

EBA/CP/2019/02

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5 March 2019

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# Consultation Paper

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Draft Guidelines

on harmonised definitions and templates for funding plans of  
credit institutions under Recommendation A4 of ESRB/2012/2

# Contents

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<b>1. Responding to this consultation</b>	<b>3</b>
<b>2. Executive Summary</b>	<b>4</b>
<b>3. Background and rationale</b>	<b>5</b>
<b>4. Draft guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2</b>	<b>8</b>
<b>5. Accompanying documents</b>	<b>18</b>
5.1 Draft cost-benefit analysis / impact assessment	18
5.2 Overview of questions for consultation	22

# 1. Responding to this consultation

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The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 5.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

## Submission of responses

To submit your comments, click on the 'send your comments' button on the consultation page by 5 May 2019. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

## Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA's rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA's Board of Appeal and the European Ombudsman.

## Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation (EC) N° 45/2001 of the European Parliament and of the Council of 18 December 2000 as implemented by the EBA in its implementing rules adopted by its Management Board. Further information on data protection can be found under the Legal notice section of the EBA website.

## 2. Executive Summary

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1. These draft guidelines are an update of the EBA guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 (EBA/GL/2014/04) issued on 19 June 2014. EBA/GL/2014/04 will be repealed from the date these draft guidelines come into force.
2. The update is based on experience gained through analysing the data received as well as due to the questions raised via the EBA Single Rulebook Q&A tool<sup>1</sup>. A detailed set of instructions have been included to facilitate a harmonised implementation and reduce implementation burden. The templates have been revised and updated reflecting lessons learnt in analysing and validating banks' funding plans (see [reports published in 2017 and 2018](#)<sup>2</sup>) and aim to better align with the definitions used in Commission Implementing Regulation (EU) No 680/2014 (Reporting Regulation)<sup>3</sup>.
3. A new template on forecast of the statement of profit or loss has been introduced with the intention to monitor trends over time in firms' profitability and their impact in funding.

### Next steps

4. After a consultation period of 2 months the EBA will revise the proposal, taking into account the feedback received. The EBA deems a consultation period of 2 months as adequate given the limited changes to the templates and instructions.
5. The publication of the final guidelines is expected to take place during the second half of 2019. The first reference date for reporting under the updated framework set out in these Guidelines will be 31 December 2020.

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<sup>1</sup> The EBA Single Rulebook Q&A tool can be accessed at <https://eba.europa.eu/single-rule-book-qa>

<sup>2</sup> The reports can be accessed at <https://eba.europa.eu/risk-analysis-and-data/risk-assessment-reports/thematic-reports>

<sup>3</sup> Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 191, 28.6.2014, p. 1)

### 3. Background and rationale

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1. On 19 June 2014, the EBA issued the guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 (EBA/GL/2014/04)<sup>4</sup>. These guidelines provided harmonised definitions and templates for the funding plans of credit institutions mainly as a response to the European Systemic Risk Board (ESRB) Recommendation 2012/02<sup>5</sup> on the funding of credit institutions.
2. Based on the experience gained through [assessing banks' funding plans in 2017 and 2018](#)<sup>6</sup>, as well as due to the questions raised via the EBA Single Rulebook Q&A tool<sup>7</sup>, it has been made clear that there is a need to update the current templates and to provide detailed instructions.
3. The majority of the changes aim at aligning the definitions and breakdowns used in the guidelines with those used in FINREP. This will reduce uncertainty as regards its implementation, increase the comparability and facilitate better and more automatic validations of data provided. This will result in an easier data production process for credit institutions and will ultimately deliver better data quality.
4. Other changes aim at improving the assessment of banks' funding plans and the relevance of the data provided for such assessments. These changes are described in more detail in the following paragraphs.
5. Funding Plans should be reported on a consolidated basis following the prudential scope at the highest level of consolidation in a Member State. The Guidelines also clarify that the data should be reported on individual basis when the entities are not part of a prudential group. In addition, Competent Authorities may also require data on an individual basis when deemed necessary for assessing individual institutions' funding. The updated Guidelines also clarify that liquidity ratios should only be provided when requested by the Regulation 575/2013 and Commission Delegated Regulation (EU) 2015/61 and following the perimeter required by those regulations.
6. The ESRB recommendation requires the EBA to assess the viability of funding plans for the Union banking system, on an aggregated basis. In order to be able to do a proper analysis at such level, the breakdown of the information between domestic and international activities is not enough and therefore it is proposed to split the breakdown of banks' international activities

