall not include derivatives for proprietary trading.

139. Derivatives that meet the definition of ‘economic hedges’ shall be reported separately for each type of risk in template 10.

140. Credit derivatives used to manage the credit risk of all, or part of, a financial instrument that is designated as measured at fair value through profit or loss at, or subsequent to, initial recognition, or while it is unrecognised in accordance with IFRS 9.6.7 shall be reported in a dedicated row in template 10 within credit risk. Other economic hedges of credit risk for which the reporting entity does not apply IFRS 9.6.7 shall be reported separately.

10.4. Breakdown of derivatives by counterparty sector

141. The carrying amount and the total notional amount of derivatives held for trading, and also of derivatives held for hedge accounting, which are traded in

the OTC market, shall be reported by counterparty using the following categories:

- (a) 'credit institutions';
- (b) 'other financial corporations';
- (c) 'rest' comprising all other counterparties.

142. All OTC derivatives, without regarding the type of risk to which they are related, shall be broken down by these counterparties.

10.5. Hedge accounting under national GAAP (11.2)

143. Where national GAAP under BAD require the allocation of hedging derivatives across categories of hedges, the hedging derivatives shall be separately reported for each of the applicable categories: 'fair-value hedges', 'cash-flow hedges', 'cost-price hedges', 'hedge in net investments in a foreign operation', 'portfolio fair value hedges of interest rate risk' and 'portfolio cash flow hedges of interest rate risk'.

144. Where applicable in accordance with national GAAP based on BAD, 'Cost price hedges' shall refer to a hedging category in which the hedging derivative is generally measured at cost.

10.6. Amount to be reported for non-derivative hedging instruments (11.3 and 11.3.1)

145. For non-derivative hedging instruments the amount to be reported shall be their carrying amount according to the applicable measurement rules for the accounting portfolios to which they belong in IFRS or in GAAP based on BAD. No 'notional amount' shall be reported for non-derivative hedging instruments.

10.7. Hedged items in fair value hedges (11.4)

146. The carrying amount of hedged items in a fair value hedge recognised on the statement of financial position shall be broken down by accounting portfolio and type of hedged risk for hedged financial assets and hedged financial liabilities. Where a financial instrument is hedged for more than one risk, it shall be reported in the type of risk in which the hedging instrument shall be reported in accordance with paragraph 129.

147. 'Micro-hedges' shall be hedges other than portfolio hedge of interest rate risk in accordance with IAS 39.89A. Micro-hedges include hedges of net positions in accordance with IFRS 9.6.6.

148. 'Hedge adjustments on micro-hedges' shall include all hedge adjustments for all the micro-hedges as defined in paragraph 147.

149. 'Hedge adjustments included in the carrying amount of assets/liabilities' shall be the accumulated amount of the gains and losses on the hedged items that have adjusted the carrying amount of those items and been recognised in profit or loss. Hedge adjustments for the hedged items that are equities measured at fair value through other comprehensive income shall

be reported in template 1.3. Hedge adjustments for unrecognised firm commitments or a component thereof shall not be reported.

150. 'Remaining adjustments for discontinued micro-hedges including hedges of net positions' shall include those hedge adjustments which, following the discontinuation of the hedge relationship and the end of the adjustment of hedged items for hedging gains and losses, remain to be amortised to the profit or loss via a recalculated effective interest rate for hedged items measured at amortised cost, or to the amount that represents the previously recognised cumulative hedging gain or loss for hedged assets measured at fair value through other comprehensive income.

151. Where a group of financial assets or financial liabilities, including a group of financial assets or financial liabilities that constitute a net position, is eligible as a hedged item, financial assets and financial liabilities constituting this group shall be reported at their carrying amount on a gross basis, before netting between instruments within the group, in 'Assets or liabilities included in hedge of a net position (before netting)'.

152. 'Hedged items in portfolio hedge of interest rate risk' shall include financial assets and financial liabilities included in a fair value hedge of the interest rate exposure of a portfolio of financial assets or financial liabilities. These financial instruments shall be reported at their carrying amount on a gross basis, before netting between instruments within the portfolio.

11. MOVEMENTS IN ALLOWANCES AND PROVISIONS FOR CREDIT LOSSES (12)

11.1. Movements in allowances for credit losses and impairment of equity instruments under national GAAP based on BAD (12.0)

153. Template 12.0 contains a reconciliation of the opening and closing balances of the allowance account for financial assets measured under cost-based methods, as well as for financial assets under other measurement methods or measured at fair value through equity if the national GAAP under BAD require those assets to be subject to impairment. Value adjustments on assets measured at the lower of cost or market shall not be reported in template 12.0.

154. 'Increases due to amounts set aside for estimated loan losses during the period' shall be reported where, for the main category of assets or the counterparty, the estimation of the impairment for the period results in the recognition of net expenses; that is, for the given category or counterparty, the increases in the impairment for the period exceed the decreases. 'Decreases due to amounts reversed for estimated loan losses during the period' shall be reported where, for the main category of assets or counterparty, the estimation of the impairment for the period result in the recognition of net income; that is, for the given category or counterparty, the decreases in the impairment for the period exceed the increases.

155. Changes in the allowance amounts due to repayment and disposals of financial assets shall be reported in 'Other adjustments'. Write-offs shall be reported in accordance with paragraphs 72 to 74.

11.2. Movements in allowances and provisions for credit losses under IFRS (12.1)

156. Template 12.1 contains a reconciliation of the opening and closing balances of the allowance account for financial assets measured at amortised cost and at fair value through other comprehensive income broken down by impairment stages, by instrument and by counterparty.

157. The provisions for off-balance sheet exposures that are subject to the impairment requirements of IFRS 9 shall be reported by impairment stages. Impairment for loan commitments shall be reported as provisions only where they are not considered together with the impairment of on-balance sheet assets in accordance with IFRS 9.7.B8E and paragraph 108 of this part. Movements in provisions for commitments and financial guarantees measured under IAS 37 and financial guarantees treated as insurance contracts under IFRS 4 shall not be reported in this template but in template 43. Changes in the fair value due to credit risk of commitments and financial guarantees measured at fair value through profit or loss in accordance with IFRS 9 shall not be reported in this template but in item 'Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net' in accordance with paragraph 50 if this Part.

158. The items 'of which: collectively measured allowances' and 'of which: individually measured allowances' shall include the movements in the cumulative amount of impairment related to financial assets which have been respectively measured on a collective or individual basis.

159. 'Increases due to origination and acquisition' shall include the amount of increases in expected losses accounted for on the initial recognition of financial assets originated or acquired. This increase of the allowance shall be reported at the first reporting reference date following the origination or acquisition of those financial assets. Increases or decreases in the expected losses on those financial assets after their initial recognition shall be reported in other columns, as applicable. Originated or acquired assets shall include assets resulting from the drawdown of off-balance sheet commitments given.

160. 'Decreases due to derecognition' shall include the amount of changes in expected losses due to financial assets de-recognised totally in the reporting period for reasons other than write-offs, which include transfers to third parties or the expiry of the contractual rights due to full repayment, disposal of those financial assets or their transfer in another accounting portfolio. The change in allowance shall be recognised in this column at the first reporting reference date following the repayment, disposal or transfer. For off-balance sheet exposures this item shall also include the decreases in the impairment due to the off-balance sheet item becoming an on-balance sheet asset.

161. 'Changes due to change in credit risk (net)' shall include the net amount of changes in expected losses at the end of the reporting period due to an increase or decrease in credit risk since initial recognition irrespectively of whether they led to a transfer of the financial asset to another stage. The impact in the allowance due to the increase or decrease of the amount of financial assets as consequence of the interest income accrued and paid shall be reported in this column. This item shall also include the impact of the passing of time on the expected losses in accordance with IFRS 9.5.4.1(a) and (b). The changes in estimates due to updates or review of risk parameters as well as changes in forward-looking economic data shall also be reported in this column. Changes in expected losses due to partial repayment of exposures via instalments shall be reported in this column with the exception of the last instalment, which shall be reported in the column 'Decreases due to derecognition'.
162. All changes in expected credit losses related to revolving exposures shall be reported in 'Changes due to change in credit risk (net)', except for those changes related to write-offs and updates in the institution's methodology for estimation of credit losses. Revolving exposures shall be those for which customers' outstanding balances are permitted to fluctuate based on their decisions to borrow and repay up to a limit established by the institution.
163. 'Changes due to update in the institution's methodology for estimation (net)' shall include changes due to updates in the institution's methodology for estimation of expected losses due to changes in the existing models or establishment of new models used to estimate impairment. Methodological updates shall also encompass the impact of the adoption of new standards. Changes in methodology that trigger an asset to change impairment stage shall be considered for a model change in its entirety. The changes in estimates due to updates or review of risk parameters as well as changes in forward-looking economic data shall not be reported in this column.
164. The reporting of the changes in the expected losses related to modified assets [IFRS 9.5.4.3 and Appendix A] shall depend on the feature of the modification in accordance with the following:
- (a) where the modification results in the partial or total derecognition of an asset due to a write-off as defined in paragraph 74, the impact on expected losses due to this derecognition shall be reported in 'Decrease in allowance account due to write-offs', and any other impact from modification on expected credit losses in other appropriate columns;
 - (b) where the modification results in the complete derecognition of an asset for reasons other than a write-off as defined in paragraph 74 and its substitution by a new asset, the impact of modification on expected credit losses shall be reported in 'Changes due to derecognition' for the changes due to the asset derecognised, and in 'Increases due to origination and acquisition' for the changes due to the newly recognised modified asset. Derecognition for reasons other than write-offs shall include derecognition where the terms of the modified assets have been subject to substantial changes;

