

EBA/CP/2023/39

14 December 2023

Consultation Paper

Draft Implementing Technical Standards

amending Commission Implementing Regulation (EU) 2021/451 on supervisory reporting referred to in Article 430 (7) of Regulation (EU) No 575/2013 concerning output floor, credit risk, market risk and leverage ratio

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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 14.03.2024. 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

The EBA supervisory reporting framework helps national and European supervisory authorities to consistently regulate and supervise credit institutions. It facilitates monitoring of institutional risks using the common supervisory risk assessment. It also allows micro- and macroprudential authorities to track system-wide risk. Therefore, it is important to keep this framework updated to consider the reporting needs of users of information, the development of the disclosure and the regulatory changes.

Regulation (EU) No 575/2013 ('the CRR') mandates the EBA, in Article 430(7), to develop uniform reporting requirements. These reporting requirements are included in the proposed Implementing Technical Standards. These standards cover information on institutions' compliance with prudential requirements as put forward by the CRR and related technical standards as well as additional financial information required by supervisors to perform their supervisory tasks. As such, the ITS on supervisory reporting need to be updated whenever prudential or supervisory requirements change.

New regulatory requirements and impact on reporting

On 27 June 2023, a political agreement¹ was reached between the Council of the European Union² and the European Parliament³ on the proposal put forward by the European Commission on 27 October 2021 on the banking package. The banking package includes amendments to the Capital Requirements Regulation (CRR 3) and to the Capital Requirements Directive (CRD VI). Following the political agreement and the subsequent technical meetings of the trilogue negotiators, the present consultation paper (CP) is based on the text of the [Provisional agreement reached on the implementation of Basel III reforms](#) published on the Council's website on 6 December 2023.

The banking package will implement the latest Basel III reforms, which will underpin a robust regulatory framework, efficient supervision, and enhanced risk control by credit institutions. Following the CRDVI/CRR3, the EBA will be asked to work on the layer of the regulatory products that ensures a technical implementation of the prudential framework, including amendments to the reporting framework.

With the application date of the banking package set to 1 January 2025, the EBA is publishing together with this CP the "[EBA Roadmap on Strengthening the Prudential Framework](#)". This roadmap provides the implementation timeline of the EBA mandates under this package clarifying

¹ [Commission welcomes political agreement on EU banking package.](#)

² The Council of the European Union agreed on 15 February 2023 their position: [Council agrees its position on the implementation of Basel III reforms.](#)

³ The European Parliament confirmed their position in the plenary on 15 February 2023: [Report on the proposal for a regulation of the European Parliament and of the Council amending Regulation \(EU\) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor.](#)

how the EBA will develop the mandates implementing the legislation, and how it expects to finalise the most significant components prior to the application date.

According to this roadmap, when developing reporting and disclosure requirements, the EBA will follow a two-step process prioritising in step 1 those mandates and changes necessary to implement and monitor Basel III requirements in the EU. In step 2, the EBA will implement other reporting and disclosure requirements that are not directly linked to Basel III implementation. Following this approach, the EBA is publishing this CP on draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2021/451 on supervisory reporting referred to in Article 430 (7) of Regulation (EU) No 575/2013 concerning output floor, credit risk, market risk and leverage ratio to consult on the changes to the current reporting framework that derive from the implementation of Basel III reforms in the CRR3. This includes output floor, credit risk (including IP Losses), market risk, and leverage ratio.

Reporting requirements for operational risk reflecting the CRR3 are not covered by this CP but they will be consulted together with some policy products beginning 2024. The EBA aims at bringing together the reporting requirements that are now being consulted and those on operational risk in the finalisation of the draft ITS upon their publication and submission to the Commission.

The remaining impacts of CRR3 and CRD VI in reporting will be implemented in a second phase, in a separate consultation paper, which is expected to be published in the last quarter of 2024.

Together with this CP and the roadmap, the EBA is also publishing the CP on Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2021/637 on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 and an updated version of mapping tool between the disclosure and reporting requirements specified in both texts. These consultations are launched together and aim at ensuring coordination between reporting and disclosure requirements.

Next steps

After a consultation period of 3 months the EBA will deliver the final draft ITS to the EU Commission in order for the implementation date of the supervisory reporting to be aligned with the application of the CRDVI/CRR3 requirements.

The EBA's submission of the final updated ITS to the EU Commission (including operational risk) for the adoption process is expected to take place at the beginning of the third quarter of 2024. The EBA will also develop the data-point model (DPM), XBRL taxonomy and validation rules based on the final draft ITS. The application date of these ITS will be 1 January 2025 and the first reference date 31 March 2025, in line with the date of application of the CRR3.

3. Background and rationale

1. The EBA reporting framework, specified in binding technical standards, is uniform and directly applicable ensuring maximum harmonisation, level playing field for institutions and comparability of data. The EBA reporting framework has evolved over the years since its inception, with the first reporting framework published in 2013. The EBA has since then has reviewed the content of the framework on a regular basis to ensure its continued relevance and has also continued to develop the technical package and version management to facilitate implementation and support of reporting processes.
2. The main task of the EBA is to contribute, through the adoption of binding Technical Standards (BTS) and Guidelines, to the creation of the European Single Rulebook in banking. The Single Rulebook aims at providing a single set of harmonised prudential rules for financial institutions throughout the EU, helping create a level playing field and providing high protection to depositors, investors and consumers. These draft Implementing Technical Standards (ITS) reflect the single rulebook at the reporting level. These draft ITS form part of this single rulebook for banking in Europe and become directly applicable in all Member States once adopted by the European Commission and published in the Official Journal of the EU.
3. The CRR mandates the EBA, in Article 430(7), to develop implementing technical standards (ITS) specifying uniform reporting requirements. These reporting requirements are included in the Commission Implementing Regulation (EU) 2021/451 laying down ITS with regard to supervisory reporting of institutions (EBA ITS on supervisory reporting). These standards cover information on institutions' compliance with prudential requirements as put forward by the CRR and related technical standards as well as additional financial information required by supervisors to perform their supervisory tasks. Hence, the ITS on supervisory reporting needs to be updated whenever the underlying legal requirements change, or it is necessary to improve the supervisors' ability to monitor and assess institutions.

New banking regulatory package

4. On 27 June 2023, a political agreement was reached between the European Council and the European Parliament on the amendments to the Directive 2013/36/EU (CRD VI) and Regulation (EU) No 575/2013 (CRR3), to implement the Basel Committee on Banking Supervision (BCBS)'s December 2017 Basel III post-crisis regulatory reforms, while considering the specific aspects of the EU's banking sector. Following the political agreement and the subsequent technical meetings of the trilogue negotiators, the present consultation paper (CP) is based on the text of the [Provisional agreement reached on the implementation of Basel III reforms](#) published on the Council's website on 6 December 2023. These new rules will ensure that EU banks become more resilient to potential future economic shocks, while contributing to Europe's recovery from the COVID-19 pandemic as well as to the transition to climate neutrality.

5. The banking package implements a number of innovations in the prudential framework of credit institutions. Firstly, it includes the final elements of the framework set up in the Basel III accord, ensuring international level playing field while taking into account the specific features of the EU's banking sector. It also contributes to the green transition including new rules requiring banks to systematically identify, disclose and manage risks arising from environmental, social and governance factors (ESG) as part of their risk management. Furthermore, the banking package provides stronger enforcement tools for supervisors overseeing EU banks, aiming at ensuring their sound management and, ultimately, protecting financial stability.
6. The EBA is committed to the prompt and faithful implementation of the Basel III accord in Europe via the banking package. In this context, this CP includes changes to the current reporting framework that derive from the implementation of Basel III reforms in the CRR3. This includes credit risk (including IP Losses), CVA, market risk, output floor and leverage ratio.

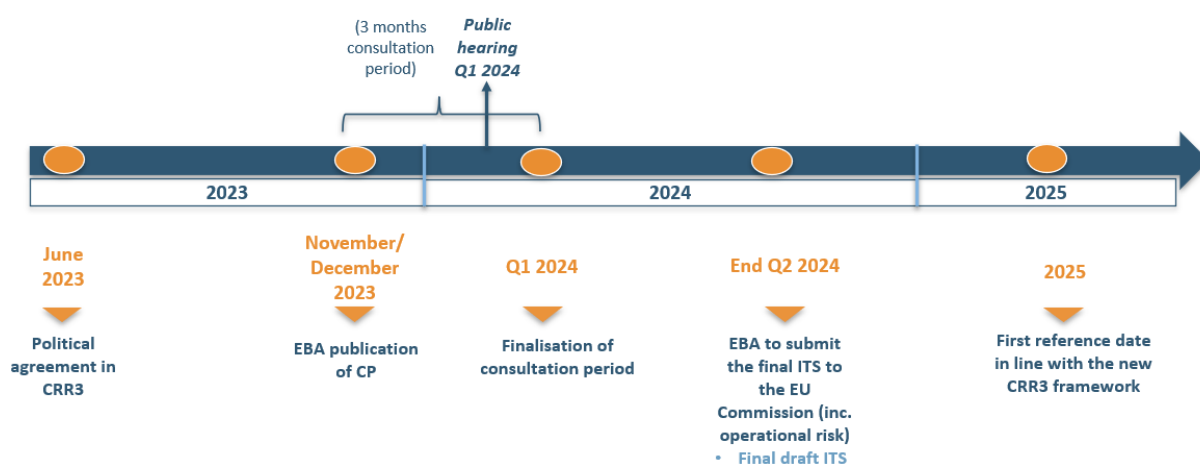
Pursuant to Article 430 paragraph 7, subparagraph 1 as amended by the CRR 3, the templates and related instructions included in this consultation paper will not be part of ITS published in the official journal, as they shall be published on the EBA website as part of the ITS-related IT tools. This change in the process aims at easier operationalisation of the ITS. The templates and instructions will be available in all languages and shall remain directly applicable in all Member States as part of the ITS once the ITS are adopted by the European Commission and published in the Official Journal of the EU.

3.1 Changes to the reporting framework and implementation timelines

7. In the area of supervisory reporting, the EBA will follow a two-phase sequential approach, prioritising in phase 1 those mandates and changes driven by the CRR3/CRDVI necessary to implement and monitor Basel III requirements in the EU, so that they are applicable in line with the CRR3 application date. As part of phase 2, the EBA will implement those reporting requirements not linked to Basel III implementation, together with those requirements that depend on other level 2 substance policy mandates with an extended development timeline. The same approach will be applied for disclosure requirements and coordination between the development of the reporting and the disclosure requirements will be ensured in the process, to ensure for consistency between the frameworks and updated mapping between disclosure and reporting data.
8. Reporting requirements for operational risk have not been considered in this CP. The specification of the first set of reporting requirements for operational risk will depend on the technical standards related to the calculation of the business indicator components and the mapping with FINREP, and will be consulted with those ITS in the beginning of 2024. It is expected that after the consultation period, the operational risk reporting requirements will be incorporated together with the rest of the supervisory reporting changes (as presented in this CP) into the final draft ITS on supervisory reporting. Further changes to operational risk reporting will be included in the step 2 of CRR3 implementation and will be developed in parallel with other related Level 2 mandates on operational risk.