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<sup>4</sup> The Guidelines can be accessed at <https://eba.europa.eu/regulation-and-policy/liquidity-risk/guidelines-on-harmonised-definitions-and-templates-for-funding-plans-of-credit-institutions/>

<sup>5</sup> The English text of the Recommendation can be accessed at [http://www.esrb.europa.eu/pub/pdf/recommendations/2012/ESRB\\_2012\\_2.en.pdf?04a855f6d5c296dd9ae9f6576d45bb33](http://www.esrb.europa.eu/pub/pdf/recommendations/2012/ESRB_2012_2.en.pdf?04a855f6d5c296dd9ae9f6576d45bb33) or OJ 2013/C 119/01. Versions in the other official languages may be found at <http://www.esrb.europa.eu/pub/html/index.en.html> in the entry of 18.02.2013.

<sup>6</sup> The reports can be accessed at <https://eba.europa.eu/risk-analysis-and-data/risk-assessment-reports/thematic-reports>

<sup>7</sup> The EBA Single Rulebook Q&A tool can be accessed at <https://eba.europa.eu/single-rule-book-qa>



into 'other EEA countries activities' and 'non-EEA countries activities'. This also serves the objective to maintain a Union-wide view.

7. The current breakdowns of assets and liabilities in templates P01.01 and P01.02 have proven to be too restricted to understand the forecast of the balance sheet, with considerable amounts being provided as other assets and other liabilities. In order to tackle this and to have better information on the funding plans of the entities, further breakdowns have been included.
8. On the asset side, the revised breakdown includes all counterparty sectors for loans and advances (full alignment with FINREP table F 05.01) as well as debt securities and equity instruments (which were included in 'other assets' according to the original guidelines). In addition, information on non-performing loans is also now required in order to understand the expected changes in the level of non-performing exposures following the introduction of the EBA guidelines on management of non-performing and forborne exposures. The forecast data input from credit institutions is expected to indicate the institutions' management strategies to achieve sustainable reduction of NPEs on their balance sheets.
9. On the liability side, a further breakdown of total long-term unsecured debt securities issued has been incorporated. The breakdown includes different classes of issued debt instruments, i.e. Additional Tier 1 instruments, Tier 2 instruments, subordinated and senior instruments adding other long-term unsecured instruments as the remainder. These instruments have different risk structures and as such also different pricing. The issuance and outstanding volumes of some of those instruments are directly related to the requirements issued by the respective regulations (CRR/CRD and BRRD). For these reasons, the issuances and volumes of those different types of debt instruments should presumably be planned separately by banks and not as a single position. Such differentiation is also important for the validation of banks' funding plans.
10. Due to the significant effect that the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Requirement (NSFR) could have on bank funding patterns and in order to understand better their composition and projection, the forecast of their main contributors are now requested.
11. In order to have a better view on the real structural currency mismatches of the institutions, the overview of the positions in the three largest material currencies are now requested after taking into account the hedging done by the institution via FX forwards, FX Swaps or Cross-currency swaps. This approach shall better reflect institution's FX management and as such provide a better understanding of institutions' FX risks.
12. The issuance and redemptions of debt instruments, which were so far part of the balance sheet liabilities template, are now covered in a separate template that includes further breakdowns of the instruments issued. The template reflects the composition of the liabilities, and as such differentiates between the main classes of total long-term unsecured debt securities issued. In addition to the rows for the reporting of the maturing debt, the planned issuances are split between those instruments issued and not retained by the institution and those that are



retained. Retained instruments as part of an issuance are commonly used as collateral for instance for central bank. These instruments are as such not placed on financial markets, and should not need to be considered in any analysis related to primary markets activity. Also clarifications in the instructions have been added to indicate that maturing instruments include those instruments that are contractually due to mature but also those bought back and redeemed or cancelled by an institution, for instance as part of liability management exercise.

