

ANNEX VIII

**REPORTING ON THE FORECAST OF THE MINIMUM REQUIREMENT FOR
OWN FUNDS AND ELIGIBLE LIABILITIES**

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The forecast templates are not proposed for inclusion in the implementing technical standards prepared in accordance with Articles 430 CRR and 45i BRRD. Instead, it is envisaged to put these templates forward in the form of Guidelines or a Recommendation to competent and resolution authorities to collect them.

Given their close relationship with the elements of the MREL/TLAC reporting framework presented above, these templates are consulted in parallel to the templates of the draft ITS.

Both forecast templates are envisaged to be reported with an annual frequency.

PART I: GENERAL INSTRUCTIONS

1. Structure and conventions

1.1. Structure

1. This framework consists of two templates:
 - (a) Capacity forecast (MFORC1), which includes a forecast of the reporting entity's MREL and TLAC position for the three years following the reference date and
 - (b) Funding forecast (MFORC2), which provides a forecast of the reporting entity's funding structure limited to own funds and liabilities eligible for the purposes of internal or external MREL
2. For each template legal references are provided, or references to other standards defining items to be reported. Further detailed information regarding more general aspects of the reporting of each set of templates and instructions concerning specific positions are included in this part.

1.2. Numbering convention

3. The document follows the labelling convention described below, when referring to the columns, rows and cells of the templates. These numerical codes are extensively used in the validation rules defined in accordance with Annex ... to this Regulation.
 - (a) The following general notation is followed: {Template;Row;Column}.
 - (b) References inside a template do not include an indication of the template: {Row;Column}.
 - (c) In case of templates with only one column, only rows are referred to: {Template;Row}
 - (d) An asterisk sign is used to express that the reference covers the rows or columns specified before.

1.3. Sign convention

4. Any amount that increases the own funds and eligible liabilities, the risk weighted exposure amounts, the leverage ratio exposure measure or the requirements shall be reported as a positive figure. In contrast, any amount that reduces the own funds and eligible liabilities, the risk weighted exposure amounts, the leverage ratio exposure measure or the requirements shall be reported as a negative figure. Where there is a negative sign (-) preceding the label of an item no positive figure is expected to be reported for that item.

2. Abbreviations

5. The following abbreviations apply for the purposes of the Annexes to this Regulation:
 - (a) 'CRR' refers to Regulation (EU) No 575/2013;
 - (b) 'CRD' refers to Directive 2013/36/EU of the European Parliament and of the Council;
 - (c) 'BRRD' refers to Directive 2014/59/EU of the European Parliament and of the Council;
 - (d) 'MREL' refers to the minimum requirement for own funds and eligible liabilities pursuant to Article 45 of the BRRD;
 - (e) 'TLAC' refers to the requirements for own funds and eligible liabilities for G-SIIs pursuant to Article 92a of the CRR;
 - (f) 'Internal TLAC' refers to the requirement for own funds and eligible liabilities for non-EU G-SIIs pursuant to Article 92b of the CRR;
 - (g) 'Internal MREL' refers to the MREL applied to entities that are not themselves resolution entities pursuant to Article 45f of the BRRD.

3. Carrying amounts and outstanding amounts

6. Own funds shall be reported as carrying amounts and liabilities as outstanding nominal amounts. The outstanding nominal amount of a claim or instrument is the sum of the principal amount of, and accrued interest on, the claim or instrument. The outstanding nominal amount due is equal to the value of the claim which the creditor could file under insolvency proceedings.
7. By way of derogation from the previous paragraph, balance sheet liabilities arising from derivatives shall be reported in form of carrying amounts. The carrying amount shall be the carrying amount as defined for FINREP purposes, either under IFRS or nGAAP, as applicable.