9. Moreover, under phase 2 the EBA will include other changes needed to keep the supervisory reporting framework meaningful for supervisors, including those that may come from the work that the authority is conducting on assessing the possibility to introduce granular data for credit risk in COREP and Supervisory Benchmarking, or the review of the liquidity reporting templates and their frequency.

Timeline for reporting frameworks to meet CRR3 reporting mandates in Step 1 of the version 4.0 framework release.



3.2 Reporting changes topic by topic

3.2.1 General remarks

10. This CP aims at introducing the changes deriving from the Basel III reforms, which impact reporting directly. The purpose of this approach is to update the current reporting framework as soon as possible to have it in place by the application date of CRR3, otherwise institutions cannot report the correct data that they will calculate. Besides, other technical amendments unrelated to the CRR3 changes and which will be applicable at this point, have been included in this CP.

11. The commitment to fully align the disclosure requirements with supervisory reporting means that all the quantitative information disclosed by institutions is also included in supervisory reporting. This approach facilitates institutions' compliance with both sets of requirements and it ensures the quality and the consistency of the disclosed information, as institutions are required to use the same data to fulfil their reporting and disclosure obligations. In this regard, an updated mapping between disclosure and reporting data for the templates affected by the CRR3 changes is published...

3.2.2 Output floor

12. The output floor represents one of the key measures of the Basel III reforms and aims to reduce the excessive variability of institutions' own funds requirements calculated using internal models, and thereby enhance the comparability of institutions' capital ratios. It sets a lower limit to the capital requirements that are produced by institutions' internal models, at 72.5% of the own funds requirements that would apply on the basis of standardised approaches.
13. The CRR3 provides for transitional arrangements for calculating the output floor total risk exposure amount (TREA) and for computing the standardised total risk exposure amounts (S-TREA) for low-risk exposures secured by mortgages on residential property, for exposures to unrated corporates, for the calculation of the exposure value for counterparty credit risk for some types of derivatives and for the computation of the TREA for securitisation.
14. The CRR3 sets out the level of application of the output floor at individual and consolidated level and provides with a derogation for Member States to apply the output floor only on a consolidated level if some prerequisites are met.
15. Capital adequacy templates C02.00-C04.00 are amended to include reporting information on the output floor in the own funds requirements and capital ratios, comprising in those templates the impact of transitional provisions for the output floor. To monitor the impact of the output floor withing a group, a new column is introduced in the group solvency template C06.02 where institutions should report the floor adjustment of entities subject to own funds requirements. With a view to ensure a proper monitoring of the application of the SA approach to exposures subject to the IRB necessary for the calculation of the output floor, a separate template C 10.00 is set out, where institutions would be asked to report IRB exposures subject to the output floor, broken down by SA exposure classes and reflecting the main steps and the outcome of the calculation of the standardised risk weighted exposure amounts. Besides, templates including modelled reporting data (C13.01, C14.01 on securitization, C34.02 on counterparty credit risk) have been updated to include information on the impact of the output floor. Some of the changes in reporting related to the output floor aim at ensuring consistency with the disclosure requirements on the output floor introduced by the CRR3 that the EBA is implementing in alignment with the Basel Pillar 3 framework, especially the requirement to disclose the S-TREA for credit risk internally modelled exposures at asset class level, which is reflected in C 02.00 and in C 10.00.

3.2.3 Credit risk SA

16. The CRR3 increases the risk-sensitivity of the standardised approach for credit risk (SA-CR approach) in relation to several key aspects. To that end the CRR3 introduces a more granular approach to the treatment of different Credit Risk exposures such as: exposures to institutions, exposures to corporates, specialised lending exposures, retail exposures, exposures with currency mismatches, exposures secured by real estate, subordinated debt exposures, equity exposures and defaulted exposures. Furthermore, changes are also introduced to the exposure value of off-balance sheet items as well as to the use of credit assessments by External Credit Assessment Institutions and mapping. A phasing-in period is provided for the application of certain provisions.

17. The own funds requirements and the standardised credit risk templates (C 02.00, C 07.00 and C 09.01) have been updated to reflect the new exposure class ‘Subordinated debt exposures’, the amended exposure class ‘secured by mortgages on immovable property and ADC’, the requirement to identify separately within the corporates exposure class specialized lending exposures, as well as new risk weights introduced by the CRR3. Considering the increased granularity provided by CRR3 in the treatment of exposures secured by mortgages on immovable property and acquisition, development and construction (ADC exposures), a more detailed breakdown has been included in C 02.00 and C 07.00 and C 09.01 for those exposures, to allow for distinguishing between residential, commercial, and other exposures secured by immovable property, with a further split between income producing real estate (IPRE), non-IPRE exposures, and ADC exposures. The memorandum items have also been updated to align with the more granular subset of exposures secured by immovable property. Besides, a new “of which” row has been included in C 07.00 to report separately exposures to central banks.
18. Changes have also been introduced in C 07.00 to allow for the monitoring and reporting of the transitional provisions applicable to credit conversion factors (CCFs) for unconditionally cancellable commitments (UCC).

3.2.4 Credit Risk IRB

Exposure classes

19. The current applicable framework in the CRR regarding internal risk based (IRB) approaches contains insufficient limits as regards the availability of IRB approaches for exposure classes that are difficult to model. Therefore, in the CRR3 it was decided to limit the use of advanced modelling approaches in order to reduce complexity and improve the comparability of own funds requirements. Furthermore, new exposure classes were introduced, namely on Collective Investment Undertakings (CIUs).
20. The new exposure class structure was implemented in line with the changes which will be introduced in the CRR3. These changes included:
- a. Introduction of Regional governments or local authorities and Public sector entities as a separate exposure class from Central governments and central banks, both in Foundation IRB (F-IRB) and Advanced IRB (A-IRB) approaches;
 - b. Introduction of the exposure class on Corporates - Purchased receivables for both F-IRB and A-IRB approaches;
 - c. Introduction of Large corporates as a new breakdown - The CRR3 defines “large corporates” exposures as any corporate undertaking having consolidated annual sales of more than EUR 500 million, which have been restricted to the F-IRB approach (except for positions treated according to Art. 151 (8) c) CRR3). It was deemed relevant to include this type of exposures as a new sub-exposure class;

- d. Removal of the possibility to report “Institutions” under the A-IRB approach;
- e. Introduction of the exposure class on Retail - Purchased receivables under the A-IRB approach.
- f. Change of the previous Retail exposure class from “Retail – Secured by real estate” to “Retail - Secured by residential real estate” under the A-IRB approach;
- g. Introduction of a new breakdown on “Secured by commercial real estate” under the “Retail-other” exposure class under the A-IRB approach, since this detail has been lost with the change described in point “f”.
- h. Introduction of the new IRB exposure class “Collective investments undertakings (CIU)”, which has been included in the IRB templates in line with what is currently being reported in the CR-SA templates.

21. These changes impact directly or indirectly the following templates: C 02.00, C 08.01, C 08.02, C 08.03, C 08.05, C 08.05.1, C 08.07 and C 09.02.

CRM and CCF

22. With the new framework, the CRR3 introduces amendments on existing methods for calculating the effects of Funded Credit Protection (FCP) under the F-IRB approach and the effect of Unfunded Credit Protection (UFCP) under the A-IRB approach. These changes do not impact the templates but they do impact instructions. Instructions have been amended accordingly, namely on references to articles in the underlying regulation.

23. Further, the CRR3 introduces new rules for conversion factors. Also the scope of the computation of own estimations of CCFs has been revised, as have the calculation methodologies. New columns have been introduced in C 08.01 and C 08.02 in order to cater for these changes and to capture the difference between modeled and standard CCFs.

Other changes

24. Compared to the CR-SA templates, vital information concerning immovable property was lacking from the CR-IRB templates. In this context, some rows were introduced in the C 08.01 template in order to capture information on IPRE, non-IPRE and ADC exposures, so that this information can be reconciled with the CR-SA new sub-exposure classes.

25. There were also changes in CRR3 impacting the credit risk IRB framework which were not considered to impact reporting, namely the introduction of additional or higher floor to credit risk parameters with respect to the ones currently in place and new input floors for Specialised Lending, starting with a discount factor of 50% which gradually increases to 100% over a period of 5 years.

26. Finally, for the exposure class equity, the use of IRB approach will no longer be applicable. These exposures are nevertheless subject to transitional provisions until 2029 and the related respective

templates (C 10.01 and C 10.02) will need to be kept until then. No changes were introduced in this template to minimize any implementation costs which would be only temporary.

3.2.5 IP Losses

27. Following the new provisions introduced in the CRR3 for exposures secured by immovable property and the revised specific reporting obligations under Article 430a, the instructions and template C 15.00 on the reporting on losses stemming from lending collateralised by immovable property have been amended. Besides, certain aspects in the instructions have been clarified.

28. Finally, the legal references in the instructions have been updated to align with the new articles introduced in the CRR3 for exposures secured by immovable property and the revised Article 430a on specific reporting obligations.

3.2.6 CVA & Market risk

CVA

29. The CRR3 sets out the three new approaches (simplified, basic, standardised) that institutions should use to calculate their own funds requirements for CVA risk, as well as the conditions for using a combination of those approaches.

30. Templates C 02.00 (own funds requirements) and C 25.00 (CVA) have been amended to reflect the 3 new approaches, capturing: the mandatory reporting of own funds requirements calculations for excluded transactions, the reporting of the discretion to calculate own funds requirements also for excluded transactions, where institution uses eligible hedges, the reporting of own funds requirements stemming from derivative positions of CIUs which is shown as an additional approach for the purpose of reporting only. A breakdown by counterparty types for the number of counterparties for transactions subject to the SA-CVA approach has been introduced in alignment with CRR3 disclosure requirements for CVA. The reporting of systematic and idiosyncratic components of CVA risk for the reduced basic approach has also been included.

Market risk

31. As regards the standardized approach for market risk ('simplified standardized approach' in the terminology of the CRR3), the reporting templates C 18.00, C 21.00, C 22.00 and C 23.00 are proposed to be amended to reflect the multiplication factors introduced in Article 325(2) CRR3, by repurposing existing columns and opening a few cells that were previously greyed out. Besides that, minor clarifications are being introduced in some of the instructions. In line with requests by the industry, no structural changes were made to the templates or instructions (e.g. no breakdown by 'offsetting group' as defined in Article 325b of both the CRR2 and CRR3).