13. The template, which covers public sector and central bank sources of funding was further extended and now also includes national and supra-national term repo funding programmes with a maturity of less than one year, like for instance the ECB's main refinancing operations (MRO). This expansion of the template shall make sure that the dependency on central bank funding is reflected in full. Information on the direct financing provided by the public sector to the real economy via granting loans has been added completing the view on public funding support. The latter requirement addressed several comments and questions received.
14. A complete new template on forecast of the statement of profit or loss has been introduced with the intention to monitor trends over time in firms' profitability and their impact in funding. This information enable the analysis of projected financial performance of the supervised entities and the viability of the institution's business model in accordance with paragraphs 72(b), 74 and 76 of EBA/GL/2014/13 on common procedures and methodologies for the supervisory review and evaluation process (SREP Guidelines)<sup>8</sup>. Being part of the Funding Plan templates, planned profitability can easily be set into relation with planned changes of assets and liabilities.
15. During the next two years, the need of issuing MREL eligible instruments as well as the replacements of maturing central bank funding support for financial institutions are expected to be the key drivers for financial institutions' funding market trends. However, the current version of the Funding Plan templates does not provide for any differentiation into different classes of unsecured and subordinated debt securities issued. Such a differentiation is of particular relevance and importance for the analysis of the funding plans and understanding the risks for banks funding as they have different means and purposes as well as risk and pricing levels in banks' funding mix.

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<sup>8</sup> The SREP Guidelines can be accessed at <https://eba.europa.eu/-/eba-publishes-final-guidelines-on-srep-methodologies-and-processes>

## 4. Draft guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2

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In between the text of the draft Guidelines that follows, further explanations on specific aspects of the proposed text are occasionally provided, which either offer examples or provide the rationale behind a provision, or set out specific questions for the consultation process. Where this is the case, this explanatory text appears in a framed text box.

EBA/GL/20XX/XX

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DD Month YYYY

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## Draft Guidelines

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on harmonised definitions and templates for funding plans of credit institutions under Recommendation of the European Systemic Risk Board of 20 December 2012 (ESRB/2012/2)

# 1. Compliance and reporting obligations

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## Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010<sup>9</sup>. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.
2. Guidelines set the EBA view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

## Reporting requirements

3. According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, by ([dd.mm.yyyy]). In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website to [compliance@eba.europa.eu](mailto:compliance@eba.europa.eu) with the reference 'EBA/GL/201x/xx'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to EBA.
4. Notifications will be published on the EBA website, in line with Article 16(3).

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<sup>9</sup> Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p.12).

## 2. Subject matter, scope and definitions

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### Subject matter

5. These guidelines specify the content, instructions and uniform formats for the reporting of funding plans on the basis of paragraph 4 of Recommendation A of the Recommendation of the European Systemic Risk Board of 20 December 2012 on funding of credit institutions ('ESRB Recommendations' and 'ESRB Recommendation A')<sup>10</sup>.

### Scope of application

6. Competent authorities should apply these guidelines on a consolidated basis in accordance with Chapter 2 of Title II of Part One of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation ('Regulation (EU) No 575/2013').<sup>11</sup>
7. Competent authorities should apply these guidelines on an individual basis in accordance with Chapter 1 of Title II of Part One of Regulation (EU) No 575/2013 when the credit institutions referred to in paragraph 9 are not part of a group subject to consolidated supervision pursuant to Articles 111 and 112 of Directive 2013/36/EU<sup>12</sup>.
8. Notwithstanding paragraphs 6 and 7, competent authorities may apply these guidelines also on an individual basis in accordance with Chapter 1 of Title II of Part One of Regulation (EU) No 575/2013 for all other institutions.
9. When applying these guidelines, competent authorities should ensure that the largest credit institutions in terms of volume of assets in each Member State are covered, and that the coverage amounts to at least 75 % of the banking system's total consolidated assets in that Member State.

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<sup>10</sup> Recommendation of the European Systemic Risk Board of 20 December 2012 on funding of credit institutions (OJ L 119, 25.4.2013, p. 1).

<sup>11</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance (OJ L 176, 27.6.2013, p. 1).

<sup>12</sup> Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).



## Addressees

10. These guidelines are addressed to competent authorities as defined in point (i) of point (2) of Article 4) of Regulation (EU) No 1093/2010 and to credit institutions that report funding plans to their competent authorities, in accordance with the national implementation framework of the ESRB Recommendations and the scope of application of these guidelines.

## Definitions

11. Unless otherwise specified, terms used and defined in Regulation (EU) No 575/2013<sup>13</sup>, Regulation (EU) No 680/2014<sup>14</sup> and Regulation (EU) 2018/1624<sup>15</sup> have the same meaning in the guidelines.

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<sup>13</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

<sup>14</sup> Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 191, 28.6.2014, p. 1).

