

EBA-CP-2019-09

16 October 2019

Consultation Paper

Draft Implementing Technical Standards

On public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013

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1. Responding to this consultation

The EBA invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 5.3.

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 16 January 2020. 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

Regulation (EU) No 575/2013 ('the CRR') mandates the EBA, in Article 434a, to develop draft implementing technical standards (ITS) specifying uniform disclosure formats, and associated instructions in accordance with which the disclosures required under Titles II and III of Part Eight of the CRR shall be made. Those uniform disclosure formats shall convey sufficiently comprehensive and comparable information for users of that information to assess the risk profiles of institutions and their degree of compliance with the requirements laid down in Parts One to Seven. To facilitate the comparability of information, the ITS shall seek to maintain consistency of disclosure formats with international standards on disclosures.

Following the new mandate, the EBA has updated its strategy regarding its policy on institutions' Pillar 3 disclosures, in order to foster the role of institutions' disclosures in promoting market discipline through, among other actions, the development of a comprehensive implementing technical standard (ITS) on disclosure. The key targets of this strategy and of the new ITS are:

- a. Optimisation of the Pillar 3 policy framework providing a single comprehensive package, improving clarity for users of information.
- b. Promote market discipline further, by increasing the consistency and comparability of the information disclosed by institutions, and its alignment with the new regulatory changes introduced by the Regulation (EU) 2019/876 of the European Parliament and of the Council¹ ("CRR2") and with the Basel Committee on Banking Supervision (BCBS) revised Pillar 3 disclosure framework.
- c. Facilitate access for users of information to key prudential data of the institutions by introducing the new key metrics templates.
- d. Foster ease of implementation for institutions by facilitating their access to, and understanding of, all the disclosure templates and tables.
- e. Increase the efficiency of disclosures by institutions and reduce costs via technology, through the integration of quantitative disclosure data with supervisory reporting.

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 is the object of this consultation paper.

¹ Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012, OJ L 150, 7.6.2019, p. 1–225.

3. Background and rationale

1. Regulation (EU) No 2019/876 ('CRR2') amending Regulation (EU) No 575/2013 ('CRR') mandates the EBA, in Article 434a, to develop draft implementing technical standards (ITS) specifying uniform disclosure formats, and associated instructions in accordance with which the disclosures required under Titles II and III of Part Eight of the CRR shall be made. Those uniform disclosure formats shall convey sufficiently comprehensive and comparable information for users of that information to assess the risk profiles of institutions and their degree of compliance with the requirements laid down in Parts One to Seven. To facilitate the comparability of information, the ITS shall seek to maintain consistency of disclosure formats with international standards on disclosures.
2. Currently the EBA Pillar 3 policy framework is disseminated across a range of different regulatory products, with a limited scope in terms of disclosures and of institutions, following the partial mandates included in the level 1 text. The framework includes implementing technical standards (ITSs) and regulatory technical standards (RTSs):
 - a. ITS on disclosure of own funds²;
 - b. ITS on disclosure of leverage ratio³,
 - c. RTS on disclosure of countercyclical capital buffers⁴
 - d. ITS on disclosure of encumbered and unencumbered assets⁵.
3. It also includes the following guidelines:
 - a. Guidelines on disclosures under Part Eight of the CRR, mainly applicable to G-SIIs and O-SIIs⁶;
 - b. Guidelines on disclosure of non-performing and forborne exposures⁷;
 - c. 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 575/2013⁸;

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1400597718546&uri=CELEX:32013R1423>

³ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2016_039_R_0004

⁴ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2015_244_R_0001

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R2295&from=EN>

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<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>

⁷ <https://eba.europa.eu/documents/10180/2531768/Final+GLs+on+disclosure+of+non-performing+and+forborne+exposures.pdf>

⁸ <https://eba.europa.eu/documents/10180/1314839/EBA-GL-2015-22+Final+report+on+Guidelines+on+Sound+Remuneration+Policies.pdf>

- d. Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013⁹;
 - e. or the Guidelines on disclosure requirements of IFRS 9 transitional arrangements¹⁰.
4. Following the mandate included in Article 434a of the 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 is the object of this consultation paper. This draft ITS will replace the disclosure templates and tables included in the regulatory products and guidelines mentioned above, with the exception of guidelines on disclosure requirements of IFRS 9 transitional arrangement, which will continue to apply.
5. Other regulatory disclosure products that the EBA is developing include:
- a. Draft ITS on public disclosures by investment firms, following the mandate included in the proposal for a regulation of the European Parliament and of the Council on the prudential requirements of investment firms.
 - b. Draft ITS on TLAC and 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 the CRR2 and BRRD2.

3.1 New banking regulatory package

6. The Basel Committee on Banking Supervision (BCBS) published in December 2018 updated Pillar 3 disclosure requirements¹¹. These requirements, together with the updates published previously in January 2015¹² and March 2017¹³, and the revisions to leverage ratio disclosure requirements published in June 2019¹⁴, complete the BCBS revised Pillar 3 framework. The revised Pillar 3 framework reflects the Committee's December 2017 Basel III post-crisis regulatory reforms.
7. The CRR2 amends significantly the CRR in a number of aspects, such as the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, or the counterparty credit risk. It also introduces some clarifications to the disclosure on remunerations, as they should be

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<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>

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

¹¹ "Pillar 3 disclosure requirements – updated framework", December 2018. <https://www.bis.org/bcbs/publ/d455.pdf>

¹² "Revised Pillar 3 disclosure requirements", January 2015. <https://www.bis.org/bcbs/publ/d309.pdf>

¹³ "Pillar 3 disclosure requirements – consolidated and enhanced framework", March 2017. <https://www.bis.org/bcbs/publ/d400.pdf>

¹⁴ "Revisions to leverage ratio disclosure requirements", June 2019. <https://www.bis.org/bcbs/publ/d468.pdf>

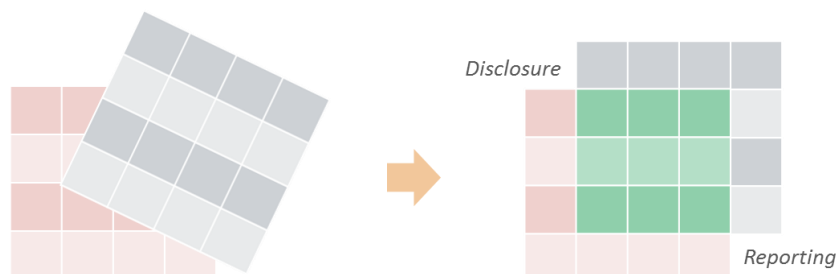
compatible with the aims of the remuneration rules. It includes as well new disclosure requirements on performing, non-performing and forbore exposures, and on collaterals and financial guarantees received.

8. In addition, the CRR2 amends significantly 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 the CRR2 and provides for the adoption of the draft ITS that is the object of this consultation paper with a view to ensuring comparability of disclosures. To facilitate the comparability of information with international non-EU active banks, this regulation has been developed seeking consistency of disclosure formats with the BCBS Pillar 3 standards. The draft ITS that is now being consulted covers most of the disclosure requirements included in Titles II and III of the CRR2 with some exceptions:
 - a. Disclosure of own funds and eligible liabilities, according to Article 437a of the CRR. As explained above, this will be part of a separate ITS which will cover the disclosure and reporting requirements on eligible liabilities (TLAC and MREL).
 - b. Disclosure of exposures to interest rate risk on positions not held in the trading book, according to Article 448 of the CRR, disclosure of indicators of global systemic importance according to Article 441, and disclosure of environmental, social and governance risks according to Article 449a. The disclosure templates and tables implementing these disclosure requirements will be consulted at a later stage and added to the comprehensive disclosure ITS.

3.2 Integration of Pillar 3 disclosure requirements into supervisory reporting

9. The commonalities of the information that institutions have to report to their supervisors and the regulatory information that they have to make public in the interest of investors and external stakeholders drove the EBA Board of Supervisors' strategic decision that consistency and integration between both frameworks should be targeted to the extent possible. To ensure consistency, integration with supervisory reporting was conducted when developing the comprehensive draft ITS on public disclosures, including the mapping between the quantitative disclosure templates and supervisory reporting.
10. The information disclosed by institutions is the basis for market participants to understand and assess the institutions' situation in order to exercise market discipline. Information relevant for market participants is also relevant to help supervisors on their tasks thereby emphasizing the importance of striving for congruency.
11. Improving the consistency between the reporting and disclosure requirements, including a standardisation of formats and definitions, should also facilitate the compliance with both requirements for institutions, as they would use the same data to fulfill their reporting and disclosure obligations. Further, the integration with supervisory reporting will improve the quality of the disclosed information since the former is subject to scrutiny by the supervisor, which due to

the mapping of reporting data with disclosures, will also improve the disclosure data and therefore beneficiate all market participants to take more informed decisions.



12. The public consultation on draft ITS on supervisory reporting requirements for institutions under Regulation (EU) No 575/2013 will be running at the same time as this consultation. In the context of consultation on the draft ITS on disclosures and on the draft ITS on reporting, the EBA is publishing a mapping between the disclosures and the reporting templates to demonstrate how the frameworks have been integrated.

3.3 Proportionality in Pillar 3 disclosures

13. The CRR2 introduced definitions for ‘small and less complex institutions’ and ‘large institutions’ for enhanced proportionality. The revised Pillar 3 framework is reflected also in Part Eight which defines which disclosures are applicable to different institutions, depending on their size, complexity and on whether they are listed or non-listed institutions. Small and non-complex institutions’ disclosures will focus on key metrics while large and listed institutions will disclose more detailed information.

14. Proportionality will also be reflected in the frequency of disclosures as well as in disclosure formats to convey information enough to assess the risk profile of different institutions. Additionally the EBA introduces in the draft ITS thresholds to trigger additional disclosures for large banks based on their risk profiles to ensure that users of information have “sufficiently comprehensive and comparable information for users of that information to assess the risk profiles of institutions and their degree of compliance with the requirements laid down in Parts One to Seven”. Thresholds are introduced for this purpose in the disclosures on credit risk quality (disclosers on information on non-performing exposures), and in the disclosures on encumbered and unencumbered assets.

3.4 Templates and tables. Use of fixed and flexible formats

15. Templates are developed to implement quantitative disclosure requirements while tables implement qualitative information.

16. The draft ITS introduces quantitative templates that are mostly based on fixed formats, with some exceptions where standardisation was not feasible (it is the case of those disclosures that are based on published financial statements, where there is not a standard template for e.g. balance-sheet account). The use of standardised fixed templates for quantitative data will further promote comparability and consistency of the data disclosed, and facilitate the integration with supervisory

reporting, notwithstanding the fact that institutions will apply the criteria regarding non-material, proprietary or confidential information according to Article 432 of the CRR2. In addition, institutions will be able to complement their quantitative standardised disclosure with accompanying narratives to explain any additional relevant information.

17. As per the qualitative disclosures, the draft ITS provides flexible tables with instructions on the type of information that institutions will have to explain.

3.5 Disclosure topic by topic

3.5.1 Disclosure of key metrics and overview of risk-weighted exposure amounts (Articles 438 and 447)

18. The draft ITS includes in this package two templates already implemented in the EU in the EBA 2016 guidelines on disclosure requirements under Part Eight of the CRR (EBA/GL/2016/11):

- a. Template EU OV1 on overview of risk weighted exposure amount. This template provides an overview of total risk-weighted exposure amount (RWEA) forming the denominator of the risk-based capital requirements calculated in accordance with Article 92 of the CRR. It has been adjusted in the draft ITS in order to reflect the different new frameworks for securitisation exposures and counterparty credit risk.
- b. Template EU INS1 on insurance participations remains unchanged. It provides users with information on the exposure value and on the risk-weighted exposure amount of own fund instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds.

19. In addition, there are three templates or tables that are new in the EU, the key metrics template, EU KM1, Table EU OVC on ICAAP information and Template EU INS2 on financial conglomerates information on own funds and capital adequacy ratio:

- a. Template EU KM1, on institutions' key metrics, has been developed in application of Article 447 of CRR, and includes a summary of the main prudential and regulatory information and ratios covered by the CRR. This template has been developed taking as a basis the BCBS standard and making the adjusted needed from the EU regulation perspective. It includes also information on Pillar 2 requirements.

While in the BCBS standard, template EU KM1 includes specific rows with information on the institutions capital and capital ratios on an IFRS 9 fully loaded bases, relevant for institutions applying IFRS 9 transitional arrangements, these rows have not been included in template EU KM1 in the draft ITS. The reason is because in the EU there is a specific disclosure template for the disclosure of own funds, risk exposure amount and capital and leverage ratio on an IFRS 9 fully loaded basis that institutions applying IFRS 9 transitional arrangements are required to disclose. This template is included in the EBA Guidelines on uniform disclosures under the proposed draft Article 473a,

paragraph Eight, of Regulation (EU) No 575/2013 as regards the transitional period for mitigating the impact on own funds of the introduction of IFRS 9 (EBA/GL/2018/01).

Institutions applying IFRS 9 transitional arrangements will have to disclose both templates EU KM1 and the template in the EBA/GL/2018/01 until the finalisation of the IFRS 9 transitional period.

20. Table EU OVC on ICAAP information is a flexible table that has been developed following the requirement in Article 438, letters (a) and (c) of the CRR. It provides information on the institutions' ICAAP approach. Institutions will also have to disclose, when required by their relevant competent authority, information on the results of their ICAAP process.

21. Template EU INS2 on financial conglomerates information on own funds and capital adequacy ratio has been developed following the requirements included in Article 438, letter (g) of the CRR. It provides information on supplementary own funds requirement and capital adequacy ratio for financial conglomerates.