32. The current internal models approach for market risk as set out Part Three, Title IV, chapter 5, CRR2, will no longer be used to calculate own funds requirements for market risks, once the framework as set out in the Basel Committee on Banking Supervision's (BCBS) Fundamental review of the trading book (FRTB framework) becomes the basis for calculating the own funds requirements for

market risk. Consequently, the template C 24.00 currently used to report those own funds requirements should be deleted, in principle with effect as of the date of application of the CRR3. However, the Commission is empowered to postpone the application of the FRTB framework by means of a Delegated Act (see Article 461a, second subparagraph, point (b) of the CRR3), in case the Commission makes use of this empowerment, the template may have to remain part of COREP until the date when the FRTB approaches actually supersede the current approaches for calculating own funds requirements for market risk.

33. The application of the FRTB approaches for the purposes of calculating own funds requirements for market risk will also entail the need to change the reporting on the overview of the RWEA in template C 02.00. Besides that, the group solvency template C 06.02 is proposed to be amended to include a mapping of the legal entities of the group to the offsetting groups in accordance with Article 325b CRR; institutions only need to provide that mapping, if they apply one of the FRTB approaches. Please refer to section 2.5.4 of the upcoming Final Report on the amending ITS on specific reporting requirements for market risk (see EBA/CP/2023/03) for further explanations on both amendments. Minor amendments are also made to C 14.01 in response to the introduction of the FRTB.

3.2.7 The boundary between trading book and banking book

34. The CRR2 also introduced, and the CRR3 modifies, the revised framework for allocating positions to the trading book and non-trading book (banking book), including default assumptions for the allocation to books, documentation and monitoring requirements, and the own funds requirements for certain reclassifications. These boundary and reclassification rules apply to all institutions regardless of the approach applied to calculate the own funds requirements for their trading book business (application of the credit risk framework, the simplified standardized approach or the FRTB approaches).

35. The amendments to the ITS proposed in this consultation paper foresee the addition of a template each dedicated to the composition of the trading book and the banking book, and a template to capture reclassifications.

36. As regards the templates capturing the composition of the trading book and banking book, and with the aim of designing a reporting requirement that entails a limited cost of compliance for institutions, the EBA had sought feedback on institutions practices regarding the monitoring of the boundary as part of the consultation paper on amendments to the ITS on specific reporting requirements for market risk (ITS on FRTB reporting, EBA/CP/2023/03), as well as information for example on the measurement basis they use in their internal monitoring. The responses received to EBA/CP/2023/03 did not reveal any common practices among institutions. However, the proposal included in this consultation paper foresees exempting institutions that apply the credit risk framework to calculate own funds requirements for their trading book business (i.e. institutions whose trading book does not exceed the threshold of Article 94 CRR) from the requirement to provide the detailed information on the composition of both books, in response to the comments received.

37. The two templates presented in this consultation paper are designed around two main objectives: Capture the composition of the trading book and banking book with regard to the presumptions presented in Article 104 CRR3 regarding types of instruments which must, should, should not or must not be included in the trading book; and, in the spirit of integrated reporting, ensure that the data provided in this template links, to the extent possible, to information already provided (e.g. template C 90.00 on the trading book threshold) in other parts of the reporting framework.
38. The trading book template is built around a breakdown by main type of risk, to obtain a better view of the 'stock' of positions per risk type, mapped to the presumptions in the CRR. Information is requested on all presumptions listed in Article 104(2) and the derogations included in other paragraphs of the same article. The template contains a memorandum item enabling the assessment of how much the accounting classification of the instruments aligns with the prudential concept of the trading book. In alignment with Article 325a CRR, all instruments to be reported in this template are to be reported at their market values.
39. The information in the banking book template is less granular than the one in the trading book template. As regards the presumption presented in Article 104(3) CRR and exemptions listed in other paragraphs of that same article, the template only requests information on cases that are likely 'grey area' cases – for example, because institutions are expected to often ask for derogations - or represent more unusual cases. In order to understand the structure of the banking book, the templates distinguishes between the more market-risk driven distinction between financial instruments and commodities, and the more banking-book linked concepts of assets, liabilities and short positions, and off-balance sheet items. The different measurement basis relevant in the context of Article 325a CRR (market values, commodities positions valued at spot prices, the net open FX positions for instruments in the banking book) are reflected in the template, but the design of the templates ensures that they are separated (except for one column).
40. The trading book and banking book templates would also be a suitable place to capture some information on items excluded from the threshold calculation, such as structural FX positions or exempted from the threshold calculation or internal risk transfers, that supervisors have a particular interest in monitoring, but may not be able to single out based on the templates capturing own funds requirements. In the light of the fact that, for example, RTS still have to be drafted that deal with the structural FX position under the FRTB framework, no information on exemptions was included for the moment.
41. The proposal for a template aiming to capture reclassifications between the banking and the trading book (or vice versa), and the associated own funds requirements, if any, was consulted by the EBA in early 2023 (see EBA/CP/2023/03). The final template and instructions will be presented in the upcoming Final Report on the amendments proposed in EBA/CP/2023/03, but they will be integrated into the ITS on Supervisory Reporting formally only with the amendments included in this consultation paper. Please refer to section 2.5.2 of that final report, and the feedback table included, for further explanations on the new template.

3.2.8 Leverage ratio

42. CRR3 brings a series of minor updates and clarifications to Leverage ratio. References to the CRR articles have been updated and in few cases rows have been added to capture the additional provisions such as those referring to exclusions from total exposure measure:

- related to Article 429a, paragraph 1 point (ca) concerning deductions for exposures related to members of the same institutional protection scheme
- related to Article 429a, paragraph 1 point (da) concerning institution's collateralized exposures to its shareholders that are credit institutions

43. In addition, changes to the credit risk framework impact Leverage ratio reporting with respect to:

- the calculation of the exposure value of off-balance sheet items (Article 111(2)) determining changes to Article 429f) resulting in the introduction in reporting of a row corresponding to the credit conversion factor of 40% and amendments to instructions. The 10% credit conversion factor had already been present in Leverage reporting.
- the changes to exposure classes defined in the credit risk framework impact on the leverage ratio exposure value reporting whereby a split by SA and IRB exposure classes is requested to be reported in C 43.00. As such instructions have been amended to reflect the changes brought by CRR3. It is also clarified in the instructions that the output floor adjustments will not be taken into account for the purpose of this template.

44. In addition to changes brought by CRR3, the Amending Regulation (EU) 2022/2036 of 19 October 2022 amends CRR (point (q) of Article 429a(1)) by excluding from total leverage exposure measure those exposures that are subject to the treatment set out in Article 72e(5). Reporting has been amended to reflect this derogation.

45. As the IFRS9 transitional provisions according to Article 473a (8) will no longer apply, in template C 47.00. The associated row capturing this information has been deleted and the instructions in row 0280 from the same template have been amended.

46. In line with reporting for own funds, a row has been added to template C 47.00 to capture the possible application of stricter requirements by institutions in determining the leverage ratio exposure measure according to Article 3 CRR.

3.2.9 Other changes

47. As the IFRS9 transitional provisions according to Article 473a paragraph 6 will no longer apply, in the templates capturing this information the associated rows have been deleted and references to Article 473a have been removed from the instructions. In particular, in template C 03.00, the memorandum Items "Capital ratios without application of the transitional provisions on IFRS 9" have been deleted.

48. The body of the ITS has been adjusted in order to reflect Q&A 2022_6444, which answers that the reporting of the templates covered by Article 8 of these ITS should be aligned to the financial year-end dates. Therefore, Articles 2 and 3 have been amended accordingly to clarify this aspect. Moreover, two paragraphs were added to Article 4 that clarify what entities that engage into the activities of a credit institution for the first time need to report regarding templates subject to thresholds.

3.3 Cost of compliance

49. Proportionality is a key principle for European legislators. This is embedded in the CRR from the beginning and further emphasised in the subsequent revisions, including the CRR2 and CRR3. The CRR aims to enhance proportionality, as the rules are better adapted to the size, risk and systemic importance of the institutions. In addition, for SNCIs it includes less stringent requirements on reporting, disclosure and remuneration.

50. In this context, the EBA was mandated under the CRR2 to measure and gain insights into the costs that institutions incur when complying with the supervisory reporting requirements, and in particular with those set out in the EBA's ITS on supervisory reporting. The EBA was also tasked with assessing whether these reporting costs are proportionate compared to the benefits delivered for the purposes of prudential supervision. Based on that assessment, the EBA made recommendations on how to reduce reporting costs, particularly for SNCIs. The findings from this analysis were included in the EBA study on the cost of compliance with supervisory reporting requirements, published in 2021⁴.

51. The conclusions and recommendations included in this report have been present in the EBA work on successive framework releases since the publication of the report. Furthermore, this consultation paper includes proposals to remove whenever possible information in the current reporting framework no longer required under CRR3. Moreover, only minimal changes were included to implement the new banking package, to allow supervisors to obtain the strictly necessary information to monitor the new prudential requirements.

52. Further proportionality will be included in the next phase, where discussions will be held to decide on which templates are being used the least by competent authorities and if they can be removed or simplified. Furthermore, the newly introduced topics (such as ESG) will include proportionality measures, where SNCIs will report less information.

4

https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/1013948/Study%20of%20the%20cost%20of%20compliance%20with%20supervisory%20reporting%20requirement.pdf

4. Draft implementing technical 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) .../...

of XXX

amending Commission Implementing Regulation (EU) 2021/451 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014 concerning output floor, credit risk and leverage ratio

(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 credit institutions and amending Regulation (EU) No 648/2012⁵ and in particular the fifth subparagraph of Article 430(7), and third subparagraph of Article 430(9), thereof,

Whereas:

- (1) Regulation (EU) No 575/2013 as amended by Regulation (EU) XXXX/XXX of the European Parliament and of the Council⁶ ('Regulation (EU) XXXX/XXX) implements the final set of international standards in the Basel Committee on Banking Supervision (Basel III). These developments should call for a revision of the reporting framework as set out in the Commission Implementing Regulation (EU) No 2021/451⁷.
- (2) In particular, the capital adequacy templates should be amended to include reporting information on the output floor in the own funds requirements and capital ratios, comprising in those templates the impact of transitional provisions for the output floor. Templates including modelled reporting data should be similarly updated to also include the impact of the output floor and of transitional provisions. For credit risk, a separate template should be added for institutions to report Internal Ratings Approach ('IRB') exposures subject to the output floor. In the group solvency templates a new column should be introduced to report the floor adjustment.

⁵ OJ L 176, 27.6.2013, p. 1.

