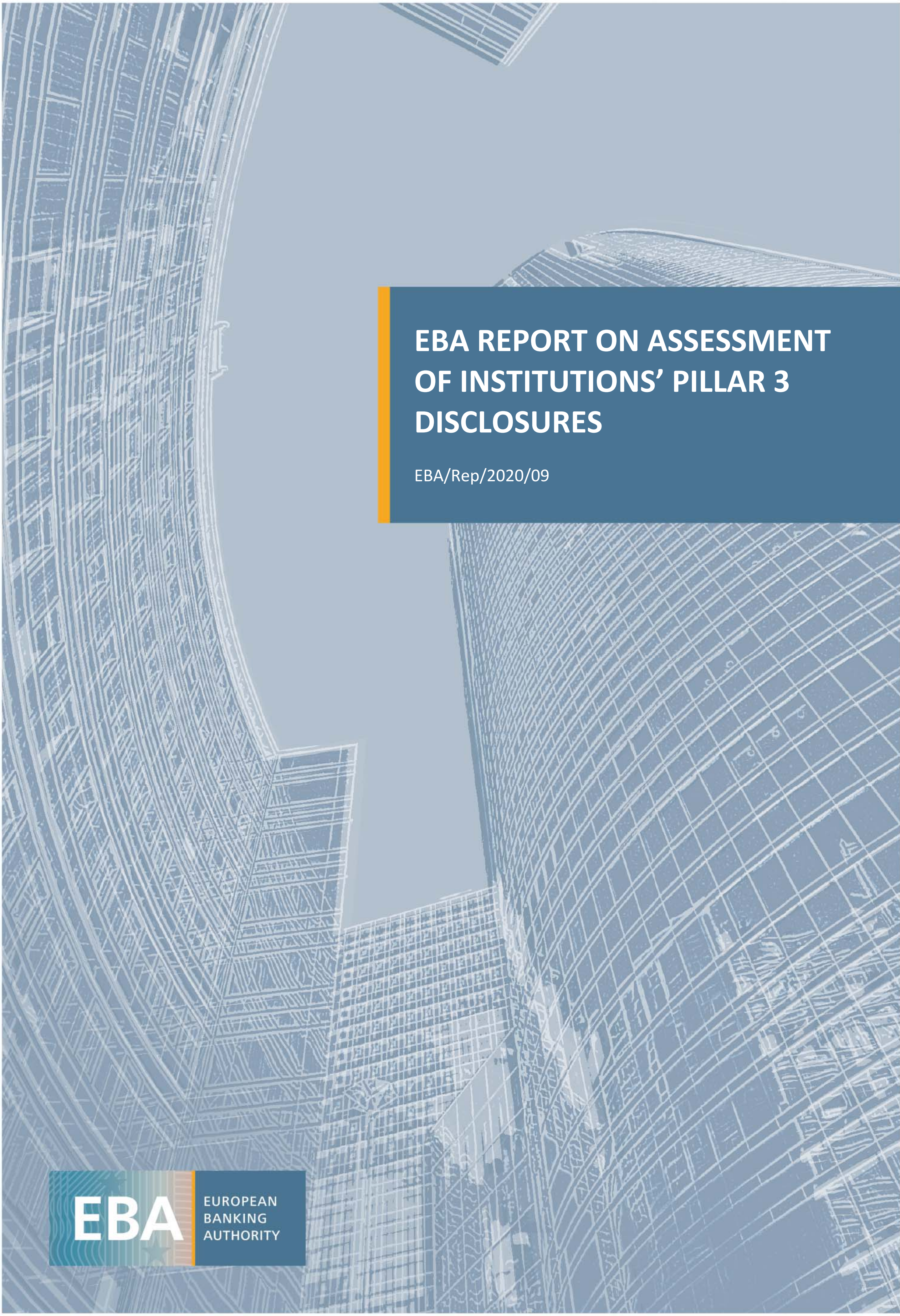

EBA REPORT ON ASSESSMENT OF INSTITUTIONS' PILLAR 3 DISCLOSURES

EBA/Rep/2020/09

EBA
EUROPEAN
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AUTHORITY

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Executive summary

Institutions' public disclosures under the Pillar 3 framework play a key role in promoting market discipline through the public reporting of meaningful information on institutions' risks to their financial position, capital or liquidity, thus reducing asymmetry of information between institutions and users of information. The definition and implementation of granular, consistent and comparable transparency requirements is a major step towards enhanced market discipline by allowing users of information to compare risk profiles of institutions and make informed decisions.

The EBA is publishing this report in order to assess institutions' implementation of the Pillar 3 framework, with the purpose of identifying best practices and potential areas for improvement in institutions' public disclosures.

As part of the Basel III reform, the Basel Committee on Banking Supervision (BCBS) has revised its Pillar 3 framework for increasing consistency and comparability of banks' disclosures. In order to facilitate compliance of European Union (EU) institutions with the revised Pillar 3 framework, the EBA published two sets of guidelines in 2016 and 2017:

- EBA Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2016/11)[1];
- EBA Guidelines on liquidity coverage ratio (LCR) disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013 (EBA/GL/2017/01)[2].

This report is based on a sample of institutions and a subset of standards included in the abovementioned guidelines.

In this report, the EBA also includes a high-level assessment of the information on sustainability and on environmental, social and governance (ESG) risks that institutions are already including in their Pillar 3 reports.

Institutions are expected to build on the observations and recommendations drawn and best practices identified in the report to improve their own Pillar 3 disclosures, contributing further to the ultimate objective of market discipline. This report will also be a valid input into the EBA's ongoing policy work on Pillar 3 disclosure, including its policy work on disclosures of ESG risks.

Main findings and related recommendations

[1] https://eba.europa.eu/documents/10180/1696202/Final+report+on+the+Guidelines+on+disclosure+requirements+under+Part+Eight+of+Regulation+575+2013+%28EBA-GL-2016-11%29.pdf/20370623-9400-4b5e-ae22-08e5baf4b841.

[2] https://eba.europa.eu/file/28559/download?token=85fzX-1m.

Although institutions are generally on the correct path towards achieving consistency and comparability in their Pillar 3 disclosures, there is room for improvement. The EBA, in its assessment, has observed some practices that may impair the proper communication of institutions' risk profile in a comprehensive and comparable way, compromising the ability of users of information to understand and compare institutions, and the ultimate objective of market discipline. The main findings and related recommendations include:

- Omissions or incomplete disclosures without any indications or explanations.

  The information included in the Pillar 3 report should be exhaustive and include all the disclosures and qualitative narratives required. Institutions should omit the disclosures required only in exceptional cases, i.e. when information is regarded as non-material, as confidential or as proprietary. In these circumstances, institutions should explain that the information is being omitted and provide the reasons for the omission.

- Suboptimal identification and location of Pillar 3 reports such that it is difficult for users of information to access the reports.

  Institutions' Pillar 3 reports should be easy to find and easy to identify. This can be achieved by presenting them in the form of a clearly identifiable stand-alone document or, if the information is provided in an appendix to the institutions' financial statements or annual report, as a distinctive section that is easy to find and recognise by users of the information.

- Lack of consistency in the structure of Pillar 3 reports and of the information disclosed.

  The Pillar 3 framework provides granular templates with common formats, content and instructions and, in the case of tables with qualitative information, a detailed description of what institutions should disclose. Institutions should strive to structure the information disclosed and their Pillar 3 reports in accordance with the Pillar 3 policy framework, with a neat, clear and common presentation. This applies not only to the end-year reports but also to the interim reports.

- Inaccuracies in the quantitative data disclosed.

  A proper reconciliation and verification of the information included in the Pillar 3 reports should help to avoid inaccuracies and ensure that the information disclosed is reliable. Where disclosure of information requires specific calculations, instructions should be applied faithfully.

Sustainability considerations embedded in institutions' strategic agenda and recognition of environmental and climate change risks as emerging risks

The EBA has observed that, although the disclosure of information on ESG risks is still scarce and presented in a dispersed way, institutions recognised in their Pillar 3 reports that integration of sustainability considerations in their strategic agenda plays an increasingly important role in the company's reputation. Institutions also recognised that issues such as sustainability and digital transformation have started to take on a leading role in the regulatory agenda.

The EBA welcomes the fact that institutions are starting to identify environmental and climate change risks as emerging risks, embedding them in their risk management policies. According to their Pillar 3 reports, some institutions are integrating environmental and climate change risks in their credit risk management policies and internal ratings-based (IRB) approaches. Some institutions include environmental and climate change risks in their approaches to manage reputational risks and in their operational risk management, including their advanced measurements approaches.

In line with the policy expectations described in the EBA action plan on sustainable finance[3], published in December 2019, the EBA expects institutions to provide a comprehensive and meaningful picture of their risk profile, including ESG and climate change risks, in their Pillar 3 reports. Institutions should elaborate on the potential impact of these risks and how they are integrating them into their risk management framework. In the short term they should focus on simple metrics that help to explain how they are embedding this type of risks into their strategy and risk management, such as a green assets ratio, building on existing disclosure standards. In the medium/long term, the EBA policy work on implementing the disclosure on ESG risks as required in Regulation (EU) No 2019/876 amending Regulation (EU) No 575/2013 (the amended Capital Requirements Regulation (CRR2)) will contribute to enhanced Pillar 3 disclosures on ESG risks by institutions.

3 https://eba.europa.eu/sites/default/documents/files/document_library//EBA%20Action%20plan%20on%20sustainable%20finance.pdf.

1. Background and rationale

Institutions' public disclosures under the Pillar 3 framework play a key role in promoting market discipline through the public reporting of meaningful information on the risks to their financial position, capital or liquidity, thus reducing asymmetry of information between institutions and users of information. The definition and implementation of granular, consistent and comparable transparency requirements applicable to institutions' prudential disclosures is a major step towards enhanced market discipline by allowing users of information to compare risk profiles of institutions and make informed decisions.

As part of the Basel III reform, the Basel Committee on Banking Supervision (BCBS) has revised its Pillar 3 framework for increasing consistency and comparability of banks' disclosures. At the EU level, Regulation (EU) No 2019/876 amending Regulation (EU) No 575/2013 (the amended Capital Requirements Regulation (CRR2)) amends the disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (CRR) in order to further align them with the Basel revised Pillar 3 framework and it mandates the EBA to implement those disclosure requirements in alignment with the Basel standards (Article 434a of CRR2). The date of application of a significant part of the revised BCBS Pillar 3 standards was before the publication of CRR2 and before the deadline for the EBA to develop the new technical standards implementing the CRR2 disclosure requirements. In order to facilitate the compliance of EU institutions with the revised Pillar 3 framework without delaying it until the implementation of CRR2, the EBA published two sets of guidelines in 2016 and 2017:

- EBA Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2016/11);
- EBA Guidelines on liquidity coverage ratio (LCR) disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013 (EBA/GL/2017/01).

As the initial date of application of both sets of guidelines was 31 December 2017, it is appropriate for the EBA to conduct the assessment of institutions' Pillar 3 disclosures based on the end-2018 disclosures.

The EBA is publishing this report in order to assess how institutions have implemented the abovementioned guidelines. It identifies best practices and potential areas for improvement in institutions' public disclosures, based on a sample of institutions and a subset of standards included in the guidelines. The assessment is based on the disclosure reports with a reference date end-2018, with some extended and partial assessment of the disclosures as of June 2019. The conclusions drawn and best practices identified in the report should encourage and help institutions to improve their own disclosures. It is not the intention of this report and of the assessment carried out to evaluate compliance by individual institutions with the Pillar 3 requirements.

In addition, the new comprehensive implementing technical standards (ITS) on public disclosures by institutions that the EBA is developing build on the standards included in these guidelines to a great extent, and the outcome of the present assessment will be another valid input for the finalisation of the ITS. Furthermore, the inclusion in this assessment of the disclosure of information on non-performing exposures will help the EBA to understand how well prepared institutions are for the disclosure of the information included in the guidelines on the disclosure of non-performing and forborne exposures, when they come into effect.

Finally, the high-level assessment of information on ESG risks, which also forms part of this report, will be a valid input to the EBA's policy work on ESG risks disclosures, which will be carried out in 2020 and which will also follow the mandate included in Article 434a of CRR2.

The report first includes a section describing the scope of the report and the assessment methodology. The assessment results provide overarching observations that are applicable in general to institutions' Pillar 3 reports and to all the disclosure requirements. General observations are followed by topic-by-topic sections with a summary of the main findings and observations and related recommendations and best practices identified in each disclosure package, followed by a more detailed description of these findings and recommendations for each template and table analysed.

Proportionality in the Pillar 3 framework

The assessment of Pillar 3 disclosures in this report focuses on large international credit institutions which are subject to the EBA guidelines prescribing formats for disclosures in part Eight of the CRR. Less complex, non-listed credit institutions are not required to use such specific formats in their Pillar 3 disclosures.

Proportionality of Pillar 3 disclosures requirements will be further enhanced in the forthcoming technical standards on institutions' public disclosures. As outlined in the EBA Roadmap on Pillar 3[4], the EBA will issue the final draft technical standards in June 2020 for application from June 2021. Public disclosures of small and non-complex institutions will focus on key metrics of prudential and resolution information.

Additionally the EBA is fostering standardisation, common definitions and integrating Pillar 3 and supervisory reporting frameworks to increase efficiency and reduce costs via technology. This further standardisation, together with the EBA upgraded data infrastructure, will allow also the development of a hub for disclosed information and enable users to explore the Pillar 3 data more easily and in a more systematic way. This centralised disclosure hub would also provide an opportunity to further reduce compliance costs for small and non-complex institutions. The EBA could be tasked with producing the key metrics for Pillar 3 disclosures to exempt small institutions from this obligation.

[4] https://eba.europa.eu/eba-publishes-its-roadmap-risk-reduction-measures-package

2. Scope of the report

2.1 Sample of institutions

The sample of institutions under the scope of this report comprises 12 credit institutions. As of the reference disclosure dates relevant for this report, all the institutions were under the scope of the application of the CRR and the EBA guidelines. Nine of these institutions were selected because they are on the list of global systemically important institutions (G-SIIS) published by the Financial Stability Board (FSB) on 22 November 2019, based on end-2018 data. In order to assess also how other systemically important institutions have implemented the guidelines, three credit institutions not included in the FSB G-SIIs list are part of the sample. The sample includes the following credit institutions:

Figure 1 – Sample of institutions

Credit institutions in the sample of the report	
▪ BNP Paribas (BNP)	▪ Santander
▪ Groupe Crédit Agricole (CA)	▪ HSBC
▪ Société Générale (SG)	▪ Barclays
▪ UniCredit	▪ Intesa Sanpaolo (ISP)
▪ ING Group (ING)	▪ Nordea
▪ Deutsche Bank	▪ SEB Bank

2.2 Disclosure requirements assessed and disclosure period

The report includes a general assessment of the implementation by institutions of principles and general rules applicable to their Pillar 3 reports, in accordance with the requirements specified in the CRR and the guidance provided in the relevant guidelines. This assessment refers to matters such as the presentation and location of the disclosures, reconciliation of data across the different disclosures, end-of-year versus mid-year disclosures and other general principles.