3.5.2 Disclosure of risk management objectives and policies (Article 435)

22. The draft ITS includes two tables:

- a. Table EU OVA - Institution risk management approach
- b. Table EU OVB - Information on governance arrangements

23. Table EU OVA is currently implemented in the EU through the EBA 2016 guidelines on disclosure requirements under Part Eight of the CRR. This table implements the disclosure requirements included in Article 435(1) of the CRR and its purpose is to describe the institution's risk strategy and how the risk management function and the management body assess and manage risks and set limits, enabling users to gain a clear understanding of the institution's risk tolerance/appetite in relation to its main activities and all significant risks. It has been revised in order to align it with the BCBS Pillar 3 relevant standard and with CRR2 requirements.

24. Table EU OVB is new and provides information on the institutions' governance arrangements, in application of Article 435(2) of the CRR, including the number of directorships, recruitment and diversity policy, and risk committee.

3.5.3 Disclosure of information on the scope of application (Article 436 of CRR)

25. This set of templates implements the requirements included in Article 436 of the CRR. It includes one table and three templates currently implemented in the EU through the EBA 2016 guidelines on disclosure requirements under Part Eight of the CRR. The disclosures have been revised as follows:

- a. Template EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk

categories: This template remains largely unchanged. This is a flexible template, as institutions have to align the rows with those in the balance sheet that they publish as part of their financial statements.

- b. Template EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements. Its purpose is to 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. In order to achieve further consistency and comparability among banks' disclosures, the EBA has revised institutions' public disclosures and conducted a stocktake of the main drivers of differences that banks include in this template. The template in the draft ITS includes a set of common drivers that institutions shall disclose, when relevant, and a row with a residual category for "other differences", where institutions shall include the differences driven by other drivers, and explain them in the narrative accompanying the template.
- c. Template EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity). The purpose of this template is to provide information on the consolidation method applied for each entity within the accounting and the regulatory scopes of consolidation, where the consolidation methods are different for accounting and regulatory purposes. The template is implemented as a fixed template, with fixed columns and flexible rows depending on the composition of the group. The template now includes a column to reflect those cases where the equity method is applied.
- d. Table EU LIA - Explanations of differences between accounting and regulatory exposure amounts. It provides qualitative explanations on the differences observed between accounting carrying values (as defined in EU LI1) and amounts considered for regulatory purposes (as defined in EU LI2) under each framework. The table has been simplified and any reference to PVA removed.
- e. New table EU LIB - Other qualitative information on the scope of application - has been added in order to reflect the disclosure requirement included in article 436 (f) to (h) of CRR2 .

3.5.4 Prudent valuation (PVA) disclosure (Article 436(e))

26. Following the disclosure requirement included in Article 436 (e), the EBA has developed template EU PV1: Prudent valuation adjustments (PVA). The purpose of this template is to provide a breakdown of the constituent elements of the institution's PVA. The template is based in the BCBS Pillar 3 template PV1, but making the necessary technical adjustments in order to address the EU regulations specificities. It has been developed in full integration with reporting and all the information that institutions have to disclose can be extracted from their supervisory reporting data. A question is raised regarding this template in order to request feedback on whether the

proposed template can be improved regarding the disclosures for institutions under the simplified approach.

3.5.5 Disclosure on own funds (Article 437)

27. The disclosure on own funds requirements are currently implemented in the EU in the Commission Implementing Regulation (EU) No 1423/2013 of 20 December 2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council.

28. This package includes the following templates:

- a. Template EU CC1- Own funds disclosure template. Its purpose is to provide a breakdown of the constituent elements of institutions' own funds.
- b. Template EU CC2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements. Its purpose is to enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between institutions' balance sheet in their published financial statements and the numbers that are used in the composition of own funds disclosure template set out in Template EU CC1.
- c. Table EU CCA: Main features of regulatory own funds instruments and of other TLAC-eligible instruments. This table provides a description of the main features of institutions' own funds and eligible liabilities instruments.

29. These templates and tables have been revised. The main changes are described below

Template EU CC1- Own funds disclosure template

30. Column (b) has been added to facilitate the implementation of the disclosure requirement included in Article 437 (a) (full reconciliation of accounting and regulatory own funds) of the CRR2, and also in line with the amended BCBS template CC1. In this column, institutions shall include in the relevant rows the cross-reference to the corresponding rows in Template EU CC2.

31. Row 22 was amended in order to reflect the 17.65% threshold, and not a 15% threshold included in the existing template, in line with Article 48(2)(b) of CRR2.

32. Rows 27 and 42 were adjusted and the word "capital" replaced with the word "items" in order to align it with the new terminology used in Articles 36(1)(j) and 56(e) of CRR2.

33. Row 27a - "Other regulatory adjustments" - was added to allow institutions to include here the amount corresponding to IFRS 9 transitional arrangements (when relevant and until IFRS 9 is fully implemented) and any other regulatory adjustments envisaged in the CRR and reported in COREP and whose breakdown is not relevant for disclosure purposes (e.g. adjustment to own funds

following Article 33(1)(c) of CRR). Similar rows were added for AT1 instruments and T2 instruments (new row 42a for AT1 instruments and new row 56b for T2 instruments).

34. Row 54a was added in the new BCBS CC1 template included in the March 2017 framework. The label of this row in BCBS is as follows: “Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only).” Row 54a has also been added to template EU CC1 as an “empty set in the EU”, as it is not applicable under EU regulation.
35. Row 56a was added in order to reflect the new deductions included in new letter (e) of Article 66 of CRR2.
36. Row 57 - following the addition of row 56a, the calculation in row 57 has to be adjusted in order to include the amounts in row 56a. Row 57 is now equal to the sum of the amounts reported in rows 52 to 56b.
37. The label of row 64 has been amended as follows, in order to reflect the stacking order applicable in the EU (Pillar 2 requirements -P2R- sit in between the Pillar 1 requirements and the capital buffers) and the CET1 ratio below which the institution will be subject to capital distribution constraints:
- a. “Institution CET1 overall capital requirement (CET1 requirement in accordance with article 92 (1) of Regulation (EU) No 575/2013, plus additional CET1 requirement which the institution is required to hold in accordance with Article 104(1)(a) of Directive 2013/36/EU, plus combined buffer requirement in accordance with Article 128(6) of Directive 2013/36/EU) expressed as a percentage of risk exposure amount”.
38. Row 68 – The EBA has assessed whether to change the wording of this row in order to adjust it to the wording for the same row in the new BCBS CC1 template (“Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank’s minimum capital requirements”. BCBS wording was adjusted due to the different treatment of Pillar 2 requirements (P2R) in the different jurisdictions and to avoid that P2R is disclosed in those jurisdictions where banks are not allowed/required to disclose it. Unlike BCBS, in the EU the label for this row remains unchanged, as - considering the stacking order of P2R in the EU and the requirement for EU institutions to disclose their requirements of additional own funds under Pillar 2 - the wording is still valid.
39. Wording in row 72 is slightly adjusted according as set out below, in order to reflect the new TLAC framework, in line with the BCBS template: “Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)”
40. Row 73 is adjusted in order to add the 17.65% threshold, in line with the level 1 text.

41. New rows have been added when necessary to reflect the grandfathered instruments according to the new CRR2 provisions (see rows EU-33a, EU-33b, EU-47a and EU-47b),

Template EU CC2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

42. This template remains flexible. The reasons for its flexibility is that institutions are requested to provide the reconciliation of regulatory own funds with the own funds elements included in the balance sheet that is part of their audited financial statements. Institutions are not required to apply a uniform format/template in their audited/published financial statements and therefore it is not possible to provide a fixed template for this disclosure requirement.

43. The columns are fixed, and institutions shall disclose the following:

- a. Column a: Figures reported by the institutions in the balance sheet included in the published financial statements according to the accounting scope of consolidation.
- b. Column b: Figures corresponding to the regulatory scope of consolidation.
- c. Column c: Cross-reference between the own funds item in template EU CC2 and the relevant items in the own funds disclosure template EU CC1.

Template EU CCA: Main features of regulatory own funds instruments and of other TLAC-eligible instruments

44. The scope of template EU CCA has been extended and it will apply not only to regulatory own funds instruments (following the disclosure requirement in Article 437(b) of CRR2) but also to other TLAC eligible instruments (following the disclosure requirement in Article 437a (b) of CRR2). For this purpose, the title of the template has been amended.

45. In addition, two new rows were added to the template EU CCA in order to reflect the new disclosure requirements set in Article 437a of CRR2:

- a. Row 3a: Means by which enforceability requirement of article 52 CRR is achieved (for other eligible liabilities instruments governed by foreign law).
- b. Row 34a: Type of subordination
- c. Row EU 34b: Ranking in insolvency procedures

46. Finally, row 37a – “Link to the full terms and conditions of the instrument (signposting)” was added so that institutions can include here the hyperlink to the prospectus of the issuance, and are able to comply with the disclosure requirement included in Article 437 (c) of CRR2.

3.5.6 Disclosure of Countercyclical capital buffers (Article 440)

47. This requirement is currently implemented in the EU in the Commission Delegated Regulation (EU) 2015/1555 of 28 May 2015 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer in accordance with Article 440. Two templates are proposed for the new ITS:

- a. Template EU CCYB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer.
- b. Template EU CCYB2: Amount of institution-specific countercyclical capital buffer.

48. Template EU CCYB1 has been amended in order to reflect the changes in the securitisation framework. Two new columns have also been added in order to reflect the risk exposure amount by country, as requested by article 440 of CRR2, and the aggregate relevant credit risk exposures. The labels have been revised and adjusted when necessary.

49. Template EU CCYB2 remains mostly unchanged compared to the one currently in force.

3.5.7 Disclosure of the leverage ratio (Article 451)

50. The leverage ratio (LR) disclosure requirements are currently implemented in the EU in the Commission Implementing Regulation (EU) 2016/200 of 15 February 2016 laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions. The disclosure templates have been revised in order to cater for the changes in the LR framework implemented in the CRR2, mainly:

- a. Implementation of the 3% LR requirement in the EU;
- b. G-SII surcharge for G-SIIs;
- c. Several changes to the definition of the LR compared to the LR delegated act of October 2014. These changes mostly reflect the changes in the leverage ratio definition as laid out in the 2017 BCBS revised framework.
- d. Requirement to disclose some averaged components, in order to identify potentially undue volatility between disclosure dates.
- e. Finally, there are a number of EU specificities, often leading to exemptions of certain exposures from the leverage ratio calculation.

51. Finally, the Basel III Pillar 3 standard on leverage ratio was published in December 2018, as part of the BCBS “Pillar 3 disclosure requirements – updated framework”. The BCBS templates were further revised in order to address the potential volatility and window-dressing issues between disclosure periods by including average values for some parameters (“June 2019 BCBS Revisions to leverage ratio disclosure requirements”). The LR disclosure templates included in the new draft ITS have

been amended taking into account not only the CRR2 changes but also the new December 2018 BCBS Pillar 3 standards and the changes implemented by Basel in June 2019.

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

52. This template has been developed in application of Article 451(1)(b) of the CRR in order to provide a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements.

53. The template was part of the 2016 ITS on disclosure of leverage ratio (ITS/2016/200) and has been amended in line with the updated BCBS standard and the updated CRR2 LR framework. The template now includes a breakdown of all the adjustments that lead from the total assets as per published in the financial statements to the leverage ratio exposure measure, including existing adjustments and new CRR2 adjustments, some of them common with the Basel framework and some of them EU specific. Those that are EU specific have been signalled out by numbering the corresponding rows with “EU” at the beginning.

Template EU LR2 - LRCom: Leverage ratio common disclosure

54. The purpose of this template is to provide a detailed breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements and buffers. The ITS/2016/200 template has been fully revised and amended in line again with the new BCBS standard and the new CRR2 provisions:

- a. The new template provides more granular information on on-balance sheet exposures, derivative exposures, and other off-balance sheet exposures.
- b. It provides similar information on securities financing transaction exposures (SFTs).
- c. It also includes the granular updated list of exempted exposures, which is information that is not in the BCBS but it is specific in the EU standard and reflects the breakdown of all the exposures that are excluded from the leverage ratio exposure measure.
- d. It provides information not only on the institutions’ leverage ratio (as per before) but also on the institutions LR without the adjustment due to excluded exposures of public development banks - Public sector investments, the LR excluding the impact of any applicable temporary exemption of central bank reserves, and the leverage ratio requirements, including Pillar 2 requirement and applicable leverage buffer.
- e. Finally, and following the BCBS amendments to the LR disclosure requirements and the level 1 text provisions to address volatility issues and potential window-dressing between disclosure periods, we have added information on mean SFTs exposures, LR exposure measures based it includes information on mean SFTs and leverage ratio based on mean SFTs.

Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

55. This template has been developed in application of Article 451(1)(b) of the CRR in order to provide a breakdown of the institutions' total exposures measures, and includes granular information on the composition of institutions' on-balance sheet exposures. This template is EU specific, i.e. it goes beyond the BCBS Pillar 3 standards for LR, and it has not been amended compared to the version included in the ITS/2016/200.

Table EU LRA: Disclosure of LR qualitative information

56. This table is implemented following the disclosures required in Articles 451(1)(d) and (e) of the CRR: Institutions shall include in their Pillar 3 reports, together with the LR quantitative information, qualitative information explaining the process to manage the risk of excessive leverage and any relevant factors that may have had an impact on the institutions LR during the disclosure period. This disclosure requirement is also EU specific, and it is not include in the BCBS LR standards.