<sup>15</sup> Commission Implementing Regulation (EU) 2018/1624 of 23 October 2018 laying down implementing technical standards with regard to procedures and standard forms and templates for the provision of information for the purposes of resolution plans for credit institutions and investment firms pursuant to Directive 2014/59/EU of the European Parliament and of the Council, and repealing Commission Implementing Regulation (EU) 2016/1066 (OJ L 277, 7.11.2018, p. 1)

## 3. Implementation

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### Date of application

12. These guidelines apply from 31 December 2020.

### Repeal

13. The EBA guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 ( EBA/GL/2014/04) of 19 June 2014<sup>16</sup> are repealed with effect from 31 December 2020.

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<sup>16</sup> The Guidelines can be accessed at <https://eba.europa.eu/regulation-and-policy/liquidity-risk/guidelines-on-harmonised-definitions-and-templates-for-funding-plans-of-credit-institutions/>

## 4. Requirements for reporting of funding plans

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14. Credit institutions should report their funding plans in accordance with the harmonised instructions and templates referred to in Annex I and Annex II to these guidelines.
15. Competent authorities should also provide the EBA with full transparency on the scope of application of these guidelines and an explanation as to how the guidance referred to in paragraph 9 has been observed.

### 4.1 Reporting format

16. Credit institutions should submit the information referred to in these guidelines in the data exchange formats and representations specified by competent authorities, respecting the data point definition included in the data point model referred to in Annex XIV and the validation formulae specified in Annex XV of the Commission Implementing Regulation (EU) No 680/2014, as well as the following specifications:
  - (a) information that is not required or not applicable should not be included in a data submission;
  - (b) numeric values should be submitted as facts according to the following:
    - i. data points with the data type 'Monetary' should be reported using a minimum precision equivalent to millions of units;
    - ii. data points with the data type 'Percentage' should be expressed as per unit with a minimum precision equivalent to four decimals;
    - iii. data points with the data type 'Integer' should be reported using no decimals and a precision equivalent to units.
17. The data submitted by the credit institutions should be associated with the following information:
  - (a) reporting reference date and reference period;
  - (b) reporting currency;
  - (c) accounting standard;
  - (d) identifier of the reporting institution;
  - (e) level of application as individual or consolidated.



## 4.2 Frequency, reporting reference date and remittance date

18. Credit institutions should submit the information with an annual frequency.
19. Credit institutions should report their funding plans in accordance with these guidelines by 28 February with a reference date of 31 December of the previous year.
20. Where credit institutions are permitted by national laws to report their financial information based on their accounting year-end which deviates from the calendar year-end, the latest available accounting year-end should be considered as the reference date.



# Annex 1 - Instructions

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## Annex 2 - Templates

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## 5. Accompanying documents

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### 5.1 Draft cost-benefit analysis / impact assessment

As per Article 16(2) of Regulation (EU) No 1093/2010 (EBA Regulation), any guidelines and recommendations developed by the EBA shall be accompanied by an Impact Assessment (IA) which analyses ‘the potential related costs and benefits’.

This analysis presents the Impact Assessment of the main policy options included in this Consultation Paper on the draft Guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2. The IA is high level and qualitative in nature.

#### A. Problem identification

Some issues were identified as part of the implementation of the EBA Guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 (EBA/GL/2014/04) which were issued in 2014. Specifically, the Q&A process as well as analysis of the data submitted, made clear that some clarifications and changes to the templates would be beneficial or in some cases indeed necessary.

Clarifications and changes namely relate to a lack of alignment with FINREP reporting templates, insufficient granularity of data, missing information on P&L, and a lack of explicit instructions for filling in the templates. Changes also relate to the structure of market funding liabilities, i.e. mainly in the area of secured and unsecured debt securities, aiming to align them to common debt market practice (issuers’ and investors’ view). Modifications on the latter include for example a split of unsecured and subordinated funding into additional tier 1 (AT1), tier 2 (T2), non-preferred senior unsecured instruments and other unsecured instruments.

#### B. Policy objectives

These draft Guidelines aim at addressing the identified issues through revised and new templates and explicit instructions for filling out the templates. The aim is to improve clarity, enhance data quality and reduce banks’ reporting burden in those areas where items overlap with FINREP reporting.

## C. Options considered, assessment of the options and preferred options

Section C. presents the main policy options discussed and the decisions made during the development of the draft Guidelines. Advantages and disadvantages, as well as potential costs and benefits of the policy options and the preferred options resulting from this analysis are reported.