- (c) where the modification does not result in derecognition of all or part of the modified asset, its impact on expected losses shall be reported in ‘Changes due to modifications without derecognition’.
165. Write-offs shall be reported in accordance with paragraphs 72 to 74 of this Part of this Annex and in accordance with the following:
- (a) where the debt instrument is partially or totally de-recognised because there is no reasonable expectation of recovery, the decrease in the loss allowance reported due to the amounts written off shall be reported in: ‘Decrease in allowance account due to write-offs;
 - (b) ‘Amounts written-off directly to the statement of profit or loss’ shall be the amounts of financial assets written-off during the reporting period that exceed any allowance account of the respective financial assets at the derecognition date. They shall include all amounts written-off during the reporting period and not only those which are still subject to enforcement activity.
166. ‘Other adjustments’ shall include any amount not reported in the previous columns, including among others the adjustments on expected losses due to foreign exchange differences where it is consistent with the reporting of the impact of foreign exchange in template 2.

11.3. Transfers between impairment stages (gross basis presentation) (12.2)

167. For financial assets the gross carrying amount and for off-balance exposures that are subject to the impairment requirements of IFRS 9 the nominal amount that has been transferred between impairment stages during the reporting period shall be reported in template 12.2.
168. Only the gross carrying amount or the nominal amount of those financial assets or off-balance exposures which are in a different impairment stage at the reporting reference date than they were at the beginning of the financial year or their initial recognition shall be reported. For on-balance exposures for which the impairment reported in template 12.1 includes an off-balance sheet component [IFRS 9.5.5.20 and IFRS 7.B8E], the change in stage of the on-balance sheet and off-balance sheet component shall be considered.
169. For the reporting of the transfers that have taken place during the financial year, financial assets or off-balance exposures that have changed multiple times the impairment stage since the beginning of the financial year or their initial recognition shall be reported as having been transferred from their impairment stage at the opening of the financial year or initial recognition to the impairment stage in which they are included at the reporting reference date.
170. The gross carrying amount or the nominal amount to be reported in template 12.2 shall be the gross carrying amount or the nominal value at the reporting date, regardless of whether this amount was higher or lower at the date of the transfer.

12. COLLATERAL AND GUARANTEES RECEIVED (13)

12.1. Breakdown of collateral and guarantees by loans and advances other than held for trading(13.1)

171. The collateral and guarantees backing the loans and advances, independently of their legal form, shall be reported by type of pledges: loans collateralised by immovable property and other collateralised loans, and by financial guarantees received. The loans and advances shall be broken down by counterparties and purpose.

172. In template 13.1, the ‘maximum amount of the collateral or guarantee that can be considered’ shall be reported. The sum of the amounts of the financial guarantee and/or collateral shown in the related columns of template 13.1 shall not exceed the carrying amount of the related loan.

173. For reporting loans and advances according to the type of pledge the following definitions shall be used:

- (a) within ‘Loans collateralised by immovable property’, ‘Residential’ shall include loans secured by residential immovable property and ‘Commercial’ loans secured by pledges of immovable property other than residential including offices and commercial premises and other types of commercial immovable property. The determination of whether immovable property collateral shall be residential or commercial shall be made in accordance with the CRR;
- (b) within ‘Other collateralised loans’, ‘Cash [Debt instruments issued]’ shall include (a) deposits in the reporting institution that have been pledged as collateral for a loan and (b) debt securities issued by the reporting institution which have been pledged as collateral for a loan. ‘Rest’ shall include pledges of other securities issued by any third parties or pledges of other assets;
- (c) ‘Financial guarantees received’ shall include contracts that in accordance with paragraph 114 of this Part of this Annex require the issuer to make specified payments to reimburse the institution of a loss it incurs, because a specified debtor fails to make payment where due in accordance with the original or modified terms of a debt instrument.

174. For loans and advances that have simultaneously more than one type of collateral or guarantee, the amount of the ‘Maximum collateral/guarantee that can be considered’ shall be allocated according to its quality starting from the one with the best quality. For loans collateralised by immovable property, immovable property collateral shall always be reported first, irrespective of its quality compared to other collateral. Where the ‘Maximum collateral/guarantee that can be considered’ exceeds the value of immovable property collateral, its remaining value shall be allocated to other collateral types and guarantees according to its quality starting from the one with best quality.

12.2. Collateral obtained by taking possession during the period [held at the reporting date] (13.2)

175. This template shall include the carrying amount of the collateral that has been obtained between the beginning and the end of the reference period and that remains recognised in the balance sheet at the reference date.

12.3. Collateral obtained by taking possession [tangible assets] accumulated (13.3)

176. 'Foreclosure [tangible assets]' shall be the cumulative carrying amount of tangible assets obtained by taking possession of collateral that remains recognised in the balance sheet at the reference date excluding those classified as 'Property, plant and equipment'.

13. FAIR VALUE HIERARCHY: FINANCIAL INSTRUMENTS AT FAIR VALUE (14)

177. Institutions shall report the value of financial instruments measured at fair value according to the hierarchy provided by IFRS 13.72. Where national GAAP under BAD also require the allocation of assets measured at fair value between different levels of fair value, institutions under national GAAP shall also report this template.

178. 'Change in fair value for the period' shall include gains or losses from re-measurements in accordance with IFRS 9, IFRS 13 or national GAAP where applicable, in the period of the instruments that continue to exist at the reporting date. These gains and losses shall be reported as for inclusion in the statement of profit or loss, or where applicable, in the statement of comprehensive income; thus, the amounts reported are before taxes.

179. 'Accumulated change in fair value before taxes' shall include the amount of gains or losses from re-measurements of the instruments accumulated from the initial recognition to the reference date.

14. DERECOGNITION AND FINANCIAL LIABILITIES ASSOCIATED WITH TRANSFERRED FINANCIAL ASSETS (15)

180. Template 15 shall include information on transferred financial assets of which part or all do not qualify for de-recognition, and financial assets entirely derecognised for which the institution retains servicing rights.

181. The associated liabilities shall be reported according to the portfolio in which the related transferred financial assets were included in the assets side and not according to the portfolio in which they were included in the liability side.

182. The column 'Amounts derecognised for capital purposes' shall include the carrying amount of the financial assets recognised for accounting purposes but de-recognised for prudential purposes because the institution is treating them as securitisation positions for capital purposes in accordance with Articles 109, 243 and 244 of CRR.

183. 'Repurchase agreements' ('repos') shall be transactions in which the institution receives cash in exchange for financial assets sold at a given price under a commitment to repurchase the same (or identical) assets at a fixed price

on a specified future date. Transactions involving the temporary transfer of gold against cash collateral shall also be considered 'Repurchase agreements' ('repos'). Amounts received by the institution in exchange for financial assets transferred to a third party ('temporary acquirer') shall be classified under 'repurchase agreements' where there is a commitment to reverse the operation and not merely an option to do so. Repurchase agreements shall also include repo-type operations which may include:

- (a) Amounts received in exchange for securities temporarily transferred to a third party in the form of securities lending against cash collateral;
- (b) Amounts received in exchange for securities temporarily transferred to a third party in the form of sale/buy-back agreement.

184. 'Repurchase agreements' ('repos') and 'reverse repurchase loans' ('reverse repos') shall involve cash received or loaned out by the institution.

185. In a securitisation transaction, where the transferred financial assets are derecognized, institutions shall declare the gains (losses) generated by the item within the income statement corresponding to the 'accounting portfolios' in which the financial assets were included prior to their de-recognition.

15. BREAKDOWN OF SELECTED STATEMENT OF PROFIT OR LOSS ITEMS (16)

186. For selected items of the income statement further breakdowns of gains (or income) and losses (or expenses) shall be reported.

15.1. Interest income and expenses by instrument and counterparty sector (16.1)

187. Interest income shall be broken down in accordance with both of the following:

- (a) interest income on financial and other assets;
- (b) interest income on financial liabilities with negative effective interest rate.

188. Interest expenses shall be broken down in accordance with both of the following:

- (a) interest expenses on financial and other liabilities;
- (b) interest expenses on financial assets with negative effective interest rate.