3.5.8 Disclosure of liquidity requirements (Article 435 and 451a)

(i) Liquidity coverage ratio (LCR) disclosure and qualitative information on liquidity

57. The LCR disclosure package includes the following templates:

- a. Table EU LIQA - Liquidity risk management. The purpose of this table is to provide information that should allow users of information to understand the soundness of the institutions' liquidity risk management framework and liquidity position.
- b. Templates EU LIQ1 - Quantitative information of LCR. This template provides information on the institution's LCR, its liquidity buffers, cash outflows, cash inflows and high quality liquid assets.
- c. Table EU LIQB on qualitative information on LCR, which complements template EU LIQ1.

58. These disclosures are currently implemented in the EBA Guidelines on LCR disclosure.

59. Regarding template EU LIQ1 and table EU LIQA, the instructions have adjusted and the cross-references to the ITS on supervisory reporting have been replaced with the proper instructions. The quantitative disclosure template is fully mapped with the reporting relevant data points. The qualitative information has been reviewed in order to reflect all the requirements included in the level 1 text.

60. Table EU LIQB is a new table that has been developed following the requirements included in Article 451a(2) of the CRR, and includes qualitative flexible information that institutions have to provide in order to further explain their LCR data.

(ii) NSFR disclosure

61. Under the CRR2, institutions will need to comply with a 100% NSFR requirement starting from June 2021. This requirement is new and there is not currently in the EU any related disclosure requirement in force. The CRR2 introduces the NSFR disclosure requirement in Article 451a(3)

62. The NSFR disclosure package includes:

- a. Template EU LIQ2: Net Stable Funding Ratio. The purpose of this template is to provide details on the institution's NSFR ratio and on its main components, including available stable funding (ASF) Items and Required stable funding (RSF) Items.
- b. The instructions provide explanations on how the different rows and columns have to be populated by institutions. The instructions refer to the relevant level 1 text articles and have been drafted in alignment with the supervisory reporting instructions.

63. Following Articles 433a, 433b and 433c of the CRR2, only large institutions and other listed institutions will have to disclose the detailed NSFR information required in Article 451a (3). Small non-complex institutions and other non-listed institutions shall only disclose the NSFR ratio as part of the key metrics template, which includes a summary of the main solvency and liquidity ratios of the institution. For this reason, while in supervisory reporting there is a simplified version of the NSFR templates, this is not necessary in the disclosure framework and only the extended template is included.

3.5.9 Credit risk disclosure package

64. The credit risk disclosure package includes the following set of templates:

- a. Disclosure of exposures to credit risk, dilution risk and credit quality, according to Articles 435 and 442 of the CRR. Templates, tables and related instructions are included in Annexes 19 and 20 of the draft ITS.
- b. Disclosure of the use of credit risk mitigation techniques, according to Article 453 of the CRR, implemented in Annexes 21 and 22 of the draft ITS.
- c. Disclosure of the use of the standardised approach, according to Articles 444 and 453 of the CRR and in line with Annexes 23 and 24 of the draft ITS.
- d. Disclosure of the use of the IRB Approach to credit risk, according to Articles 438, 452 and 453 of the CRR, implemented in Annexes 25 and 26 of the draft ITS.

Disclosure of exposures to credit risk, dilution risk and credit quality, according to Articles 435 and 442 of the CRR (Credit risk quality disclosures) – Annexes 19 and 20

65. The 'credit risk quality disclosures' package includes a set of templates and tables that reflect the quality of credit risk exposures in terms of classification and composition: performing/non performing exposures, defaulted/non defaulted exposures and related impairments/credit risk adjustments. It is fully integrated with supervisory reporting and fully based on existing disclosure templates already implemented in the EU through the following products:

- a. EBA/GL/2016/11 on disclosure requirements under Part Eight of Regulation (EU) No 575/2013.
- b. EBA/GL/2018/10 on disclosure of non-performing and forborne exposures.

66. The credit risk quality related templates in both products have been reviewed and in those cases where the EBA has identified overlaps of the information that institutions are required to disclose in the templates implemented in both guidelines, we have simplified the disclosures, keeping only those templates which include more comprehensive and relevant information. In this process, 13 templates from the EBA/GL/2016/11 and 10 templates from the EBA/GL/2018/10 have been reviewed and 10 templates from the EBA/GL/2016/11 have been dropped.



67. The table below shows the templates revised when developing the draft ITS, and the actions taken

Table 1 – Templates on credit risk quality revised when developing the draft ITS

68. Current product	Current template	status	Final template	Legal basis
EBA/GL/2016/11	Table 2: EU CRA – General qualitative information about credit risk	Renamed	Table EU CRA: General qualitative information about credit risk	Article 435
EBA/GL/2016/11	Table 6 - EU CRB-A: Additional disclosure related to the credit quality of assets	Renamed	Table EU CRB: Additional disclosure related to the credit quality of assets	Article 442 (a) and (b)
EBA/GL/2016/11	Template 7: EU CRB-B – Total and average net amount of exposures	Dropped as requirement does no longer exist		
EBA/GL/2016/11	Template 8: EU CRB-C – Geographical breakdown of exposures	Dropped. Covered by template EU CQ4		
EBA/GL/2016/11	Template 9: EU CRB-D – Concentration of exposures by industry or counterparty types	Dropped. Covered by template EU CQ5		
EBA/GL/2016/11	Template 10- EU CRB-E: Maturity of exposures	Renamed	Template EU CR1-A: Maturity of exposures	Article 442 (g)
EBA/GL/2016/11	Template 11: EU CR1-A – Credit quality of exposures by exposure class and instrument	Dropped. Covered by template EU CR1		
EBA/GL/2016/11	Template 12: EU CR1-B – Credit quality of exposures by industry or counterparty types	Dropped. Covered by template EU CQ5		



68.Current product	Current template	status	Final template	Legal basis
EBA/GL/2016/11	Template 13: EU CR1-C – Credit quality of exposures by geography	Dropped. Covered by template EU CQ4		
EBA/GL/2016/11	Template 14: EU CR1-D – Ageing of past-due exposures	Dropped. Covered by template EU CQ3		
EBA/GL/2016/11	Template 15: EU CR1-E – Non-performing and forborne exposures	Dropped. Covered by template EU CR1		
EBA/GL/2016/11	Template 16: EU CR2-A – Changes in the stock of general and specific credit risk adjustments	Dropped as requirement does no longer exist		
EBA/GL/2016/11	Template 16: EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities	Dropped. Covered by template EU CR2		
EBA/GL/2018/10	Template 1: Credit quality of forborne exposures	Renamed	Template EU CQ1: Credit quality of forborne exposures	Article 442 (c)
EBA/GL/2018/10	Template 2: Quality of forbearance	Renamed	Template EU CQ2: Quality of forbearance	Article 442 (c)
EBA/GL/2018/10	Template 3: Credit quality of performing and non-performing exposures by past due days	Renamed	Template EU CQ3: Credit quality of performing and non-performing exposures by past due days	Article 442 (c) and (d)
EBA/GL/2018/10	Template 4: Performing and non-performing exposures and related provisions	Renamed	Template EU CR1: Performing and non-performing exposures and related provisions	Article 442 (c)



68.Current product	Current template	status	Final template	Legal basis
EBA/GL/2018/10	Template 5: Quality of non-performing exposures by geography	Renamed	Template EU CQ4: Quality of non-performing exposures by geography	Article 442 (c) and (e)
EBA/GL/2018/10	Template 6: Credit quality of loans and advances by industry	Renamed	Template EU CQ5: Credit quality of loans and advances by industry	Article 442 (c) and (e)
EBA/GL/2018/10	Template 7: Collateral valuation - loans and advances	Renamed	Template EU CQ6: Collateral valuation - loans and advances	Article 442 (c)
EBA/GL/2018/10	Template 8: Changes in the stock of non-performing loans and advances	Renamed	Template EU CR2: Changes in the stock of non-performing loans and advances	Article 442 (f)
EBA/GL/2018/10	Template 9: Collateral obtained by taking possession and execution processes	Renamed	Template EU CQ7: Collateral obtained by taking possession and execution processes	Article 442 (c)



68.Current product	Current template	status	Final template	Legal basis
EBA/GL/2018/10	Template 10: Collateral obtained by taking possession and execution processes – vintage breakdown	Renamed	Template EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown	Article 442 (c)

69. Below the list of 13 tables and templates that, following this revision, should be included in the CP as part of the new draft ITS:

Table 2 – Templates and tables on credit risk quality included in the draft ITS

Current product	Final template	Legal basis	Scope	Frequency
EBA/GL/2016/11	Table EU CRA: General qualitative information about credit risk	Article 435	All institutions	Annual
EBA/GL/2016/11	Table EU CRB: Additional disclosure related to the credit quality of assets	Article 442(a), and (b)	Large and other listed institutions	Annual
EBA/GL/2018/10	Template EU CR1: Performing and non-performing exposures and related provisions	Article 442 (c)	Large and other listed institutions	Large listed and G-SIIs – Semi-annual Large non-listed and other listed - Annual
EBA/GL/2016/11	Template EU CR1-A: Maturity of exposures	Article 442 (g)	Large and other listed institutions	Large listed and G-SIIs – Semi-annual Large non-listed and other listed - Annual



Current product	Final template	Legal basis	Scope	Frequency
EBA/GL/2018/10	Template EU CR2: Changes in the stock of non-performing loans and advances	Article 442 (f)	Large and other listed institutions	Large listed and G-SIIs – Semi-annual Large non-listed and other listed - Annual
EBA/GL/2018/10	Template EU CQ1: Credit quality of forborne exposures	Article 442 (c)	Large and other listed institutions	Large listed and G-SIIs – Semi-annual Large non-listed and other listed - Annual
EBA/GL/2018/10	Template EU CQ2: Quality of forbearance	Article 442 (c)	Large with a gross NPL ratio of 5% or above	Annual
EBA/GL/2018/10	Template EU CQ3: Credit quality of performing and non-performing exposures by past due days	Article 442 (c) and (d)	Large and other listed institutions	Large listed and G-SIIs – Semi-annual Large non-listed and other listed - Annual
EBA/GL/2018/10	Template EU CQ4: Quality of non-performing exposures by geography	Article 442 (c) and (e)	Large and other listed institutions. Information on NPEs, large with a gross NPL ratio of 5% or above	Large listed and G-SIIs – Semi-annual Large non-listed and other listed - Annual Information on NPEs - Annual
EBA/GL/2018/10	Template EU CQ5: Credit quality of loans and advances by industry	Article 442 (c) and (e)	Large and other listed institutions. Information on NPEs, large with a gross NPL ratio of 5% or above	Large listed and G-SIIs – Semi-annual Large non-listed and other listed - Annual Information on NPEs - Annual



Current product	Final template	Legal basis	Scope	Frequency
EBA/GL/2018/10	Template EU CQ6: Collateral valuation - loans and advances	Article 442 (c)	Large with a gross NPL ratio of 5% or above	Annual
EBA/GL/2018/10	Template EU CQ7: Collateral obtained by taking possession and execution processes	Article 442 (c)	Large and other listed institutions	Large – Semi-annual Other listed - Annual
EBA/GL/2018/10	Template EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown	Article 442 (c)	Large with a gross NPL ratio of 5% or above	Annual

70. The proposed templates are based on the Article 442 disclosure requirements. Paragraph c of this Article request institutions to disclose information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received. This is a broad requirement which is implemented through the proposed templates on non-performing exposures, forborne exposures and collaterals.

71. Following the comparison between the disclosure requirements included in the existing guidelines and the disclosure package proposed for the new draft ITS, there are some relevant aspects that are clarified below.

72. Scope of application:

- a. The guidelines on disclosure of non-performing and forborne exposures include a set of four templates that are applicable to all institutions and a set of six additional templates that are applicable only to significant institutions with gross NPL ratio of 5% or above. This means that with reference date 31 December 2019 all institutions, including small and other non-listed institutions will start disclosing relevant information on non-performing exposures based on the guidelines.
- b. Following the CRR2 provisions, the proposed disclosure package based on Article 442(c) in the new ITS will be applicable to large institutions and other listed institutions, and it will replace the guidelines at least for these institutions.

73. Large institutions (CRR and draft ITS) vs significant institutions (EBA/GL/2018/10): the scope of application of the templates in the guidelines refers to significant institutions, while the CRR2 (and therefore the new draft ITS) refers to large institutions:

- a. According to Article 4 (146) of the CRR2 “‘large institution’ means an institution that meets any of the following conditions:
 - i. (a) it is a G-SII;
 - ii. (b) it has been identified as an other systemically important institution (O-SII) in accordance with Article 131(1) and (3) of Directive 2013/36/EU;
 - iii. (c) it is, in the Member State in which it is established, one of the three largest institutions in terms of total value of assets;
 - iv. (d) the total value of its assets on an individual basis or, where applicable, on the basis of its consolidated situation in accordance with this Regulation and Directive 2013/36/EU is equal to or greater than EUR 30 billion;”
- b. According to paragraph 12 of the EBA/GL/2018/10, credit institutions that meet one or more of the following criteria are significant:

- i. (a) The credit institution is one of the three largest credit institutions in its home Member State.
 - ii. (b) The credit institution's consolidated assets exceed EUR 30 billion.
 - iii. (c) The credit institution's 4-year average of total assets exceeds 20% of the 4-year average of its home Member State's GDP.
 - iv. (d) The credit institution has consolidated exposures as per Article 429 of the CRR exceeding EUR 200 billion or the equivalent in foreign currency using the reference exchange rate published by the European Central Bank at the end of the applicable financial year.
 - v. (e) The credit institution has been identified by competent authorities as a global systemically important institution (G-SII), as defined in Commission Delegated Regulation (EU) No 1222/2014, or as an other systemically important institution (O-SII) pursuant to paragraph 3 of Article 131 of Directive 2013/36/EU.
- c. Following these definitions, the three possible conditions that would make that an institution complying with any of them qualifies as large according to the CRR2 are also envisaged in the EBA/GL/2018/10 for identifying significant institutions. The guidelines include two additional criteria based on which an institution may be considered significant. These means that all large credit institutions according to the CRR definition would qualify as significant according to the guidelines. The draft ITS will replace the guidelines for all large institutions.