Question for consultation

Q1. Measuring own funds in terms of carrying amounts and eligible liabilities in terms of outstanding amounts aligns the reporting on MREL/TLAC to a great extent with the reporting in the context of the ITS on Resolution Planning Reporting, where the same measurement basis is used. In contrast to that, presenting both the amount of own funds and eligible liabilities as carrying amounts would potentially align the reporting more with the internal approaches of institutions for the monitoring of MREL/TLAC compliance on a daily basis; the vast majority of the prudential reporting (and disclosure) is also based on carrying amounts. There is also ongoing work at the level of the BCBS to clarify the measurement of non-equity capital.

What are the advantages and challenges of presenting MREL/TLAC figures, and in particular the amount of eligible liabilities, on the basis of a) outstanding amounts or b) carrying amounts for the purposes of reporting (and disclosure)?

PART II: TEMPLATE RELATED INSTRUCTIONS

1. General remarks

8. These templates provide a forecast of MREL and TLAC positions (internal and external requirements) and their funding structure for three subsequent years as at the reference date.
9. The template is applicable to all entities subject to an MREL or TLAC requirement, including entities that are not resolution entities, but excluding entities whose resolution plan provides that the entity is to be wound up under normal insolvency proceedings.
10. The level of reporting shall correspond to the type of requirement: where the entity is subject to a requirement on a consolidated basis, data shall be reported on a consolidated basis, and likewise on an individual basis if the requirement applies on an individual basis.
11. Reporting entities should indicate whether the information reported refers to the requirement for own funds and eligible liabilities for resolution entities ('external requirement', Article 45e BRRD for external MREL, Article 92a CRR for external TLAC) or the one for entities other than resolution entities ('internal requirement', Article 45f BRRD for internal MREL, Article 92b CRR for internal TLAC).
12. The columns referring to the Minimum Requirement for own funds and eligible liabilities (external MREL / internal MREL) should be filled in by institutions that are subject to the minimum requirement for own funds and eligible liabilities in accordance with Article 45 BRRD. Only those entities obliged to comply with the requirements of Articles 92a CRR respectively 92b CRR should report items referring to the G-SII requirement for own funds and eligible liabilities (external TLAC / internal TLAC).

13. Where the reporting entity is a resolution entity, the eligibility of liabilities should be assessed on the basis of Article 45b BRRD for the purposes of external MREL, and on the basis of Part Two, Title I, chapter 5a, section 1 of the CRR for the purposes of external TLAC. Where the reporting entity is an entity other than a resolution entity, it should assess the eligibility of liabilities and own funds on the basis of Article 45f(2)(a) and (b) BRRD for the purposes of internal MREL, and on the basis of Part Two, Title I, chapter 5a, section 1 of the CRR for the purposes of internal TLAC.

2. Capacity forecast (MFORC1)

14. This template provides a forecast of the reporting entity's MREL and TLAC position for the three years following the reference date.

Columns	Legal references and instructions
0010-0020	<u>Planned Year 1 position</u> Planned position at the reporting reference date +1 year
0030-0040	<u>Planned Year 2 position</u> Planned position at the reporting reference date +2 years
0050-0060	<u>Planned Year 3 position</u> Planned position at the reporting reference date +3 years

Rows	Legal references and instructions
0010	<u>TOTAL RISK EXPOSURE AMOUNT (TREA)</u> Article 45 (2) (a) BRRD, Article 92(3) CRR.
0020	<u>TOTAL EXPOSURE MEASURE (TEM)</u> Article 45 (2) (b) BRRD, Articles 429(4) and 429a CRR.
0100	<u>(ELIGIBLE) OWN FUNDS AND ELIGIBLE LIABILITIES</u> In case of reporting on the external requirements, please see the instructions on row 0200 of template M 01.00 in Annex II to Regulation (EU) 2020/XXXX. In case of reporting on the internal requirements, please see the instructions on row 0200 of template M 03.00 in Annex II to Regulation (EU) 2020/XXXX.
0110	<u>(Eligible) Own funds</u> In case of reporting on the external requirements, please see the instructions on row 0010 of template M 02.00 in Annex II to Regulation (EU) 2020/XXXX. In case of reporting on the internal requirements, please see the instructions on row 0210 of template M 03.00 in Annex II to Regulation (EU) 2020/XXXX.