⁶ Regulation (EU) XXXX/XXX of the European Parliament and of the Council amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor

⁷ Commission Implementing Regulation (EU) No 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014 (OJ L 97, 19.3.2021, p. 1–1955)

- (3) Credit risk templates for the Standardised approach ('SA') should be updated to reflect changes in the exposure classes, new risk weights, the more granular approach applied to exposures secured by mortgages on immovable property and some changes in the calculation of the exposure value of off-balance sheet items.
- (4) Credit risk templates for the IRB should be updated to reflect changes in the exposure classes, namely to limit the use of Institutions and Large Corporates exposures under Foundation-IRB ('FIRB') and to include new exposure classes such as Public sector entities (PSEs) and regional governments or local authorities (RGLAs). Moreover, instructions should be amended to reflect the new calculations of the effects of funded credit protection under the FIRB approach and the effect of unfunded credit protection under the Advanced-IRB approach. Finally, the templates should be amended in order to add the reporting of both standard and own computation credit conversion factors.
- (5) The reporting of aggregate data for each national immovable property market ("IP Losses") should be amended in accordance with the specific reporting obligations specified in Regulation (EU) XXXX/XXX.
- (6) The reporting of credit valuation adjustments ('CVA') should be amended to reflect the standardised, basic and simplified approaches and to capture some specific reporting requirements on CVA risk.
- (7) Regulation (EU) XXXX/XXX revised the framework for the boundary between the trading and the non-trading book. The reporting should be amended to include information on the composition of both books with regards to the presumptions stipulated in Article 104 of Regulation (EU) XXXX/XXX.
- (8) Regulation (EU) No 2022/2036⁸, amending Regulation (EU) No 575/2013, has introduced an additional deduction from the total exposure measure of the leverage ratio, amending Article 429a(1) of that Regulation by introducing point (q). This requirement will apply from 1 January 2024. Therefore, the leverage ratio reporting should be updated to reflect the new requirements and adjustment in the exposure calculation.
- (9) Articles 2 and 3 of Implementing Regulation (EU) 2021/451 should be amended in order to clarify that the reporting of the templates covered by Article 8 of that Regulation should be aligned to the financial year-end dates.
- (10) Article 4 of Implementing Regulation (EU) 2021/451 should be amended to allow entities that engage into the activities of a credit institution for the first time more time to submit the templates subject to the thresholds set out in that Article.
- (11) Moreover, templates and instructions of Implementing Regulation (EU) No 2021/451 should also be reviewed to reassess the convenience and appropriateness of items included in that Regulation as well as to correct typos, erroneous references and formatting inconsistencies which were discovered in the course of its application.
- (12) This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority (EBA) to the Commission.

⁸ Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities

- (13) 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 1093/2010⁹,
- (14) Implementing Regulation (EU) 2021/451 should therefore be amended accordingly.

HAS ADOPTED THIS REGULATION:

Article 1

Implementing Regulation (EU) 2021/451 is amended as follows:

(1) In Article 2, paragraph 3 is replaced by the following:

‘3. Where institutions are permitted by national laws to report their financial information based on their accounting year-end, which deviates from the calendar year, reporting reference dates may be adjusted accordingly, so that reporting of financial information, of information reported according to Article 8 and of information for the purposes of identifying global systemically important institutions (G-SIIs) and assigning G-SII buffer rates is done every three, six or twelve months from their accounting year-end, respectively.’

(2) In Article 3, paragraph 3 is replaced by the following:

‘3. Where institutions report their financial information or information reported according to Article 8 or the information for the purposes of identifying G-SIIs and assigning G-SII buffer rates using adjusted reporting reference dates based on their accounting year-end as set out in paragraph 3 of Article 2, the remittance dates may also be adjusted accordingly so that the same remittance period from the adjusted reporting reference date is maintained.’

(3) In Article 4, the following paragraphs 4 and 5 are inserted:

‘4. By derogation from paragraph 3, institutions shall start reporting in accordance with the requirements set out in this Regulation where, they meet any of the following conditions in the six months preceding the reference date:

- (i) where they have obtained the authorisation to commence their activities as a credit institution pursuant to the national transposition measures for Article 8 of Directive 2013/36/EU;
- (ii) where they are investment firms that become subject to the compliance with the

⁹ 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).

provisions of Regulation (EU) No 575/2013, by virtue of exceeding the threshold set out in Article 4(1), point (b) of that Regulation or by virtue of a decision of the competent authority in accordance with Article 5 of Directive (EU) 2019/2034;

(iii) where they are entities resulting from either the merger of at least two institutions or the split of an institution into at least two institutions.

5. For the institutions referred to in paragraph 4, the following shall apply in relation to their reporting subject to the thresholds set out in this Regulation for the first two reference dates:

(a) if they exceed the relevant threshold already the first reference date institutions shall report the information that is subject to that threshold both for the first and the second reference dates;

(b) if they exceed the relevant threshold only on the second reference date, institutions shall report the information that is subject to that threshold on the second reference date.

Institutions may stop reporting information on the next reporting reference date where they have fallen below the relevant thresholds referred to in points (a) and (b) on three consecutive reporting reference dates.'

(4) Article 5 is amended as follows:

(a) Paragraph 12 is replaced by the following:

'12. Institutions shall submit information on own funds requirements relating to market risk calculated in accordance with Part Three, Title IV, chapters 2 to 5, as specified in Annex I, templates 18 to 23, in accordance with the instructions in Annex II, Part II, points 5.1 to 5.6'

(b) The following paragraphs 17 to 19 are added:

'17. Institutions shall submit information on the composition of the trading and non-trading books as specified in Annex I, templates 90.5 and 90.6 in accordance with the instructions in Annex II, Part II, section 9.2.

By derogation from the first subparagraph, institutions that are eligible to apply the treatment set out in Article 94(2) of Regulation (EU) No 575/2013 shall be exempted from the obligation to submit the information specified in the first subparagraph.

Those institutions may report the information specified in the first subparagraph.

18. Institutions shall submit information on the reclassifications between the trading and non-trading books as specified in Annex I, template 24.1 in accordance with the instructions in Annex II, Part II, section 9.3.

19. Institutions shall submit information on the output floor as specified in Annex I, template 10.00, in accordance with the instructions in Annex II, Part II, section 3.5a.'

(5) Annex I is replaced by the text set out in Annex I to this Regulation.

(6) Annex II is replaced by the text set out in Annex II to this Regulation.

(7) Annex VI is replaced by the text set out in Annex III to this Regulation.

- (8) Annex VII is replaced by the text set out in Annex IV to this Regulation.
- (9) Annex X is replaced by the text set out in Annex V to this Regulation.
- (10) Annex XI is replaced by the text set out in Annex VI to this Regulation.

Article 2

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 1 January 2025.

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 I (Solvency)

Annex II (Solvency)

Annex VI (IP Losses)

Annex VII (IP Losses)

Annex X (Leverage)

Annex XI (Leverage)

5. Accompanying documents

5.1 Additional clarifying examples

5.1.1 IRB CIUs

These examples are included for illustrative purposes and follow the letter of the instructions as part of the ITS which clearly indicate their substantiation. The examples intend to clarify how institutions can allocate their CIU exposures under credit IRB for the different approaches.

Assumptions

1. Exposure to a CIU - Look-through approach

Original exposure - Underlying is an exposure to central governments = 100 EUR

Exposure distribution:

- 100 EUR in Central governments and central banks exposure class
 - 100 EUR in CIUs exposure class
-

2. Exposure to a CIU - Mandate-based approach

Original exposure = 100 EUR

Mandate of the CIU:

- 75 % of institutions bonds
 - 25 % of corporates - SME bonds
-

Exposure distribution:

- 75 EUR in institutions exposure class
 - 25 EUR in corporates SME exposure class
 - 100 EUR in CIUs exposure class
-

3. Exposure to a CIU - Fall back approach

Original exposure = 150 EUR

Exposure distribution:

- 150 EUR in CIUs exposure class
-

4. Exposure to institutions

Original exposure = 100 EUR

Exposure distribution:

- 100 EUR in institutions exposure class
-

5. Exposure to Corporates SME

Original exposure = 50 EUR

Exposure distribution:

- 50 EUR in Corporates SME exposure class
-

6. Exposure to Corporates – Others

Original exposure = 100 EUR (50 has an approved model and 50 is RW under the SA)

Exposure distribution:

- 50 in Corporates - Other exposure class
 - 50 in CIUs (IRB) exposure class
-

6. Exposure to Corporates – Others

- 50 in Corporates (SA) exposure class

7. Exposure to a CIU - Fall back approach

Original exposure = 150 EUR

Exposure distribution:

- 150 EUR in Central governments and central banks exposure class

Impact on Central Governments and Central Banks exposure class

C 08.01 - CREDIT AND COUNTERPARTY CREDIT RISKS AND FREE DELIVERIES: IRB APPROACH

					Central governments and central banks
IRB Exposure class: Own estimates of LGD and/or conversion factors:					
		INTERNAL RATING SCALE	ORIGINAL EXPOSURE PRE CONVERSION FACTORS		CREDIT RISK MITIGATION (CRM) TECHNIQUES WITH UNFUNDED CREDIT PROTECTION
		PD ASSIGNED TO THE OBLIGOR GRADE OR POOL (%)	OF WHICH: LARGE FINANCIAL SECTOR ENTITIES AND UNREGULATED FINANCIAL ENTITIES		(-) GUARANTEES
		0010	0020	0030	0040
0010	TOTAL EXPOSURES		150		
MEMORANDUM ITEMS – BREAKDOWN OF TOTAL EXPOSURES BY APPROACH (CIU):					
0190	Look-through approach		100		
0200	Mandate-based approach				
0210	Fall-back approach				

Impact on Institutions exposure class

C 08.01 - CREDIT AND COUNTERPARTY CREDIT RISKS AND FREE DELIVERIES: IRB APPROACH

IRB Exposure class: Institution
 Own estimates of LGD and/or conversion factors:

	INTERNAL RATING SCALE	ORIGINAL EXPOSURE PRE CONVERSION FACTORS		CREDIT RISK MITIGATION (CRM) TECHNIQUES WITH UNFUNDED CREDIT PROTECTION		
				PD ASSIGNED TO THE OBLIGOR GRADE OR POOL (%)	OF WHICH: LARGE FINANCIAL SECTOR ENTITIES AND UNREGULATED FINANCIAL ENTITIES	(-) GUARANTEES
						0010
0010	TOTAL EXPOSURES		100			
	MEMORANDUM ITEMS - BREAKDOWN OF TOTAL EXPOSURES BY APPROACH (CIU):					
0190	Look-through approach					
0200	Mandate-based approach		75			
0210	Fall-back approach					