Disclosure of the use of credit risk mitigation techniques, disclosure of specialised lending and equity exposures under the simple risk weight approach and disclosure of the use of the IRB Approach to credit risk, according to Articles 438, 452 and 453 of the CRR – Annexes 21, 22, 25, 26, 27 and 28

74. The starting point for the implementation of these disclosure requirements were the tables and templates included in the EBA/GL/2016/11 on disclosure requirements under Part Eight of Regulation (EU) No 575/2013. The following tables and templates are included:

- a. Table EU CRC – Qualitative disclosure requirements related to CRM techniques. The purpose of this template is to provide qualitative information on the mitigation of credit risk.
- b. Table EU CRE – Qualitative disclosure requirements related to IRB approach, in order to provide additional information on the IRB models used to compute the risk-weighted exposure amount (RWEA).
- c. Template EU CR3 – CRM techniques overview, which provides information on the extent of use of credit risk mitigation techniques by the institution.

- d. Template EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range. This template provides information on the main parameters used for the calculation of capital requirements for IRB models. This disclosure requirement aims at showing the exposure classes according to PD grades to allow for an assessment of the credit quality of the portfolio. The purpose of disclosing these parameters is to enhance the transparency of institutions’ RWEA calculations.
- e. Template EU CR6-A – Scope of the use of IRB and SA approaches. This template provides information for each exposure class referred to in Article 147, the percentage of the total exposure value of each exposure class subject to the Standardised Approach and to the IRB Approach, as well as the part of each exposure class subject to a roll-out plan. In order to provide an exposure measure valid for both SA exposures and IRB exposures, institutions are asked to disclose the information using the leverage ratio exposure measures.
- f. Template EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques. The purpose of this template is to show the impact of credit derivatives on the calculation of RWEAs and of capital requirements for exposures under the IRB approach. Template EU CR7 provides information on the impact of credit derivatives on RWEAs due to the substitution effect and incidence on PD and LGD parameters in accordance with Part Three, Title II, Chapter 4 of the CRR.
- g. Template EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques. This template provides more granular information on the type of CRM techniques that the institution applies.
- h. Template EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach. The purpose of this template is to provide information on the main drivers that explain the changing on the IRB RWEAs between disclosure periods.
- i. Template EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale). This template provides backtesting data to validate the reliability of PD calculations. In particular, the template compares the PD used in IRB capital calculations, grouped in fixed PD ranges, with the effective default rates of institutions obligors. In order to facilitate comparability of disclosures across institutions, the PD scale used in this template is based on fixed pre-define ranges, which mirror the PD ranges applied in template EU-CR6.
- j. Template EU CR9.1 –IRB approach – Back-testing of PD per exposure class (only for PD estimates according to Article 180(1)(f)). This template is similar to template EU CR9 but with a column on a column with information on “external rating equivalent”, relevant only for those cases where PDs are estimated according to Article 180(1)(f) of the CRR, i.e. based on mappings of the institution’s internal grades to the scale used by an external credit assessment institution (ECAI) or similar organisations.

- k. Template EU CR10 – Specialised lending and equity exposures under the simple risk weighted approach, including the following sub-templates:
 - i. Template EU CR10.1 on project finance
 - ii. Template EU CR10.2 on income-producing real estate and high volatility commercial real estate
 - iii. Template EU CR10.3 on object finance
 - iv. Template EU CR10.4 on commodities finance
 - v. Template EU CR10.5 on equity exposures under the simple risk-weighted approach

Disclosure of the use of the standardised approach, according to Articles 444 and 453 of the CRR and in line with Annexes 23 and 24 of the draft ITS.

75. The templates implementing these disclosure requirements are currently included in the EBA/GL/2016/11. The revision of the CR SA regulatory framework is still ongoing in the EU. The related disclosure templates will have to be revised and amended once the regulatory framework is closed. The draft ITS will include the CR SA template unchanged, as they currently are in the EBA/GL/2016/11. Once the regulatory reform is closed, the EBA will conduct a more ambitious review of this disclosure package, enhance the relevant templates and amend the draft ITS as necessary. The reasons behind this decision is to avoid that institutions have to adjust their CR-SA disclosure templates twice.

76. The following templates and tables are included in the draft ITS:

- a. Table EU CRD – Qualitative disclosure requirements related to standardised model. The purpose of this table is to supplement the information on an institution's use of the standardised approach with qualitative data on the use of external ratings.
- b. Template EU CR4 – standardised approach – Credit risk exposure and CRM effects. This template shows the impact of all CRM techniques applied in accordance with Part Three, Title II, Chapter 4 of the CRR, including the financial collateral simple method and the financial collateral comprehensive method in the application of Article 222 and Article 223 of the same regulation on standardised approach capital requirements' calculations. In addition, the RWEA density provides a synthetic metric on the riskiness of each portfolio.
- c. Template EU CR5 – standardised approach. This template presents the breakdown of exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to the standardised approach). The risk weights in template EU CR5 encompass all those

assigned to each credit quality step in Article 113 to Article 134 in Part Three, Title II, Chapter 2 of the CRR.

3.5.10 Disclosure of exposures to Counterparty credit risk – (Articles 435, 438 and 439)

77. The CRR2 amends the counterparty credit risk (CCR) framework following the Basel III reforms, and replaces the Standardised Method (SM) and the Mark-to-Market Method (MtMM) with the Standardised Approach for Counterparty Credit Risk (SA-CCR). The SA-CCR is more risk sensitive but may prove to be too complex and costly to implement for smaller institutions. For this reason the CRR2 also includes a simplified version of the SA-CCR (the 'simplified SA-CCR') and an updated version of the Original Exposure Method (OEM), as alternative approaches for institutions that meet predefined eligibility criteria.

78. The counterparty credit risk templates, which are currently implemented in the EU in the EBA/GL/2016/11, have been fully revised in order to align them with the new regulatory framework and with the revised Basel standards. The following tables and templates, and associated instructions, are part of the draft ITS:

- a. Table EU CCRA – Qualitative disclosure related to CCR. The purpose is to describe the main characteristics of CCR management regarding, among others, operating limits, use of guarantees and other CRM techniques, wrong-way risk and the impact of own credit downgrading.
- b. Template EU CCR1 – Analysis of CCR exposure by approach. This template provides a comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method.
- c. Template EU CCR2 – Transactions subject to own funds requirements for CVA risk. The template provides CVA regulatory calculations, with a breakdown by standardised and advanced approaches.
- d. Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights. Purpose: To provide a breakdown of CCR exposures calculated in accordance with Part Three, Title II, Chapter 6 of the CRR and risk-weighted according to Chapter 3 of the same title by portfolio (type of counterparties) and by risk weight (riskiness attributed according to the standardised approach).
- e. Template EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale. Purpose: To provide information on all relevant parameters used for the calculation of CCR capital requirements for IRB models.
- f. Template EU CCR5 – Composition of collateral for CCR exposures. The template provides a breakdown of all types of collateral posted or received by banks to support or reduce CCR exposures related to derivative transactions or to SFTs.

- g. Template EU CCR6 – Credit derivatives exposures. The template illustrates the extent of an institution’s exposures to credit derivative transactions broken down between derivatives bought or sold.
- h. Template EU CCR7 – RWA flow statements of CCR exposures under the IMM. The template presents a flow statement explaining changes in the CCR RWAs determined under the IMM for CCR (derivatives and SFTs) in accordance with Part Three, Title II, Chapter 6 of the CRR.
- i. Template EU CCR8 – Exposures to CCPs. The template provides a comprehensive picture of the institution’s exposures to CCPs in the scope of Part Three, Title II, Chapter 6, Section 9 of the CRR. In particular, the template includes all types of exposures (due to operations, margins, and contributions to default funds) and related capital requirements.

3.5.11 Disclosure of exposures to securitisation positions (Article 449)

79. The disclosure package on securitisation positions has been developed in alignment with the new regulatory securitisation framework and with the relevant BCBS Pillar 3 standards. It includes the following set of templates:

- a. Table EU-SECA - Qualitative disclosure requirements related to securitisation exposures
- b. Template EU-SEC1 - Securitisation exposures in the non-trading book
- c. Template EU-SEC2 - Securitisation exposures in the trading book
- d. Template EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor
- e. Template EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor
- f. Template EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

80. Templates EU-SEC1 and EU-SEC2 include in the columns “institution acts as originator”, as defined by Article 4.1(13) of CRR, the securitisation exposures that are the retained positions, even where not eligible for the securitisation framework due to the absence of significant risk transfer. Templates EU SEC3 and EU SEC4 only include information on securitisation exposures in the non-trading book where there has been significant risk transfer. Template EU-SEC5 has been added in order to reflect the exposures in default and credit risk adjustments made during the period, and this is specific for the EU, not in the Basel Pillar 3 standards.

3.5.12 Disclosure of use of standardized approach and internal model for Market risk (Articles 435, 438, 445 and 455)

81. The disclosure requirements related to market risk are included in articles 445 and 455 of the CRR2. The text and requirements of these articles remain unchanged in the CRR2 compared to the current applicable versions in the CRR.
82. The draft of these articles has changed along the legislative process that has led to the final text of the CRR2. While some versions of these articles published during the legislative process included the disclosure requirements adjusted to the regulatory framework that will be applicable to market risk in the future, the disclosure requirements in final text of the CRR2 are the same as in the CRR, and reflect the current applicable regulatory framework.
83. The EBA own initiative guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2016/11) include the following disclosure tables and templates on market risk, aligned with the regulatory framework currently applicable:
- a. Table EU MRA – Qualitative disclosure requirements related to market risk. The template provides a description of the risk management objectives and policies concerning market risk;
 - b. Table EU MRB – Qualitative disclosure requirements for institutions using the IMA. The template provides the scope, the main characteristics and the key modelling choices of the different models used for regulatory calculation of market risks;
 - c. Template EU MR1 – Market risk under the standardised approach. The template provides the breakdown and components of own funds requirements under the standardised approach for market risk.
 - d. Template EU MR2-A – Market risk under the IMA. The template provides the breakdown and components of the own funds requirements under the IMA for market risk.
 - e. Template EU MR2-B – RWA flow statements of market risk exposures under the IMA. The template provides a statement with the flow of market risk RWA, explaining the main drivers of the RWAs variations.
 - f. Template EU MR3 – IMA values for trading portfolios. The template discloses the values (maximum, minimum, average and the ending for the reporting period) resulting from the different types of models approved to be used for computing the regulatory capital charge at the group level, before any additional capital charge is applied on the value in accordance with Article 365 in Part Three, Title V, Chapter 5 of the CRR.
 - g. Template EU MR4 – Comparison of VaR estimates with gains/losses. The template provides a comparison of the results of estimates from the regulatory VaR model

approved in the application of Part Three, Title IV, Chapter 5 of the CRR with both hypothetical and actual trading outcomes, in order to highlight the frequency and the extent of the backtesting exceptions. The template also aims to provide an analysis of the main outliers in backtested results.

84. The abovementioned tables and templates included in the EBA/GL/2016/11 have been included in the new draft ITS with some minor adjustments. This part of the ITS, with the market risk templates, will be revised at a later stage, once the disclosure requirements in Articles 445 and 455 of the CRR are amended in accordance with the new market risk regulatory framework.

3.5.13 Disclosure of Operational risk (Article 435, 438, 446 and Article 454)

85. The following templates have been developed in the new ITS:

- a. Template EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts;
- b. Table EU ORA - Qualitative information on operational risk.

86. The two templates on operational risk (a quantitative template and a table with qualitative information) have been developed as transitional disclosure formats that institutions shall apply until the revised framework for operational risk is agreed. The ITS will be then amended and new templates on operational risk will be developed.

3.5.14 Disclosure of Remuneration policy (Article 450)

87. This package implements Article 450 of the CRR and has been developed taking as a basis the EBA/GL/2015/22 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 and the applicable Basel standards. The templates and instructions have been revised in order to align them with the CRR2 disclosure requirements and with the BCBS Pillar 3 standards. The disclosure package on remuneration includes the following templates:

- a. Table EU REMA: Remuneration policy covering Article 450(1)(a), (b), (c), (d), (e), (f), (j) and (k) and Article 450(2). The purpose of this template is to describe the institutions' remuneration policy as well as key features of the remuneration system to allow meaningful assessments by users of information of institutions' compensation practices
- b. Template EU REM1: Remuneration awarded for the financial year covering 450(1)(h)(i), 450(1)(h)(ii). This template provides quantitative information on remuneration for the financial year
- c. Template EU REM2: Special payments covering Article 450(1)(h)(v), Article 450(1)(h)(vi) and Article 450(1)(h)(vii). The purpose is to provide quantitative information on special payments for the financial year.

- d. Template EU REM3: Deferred remuneration covering Article 450(1)(h)(iii) and Article 450(1)(h)(iv). It provides quantitative information on deferred and retained remuneration.
- e. Template EU REM4: Remuneration of 1 million EUR or more per year covering Article 450(1)(i). This template provides information on the number of staff that have been remunerated EUR 1 million or more per financial year. This is an EU specific template, not included in the BCBS Pillar 3 framework.
- f. Template EU REM5: Template based on reporting Remuneration Benchmarking and covering Article 450(1)(g) for disclosure of remuneration. Institutions are required to disclose in this template information on the number of staff and aggregate remuneration by business area.