0120	<p><u>Common Equity Tier 1 capital</u></p> <p>Article 50 CRR</p>
0130	<p><u>(Eligible) Additional Tier 1 capital</u></p> <p>In case of reporting on the external requirements, please see the instructions on row 0030 of template M 02.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>In case of reporting on the internal requirements, please see the instructions on row 0230 of template M 03.00 in Annex II to Regulation (EU) 2020/XXXX.</p>
0140	<p><u>(Eligible) T2 capital</u></p> <p>In case of reporting on the external requirements, please see the instructions on row 0040 of template M 02.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>In case of reporting on the internal requirements, please see the instructions on row 0240 of template M 03.00 in Annex II to Regulation (EU) 2020/XXXX.</p>
0150	<p><u>Eligible liabilities</u></p> <p>In case of reporting on the external requirements, please see the instructions on row 0050 of template M 02.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>In case of reporting on the internal requirements, please see the instructions on row 0250 of template M 03.00 in Annex II to Regulation (EU) 2020/XXXX.</p>
0160	<p><u>Eligible liabilities items before adjustments</u></p> <p>In case of reporting on the external requirements, please see the instructions on row 0060 of template M 02.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>In case of reporting on the internal requirements, please see the instructions on row 0250 of template M 03.00 in Annex II to Regulation (EU) 2020/XXXX.</p>
0170	<p><u>Eligible liabilities subordinated to excluded liabilities</u></p> <p>In case of reporting on the external requirements, please see the instructions on row 0070 of template M 02.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>This cell should be left empty in case of reporting on internal requirements.</p>
0180	<p><u>Eligible liabilities not subordinated to excluded liabilities</u></p> <p>In case of reporting on the external requirements, please see the instructions on row 0120 of template M 02.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>This cell should be left empty in case of reporting on internal requirements.</p>
0190	<p><u>(-) Deductions</u></p>

0200	<p><u>(-) Exposures between MPE resolution groups</u></p> <p>In case of reporting on external TLAC, please see the instructions on row 0180 of template M 02.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>This row should be left empty in case of reporting on internal TLAC.</p>
0210	<p><u>(-) Investments in other eligible liabilities instruments</u></p> <p>In case of reporting on external TLAC, please see the instructions on row 0190 of template M 02.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>This row should be left empty in case of reporting on internal TLAC.</p>
0220	<p><u>OWN FUNDS AND ELIGIBLE LIABILITIES AS A PERCENTAGE OF THE TOTAL RISK EXPOSURE AMOUNT</u></p> <p>In case of reporting on the external requirements, please see the instructions on row 0300 of template M 01.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>In case of reporting on the internal requirements, please see the instructions on row 0300 of template M 03.00 in Annex II to Regulation (EU) 2020/XXXX.</p>
0230	<p><u>Of which: own funds and subordinated liabilities</u></p> <p>In case of reporting on external MREL, please see the instructions on row 0310 of template M 01.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>This row should be left empty in case of reporting on internal MREL.</p>
0240	<p><u>OWN FUNDS AND ELIGIBLE LIABILITIES AS A PERCENTAGE OF THE TOTAL EXPOSURE MEASURE</u></p> <p>In case of reporting on the external requirements, please see the instructions on row 0320 of template M 01.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>In case of reporting on the internal requirements, please see the instructions on row 0320 of template M 03.00 in Annex II to Regulation (EU) 2020/XXXX.</p>
0250	<p><u>Of which: own funds and subordinated liabilities</u></p> <p>In case of reporting on external MREL, please see the instructions on row 0330 of template M 01.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>This cell should be left empty in case of reporting on internal MREL.</p>
0260	<p><u>CET1 (%) available after meeting the entity's requirements</u></p> <p>In case of reporting on the external requirements, please see the instructions on row 0210 of template M 02.00 in Annex II to Regulation (EU) 2020/XXXX.</p> <p>In case of reporting on the internal requirements, please see the instructions on row 0340 of template M 03.00 in Annex II to Regulation (EU) 2020/XXXX.</p>
0270	<p><u>Combined buffer requirement (%)</u></p>

	<p>Article 128(6) CRD</p> <p>The combined buffer requirement shall be expressed as a percentage of the total risk-weighted exposure amount.</p>
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3. Funding forecast (MFORC2)

15. This template provides a forecast of the reporting entity’s funding structure limited to own funds and liabilities eligible for the purposes of internal or external MREL (Article 45e or 45f, as applicable).