189. Interest income on financial assets and on financial liabilities with a negative effective interest rate shall include interest income on derivatives held for trading, debt securities, and loans and advances, as well as on deposits, debt securities issued and other financial liabilities with a negative effective interest rate.

190. Interest expenses on financial liabilities and on financial assets with a negative effective interest rate shall include interest expenses on derivatives held for trading, deposits, debt securities issued and other financial liabilities, as well as on debt securities and loans and advances with a negative effective interest rate.
191. For the purpose of template 16.1, short positions shall be considered within other financial liabilities. All instruments in the various portfolios shall be taken into account except those included in the items 'Derivatives - Hedge accounting' not used to hedge interest rate risk.
192. 'Derivatives - Hedge accounting, interest rate risk' shall include the interest income and expenses on hedging instruments where the hedged items generate interest.
193. Where the clean price is used, interest on derivatives held for trading shall include the amounts related to those derivatives held for trading which qualify as 'economic hedges' that are included as interest income or expenses to correct the income and expense of the hedged financial instruments from an economic but not accounting point of view. In such case interest income on economic hedge derivatives shall be reported separately within interest income from trading derivatives. Time-apportioned fees or balancing payments in relation to credit derivatives measured at fair value and used to manage the credit risk of part or all of a financial instrument that is designated at fair value at that occasion shall also be reported within interest on derivatives held for trading.
194. Under IFRS, 'of which: interest-income on impaired financial assets' means interest income on credit-impaired financial assets, including purchased or originated credit-impaired financial assets. Under national GAAP under BAD, it shall include interest income on assets impaired with a specific impairment allowance for credit risk.

15.2. Gains or losses on de-recognition of financial assets and liabilities not measured at fair value through profit or loss by instrument (16.2)

195. Gains and losses on de-recognition of financial assets and financial liabilities not measured at fair value through profit or loss shall be broken down by type of financial instrument and by accounting portfolio. For each item, the net realised gain or loss stemming from the derecognised transaction shall be reported. The net amount represents the difference between realised gains and realised losses.
196. Template 16.2 shall apply under IFRS to financial assets and liabilities at amortised cost, and debt instruments measured at fair value through other comprehensive income. Under national GAAP based on BAD, template 16.2 shall apply to financial assets measured at cost-based method, at fair value through equity, and according to other measurement methods such as the lower of cost or market. Gains and losses of financial instruments classified as trading under the relevant national GAAP based on BAD shall not be reported in this template regardless of the valuation rules applicable for these instruments.

15.3. Gains or losses on financial assets and liabilities held for trading and trading financial assets and trading financial liabilities by instrument (16.3)

197. Gains and losses on financial assets and liabilities held for trading shall be broken down by type of instrument; each item of the breakdown shall be the net realised and unrealised amount (gains minus losses) of the financial instrument.

198. Gains and losses from foreign currency trading on the spot market, excluding exchange of foreign notes and coins, shall be included as trading gains and losses. Gains and losses from precious metal trading or de-recognition and re-measurement shall not be included in trading gains and losses but in 'Other operating income' or 'Other operating expense' in accordance with paragraph 316 of this Part.

199. The item 'of which: economic hedges with use of the fair value option' shall include only gains and losses on credit derivatives measured at fair value through profit or loss and used to manage the credit risk of all or part of a financial instrument that is designated at fair value through profit or loss at that occasion in accordance with IFRS 9.6.7. Gains or losses due to the reclassification of financial assets out of the amortised cost accounting portfolio and into the fair value through profit or loss accounting portfolio or into the held for trading portfolio [IFRS 9.5.6.2] shall be reported in 'of which: gains and losses due to the reclassification of assets at amortised cost'.

15.4. Gains or losses on financial assets and liabilities held for trading and trading financial assets and trading financial liabilities by risk (16.4)

200. Gains and losses on financial assets and financial liabilities held for trading shall also be broken down by type of risk; each item of the breakdown is the net realised and unrealised amount (gains minus losses) of the underlying risk (interest rate, equity, foreign exchange, credit, commodity and other) associated to the exposure, including related derivatives. Gains and losses from exchange differences shall be included in the item in which the rest of gains and losses arising from the converted instrument are included. Gains and losses on financial assets and financial liabilities other than derivatives shall be included in the risk categories as follows:

- (a) interest rate: including trading of loans and advances, deposits and debt securities (held or issued);
- (b) equity: including trading of shares, quotas of UCITS and other equity instruments;
- (c) foreign exchange trading: including exclusively trading on foreign exchanges;
- (d) credit risk: including trading of credit link notes;
- (e) commodities: this item shall include only derivatives because gains and losses on commodities held with trading intent shall be reported under

‘Other operating income’ or ‘Other operating expense’ in accordance with paragraph 316 of this Part;

- (f) other: including trading of financial instruments which cannot be classified in other breakdowns.

15.5. Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss by instrument (16.4.1)

201. Gains and losses on non-trading financial assets mandatorily at fair value through profit or loss shall be broken down by type of instrument; each item of the breakdown is the net realised and unrealised amount (gains minus losses) of the financial instrument.

202. Gains or losses due to the reclassification of financial assets out of the amortised cost accounting portfolio and into the non-trading financial assets mandatorily at fair value through profit or loss accounting portfolio [IFRS 9.5.6.2] shall be reported in ‘of which: gains and losses due to the reclassification of assets at amortised cost’.

15.6. Gains or losses on financial assets and liabilities designated at fair value to profit or loss by instrument (16.5)

203. Gains and losses on financial assets and liabilities designated at fair value through profit or loss shall be broken down by type of instrument. Institutions shall report the net realised and unrealised gains or losses and the amount of change in fair value of financial liabilities in the period due to changes in the credit risk (own credit risk of the borrower or issuer) where own credit risk is not reported within other comprehensive income.

204. Where a credit derivative measured at fair value is used to manage the credit risk of all or part of a financial instrument that is designated at fair value through profit or loss at that occasion, the gains or losses of the financial instrument upon that designation shall be reported in ‘of which: gains or (-) losses upon designation of financial assets and liabilities designated at fair value through profit or loss for hedging purposes, net’. Subsequent fair value gains or losses on these financial instruments shall be reported in ‘of which: gains or (-) losses after the designation of financial assets and liabilities designated at fair value through profit or loss for hedging purposes, net’.

15.7. Gains or losses from hedge accounting (16.6)

205. All gains and losses from hedge accounting, except interest income or expense where the clean price is used, shall be broken down by type of hedge accounting: fair value hedge, cash flow hedge and hedge of net investments in foreign operations. Gains and losses related to fair value hedge shall be broken down between the hedging instrument and the hedged item. Gains and losses on hedging instruments shall not include gains and losses related to elements of the hedging instruments that are not designated as hedging instruments in accordance with IFRS 9.6.2.4. These not designated hedging instruments shall be reported in accordance with paragraph 60 of this Part. Gains and losses from

hedge accounting shall also include gains and losses on hedges of a group of items with offsetting risk positions (hedges of a net position).

206. 'Fair value changes of the hedged item attributable to the hedged risk' shall also include gains and losses on hedged items where the items are debt instruments measured at fair value through other comprehensive income in accordance with IFRS 9.4.1.2A [IFRS 9.6.5.8].

207. Under national GAAP based on BAD, the breakdown by type of hedges as provided for in this template shall be reported to the extent the breakdown is compatible with the applicable accounting requirements.

15.8. Impairment on non-financial assets (16.7)

208. 'Additions' shall be reported where, for the accounting portfolio or main category of assets, the estimation of the impairment for the period results in recognition of net expenses. 'Reversals' shall be reported where, for the accounting portfolio or main category of assets, the estimation of the impairment for the period result in the recognition of net income.

16. RECONCILIATION BETWEEN ACCOUNTING AND CRR SCOPE OF CONSOLIDATION (17)

209. 'Accounting scope of consolidation' shall include the carrying amount of assets, liabilities and equity as well as the nominal amounts of the off-balance sheet exposures prepared using the accounting scope of consolidation; that is, including in the consolidation subsidiaries that are insurance undertakings and non-financial corporations. Institutions shall account for the subsidiaries, joint ventures and associates using the same method as in their financial statements.

210. In this template, the item 'Investments in subsidiaries, joint ventures and associates' shall not include subsidiaries as with the accounting scope of consolidation all subsidiaries are fully consolidated.

211. 'Assets under reinsurance and insurance contracts' shall include assets under reinsurance ceded as well as, if any, assets related to insurance and reinsurance contracts issued.

212. 'Liabilities under insurance and reinsurance contracts' shall include liabilities under insurance and reinsurance contracts issued.

17. NON-PERFORMING EXPOSURES (18)

213. For the purpose of template 18, non-performing exposures shall be those that satisfy any of the following criteria:

- (a) material exposures which are more than 90 days past due;
- (b) the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past due amount or of the number of days past due.