Impact on Corporates – SMEs exposure class

C 08.01 - CREDIT AND COUNTERPARTY CREDIT RISKS AND FREE DELIVERIES: IRB APPROACH

IRB Exposure class: Corporate - SME
 Own estimates of LGD and/or conversion factors:

	INTERNAL RATING SCALE	ORIGINAL EXPOSURE PRE CONVERSION FACTORS		CREDIT RISK MITIGATION (CRM) TECHNIQUES WITH UNFUNDED CREDIT PROTECTION		
				PD ASSIGNED TO THE OBLIGOR GRADE OR POOL (%)	OF WHICH: LARGE FINANCIAL SECTOR ENTITIES AND UNREGULATED FINANCIAL ENTITIES	(-) GUARANTEES
						0010
0010	TOTAL EXPOSURES		50			
	MEMORANDUM ITEMS - BREAKDOWN OF TOTAL EXPOSURES BY APPROACH (CIU):					
0190	Look-through approach					
0200	Mandate-based approach		25			
0210	Fall-back approach					

Impact on Corporates – Others exposure class

C 08.01 - CREDIT AND COUNTERPARTY CREDIT RISKS AND FREE DELIVERIES: IRB

IRB Exposure class:
Own estimates of LGD and/or conversion factors:

Corporates
- Other

	INTERNAL RATING SCALE	ORIGINAL EXPOSURE PRE CONVERSION FACTORS		CREDIT RISK MITIGATION (CRM) TECHNIQUES WITH UNFUNDED CREDIT PROTECTION
		PD ASSIGNED TO THE OBLIGOR GRADE OR POOL (%)	OF WHICH: LARGE FINANCIAL SECTOR ENTITIES AND UNREGULATED FINANCIAL ENTITIES	(-) GUARANTEES
0010	TOTAL EXPOSURES			
MEMORANDUM ITEMS - BREAKDOWN OF TOTAL EXPOSURES BY APPROACH (CIU):				
0190	Look-through approach		50	
0200	Mandate-based approach			
0210	Fall-back approach			

Impact on CIUs exposure class

C 07.00 - CREDIT AND COUNTERPARTY CREDIT RISKS AND FREE DELIVERIES: STANDARD

SA Exposure class		CIUs		
		ORIGINAL EXPOSURE PRE CONVERSION FACTORS	(-) VALUE ADJUSTMENTS AND PROVISIONS ASSOCIATED WITH THE ORIGINAL EXPOSURE	EXPOSURE NET OF VALUE ADJUSTMENTS AND PROVISIONS
		0010	0030	0040
0010	TOTAL EXPOSURES	50		
BREAKDOWN OF TOTAL EXPOSURES BY APPROACH (CIU):				
0281	Look-through approach	50		
0282	Mandate-based approach			
0283	Fall-back approach			

C 08.01 - CREDIT AND COUNTERPARTY CREDIT RISKS AND FREE DELIVERIES: IRB AP

IRB Exposure class:
Own estimates of LGD and/or conversion factors:

CIUs

	INTERNAL RATING SCALE	ORIGINAL EXPOSURE PRE CONVERSION FACTORS		CREDIT RISK MITIGATION (CRM) TECHNIQUES WITH UNFUNDED CREDIT PROTECTION
		PD ASSIGNED TO THE OBLIGOR GRADE OR POOL (%)	OF WHICH: LARGE FINANCIAL SECTOR ENTITIES AND UNREGULATED FINANCIAL ENTITIES	(-) GUARANTEES
0010	TOTAL EXPOSURES		400	
MEMORANDUM ITEMS - BREAKDOWN OF TOTAL EXPOSURES BY APPROACH (CIU):				
0190	Look-through approach			
0200	Mandate-based approach			
0210	Fall-back approach		150	

Impact on Total exposure class

C 07.00 - CREDIT AND COUNTERPARTY CREDIT RISKS AND FREE DELIVERIES: STANDARD				
SA Exposure class		Total		
		ORIGINAL EXPOSURE PRE CONVERSION FACTORS	(-) VALUE ADJUSTMENTS AND PROVISIONS ASSOCIATED WITH THE ORIGINAL EXPOSURE	EXPOSURE NET OF VALUE ADJUSTMENTS AND PROVISIONS
		0010	0030	0040
0010	TOTAL EXPOSURES	50		
BREAKDOWN OF TOTAL EXPOSURES BY APPROACH (CIU):				
0281	Look-through approach	50		
0282	Mandate-based approach			
0283	Fall-back approach			

C 08.01 - CREDIT AND COUNTERPARTY CREDIT RISKS AND FREE DELIVERIES: IRB APPROACH				
IRB Exposure class: Own estimates of LGD and/or conversion factors:				Total
	INTERNAL RATING SCALE	ORIGINAL EXPOSURE PRE CONVERSION FACTORS		CREDIT RISK MITIGATION (CRM) TECHNIQUES WITH UNFUNDED CREDIT PROTECTION
	PD ASSIGNED TO THE OBLIGOR GRADE OR POOL (%)	OF WHICH: LARGE FINANCIAL SECTOR ENTITIES AND UNREGULATED FINANCIAL ENTITIES		(-) GUARANTEES
		0010	0020	0030
0010	TOTAL EXPOSURES		700	
MEMORANDUM ITEMS - BREAKDOWN OF TOTAL EXPOSURES BY APPROACH (CIU):				
0130	Look-through approach		150	
0200	Mandate-based approach		100	
0210	Fall-back approach		150	

5.2 Draft cost-benefit analysis / impact assessment

As per Article 15 of Regulation (EU) No 1093/2010 (EBA Regulation), any draft implementing technical standards (ITS) 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 amending Commission Implementing Regulation (EU) 2021/451 concerning output floor, credit risk, market risk and leverage ratio (“the Draft ITS”). The analysis provides an overview of the identified problem, the proposed options to address this problem as well as the potential impact of these options. The IA is high level and qualitative in nature.



A. Problem identification and background

Article 430(7) of the Regulation (EU) No 575/2013 ('the CRR') mandates the EBA to '*develop draft implementing technical standards to specify the uniform reporting formats and templates, the instructions and methodology on how to use those templates, the frequency and dates of reporting, the definitions and the IT solutions for the reporting (...)*'. Under this mandate the EBA developed several ITS to create the reporting templates and their instructions but also, over time, to adapt these reporting templates and instructions to the related changes of the regulations. These ITS, adopted by the Commission, are now published by the Commission under the Commission Implementing Regulation (EU) 2021/451. Thus, this Regulation is important for institutions and competent authorities as it gathers the latest reporting templates and instructions; therefore this Regulation needs to be updated when the underlying related Regulation is modified.

Currently, the EU co-legislators are finalizing amendments to the CRR in the context of the Capital Requirements Directive (CRD 6) and Capital Requirements Regulation (CRR 3) package. The CRR3 will implement Basel III reforms, which will underpin a robust regulatory framework, efficient supervision, and enhanced risk control by credit institutions. Some new or modified requirements from the CRR3, compared to the CRR2 have an impact on reporting elements and will thus make the current reporting templates and instructions out to date.

Consequently, Commission Implementing Regulation (EU) 2021/451 needs to be amended to adapt reporting templates and instructions to CRR3 related requirements.

B. Policy objectives

The draft ITS amending Commission Implementing Regulation (EU) 2021/451 concerning output floor, credit risk, market risk and leverage ratio aims at adapting the current reporting templates and instructions to the CRR3 related new requirements.

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

Section C. presents the main policy options discussed and the decisions made by the EBA during the development of the Draft ITS. Advantages and disadvantages, as well as potential costs and benefits from the qualitative perspective of the policy options and the preferred options resulting from this analysis, are provided.

Output floor

The CRR3 sets a lower limit to the capital requirements that are produced by institutions' internal models, at 72.5% of the own funds requirements that would apply on the basis of standardised approaches. For the concerned exposures, in addition to the total risk exposure amount (TREA), a standardised total risk exposure amount (S-TREA) would be computed. The above-mentioned limit (the 'output floor') represents one of the key measures of the Basel III reforms and aims to reduce the excessive variability of institutions' own funds requirements calculated using internal models, and thereby enhance the comparability of institutions' capital ratios. Regarding the way the output floor elements would be reported by institutions for credit risk IRB exposures, the EBA considered two policy options.

Option 1a: To request information on S-TREA in template C 02.00 only.



Option 1b: To request information on S-TREA in template C 02.00 and to create a new template with the computation details of the S-TREA for IRB exposures with the split by standardised approach asset classes.

The inclusion of a separate column with the standardised risk exposure amounts in C 02.00 would provide, in addition to the current credit risk IRB exposure amounts, the amounts that would have been computed with the credit risk standardised approach. As such, for each IRB exposure classes, both risk exposure amounts would be available to the supervisors. Nevertheless, the details of the computation of the standardised approach risk amounts for IRB exposures would not be provided as this is the case for the standardised approach exposures (in template C 07.00). These details are important information for the supervisors to be able to monitor the application of the different steps of computation of the risk weighted assets and, in fine, to perform their supervisory tasks. On these grounds, the option 1a has been rejected.

In order to report these computation details, the creation of a new template was necessary. The costs associated with the production of this template by the institutions is not deemed to be significant as, in any case, the computation would have to be performed.

Based on the above, **the Option 1b has been chosen as the preferred option** and the reporting will request information on S-TREA in template C 02.00 and have a new template with the computation details of the S-TREA for IRB exposures with the split by standardised approach asset classes.

Information on transitional provisions for the output floor

The CRR3 includes a phasing-in for the output floor and a transitional cap both set out in the Basel IV package. Furthermore, the CRR3 includes transitional provisions applicable to internally modelled approaches for the computation of S-TREA (mortgages, unrated corporates, CCR, securitisation). Regarding the necessity to add information on those transitional provisions in the COREP templates, the EBA considered two options.

Option 2a: To request, in the reporting, information provisions applicable at the date of reporting without collecting information on the impact of transitional provisions applicable to internally modelled approaches for the computation of S-TREA.

Option 2b: To request, in the reporting, the same level of granularity as used in the CRR3 for transitional provisions applicable to internally modelled approaches for the computation of S-TREA.

Reflecting in the COREP templates the same level of granularity as used in the CRR3 for transitional provisions applicable to internally modelled approaches for the computation of S-TREA would naturally trigger reporting costs for the institutions. However, the CRR3 mandates the EBA to monitor those transitional provisions. As such, the costs generated by the inclusion in the COREP templates of the information related to these transitional provisions are absorbed by the inevitable costs triggered by this underlying mandate and this inclusion was deemed to be one economic solution in order to respond to this mandate.

Based on the above, **the Option 2b has been chosen as the preferred option** and the reporting will request the same level of granularity as used in the CRR3 for transitional provisions applicable to internally modelled approaches for the computation of S-TREA.