As regards the specific disclosure templates, the following disclosure packages, templates and tables were assessed:

Figure 2 – Sample of disclosures assessed (templates and tables)

EBA guidelines	Disclosure package	Templates/tables
EBA/GL/2016/11	Disclosure of reconciliation between the accounting and regulatory scope of consolidation	▪ Template 1: EU LI1 – Differences between accounting and regulatory scopes of consolidation. Mapping of financial statement categories with regulatory risk categories
		▪ Template 2: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements
		▪ Template 3: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)
		▪ Table 5: EU LIA – Explanations of differences between accounting and regulatory exposure amounts
EBA/GL/2016/11	Disclosure of flows of risk exposure amount	▪ Template 23: EU CR8 – Risk-weighted assets (RWA) flow statements of credit risk exposures under the IRB approach
		▪ Template 30: EU CCR7 – RWA flow statements of CCR exposures under the internal model method (IMM)
		▪ Template 36: EU MR2-B – RWA flow statements of market risk exposures under the internal model approach (IMA)
	Disclosure of information on non-performing and forborne exposures	▪ Template 15: EU CR1-E – Non-performing and forborne exposures
EBA/GL/2017/01	Disclosures on liquidity coverage ratio (LCR) and liquidity risk management	▪ Annex I – Table EU LIQA on liquidity risk management

EBA guidelines	Disclosure package	Templates/tables
		▪ Annex II – Templates EU LIQ1: LCR disclosure template
		▪ Annex II – Template on qualitative information on the LCR

Finally, the report also includes a high-level assessment of the information on ESG risks that institutions are already including in their Pillar 3 reports, acknowledging that there is not yet any legal disclosure requirement on the topic. The EBA is including this high-level assessment in the report in preparation for the policy work on this topic that the authority is launching in 2020.

The reference date assessed is the disclosures as of end-2018, with some extended and partial assessment of the disclosures as of June 2019.

3. Assessment methodology

The EBA has conducted the assessment in this report fully relying on public information disclosed by institutions in their Pillar 3 reports and assessing the disclosure requirements under its scope horizontally across all the institutions in the sample.

The objective of this assessment, the scope of which includes a limited number of institutions and disclosures, is not to assess individual institutions' compliance with the Pillar 3 requirements, which is the remit of the relevant competent authorities. Rather, the objective is to identify best practices and aspects that should be improved to inform the EBA policy work on the new Pillar 3 framework and to provide guidance to the broader population of EU institutions subject to Pillar 3 requirements on how to improve their Pillar 3 reports.

The assessment of flexible templates and of qualitative information is focused on the identification of best practices, cases where the information disclosed is insufficient or inadequate and those practices where there is room for improvement. In the case of the fixed templates, the assessment focused on institutions' disclosures and classified these as insufficient, could be improved, adequate or best practices, depending on how closely the disclosures adhere to the standards included in the guidelines or if there were significant information gaps relative to those standards.

The report first includes a section on overarching observations applicable in general to institutions' Pillar 3 reports and to all the disclosure requirements. Then there is a topic-by-topic section with a summary of the main findings and observations and related recommendations and best practices identified in each disclosure package, followed by a more detailed description of these findings and recommendations for each template and table analysed. Finally, the report includes a high-level assessment on information on ESG risks.

4. Findings and best practices

4.1 General observations

This section includes the general observations regarding overarching principles and rules that apply to institutions' Pillar 3 reports and to the different disclosures included in those reports. The overarching principles and rules facilitate the identification of the information and the use of it by stakeholders and they foster consistency and comparability of the disclosures, further promoting the ultimate objective of market discipline.

4.1.1 Main findings and observations

Omission of disclosures

Templates or tables are sometimes omitted or incompletely disclosed without explanations of the reasons for those omissions.

Article 432 of the CRR, in line with the BCBS Pillar 3 framework, allows institutions in exceptional cases to omit some of the disclosures required, with some caveats[5], in the event that the disclosure includes information regarded as proprietary or confidential, in line with the CRR and the EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency. It also allows institutions to omit information that is not regarded as material. In the exceptional cases of omission of information for the reasons specified in Article 432 of the CRR, institutions shall indicate in their Pillar 3 reports the reasons for non-disclosure.

The EBA, in its assessment, has identified cases of templates or tables not included by some institutions in their Pillar 3 reports, even if the disclosure is applicable to them or in cases where some institutions have disclosed a template or the information required only partly, omitting columns or rows or other information required without providing any explanations for those omissions. Even in the case of flexible disclosures, where institutions are not bound by the structure of the templates or tables included in the EBA guidelines, institutions should include all the information required or otherwise explain the reason why they are omitting that information.

Identification and location of the Pillar 3 reports

Pillar 3 reports are sometimes difficult to find or identify because their title is unclear or their location is counterintuitive.

Article 434 of the CRR and the EBA Guidelines on disclosure requirements under Part Eight of the CRR include provisions that reflect the need for clarity, in line with the principles specified in the Basel III Pillar 3 framework, and they request that institutions include their Pillar 3 information in

[5] Under Article 432 of the CRR, institutions may omit one or more of the disclosures listed in Title II if the information provided by such disclosures is not regarded as material, <u>except for the disclosures laid down in Article 435(2)(c) (governance arrangements), Article 437 (own funds) and Article 450 (remuneration)</u>.

mediums and locations that are easy to find and identify. CRR2, also in Article 434, reinforces the need for clarity with provisions that are more prescriptive than those included in the CRR and it requires all the disclosures under Part Eight of CRR2 to be included in a single medium or location (in the CRR this was required 'to the degree feasible').

Following these provisions, institutions' Pillar 3 reports should be easy to find. They should also be easy to identify by presenting them either as a clearly identifiable stand-alone document that provides easy access to the prudential information or, when the information is presented as an appendix to the institutions' final statements or annual report, as a distinctive section that is easy to find and recognise by users of the information.

Based on the analysis conducted for this report, this is not always the case, and sometimes it is difficult to find institutions' Pillar 3 reports because either the location or the name of the report is not immediately obvious. This issue is particularly likely in the case of interim reports as opposed to end-of-year reports or when institutions publish their Pillar 3 reports not as stand-alone documents but as appendices to their financial statements or annual reports.

Structure of the Pillar 3 reports and identification of templates and tables

The structure of Pillar 3 reports and the identification of templates and tables are inconsistent among institutions. Qualitative explanations are sometimes provided in an unstructured way and dispersed throughout the report.

Comparability of institutions' Pillar 3 disclosures has proved to be key for the usability of the information and for promoting market discipline. It allows stakeholders to assess the relative performance of institutions and to compare prudential metrics, risks and risk management across institutions and jurisdictions.

For the purpose of comparability, the Pillar 3 framework provides, in the case of quantitative disclosures, granular templates with common detailed instructions and, when possible, fixed information; in the case of qualitative information, it also provides a detailed description of what institutions should disclose. In addition, comparability is further enhanced when institutions' Pillar 3 reports have a common presentation.

In this regard, the EBA has identified in its assessment of institutions' Pillar 3 reports a lack of consistency with the standard templates and tables, in the structure of the Pillar 3 reports and in the identification of templates and tables. In addition, qualitative explanations are sometimes provided in an unstructured way and dispersed throughout the report.

Interim information versus end-of-year information

Interim Pillar 3 reports (e.g. June reports) are often oversimplified compared with end-of-year reports.

Frequencies of Pillar 3 disclosure vary from quarterly to semi-annual and annual, depending on the nature of the requirement. In the case of the disclosures under the scope of this report, disclosures related to linkages between financial statements and regulatory exposures are generally annual, disclosures of flows of risk exposure amount are quarterly and the disclosure of non-performing and forborne exposures is semi-annual. All the disclosures are required at a minimum on a yearly basis.

The end-of-year publication is the most comprehensive one, as it includes all the Pillar 3 disclosures. Nevertheless, the rules, provisions and granularity of information applicable to those disclosures required more frequently than on an annual basis are generally the same regardless of the disclosure period. The guiding principles, in terms of, for example, comprehensiveness, meaningfulness or comparability of the information disclosed, are also relevant for the interim disclosures (quarterly or semi-annual). Similarly, the explanatory narrative that should accompany quantitative templates explaining the data disclosed, and at least explaining the significant changes between reporting periods, is equally important in interim and end-of-year disclosures.

In preparation for this report, and as explained previously, the EBA has conducted a partial assessment of institutions' disclosures as of June 2019. As a general observation, there is some tendency by institutions to simplify their interim Pillar 3 disclosures compared with the end-of-year disclosures, even in the case of those templates and tables that are required on a quarterly or semi-annual basis. In some cases, interim disclosures are limited to the publication of the quantitative templates, without any qualitative narrative or supplementary information that may help users of that information to understand the quantitative disclosures, and the changes in any given disclosure period compared to with the information contained in the previous disclosure periods. The Basel standards and the templates defined by the EBA in the relevant guidelines require institutions to complement their quantitative disclosures with the necessary qualitative explanations. This should be the case not only in the end-of-year disclosure but also in the interim Pillar 3 reports.

Reconciliation of quantitative data across disclosure templates

Reconciliation of common quantitative data across and within disclosure templates is lacking.

The Pillar 3 framework includes a comprehensive set of disclosure requirements implemented through templates and tables that, in many cases, share quantitative information with common definitions. Reliability of disclosures requires that institutions reconcile the quantitative data across templates, ensuring consistency of the information that is common to different disclosures. Based on the assessment for this report, this is not always the case, and there are instances of quantitative data points disclosed in different templates and based on the same definition but reported with different values. A reconciliation and verification of the information included in the Pillar 3 reports should help to avoid these inaccuracies. In the event of differences in the data disclosed that are justified, institutions should explain the reasons behind those differences.

Disclosure of information on flows of quantitative data

Institutions are inconsistent in their calculation of flows of quantitative information (inter-disclosure period changes versus yearly changes versus annual cumulative changes).

When reviewing information on quantitative flows, the EBA observed inconsistencies in the calculation of flows. Some institutions disclosed information on flows by estimating the changes between the disclosure periods (inter-disclosure-period changes, with information on the end of the disclosure period data compared with the end of the previous disclosure period). In other cases, disclosures are based on annual cumulative changes (end of the disclosure period compared with the end of the previous financial year). Institutions should follow the applicable instructions and disclose inter-disclosure-period changes rather than annual cumulative changes or yearly changes (end of the disclosure period compared with the end of the same disclosure period in the previous financial year). The EBA will revise the instructions applicable to the templates with information on flows in case they are not clear enough to ensure that the data disclosed are consistent and comparable.

4.1.2 Best practices

The EBA has identified the following best practices that help users to find, recognise and compare information, always taking into account the provisions on materiality and proprietary and confidential information applicable to Pillar 3 disclosures:

- inclusion of a comprehensive and neat table of contents that follows a standard format at the beginning of the reports;
- a clear structure of the Pillar 3 reports aligned with the Basel Pillar 3 framework;
- templates and tables that follow a consistent naming convention and are labelled in accordance with the applicable standards;
- inclusion of tables and explanations on reconciliation of data across different templates;
- disclosure of qualitative information in an organised and comprehensive way, despite the flexible nature of these disclosures;
- meaningful explanations of the quantitative data disclosed provided in the accompanying narratives of the templates;
- quantitative templates provided in editable format (Excel) in addition to the Pillar 3 reports;
- quantitative templates with a breakdown more granular than the minimum required in order to provide meaningful information that may help to understand the data disclosed;
- inclusion of qualitative information on environmental risks or on the impact of ESG risks on the credit risk and/or operational and reputational risks.

4.2 Findings by topic

4.2.1 Reconciliation between the regulatory and the accounting scope of consolidation

(i) Applicable standards – EU and BCBS

The BCBS developed a set of templates and tables to ensure that institutions disclose sufficient information to enable users to understand the reconciliation of regulatory data with the information in the related financial statements. These templates and tables are included in the BCBS revised Pillar 3 disclosure standard published by the BCBS in January 2015[6], which includes:

- Template LI1: 'Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories'. The purpose of this template is to enable users of information to identify differences between carrying values under the scope of accounting consolidation and those under the scope of regulatory consolidation and also to understand how the carrying amounts reported in banks' financial statements under the regulatory scope of consolidation relate to regulatory risk categories.

- Template LI2: 'Mains sources of differences between regulatory exposure amounts and carrying values in financial statements'. The purpose of this template is to provide information on the main sources of differences between the financial statements' carrying values (under the regulatory scope of consolidation) and the exposure amounts used for regulatory purposes.

- Table LIA: 'Explanations of differences between accounting and regulatory exposure amounts'. The purpose of this table is to provide qualitative explanations on the differences observed between accounting carrying values and amounts considered for regulatory purposes under each regulatory framework.

These templates, originally included in the BCBS January 2015 'Revised Pillar 3 disclosure requirements'[6], were subsequently further revised, following a question published in August 2016[7]. The final version of the templates is included in Chapter DIS 30 of the Basel Consolidated framework[8].

The EBA implemented the BCBS templates in EBA/GL/2016/11 (paragraphs 61–66)[9], following the disclosure requirements on the scope of application in accordance with Article 436(b) of the CRR. In addition to the two templates and the table included in the BCBS standards, the EBA defined template EU LI3 as the 'outline of the differences in the scope of consolidation (entity by entity)'. The template provides information on the consolidation method applied for each entity within the accounting and the regulatory scopes of consolidation.

[6] https://www.bis.org/bcbs/publ/d309.pdf.
[7] https://www.bis.org/bcbs/publ/d376.pdf.
[8] https://www.bis.org/basel_framework/chapter/DIS/30.htm.
[9] See EU recommended formats in Annex I.

These templates are defined as flexible and their frequency is annual.

(ii) Summary – main findings and observations and best practices

Main findings and observations, and related recommendations

- Some institutions did not include all the applicable templates and tables on reconciliation between the regulatory and the accounting scope of consolidation specified in EBA/GL/2016/11 or only partly disclosed them. Institutions should not omit disclosures that are applicable to them. In the event that they omit or include them only partly for materiality, confidentiality or proprietary reasons, as explained previously in the section 'General observations', they should clearly indicate in their Pillar 3 reports the reasons behind those omissions.

- There are instances of inconsistent quantitative information, such as quantitative data points that are common to templates EU LI1 and EU LI2 but which are disclosed with different values, or even cases of inconsistent quantitative information within the same template (mainly within template EU LI2 and the reconciliation of regulatory carrying values and regulatory exposure values). As also explained in the 'General observations' section, institutions should make every effort to reconcile quantitative data within and across disclosures or explain the reasons that may justify any differences. Reconciliation with published financial statements, when relevant, is also important.

- The qualitative information that institutions should disclose in the accompanying narrative of template EU LI1 or EU LI2 or when implementing table EU LIA is not always comprehensive enough or lacks some of the required explanations. Some institutions are not providing, for example, information explaining those items (assets and liabilities) subject to more than one risk regulatory framework (regulatory scope) as required by the EBA guidelines; in other cases, there is a lack of explanation on the differences between accounting and regulatory carrying values. Institutions should avoid this type of omission or, if they are justified, they should explain them.

Best practices

- Some institutions disclosed information in addition to the information required in template EU LI1, with a breakdown of consolidation adjustments that helps to understand differences between the accounting and regulatory carrying values due to, for example, different consolidation methods (HSBC, Barclays, BNP, SG).