16. For each type of instrument, the entity should report both;

- (a) the planned position as of the end of the respective calendar year;
- (b) the outflows, defined as the amount of instruments that would cease to be included in the category during the period. Instruments ceasing to be eligible includes instruments the maturity of which would fall below the minimum requirement or instruments that would be redeemed or derecognised from eligible liabilities or own funds for any other reason. For the current ‘year Y’, the outflows are those since the previous accounting year end;
- (c) the inflows, defined as the amount of instruments, included in the category during the period and not included in category in the previous accounting year. This includes instruments newly issued during the period, foreseeable accrued interest and existing instruments that have been requalified. For the current ‘year Y’, the inflows are those since the previous accounting year end.

Columns	Legal references and instructions
0010	<u>Year Y</u> 1 January to 31 December of the year that includes the reference date
0020	<u>Y+1</u> Year after the reference date t
0030	<u>Y+2</u> Second year after the reference date t
0040	<u>Y+3</u> Third year after the reference date t

Row	Legal references and instructions
0100	<u>Total eligible liabilities (no cap, no deductions)</u>
0110-0130	<u>Deposits, not covered and not preferential</u>

	Deposits, not covered and not preferential, as defined for the purposes of row 0320 of template Z 02.00 of Annex I to Regulation (EU) 2018/1624, that are eligible for the purposes of Articles 45 BRRD.
0200-0220	<u>Uncollateralized secured liabilities</u> Uncollateralised secured liabilities, as defined for the purposes of row 0340 of template Z 02.00 of Annex I to Regulation (EU) 2018/1624, that are eligible for the purposes of Article 45 BRRD.
0300-0320	<u>Structured notes</u> Structured notes, as defined for the purposes of row 0350 of template Z 02.00 of Annex I to Regulation (EU) 2018/1624, that are eligible for the purposes of Articles 45 BRRD.
0400-0420	<u>Senior unsecured liabilities</u> Senior unsecured liabilities, as defined for the purposes of row 0360 of template Z 02.00 of Annex I to Regulation (EU) 2018/1624, that are eligible for the purposes of Article 45 BRRD.
0500-0520	<u>Senior non-preferred liabilities</u> Senior non-preferred, as defined for the purposes of row 0365 of template Z 02.00 of Annex I to Regulation (EU) 2018/1624, that are eligible for the purposes of Article 45 BRRD.
0600-0620	<u>Subordinated liabilities (not recognised as own funds) >= 1 year</u> Senior unsecured liabilities, as defined for the purposes of row 0370 of template Z 02.00 of Annex I to Regulation (EU) 2018/1624, that are eligible for the purposes of Article 45 BRRD.
0700-0720	<u>Other eligible liabilities</u> Any other instrument that is eligible for the purposes of Article 45 BRRD.
0800-0820	<u>Total eligible own funds</u> Articles 4(1)(118) and 72 CRR
0900-0920	<u>Common Equity Tier 1 Capital</u> Article 50 CRR
1000-1020	<u>Additional Tier 1 capital</u> Article 61 of CRR
1100-1120	<u>Tier 2 Capital</u> Article 71 CRR
1200-1220	<u>Total eligible liabilities and own funds</u>

Questions for consultation

Q8. Are the scope and level of application of the reporting requirement, the content of the 'forecast' templates and the instructions clear?

Q9. What are the particular benefits and challenges you see with regard to the reporting of the 'forecast' information?