214. That categorisation as non-performing exposures shall apply notwithstanding the classification of an exposure as defaulted for regulatory purposes in accordance with Article 178 of CRR or as impaired for accounting purposes in accordance with the applicable accounting framework.
215. Exposures in respect of which a default is considered to have occurred in accordance with Article 178 of CRR and exposures that have been found impaired in accordance with the applicable accounting framework shall always be considered as non-performing exposures. Under IFRS, for the purpose of template 18, impaired exposures shall be those that have been found credit-impaired (Stage 3), including purchased or originated credit-impaired assets. Exposures included in impairment stages other than Stage 3 shall be considered as non-performing where they meet the criteria to be considered as non-performing.
216. Exposures shall be categorised for their entire amount and without taking into account the existence of any collateral. Materiality shall be assessed in accordance with Article 178 of CRR.
217. For the purpose of template 18, ‘exposures’ shall include all debt instruments (debt securities and loans and advances which shall include also cash balances at central banks and other demand deposits) and off-balance sheet exposures, except those held for trading exposures.
218. Debt instruments shall be included in the following accounting portfolios: (a) debt instruments at cost or amortised cost, (b) debt instruments at fair value through other comprehensive income or through equity subject to impairment and (c) debt instruments at strict LOCOM or fair value through profit or loss or through equity not subject to impairment, in accordance with the criteria of paragraph 233 of this Part. Each category shall be broken down by instrument and by counterparty.
219. Under IFRS and relevant national GAAP based on BAD, off-balance sheet exposures shall comprise the following revocable and irrevocable items:
- (a) loan commitments given;
 - (b) financial guarantees given;
 - (c) other commitments given.
220. Debt instruments classified as held for sale in accordance with IFRS 5 shall be reported separately.
221. In template 18 for debt instruments, ‘gross carrying amount’ shall be reported as defined in paragraph 34 of Part 1 of this Annex. For off-balance sheet exposures, the nominal amount as defined in paragraph 118 of this Part of this Annex shall be reported.
222. For the purpose of template 18, an exposure is ‘past-due’ where it meets the criteria of paragraph 96 of this Part.

223. For the purpose of template 18, ‘debtor’ means an obligor within the meaning of Article 178 of CRR.
224. A commitment shall be considered as a non-performing exposure for its nominal amount where, drawn down or otherwise used, it would lead to exposures that present a risk of not being paid back in full without realisation of collateral.
225. Financial guarantees given shall be considered as non-performing exposures for their nominal amount where the financial guarantee is at risk of being called by the guaranteed party, including, in particular, where the underlying guaranteed exposure meets the criteria to be considered as non-performing, referred to in paragraph 213. Where the guaranteed party is past-due on the amount due under the financial guarantee contract, the reporting institution shall assess whether the resulting receivable meets the non-performing criteria.
226. Exposures classified as non-performing in accordance with paragraph 213 shall be categorised as either non-performing on an individual basis (‘transaction based’) or as non-performing for the overall exposure to a given debtor (‘debtor based’). For the categorisation of non-performing exposures on an individual basis or to a given debtor, the following categorisation approaches shall be used for the different types of non-performing exposures:
- (a) for non-performing exposures classified as defaulted in accordance with Article 178 of CRR, the categorisation approach of that Article shall be applied;
 - (b) for exposures that are classified as non-performing due to impairment under the applicable accounting framework, the recognition criteria for impairment under the applicable accounting framework shall be applied;
 - (c) for other non-performing exposures that are neither classified as defaulted nor as impaired, the provisions of Article 178 of CRR for defaulted exposures shall be applied.
227. Where an institution has on-balance sheet exposures to a debtor that are past due by more than 90 days and the gross carrying amount of the past due exposures represents more than 20% of the gross carrying amount of all on-balance sheet exposures to that debtor, all on- and off-balance sheet exposures to that debtor shall be considered as non-performing. Where a debtor belongs to a group, the need to also consider exposures to other entities of the group as non-performing shall be assessed, where they are not already considered as impaired or defaulted in accordance with Article 178 of CRR, except for exposures affected by isolated disputes that are unrelated to the solvency of the counterparty.
228. Exposures shall be considered to have ceased being non-performing where all of the following conditions are met:
- (a) the exposure meets the exit criteria applied by the reporting institution for the discontinuation of the impairment and default classification according

to the applicable accounting framework and Article 178 of the CRR respectively;

- (b) the situation of the debtor has improved to the extent that full repayment, according to the original or where applicable the modified conditions, is likely to be made;
- (c) the debtor does not have any amount past-due by more than 90 days.

229. An exposure shall remain classified as non-performing while the conditions in points (a), (b) and (c) of paragraph 228 of this Part of this Annex are not met, even though the exposure has already met the discontinuation criteria applied by the reporting institution for the impairment and default classification according to the applicable accounting framework and Article 178 of CRR respectively.

230. The classification of a non-performing exposure as non-current asset held for sale in accordance with IFRS 5 does not discontinue their classification as non-performing exposure.

231. Granting forbearance measures to a non-performing exposure shall not discontinue the non-performing status of this exposure. Where exposures are non-performing with forbearance measures, as referred to in paragraph 262, those exposures shall be considered to have ceased being non-performing where all the following conditions are met:

- (a) exposures are not considered to be impaired or defaulted by the reporting institution according to the applicable accounting framework and Article 178 of the CRR, respectively;
- (b) one year has passed since the latest between the moment where forbearance measures were applied and the moment where exposures have been classified as non-performing;
- (c) there is not, following the forbearance measures, any past-due amount or concern regarding the full repayment of the exposure according to the post-forbearance conditions. The absence of concerns shall be determined after an analysis of the debtor's financial situation by the institution. Concerns may be considered as no longer existing where the debtor has paid, via its regular payments in accordance with the post-forbearance conditions, a total equal to the amount that was previously past-due (where there were past-due amounts) or that has been written-off (where there were no past-due amounts) under the forbearance measures or the debtor has otherwise demonstrated its ability to comply with the post-forbearance conditions.

The specific exit conditions referred to in points (a), (b) and (c) shall apply in addition to the criteria applied by reporting institutions for impaired and defaulted exposures according to the applicable accounting framework and Article 178 of CRR, respectively.

232. Where the conditions referred to in paragraph 231 of this Part of this Annex are not met at the end of the one year period specified in point (b) of that paragraph, the exposure shall continue to be identified as non-performing

forborne exposure until all conditions are met. The conditions shall be assessed at least on a quarterly basis.

233. The accounting portfolios under IFRS listed in paragraph 15 of Part 1 of this Annex and under relevant national GAAP based on BAD listed in paragraph 16 of Part 1 of this Annex shall be reported as follows in template 18:

- (a) 'Debt instruments at cost or at amortised cost' shall encompass debt instruments included in any of the following:
 - (i) 'financial assets at amortised cost' (IFRS);
 - (ii) 'Non-trading non-derivative financial assets at a cost based method', including debt instruments under moderate LOCOM (national GAAP based on BAD);
 - (iii) 'Other non-trading non-derivative financial assets', except debt instruments measured at strict LOCOM (national GAAP based on BAD);
- (b) 'Debt instruments at fair value through other comprehensive income or through equity subject to impairment' shall encompass debt instruments included in any of the following:
 - (i) 'Financial assets at fair value through other comprehensive income' (IFRS);
 - (ii) 'Non-trading non-derivative financial assets measured at fair value to equity', where instruments in that measurement category can be subject to impairment in accordance with the applicable accounting framework under national GAAP based on BAD;
- (c) 'Debt instruments at strict LOCOM, or at fair value through profit or loss or through equity not subject to impairment' shall encompass debt instruments included in any of the following:
 - (i) 'Non-trading financial assets mandatorily at fair value through profit or loss' (IFRS);
 - (ii) 'Financial assets designated at fair value through profit or loss' (IFRS);
 - (iii) 'Non-trading non-derivative financial assets measured at fair value through profit or loss' (national GAAP based on BAD);
 - (iv) 'Other non-trading non-derivative financial assets' where debt instruments are measured under strict LOCOM (national GAAP based on BAD);

(v) 'Non-trading non-derivative financial assets measured at fair value through equity', where debt instruments in that measurement category are not subject to impairment in accordance with the applicable accounting framework under GAAP based on BAD.