- Some institutions provided a reconciliation of balance sheet items in template EU LI1 with the template on composition of own funds (BNP, Deutsche Bank, SG).

- Some institutions also included in templates EU LI1 and EU LI2 information from the previous year (HSBC, Deutsche Bank) as well as information as of 1 January 2018 (when International Financial Reporting Standard (IFRS) 9 came into effect) (BNP, Santander, SG).

- One institution provided additional breakdown in templates EU LI1 and EU LI2 for the columns with information on carrying values of items subject to the counterparty credit risk (CCR) framework (column(d) of template EU LI1 and column(c) of template EU LI2), including 'of which' columns on securities financing transactions (SFTs) and derivatives (ISP).

- Some institutions included detailed qualitative explanations in the narrative accompanying template EU LI1, regarding items from the balance sheet subject and disclosed in more than one risk framework (HSBC, Barclays, Unicredit).

- Finally, some institutions included a template with quantitative data on the composition of the prudent valuation adjustments, anticipating the implementation of the BCBS quantitative template on prudent valuation PV1 (HSBC, Barclays, Santander).

(iii) Detailed findings and observations

1) Disclosure of template EU LI1 – 'Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories'

Of the 12 institutions, 11 included template EU LI1 in their 2018 annual Pillar 3 report.

In most cases, institutions disclosed this template in a format similar to or comparable with the template provided in the EBA guidelines.

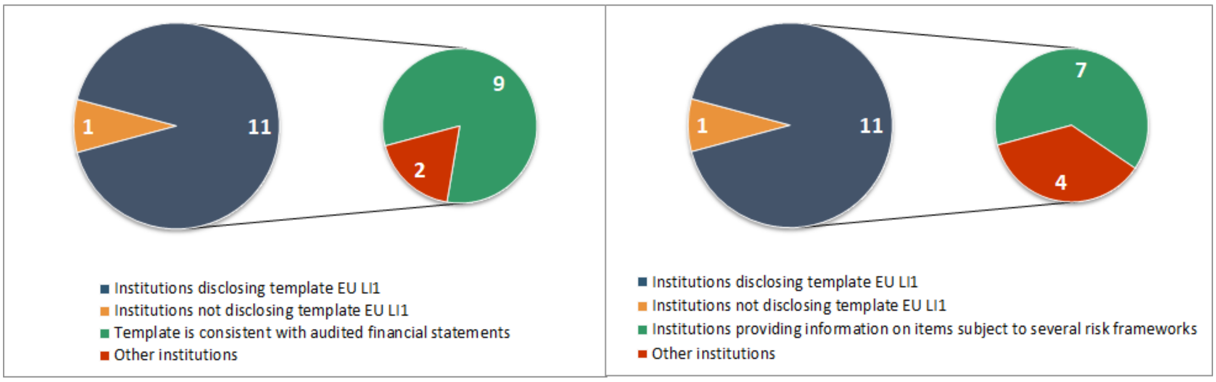
One institution split the template into two, going beyond the breakdown defined by the EBA. This institution disclosed information on not only the carrying values as reported in the financial statements and under the regulatory scope of consolidation, as required in the guidelines, but also the adjustments applicable to the accounting scope carrying values that lead to the regulatory scope carrying values.

The breakdown of rows included in the template should mirror the balance sheet included in the institutions' financial statements. Nine institutions included a breakdown and amounts that are consistent with the balance sheet as published in their financial statements. Two of these institutions included a breakdown of rows and related amounts broadly consistent with the balance sheet as published in the financial statements but did not align the labels of some rows in the template with the labels of the financial statements, in accordance with IFRS 9. Seven institutions disclosed the full balance sheet, including equity. Institutions that include rows on equity items when disclosing this information should also include the relevant values in column (g) – 'Not subject to capital requirements or subject to deduction from capital' – which was not always the case.

Institutions included a breakdown of columns consistent with the EBA template. In addition, some institutions included additional columns with more granular information: one institution disclosed columns with information on differences due to consolidation methods that help to reconcile the accounting and regulatory carrying values; other institutions provided additional breakdown in the columns with risk-by-risk regulatory carrying values, in particular in the case of counterparty credit risk.

Regarding the amounts that institutions reported in the columns for carrying values of items with the breakdown by regulatory risk framework, the sum of these amounts is usually higher than the amounts included in the total column with the aggregate carrying values under the scope of regulatory consolidation. This is correct to the extent that some items are subject to regulatory capital charges in more than one risk category and should therefore be reported in more than one column. According to the EBA guidelines, institutions should supplement this template with qualitative information and, in particular, provide qualitative explanations on assets and liabilities that are subject to more than one risk framework. Only seven institutions explained in the accompanying narrative the items that are subject to more than one risk framework, and only four of these institutions enriched the accompanying narrative with additional qualitative information.

Figure 3 – Disclosure by institutions of template EU LI1



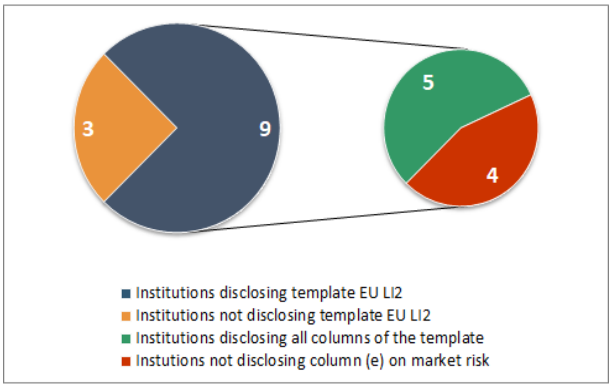
2) Disclosure of template EU LI2 – 'Main sources of differences between regulatory exposure amounts and carrying values in financial statements'

Nine institutions included template EU LI2 in their 2018 annual report.

The design of template EU LI2 as disclosed by institutions is broadly consistent with the format implemented in the EBA guidelines, with some caveats. In particular, the information reported and the level of granularity are not always comparable across institutions. This template, whose main purpose is to reconcile carrying amounts and exposures amounts for regulatory purposes, includes a breakdown of items by the regulatory risk framework, which should help users of information to understand those differences. Four institutions did not report any figures regarding values of items subject to the market risk framework, under column (e)[10] of the template, omitting information that may be relevant for the purpose of the reconciliation.

[10] It should be noted that in the consolidated Basel framework, in Chapter DIS 30 in template LI2 regarding column (e) for market risk framework, rows 4 to 10 are now shaded grey, as the Basel framework considered that it is difficult to provide figures consistent with other columns; nevertheless, rows 1 to 3 should still be filled in.

Figure 4 – Disclosure by institutions of templateEU LI2



3) Consistency of quantitative data

Consistency between and within templates EU LI1 and EU LI2

Both templates EU LI1 and EU LI2 include quantitative information on total and risk-by-risk carrying values of assets and liabilities under the scope of regulatory consolidation. The EBA assessed whether or not the data reported by institutions in these columns are consistent across the two templates.

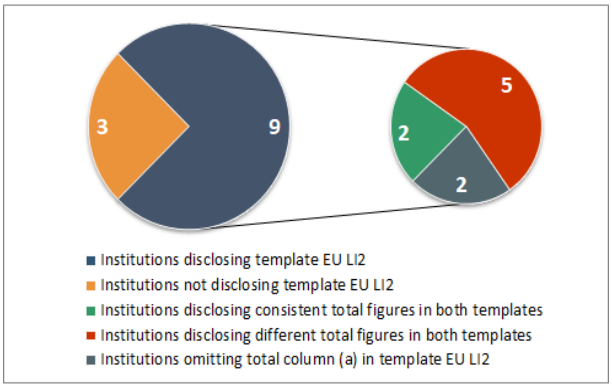
In its assessment, the EBA observed that, in general, there is consistency in the figures reported by institutions in the risk-by-risk columns of both templates, with some caveats:

- As mentioned above, four institutions did not disclose any figures in the column of template EU LI2 regarding values of items under the market risk framework but did report figures under the column for items subject to market risk requirements in template EU LI1.
- One of the institutions that disclosed the full template EU LI2, including column (e) on the market risk framework, reported figures on total assets that were consistent in all columns of both templates, but the institution included liability figures only under the column on CCR of the same template, that is in template EU LI2.

Regarding the values reported in the 'total' column that include the total carrying amounts under the regulatory scope of consolidation, only two of the nine institutions disclosing template EU LI2 reported total values that reconcile with the total regulatory carrying values[11] disclosed in template EU LI1.

[11] The BCBS clarified in response to a question that 'Template LI2 is focused on assets in the regulatory scope of consolidation that are subject to the regulatory framework. Therefore, column (g) in Template LI1, which includes the elements of the balance sheet that are not subject to the regulatory framework, is not included in Template LI2. The following linkage holds: column (a) in LI2 = column (b) in LI1 – column (g) in LI1'.

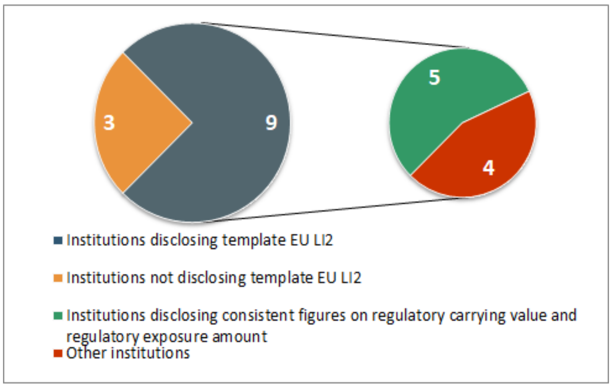
Figure 5 – Reconciliation of total columns between templates EU LI1 and EU LI2



Within template EU LI2, the EBA has reconciled the consistency of rows. In particular, the EBA has reconciled if the figures disclosed by institutions as 'Total net amount under the regulatory scope of consolidation' (carrying amount of assets minus liabilities) are consistent with the figures disclosed as 'exposure amounts considered for regulatory purposes' of the same template, after taking into account the impact of the drivers that should explain the differences between the two types of values (carrying values and exposure amount).

Only five of the nine institutions disclosing template EU LI2 reported consistent figures in these rows for all the relevant columns, considering the impact of the abovementioned drivers. In the case of the four remaining institutions, the amounts do not reconcile for all or some of the columns (mainly the column 'Total' and/or the column with information on items under the market risk framework).

Figure 6 – Reconciliation of rows on regulatory carrying value and regulatory exposure amount within template EU LI2



Finally, when reconciling the rows in template EU LI2, the EBA has observed that the figures reported as 'Total net amount under the regulatory scope of consolidation' (row 3) are not always equal to the 'Assets carrying value amount under the scope of regulatory consolidation' (row 1) net of the 'Liabilities carrying value amount under the regulatory scope of consolidation'[12] (row 2) included in the same template.

[12] The BCBS clarified in response to a question (August 2016) that in template EU LI2 'row 3 = row 1 – row 2'.

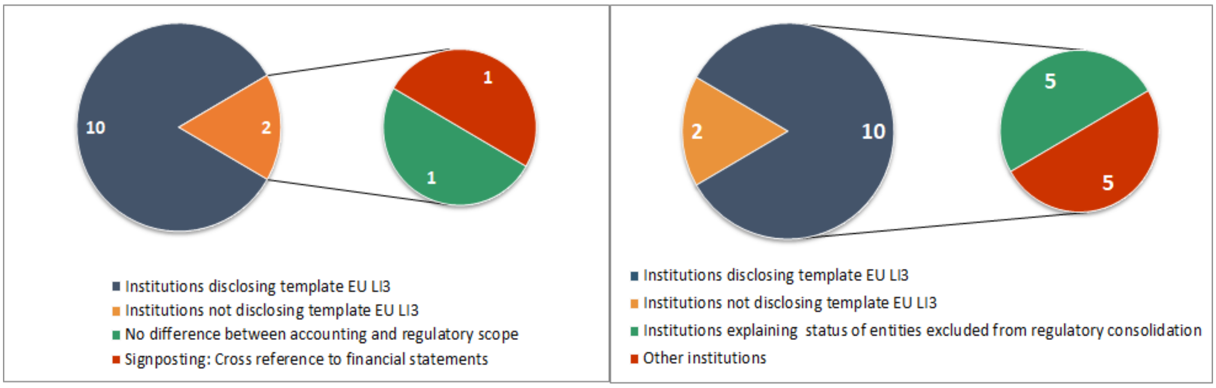
Consistency of quantitative data with other risk templates in Pillar 3

The amounts disclosed in the columns of template EU LI2 that include value of assets and liabilities by regulatory risk frameworks (credit risk, CCR, securitisation positions and market risk) are not always consistent with the exposure amounts disclosed in other risk-specific templates. For example, exposure amounts post CCF and post CRM disclosed in the last row (exposure value for regulatory purposes) of column (b) of the template, regarding credit risk framework, do not in all institutions reconcile with the exposure values included in templates related to the credit risk framework. The same is true of column (c) for the counterparty credit risk framework (CCR) and the related exposure values in CCR-specific templates.

4) Disclosure of template EU LI3 – 'Outline of the differences in the scopes of consolidation (entity by entity)' in institutions' annual Pillar 3 reports

Ten institutions included template EU LI3 in their Pillar 3 reports. One institution did not include the template but stated that there are no differences between the scope of consolidation for prudential purposes and the scope of consolidation for accounting purposes as reported in the annual accounts. The remaining institution did not disclose a specific EU LI3 template, but included a cross reference to the note 'shareholdings' of the institution's financial statements, where the relevant information defined in template EU LI3 is provided. Five institutions that disclosed the template did not explain in the accompanying narrative the regulatory status of those entities excluded from the regulatory consolidation, as specified by the EBA guidelines.

Figure 7 – Disclosure by institutions of template EU LI3



5) Disclosure of table EU LIA in annual Pillar 3 reports

Institutions are asked to disclose in the table qualitative information that should complement the data provided in the other templates included in this package and assessed in the previous sections of this report (templates EU LI1, EU LI2 and EU LI3). In addition, institutions are asked to disclose information on prudent valuation adjustments applied, when relevant, to exposures measured at fair value.

Row (a) of table EU LIA requests that institutions provide qualitative information explaining the differences between carrying values under the accounting scope of consolidation and carrying values under the regulatory scope of consolidation, in accordance with the quantitative data reported in template EU LI1 and the information included in template EU LI3 (consolidation methods applied for each entity within the accounting and the regulatory scopes of consolidation). Two institutions did not disclose this information. Most of the ten institutions that disclosed this information included it in a short narrative accompanying template EU LI3.

Row (b) of table EU LIA asks institutions to explain the differences between the carrying values under the regulatory scope of consolidation and the exposure amounts considered for regulatory purposes, in accordance with the quantitative information on drivers disclosed in template EU LI2. While four of the nine institutions disclosing template EU LI2 explained most of these differences, five institutions did not provide enough meaningful information in this regard. Three institutions did not disclose this information at all.

Finally, regarding provisions in row (c) related to information on prudent valuation, 11 out of the 12 institutions in the sample of this report provided some information, often in the market risk section of their reports. In the case of three institutions, the information regarding the systems and controls to ensure that the valuation and estimates are prudent and reliable is missing. Finally, three institutions provided, in addition to the qualitative information required, a quantitative template on prudent valuation adjustments in line with the relevant BCBS template (PV1), anticipating the implementation of this template.