Immovable property – Standardised approach

Under the Standardized approach for Credit risk, the CRR3 introduces a more granular approach for exposures secured by immovable properties. Thus, new sub-exposures were introduced such as Income-producing residential real estate (IPRRE), Income-producing residential real estate (IPCRE), Other income-producing real estate (Other-IPRE) or Acquisition, development and construction exposures (ADC). When it comes to deciding how the introduction of those sub-exposures should be tackled in the reporting, the EBA considered two options.

Option 3a: To keep the reporting unchanged and not adding data request regarding new immovable property sub-exposures.

Option 3b: To insert new rows in COREP templates C 02.00, C07.00 and C 09.01 in order to have the same level of granularity as used in Regulation (EU) No 575/2013 for IPRRE (secured, unsecured (risk-weighted as not secured by immovable property)), IPCRE (secured, unsecured (risk-weighted as not secured by immovable property)), Other-IPRE, ADC.

The addition of those sub-exposures by the CRR3 was notably made because of the impact of shortcomings of the current standardised treatments for real estate sector exposures in the financial crisis of 2008-2009. The CRR3 inserted for the standardised approach a more granular regulatory treatment for this sector's exposures. Requesting in the reporting additional granular data on the subset of exposure classes for exposures secured by immovable property was thus deemed necessary in order to allow the supervisors to be able to perform their monitoring of the correct application of the related new CRR3 requirements and rules. The costs incurred to institutions should not be significant as the subsetting of exposure classes for exposures secured by immovable property would in any case (i.e. whether or not reported in the COREP templates) need to be performed. Costs would hence be exceeded by the aforementioned benefits.

Based on the above, **Option 3b has been chosen as the preferred option** and reporting will insert new rows in COREP templates C 02.00, C07.00 and C 09.01 in order to have the same level of granularity as used in Regulation (EU) No 575/2013 for IPRRE (secured, unsecured (risk-weighted as not secured by immovable property)), IPCRE (secured, unsecured (risk-weighted as not secured by immovable property)), Other-IPRE, ADC.

Large corporates sub-exposure

The CRR3 defines a separate treatment for a type of exposures inside the corporate exposures: the Large corporates. Large corporates are defined as any corporate undertaking having consolidated annual sales of more than EUR 500 million or belonging to a group where the total annual sales for the consolidated group is more than EUR 500 million. Regarding the necessity to add Large corporates as a separate sub-exposure in the IRB templates C 08.XX, the EBA considered two options.

Option 4a: To add Large corporates as a separate sub-exposure in the IRB templates C 08.XX.

Option 4b: Not to add Large corporates as a separate sub-exposure in the IRB templates C 08.XX.

The CRR3 sets out a separate treatment for Large corporates exposures. However, the CRR3 – in the Article 147 - does not set Large corporates as a separate sub-exposure class for the IRB



approach. Thus, the need of adding this exposure as a separate sub-exposure in the IRB template was not, at first sight, seen as automatic. On the other hand, the CRR3 foresees a special treatment for Large corporates as they can no longer be treated under A-IRB and it was deemed necessary for the supervisors – in order to properly perform their supervisory tasks – to be able to monitor the correct application of this treatment. The inclusion of Large corporates as a separate sub-exposure in the IRB templates C 08.XX was seen as an adequate solution for the performance of this monitoring. This inclusion could trigger costs of reporting for institutions but they should not be significant and furthermore – for institutions using the A-IRB approach for corporates – the costs of creating this sub-exposure would be in any way supported.

Based on the above, **the Option 4a has been chosen as the preferred option** and the reporting will include Large corporates as a separate sub-exposure in the IRB template C 09.02.

Collective Investment Undertakings

Under the Internal Rating Based ('IRB') approach, the CRR3 creates a new exposure class for the exposures towards Collective Investment Undertakings ('CIU'). Currently, when treated under the IRB approach, these exposures are reported across the existing underlying exposure classes based on a look-through/mandate-based approach but there is no view of the CIU positions as a whole. Under the Standardized approach ('CR-SA') CIU was already an exposure class and reported separately with thus information on the CIU positions as a whole but without information on the related underlying exposure classes. Regarding the way the new exposure class of CIU under IRB approach would be reported by institutions, the EBA considered three policy options.

Option 5a: To only add a row "Collective investments undertakings (CIU)" on template C 02.00

Option 5b: To add a row "Collective investments undertakings (CIU)" on template C 02.00 and add the CIUs in templates C 08.01 (with split by method used as asked in template C 07.00) and C 08.07

Option 5c: To add a row "Collective investments undertakings (CIU)" on template C 02.00 and create a new template specifically for CIUs exposure class with a breakdown by look-through/mandate-based exposure classes (in this option, the CIU exposure class data requests would be removed from C 07.00 and C 08.00 templates).

Given its importance, CIU has been set as a new distinct exposure class under IRB. With the single addition of one row in the template C 02.00 the information available, for CIU exposure class as a whole, will only be the risk exposure amount and this was deemed insufficient for supervisors to perform their supervisory tasks. On this ground, option 5a has been rejected.

Creating a new template specifically for CIUs exposure class with a breakdown by look-through/mandate-based underlying exposure classes would have the full benefit of capturing information on the CIU positions but also on these underlying exposures. This full set of information would give a complete view for the supervisors. On the other hand, it is deemed that this would create a burden for the institutions and high additional costs. For this reason, option 5c has been rejected.

In addition of the additional row in template C 02.00, leveraging on other existing templates to get further information on CIUs exposure classes under IRB was seen as a solution which could on one



hand provide the supervisors with necessary data without incurring disproportionate costs for institutions.

Based on the above, **Option 5b has been chosen as the preferred option** and reporting will add a row “Collective investments undertakings (CIU)” on template C 02.00 and add the CIUs in templates C 08.01 (with split by method used as asked in template C 07.00) and C 08.07.

Immovable property– IRB approach

Under the IRB approach for Credit risk, the CRR3 introduces a more granular approach for exposures secured by immovable properties. Thus, new sub-exposures were introduced such as Income-producing real estate (IPRE) or Acquisition, development and construction exposures (ADC). When it comes to deciding how the introduction of those sub-exposures should be tackled in the reporting, the EBA considered three options.

Option 6a: To keep the reporting unchanged and not adding data request regarding new immovable property sub-exposures.

Option 6b: To request the same level of granularity as for Standardised approach templates (see option 3) in COREP templates C 02.00 and in all C 08.XX templates.

Option 6c: To request the same level of granularity as for Standardised approach templates (see option 3) in COREP templates C 08.01

The addition of those sub-exposures by the CRR3 was notably made because of the impact of shortcomings of the current standardized treatments for real estate sector exposures in the financial crisis of 2008-2009. The CRR3 inserted a more granular regulatory treatment for this sector’s exposures. Requesting in the IRB templates additional granular data – as used for standardized approach templates – on the subset of exposure classes for exposures secured by immovable property was thus deemed necessary in order to allow the supervisors to be able to perform their monitoring and have comparability with the Standardised approach. For this reason option 6a was rejected.

On the other hand, it has been noticed that requesting those granular data in C 02.00 and in all C 08.XX templates would be burdensome for institutions and trigger disproportionate costs. Furthermore, it was deemed sufficient for supervisors to get this detail only in one template (i.e. C 08.01 template). As such, the costs incurred to institutions should not be significant. Costs would hence be exceeded by the benefit of an ability for supervisors to be able to perform their monitoring.

Based on the above, **Option 6c has been chosen as the preferred option** and the Draft ITS will request the same level of granularity as for Standardised approach templates (see option 3) in COREP templates C 08.01.

Scope of entities that has to provide more detailed information about the composition of the banking and trading book

The CRR defines two ‘books’ for the institutions’ positions in financial instruments : the ‘trading book’ and the non-trading book (‘the banking book’). This distinction (the ‘boundary rules’) has implications in the risk weighted assets computation. The CRR3 modifies the revised framework for



allocating positions to the trading book and banking book, including default assumptions for the allocation to books, documentation and monitoring requirements. In order to monitor the correct application of these boundary rules, it was deemed necessary to request institutions to report information about them. However, regarding the scope of institutions that would have to provide that information, the EBA considered two options.

Option 7a: To request boundary rules data from all institutions.

Option 7b: To request boundary rules data only from institutions that have to apply the FRTB framework on a mandatory basis or the simplified standardized approach.

Requesting information in the reporting about the boundary rules application would give a tool to the supervisors that would allow them to understand, to some extent, if the institution applied the boundary rules correctly. In the CRR3, the boundary rules apply to all institutions, whether they calculate the own funds requirements for their trading book business based on the credit risk framework, the simplified standardized approach or the FRTB approaches. As such, requesting all institutions to report the data on the boundary rules – even institutions whose trading book and business subject to market risk are small – seems appropriate. On the other hand, in the view of applying some proportionality that avoids triggering high compliance costs for smaller institutions, it was deemed relevant to request the provision of the boundary rules data at least from institutions which, if they broke these rules, would have likely misclassified a material amount of their business activities. For this purpose, the pertinent entity scope was seen as the institutions applying the FRTB approach (on a mandatory basis) or the simplified standardized approach, as this scope of entities is clearly identified by the CRR and gathers institutions that have at least enough market risk business to apply the market risk rules. One could argue that a material part of the business of institutions with significant non-trading (banking) books and small trading book could also be affected, if they breach the boundary rules, and that the implications of a misapplication of the boundary framework may be even more far-reaching (e.g. move from credit risk rules to an entirely different market risk framework). However, it is also assumed that such institutions will likely be invested in simpler instruments that meet (or do not meet) the criteria set out in Article 104 CRR more clearly. Also, it was considered that creating additional scopes of institutions (e.g. institutions with banking and trading books above a certain threshold other than the thresholds set out in Articles 94 or 325a CRR, or institutions meeting other criteria) would make the reporting framework more complex. Against these considerations, only institutions applying the FRTB framework on a mandatory basis or the simplified standardized approach are envisaged to be in the scope of the reporting obligation.

Based on the above, **the Option 7b has been chosen as the preferred option** and the reporting instructions will request boundary rules data only from institutions that apply the FRTB on a mandatory basis or the simplified standardized approach

D. Conclusion

The Draft ITS will amend the Commission Implementing Regulation (EU) 2021/451 in order to adapt the reporting templates and instructions with the underlying related changes of the Regulation (EU)



No 575/2013 brought by the CRR3. For the institutions, the Draft ITS requirements are expected to trigger costs given that more information will be requested in existing templates and also some additional templates will be requested. However, the majority of these requirements are linked to the CRR3 changes and thus the costs are not all to be associated with the Draft ITS but with the underlying related changes brought by the CRR3. Moreover, these requirements are necessary to allow supervisors to perform an adequate monitoring of the application of the CRR3 and this benefit exceeds the costs for institutions and the additional costs of monitoring that will be incurred to the supervisors. Overall, the impact assessment on the Draft ITS suggests that the expected benefits are higher than the incurred expected costs.