3.5.15 Disclosure of encumbered and unencumbered assets (Article 443)

88. Encumbered assets or collateral received and other off-balance-sheet items may be pledged to secure funding. Therefore, in order to allow market participants to better understand and analyse the liquidity and solvency profiles of institutions and access information about the availability of assets to secure funding, institutions are required to disclose the level of encumbrance of all on-balance-sheet assets and of all off-balance-sheet items separately. The disclosure shall relate to all collateral received, arising from all on-balance-sheet and off-balance-sheet transactions regardless of their maturity, including all operations with central banks.

89. While assets disclosed as encumbered assets include assets encumbered as a result of all operations with any counterparty (including central banks), it is not necessary to disclose the encumbrance resulting from operations with central banks separately from the encumbrance resulting from operations with other counterparties. This is without prejudice to the freedom for central banks to establish the modalities for the disclosure of emergency liquidity assistance.

90. The EBA has concluded in its reports on asset encumbrance that disclosure of encumbrance in the Union is vitally important as it allows market participants to better understand and analyse the liquidity and solvency profiles of institutions and compare those profiles across Member States in a clear and consistent manner. Based on those conclusions, the EBA developed draft regulatory technical standards in order to ensure a fully harmonised approach to asset encumbrance disclosure.

91. The Commission Delegated Regulation (EU) 2017/2295 of 4 September 2017 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for disclosure of encumbered and unencumbered assets includes the asset encumbrance disclosure templates and tables currently applicable in the EU. This RTS is applicable since January 2019. There are three templates on asset encumbrance, that will be part of the new comprehensive draft ITS on disclosure, and which remain unchanged compared to the templates currently in force:

- a. Template EU AE1 - Encumbered and unencumbered assets

- b. Template EU AE2-Collateral received and own debt securities issued
- c. Template EU AE3-Sources of encumbrance

92. The new ITS also includes a table with qualitative information that institutions have to disclose, including general information on asset encumbrance and information on the impact of the institutions' business models on asset encumbrance and the relevance of asset encumbrance in their business models.

In order to ensure consistency and promote comparability and transparency, the provisions relating to the disclosure templates on encumbrance are based on the reporting requirements on encumbrance. However, to avoid unintended consequences (such as the ability to identify emergency central bank funding) some deviations are needed. In particular, and taking into account the requirement included in Article 443 of the CRR according to which "Disclosure of information on encumbered and unencumbered assets shall not reveal emergency liquidity assistance provided by central banks", the disclosure of information relating to the amount of encumbered and unencumbered assets should be based on median values (median of the quarterly values reported by the institution) rather than point-in-time values as required in supervisory reporting. Similarly, the level of granularity of the information to be disclosed for specific values and transactions should be less than that of the reporting requirements. Furthermore, since asset encumbrance depends heavily on the risk profile and business model of the institution concerned, the quantitative data should be supplemented with narrative information.

3.6 Timeline for the ITS on disclosures under Titles I and II of Part Eight of the CRR



4. Draft regulatory implementing standards

In between the text of the draft RTS/ITS/Guidelines/advice 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.

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

Of XXX

laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for institutions and investment firms and amending Regulation (EU) No 648/2012¹⁵ and in particular Article 434a thereof,

Whereas:

- (1) The currently applicable legal framework on institutions' disclosures (Pillar 3 disclosure framework) should be improved as to its completeness: at the moment, uniform formats, templates and tables are foreseen only for the certain disclosure items, such as the own funds, the leverage ratio, the countercyclical capital buffers or the asset encumbrances. Furthermore, fragmentation should be avoided; adopting a single Regulation setting out the Pillar 3 disclosure framework would significantly increase legal certainty.
- (2) The Basel Committee on Banking Supervision (BCBS) published in December 2018 updated Pillar 3 disclosure requirements¹⁶. These requirements, together with the updates published previously in January 2015¹⁷ and March 2017¹⁸, and the revisions to leverage ratio disclosure requirements published in June 2019¹⁹, complete the BCBS revised Pillar 3 framework. The revised Pillar 3 framework reflects the Committee's December 2017 Basel III post-crisis regulatory reforms.

¹⁵ OJ L 176, 27.6.2013, p. 1.

¹⁶ "Pillar 3 disclosure requirements – updated framework", December 2018. <https://www.bis.org/bcbs/publ/d455.pdf>

¹⁷ "Revised Pillar 3 disclosure requirements", January 2015. <https://www.bis.org/bcbs/publ/d309.pdf>

¹⁸ "Pillar 3 disclosure requirements – consolidated and enhanced framework", March 2017. <https://www.bis.org/bcbs/publ/d400.pdf>

¹⁹ "Revisions to leverage ratio disclosure requirements", June 2019. <https://www.bis.org/bcbs/publ/d468.pdf>

- (3) In response to the international initiatives, Regulation (EU) 2019/876 of the European Parliament and of the Council²⁰ amends significantly Regulation (EU) 575/2013 in a number of aspects, indicatively the leverage ratio, the net stable funding ratio, the requirements for own funds and eligible liabilities, or the counterparty credit risk. The disclosure of those items is therefore also impacted.
- (4) Along with the amendment of the underlying prudential elements impacting on the Pillar 3 disclosure framework, new disclosure requirements on performing, non-performing and forborne exposures and on the collaterals and financial guarantees received, are foreseen in the new regime as set out in Regulation (EU) 575/2013 as amended by Regulation (EU) 2019/876. It also introduces some clarifications to the disclosure on remunerations.
- (5) This Regulation, enabled by the new mandate set out in Article 434a of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876, aims precisely at responding to the need for a consistent and complete Pillar 3 disclosure framework, in line with the BCBS revised Pillar 3 framework and allowing for the comparability of the information disclosed thereby also reflecting the new disclosure and other prudential requirements set out in Regulation (EU) 575/2013 as amended by Regulation (EU) 2019/876.
- (6) More specifically, this Regulation introduces a key metrics disclosure template, which will facilitate the access by users of information to the institutions' key information on own funds and liquidity, and includes templates and tables that implement the disclosures required in Titles II and III of Part Eight of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876.
- (7) Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 introduced definitions for '**small and less complex institutions**' and '**large institutions**' for enhanced proportionality. Part Eight of the same Regulation defines which disclosures and with which frequency are applicable to different institutions, depending on their size, complexity and on whether they are listed or non-listed institutions. .
- (8) While proportionate, the provisions of this Regulation aim at achieving transparency and comparability and, more specifically, they try to ensure that the relevant templates and tables used for disclosure indeed convey sufficiently comprehensive and comparable information, enabling the users of that information to assess the risk profiles of institutions and their degree of compliance with the requirements laid down in Regulation (EU) No 575/2013. The uniform disclosure formats, templates and tables set out in this Regulation take due account of the differences between institutions in size and complexity, which gives rise to different levels and types of risks, including in some cases thresholds to determine extended disclosures for institutions beyond those thresholds.
- (9) In response to the introduction of newly calibrated leverage ratio and G-SIIs leverage ratio buffer by Regulation (EU) No 575/2013 as amended Regulation (EU) No 2019/876, this Regulation sets out the templates and tables required to reflect the new requirements and the necessary adjustments in the exposure calculation.

²⁰ Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012, OJ L 150, 7.6.2019, p. 1–225.

- (10) In response to the introduction of new disclosure requirements for the net stable funding stable ratio (NSFR) by Regulation (EU) No 575/2013 as amended Regulation (EU) No 2019/876, this Regulation sets out the template required for such disclosure.
- (11) Regulation (EU) No 575/2013 as amended by Regulation (EU) No 2019/876 has updated the counterparty credit risk framework by replacing the standardised approaches by a more risk sensitive one called Standardised Approach for Counterparty Credit Risk (SA-CCR). A simplified version (Simplified SA-CCR) has also been introduced to be applied by institutions that meet predefined eligibility criteria. The Original Exposure Method, which remains also for institutions meeting predefined criteria, has also been revised. In response to these developments, this Regulation incorporates a comprehensive set of disclosure tables and templates.
- (12) Regulation (EU) No 575/2013 as amended by Regulation (EU) No 2019/876 has introduced a new disclosure requirement on information on performing, non-performing and forborne exposures, including information on collaterals and financial guarantees received. This Regulation includes a comprehensive set of templates and tables that implement these disclosure requirements, having also regard to the disclosure templates and tables already developed by the EBA²¹ in response in response to the Council conclusions on Action plan to tackle non-performing loans in Europe²².
- (13) A new EU securitisation framework came into force in the EU in January 2018. This includes the Securitisation Regulation (Regulation (EU) No 2017/2402) and the Regulation (EU) No 2017/2401 containing targeted amendments to the Regulation (EU) No 575/2013 with regards to securitisation. This Regulation introduces new disclosure templates and tables with quantitative and qualitative information on securitisation in line with the new framework.
- (14) Finally, Regulation (EU) No 575/2013 as amended by Regulation (EU) No 2019/876 has introduced certain amendments to the disclosure requirements on remuneration, to align them with the remuneration provisions requiring that remuneration policies and practices consistent with effective risk management should be put in place and that institutions should disclose of information on derogation from certain remuneration rules, when relevant. This regulation includes a set of disclosure templates and tables implementing these disclosure requirements.
- (15) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority (EBA) to the Commission.
- (16) EBA has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010²³ in relation to those.

²¹ EBA guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10) <https://eba.europa.eu/documents/10180/2531768/Final+GLs+on+disclosure+of+non-performing+and+forborne+exposures.pdf>

²² <https://www.consilium.europa.eu/en/press/press-releases/2017/07/11/conclusions-non-performing-loans/>

²³ 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).

HAS ADOPTED THIS REGULATION:

CHAPTER 1

SUBJECT MATTER AND SCOPE

Article 1

SUBJECT MATTER AND SCOPE

1. This Regulation lays down uniform disclosure formats, and associated instructions in accordance with which institutions shall make the disclosures required under Titles II and III of Part Eight of Regulation (EU) No 575/2013, pursuant to Article 434a of Regulation (EU) No 575/2013.

UNIFORM DISCLOSURE FORMATS AND INSTRUCTIONS

Article 2

DISCLOSURE OF KEY METRICS AND OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS

1. Institutions shall make the disclosures required in Article 447 (a) to (g) and point (b) of Article 438 of Regulation (EU) No 575/2013, in accordance with the Templates EU KM1 of Annex 1 and the relevant instructions set out in Annex 2.
2. Institutions shall make the disclosures required in point (d) of Article 438 of Regulation (EU) No 575/2013, in accordance with the Template EU OV1 of Annex 1 and the relevant instructions set out in Annex 2.
3. Institutions shall make the disclosures required in points (a) and (c) of Article 438 of Regulation (EU) No 575/2013, in accordance with the Table EU OVC in Annex 1 and the relevant instructions set out in Annex 2.

4. Institutions shall make the disclosures required in points (f) and (g) of Article 438 of Regulation (EU) No 575/2013, in accordance with the Templates EU INS1 and EU INS2 of Annex 1 and the relevant instructions set out in Annex 2.

Article 3

DISCLOSURE OF RISK MANAGEMENT OBJECTIVES AND POLICIES

Institutions shall make the disclosures required in Article 435 of Regulation (EU) No 575/2013, in accordance with the Tables EU OVA and EU OVB of Annex 3 and the relevant instructions set out in Annex 4.

Article 4

DISCLOSURE OF THE SCOPE OF APPLICATION

1. Institutions shall make the disclosures required in points (b) and (c) of Article 436 of Regulation (EU) No 575/2013, in accordance with the Templates EU LI1 and EU LI3 of Annex 5 and the relevant instructions set out in Annex 6.

2. Institutions shall make the disclosures required in points (b) and (d) of Article 436 of Regulation (EU) No 575/2013, in accordance with the Template EU LI2 and Table LIA of Annex 5 and the relevant instructions set out in Annex 6.

3. Institutions shall make the disclosures required in point (e) of Article 436 of Regulation (EU) No 575/2013, in accordance with the Template EU PV1 of Annex 5 and the relevant instructions set out in Annex 6.

4. Institutions shall make the disclosures required in points (f), (g) and (h) of Article 436 of Regulation (EU) No 575/2013, in accordance with the Table EU LIB of Annex 5 and the relevant instructions set out in Annex 6.

Article 5

DISCLOSURE OF OWN FUNDS

Institutions shall make the disclosures on own funds, required in Article 437 of Regulation (EU) No 575/2013, as follows:

- (a) For the disclosures required in points (a), (d), (e) and (f) of Article 437 of Regulation (EU) No 575/2013, in accordance with the templates EU CC1 and EU CC2 of Annex 7 and the relevant instructions set out in Annex 8.

- (b) For the disclosures required in points (b) and (c) of Article 437 in accordance with the table EU CCA of Annex 7 and the relevant instructions set out in Annex 8.

Article 6

DISCLOSURE OF COUNTERCYCLICAL CAPITAL BUFFERS

Institutions shall make the disclosures on the countercyclical capital buffer required in Article 440 of Regulation (EU) No 575/2013 as follows:

- (a) For the disclosures required in point (a) of Article 440 in accordance with the Template EU CCYB1 of Annex 11 and the relevant instructions set out in Annex 12.
- (b) For the disclosures required in point (b) of Article 440 in accordance with the Template EU CCYB2 of Annex 11 and the relevant instructions set out in Annex 12.

Article 7

DISCLOSURE OF THE LEVERAGE RATIO

Institutions shall make the disclosures on the leverage ratio, required in Article 451 of Regulation (EU) No 575/2013 as follows:

- (a) For the disclosures required in points (a), (b), and (c) of Article 451(1) and in Articles 451(2) and 451(3) of Regulation (EU) No 575/2013, in accordance with the Templates EU LR1, EU LR2 and EU LR3 of Annex 15 and the relevant instructions set out in Annex 16.
- (b) For the disclosures required in points (d) and (e) of Article 451(1) of Regulation (EU) No 575/2013, in accordance with the Table EU LRA of Annex 15 and the relevant instructions set out in Annex 16.