4.2.2 Variability of risk exposure amount – statement of flows between disclosure periods

(i) Applicable standards – EU and BCBS

The BCBS developed the templates on flows of risk-weighted assets (RWAs) by risk type when internal models apply in order to enable users of information to understand whether differences in institutions' RWAs are actually driven by their particular business models or by other reasons. The BCBS developed three templates: one on variability of credit risk RWAs (template CR8), one on variability of CCR RWAs (template CCR7) and another one on variability of market risk RWAs (template MR2). These were included in the BCBS January 2015 standards on 'Revised Pillar 3 disclosure requirements', now integrated in the BCBS consolidated framework.

Following the BCBS developments in this field, the EBA introduced three new related templates[13] in EBA/GL/2016/11, in order to facilitate the implementation by EU institutions of the new BCBS templates in a timely basis and in a way that is consistent with the requirements of the CRR. These templates implement the requirements in Articles 438(d) and 92(3)(a) of the CRR:

- template EU 23: CR8 'RWA flow statements of credit risk exposures under the IRB approach';
- template EU 30: CCR7 'RWA flow statements of CCR exposures under the internal model method';

[13] See the EU-recommended formats in Annex I.

- template 36: EU MR2-B 'RWA flow statements of market risk under the Internal Model Approach'.

These templates are fixed, as the columns and row 1 and row 9 (or row 8 for market risk) cannot be altered. While the standard in EBA/GL/2016/11 and in the BCBS Pillar 3 framework provide predefined intermediate rows with the potential drivers of RWAs variability, these rows are defined as flexible, which means that institutions can omit them and replace them with other rows including other meaningful drivers.

(ii) Summary – main findings and observations and best practices

Main findings and observations and related recommendations

- In general, institutions disclose these templates and align their disclosure with the structure (rows and columns) defined in EBA/GL/2016/11.

- The main observation for this set of disclosures is that institutions are not consistent in the way they calculate and report the changes and flows of RWAs. Flows of RWAs should be estimated based on the changes between disclosure periods. Given that these templates have to be disclosed on a quarterly basis, institutions should report the changes between the disclosure reference date and the end of the quarter prior to the quarter of the disclosure reference date. Some institutions are instead disclosing cumulative changes in RWAs since the beginning of the year at the end of June 2019 or cumulative 12-month changes, i.e. changes compared with the same disclosure reference date, but of the year before their annual Pillar 3 report.

- Another finding is that comparability of flow of RWAs and drivers of these flows across institutions is not always possible because not all the institutions are covering the same scope of exposures. This occurs, for example, in the case of template EU CR8 on credit risk, which should include all exposures for which RWAs are determined, in accordance with Part Three, Title II, Chapter 3 of the CRR, including specialised lending and equity exposures, but only some institutions are considering the latter exposures.

Best practices

Some institutions exceeded the disclosure requirements in the CRR and the standards defined in the EBA guidelines and disclosed additional information that helps to understand the institution's flows of RWAs:

- Some institutions disclosed an additional aggregate template consolidating all information on flows of RWAs, with a summary by type of risks and main key drivers (Barclays, BNP, Nordea).

- One institution disclosed data on the flows of RWAs for exposures under the credit risk standardised approach (BNP).

- Some institutions disclosed information on the flows of RWAs not only for the reporting quarter but also for the previous quarter (Deutsche Bank, Nordea).

- One institution provided data as of June 2019 with the three preceding quarters (ING).

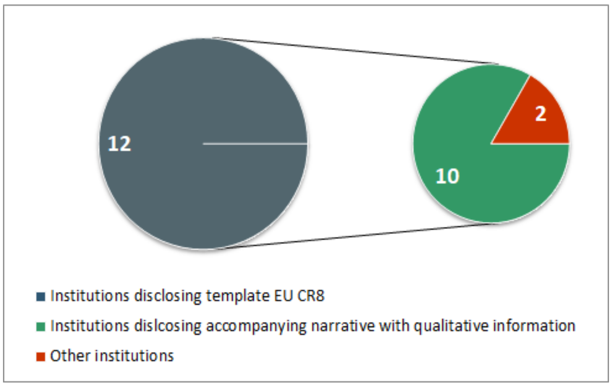
(iii) Detailed findings and observations

1) Disclosure of template EU CR8 – 'RWA flow statements of credit risk exposures under the IRB approach'

All the institutions included in their end-2018 Pillar 3 report template EU CR8 mirroring the fixed format defined in EBA/GL/2016/11.

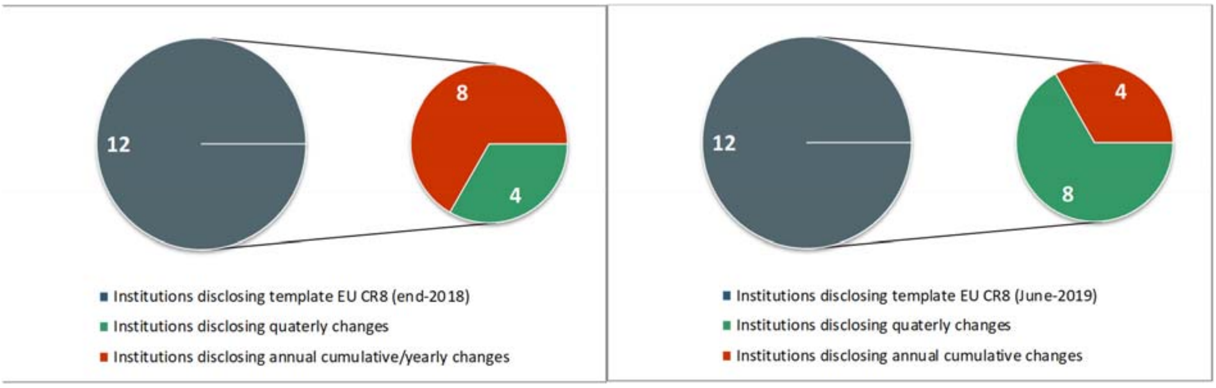
Ten institutions included qualitative information in the accompanying narrative to explain further the flows and drivers. While in some cases the qualitative explanations replicated the quantitate information included in the rows of the templates, other institutions provided insightful information that helps to better understand the factors that have driven the changes. In the June 2019 reports, some institutions disclosed only an Excel file with no qualitative explanations.

Figure 8 – Disclosure by institutions of template EU CR8



Regarding the estimation of flows, only four institutions published quarterly changes at the end of the disclosure period as required by EBA/GL/2016/11. The remaining eight institutions disclosed cumulative annual changes in RWAs without providing the quarterly changes. A similar behaviour can be observed in the mid-2019 reports, although in this case up to eight institutions disclosed quarterly changes, while the rest disclosed annual cumulative changes (i.e. flow of RWAs since end-2018).

Figure 9 – Template EU CR8: estimation of RWAs flows



The EBA has reconciled the figures disclosed by institutions in this template with the relevant figures in the template EU OV1, 'Overview of RWAs', of EBA/GL/2016/11, which provides an overview of total RWAs forming the denominator of the risk-based capital requirements calculated in accordance with Article 92 of the CRR. In general, the figures are consistent between the two templates.

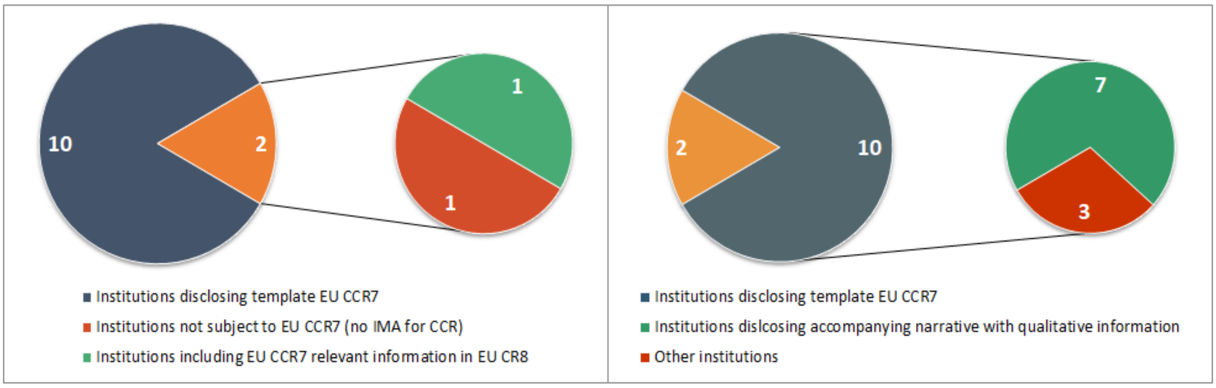
Comparability across institutions is not always possible as some institutions include under the scope of this template equity exposures and/or specialised lending while others do not include these exposures. Finally, one institution merged in template EU CR8 RWAs related to credit risk, information on CCR and securitisation positions.

2) Disclosure of template EU CCR7 – 'RWA flow statements of CCR exposures under the internal model method'

Ten institutions disclose in their end-2018 Pillar 3 report template EU CCR7 mirroring the fixed format defined in EBA/GL/2016/11. One institution does not use the internal model method for CCR and therefore is not under the scope of application of this template and another institution included the information on changes in CCR RWAs in template EU CR8 (credit risk).

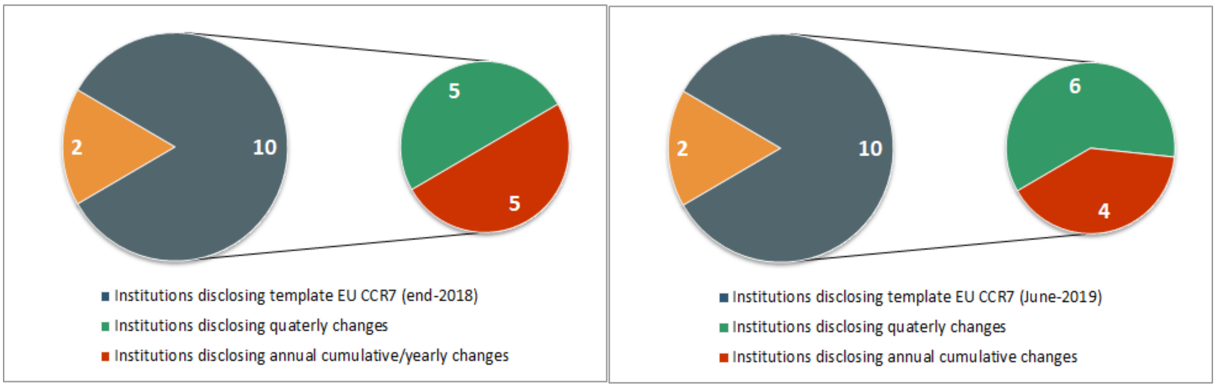
Seven institutions provided qualitative information in the accompanying narrative to explain further the flows and drivers. While in some cases the qualitative explanations replicated the quantitate information included in the rows of the templates, other institutions provided insightful information that helps to better understand the factors that have driven the changes. In the June 2019 reports, some institutions disclosed only an Excel file with no qualitative explanations.

Figure 10 – Disclosure by institutions of template EU CCR7



Regarding the estimation of flows, only five institutions published quarterly changes at the end of the disclosure period as required by EBA/GL/2016/11. The remaining institutions disclosed cumulative annual changes in RWAs without providing the quarterly changes. A similar behaviour can be observed in the mid-2019 reports, with only six institutions disclosing quarterly changes, while others disclosed annual cumulative changes (i.e. flow of RWAs since end-2018).

Figure 11 – Template EU CCR7: estimation of RWAs flows



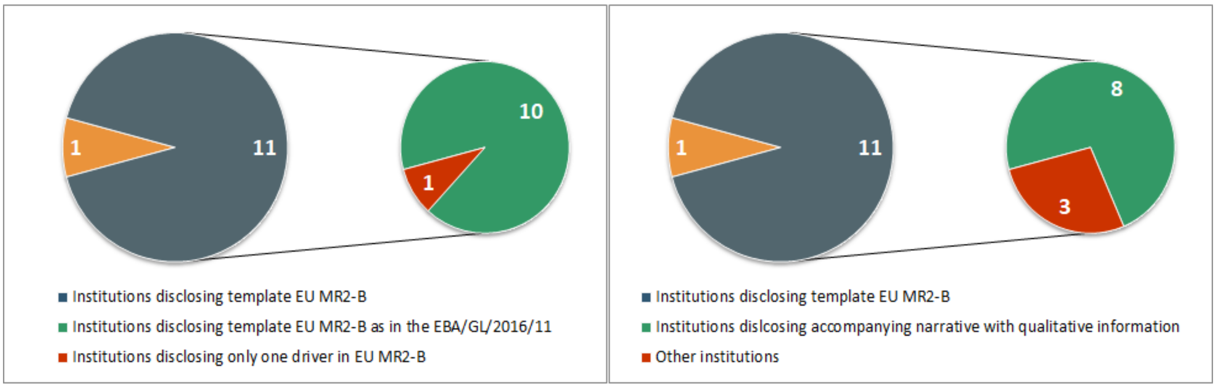
The EBA has reconciled the figures disclosed by institutions in this template with the relevant figures in the template EU OV1, 'Overview of RWAs'. In general, the figures in the templates are consistent and only 2 out of the 10 institutions disclosing template EU CCR7 included data that are not consistent with the data disclosed in template EU OV1.

3) Disclosure of template EU MR2-B – 'RWA flow statements of market risk under the Internal Model Approach'

Eleven institutions included template EU MR2-B in their end-2018 Pillar 3 report, mirroring the fixed format provided in EBA/GL/2016/11. One of the 11 institutions disclosed template EU MR2-B, but included only one row with one driver. The same institution elaborated a bit more on the drivers of the RWAs changes in the narrative accompanying the template. It is important to note that in EBA/GL/2016/11 only the columns and row 1 (total RWAs at the beginning of the disclosure period) and row 8 (total RWAs at the end of the disclosure period) are fixed; institutions have flexibility when disclosing the rows with information on drivers. However, they are required to disclose meaningful and comprehensive information.

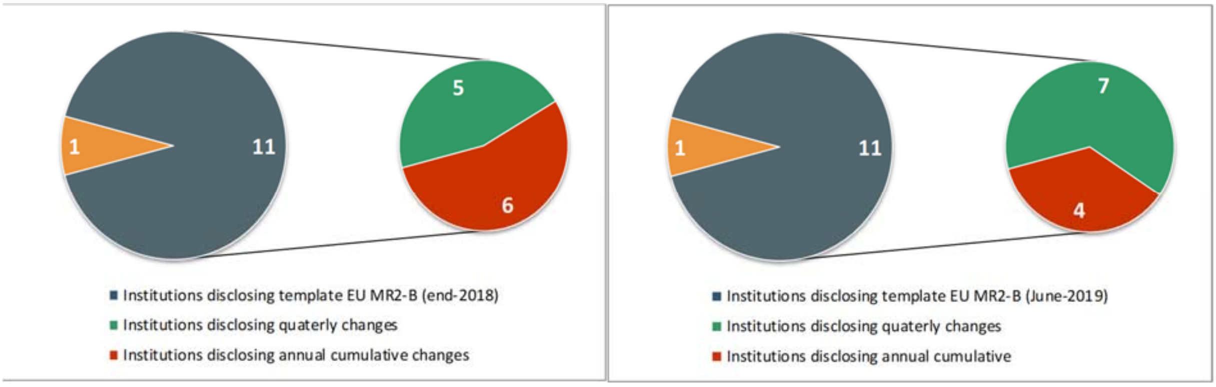
Eight institutions disclosed additional qualitative information in the accompanying narrative. While in some cases the qualitative explanations replicated the quantitate information included in the rows of the templates, other institutions provided insightful information that helps to better understand the factors that have driven the changes. In the June 2019 reports, some institutions disclosed only an Excel file with no qualitative explanations.