5.3 Overview of questions for consultation

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

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

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

Question 4 - Cost of compliance with the reporting requirements: Is or are there any element(s) of this proposal for new and amended reporting requirements that you expect to trigger a particularly high, or in your view disproportionate, effort or cost of compliance? If yes, please:

- specify which element(s) of the proposal trigger(s) that particularly high cost of compliance,
- explain the nature/source of the cost (i.e. explain what makes it costly to comply with this particular element of the proposal) and specify whether the cost arises as part of the implementation, or as part of the on-going compliance with the reporting requirements,
- offer suggestions on alternative ways to achieve the same/a similar result with lower cost of compliance for you.
- what are your views on introducing more granular reporting in Step 2 in credit risk IRB templates C 08.XX to include obligor or loan level reporting? Explain the nature/source of the cost and the benefits.

5.3.1 Output floor

Question 5 – separate template C10.00 – IRB exposures subject to the output floor:

In addition to the reporting of standardised total risk exposure amounts in template C 02.00, column 0020 for the subset of SA and IRB exposure classes, a separate template C 10.00 is introduced to report IRB exposures subject to the output floor, broken down by SA exposure classes and reflecting the main steps of the calculation of the standardised risk weighted exposure amounts and capture the impact of transitional provisions for S-TREA. **Do you identify any issues regarding**



the introduction of this template? Would it be more useful to report the information in C 08.01 to directly compare between capital requirements determined by the IRB approach and the SA?

C 10.00 - CREDIT AND COUNTERPARTY CREDIT RISKS AND FREE DELIVERIES: IRB EXPOSURES SUBJECT TO OUTPUT FLOOR												
MEMO	TOTAL EXPOSURES	ORIGINAL EXPOSURE PRE CONVERSION FACTORS	(-) VALUE ADJUSTMENTS AND PROVISIONS ASSOCIATED WITH THE ORIGINAL EXPOSURE	EXPOSURE NET OF VALUE ADJUSTMENTS AND PROVISIONS	EXPOSURE VALUE	OF WHICH: ARISING FROM COUNTERPARTY CREDIT RISK	OUTPUT FLOOR			MEMORANDUM ITEMS: RWIA RELATED TO THE IMPACT OF APPLICATION OF CERTAIN TRANSITIONAL PROVISIONS		
							S-TREA	OF WHICH: ARISING FROM COUNTERPARTY CREDIT RISK	OF WHICH: WITH A CREDIT ASSESSMENT BY A NOMINATED ECA	EXPOSURES SECURED BY MORTGAGES ON RESIDENTIAL PROPERTY UP TO 55% OF THE PROPERTY VALUE	EXPOSURES SECURED BY MORTGAGES ON RESIDENTIAL PROPERTY BETWEEN 55% AND 80% OF THE PROPERTY VALUE	EXPOSURES TO UNRATED CORPORATES WITH A PD ESTIMATE
0010	0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120	0130
0020												
0030												

Question 6 - reporting of transitional provisions for the output floor (Article 465 of Regulation (EU) No 575/2013):

x.1. In COREP, the reported data reflects the applicable provisions at the reference date including the effect of transitional provisions. The effect of transitional provisions with an impact on own funds is reported in C 05.01. With regard to the output floor transitional provisions set out in Article 465 of Regulation (EU) No 575/2013, it is deemed more convenient for the analysis to include the impact of transitional provisions in each of the templates comprising the impact of those transitional provisions.

- In C 02.00 column 0020 ‘Output floor S-TREA’ include the effect of transitional provisions for modelled approaches for the output floor (on mortgages, unrated corporates, CCR, securitisation);
- In C 02.00 row 0035 ‘Of which: Floor adjustment’ includes the effect of the transitional percentage (50% -72.5% phasing-in) and of the transitional cap of 125%;
- In C 03.00 rows 0010-0060 reflect the effect of transitional provisions on capital ratios, besides, memorandum items rows 0070-0090 capture the unfloored capital ratios. Moreover, memorandum items rows 0330-0350 collect information on the fully-loaded capital ratios and rows 0360-0380 on the capital ratios without EU-specific transitional provisions on S-TREA;
- In C 04.00, memorandum items: amounts of the floor adjustment before transitional cap, after transitional cap, fully-loaded floor adjustment and output floor applied are added;
- In C 10.00 columns 0090-0110 collect information on the impact of transitional provisions applicable to internally modelled mortgages and unrated corporates for the computation of S-TREA. Besides, other templates including modelled reporting data (C13.01, C14.01 on securitisation, C34.02 on counterparty credit risk) have been updated to include information on the impact of the transitional provisions for the output floor.

Is the design for the reporting of transitional provisions for the output floor clear enough? If you identify any issues, please specify the related templates and instructions.

Question 7 – group solvency template C06.02: Do you identify any issues with the new column 0075 introduced in the group solvency template C06.02 to report the floor adjustment of group entities subject to own funds requirements?

Question 8 – Do you have any other comment on the changes to reporting related to the output floor?

5.3.2 Credit risk SA

Question 9 – new subset of exposure classes for exposures “secured by mortgages on immovable property and ADC exposures”:

The following subset of exposure classes has been introduced in reporting for the exposure class referred to in Article 112, point (i) of Regulation (EU) No 575/2013: exposures secured by residential immovable property (IPRE, non-IPRE (secured, unsecured (risk weighted as not secured by immovable property))), exposures secured by commercial property (IPRE, non-IPRE (secured, unsecured (risk weighted as not secured by immovable property))), exposures secured by immovable property – Other (IPRE, non-IPRE), ADC, to be reported in C 02.00, C 07.00 (CR SA) and C 09.01 (CR SA – geographical breakdown). Besides, it should be noted that the approach to assign parts of exposures secured by mortgages on immovable property to other exposure classes (e.g. retail) no longer applies, due to the amendments introduced in Article 124 of Regulation (EU) No 575/2013.

Secured by mortgages on immovable property and ADC exposures
Secured by mortgages on residential immovable property - non-IPRE (secured)
Secured by mortgages on residential immovable property - non-IPRE (unsecured)
Secured by mortgages on residential immovable property - IPRE
Secured by mortgages on commercial immovable property - non-IPRE (secured)
Secured by mortgages on commercial immovable property - non-IPRE (unsecured)
Secured by mortgages on commercial immovable property - IPRE
Secured by mortgages on immovable property - Other - non-IPRE
Secured by mortgages on immovable property - Other - IPRE
Acquisition, development and construction (ADC)

For the rows collecting information on non-IPRE exposures secured by residential or commercial immovable property, the chosen approach consists of reporting in the respective rows the exposures which meet the criteria to be treated in accordance with respectively Article 125(1) or Article 126(1) of Regulation (EU) No 575/2013, i.e. including IPRE exposures which meet the criteria for being treated as non-IPRE exposures. The rationale for this approach is that the RWEAs for those exposures are calculated in accordance with Article 125(1) or Article 126(1) of Regulation (EU) No 575/2013 (so called ‘loan splitting approach’), where the IPRE exposures meet the criteria to be treated in accordance with this Article. A more granular design could be considered, that would be to report the above IPRE exposures as an “of which” of the sub-exposure classes ‘Secured by mortgages on residential immovable property - non-IPRE’ and ‘Secured by mortgages on commercial immovable property - non-IPRE’.

The below breakdown includes the legal references related to mutually exclusive sub-exposure classes:



- a) 'Secured by mortgages on residential immovable property – non IPRE (secured)':
- Non-IPRE exposures treated in accordance with Article 125(1, point (a)) of Regulation (EU) No 575/2013;
 - IPRE exposures meeting any of the conditions laid down in Article 124(2), point (a)(ii), points (1) to (4) of Regulation (EU) No 575/2013;
 - IPRE exposures where the derogation set out in Article 125(2) of Regulation (EU) No 575/2013, subparagraph 2 is applied.
- b) 'Secured by mortgages on residential immovable property – non IPRE (unsecured)':
- Same as (a), only for the part of the exposure risk-weighted as an exposure to the counterparty that is not secured by residential property, in accordance with Article 125(1), point (b) of Regulation (EU) No 575/2013.
- c) 'Secured by mortgages on residential immovable property – IPRE':
- Article 125(2) of Regulation (EU) No 575/2013
- d) 'Secured by mortgages on commercial property – non IPRE (secured)':
- Non-IPRE exposures treated in accordance with Article 126(1), point (a) of Regulation (EU) No 575/2013;
 - IPRE exposures where the derogation set out in Article 126(2) of Regulation (EU) No 575/2013, subparagraph 2 is applied.
- e) 'Secured by mortgages on commercial property – non IPRE (unsecured)':
- Same as (d), only for the part of the exposure risk-weighted as an exposure to the counterparty that is not secured by commercial property, in accordance with Article 126(1), point (b) of Regulation (EU) No 575/2013.
- f) 'Secured by mortgages on commercial immovable property – IPRE':
- Article 126(2) of Regulation (EU) No 575/2013
- g) 'Secured by mortgages on immovable property - Other - non-IPRE':
- Exposures that do not meet the conditions in Article 124(3) or any part of a non -ADC exposure that exceeds the nominal amount of the lien of the property, referred to in Article 124(1), point (a) of Regulation (EU) No 575/2013.
- h) 'Secured by mortgages on immovable property - Other – IPRE':
- Exposures that do not meet the conditions in Article 124(3) or any part of a non -ADC exposure that exceeds the nominal amount of the lien of the property, referred to in Article 124(1), point (b) of Regulation (EU) No 575/2013.
- i) 'Land acquisition, development and construction exposures (ADC)':
- Article 126a of Regulation (EU) No 575/2013

Do you identify any issues related to the introduction of this new subset? Is this proposal clear enough? If you identify any issues, please suggest how to clarify the reporting.

Question 10: Do you have any comment on the other changes included in the C 07.00 template?

Other changes include a separate exposure class for “Corporates – Specialised lending, an “of which” row for exposures to central banks, revised memorandum item rows to align with the



breakdown for exposures secured by immovable property, a new column “other” for transitional CCFs for UCC, and a last column to report the impact of transitional provisions on CCFs for UCC.

Question 11: CIUs under the SA approach – Please also refer to question 16 on the reporting of CIU positions and underlying exposures under the IRB:

Do institutions have information readily at their disposal on underlying exposures of CIUs in order to be reported as it is proposed to be done in C 08.01? Would this add substantial reporting costs?