Article 8

DISCLOSURE OF LIQUIDITY REQUIREMENTS

Institutions shall make the disclosures on the liquidity requirements, required in Articles 435(1) and 451a of Regulation (EU) No 575/2013 as follows:

- (a) For the disclosures required in Article 435 (1) and in Article 451a(4) of Regulation (EU) No 575/2013, in accordance with the table EU LIQA of Annex 17 and the relevant instructions set out in Annex 18.

- (b) For the disclosures required in Article 451a(2) of Regulation (EU) No 575/2013, in accordance with the template EU LIQ1 and table EU LIQB of Annex 17 and the relevant instructions set out in Annex 18.
- (c) For the disclosures required in Article 451a(3) of Regulation (EU) No 575/2013, in accordance with the template EU LIQ2 of Annex 17 and the relevant instructions set out in Annex 18.

Article 9

DISCLOSURE OF EXPOSURES TO CREDIT RISK, DILUTION RISK AND CREDIT QUALITY

1. Institutions shall make the disclosures on credit risk and dilution risk required in Articles 435 and 442 of Regulation (EU) No 575/2013 in as follows:

- (a) For the disclosures required in points (a), (b), (d) and (f) of Article 435 (1) regarding credit risk of Regulation (EU) No 575/2013, in accordance with the Table EU CRA of Annex 19 and the relevant instructions set out in Annex 20.
- (b) For the disclosures required in points (a) and (b) of Article 442 of Regulation (EU) No 575/2013, in accordance with the Table EU CRB of Annex 19 and the relevant instructions set out in Annex 20.
- (c) For the disclosures required in point (g) of Article 442 of Regulation (EU) No 575/2013, in accordance with the Template EU CR1-A of Annex 19 and the relevant instructions set out in Annex 20.
- (d) For the disclosures required in point (f) of Article 442 of Regulation (EU) No 575/2013, in accordance with the Template EU CR2 of Annex 19 and the relevant instructions set out in Annex 20.

2. Institutions shall make the disclosures required in points (c), (d) and (e) of Article 442 of Regulation (EU) No 575/2013 in accordance with templates EU CR1, EU CQ1, EU CQ3 and EU CQ7, columns a, c, e, f and g of template EU CQ4 and columns a, c, e and f of template EU CQ5 set out in Annex 19 and with the instructions set out in Annex 20.

3. In addition to the templates referred to in paragraph 2 and in order to convey sufficiently comprehensive and comparable information for users of that information to assess the risk profiles of institutions in accordance with Article 434a of Regulation (EU) No 575/2013, large institutions with a ratio of gross carrying amount of non-performing loans and advances divided by the total gross carrying amount of loans and advances subject to the definition of non-performing according to Article 47a of Regulation (EU) No 575/2013 equal to or higher than 5% shall make the disclosure required in points (c) of Article 442 of Regulation (EU) No 575/2013 also in accordance with templates EU CQ2, CQ6 and EU CQ8, columns b and d of templates EU CQ4 and EU CQ5 set out in Annex 19 and with the instructions set out in Annex 20, on an annual basis.

4. For the purpose of paragraph (3), loans and advances classified as held for sale, cash balances at central banks and other demand deposits shall be excluded both from the denominator and the numerator of the ratio.

5. Institutions shall commence disclosure in accordance with paragraph 3, where they have reached or exceeded the 5% threshold in two consecutive quarters during the four quarters prior to the reference date of the disclosure. For the reference date of the first disclosure, institutions shall disclose the templates subject to the 5% threshold if they comply with the threshold on that disclosure reference date.

6. Institutions shall stop having the obligation to disclose in accordance with paragraph 3, where they have fallen below the threshold in three consecutive quarters during the four quarters prior to the disclosure reference date.

Article 10

DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES

Institutions shall make the disclosures on the use of credit risk mitigation techniques, required in points (a) to (f) of Article 453 of Regulation (EU) No 575/2013 as follows:

- (a) For the disclosures required in points (a) to (e) of Article 453 of Regulation (EU) No 575/2013, in accordance with the table EU CRC of Annex 21 and the relevant instructions set out in Annex 22.
- (b) For the disclosures required in point (f) of Article 453 of Regulation (EU) No 575/2013, in accordance with the template EU CR3 of Annex 21 and the relevant instructions set out in Annex 22.

Article 11

DISCLOSURE OF THE USE OF THE STANDARDISED APPROACH

Institutions calculating risk-weighted exposure amounts under the Standardised Approach, shall make the disclosures on the use of the standardised approach, required in Article 444 and in points (g), (h) and (i) of Article 453 of Regulation (EU) No 575/2013 as follows:

- (a) For the disclosures required in points (a) to (d) of Article 444 of Regulation (EU) No 575/2013, in accordance with the table EU CRD of Annex 23 and the relevant instructions set out in Annex 24.
- (b) For the disclosures required in points (g), (h) and (i) of Article 453 of Regulation (EU) No 575/2013, in accordance with the template EU CR4 of Annex 23 and the relevant instructions set out in Annex 24.
- (c) For the disclosures required in point (e) of Article 444 of Regulation (EU) No 575/2013, in accordance with the template EU CR5 of Annex 23 and the relevant instructions set out in Annex 24.

Article 12

DISCLOSURE OF THE USE OF THE IRB APPROACH TO CREDIT RISK

Institutions calculating risk-weighted exposure amounts under the IRB Approach, shall make the disclosures on the use of the IRB approach, required in Articles 438, 452 and in points (g) and (j) of Article 453 of Regulation (EU) No 575/2013 as follows:

- (a) For the disclosures required in points (a) to (f) of Article 452 of Regulation (EU) No 575/2013, in accordance with the Table EU CRE and Template EU CR6-A of Annex 25 and the relevant instructions set out in Annex 26.
- (b) For the disclosures required in point (g) of Article 452 of Regulation (EU) No 575/2013, in accordance with the Template EU CR6 of Annex 25 and the relevant instructions set out in Annex 26.
- (c) For the disclosures required in points (g) and (j) of Article 453 of Regulation (EU) No 575/2013, in accordance with the Templates EU CR7-A and CR7 of Annex 25 and the relevant instructions set out in Annex 26.
- (d) For the disclosures required in point (h) of Article 438 of Regulation (EU) No 575/2013, for IRB Approach to credit risk, in accordance with the Template EU CR8 of Annex 25 and the relevant instructions set out in Annex 26.
- (e) For the disclosures required in point (h) of Article 452 of Regulation (EU) No 575/2013, in accordance with the Template EU CR9 and CR9.1 of Annex 25 and the relevant instructions set out in Annex 26.

Article 13

DISCLOSURE OF SPECIALISED LENDING AND EQUITY EXPOSURES UNDER THE SIMPLE RISK WEIGHT APPROACH

Institutions shall make the disclosures required in point (e) of Article 438 of Regulation (EU) No 575/2013, in accordance with the Template EU CR10 of Annex 27 and the relevant instructions set out in Annex 28.

Article 14

DISCLOSURE OF EXPOSURES TO COUNTERPARTY CREDIT RISK

Institutions shall make the disclosures on the exposures to counterparty credit risk, required in Articles 435, 438 and 439 of Regulation (EU) No 575/2013 as follows:

- (a) For the disclosures required in points ((a), (b), (c) and (d) of Articles 439 of Regulation (EU) No 575/2013, in accordance with the Table EU CCRA of Annex 29 and the relevant instructions set out in Annex 30.
- (b) For the disclosures required in points (f), (g), (k) and (m) of Article 439 of Regulation (EU) No 575/2013, in accordance with the Template EU CCR1 of Annex 29 and the relevant instructions set out in Annex 30.
- (c) For the disclosures required in point (h) of Article 439 of Regulation (EU) No 575/2013, in accordance with the template EU CCR2 of Annex 29 and the relevant instructions set out in Annex 30.
- (d) For the disclosures required in point (l) of Article 439 of Regulation (EU) No 575/2013, in accordance with the Templates EU CCR3 and EU CCR4 of Annex 29 and the relevant instructions set out in Annex 30.
- (e) For the disclosures required in point (e) of Article 439 of Regulation (EU) No 575/2013, in accordance with the Template EU CCR5 of Annex 29 and the relevant instructions set out in Annex 30.
- (f) For the disclosures required in point (j) of Article 439 of Regulation (EU) No 575/2013, in accordance with the Template EU CCR6 of Annex 29 and the relevant instructions set out in Annex 30.
- (g) For the disclosures required in point (h) of Article 438 of Regulation (EU) No 575/2013, for Internal Model Method, in accordance with the Template EU CCR7 of Annex 29 and the relevant instructions set out in Annex 30.
- (h) For the disclosures required in point (i) of Article 439 of Regulation (EU) No 575/2013, in accordance with the template EU CCR8 of Annex 29 and the relevant instructions set out in Annex 30.

Article 15

DISCLOSURE OF EXPOSURES TO SECURITISATION POSITIONS

Institutions shall make the disclosures on the exposures to securitisation positions, required in Article 449 of Regulation (EU) No 575/2013 as follows:

- (a) For the disclosures required in points (a) to (i) of Article 449 of Regulation (EU) No 575/2013, in accordance with the Table EU SECA of Annex 31 and the relevant instructions set out in Annex 32.
- (b) For the disclosures required in point (j) of Article 449 of Regulation (EU) No 575/2013, in accordance with the Templates EU SEC1 and EU SEC2 of Annex 31 and the relevant instructions set out in Annex 32.
- (c) For the disclosures required in point (k) of Article 449 of Regulation (EU) No 575/2013 in accordance with the templates EU SEC3 and EU SEC4 of Annex 31 and the relevant instructions set out in Annex 32.
- (d) For the disclosures required in point (l) of Article 449 of Regulation (EU) No 575/2013 in accordance with the Templates EU SEC5 of Annex 31 and the relevant instructions set out in Annex 32.

Article 16

DISCLOSURE OF USE OF STANDARDIZED APPROACH AND INTERNAL MODEL FOR MARKET RISK

1. Institutions shall make the disclosures required in Article 445 of Regulation (EU) No 575/2013, in accordance with the Template EU MR1 of Annex 33 and the relevant instructions set out in Annex 34.
2. Institutions shall make the disclosures required in Articles 435, 438 and 455 of Regulation (EU) No 575/2013 as follows:
 - (a) For the disclosures required in points (a) to (d) of Article 435(1) of Regulation (EU) No 575/2013 regarding market risk, in accordance with the table EU MRA of Annex 33 and the relevant instructions set out in Annex 34.
 - (b) For the disclosures required in points (a), (b), (c) and (f) of Article 455 of Regulation (EU) No 575/2013, in accordance with the table EU MRB of Annex 33 and the relevant instructions set out in Annex 34.
 - (c) For the disclosures required in point (e) of Article 455 of Regulation (EU) No 575/2013, in accordance with the template EU MR2-A of Annex 33 and the relevant instructions set out in Annex 34.
 - (d) For the disclosures required in point (h) of Article 438 of Regulation (EU) No 575/2013, for internal market risk models, in accordance with the template EU MR2-B of Annex 33 and the relevant instructions set out in Annex 34.
 - (e) For the disclosures required in point (d) of Article 455 of Regulation (EU) No 575/2013, in accordance with the template EU MR3 of Annex 33 and the relevant instructions set out in Annex 34.

- (f) For the disclosures required in point (g) of Article 455 of Regulation (EU) No 575/2013, in accordance with the template EU MR4 of Annex 33 and the relevant instructions set out in Annex 34.

Article 17

DISCLOSURE OF OPERATIONAL RISK

Institutions shall disclose the information on operational risk required in articles 435, 438 (d), 446 and 454 of Regulation (EU) No 575/2013, in accordance with the Table EU ORA and Template EU OR1 of Annex 35 and the relevant instructions set out in Annex 36.

Article 18

DISCLOSURE OF REMUNERATION POLICY

Institutions shall make the disclosures on the remuneration policy, required in Article 450 of Regulation (EU) No 575/2013 as follows:

- (a) For the disclosures required in points (a) to (f), (j) and (k) of Article 450(1) and in Article 450(2) of Regulation (EU) No 575/2013, in accordance with the Table EU REMA of Annex 37 and the relevant instructions set out in Annex 38.
- (b) For the disclosures required in points (h)(i) and (h)(ii) of Article 450(1) of Regulation (EU) No 575/2013, in accordance with the Table EU REM1 of Annex 37 and the relevant instructions set out in Annex 38.
- (c) For the disclosures required in points (h)(v), (h)(vi) and (h)(vii) of Article 450(1) of Regulation (EU) No 575/2013, in accordance with the Table EU REM2 of Annex 37 and the relevant instructions set out in Annex 38.
- (d) For the disclosures required in points (h)(iii) and (h)(iv) of Article 450(1) of Regulation (EU) No 575/2013, in accordance with the Table EU REM3 of Annex 37 and the relevant instructions set out in Annex 38.
- (e) For the disclosures required in points (g) and (i) of Article 450(1) of Regulation (EU) No 575/2013, in accordance with the Templates EU REM4 and EU REM5 of Annex 37 and the relevant instructions set out in Annex 38.

Article 19

DISCLOSURE OF ENCUMBERED AND UNENCUMBERED ASSETS

Institutions shall disclose the information regarding their encumbered and unencumbered assets required in Article 443 of Regulation (EU) No 575/2013, in accordance with the Templates EU AE1, EU AE2 and EU AE3, and Table EU AE4 of Annex 39 and the relevant instructions set out in Annex 40.