Figure 12 – Disclosure by institutions of template EU MR2-B



Regarding the estimation of flows, only five institutions published quarterly changes at the end of the disclosure period. The remaining institutions disclosed cumulative annual changes in RWAs without providing the quarterly changes as required by EBA/GL/2016/11. A similar behaviour can be observed in the mid-2019 reports, with seven institutions disclosing quarterly changes, while others disclosed annual cumulative changes (i.e. flow of RWAs since end-2018).

Figure 13 – Template EU MR2-B: estimation of RWAs flows



The amounts disclosed in template EU MR2-B are consistent with template EU OV1 on the overview of RWAs.

4.2.3 Disclosure of the liquidity coverage ratio

(i) Applicable standards – EU and BCBS

The analysis in this section is based on the disclosure requirements as specified in the EBA Guidelines on liquidity coverage ratio (LCR) disclosure (EBA/GL/2017/01). The templates in the EBA guidelines were developed in alignment with the relevant BCBS templates[14]. Institutions under the scope of application of these guidelines should disclose:

[14] Part 7 of the March 2017 BCBS standards – 'Pillar 3 disclosure requirements – consolidated and enhanced framework' (https://www.bis.org/bcbs/publ/d400.pdf).

- Table EU LIQA – 'Liquidity risk management', described in Annex I of EBA/GL/2017/01, which contains information about the risk management objectives and policies for liquidity risk.

- Templates EU LIQ1: LCR disclosure template and the template on qualitative information on the LCR, described in Annex II of EBA/GL/2017/01:

    - 'LCR disclosure template, on quantitative information of LCR which complements Article 435(1)(f) of Regulation (EU) No 575/2013'. The purpose of this template is for to institutions disclose the level and components of LCR. This template was developed in alignment with the BCBS template LIQ1.

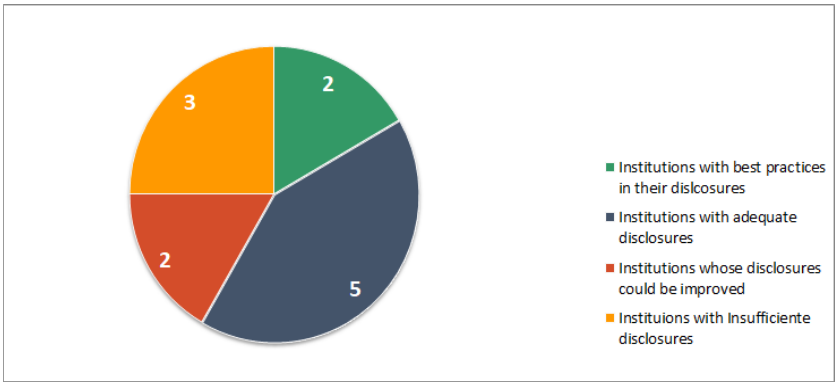
    - 'Template on qualitative information on LCR', which complements the LCR disclosure template. It provides further qualitative information on the items included in the LCR disclosure template.

(ii) Summary – main findings and observations and best practices

1) Main findings and observations, and related recommendations

The EBA has assessed institutions' liquidity disclosures and classified them according to how closely they adhere to the standards included in the guidelines or if there are significant information gaps relative to those standards.

Figure 14 – Assessment of institutions' disclosures



All institutions included this disclosure package in their Pillar 3 reports. Based on the end-2018 reports, there are seven institutions whose overall degree of compliance with the comprehensive LCR disclosure requirements included in EBA/GL/2017/01 was assessed as either 'adequate' or 'best practices'[15]. However, there is a strong diversity of practices among the different institutions concerning the LCR disclosure template, which includes the quantitative information, and the level of details provided in the narrative section in the qualitative tables and templates. The degree of compliance of three institutions was assessed as insufficient, since they did not provide any

[15] Assessment based on an aggregate evaluation of the implementation by institutions of the comprehensive LCR disclosure package, including table EU LIQA, LCR disclosure template and the template on qualitative information on the LCR. Under the 'Best practices' heading of this section, the report describes best disclosure practices by institutions on specific templates.

qualitative information on the LCR, which should complement the LCR disclosure template. Shortcomings were also identified in terms of respecting the fixed format.

2) Best practices

- Some institutions provided in-depth information on the topics covered in the LIQA table, and they even enriched and supplemented the qualitative information with quantitative information (ISP, CA).

- Only one institution disclosed the LIQ1 template fully mirroring the pre-defined fixed format, and disclosed all the rows and data pertaining to the last four quarters (Unicredit). This is included as a best practice because only one institution did this, despite the fact that the template supplied is fixed and all institutions should disclose this information in full alignment with the template in the guidelines.

- Some institutions disclosed the qualitative information on LCR next to the LIQ1 table, and they structured and labelled the information disclosed by relevant topics in line with the table included in EBA/GL/2017/01 (BNP, Barclays, HSBC, Deutsche Bank, CA, Santander and ISP).

- Some institutions provided further details and qualitative information on the different topics specified in the table on LCR qualitative information included in the EBA guidelines (Santander and ISP).

(iii) Detailed findings and observations

1) Table EU LIQA on liquidity risk management

The purpose of Table EU LIQA on liquidity risk management is to disclose risk management objectives and policies for the liquidity risk of an institution, supported with qualitative and quantitative information. Varying practices can be observed among the selected sample. Most institutions described in detail the methodology and governance of their liquidity risk management. However, there was insufficient information for other narrative disclosures, particularly those relating to the information on adequacy of liquidity risk management arrangements and the institutions' overall liquidity risk profile associated with the business strategy. In addition, some institutions did not include Table EU LIQA as part of their Pillar 3 disclosure report but rather included it as part of their annual report. Additionally, most institutions did not refer to the template name (LIQA). A harmonisation of these elements, including the name of the table and the location, would allow the reader to identify and compare this information more efficiently.

2) Template EU LIQ1 on LCR

The EU LIQ1 template contains quantitative information on the LCR and its components and has a predefined fixed format. Institutions are asked to disclose information relating to the four calendar quarters preceding the disclosure date (in chronological order from left to right), with values reported in millions of the selected currency. The scope of consolidation should be mentioned at the top of the table.

All institutions disclosed template EU LIQ1 although the format and content varied, and only one institution complied fully with the EBA guidelines. The majority of the institutions did not hold to the fixed format, e.g. the scope of consolidation was not mentioned in the template or the order of the columns was changed. Four institutions deleted rows from the template without clearly stating the reasons, which is required according to paragraph 19 of EBA/GL/2014/14. Additionally, three institutions reported the data in billions and one institution presumably reported data in billions, although the table stated 'million'. Finally, two institutions provided information only on the latest reference period (December 2018) and, as a result, were not aligned with the EBA standard, which requires the disclosure of four quarters. Although the fixed format of the template should foster comparison across institutions, the abovementioned issues hindered this comparison.

As regards the template on the qualitative information on LCR, which should provide further explanation of the items included in the LIQ1 template, the information provided by the institutions was, in general, insufficient and there was room for improvement. Only two institutions provided in-depth information of the five points listed in the table included in Annex II of EBA/GL/2017/01. Three institutions did not disclose this information at all, whereas the rest provided only a brief qualitative explanation. The qualitative information provided by the institutions in this regard is in some instances not easy to find, as they did not divide the text into sections, separated by titles. Although the template has a flexible format, some consistency among institutions' disclosures would facilitate comparability of information and reinforce the achievement of objectives of the Pillar 3 framework.

4.2.4 Disclosure of information on non-performing loans

(i) Applicable standards – EU and BCBS

EBA/GL/2016/11 includes template 15: EU CR1-E – 'Non-performing and forborne exposures', which provides users of information with an overview of non-performing and forborne exposures. It includes information on the gross carrying values, accumulated impairments and collateral received on performing, non-performing and forborne debt instruments and off-balance sheet items.

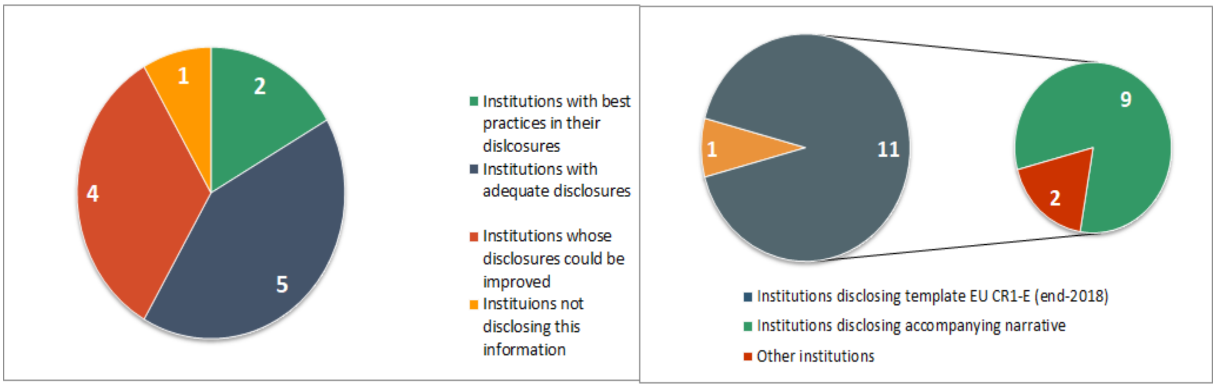
The BCBS has also developed a disclosure standard on non-performing exposures, published in December 2018 as part of the BCBS December 2018 standards on 'Pillar 3 disclosure requirements – updated framework' and which is now included in the BCBS consolidated framework[16]. Table CRB-A, 'Additional disclosure related to prudential treatment of problem assets', supplements the BCBS quantitative templates on credit risk with additional information related to non-performing exposures and forbearance. The BCBS table is mandatory for banks only when required by national supervisors at the jurisdictional level. It is a flexible table. Template CR1-E in EBA/GL/2016/11 is defined as a flexible quantitative template, and it includes all the quantitative information proposed in the related BCBS table CRB-A.

[16] https://www.bis.org/basel_framework/chapter/DIS/40.htm?tldate=20220101&inforce=20220101&export=pdf.

(ii) Findings and observations

As specified in EBA/GL/2016/11, template EU CR1-E, 'Non-performing and forborne exposures', has a flexible format with semi-annual frequency.

Figure 15 – Assessment of institutions' disclosures



As reflected in the Figure 15, and based on the end-2018 reports, the disclosures of seven institutions in the sample were assessed positively (either 'adequate' or 'best practices'). The disclosures of the rest of the institutions of the sample would benefit from significant improvements that should ensure alignment with the EBA guidelines. The assessment was performed based on the criteria of consistency with the requirements of template EU CR1-E, including the accompanying narrative, its content and location, as well as the number of 'best practices', which are listed below.

Almost all the institutions in the sample (11 out of 12) disclosed template EU CR1-E in their annual Pillar 3 reports (ten institutions included it in their interim Pillar 3 reports of 30 June 2019).

One institution did not include this template in its Pillar 3 report and did not explain the reasons behind the omission. This institution did not disclose the template in either its annual or interim report. There is a table in the institution's annual report that includes a breakdown of financial assets subject to impairment by stage (IFRS 9 stages) and internal rating. This table provides information on gross carrying value of debt securities, loans and advances as well as financing and guarantee commitments, including defaulted assets and impairments. However, the disclosures required of EU CR1-E, which also include information on non-performing and forborne exposures, are not fulfilled. In addition, there is no information on the linkage between non-performing and impaired exposures.

Nine institutions disclosed an accompanying narrative. However, only three of these institutions referred in their qualitative description to the reasons for changes compared with the previous periods. Additionally, one institution included qualitative information that referred only to non-performing exposures (no information concerning changes in forborne exposures was included). The remaining institutions provided other relevant qualitative information, including:

- clarifications that 'non-performing' and 'forborne' exposures are based on the EBA definitions;

- information about alignment between 'non-performing' and 'impaired' exposures (as well as between 'defaulted' and 'impaired');

- reference to other sections of Pillar 3 reports or financial statements with mentions of asset quality, credit impaired risk assets (Stage 3 according to the IFRS 9 classification), governance, oversight and measurement of expected credit losses and non-performing exposures;

- information on forbearance programmes;

- One institution explained the difference between the concept of 'forbearance' used for the purposes of Pillar 3 reporting and that used for the purpose of statutory accounting. (In financial statements, 'forborne exposures' are referred to as 'renegotiated loans', and they retain this classification until maturity or de-recognition. In contrast, the EBA definition does not require this condition to be fulfilled.). In its interim report the same bank provided explanations on treatment of defaulted exposures, including comparison with the approach undertaken in the USA.

Only six institutions included the qualitative information next to the quantitative template. The dispersal of qualitative information throughout the report, often in counterintuitive locations, hinders analysis and comparisons across institutions.

Five institutions disclosed, in their interim reports, information on non-performing and forborne exposures that was poorer, in terms of content and meaningfulness, than the information included in the end-of-year reports. The gaps relate mainly to the accompanying narrative, which some institutions omitted or provided to only a very limited extent in their reports as of June 2019. Additionally, three institutions disclosed their semi-annual data in the form of Excel files without any qualitative information.

Some institutions disclosed comparisons with the previous disclosure periods in the form of an additional template with quantitative data (six institutions provided such a template in both the annual and the interim 2019 Pillar 3 reports).

The period of comparison varied across institutions, with four institutions comparing end-2018 data with end-2017 data, two institutions comparing end-2018 data with June 2018 data and one institution comparing end-2018 data with both June 2018 and end-2017 data.

Finally, regarding the format and content of the quantitative template, institutions' disclosures are generally aligned with the template in EBA/GL/2016/11, with some caveats:

- One institution disclosed carrying values instead of gross carrying values.

- Two institutions omitted information on defaulted exposures (column (e) of the template), with only one of them explaining the reason (defaulted exposures are equal to impaired exposures).

- One institution omitted the information on performing exposures past due > 30 days and ≤ 90 days (required by column (b) of the template); another institution disclosed this information but with a slightly different label and meaning ('performing exposures but past due between 30 and 90 days').

- One institution did not disclose the information on collaterals and financial guarantees on non-performing exposures.
- Two institutions disclosed the template with a vertical layout.