5.3.3 Credit risk IRB

Question 12 – Large corporates: The additional breakdown on Large corporates was deemed vital in order to guide the correct application of the new rules for such exposures and to cover the information needs on the exposures to SMEs and Large Corporates. However, it implies overlap with the other Corporate exposure classes. Therefore, two options are put forward for respondents to this consultation:

Option 1: Current proposal in templates and instructions, with a decision tree

0240	1.1.2	Internal ratings based Approach (IRB)
0290	1.1.2.1.04	Corporates - Specialised Lending
0295	1.1.2.1.04a	Corporates - Purchased receivables
0296	1.1.2.1.04b	Corporates - Large Corporates
0280	1.1.2.1.03	Corporates - SME
0300	1.1.2.1.05	Corporates - Other

In this proposal, institutions would need to follow a decision tree to allocate the exposures in the sub-exposure classes. Institutions would first allocate their exposures in the exposure classes Specialised Lending and Purchased Receivables, respectively. Under the F-IRB approach the remaining exposures (i.e. the exposure class General Corporates) should be reported in the sub-exposure classes Large Corporates and SME, respectively, if they fulfil the definitions of Art. 142 (1) 5a) CRR3 or Art. 5 point 8 of CRR3. “Corporates – Other” would include any exposure that is not allocated to the two aforementioned and accordingly the four above mentioned (sub-)exposure classes. Under the A-IRB approach the exposure class General Corporates should be reported in the sub-exposure classes “Corporates – SME” and “Corporates – Other” as Large Corporates are not eligible for the A-IRB treatment unless classified as Specialised Lending.

In order to have a view of the total exposures for Large corporates, an additional row was added in C 08.01 to capture the overlap of exposures to Large corporates that are allocated to the exposure classes Specialised Lending and Purchased Receivables:

		0010	0020
0010	TOTAL EXPOSURES		
0960	of which: Large Corporates		
BREAKDOWN OF TOTAL EXPOSURES BY			

Option 2: To have “Large Corporates” and “SMEs” as of which items, to avoid overlap

0250	1.1.2.1	IRB approaches when neither own estimates of LGD nor Conversion Factors are used
0251	1.1.2.1*	<i>of which: Corporates - SME</i>
0252	1.1.2.1**	<i>of which: Corporates - Large Corporates</i>
0260	1.1.2.1.01	Central governments and central banks
0261	1.1.2.1.01a	Regional governments or local authorities
0262	1.1.2.1.01b	Public sector entities
0270	1.1.2.1.02	Institutions
0290	1.1.2.1.04	Corporates - Specialised Lending
0295	1.1.2.1.04a	Corporates - Purchased receivables
0300	1.1.2.1.05	General Corporates

Under this option, which aims at avoiding overlaps of the breakdown of Corporate exposures, all Corporate exposures are assigned and reported according to the exposure classes of Art. 147 (2) c) CRR3. The exposure class “General Corporates” would include those exposures which are not assigned to the exposure classes “Specialised Lending” or “Purchased Receivables”.

In addition and without affecting the reporting of the calculation of RWEA of Corporate exposures, different from option 1 exposures to corporates which fulfil the CRR3-definitions of SME and Large corporates, respectively, would be reported as “of which” items of the total of F-IRB respectively A-IRB exposures. With this approach, both items would be reported, regardless if they overlap with the Corporates exposure classes. The items ‘of which: Corporates – SME’ and ‘of which: Corporates – Large corporates’ would also be reported separately as sub-exposure classes for templates C 08.0X.

Please note that the breakdown of corporate exposures in template C09.02 considers the approach of reporting exposures in large corporates and SMEs as of- which-positions of ‘corporates’.

Which option would be preferable taking into account the ready available data and reporting costs? Which one would be more advantageous for data analysis?

Question 13 – IRB retail: Is the breakdown of exposure class ‘Retail’ clear and unambiguous?

Would an “of which” approach analogous to option 2 described in question 12 but referring to “Secured by immovable property” instead of “Large Corporates” be advantageous for data analysis and preferable taking into account the ready available data and reporting costs?

Question 14 – Further question on the corporates breakdown in C 09.02:

In template C09.02 exposures to corporates are reported according to the exposure classes of Art. 147 (2) c) CRR3 and according to the information needs on the exposures to SMEs and Large Corporates. The breakdown by exposure classes according to Art. 147 (2) c) CRR3 are proposed to be reported as ‘of which’-positions of the Total corporates reported in row 0030.

Would it be less costly to report the whole breakdown of exposure classes of Art. 147 (2) c) CRR3, i.e. including ‘Corporates-other’ instead of reporting ‘of which’ items for Specialised Lending exposures and purchased receivables?

0030	Corporates
0050	Of Which: SME
0056	Of Which: Large Corporates
0042	Of Which: Specialised Lending (excl. SL under the slotting approach)
0045	Of Which: Specialised Lending under the slotting approach
0046	Specialised Lending – Project Finance
0047	Specialised Lending – Object Finance
0048	Specialised Lending – Commodities Finance
0049	Specialised Lending – IPRE
0055	Purchased receivables
0056	Other corporates

Question 15 – CIUs according to Art. 147 (2) e1) CRR3:

- Question 15.1: Is it clear how positions of exposure class CIU (Art. 147 (2) e1) CRR3 are to be reflected in the CR-IRB templates (C 08.01 to C 08.07)?
- Question 15.2: Regarding CIU positions whose underlying are securitisations or equity exposures, would it be clearer and easier to report these underlying exposures under the securitisation and equity templates (C 13.01 and C 10.01, respectively)? Inversely, should they be reported under the credit risk templates?
- Question 15.3: If you identify any issues, please suggest how to clarify their treatment in the templates and/or instructions.

Reporting of CIUs under the IRB approach- Option 1:

As described in para 76a of Annex II and as illustrated in the example in chapter 5.1.1 of this Consultation Paper, information on CIUs are reported with the z-axis of template C 08.01 for the exposure class 'CIU' which is relevant for the calculation of the Total risk weighted exposure amount and which is linked to template C 02.00. In addition, in order to receive information on the allocation of underlyings to exposure classes, the underlying individual (in the case of the look through approach) and individual group of (in the case of the mandate-based approach) exposures shall be classified into the corresponding exposure class for considering them in the new section MEMORANDUM ITEMS - BREAKDOWN OF TOTAL EXPOSURES BY APPROACH (CIU).

- Question 15.4: Do institutions have information readily at their disposal on underlying exposures of CIUs in order to be reported as it is proposed to be done in C 08.01? Would this add substantial reporting costs? If so, how are those underlying exposures currently reported?

Reporting of CIUs under the IRB approach – Option 2:



The introduction of the new exposure class for CIUs under the IRB approach offers the possibility to revise the way of how CIUs are reported in the ITS on Reporting. Therefore, as a second option it is proposed to introduce a new template for reporting CIUs assigned to the exposure class according to Art. 147 (2) e1) CRR3. Similarly to C 10.01 for equity exposures, this template would include information on those CIU positions, only. Information on SA and IRB exposure classes according to which the risk weighted exposure amounts of the underlying individual (in the case of the look through approach) and individual group of (in the case of the mandate-based approach) exposures are calculated, would be reported in the dimensions of this template. In addition, this template would include depending on the supervisory information needs, among others, the necessary information on risk allocation (breakdown by risk weights for underlying exposures calculated according to SA approach; breakdown by PD, LGD etc. for underlying exposures calculated according to IRB approach).

- Question 15.5: Would it add substantial reporting burden for institutions if these exposures would be reported under a separate template where both the CIU positions and the underlying exposures would be reported under the corresponding exposure class? Would this approach be clearer?

Question 16 – Question on the mortgages breakdown in C 08.01

In template C 08.01 a breakdown on mortgages is added for covering supervisory information needs on residential and commercial real estate as well as IPRE and ADC exposures. In this context, a breakdown for non-IPRE exposures into “secured” and “unsecured” (risk weighted as not secured by immovable property) is introduced referring to Articles 125 (1) respectively 126 (1) CRR3 in order to further align reporting for SA and IRB exposures.

Do institutions – in particular the ones applying own LGD estimates – have information readily at their disposal for providing this further split into “secured” and “unsecured”. Would this add substantial reporting costs?

5.3.4 IP Losses

Question 17 – revised instructions for template C 15.00:

The instructions have been updated to align with the legal references with the new articles introduced in Regulation (EU) No 575/2013 for exposures secured by immovable property and the revised [Article 430a] on specific reporting obligations. The instructions have been clarified on certain aspects. The template has been amended to remove the two columns referring to the mortgage lending value. **Are the revised instructions clear enough? If you identify any issues, please suggest how to clarify the reporting.**

5.3.5 CVA

Question 18 – revised template C 25.00



Templates C 25.00 (CVA) and C 02.00 (own funds requirements) and have been amended to align with the new 3 approaches set out in the in Regulation (EU) No 575/2013 (standardised, basic, simplified) and to align with the Basel disclosure requirements. In addition the template C 25.00 is designed to capture:

- The mandatory reporting of own funds requirements calculations for excluded transactions, the reporting;
- The discretion to calculate own funds requirements also for excluded transactions, where institution uses eligible hedges;
- The reporting of own funds requirements stemming from derivative positions of CIUs.
- The derogation to calculate the CVA charge as an amount equal to 50% of the CCR charge is shown as an additional approach for the purpose of reporting only and is reflected as such in the C 02.00 template;
- A breakdown by counterparty types for the number of counterparties for transactions subject to the SA-CVA approach is aligned with disclosure requirements for CVA in Regulation (EU) No 575/2013.
- The breakdown of own funds requirements by approach and by sub-risk classes is aligned with the disclosure requirements in in Regulation (EU) No 575/2013.
- The systematic and idiosyncratic components of CVA risk for the reduced basic approach.

Are the reporting template C 25.00 and related instructions clear enough? If you identify any issues, please suggest how to clarify the reporting.

5.3.6 Market risk

Question 19 – Simplified standardized approach, market risk overview in C 02.00 and offsetting group concept in the group solvency templates

a) Did you identify any issues regarding the representation of the (policy) framework regarding the simplified standardized approach, the overall RWEA for market risk and the offsetting group concept in the templates C 02.00, C 06.02 and C 18.00 to C 23.00? Are further amendments necessary to align the reporting with the CRR3?

b) Are the amended templates and instructions clear?

5.3.7 The boundary between trading book and banking book

Question 20 – Boundary template



a) Did you identify any issues regarding the representation of the (policy) framework for the boundary in templates C 90.05 and C 90.06?

b) Are the scope of application of the requirement to report the different templates, the scope of positions/instruments/profits and losses etc. included in the scope of every template, the template itself and the instructions clear? If not, please explain the issues needing clarification, and make a suggestion on how to address them.

5.3.8 Leverage ratio

Question 21: Do you agree with the changes to the Leverage ratio reporting as implementing the new CRR3 provisions? Do you see any further amendments needed?