CHAPTER 3

GENERAL PROVISIONS

Article 20

GENERAL PROVISIONS

1. Where Article 432 of Regulation (EU) No 575/2013 applies also having regard to the relevant EBA guidelines, the institution shall not be obliged to populate the relevant rows or columns of the templates and tables referred to in this Regulation. In this case the numbering of subsequent rows or columns shall not be altered.
2. Institutions shall make a clear note in the relevant template or table of the rows or columns not populated and of the reason of the omission of the disclosure.
3. Where disclosing information in accordance with this Regulation, institutions shall ensure that numeric values are submitted as facts according to the following:
 - (a) Quantitative monetary data shall be disclosed using a minimum precision equivalent to thousands of units;
 - (b) Quantitative data disclosed as ‘Percentage’ shall be expressed as per unit with a minimum precision equivalent to four decimals.
4. Where disclosing information in accordance with this Regulation, institutions shall ensure that the data are associated with the following information:
 - (a) disclosure reference date and reference period;
 - (b) reporting currency;
 - (c) name and where relevant, identifier of the disclosing institution (LEI);
 - (d) where relevant, accounting standard; and
 - (e) where relevant, scope of consolidation

CHAPTER 4

FINAL PROVISIONS

Article 21

REPEAL

1. COMMISSION IMPLEMENTING REGULATION (EU) No 1423/2013 of 20 December 2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council is repealed.
2. COMMISSION DELEGATED REGULATION (EU) 2015/1555 of 28 May 2015 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer in accordance with Article 440 is repealed.
3. COMMISSION IMPLEMENTING REGULATION (EU) 2016/200 of 15 February 2016 laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions, according to Regulation (EU) No 575/2013 of the European Parliament and of the Council is repealed.
4. COMMISSION DELEGATED REGULATION (EU) 2017/2295 of 4 September 2017 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for disclosure of encumbered and unencumbered assets

Article 22

ENTRY INTO FORCE

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

It shall apply from 28 June 2021.

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

Done at Brussels,

For the Commission



The President

On behalf of the President

[Position]

LIST OF ANNEXES

- Annex 1 - Disclosure of key metrics and overview of risk-weighted exposure amounts
- Annex 2 - Disclosure of key metrics and overview of risk-weighted exposure amounts (instructions)
- Annex 3 - Disclosure of risk management objectives and policies
- Annex 4 - Disclosure of risk management objectives and policies (instructions)
- Annex 5 - Disclosure of the scope of application
- Annex 6 - Disclosure of the scope of application (instructions)
- Annex 7 - Disclosure of own funds
- Annex 8 - Disclosure of own funds (instructions)
- Annex 11 - Disclosure of countercyclical capital buffers
- Annex 12 - Disclosure of countercyclical capital buffers (instructions)
- Annex 15 - Disclosure of the leverage ratio
- Annex 16 - Disclosure of the leverage ratio (instructions)
- Annex 17 - Disclosure of liquidity requirements
- Annex 18 - Disclosure of liquidity requirements (instructions)
- Annex 19 – Disclosure of credit risk quality
- Annex 20 – Disclosure of credit risk quality (instructions)
- Annex 21 – Disclosure of the use of credit risk mitigation techniques
- Annex 22 – Disclosure of the use of credit risk mitigation techniques (instructions)
- Annex 23 - Disclosure of the use of the standardised approach
- Annex 24 - Disclosure of the use of the standardised approach (instructions)
- Annex 25 - Disclosure of the use of the IRB approach to credit risk
- Annex 26 - Disclosure of the use of the IRB approach to credit risk (instructions)
- Annex 27 - Disclosure of specialised lending and equity exposures under the simple risk weight approach
- Annex 28 - Disclosure of specialised lending and equity exposures under the simple risk weight approach (instructions)
- Annex 29 - Disclosure of exposures to counterparty credit risk
- Annex 30 - Disclosure of exposures to counterparty credit risk (instructions)
- Annex 31 - Disclosure of exposures to securitisation positions
- Annex 32 - Disclosure of exposures to securitisation positions (instructions)
- Annex 33 - Disclosure of use of standardized approach and internal model for market risk

Annex 34 - Disclosure of use of standardized approach and internal model for market risk (instructions)

Annex 35 - Disclosure of operational risk

Annex 36 - Disclosure of operational risk (instructions)

Annex 37 - Disclosure of remuneration policy

Annex 38 - Disclosure of remuneration policy (instructions)

Annex 39 - Disclosure of encumbered and unencumbered assets

Annex 40 - Disclosure of encumbered and unencumbered assets (instructions)

5. Accompanying documents

5.1 “Mapping tool” – Mapping of disclosure quantitative data with supervisory reporting

The “mapping tool” is a comprehensive set of excel files that provides the mapping of most of the quantitative disclosure templates with the relevant reporting data points. Mapping is not possible for the disclosure tables with qualitative information or in the small number of cases of quantitative templates with flexible format, like the templates that compare quantitative information under the regulatory scope of consolidation with information disclosed by institutions in their published financial statements.

The “mapping tool” is not part of the draft ITS but it is provided as an accompanying document for informative purposes and to support institutions when populating the quantitative disclosure template. A question is included in the section with the questions for consultation, in order to encourage respondents to review the mappings provided.

5.2 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 IA of the main policy options included in this Consultation Paper on the draft ITS on disclosure templates and instructions. The latter concern disclosure requirements as per Titles II and III of Part Eight of CRR2. The IA is high level and qualitative in nature.

A. Problem identification and background

To-date, the specifications of the quantitative and qualitative disclosure requirements included in Part Eight of the CRR are not implemented in the EU through a single, comprehensive, uniform framework but are dispersed across different legal texts and guidelines, and in the case of some requirements not even developed. The CRR version in place prior to the publication of the CRR2, mandated the EBA to specify uniform disclosure formats in only some disclosure areas (e.g. data on own funds, leverage or asset encumbrance). In addition to this, some templates and tables have been developed by the EBA on its own initiative by way of issuing guidelines. The most comprehensive of the latter, the guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013, are mainly applicable only to G-SIIs and O-SIIs. Nevertheless, in many areas, the format of the disclosures are left to the discretion of each institution, as per CRR Article 434. For many disclosed items this implies differences in inter alia i) the formats used for disclosure

across institutions; ii) the degree of granularity of the disclosed information; iii) the specific information disclosed by each institution.

This in turn has implications for the usability of the disclosed information for external stakeholders and market participants and in particular for the consistency and comparability of the publicly disclosed information across EU institutions themselves, but also between EU institutions and non-EU internationally active banks.

The Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 (CRR2), addresses these issues in order to improve the way that prudential information required by the same legal text is publicly disclosed by EU institutions. Eventually, the aim is to increase the consistency and comparability of this information, fostering the role of institutions' Pillar 3 disclosures in promoting market discipline. Under Article 434a, the CRR2 mandates the EBA to develop an implementing technical standard (ITS) specifying uniform disclosure formats and associated instructions for the disclosure requirements included in Titles II and III of Part Eight of the same Regulation. In compliance with this mandate, the EBA is developing a disclosure framework which includes a comprehensive set of disclosure templates, tables and related instructions, ensuring alignment and consistency with the international disclosure standards, i.e. the Basel Pillar 3 standards. The Basel framework provides disclosure templates in its Standards on Pillar 3 Disclosure Requirements developed between 2015 and 2018, with further revisions of the leverage ratio disclosure standard published in 2019.

B. Policy objectives

The draft proposed disclosure templates and instructions presented in this consultation paper aim at providing a uniform disclosure framework for all institutions across the EU, to maximise comparability and consistency not only across Europe, but also with non-EU internationally active banks at the global level. The draft ITS follow the EBA mandate under CRR2's Article 434a. They provide the practical tools and framework for institutions to comply with the revised disclosure requirements under the CRR2.

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

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

The new disclosure templates have been drafted with a view to fully reflect CRR2 disclosure requirements and to align them with the Basel standards as much as possible. Alignment with Basel (templates) wherever feasible has been the default setting and the starting point, however, due to some differences in the Basel standards and CRR2 regulation, fully mirroring the Basel templates one-to-one is not feasible for European institutions and markets. Some amendments and

adjustments, in order to reflect the EU regulatory specificities, have therefore been introduced in the disclosure templates compared to the Basel standards. Whilst this is important to mention, it has not been regarded as a policy choice as such, but rather, necessary for the templates' maximum alignment with both the CRR2 and Basel.

Integration of the disclosure and the reporting templates

Option 1a: Fully integrate the disclosure templates with the reporting templates ('one-to-one mapping')

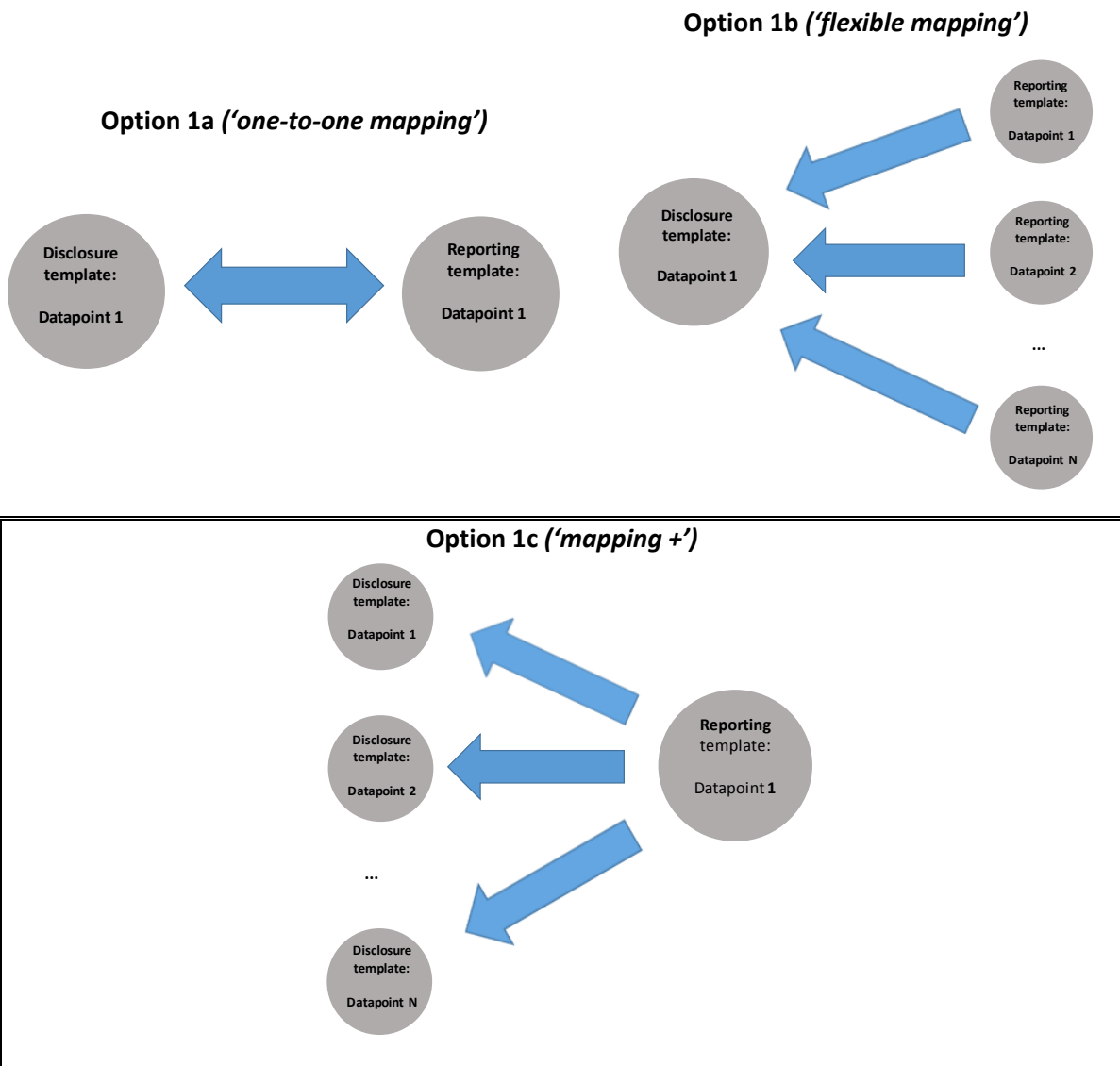
Option 1b: Fully but flexibly integrate the disclosure templates with the reporting templates ('flexible mapping')

Option 1c: No or only partial integration of the disclosure templates with the reporting templates ('mapping +')

Full integration of the disclosure templates with the reporting templates in this context implies that every single quantitative information that features in the disclosure templates is either i) also always an item included in the reporting templates (one-to-one mapping) (Option 1a), or ii) is derived from a combination of reporting items (one disclosure item for one or several, possibly aggregated, reporting items) (Option 1b). Therefore, for every single disclosure item (bar qualitative information, see further below), a counterparty item can be identified among one or several reporting items.

No or only partial integration of the two frameworks under Option 1c means that disclosure items cannot be directly mapped to reporting items. Instead, items included in the disclosure templates could represent a more granular break-up of the reporting items.

The figures below provide a schematic illustration of the possible approaches described by the three options above:



Option 1c has been eliminated as it would compromise consistency and comparability across institutions' disclosed information: since data points in the disclosure templates would not be directly traceable in the reporting data, the application of uniform consistent definitions could be compromised and hence the disclosed data could vary across institutions.

Option 1a would ensure consistency, comparability and would limit the additional burden to institutions, due to its full integration and direct link to reporting. However, it would also limit the scope for shaping and selecting information to be included in the disclosure templates, or alternatively it would increase notably the reporting burden for institutions. Option 1b instead

would ensure comparability, consistency and limit the burden to institutions, but at the same time this option leaves more room to design disclosure templates that are fit for their purpose since it does not confine the source data into any specific entries in the reporting templates. Therefore, **Option 1b has been assessed as the preferred option.**

Some of the disclosed information is of qualitative nature. Such information comes, by definition, on top of reporting and does not fall into any of the above approaches.