(iii) Best practices

Three institutions (Deutsche Bank, Unicredit and ISP) disclosed additional templates that address the topic of non-performing and forborne exposures with deeper granularity:

- One of these institutions (Deutsche Bank) had already disclosed in the December 2018 Pillar 3 report some of the templates included in the EBA Guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10) published in December 2018. In particular, this institution disclosed the following templates from EBA/GL/2018/10: 'Credit quality of forborne exposures' (template 1 from EBA/GL/2018/10), 'Performing and non-performing exposures and related provisions' (template 4 from EBA/GL/2018/10) and 'Credit quality of performing and non-performing exposures by past due days' (template 3 from EBA/GL/2018/10).
- Another institution (Unicredit) disclosed three additional tables with information on non-performing and forborne exposures:
  - The first table included data on gross carrying amount, accumulated impairment, collaterals and financial guarantees on forborne exposures with granularity per type of instrument and type of counterparty.
  - The second table included a breakdown of forborne exposures by geography of the counterparties.
  - The third table included detailed information on inflows of non-performing portfolios.
- One institution (ISP) disclosed two additional templates with information on non-performing and performing exposures per industry and geography.
- One institution disclosed the information not only by type of exposure, as per the guidelines (debt securities, loans and advances and off-balance sheet exposures), but also by type of counterparty (central banks, general governments, credit institutions, other financial corporations, non-financial corporations and households).
- Finally, some institutions enhanced the disclosure of the template with a very good visual presentation (use of colours, well-marked information, etc.) that helps to understand the content of the disclosure.

4.3 High-level assessment of disclosures on ESG risks

The EBA is including this high-level assessment in the report in preparation for the policy work on this topic that the authority is launching in 2020, acknowledging that there is not yet any legal disclosure requirement in this area.

4.3.1 General observations

Concerning the inclusion of information on ESG risk within the Pillar 3 reports, looking at specific concepts such as sustainable finance, ESG risks, environmental risks or climate change within the institutions' December 2018 and June 2019 disclosure reports has revealed differences between institutions.

In general, institutions rarely have a specific section within their reports dedicated to the topic of ESG risks/sustainable finance. Instead, references to sustainable finance and ESG risks are brief and usually dispersed throughout the text.

In addition, interim reports (June 2019) were generally much less detailed than the end-of-year reports, with very limited references to ESG risks/sustainable finance or no references at all. Sometimes, institutions included cross-references to other public reports that could be related to the topic (one institution, in its end-of-year Pillar 3 report, cross-referred to its Environmental Social Governance (ESG) Report 2018). These specific reports are usually quite accessible and easy to find.

In some cases, there were no references to ESG risks/sustainable finance in either the end-2018 report or the interim 2019 report. However, some institutions included their Pillar 3 report in their annual [group] financial report, and this may include references to sustainable finance in other parts.

The EBA welcomes some good practices. In particular, three institutions already identify ESG-related risks in their Pillar 3 reports, whether environmental risks linked to credit risk, emerging risks with an impact on institutions strategy or operational and reputational risks (Barclays, BNP, ISP).

Some institutions included references in their 2018 Pillar 3 reports to their plans to implement disclosures recommended by the Task Force on Climate-related Financial Disclosures (TCFD)[17].

4.3.2 Disclosure of ESG-specific information

(i) Environmental and climate change risks

The EBA has assessed the inclusion of 'environmental' or ESG risks-related information in the Pillar 3 reports assessed in this report. Three institutions identified ESG risks in their disclosures on risks, whether environmental risks with an impact on credit risk, emerging risks or operational and reputational risks.

[17] https://www.fsb-tcfd.org/publications/final-recommendations-report/.

Environmental and climate change risks disclosed as part of the credit risk management policy and the IRB approach

One institution included in the Pillar 3 report a specific section on environmental risk within the section of management of credit risk and the internal ratings-based approach, in which it stated that environmental risk is recognised as a mainstream risk issue and providing specific information (e.g. direct versus indirect risks). This institution recognised the growing importance of these risks and its commitment to manage them by, for example, following TCFD recommendations in its assessment of climate-related risks.

ESG risks disclosed as emerging risks and reflected in the institution's implementation strategy

One institution included references to ESG risks in different sections of its Pillar 3 report:

- In a section related to emerging risks, the institution identified emerging risks related to technological innovations, the evolving regulatory environments and the reduction of international trade as well as certain environmental and demographic risks.

- In a section on risks related to the institution's implementation strategy, as part of its commitment to environmental responsibility within the corporate social responsibility (CSR) policy, it announced a number of initiatives such as:

    - energy transition towards a low-carbon economy, including a reduction in financing of energies with the most negative environmental impact;

    - integration of CSR considerations in the institution's core mission, risks principles, or in the credit risk management policy, which states that social and environmental responsibility clauses are embedded in specific new credit policies or when existing policies are updated, and in compliance and reputation risk management, including their advanced measurement approach for operational risk.

ESG risks disclosed as part of reputational and operational risk management

One institution mentioned the environmental perspective in its Pillar 3 report when explaining management of reputational risk, where it referred to its code of ethics. The code of ethics adopted by the group contains its core values and sets out the voluntary principles of conduct for dealings with all stakeholders, including environmental principles. This group has also issued voluntary conduct policies, including a human rights policy, an environmental policy and an arms industry policy. It has also adopted international principles (such as the United nations (UN) Global Compact, United Nations Environment Programme Finance Initiative (UNEP FI), Equator Principles) aimed at pursuing respect for the environment and human rights.

The same institution included references to ESG-related events under the section on operational risk mitigation. In particular, it referred to risks relating to real estate and infrastructure, regarding which the group may, when necessary, activate its business continuity solutions with the aim of containing impacts of phenomena such as catastrophic environmental events, situations of international crisis and social protest events.

(ii) Information on sustainability

When searching for information on sustainable finance in the institutions' Pillar 3 reports, the results are less straightforward.

Overall, most institutions recognised in their Pillar 3 reports that integration of sustainability considerations in their strategic agenda plays an increasingly important part in the company's reputation**.** They also recognised that issues such as sustainability and digital transformation have started to take on a leading role in the regulatory agenda. In line with this, they referred to sustainability when describing remuneration policies and their alignment with sustainable finance; credit risk policies; operational risk monitoring processes, including outsourcing of services policies; capital generation; profitability; sustainable value creation; staff training; valuation of collaterals; or growth.

Moreover, one institution included in the report a specific section on sustainability risk, describing how it is defined, ways to measure it and how it can be monitored. The same institution included a cross-reference to the Annual Report and Accounts 2018 for further details on sustainability risk management.

ANNEX I – Pillar 3 disclosure framework

a. Currently applicable Pillar 3 framework

Institutions' Pillar 3 disclosure requirements as of the end of 2018 and June 2019 are included in Part Eight of the CRR. Unlike in CRR2, where there is a comprehensive mandate for the EBA to implement all the disclosures prescribed under Part Eight, there is no such comprehensive mandate in the CRR, but only mandates in specific areas, e.g. for the disclosure of own funds, the disclosure of leverage ratio, countercyclical capital buffers or the disclosure of encumbered and unencumbered assets.

In order to improve the quality of institutions' Pillar 3 disclosures in the EU, to ensure consistency and comparability of the disclosed information and to facilitate the compliance by EU institutions with the Basel revised Pillar 3 framework, the EBA published own initiative guidelines on disclosures under Part Eight of the CRR (EBA/GL/2016/11) and own initiative guidelines on the disclosure of LCR (EBA/GL/2017/01).

The Pillar 3 disclosure framework applicable in the EU as of the reference dates relevant for this report include:

- Part Eight and relevant articles of Part One of Regulation (EU) No 575/2013 (CRR);
- ITS on disclosure of own funds[18];
- ITS on disclosure of leverage ratio[19];
- Regulatory technical standard (RTS) on disclosure of countercyclical capital buffers[20];
- RTS on disclosure of encumbered and unencumbered assets[21];
- Guidelines on disclosures requirements under Part Eight of the CRR, mainly applicable to global systemically important institutions (G-SIIs) and other systemically important institution(O-SIIs) [22];

[18] https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1400597718546&uri=CELEX:32013R1423.

[19] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2016_039_R_0004.

[20] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2015_244_R_0001.

[21] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R2295&from=EN.

[22] https://eba.europa.eu/documents/10180/1696202/Final+report+on+the+Guidelines+on+disclosure+requirements+under+Part+Eight+of+Regulation+575+2013+%28EBA-GL-2016-11%29.pdf/20370623-9400-4b5e-ae22-08e5baf4b841.

- Guidelines on disclosure of non-performing and forborne exposures[23];
- Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013[24];
- Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013[25];
- Guidelines on disclosure requirements of IFRS 9 transitional arrangements[26];
- ITS and guidelines on disclosure of G-SIIs indicators[27].

b. New banking regulatory package

CRR2 significantly amends the disclosure requirements under Part Eight of the CRR in order to implement the new international standards and to reflect the regulatory changes introduced by CRR2. CRR2 in Article 434a mandates the EBA to develop a draft ITS implementing those disclosure requirements. Article 434a states that, in order to facilitate the comparability of information with international non-EU active banks, the draft ITS should seek consistency of disclosure formats with the BCBS Pillar 3 standards.

Following the mandate included in Article 434a of CRR2, the EBA is in the process of implementing a comprehensive, more standardised approach in terms of its policy regarding institutions' Pillar 3 disclosures. For this purpose, the EBA is developing several all-inclusive regulatory disclosure products, including:

- The comprehensive draft ITS on institutions' public disclosures, applicable to all institutions subject to the disclosure requirements under Part Eight of the CRR, which was published for consultation on 16 October 2019. This draft ITS will replace the disclosure templates and tables included in the regulatory products and guidelines mentioned above, with the exception of the Guidelines on disclosure requirements on IFRS 9 transitional arrangements, which will continue to apply until the end of the IFRS 9 transitional period.

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[23] https://eba.europa.eu/documents/10180/2531768/Final+GLs+on+disclosure+of+non-performing+and+forborne+exposures.pdf.

[24] https://eba.europa.eu/documents/10180/1314839/EBA-GL-2015-22+Final+report+on+Guidelines+on+Sound+Remuneration+Policies.pdf.

[25] https://eba.europa.eu/documents/10180/1807490/Guidelines+on+LCR+disclosure+to+complement+the+disclosure+of+liquidity+risk+management+%28EBA-GL-2017-01%29.pdf.

[26] https://eba.europa.eu/documents/10180/2084796/Final+Report+on+Guidelines+on+uniform+disclosure+of+IFRS9+transitional+arrangements+%28EBA-GL-2018-01%29.pdf.

[27] https://eba.europa.eu/regulation-and-policy/own-funds/guidelines-for-the-identification-of-global-systemically-important-institutions-g-siis-.

- Draft technical standards on public disclosures by investment firms, following the mandates included in the regulation of the European Parliament and of the Council on the prudential requirements of investment firms.

- Draft ITS on total loss absorption capacity (TLAC) and minimum requirement for own funds and eligible liabilities (MREL) disclosure and reporting, which will include in a single package the disclosure and reporting requirements on eligible liabilities (TLAC and MREL), following the mandates included in CRR2 and BRRD2. This draft ITS was published for consultation in November 2019 (EBA-CP-2019-14[28]).

[28] https://eba.europa.eu/draft-its-disclosure-and-reporting-mrel-and-tlac-0.

ANNEX II – Templates under the EBA guidelines

Reconciliation between the regulatory and the accounting scope of consolidation

Figure 16 – Table: EU LIA: explanations of differences between accounting and regulatory exposure amounts

Purpose: Provide qualitative explanations on the differences observed between accounting carrying value (as defined in EU LI1) and amounts considered for regulatory purposes (as defined in EU LI2) under each framework.
Scope of application: The table applies to all institutions included in paragraph 7 of these guidelines.
Content: Qualitative information.
Frequency: Annual.
Format: Flexible.

Article 436(b)	Institutions should explain the origins of the differences between accounting amounts (as disclosed in financial statements under the accounting scope of consolidation) and regulatory exposure amounts (as displayed in templates EU LI1 and EU LI2).	
Article 436(b)	(a)	Institutions should explain and quantify the origins of any significant differences between the amounts in columns (a) and (b) in EU LI1, regardless of whether the differences proceed from different consolidation rules or from the use of different accounting standards between the accounting and the regulatory consolidations.
Article 436(b)	(b)	Institutions should explain the origins of differences between carrying values under the regulatory scope of consolidation and amounts considered for the regulatory purposes shown in EU LI2.
Article 455(c) Article 34 Article 105 Article 435(a) Article 436(b)	(c)	For exposures from the trading and the non-trading book that are measured at fair value in accordance with the applicable accounting framework and that have their exposure value adjusted in accordance with Part Two, Title I, Chapter 2, Article 34 and Part Three, Title I, Chapter 3, Article 105 of the CRR (as well as the Commission Delegated Regulation (EU) No 2016/101), institutions should describe systems and controls to ensure that the valuation estimates are prudent and reliable. These disclosures can be provided as part of the market risk disclosures for exposures from the trading book and should include:

		• valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used; • description of the independent price verification process; • procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).

Figure 17 – Template EU LI1: differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

Purpose: Columns (a) and (b) enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation that applies for the purpose of providing the information required in Part Eight of the CRR. Columns (c) to (g) break down how the amounts disclosed in column (b) – which correspond to the amounts reported in institutions' financial statements (rows) once the regulatory scope of consolidation is applied – are to be allocated to the different risk frameworks laid out in Part Three of the CRR. The sum of amounts disclosed in columns (c) to (g) may not equal the amounts disclosed in column (b), as some items may be subject to capital requirements for more than one risk framework listed in Part Three of said regulation.
Scope of application: The template applies to all institutions included in paragraph 7 of these guidelines. For institutions that are not required to publish consolidated financial statements, only columns (b) to (g) should be disclosed.
Content: Carrying values. In this template, carrying values are the values reported in financial statements.
Frequency: Annual.
Format: Flexible, although the row structure should align with the presentation of the institution's balance sheet in its latest annual financial statements.
Accompanying narrative: Institutions should notably supplement template EU LI1 with the qualitative information specified in table LIA. Institutions are expected to provide qualitative explanations on assets and liabilities that are subject to capital requirements for more than one risk framework listed in Part Three of the CRR.

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under the scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or deduction from capital
Assets							
Cash and balances at central banks							
Items in the course of collection from other banks							
Trading portfolio assets							
Financial assets designated at fair value							
Derivative financial instruments							
Loans and advances to banks							

Loans and advances to customers							
Reverse repurchase agreements and other similar secured lending							
Available-for-sale financial investments							
…							
Total assets							
Liabilities							
Deposits from banks							
Items in the course of collection due to other banks							
Customer accounts							
Repurchase agreements and other similar secured borrowings							
Trading portfolio liabilities							
Financial liabilities designated at fair value							
Derivative financial instruments							
…							
Total liabilities							

Definitions

Rows

The row structure should be the same as the row structure of the balance sheet used in the latest available financial reporting of the institution. When template EU LI1 is disclosed on an annual basis, 'financial reporting' refers to the annual individual and consolidated financial statements defined in Article 4 and Article 24 of Directive 2013/34/EU, as well as (when applicable) to the financial statements in the meaning of the international accounting standards as endorsed in the EU in the application of Regulation (EC) No 1606/2002. When institutions choose – in the application of Article 433 of the CRR – to disclose template LI1 on a more frequent basis, 'financial reporting' refers to the interim individual or consolidated financial information published by institutions, including when this information does not qualify as financial statements in the application of Directive 2013/34/EU or the international accounting standards as endorsed in the EU.