Remove reporting uncertainty: Consistency of funding plan templates with FINREP

**Option 1a:** For items included in both funding plan and FINREP reporting, make explicit references to FINREP in the funding plans to ensure consistency. Apart from that, keep the templates and Guidelines unchanged.

**Option 1b:** For items included in both funding plans and FINREP reporting, make explicit references to FINREP in new instructions to the funding plans to ensure consistency and fully align the wording and definitions (by changing the wording in the funding plans where necessary). In addition, introduce some changes in the funding plan templates to further increase the alignment with FINREP.

The current balance sheet templates in the funding plan templates show several mis-alignments to FINREP. Discrepancies in items' definitions, titles and scope prevent a more streamlined and efficient production of the data required by banks. Improved consistency has been one of the key motivations behind the adjustment of the funding plan templates.

There are various ways to achieve this. Keeping the existing templates and merely establishing references to the FINREP templates would imply minimum change in implementation practices, however, it would require banks to go back and forth between FINREP and funding plan templates. Importantly, it would only achieve a very limited degree of consistency. **Option 1a has therefore been eliminated.**

In addition to making references to FINREP, making targeted changes to the existing funding plan templates allows for a far greater degree of consistency. This is proposed by actually aligning definitions and naming conventions of items included in both reporting frameworks with those used in FINREP and adding some FINREP items to the funding plan scope. Newly added detailed instructions in addition make references to FINREP. This ensures improved clarity for banks whilst keeping the broader structure of the existing funding plan templates.

Making changes to align the definitions and wordings directly in the funding templates in addition to providing references to FINREP, is viewed as more efficient, effective and user friendly. **Option 1b has been assessed as the preferred option.**

Filling data gaps and improving the relevance of the data

**Option 2a:** Include new and more granular data items to reflect recent regulatory and market developments

**Option 2b:** Stick to a more aggregated data presentation and keep the status quo



Data collection, analysis and developments in markets and the regulatory framework over recent years have exposed several data gaps and room for improvement in the current funding plan templates. In particular, regulatory developments have revealed the need to adapt the collected data in order to be able to continue making meaningful and relevant analyses of the market and banking sector going forward. These include for instance the reflection of different instruments of debt securities issued, like their split into AT1, T2, non-preferred senior unsecured instruments and other unsecured instruments in actual data and the forecasted years.

It was assessed that meaningful and relevant analyses would not be possible if keeping the templates in their current form under **Option 2b. This was hence excluded.**

As part of the **preferred option 2a**, several changes have therefore been proposed in the draft new funding plan templates. These changes include a more granular split-up of various debt securities under the liabilities table, adding details on the nominator and denominator of the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), more details on public funding sources, an additional break-down of international exposures into Euro Economic Area (EEA) and non- EEA, FX funding data now taking into account any hedging done by the institution via FX forwards, FX Swaps or Cross-currency swaps, and including a template on a P&L forecast.

#### D. Conclusion

It is not possible to quantify the overall costs or benefits of the change in funding plan reporting proposed through the draft Guidelines and revised templates.

However, the benefits of the amendments proposed in these draft Guidelines on harmonised definitions and templates for funding plans of credit institutions are expected to outweigh the costs. This is not least given that they reflect comments and lessons learnt from the practical application of the previous Guidelines, and aim at addressing any deficiencies/issues that have transpired from the previous templates. Most importantly, they aim to ensure that data collection and analysis remains up-to-date with regulatory and market developments. The revised templates should better reflect for instance banks' approach of planning different kinds of classes of debt securities issued (e.g. AT1, T2, non-preferred senior unsecured instruments and other unsecured instruments), which in turn have different means and purposes as well as risk levels in banks' funding mix.

Three key improvements of the draft Guidelines can be highlighted in particular:

1. **Reduce uncertainty and increase comparability of data**- the instructions provided and the alignment of definitions and wordings with FINREP templates (where applicable) will ensure clarity for banks and improved comparability of data.
2. **Ease the burden on banks by facilitating automatic validation of the data and enhancing its quality**- aligning the funding plan templates' wordings and definitions to FINREP



templates (where applicable) should ease the reporting burden on banks and at the same time improve data quality as it should streamline the data reporting process.

3. **Improve the relevance of the assessment of funding plans**- increased granularity and additional data items – including a P&L forecast – in the draft Guidelines and revised templates enable a funding plan assessment that reflects the most relevant issues, market and regulatory developments and questions raised via the EBA Single Rulebook Q&A tool.