234. Where IFRS or the relevant national GAAP based on BAD provide for the designation of commitments at fair value through profit and loss, the carrying amount of any asset resulting from that designation and measurement at fair value shall be reported in 'Financial assets designated at fair value through profit or loss' (IFRS) or 'Non-trading non-derivative financial assets measured at fair value through profit or loss' (national GAAP based on BAD). The carrying amount of any liability resulting from that designation shall not be reported in template F18. The notional amount of all commitments designated at fair value through profit or loss shall be reported in template 9.
235. Past due exposures shall be reported separately within the performing and non-performing categories for their entire amount as defined in paragraph 96 of this Part. Exposures past due by more than 90 days but that are not material in accordance with Article 178 of CRR shall be reported within performing exposures in 'Past due > 30 days <= 90 days'.
236. Non-performing exposures shall be reported broken down by past due time bands. Exposures that are not past due or are past due by 90 days or less but nevertheless are identified as non-performing due to the likelihood of non-full repayment shall be reported in a dedicated column. Exposures that present both past due amounts and a likelihood of non-full repayment shall be allocated by past-due time bands consistent with the number of days that they are past due.
237. The following exposures shall be identified in separate columns:
- (a) exposures which are considered to be impaired in accordance with the applicable accounting framework; under IFRS, the amount of credit-impaired assets (Stage 3), including purchased or originated credit-impaired assets, shall be reported in this column;
 - (b) exposures in respect of which a default is considered to have occurred in accordance with Article 178 of CRR.
238. 'Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions' figures shall be reported in accordance with paragraphs 11, 69 to 71, 106 and 110 of this Part.
239. Information on collateral held and guarantees received on non-performing exposures shall be reported separately. Amounts reported for collateral received and guarantees received shall be calculated in accordance with paragraphs 172 and 174 of this Part. The sum of the amounts reported for both collateral and guarantees shall be capped at the carrying amount or nominal amount of the related exposure.

18. FORBORNE EXPOSURES (19)

240. For the purpose of template 19, forbore exposures shall be debt contracts in respect of which forbearance measures have been applied. Forbearance measures consist of concessions towards a debtor that is experiencing or about to experience difficulties in meeting its financial commitments ('financial difficulties').
241. For the purpose of template 19, a concession may entail a loss for the lender and shall refer to either of the following actions:
- (a) a modification of the previous terms and conditions of a contract that the debtor is considered unable to comply with due to its financial difficulties ('troubled debt') resulting in insufficient debt service ability and that would not have been granted had the debtor not been experiencing financial difficulties;
 - (b) a total or partial refinancing of a troubled debt contract, that would not have been granted had the debtor not been experiencing financial difficulties.
242. Evidence of a concession shall include at least any of the following:
- (a) a difference in favour of the debtor between the modified terms of the contract and the previous terms of the contract;
 - (b) inclusion in a modified contract of more favourable terms than other debtors with a similar risk profile could have obtained from the same institution at that time.
243. The exercise of clauses which, where used at the discretion of the debtor, enable the debtor to change the terms of the contract ('embedded forbearance clauses') shall be treated as a concession where the institution approves executing those clauses and concludes that the debtor is experiencing financial difficulties.
244. For the purposes of Annexes III and IV as well as this Annex, 'refinancing' means the use of debt contracts to ensure the total or partial payment of other debt contracts the current terms of which the debtor is unable to comply with.
245. For the purpose of template 19, 'debtor' shall include all the legal entities in the debtor's group which are within the accounting scope of consolidation and natural persons who control that group.
246. For the purpose of template 19, 'debt' shall include loans and advances (which include also cash balances at central banks and other demand deposits), debt securities and revocable and irrevocable loan commitments given including those loan commitments designated at fair value through profit and loss that are assets at the reporting date. 'Debt' shall exclude exposures held for trading.
247. 'Debt' shall also include loans and advances and debt securities classified as non-current assets and disposal groups classified as held for sale in accordance with IFRS 5.

248. For the purpose of template 19, 'exposure' shall have the same meaning as given for 'debt' in paragraph 247 of this Part.
249. The accounting portfolios under IFRS listed in paragraph 15 of Part 1 of this Annex and under relevant national GAAP based on BAD listed in paragraph 16 of Part 1 of this Annex shall be reported in template 19 as defined in paragraph 233 of this Part.
250. For the purpose of template 19, 'institution' means the institution which applied the forbearance measures.
251. In template 19 for 'debt', the 'gross carrying amount' shall be reported as defined in paragraph 34 of Part 1 of this Annex. For loan commitments given which are off-balance sheet exposures, the nominal amount as defined in paragraph 118 of this Part of this Annex shall be reported.
252. Exposures shall be regarded as forborne where a concession has been made, irrespective of whether any amount is past due or of the classification of the exposures as impaired in accordance with the applicable accounting framework or as defaulted in accordance with Article 178 of CRR. Exposures shall not be treated as forborne where the debtor is not in financial difficulties. Under IFRS, modified financial assets [IFRS 9.5.4.3 and Appendix A] shall be treated as forborne provided that a concession as defined in paragraphs 240 and 241 of this Part of this Annex has been made, regardless of the incidence of the modification on the change in the credit risk of the financial asset since initial recognition. Any of the following shall be treated as forbearance measures:
- (a) a modified contract that has been classified as non-performing before the modification or would in the absence of modification be classified as non-performing;
 - (b) the modification that has been made to a contract involves a total or partial cancellation by write-offs of the debt;
 - (c) the institution approves the use of embedded forbearance clauses for a debtor who is non-performing or who would be considered as non-performing without the use of those clauses;
 - (d) simultaneously with or close in time to the concession of additional debt by the institution, the debtor made payments of principal or interest on another contract with the institution that was non-performing or would in the absence of refinancing be classified as non-performing.
253. A modification involving repayments made by taking possession of collateral shall be treated as a forbearance measure where that modification constitutes a concession.
254. There is a rebuttable presumption that forbearance has taken place in any of the following circumstances:
- (a) the modified contract was totally or partially past due by more than 30 days (without being non-performing) at least once during the three months prior

to its modification or would be more than 30 days past due, totally or partially, without modification;

- (b) simultaneously with or close in time to the concession of additional debt by the institution, the debtor made payments of principal or interest on another contract with the institution that was totally or partially past due by 30 days at least once during the three months prior to its refinancing;
- (c) the institution approves the use of embedded forbearance clauses for 30 days past due debtors or debtors who would be 30 days past due without the exercise of those clauses.

255. Financial difficulties shall be assessed at debtor level as referred to in paragraph 245. Only exposures to which forbearance measures have been applied shall be identified as forborne exposures.

256. Forborne exposures shall be included within the non-performing exposures category or the performing exposures category in accordance with paragraphs 213 to 224 and 260 of this Part. The classification as forborne exposure shall be discontinued where all of the following conditions are met:

- (a) the forborne exposure is considered to be performing, including where it has been reclassified from the non-performing exposures category after an analysis of the financial condition of the debtor showed that it no longer met the conditions to be considered as non-performing;
- (b) a minimum two year period has passed from the date the forborne exposure was considered to be performing ('probation period');
- (c) regular payments of more than an insignificant aggregate amount of principal or interest have been made during at least half of the probation period;
- (d) none of the exposures to the debtor is more than 30 days past due at the end of the probation period.

257. Where the conditions referred to in paragraph 256 are not met at the end of the probation period, the exposure shall continue to be identified as performing forborne under probation until all the conditions are met. The conditions shall be assessed at least on a quarterly basis.

258. Forborne exposures which are classified as non-current assets held for sale in accordance with IFRS 5 shall continue to be classified as forborne exposures.

259. A forborne exposure may be considered as performing from the date the forbearance measures were applied where both of the following conditions are met:

- (a) that extension has not led the exposure to be classified as non-performing;
- (b) the exposure was not considered to be a non-performing exposure at the date the forbearance measures were extended.

260. Where additional forbearance measures are applied to a performing forborne exposure under probation that has been reclassified out of non-performing

category or the exposure becomes more than 30 days past due, it shall be classified as non-performing.

261. 'Performing exposures with forbearance measures' (performing forborne exposures) shall comprise forborne exposures that do not meet the criteria to be considered as non-performing and are included in the performing exposures category. Performing forborne exposures are under probation according to paragraph 256, including where paragraph 259 applies. Performing forborne exposures under probation that have been reclassified out of the non-performing exposures category shall be reported separately within the performing exposures with forbearance measures in the column 'of which: Performing forborne exposures under probation reclassified from non-performing'.
262. 'Non-performing exposures with forbearance measures' (non-performing forborne exposures) shall comprise forborne exposures that meet the criteria to be considered as non-performing and are included in the non-performing exposures category. Those non-performing forborne exposures shall include the following:
- (a) exposures which have become non-performing due to the application of forbearance measures;
 - (b) exposures which were non-performing prior to the extension of forbearance measures;
 - (c) forborne exposures which have been reclassified from the performing category, including exposures reclassified in application of paragraph 260.
263. Where forbearance measures are extended to exposures which were non-performing prior to the extension of forbearance measures, the amount of those forborne exposures shall be separately identified in the column 'of which: forbearance of exposures non-performing prior to forbearance measures'.
264. The following non-performing exposures with forbearance measures shall be identified in separate columns:
- (a) exposures which are considered to be impaired in accordance with the applicable accounting framework. Under IFRS, the amount of credit-impaired assets (Stage 3), including purchased or originated credit-impaired assets shall be reported in this column;
 - (b) exposures in respect of which a default is considered to have occurred in accordance with Article 178 of CRR.
265. The column 'Refinancing' shall comprise the gross carrying amount of the new contract ('refinancing debt') granted as part of a refinancing transaction which qualifies as a forbearance measure, as well as the gross carrying amount of the old re-paid contract that is still outstanding.
266. Forborne exposures combining modifications and refinancing shall be allocated to the column 'Instruments with modifications of the terms and conditions' or the column 'Refinancing' according to the measure that has the most impact on cash-flows. Refinancing by a pool of banks shall be reported in

the column 'Refinancing' for the total amount of refinancing debt provided by or refinanced debt still outstanding at the reporting institution. Repackaging of several debts into a new debt shall be reported as a modification, unless there is also a refinancing transaction that has a larger impact on cash-flows. Where forbearance through modification of the terms and conditions of a troubled exposure leads to its de-recognition and to the recognition of a new exposure, that new exposure shall be treated as forborne debt.

267. Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions shall be reported in accordance with paragraphs 11, 69 to 71, 106 and 110 of this Part.

268. Collateral and guarantees received on exposures with forbearance measures shall be reported for all exposures with forbearance measures, regardless of their performing or non-performing status. Amounts reported for collateral received and guarantees received shall be calculated in accordance with paragraphs 172 and 174 of this Part. The sum of the amounts reported for both collateral and guarantees shall be capped at the carrying amount of the related exposure.

19. GEOGRAPHICAL BREAKDOWN (20)

269. Template 20 shall be reported where the institution exceeds the threshold described in Article 5 (a) (4) of this Regulation.

19.1. Geographical breakdown by location of activities (20.1-20.3)

270. The geographical breakdown by location of the activities in templates 20.1 to 20.3 distinguishes between 'domestic activities' and 'non-domestic activities'. For the purposes of this Part, 'location' means the jurisdiction of incorporation of the legal entity which has recognised the corresponding asset or liability; for branches, it means the jurisdiction of its residence. For these purposes, 'domestic' shall include the activities recognised in the Member State where the reporting institution is located.

19.2. Geographical breakdown by residence of the counterparty (20.4-20.7)

271. Templates 20.4 to 20.7 contain information 'country-by-country' on the basis of the residence of the immediate counterparty as defined in paragraph 43 of Part 1 of this Annex. The breakdown provided shall include exposures or liabilities with residents in each foreign country in which the institution has exposures. Exposures or liabilities with international organisations and multilateral development banks shall not be assigned to the country of residence of the institution but to the geographical area 'Other countries'.

272. 'Derivatives' shall include both trading derivatives, including economic hedges, and hedging derivatives under IFRS and under GAAP, reported in templates 10 and 11.

273. Assets held for trading under IFRS and trading assets under GAAP shall be identified separately. Financial assets subject to impairment shall have the same meaning as in paragraph 93 of this Part. Assets measured under LOCOM that have credit risk induced value adjustments shall be considered as impaired.

274. In templates 20.4 and 20.7, ‘Accumulated impairment’ and ‘Accumulated negative changes in fair value due to credit risk on non-performing exposures’ shall be reported as defined in paragraphs 69 to 71 of this Part.

275. In template 20.4 for debt instruments, ‘gross carrying amount’ shall be reported as defined in paragraph 34 of Part 1 of this Annex. For derivatives and equity instruments, the amount to be reported shall be the carrying amount. In column ‘Of which: Non-performing’ debt instruments shall be reported as defined in paragraphs 213 to 232 of this Part. Debt forbearance comprises all ‘debt’ contracts for the purpose of template 19 to which forbearance measures, as defined in paragraphs 240 to 255 of this Part, are extended.

276. In template 20.5, ‘Provisions for commitments and guarantees given’ shall include provisions measured under IAS 37, the credit losses of financial guarantees treated as insurance contracts under IFRS 4, and the provisions on loan commitments and financial guarantees under the impairment requirements of IFRS 9 and provisions for commitments and guarantees under national GAAP based on BAD in accordance with paragraph 11 of this Part.

277. In template 20.7, loans and advances not held for trading shall be reported with the classification by NACE Codes on a ‘country-by-country’ basis. NACE Codes shall be reported with the first level of disaggregation (by ‘section’). Loans and advances subject to impairment shall refer to the same portfolios as referred to in paragraph 93 of this Part.

20. TANGIBLE AND INTANGIBLE ASSETS: ASSETS SUBJECT TO OPERATING LEASE (21)

278. For the purposes of the calculation of the threshold in Article 9(e) of this Regulation tangible assets that have been leased by the institution (lessor) to third parties in agreements that qualify as operating leases under the relevant accounting framework shall be divided by total of tangible assets.

279. Under IFRS, assets that have been leased by the institution (as lessor) to third parties in operating leases shall be reported broken down by measurement method.

21. ASSET MANAGEMENT, CUSTODY AND OTHER SERVICE FUNCTIONS (22)

280. For the purposes of the calculation of the threshold in Article 9(f) of this Regulation, the amount of ‘net fee and commission income’ shall be the absolute value of the difference between ‘fee and commission income’ and ‘fee and commission expense’. For the same purposes, the amount of ‘net interest’ shall be the absolute value of the difference between ‘interest income’ and ‘interest expenses’.

21.1. Fee and commission income and expenses by activity (22.1)

281. The fee and commission income and expenses shall be reported by type of activity. Under IFRS, this template shall include fee and commission income and expenses other than both of the following:
- (a) amounts considered for the calculation of the effective interest of financial instruments [IFRS 7.20.(c)];
 - (b) amounts arising from financial instruments that are measured at fair value through profit or loss [IFRS 7.20.(c).(i)].
282. Transaction costs directly attributable to the acquisition or issue of financial instruments not measured at fair value through profit or loss shall not be included; they shall form part of the initial acquisition/issue value of these instruments and shall be amortised to profit or loss over their residual life using the effective interest rate [see IFRS 9.5.1.1].
283. Under IFRS, transaction costs directly attributable to the acquisition or issue of financial instruments measured at fair value through profit or loss shall be included as a part of ‘Gains or losses on financial assets and liabilities held for trading, net’, ‘Gain or losses on non-trading financial assets mandatorily at fair value through profit or loss, net’ and ‘Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net’, depending on the accounting portfolio in which they are classified. They shall not be part of the initial acquisition or issuance value of these instruments and are immediately recognized in profit or loss.
284. Institutions shall report fee and commission income and expenses according to the following criteria:
- (a) ‘Securities. Issuances’ shall include fees and commissions received for the involvement in the origination or issuance of securities not originated or issued by the institution;
 - (b) ‘Securities. Transfer orders’ shall include fees and commissions generated by the reception, transmission and execution on behalf of customers of orders to buy or sell securities;
 - (c) ‘Securities. Other’ shall include fees and commissions generated by the institution providing other services related with securities not originated or issued by the institution;
 - (d) ‘Clearing and settlement’ shall include fee and commission income (expenses) generated by (charged to) the institution where participating in counterparty, clearing and settlement facilities;
 - (e) ‘Asset management’, ‘Custody’, ‘Central administrative services for collective investment undertakings’, ‘Fiduciary transactions’, ‘Payment services’ shall include fee and commission income (expenses) generated by (charged to) the institution where providing these services;
 - (f) ‘Structured finance’ shall include fees and commissions received for the involvement in the origination or issuance of financial instruments other than securities originated or issued by the institution;

- (g) fees from 'Loan servicing activities' shall include, on the income side, the fee and commission income generated by the institution providing loan servicing services and on the expense side, the fee and commission expense charged to the institution by loan service providers;
- (h) 'Loan commitments given' and 'Financial guarantees given' shall include the amount, recognized as income during the period, of the amortization of the fees and commission for these activities initially recognised as 'other liabilities';
- (i) 'Loan commitments received' and 'Financial guarantees received' shall include the fee and commission recognised as expense by the institution during the period as a consequence of the charge made to the counterparty that has given the loan commitment or the financial guarantee that is initially recognised as 'other assets';
- (j) 'Other' shall include the rest of fee and commission income (expenses) generated by (charged to) the institution such as those derived from 'other commitments', from foreign exchange services (such as exchange of foreign banknotes or coins) or from providing (receiving) other fee-based advice and services.