Columns

Carrying values as reported in published financial statements: The amount reported on the asset side and the liabilities side of the balance sheet established following the consolidation requirements in the applicable accounting framework, including frameworks based on Directives 2013/34/EU and 86/635/EEC, or the international accounting standards as endorsed in the EU.

Carrying values under the scope of regulatory consolidation: The amount reported on the asset side and the liabilities side of the balance sheet established following the regulatory consolidation requirements in Part One, Title II, Section 2 and Section 3 of the CRR.

If a credit institution's scope of accounting consolidation and its scope of regulatory consolidation are exactly the same, columns (a) and (b) should be merged.

The breakdown of carrying amounts under the regulatory scope of consolidation by regulatory frameworks (c) to (f) corresponds to the risk frameworks listed in Part Three of the CRR and to the breakdown prescribed in the rest of these guidelines:

- Subject to credit risk: the carrying values of items (other than off-balance-sheet items) to which Part Three, Title II of the CRR applies and for which the disclosure requirements in Part Eight of the same regulation are specified in point 4.9 and point 4.10 of these guidelines should be included in column (c);

- Subject to CCR: the carrying values of items (other than off-balance-sheet items) to which Part Three, Title II, Chapter 6 of the CRR applies and for which the disclosure requirements in Part Eight of the same regulation are specified in point 4.11 of these guidelines should be included in column (d);

- Subject to the securitisation framework: the carrying values of items (other than off-balance-sheet items) from the non-trading book to which Part Three, Title II, Chapter 5 of the CRR applies should be included in column (e);

- Subject to the market risk framework: the carrying values of items (other than off-balance-sheet items) to which Part Three, Title IV of the CRR applies and for which the disclosure requirements in Part Eight of the same regulation are specified in point 4.13 of these guidelines for non-securitisation positions should be included in column (f). Items corresponding to securitisation positions in the trading book – to which the requirements in Part Three, Title IV of the CRR apply – should be included in column (f).

- Column (g) should include the amounts not subject to capital requirements in accordance with the CRR or the amounts that are subject to deductions from own funds in accordance with Part Two of that regulation.

Deducted items should include, for instance, the items listed in Article 37, Article 38, Article 39 and Article 41 of that regulation. The amounts disclosed for assets should be the amounts actually deducted from own funds, taking into account any netting with liabilities allowed by (and any threshold for) deduction applicable as per the relevant articles in Part Two of the same regulation. When the items listed in Article 36(1)(k) and Article 48 of the CRR are 1 250% risk-weighted instead of deducted, they should be disclosed not in column (g) but in the other appropriate columns of template EU LI1 as well as in the other appropriate templates provided for by these guidelines. This also applies to any other item that is 1 250% risk-weighted in accordance with the requirements in the CRR.

The amount disclosed for liabilities should be the amount of liabilities that is taken into consideration for the determination of the amount of assets to be deducted from own funds as per the relevant articles in Part Two of the same regulation. In addition, in column (g) all liabilities other than those (i) that are relevant for the application of requirements in Part Three, Title II, Chapter 4 of the CRR or (ii) that are relevant for the application of requirements in Part Three, Title II, Chapter 6 and Title IV of the same regulation should be disclosed

Where a single item attracts capital requirements according to more than one risk framework, it should be reported in all columns corresponding to the capital requirements it attracts. As a consequence, the sum of amounts in columns (c) to (g) may be greater than the amount in column (b).

Figure 18 – Template EU LI2: main sources of differences between regulatory exposure amounts and carrying values in financial statements

Purpose: Provide information on the main sources of differences (other than those due to different scopes of consolidation, which are shown in template EU LI1) between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.
Scope of application: The template applies to all institutions included in paragraph 7 of these guidelines.
Content: Carrying values. In this template, carrying values correspond to values reported in financial statements according to the scope of regulatory consolidation (rows 1 to 3) established following the regulatory consolidation requirements in Part One, Title II, Section 2 and Section 3 of the CRR and amounts considered for regulatory exposure purposes (row 10).
Frequency: Annual.
Format: Flexible. Rows 1 to 4 are fixed and should be disclosed by all institutions. The other headings shown below are provided for illustrative purposes only and should be adapted by each institution to describe the most meaningful drivers for differences between its financial statements' carrying values under the regulatory scope of application and the exposure amounts considered for regulatory purposes.
Accompanying narrative: See template EU LIA.

		a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	CCR framework	Securitisation framework	Market risk framework
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)**					
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)					
3	Total net amount under the regulatory scope of consolidation					
4	Off-balance-sheet amounts					
5	*Differences in valuations*					
6	*Differences due to different netting rules, other than those already included in row 2*					
7	*Differences due to consideration of provisions*					
8	*Differences due to prudential filters*					
9	…					

10	**Exposure amounts considered for regulatory purposes**					

Definitions

Amounts in rows 1 and 2, columns (b) to (e) correspond to the amounts in columns (c) to (f) of EU LI1.

Total net amount under regulatory scope of consolidation: The amount after on-balance-sheet netting between assets and liabilities under the regulatory scope of consolidation, regardless of the eligibility of those assets and liabilities of the specific netting rules in the application of Part Three, Title II, Chapters 4 and 5, as well as of Title IV in the CRR.

Off-balance-sheet amounts: Include off-balance-sheet original exposures, prior to the use of a conversion factor, from the established off-balance-sheet statement, following the regulatory scope of consolidation in column (a) and the off-balance-sheet amounts subject to the regulatory framework, after the application of the relevant conversion factors in columns (b) to (e). The conversion factor for off-balance-sheet items to be risk-weighted in the application of Part Three, Title II of the CRR is defined in Article 111, Article 166, Article 167 and Article 182 (as applicable for credit risk), Article 246 (as applicable for securitisation risk), Article 274 to Article 276 and Article 283 of the same regulation (as applicable for the CCR).

Differences in valuations: Include the impact of the carrying amount of value adjustments in accordance with Part Two, Title I, Chapter 2, Article 34 and Part Three, Title I, Chapter 3, Article 105 of the CRR on trading book and non-trading book exposures measured at fair value in accordance with the applicable accounting framework.

Differences due to different netting rules, other than those already included in row 2: Refer to the net on-balance-sheet and off-balance-sheet exposure amounts after the application of the specific netting rules in Part Three, Title II, Chapters 4 and 5 as well as of Title IV in the CRR. The impact of the application of the netting rules can be negative (when more exposures have to be netted than the use of on-balance-sheet netting in row 2) or positive (in the case of the application of netting rules in the CRR leading to a lower amount being netted out than on-balance-sheet netting in row 2).

Differences due to consideration of provisions: Discloses the re-integration in the exposure value of specific and general credit risk adjustments (as defined in the Commission Delegated Regulation (EU) No 183/2014) that have been deducted in accordance with the applicable accounting framework from the carrying amount of exposures under Part Three, Part II, Chapter 3 of the CRR for risk-weighting purposes. Regarding exposures risk-weighted in accordance with Part Three, Part II, Chapter 2 of the CRR, when the carrying amount in the financial statements under the regulatory scope of consolidation has been reduced by elements qualifying as general credit risk adjustments under the aforementioned delegated regulation, these elements have to be re-integrated in the exposure value.

Differences due to prudential filters: Include the impact on the carrying amount under the regulatory scope of consolidation of the prudential filters listed in Articles 32, 33 and 35 in Part Two, Title I, Chapter 2 of the CRR and applied in accordance with the requirements in Part Ten, Title I, Chapter 1, Article 467 and Article 468 in the CRR and CEBS 04/91 Guidelines on prudential filters for regulatory capital.

Exposure amounts considered for regulatory purposes: The expression designates the aggregate amount considered as a starting point of the RWA calculation before the application of CRM methods other than netting in Part Three, Title II, Chapter 4 of the CRR but after the application of netting requirements in Part Three, Title II, Chapters 4 and 5 and Title IV of the same regulation for each of the risk categories. Under the credit risk framework, this should correspond either to the exposure amount applied in the credit risk standardised approach (see Article 111 in Part Three, Title II, Chapter 2 of the CRR) or to the exposures at default (EAD) in the credit risk (IRB) approach.

(See Article 166, Article 167 and Article 168 in Part Three, Title II, Chapter 3 of the CRR.) Securitisation exposures should be defined as in Article 246 in Part Three, Title II, Chapter 5 of the CRR. Counterparty credit exposures are the exposures defined as exposures considered for CCR purposes (see Part Three, Title II, Chapter 6 of the CRR). Market risk exposures correspond to positions subject to the market risk framework (see Part Three, Title IV of the CRR).

The breakdown of columns in the regulatory risk categories (b) to (e) corresponds to the breakdown listed in Part Three of the CRR and prescribed in these guidelines:

- The credit risk framework corresponds to the exposures in Part Three, Title II of the CRR, for which the disclosure requirements in Part Eight of the same regulation are specified in section 4.9 and section 4.10 of these guidelines.
- The CCR framework corresponds to the exposures in Part Three, Title II, Chapter 6 of the CRR, for which the disclosure requirements in Part Eight of the same regulation are specified in section 4.11 of these guidelines.
- The securitisation framework corresponds to exposures from the non-trading book given in Part Three, Title II, and Chapter 5 of the CRR.
- The market risk framework corresponds to exposures in Part Three, Title IV of the CRR, for which the disclosure requirements in Part Eight of the same regulation are specified in section 4.13 of these guidelines.

Figure 19 – Template EU LI3: outline of the differences in the scopes of consolidation (entity by entity)

Purpose: Provide information on the consolidation method applied for each entity within the accounting and the regulatory scopes of consolidation.
Scope of application: The template applies to all institutions included in paragraph 7 of these guidelines.
Content: Disclosures shall be provided for all entities, included within the accounting and the regulatory scopes of consolidation as defined in accordance with the applicable accounting framework and Part One, Title II, Section 2 and Section 3 in the CRR, for which the method of the accounting consolidation is different from the method of the regulatory consolidation. Institutions should tick the applicable columns in order to identify the method of consolidation of each entity under the accounting framework and whether, under the regulatory scope of consolidation, each entity is (i) fully consolidated; (ii) proportionally consolidated; (iii) deducted from own funds; (iv) neither consolidated nor deducted; or (v) recognised under the equity method.
Frequency: Annual.
Format: Flexible. The rows are flexible. Columns (a) to (g) have a minimum level of granularity for disclosure. Additional columns can be included depending on the consolidation methods implemented in accordance with Part One, Title II, Section 2 and Section 3 in the CRR as specified by any delegated or implementing regulation.
Accompanying narrative: See table EU LIA. Clarify if the entities that are neither consolidated nor deducted are risk-weighted or not consolidated in accordance with Article 19 of the CRR.

Definitions

Name of the entity: The commercial name of any entity included or deducted from the regulatory and accounting scope of consolidation of an institution.

Method of accounting consolidation: The consolidation method used in accordance with the applicable accounting framework.

Method of regulatory consolidation: The consolidation method implemented for the purpose of Part One, Title II, Chapter 2 of the CRR. At a minimum, the methods listed in Article 436(b) of the same regulation should be disclosed.

Description of the entity: Brief description of the entity, with (at a minimum) disclosure of its sector of activity.

	a	b	c	d	e	f
		Method of regulatory consolidation				Description of the entity

Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Neither consolidated nor deducted	Deducted	
Entity A	Full consolidation	X				Credit institution
Entity N	Full consolidation		X			Credit institution
Entity Z	Full consolidation				X	Insurance entity
Entity AA	Full consolidation			X		Immaterial leasing company

Variability of risk exposure amount – statement of flows between disclosure periods

Figure 20 – EU CR8: RWA flow statements of credit risk exposures under the IRB approach

Purpose: Present a flow statement explaining variations in the credit RWAs of exposures for which the risk-weighted amount is determined in accordance with Part Three, Title II, Chapter 3 of the CRR and the corresponding capital requirement as specified in Article 92(3)(a).
Scope of application: The template applies to all institutions included in paragraph 7 of these guidelines using the AIRB approach and/or FIRB approach.
Content: RWAs do not include RWAs for derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions subject to Part Three, Title II, Chapter 6 of the CRR or subject to Article 92(3) point(f) of the same regulation, whose regulatory exposure value is calculated according to the methods laid down in the aforementioned chapter. Changes in RWA amounts over the reporting period for each of the key drivers should be based on an institution's reasonable estimation of the figure.
Frequency: Quarterly
Format: Fixed. Columns and rows 1 and 9 cannot be altered. Institutions may add additional rows between rows 7 and 8 to disclose additional elements that contribute significantly to RWA variations.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

		a	b
		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period**		
2	Asset size		
3	Asset quality		
4	Model updates		
5	Methodology and policy		
6	Acquisitions and disposals		
7	Foreign exchange movements		
8	Other		
9	**RWAs as at the end of the reporting period**		

Definitions

Asset size: Organic changes in book size and composition (including the origination of new businesses and maturing loans) but excluding changes in book size due to acquisitions and disposal of entities.

Asset quality: Changes in the assessed quality of the institution's assets due to changes in borrower risk, such as rating grade migration or similar effects.

Model updates: Changes due to model implementation, changes in model scope, or any changes intended to address model weaknesses.

Methodology and policy: Changes due to methodological changes in calculations driven by regulatory policy changes, including both revisions to existing regulations and new regulations.

Acquisitions and disposals: Changes in book sizes due to acquisitions and disposal of entities.

Foreign exchange movements: Changes arising from foreign currency translation movements.

Other: This category must be used to capture changes that cannot be attributed to any other category. Institutions should add additional rows between rows 7 and 8 to disclose other material drivers of RWA movements over the reporting period.

Figure 21 - Template EU CCR7: RWA flow statements of CCR exposures under the IMM

Purpose: Present a flow statement explaining changes in the CCR RWAs determined under the IMM for the CCR (derivatives and SFTs) in accordance with Part Three, Title II, Chapter 6 of the CRR.
Scope of application: The template is mandatory for all institutions included in paragraph 7 of these guidelines using the IMM for measuring EAD of exposures subject to the CCR framework in accordance with Part Three, Title II, Chapter 6 of Regulation (EU) No 575/2013, irrespective of the credit risk approach used to compute RWAs from EAD.
Content: RWAs corresponding to the CCR (credit risk shown in EU CR8 is excluded). Changes in RWA amounts over the reporting period for each of the key drivers should be based on an institution's reasonable estimation of the figure.
Frequency: Quarterly.
Format: Fixed. Columns and rows 1 and 9 are fixed. Institutions may add additional rows between rows 7 and 8 to disclose additional elements that contribute to RWA variations.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

		a	b
		RWA amounts	Capital requirements
1	**RWAs as at the end of the previous reporting period**		
2	Asset size		
3	Credit quality of counterparties		
4	Model updates (IMM only)		
5	Methodology and policy (IMM only)		
6	Acquisitions and disposals		
7	Foreign exchange movements		
8	Other		
9	**RWAs as at the end of the current reporting period**		

Definitions

Asset size: Organic changes in book size and composition (including the origination of new businesses and maturing exposures) but excluding changes in book size due to acquisitions and disposal of entities.

Credit quality of counterparties: Changes in the assessed quality of the institution's counterparties as measured under the credit risk framework, whatever approach the institution uses. This row also includes potential changes due to IRB models when the institution uses an IRB approach.