## 5.2 Overview of questions for consultation

### Question 1 (on template P01.02)

1.1 Do respondents agree with the proposed breakdown of “Total long-term unsecured (original maturity  $\geq 1$  year)”?

1.2 Otherwise, which breakdown would you suggest?

### Question 2 (on template P02.02)

Template P02.02 has been expanded to include additional public sector and Central Bank sources of funding. Do respondent believe that now this template covers all forms of public sector and central bank sources of funding or should additional forms of sources be included?

### Question 3 (on template P02.06)

3.1 Do respondents agree that information on currency breakdown after hedging (template P02.06) will provide effective insight into possible currency mismatches?

3.2 Does the information reflect banks’ FX management approach or do you see the need to request more information to better reflect banks’ FX management?

3.3 Are the instructions are clear enough?

3.4 If the instructions are not clear please indicate how they could be improved.

### Question 4 (on template P05.00)

Do respondents agree with the possibility to have “retained issuance” for each of the instruments included in template P05.00? If not, could you please indicate which ones should be maintained and which ones should not and the reasons for it?

### Question 5 (on template P05.00)

Template P 01.02 defines a breakdown of liabilities (stock amounts as of the financial year-end) which have to be reported as carrying amounts (i.e. as in FINREP). For the same breakdown, templates P 05.00 requires firms to report the volume of issuances and maturing instruments for the current financial year as well as for future one-year periods (hence, representing flow amounts as opposed to stock amounts). In order to reconcile these volumes with stock amounts in P01.02, these volumes should also be reported as carrying amounts. However, some reporting institutions raised questions as regards the production of carrying amounts for future issuances.

An alternative to the current proposal is to report maturing and issuance volumes in P 05.00 as nominal amounts. As such amounts would no longer be fit for comparison with stock amounts as reported in P01.02, the year-end stock of liabilities (with the breakdown of liabilities as defined in

P 01.02) would have to be reported as nominal amounts in addition to the carrying amounts. For illustrative purposes, figure 1 below shows an example of an alternative template \_P 05.00 including also stocks.

5.1 Which methodology do you apply to calculate carrying amounts for future issuances (please describe as detailed as possible and highlight any problem with that calculation)?

5.2 Are you of the opinion that reporting maturing and new issuance volumes (as defined in P 05.00) as nominal amounts would better reflect your planning procedure and approach and do you believe that this alternative is preferable?

Figure 1

<i>Gross volumes</i>		<b>Current year</b>	<b>Planned Year 1</b>	...
		<i>010</i>	<i>020</i>	...
001	<b>Long-term Debt Securities issued (original maturity <math>\geq 1</math> year) (outstanding amounts)</b>			
005	<b>Total-long term unsecured (outstanding amounts)</b>			
010	Maturing (gross outflow)			
020	Non-retained issuance (gross inflow)			
030	Issuances retained (memo item)			
035	<b>Additional Tier 1 instruments (outstanding amounts)</b>			
040	Maturing (gross outflow)			
050	Non-retained issuance (gross inflow)			
060	Issuances retained (memo item)			
065	<b>Tier 2 instruments (outstanding amounts)</b>			
070	Maturing (gross outflow)			
080	Non-retained issuance (gross inflow)			
090	Issuances retained (memo item)			
	...			

#### Question 6 (on template P05.00)

The instructions on template P05.00 indicate that when instruments move from one category to another, including phased-out AT1 instruments becoming fully eligible T2 instruments, the instruments should be registered as an outflow in the “Maturing (gross outflows)” of the corresponding original instrument category and as an inflow in “Non-retained issuance (gross inflows)” of the corresponding new instrument category.

6.1 Do respondents believe that these movements could occur too often or be big enough so that including them as inflows or outflows as explained above and in the instructions may distort the analysis of the information?



6.2 If the answer to the 6.1 is positive, which would be the best way for the respondents to report this information?

**Question 7 (on alignment with FINREP as regards assets and liabilities)**

As described in section 3 of this consultation paper, many of the changes aim at aligning the definitions and breakdowns used in the guidelines with those used in FINREP. This is expected to result in an easier data production process for banks and ultimately deliver better data quality.

7.1 Do respondents agree with amending the templates to align definitions with FINREP? Are there other definitions that could be further aligned with other parts of the EBA supervisory reporting framework?

7.2 Do respondents agree that alignment of definitions will facilitate reporting production process?

7.3 Are there other aspects in the template design or further integration with FINREP reporting technical package that could help in data production process?