21.2. Assets involved in the services provided (22.2)

285. Business related to asset management, custody functions, and other services provided by the institution shall be reported using the following definitions:

- (a) 'Asset management' shall refer to assets belonging directly to the customers, for which the institution is providing management. 'Asset management' shall be reported by type of customer: collective investment undertakings, pension funds, customer portfolios managed on a discretionary basis, and other investment vehicles;
- (b) 'Custody assets' shall refer to the services of safekeeping and administration of financial instruments for the account of clients provided by the institution and services related to custodianship such as cash and collateral management. 'Custody assets' shall be reported by type of customers for which the institution is holding the assets distinguishing between collective investment undertakings and others. The item 'of which: entrusted to other entities' shall refer to the amount of assets included in custody assets for which the institution has given the effective custody to other entities;
- (c) 'Central administrative services for collective investment' shall refer to the administrative services provided by the institution to collective investment undertakings. It shall include, among others, the services of transfer agent; of compiling accounting documents; of preparing the prospectus, financial reports and all other documents intended for investors; of carrying out the correspondence by distributing financial reports and all other documents intended for investors; of carrying out issues and redemptions and keeping the register of investors; as well as of calculating the net asset value;

- (d) 'Fiduciary transactions' shall refer to the activities where the institution acts in its own name but for the account and at the risk of its customers. Frequently, in fiduciary transactions, the institution provides services, such as custody asset management services to a structured entity or managing portfolios on a discretionary basis. All fiduciary transactions shall be reported exclusively in this item without regarding whether the institution provides additionally other services;
- (e) 'Payment services' shall refer to the collection on behalf of customers of payments generated by debt instruments that are neither recognised on the balance sheet of the institution nor originated by it;
- (f) 'Customer resources distributed but not managed' shall refer to products issued by entities outside the prudential group that the institution has distributed to its current customers. This item shall be reported by type of product;
- (g) 'Amount of the assets involved in the services provided' shall include the amount of assets in relation to which the institution is acting, using the fair value. Other measurement bases including nominal value may be used where the fair value is not available. Where the institution provides services to entities such as collective investment undertakings, pension funds, the assets concerned may be shown at the value at which these entities report the assets in their own balance sheet. Reported amounts shall include accrued interest, where appropriate.

22. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (30)

286. For the purposes of Annexes III and IV as well as this Annex, 'liquidity support drawn' means the sum of the carrying amount of the loan and advances granted to unconsolidated structured entities and the carrying amount of debt securities held that have been issued by unconsolidated structured entities.

287. 'Losses incurred by the reporting institution in the current period' shall include losses due to impairment and any other losses incurred during the reporting period by a reporting institution relating to its interests in unconsolidated structured entities.

23. RELATED PARTIES (31)

288. Institutions shall report amounts and/or transactions related to the balance sheet and the off-balance sheet exposures where the counterparty is a related party in accordance with IAS 24.

289. Intra-group transactions and intra-group outstanding balances of the prudential group shall be eliminated. Under 'Subsidiaries and other entities of the same group', institutions shall include balances and transactions with subsidiaries that have not been eliminated either because the subsidiaries are not fully consolidated with the prudential scope of consolidation or because, in accordance with Article 19 of CRR, the subsidiaries are excluded from the scope of prudential consolidation for being immaterial or because, for institutions that are part of a wider group, the subsidiaries are of the ultimate parent, not of the institution. Under 'Associates and joint ventures', institutions

shall include the portions of balances and transactions with joint ventures and associates of the group to which the entity belongs that have not been eliminated where proportional consolidation is applied.

23.1. Related parties: amounts payable to and amounts receivable from (31.1)

290. For 'Loan commitments, financial guarantees and other commitments received', the amounts that shall be reported shall be the sum of the 'nominal' of loan and other commitments received and the 'maximum amount of the guarantee that can be considered' of financial guarantees received as defined in paragraph 119 of this Part.

291. 'Accumulated impairment and accumulated negative changes in fair value due to credit risk on non-performing exposures' shall be reported as defined as in paragraphs 69 to 71 in this Part only for non-performing exposures. 'Provisions on non-performing off-balance sheet exposures' shall include provisions as defined as in paragraphs 11, 106 and 111 of this Part for exposures which are non-performing in accordance with paragraphs 213 to 239 of this Part.

23.2. Related parties: expenses and income generated by transactions with (31.2)

292. 'Gains or losses on de-recognition of other than financial assets' shall include all the gains and losses on de-recognition of non-financial assets generated by transactions with related parties. This item shall include the gains and losses on de-recognition of non-financial assets, which have been generated by transactions with related parties and that are part of any of the following line items of the 'Statement of profit or loss':

- (a) 'Gains or losses on de-recognition of investments in subsidiaries, joint ventures and associates', where reporting under national GAAP based in BAD;
- (b) 'Gains or losses on de-recognition of non-financial assets';
- (c) 'Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations';
- (d) 'Profit or loss after tax from discontinued operations'.

293. 'Impairment or (-) reversal of impairment on non-performing exposures' shall include impairment losses as defined in paragraphs 51 to 53 of this Part for exposures which are non-performing in accordance with paragraphs 213 to 239 of this Part. 'Provisions or (-) reversal of provisions on non-performing exposures' shall include provision as defined in paragraph 50 of this Part for off-balance sheet exposures which are non-performing in accordance with paragraphs 213 to 239 of this Part.

24. GROUP STRUCTURE (40)

294. Institutions shall provide detailed information as of the reporting date on subsidiaries, joint ventures and associates fully or proportionally consolidated in the accounting scope of consolidation as well as entities reported as

‘Investments in subsidiaries, joint ventures and associates’ in accordance with paragraph 4 of this Part, including also those entities in which investments are held for sale under IFRS 5. All entities regardless the activity they perform shall be reported.

295. Equity instruments that do not meet the criteria to be classified as investments in subsidiaries, joint ventures and associates and own shares of the reporting institution owned by it (‘Treasury shares’), shall be excluded from the scope of this template.

24.1. Group structure: ‘entity-by-entity’ (40.1)

296. The following information shall be reported on a ‘entity-by-entity’ basis and the following definitions apply for the purposes of Annexes III and IV as well as this Annex:

- (a) ‘LEI code’ shall include the LEI code of the investee. Where a LEI code exists for the investee it shall be reported;
- (b) ‘Entity code’ shall include the identification code of the investee. The entity code is a row identifier and shall be unique for each row in template 40.1.
- (c) ‘Entity name’ shall include the name of the investee;
- (d) ‘Entry date’ means the date in which the investee entered within the ‘scope of the group’ ;
- (e) ‘Share capital of investee’ means the total amount of capital issued by the investee as at the reference date;
- (f) ‘Equity of investee’, ‘Total assets of the Investee’ and ‘Profit or (loss) of the Investee’ shall include the amounts of these items in the last financial statements of the investee;
- (g) ‘Residence of investee’ means the country of residence of the investee;
- (h) ‘Sector of investee’ means the sector of counterparty as defined in paragraph 42 of Part 1 of this Annex;
- (i) ‘NACE code’ shall be provided on the basis of the principal activity of the investee. For non-financial corporations, NACE codes shall be reported with the first level of disaggregation (by ‘section’); for financial corporations, NACE codes shall be reported with a two level detail (by ‘division’);
- (j) ‘Accumulated equity interest (%)’ shall be the percentage of ownership instruments held by the institution as of the reference date;
- (k) ‘Voting rights (%)’ means the percentages of voting rights associated to the ownership instruments held by the institution as of the reference date.
- (l) ‘Group structure [relationship]’ shall indicate the relationship between the ultimate parent and the investee (parent or entity with joint control of the reporting institution, subsidiary, joint venture or associate) ;
- (m) ‘Accounting treatment [Accounting Group]’ shall indicate the relationship between the accounting treatment with the accounting scope of

consolidation (full consolidation, proportional consolidation, equity method or other) ;

- (n) 'Accounting treatment [CRR Group]' shall indicate the relationship between the accounting treatment with the CRR scope of consolidation (full consolidation, proportional consolidation, equity method or other) ;
- (o) 'Carrying amount' means amounts reported on the balance sheet of the institution for investees that are neither fully nor proportionally consolidated;
- (p) 'Acquisition cost' means the amount paid by the investors;
- (q) 'Goodwill link to the investee' means the amount of goodwill reported on the consolidated balance sheet of the reporting institution for the investee in the items 'goodwill' or 'investments in subsidiaries, joint ventures and associated' ;
- (r) 'Fair value of the investments for which there are published price quotations' means the price at the reference date; it shall be provided only if the instruments are quoted.

24.2. Group structure: 'instrument-by-instrument' (40.2)

297. The following information shall be reported on an 'instrument-by-instrument' basis:

- (a) 'Security code' shall include the ISIN code of the security. For securities without ISIN code assigned, it shall include another code that uniquely identifies the security. 'Security code' and 'Holding company code' shall be a composite row identifier, and together shall be unique for each row in template 40.2;
- (b) 'Holding company code' shall be the identification code of the entity within the group that holds the investment. 'Holding company LEI code' shall include the LEI code for the company holding the security. Where a LEI code exists for the holding company it shall be reported;
- (c) 'Entity code', 'Accumulated equity interest (%)', 'Carrying amount' and 'Acquisition cost' are defined above. The amounts shall correspond to the security held by the related holding company.

25. FAIR VALUE (41)

25.1. Fair value hierarchy: financial instruments at amortised cost (41.1)

298. Information on the fair value of financial instruments measured at amortised cost, using the hierarchy in IFRS 13.72, 76, 81, and 86 shall be reported in this template. Where national GAAP under BAD also requires the allocation of assets measured at fair value between different levels of fair value, institutions under national GAAP shall also report this template.