Numbering of rows in the disclosure templates

Option 2a: Follow a continuous numbering for the rows in the new EU disclosure templates, regardless of the numbering in the Basel templates

Option 2b: Follow a continuous numbering for the rows in the new EU disclosure templates, whilst at the same time respecting the numbering of the Basel templates

As outlined at the beginning of Section C, there are some differences between the Basel disclosure templates and the EBA reporting templates, reflecting some nuances between Basel regulation and the EU's CRR2 regulation. This by definition implies that not all information covered by the Basel disclosure templates should be included in the EBA templates, and vice versa. As a result, the ordering and numbering of information items and rows in the two templates will not be identical.

One option is to simply follow a continuous numbering for the items and rows in the EU disclosure templates, reflecting CRR2 information. However, this option makes it difficult to compare the Basel and EU templates and in particular, compare the disclosed information of two institutions located in an EU and non-EU jurisdictions, since identical items/rows will not always have the same row numbers. For this reason, **Option 2a has been eliminated.**

To maximise global comparability of disclosure templates, EU templates should be aligned to the Basel row numbering whilst at the same time following their own logical, continuous numbering as to ensure they remain easy to populate and read by institutions and markets, respectively. **Option 2b has therefore been chosen:** For items included in EU regulation but not Basel, EU templates introduce an additional numbering list of a, b, c, Whenever an additional row is added, the 'EU'-tag is added up-front and the letter is added after the number of the last item that was consistent with Basel (ie the row numbering could look as follows: 19, 20, EU-20a, EU-20b, 21, 22, ...). Similarly, whenever EU templates do not include a row included in the Basel templates, the numbering will continue and the data point will be listed as 'not applicable in the EU'.

This way, the new EU disclosure templates follow a continuous, easy to use numbering but at the same time respect the Basel numbering, thereby enabling flawless comparison at the global level.

Treatment of existing disclosure templates

Option 3a: Disregard existing disclosure templates and build entirely new templates

Option 3b: Build on existing templates, and amend and align as needed

Some disclosure templates already exist, developed by the EBA as per the existing CRR or on its own initiative. These existing templates require some amendments to align them with Basel templates, and with the updated CRR2 framework, however.

In order to align the existing templates with the CRR2 and with the Basel disclosure templates, one can either start again from scratch and design entirely new templates, or build on the existing ones and amend and align as needed. The latter, **Option 3b, has been chosen to be the preferred option.** Building on the existing templates and amending them as needed, has been assessed as providing continuity and minimising the burden for institutions. At the same time, the maximum continuity in disclosure (templates) also provides continuity for other market players and users of both current and past disclosed information.

Treatment of PD ranges in credit risk IRB templates

Option 4a: Institutions to report PD ranges as per their internally defined ranges (in line with Basel template CR9)

Option 4b: Institutions to report PD ranges as per pre-defined, set ranges

Basel's disclosure template CR9 - IRB - Backtesting of probability of default (PD) per portfolio - allows each institution to disclose the data as per their own PD ranges. This allows for information as granular and precise as possible, since each institution is able to list information exactly according to its individual PD ranges and no fitting into pre-defined buckets is required. Nevertheless it is extremely difficult for the disclosed information to be evaluated and compared. A large number of different PD ranges will appear in the disclosure templates across institutions. For this reason, **Option 4a has been eliminated.**

Instead, **Option 4b has been chosen as the preferred option.** When developing the EU IRB backtesting template (EU CR9), in application of Article 452(h) of the CRR, the EBA has leveraged on the predefined PD scale according to which institutions already have to disclose the information required in the IRB template EU CR6 (IRB approach – Credit risk exposures by exposure class and PD range) which implements Article 452(g) of the CRR. Template EU CR6 was developed in alignment with the Basel template CR6, which requests information to be disclosed according to the PD scale predefined in the Basel standard. This PD scale predefined for the purpose of template EU CR6 has now also been extended to template EU CR9. The approach followed ensures consistent and comparable disclosure data across all institutions in the EU and limits the additional burden on institutions.

Reconciliation of accounting and regulatory data²⁴

Option 5a: Disclosure of reconciliatory data in the form of additional columns in the regular audited financial statements disclosed by institutions

²⁴ Refers to templates EU CC2 (reconciliation of regulatory own funds to balance sheet in the audited financial statements) and EU L1 (differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories)

Option 5b: Disclosure of reconciliatory data in the form of separate columns for accounting versus regulatory data in relevant FINREP templates

CRR Article 436 requires institutions to disclose the differences between their reporting and financial information. There is general agreement that differences in the scope of regulatory versus financial information should be clear for the users of disclosed information.

Reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation is therefore crucial.

There are two ways to achieve this. Under Option 5a, institutions would disclose reconciliatory data alongside their audited public financial statements, for which there is not a common disclosure template in Europe. Under the second option 5b, reconciliatory data would instead be disclosed compared to the relevant FINREP balance sheet common templates.

Despite aiming for full integration in the design of the disclosure templates with the reporting templates, and aiming also for comparability and consistency of the disclosures among institutions, in this case, **Option 5a has been chosen as the preferred option** and the templates envisage reconciliation using the public audited financial statements. Whilst there is no uniform format for financial statements to be published by institutions, Option 5a will crucially allow users of information to reconcile the financial figures disclosed by institutions in their financial statements with the relevant prudential regulatory figures.

Treatment of disclosure requirements for which a broad revision of the applicable regulatory framework is on-going

Option 6a: Implement in the ITS the existing disclosure templates without changes or simple reporting-based disclosure templates and wait for the full review of the templates until the new regulatory amendments

Option 6b: Review the existing disclosure templates or develop more complex templates and review them again based on the new regulatory amendments

For some disclosure requirements included in Part Eight of the CRR, the related regulatory framework is still under revision and important amendments are expected in the near future, as part of the so called CRR3. This is in particular the case in the areas of market risk, for which the fundamental review of the trading book (FRTB) is not closed yet; credit risk under the standardised approach, whose review will be finalised in the CRR3; and operational risk. In these cases, the EBA has assessed the two policy options described above and decided to disregard option 6b and follow option 6a. The main reason behind this decision is the aim to alleviate the disclosure requirements for those institutions that are already disclosing this information as much as possible, avoiding them having to change their disclosure templates twice in a short period, or facilitate the availability of data by leveraging from reporting-based templates. In addition, changing the templates now and then again after the finalisation of the regulatory amendments, may create confusion to users of

information and make it difficult to compare the disclosed information across different disclosure periods.

D. Conclusion

CRR2 mandates EBA to develop uniform and complete disclosure tables and templates. The policy choices discussed above were made with the aim of combining and achieving the following key objectives:

- i) Maximum alignment with Basel templates;
- ii) Integration of the quantitative information disclosed with the EBA reporting templates;
- iii) Ensuring the quality of the data disclosed;
- iv) Minimising additional burdens to institutions;
- v) Improving consistency and comparability of information disclosed by institutions.

Whilst there are trade-offs for every policy decision when ensuring all five of the above goals, the draft ITS and disclosure templates proposed in this draft consultation paper strive for the most effective and efficient outcome.

The proposed templates will greatly support the overarching goal of improved transparency across EU institutions' disclosure (and financial) data. They permit consistency and comparability of data across the EU as well as globally, whilst limiting the additional burden to institutions as much as possible, and ensuring the quality of the data.

5.3 Overview of questions for consultation

5.3.1 Disclosure of key metrics and overview of risk-weighted exposure amounts

Question 1: Are the instructions, tables and templates clear to the respondents?

Question 2: Do the respondents identify any discrepancies between these tables, templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 3: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

Question 4: In particular, and regarding the disclosure on Pillar 2 requirements for leverage ratio, do respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.2 Disclosure of risk management objectives and policies

Question 5: Are the instructions, tables and templates clear to the respondents?

Question 6: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 7: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.3 Disclosure of the scope of application

Question 8: Are the instructions, tables and templates clear to the respondents?

Question 9: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 10: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

Question 11: Rows in template EU LI1 are flexible as they are based on the published financial statements. Do the respondents see any way to provide higher standardisation to the rows of this template without deviating from the requirement that it should be based on the published financial statements?

Question 12: Regarding template EU LI2, do the respondents agree that the information to be disclosed in row 4 should be pre-CCF and that the information to be disclosed in row 12 should be post-CRM?

Question 13: Regarding template EU PV1, could the respondents provide their view on how should institutions under the simplified approach should provide the disclosures required?

5.3.4 Disclosure of own funds

Question 14: Are the instructions, tables and templates clear to the respondents?

Question 15: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 16: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

Question 17: Rows in template EU CC2 are flexible as they are based on the published financial statements. Do the respondents see any way to provide higher standardisation to the rows of this template without deviating from the requirement that it should be based on the published financial statements?

5.3.5 Disclosure of countercyclical capital buffers

Question 18: Are the instructions, tables and templates clear to the respondents?

Question 19: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 20: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.6 Disclosure of the leverage ratio

Question 21: Are the instructions, tables and templates clear to the respondents?

Question 22: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 23: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.7 Disclosure of liquidity requirements

Question 24: Are the instructions, tables and templates clear to the respondents?

Question 25: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 26: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.8 Disclosure of credit risk quality

Question 27: Are the instructions, tables and templates clear to the respondents?

Question 28: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 29: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

Question 30: Do the respondents agree that the disclosure templates on credit risk quality included in new draft ITS convey properly the risk profile of the institutions?

5.3.9 Disclosure of the use of credit risk mitigation techniques

Question 31: Are the instructions, tables and templates clear to the respondents?

Question 32: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 33: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.10 Disclosure of the use of the standardised approach

Answers to this part should be provided taking into account that these disclosures will be fully reviewed once the review of regulatory framework for CR-SA is agreed and closed:

Question 34: Are the instructions, tables and templates clear to the respondents?

Question 35: In particular, are the instructions for row 16 in template EU CR4 clear to the respondents?

Question 36: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 37: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.11 Disclosure of the use of the IRB approach to credit risk

Question 38: Are the instructions, tables and templates clear to the respondents?

Question 39: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 40: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

Question 41: Regarding template EU CR7-a, do the respondents agree that for the purpose of meaningful disclosure of the aggregate values of CRM, the value of each collateral and unfunded credit protection should be capped to the exposure value at the level of individual exposure?

Question 42: Regarding template EU CR7-a, do respondents think that the information in this template should be presented in accordance with the classification of exposures before or after the substitution effect?

Question 43: Regarding template EU CR8 (flow of RWAs), do respondents agree that the drivers included for the variations of the RWEA are a good reflection of the main factors driving these variations or is there any additional relevant driver that should be added?

Question 44: Regarding template EU CR9, do respondents agree that the standardisation of PD ranges will allow for increased consistency and comparability of the disclosures by institutions, compared to the use of internal PD ranges?

Question 45: Regarding template CR9.1, do respondents agree that this template provides an appropriate disclosure for the information on the external rating equivalent according to Article

452(h) of the CRR? Could respondents provide suggestions on alternative ways to disclose this information?

Question 46: This package includes very limited information on equity exposures and on specialised lending under the slotting approach. Could the respondents, specially users of information, provide their views on whether additional information on these two exposure classes and approaches should be provided? In particular should a specific template on equity exposures under the PD/LGD approach should be added under template EU-CR6? Similarly, should a specific template for all equity exposures and for specialised lending under slotting approach be added under template EU CR7-A?

5.3.12 Disclosure of specialised lending and equity exposures under the simple risk weight approach

Question 47: Are the instructions, tables and templates clear to the respondents?

Question 48: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 49: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

Question 50: Do the respondents, specially users of information, think that additional information on equity exposures under internal models approach would be useful? In particular, should a template similar to template EU CR10.5 should be added for equity exposures under internal models approach?

5.3.13 Disclosure of exposures to counterparty credit risk

Question 51: Are the instructions, tables and templates clear to the respondents?

Question 52: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 53: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

Question 54: Regarding template EU CCR7 (flow of RWAs), do respondents agree that the drivers included for the variations of the RWEA are a good reflection of the main factors driving these variations or is there any additional relevant driver that should be added?

Question 55: Regarding template EU CCR7 (flow of RWAs), do respondents agree that this template should exclude RWEAs to central counterparties?

5.3.14 Disclosure of exposures to securitisation positions

Question 56: Are the instructions, tables and templates clear to the respondents?

Question 57: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 58: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.15 Disclosure of use of standardized approach and internal model for market risk

Answers to this part should be provided taking into account that these disclosures will be fully reviewed once the review of regulatory framework for market risk is agreed and closed:

Question 59: Are the instructions, tables and templates clear to the respondents?

Question 60: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 61: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

Question 62: Regarding template EU MR2-B (flow of RWAs), do respondents agree that the drivers included for the variations of the RWEA are a good reflection of the main factors driving these variations or is there any additional relevant driver that should be added?

5.3.16 Disclosure of operational risk

Question 63: Are the instructions, tables and templates clear to the respondents?

Question 64: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 65: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.17 Disclosure of remuneration policy

Question 66: Are the instructions, tables and templates clear to the respondents?

Question 67: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 68: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.18 Disclosure of encumbered and unencumbered assets

Question 69: Are the instructions, tables and templates clear to the respondents?

Question 70: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

Question 71: Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?

5.3.19 Other questions

Question 72: Do respondents consider that the “mapping tool” appropriately reflects the mapping of the quantitative disclosure templates with supervisory reporting?

Question 73: In case of the need for corrections of any of the information disclosed by the institutions in their Pillar 3 reports, could respondents provide their views on the best way to publicly communicate these corrections?