Model updates: Changes due to model implementation, changes in model scope, or any changes intended to address model weaknesses. This row addresses only changes in the IMM model.

Methodology and policy: Changes due to methodological changes in calculations driven by regulatory policy changes, such as new regulations (only in the IMM model).

Acquisitions and disposals: Changes in book sizes due to acquisitions and disposal of entities.

Foreign exchange movements: Changes arising from foreign currency translation movements.

Other: This category is intended to be used to capture changes that cannot be attributed to the above categories. Institutions should add additional rows between rows 7 and 8 to disclose other material drivers of RWA movements over the reporting period.

Figure 22 –Template EU MR2-B: RWA flow statements of market risk exposures under the IMA

Purpose: Present a flow statement explaining variations in the market RWAs (as specified in Article 92(4)(b)) determined under an Part Three, Title IV, Chapter 5 of the CRR (IMA).
Scope of application: The template applies to all institutions included in paragraph 7 of these guidelines permitted to use the IMA for the calculation of their market risk capital requirements.
Content: RWAs for market risk. Changes in RWA amounts over the reporting period for each of the key drivers should be based on an institution's reasonable estimation of the figure.
Frequency: Quarterly
Format: Fixed format for all columns and for rows 1 and 8. Institutions may add additional rows between rows 7 and 8 to disclose additional elements that contribute to RWA variations.
Accompanying narrative: Institutions are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

		a	b	c	d	e	f	g
		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total capital requirements
1	**RWAs at previous quarter end**							
1a	*Regulatory adjustment*							
1b	*RWAs at the previous quarter-end (end of the day)*							
2	Movement in risk levels							
3	Model updates/changes							
4	Methodology and policy							
5	Acquisitions and disposals							
6	Foreign exchange movements							
7	Other							
8a	*RWAs at the end of the reporting period (end of the day)*							
8b	*Regulatory adjustment*							
8	**RWAs at the end of the reporting period**							

Definitions

Rows

Movement in risk levels: Changes due to position changes.

Model changes: Significant updates to the model to reflect recent experience (e.g. recalibration), as well as significant changes in model scope. If more than one model update has taken place, additional rows could be necessary.

Methodology and policy: Methodology changes to the calculations driven by regulatory policy changes.

Acquisitions and disposals: Modifications due to acquisition or disposal of business/product lines or entities.

Foreign exchange movements: Changes arising from foreign currency translation movements.

Other: This category must be used to capture changes that cannot be attributed to any other category. Institutions should add additional rows between rows 6 and 7 to disclose other material drivers of RWA movements over the reporting period.

Rows 1a/1b and 8a/8b should be used when the RWA/capital requirement for any of the columns a to d is the 60-day average (for VaR and SVaR) or the 12-week average measure or the floor measure (for IRC and Comprehensive risk measure) and not the RWA/capital requirement at the end of the period (previous or reporting) as defined in template EU MR2-A rows 1a, 2a, 3a, 4a. In these cases, additional rows for regulatory adjustment (as presented above in 1a and 8b) ensure that the institution is able to provide the source of changes in RWA/capital requirement on the basis of the last RWA/capital requirement measure at the end of the period (previous or reporting), disclosed in rows 1b and 8a. In this case, rows 2, 3, 4, 5, 6, 7 reconcile the value in row 1b and 8a.

Columns

RWAs at the end of the reporting period (column VaR): Derived RWAs corresponding to the (capital requirements reflecting the regulatory VaR (10 day 99%), as well as additional capital charge related to the VaR model on the supervisor's decision) x 12.5. This amount should reconcile with the amount shown in template EU MR2-A (row 1/column a).

RWAs at the end of the reporting period (column SVaR): Derived RWAs corresponding to the (capital requirements reflecting the stressed regulatory VaR (10 day 99%), as well as additional capital charge on the supervisor's decision) x 12.5. This amount should reconcile with the amount shown in template EU MR2-A (row 2/column a).

RWAs at the end of the reporting period (column IRC): Derived RWAs corresponding to the (capital requirements as used for computing the IRC, well as additional capital charge on the supervisor's decision (multiplier)) x 12.5. This amount should reconcile with the amount shown in template EU MR42-A (row 3/column a).

RWAs at the end of the reporting period (column Comprehensive risk measure): Derived RWAs corresponding to the (capital requirements as used for computing the comprehensive risk capital charge, as well as any additional capital charge on the supervisor's decision) x 12.5. This amount should reconcile with the amount shown in template EU MR2-A (row 4/column a).

RWAs at the end of the reporting period (column other): Derived RWAs corresponding to specific capital charges (jurisdiction-specific or firm-specific) on the basis of model approaches not reported in VaR/SVaR/IRC/Comprehensive risk measure. Additional columns can be disclosed where the jurisdictions provide more than one specific capital charge.

Total RWAs at the end of the reporting period: Derived RWAs corresponding to the total capital requirements for market risk (on the basis of IMA x 12.5). This amount must reconcile with the amounts shown in template EU OV1, column 'RWAs', as well as in template EU MR2-A (row total/column a).

Total capital requirements: This amount should reconcile with the amount shown in template EU OV1, column 'minimum capital requirement', as well as in template EU MR2-A (row total/column b).

Disclosure of the liquidity coverage ratio (LCR)

Figure 23 - Templates EU LIQ1: LCR disclosure template

Purpose:	Disclose level and components of the LCR.
Scope of application:	The template is mandatory for credit institutions referred to in paragraph 7 of these guidelines.
Content:	Quantitative information.
Frequency:	At least annual.
Format:	Fixed.

Scope of consolidation (solo/consolidated)		Total unweighted value (average)				Total weighted value (average)			
Currency and units (XXX million)									
Quarter ending on (DD Month YYY)									
Number of data points used in the calculation of averages									
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)								
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:								
3	*Stable deposits*								
4	*Less stable deposits*								
5	Unsecured wholesale funding								
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*								
7	*Non-operational deposits (all counterparties)*								
8	*Unsecured debt*								
9	Secured wholesale funding								
10	Additional requirements								
11	*Outflows related to derivative exposures and other collateral requirements*								
12	*Outflows related to loss of funding on debt products*								
13	*Credit and liquidity facilities*								

14	Other contractual funding obligations								
15	Other contingent funding obligations								
16	TOTAL CASH OUTFLOWS								
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)								
18	Inflows from fully performing exposures								
19	Other cash inflows								
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS								
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*								

			TOTAL ADJUSTED VALUE			
21	LIQUIDITY BUFFER					
22	TOTAL NET CASH OUTFLOWS					
23	LIQUIDITY COVERAGE RATIO (%)					

Figure 24 - Template on qualitative information on LCR, which complements the LCR disclosure template

Purpose:	Disclose further explanation of the items included in the LCR disclosure template
Scope of application:	The template is mandatory for credit institutions referred to in paragraph 7 of these Guidelines
Content:	Mainly qualitative discussions, which could be supported by quantitative information
Frequency:	At least annual
Format:	Flexible

Concentration of funding and liquidity sources	
Derivative exposures and potential collateral calls	
Currency mismatch in the LCR	
A description of the degree of centralisation of liquidity management and interaction between the group's units	
Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile	

Figure 25 - Table EU LIQA on liquidity risk management

Purpose:	Disclose risk management objectives and policies for liquidity risk
Scope of application:	The table is mandatory for credit institutions referred to in paragraph 7 of these guidelines
Content:	Qualitative and quantitative information
Frequency:	At least annual
Format:	Flexible

	Comment
Strategies and processes in the management of the liquidity risk	
Structure and organisation of the liquidity risk management function (authority, statute, other arrangements)	
Scope and nature of liquidity risk reporting and measurement systems	
Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants	
A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution’s profile and strategy	
A concise liquidity risk statement approved by the management body succinctly describing the institution’s overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in Annex II of these guidelines) providing external stakeholders with a comprehensive view of the institution’s management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body	

Disclosure of information on non-performing loans

Figure 26 – Template EU CR1-E: Non-performing and forborne exposures

Purpose: Provide an overview of non-performing and forborne exposures as per the Commission Implementing Regulation (EU) No 680/2014.
Scope of application: The template applies to all institutions included in paragraph 7 of these guidelines.
Content: Gross carrying values (corresponding to the accounting values before impairment, provisions and accumulated negative fair value adjustments due to credit risk reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR). When the amount of accumulated impairment and provisions and negative fair value adjustments due to credit risk is materially different from the amount of specific and general credit risk adjustments disclosed in Templates EU CR1-A to D, institutions should separately disclose the amount of accumulated negative changes in fair value due to credit risk.
Frequency: Semi-annual.
Format: Flexible.
Accompanying narrative: Institutions are expected to explain the drivers of any significant changes in the amounts from the previous reporting period and explain the differences between the amounts of non-performing, impaired and defaulted exposures.

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Gross carrying values of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
			Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures
						Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
010	Debt securities													
020	Loans and advances													
030	Off-balance-sheet exposures													

Definitions

Columns

Gross carrying amount: See the definition in Template EU CRB-B.

Non-performing exposures: As defined in paragraph 145 in Annex V of the Commission Implementing Regulation (EU) No 680/2014 as amended by Commission Implementing Regulation (EU) 2015/227 [29].

Forborne exposure: Forborne exposures as defined in paragraphs 163-167 in Annex V of the Commission Implementing Regulation (EU) No 680/2014. Depending on whether forborne exposures satisfy the required conditions set out in Annex V of that regulation, they can be identified as performing or as non-performing.

Impaired exposures: Non-performing exposures that are also considered to be impaired in accordance with the applicable accounting framework.

Defaulted exposures: Non-performing exposures that are also classified as defaulted in accordance with Article 178 of the CRR.

Accumulated impairment and provisions and negative fair value adjustments due to credit risk This shall include the amounts determined in accordance with paragraphs 48, 65 and 66 of Part Two of Annex V of the Commission Implementing Regulation (EU) No 680/2014.

Collateral and financial guarantees received: Maximum amount of collateral or guarantee that can be considered, which cannot exceed the carrying amount of the collateralised or guaranteed exposure.

[29] Corrigendum: the reference to Commission Implementing Regulation (EU) 2015/227 has been added compared with the original version.

Annex III – Links to institutions' Pillar 3 reports

- Barclays PLC – Pillar 3 Report end of 2018 – https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2018/barclays-plc-pillar-3-report-2018.pdf
- Barclays PLC – Interim Pillar 3 report June 2019 – https://home.barclays/content/dam/home-barclays/documents/investor-relations/ResultAnnouncements/2019HYResults/Barclays%20PLC%20Interim%202019%20Pillar%203%20Report.pdf
- BNP Paribas – Pillar 3 Report end of 2018 – https://invest.bnpparibas.com/sites/default/files/documents/ddr2018-gb-bnp_paribas.pdf
- BNP Paribas –Interim Pillar 3 Report June 2019 – https://invest.bnpparibas.com/sites/default/files/documents/bnp_paribas_-_universal_registration_document_as_at_300619_and_half_year_financial_report.pdf
- Groupe Crédit Agricole – Pillar 3 Report end of 2018 – https://www.credit-agricole.com/en/content/download/172740/3956477/version/6/file/CASA_A01_2018_UK_MEL_2.pdf
- Groupe Crédit Agricole – Interim Pillar 3 Report June 2019 – https://www.credit-agricole.com/en/content/download/176177/4473216/version/5/file/Groupe%20CA%20-%20Pilier%203%20-%20300619%20-%20UK.pdf
- Deutsche Bank – Pillar 3 Report end of 2018 – https://www.db.com/ir/en/download/Deutsche_Bank_Pillar_3_Report_2018.pdf
- Deutsche Bank – Interim Pillar 3 Report June 2019 – https://www.db.com/ir/en/download/Pillar_3_Report_Q2_2019.pdf
- HSBC Holdings PLC – Pillar 3 Report end of 2018 – https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2018/annual/hsbc-holdings-plc/190219-pillar-3-disclosures-31-december-2018.pdf
- HSBC Holdings PLC – Interim Pillar 3 Report June 2019 – https://www.hsbc.com/-/files/hsbc/investors/hsbc-results/2019/interim/hsbc-holdings-plc/190805-pillar-3-disclosures-at-30-june-2019.pdf
- ING Group – Pillar 3 Report end of 2018 – https://www.ing.com/web/file?uuid=6005d8c7-4819-4c14-ad1c-a685c205811e&owner=b03bc017-e0db-4b5d-abbf-003b12934429&contentid=46351&elementid=2077101
- ING Group – Interim Pillar 3 Report June 2019 – https://www.ing.com/web/file?uuid=96466633-3ce1-4fd8-bd62-73a1591ef80e&owner=b03bc017-e0db-4b5d-abbf-003b12934429&contentid=47436&elementid=2089800

- Intesa Sanpaolo (ISP) – Pillar 3 Report end of 2018 – https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/RISORSE/Documenti%20PDF/en_governance/CNT-05-000000052F43F.pdf
- Intesa Sanpaolo (ISP) – Interim Pillar 3 Report June 2019 – https://group.intesasanpaolo.com/content/dam/portalgroup/repository-documenti/investor-relations/Contenuti/Migrazione-CMIR/Progetto%20Sito%20Istituzionale/Content/2008/presentazioni_2008/20190924_Pillar3_uk.pdf
- Nordea Group – Pillar 3 Report end of 2018 – https://www.nordea.com/Images/33-305679/Nordea%20Group%20Capital%20and%20Risk%20Management%20Report_2018.pdf
- Nordea Group – Interim Pillar 3 Report June 2019 – https://www.nordea.com/Images/33-323560/Nordea%20Capital%20and%20Risk%20Management%20Report%20Second%20Quarter%202019.pdf
- Santander – Pillar 3 Report end of 2018 – https://www.santander.com/content/dam/santander-com/en/documentos/informe-con-relevancia-prudencial/2018/IRP-2018-Pilar%20III%202018-en.pdf
- Santander – Interim Pillar 3 Report June 2019 – https://www.santander.com/en/shareholders-and-investors/financial-and-economic-information/pillar-III-disclosures-report (2Q19 Report in Excel format)
- SEB Bank – Pillar 3 Report end of 2018 – https://sebgroup.com/siteassets/investor_relations1/capital_adequacy_reports/cap_adequacy_seb_pillar3_2018.pdf
- SEB Bank – Interim Pillar 3 Report June 2019 – https://sebgroup.com/investor-relations/reports-and-presentations/capital-adequacy-report (Pillar 3 tables 2019 Q2 (Excel) on the right)
- Société Générale – Pillar 3 Report end of 2018 – https://www.societegenerale.com/sites/default/files/documents/societe-generale-pillar-3-2019.pdf
- Société Générale – Interim Pillar 3 Report June 2019 – https://www.societegenerale.com/sites/default/files/documents/Pilier%20III/2019/pillar-3-eng_13-09-2019.pdf
- Unicredit Group – Pillar 3 Report end of 2018 – https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/third-pillar-basel/2018/UniCredit-Group-Disclosure-Pillar-III-as-at-31-December-2018.pdf
- Unicredit Group – Interim Pillar 3 Report June 2019 – https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/third-pillar-basel/2019/UniCredit-Group-Disclosure-Pillar-III-as-at-30-June-2019.pdf

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