25.2. Use of fair value option (41.2)

299. Information on the use of fair value option for financial assets and liabilities designated at fair value through profit or loss shall be reported in this template.

300. 'Hybrid contracts' shall include for liabilities the carrying amount of hybrid financial instruments classified, as a whole, in these accounting portfolios; that is, it shall include non-separated hybrid instruments in their entirety.

301. 'Managed for credit risk' shall include the carrying amount of instruments that are designated at fair value through profit or loss at the occasion of their hedging against credit risk by credit derivatives measured at fair value through profit or loss in accordance with IFRS 9.6.7.

26. TANGIBLE AND INTANGIBLE ASSETS: CARRYING AMOUNT BY MEASUREMENT METHOD (42)

302. 'Property, plant and equipment', 'Investment property' and 'Other intangible assets' shall be reported by the criteria used in their measurement.

303. 'Other intangible assets' shall include all other intangible assets than goodwill.

27. PROVISIONS (43)

304. This template shall include reconciliation between the carrying amount of the item 'Provisions' at the beginning and end of the period by the nature of the movements, except provisions measured under IFRS 9 that shall instead be reported in template 12.

305. 'Other commitments and guarantees given measured under IAS 37 and guarantees given measured under IFRS 4' shall include provisions measured under IAS 37 and the credit losses of financial guarantees treated as insurance contracts under IFRS 4.

28. DEFINED BENEFIT PLANS AND EMPLOYEE BENEFITS (44)

306. These templates shall include accumulated information of all defined benefit plans of the institution. Where there is more than one defined benefit plan, aggregated amount of all plans shall be reported.

28.1. Components of net defined benefit plan assets and liabilities (44.1)

307. Template on components of net defined benefit plan assets and liabilities shall show the reconciliation of the accumulated present value of all net defined benefit liabilities (assets) as well as reimbursement rights [IAS 19.140 (a), (b)].

308. 'Net defined benefit assets' shall include, in the event of a surplus, the surplus amounts that shall be recognised in the balance sheet as they are not affected by the limits set up in IAS 19.63. The amount of this item and the amount recognised in the memo item 'Fair value of any right to reimbursement recognized as asset' shall be included in the item 'Other assets' of the balance sheet.

28.2. Movements in defined benefit obligations (44.2)

309. Template on movements in defined benefit obligations shall show the reconciliation of opening and closing balances of the accumulated present value of all defined benefit obligations of the institution. The effects of the different elements listed in IAS 19.141 during the period shall be presented separately.

310. The amount of 'Closing balance [present value]' in the template for movements in defined benefit obligations shall be equal to 'Present value defined benefit obligations'.

28.3. Memo items [related to staff expenses] (44.3)

311. For reporting of memorandum items related to staff expenses, the following definitions shall be used:

- (a) 'Pension and similar expenses' shall include the amount recognized in the period as staff expenses for any post – employment benefit obligations (both defined contributions plans and defined benefits plans) and contributions to social security funds;
- (b) 'Share based payments' shall include the amount recognized in the period as staff expenses for share based payments.

29. BREAKDOWN OF SELECTED ITEMS OF STATEMENT OF PROFIT OR LOSS (45)

29.1. Gains or losses on financial assets and liabilities designated at fair value through profit or loss by accounting portfolio (45.1)

312. 'Financial liabilities designated at fair value through profit or loss' shall only include the gains and losses due to the change in the own credit risk of issuers of liabilities designated at fair value through profit or loss where the reporting institution has chosen to recognise them in profit or loss because a recognition in other comprehensive income would create or enlarge an accounting mismatch.

29.2. Gains or losses on de-recognition of non-financial assets (45.2)

313. 'Gains or losses on de-recognition of non-financial assets' shall be broken down by type of asset; each line item shall include the gain or the loss on the asset that has been derecognised. 'Other assets' shall include other tangible assets, intangible assets and investments not reported elsewhere.

29.3. Other operating income and expenses (45.3)

314. Other operating income and expenses shall be broken down according to the following items: fair value adjustments on tangible assets measured using the fair value model; rental income and direct operating expenses from investment property; income and expenses on operating leases other than investment property and the rest of operating income and expenses.

315. 'Operating leases other than investment property' shall include, for the column 'income', the returns obtained, and for the column 'expenses' the costs incurred by the institution as lessor in their operating leasing activities other

than those with assets classified as investment property. The costs for the institution as lessee shall be included in the item ‘Other administrative expenses’.

316. Gains or losses from derecognition and re-measurements of holdings of gold, other precious metals and other commodities measured at fair value less cost to sell shall be reported among the items included in ‘Other operating income. Other’ or ‘Other operating expenses. Other’

30. STATEMENT OF CHANGES IN EQUITY (46)

317. The statement of changes in equity discloses the reconciliation between the carrying amount at the beginning of the period (opening balance) and the end of the period (closing balance) for each component of equity.
318. ‘Transfers among components of equity’ shall include all amounts transferred within equity, including both gains and losses due to own-credit risk of liabilities designated at fair value through profit or loss and the accumulated fair value changes of equity instruments measured at fair value through other comprehensive income that are transferred to other components of equity upon de-recognition.

PART 3

MAPPING OF EXPOSURE CLASSES AND COUNTERPARTY SECTORS

1. The Tables 2 and 3 map exposure classes used to calculate capital requirements according to the CRR to counterparty sectors used in FINREP tables.

Table 2 Standardised Approach

<i>SA exposure classes (CRR Article 112)</i>	<i>FINREP counterparty sectors</i>	<i>Comments</i>
(a) Central governments or central banks	(1) Central banks (2) General governments	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(b) Regional governments or local authorities	(2) General governments	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(c) Public sector entities	(2) General governments (3) Credit institutions (4) Other financial corporations (5) Non financial corporations.	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty

<i>SA exposure classes (CRR Article 112)</i>	<i>FINREP counterparty sectors</i>	<i>Comments</i>
(d) Multilateral development banks	(3) Credit institutions	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(e) International organisations	(2) General governments	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(f) Institutions (i.e. credit institutions and investment firms)	(3) Credit institutions (4) Other financial corporations	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(g) Corporates	(2) General governments (4) Other financial corporations (5) Non financial corporations. (6) Households	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(h) Retail	(4) Other financial corporations (5) Non financial corporations (6) Households	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(i) Secured by mortgages on immovable property	(2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporations (6) Households	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty.
(j) In default	(1) Central banks (2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporations (6) Households	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty.
(ja) Items associated with particularly high risk	(1) Central banks (2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporations (6) Households	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty.
(k) Covered bonds	(3) Credit institutions (4) Other financial corporations (5) Non-financial corporations	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty.
(l) Securitisation positions	(2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporations (6) Households	These exposures shall be assigned to FINREP counterparty sectors according to the underlying risk of the securitisation. In FINREP, where securitized positions remain recognised in the balance sheet, the counterparty sectors shall be the sectors of the immediate counterparties of these positions.

<i>SA exposure classes (CRR Article 112)</i>	<i>FINREP counterparty sectors</i>	<i>Comments</i>
(m) Institutions and corporates with a short-term credit assessment	(3) Credit institutions (4) Other financial corporations (5) Non-financial corporations	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty.
(n) Collective investment undertakings	Equity instruments	Investments in CIU shall be classified as equity instruments in FINREP, regardless of whether the CRR allows look-through.
(o) Equity	Equity instruments	In FINREP, equities shall be separated as instruments under different categories of financial assets
(p) Other items	Various items of the balance sheet	In FINREP, other items may be included under different asset categories.

Table 3 Internal Ratings Based Approach

<i>IRBA exposure classes (CRR Article 147)</i>	<i>FINREP counterparty sectors</i>	<i>Comments</i>
(a) Central governments and central banks	(1) Central banks (2) General governments (3) Credit institutions	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(b) Institutions (i.e. credit institution and investment firms as well as some general governments and multilateral banks)	(2) General governments (3) Credit institutions (4) Other financial corporations	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(c) Corporates	(2) General governments (4) Other financial corporations (5) Non-financial corporations (6) Households	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(d) Retail	(4) Other financial corporations (5) Non-financial corporations (6) Households	These exposures shall be assigned to FINREP counterparty sectors according to the nature of the immediate counterparty
(e) Equity	Equity instruments	In FINREP, equities shall be separated as instruments under different categories of financial assets
(f) Securitisation positions	(2) General governments (3) Credit institutions (4) Other financial corporations (5) Non-financial corporations (6) Households	These exposures shall be assigned to FINREP counterparty sectors according to the underlying risk of the securitisation positions. In FINREP, where securitized positions remain recognised in the balance sheet, the counterparty sectors shall be the sectors of the immediate counterparties of these positions
(g) Other non credit obligations	Various items of the balance sheet	In FINREP, other items may be included under different asset categories.

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