

## **FEEDBACK TO THE CONSULTATION ON THE FRAMEWORK FOR CONSOLIDATED FINANCIAL REPORTING (CP06)**

1. CEBS published its sixth consultation paper, on the framework for consolidated financial reporting (FINREP), in April 2005. The consultation period ended on 8 July 2005. Twenty-five responses were received, all of which were published on the CEBS website.

2. This paper summarises the key points raised in the consultation, CEBS' analysis of those points, and the changes made to address them. For the purposes of assessing the comments received, CEBS has distinguished between:

- General comments,
- Responses to the questions put forward in CP06, and
- Technical comments on the tables included in the FINREP.

The summary also distinguishes between comments made by a majority of respondents and those raised by only one or a few respondents.

3. In general, respondents welcomed the initiative but expressed concerns about the level of flexibility available to supervisors and on the perceived lack of harmonisation. Some respondents felt that the framework is not entirely consistent with international accounting standards (IAS/IFRS), in that some of the information goes beyond what IAS/IFRS requires to be disclosed.

4. While convergence is one of the Committee's declared objectives, expectations for a fully standardised minimum reporting framework to be used by all European supervisory authorities cannot be satisfied overnight. CEBS believes that the degree of flexibility provided by the framework is necessary in order to accommodate the differences that currently exist within Europe in terms of the degree to which supervisory authorities' rely on prudential returns on financial information.

5. CEBS stresses that FINREP achieves a high degree of standardisation in data elements and definitions. It should reduce the reporting burden for cross-border banking groups and increase the comparability of financial information reported to European supervisory authorities.

6. To address the concerns about the lack of harmonisation, while accommodating the varying needs of different supervisory authorities, CEBS has adopted an approach that distinguishes between 'core' and 'non-core' information. This approach represents a compromise between the limitations with concerning harmonisation and the desire for greater standardisation.

7. CEBS took note of the comments made by the industry concerning the need to remain consistent with IAS/IFRS and to avoid unnecessary detail. This led CEBS to make numerous revisions aiming to reduce the detailed nature of the framework and bringing it in line with IAS/IFRS. This included, for example, dropping all restrictions (with the exception of a restriction on the way financial instruments can be presented) relating to the options available under IAS/IFRS.

8. In addition to the general comments, respondents submitted many detailed comments on the templates. These comments were very helpful in reworking the framework. The most frequently recurring comments related to:

- The lack of clarity in the references to IAS/IFRS standards;
- The need to take IFRS 7 into account;
- The unavailability of certain data items or levels of detail at the consolidated level

9. Respondents also criticised the level of detail in the templates and indicated the need for closer alignment with COREP. CEBS has tried to address these comments, focussing on the links between accounting equity and the calculation of regulatory own funds. CEBS has also developed an approach how the counterparties used in the Financial Reporting Framework can be related to the exposure classes used under the Capital Requirements Directive (CRD).

10. On the use of XBRL, respondents were mainly concerned about the timeline for introduction given its system implications, and about the framework's consistency with the taxonomy developed by the IASC Foundation. CEBS has not changed its approach in relation to XBRL, and still believes that this technology can be a helpful tool in constructing a common European reporting system. CEBS will develop an XBRL taxonomy available without cost to national authorities and supervised credit institutions.

11. CEBS considerably streamlined the templates in response to the comments. The number of tables has been reduced from 48 (spread over 69 pages) to 39 (spread over 38 pages), and the overall number of data items has been reduced by over 48%, when compared with the framework originally exposed for public comment in April 2005.

12. As the feedback table indicates not all of the revisions proposed were accepted. Where they were not, the table provides an explanation of why a proposal was not adopted.

## PART I - FEEDBACK ON THE GENERAL COMMENTS

| Subject              | Received comments  | Analysis  | Reaction   |
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| <b>Harmonisation</b> | <p>There is a need to substantially reduce the number of different reporting requirements currently existing in the EU and to streamline reporting processes. IAS/IFRS disclosure requirements would provide a useful basis for this.</p> <p>In general respondents therefore welcomed CEBS' initiative to develop a standardised consolidated financial reporting framework for credit institutions that is consistent with international accounting standards (IAS/IFRS). They expect this initiative to increase the comparability of the data reported to supervisors and thus help achieving a level playing field within Europe.</p> | <p>Agreed. As described in the consultation paper the CEBS initiative aims at developing a standardised consolidated financial reporting framework for prudential purposes that is consistent with international accounting standards (IAS/IFRS).</p> <p>The adoption of IAS/IFRS by a large number of EU credit institutions provides a welcome window of opportunity.</p> | Not applicable   |
|                      | The proposed framework contributes to supervisory convergence and greater homogeneity of data that is needed for the aggregation of prudential (and statistical) data.   | Agreed. The standardised formats and definitions help standardise reported data and increase their comparability.   | Not applicable   |
|                      | Several aspects of the proposed framework do not fulfil the objective of a harmonised and standardised reporting framework. (These aspects are addressed below.)   | Partly agreed. See CEBS analysis below and for the technical comments.  | Partially addressed. See CEBS reactions below.   |
| <b>Flexibility</b>   | <p>While generally the idea of a common reporting framework was considered useful, the approach that each national supervisory authority has a degree of flexibility to decide on the extent of the framework it will apply as well as to set any additional reporting requirements over and above those presented in the framework has been questioned.</p> <p>It is feared that as a result of this flexibility there will continue to be a large divergence between and even</p>  | <p>Partly agreed. While CEBS agrees that the usefulness of the framework increases if all supervisory authorities use it in the same way, this cannot be expected in the very short term.</p> <p>In light of the varying reliance of authorities on prudential reporting to collect information and data necessary for prudential supervision, there will, at least</p>     | Partly addressed. Convergence is achieved through the standardisation of reporting formats and of the reported data as well as with the introduction of core information |

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|  | <p>within EU countries. It is suggested that CEBS be very restrictive with regard to country specific reporting requirements that go beyond the proposed framework.</p> <p>While some respondents do agree that there should be some room for a flexible approach, it is nevertheless felt that this flexibility should be limited to situations where there is a need to do so at the national level.</p>   | <p>temporarily, remain national differences. Such differences may also be explained through differences in characteristics of the national banking sectors.</p> <p>The framework in its revised form provides nevertheless an important step towards convergence of supervisory reporting.</p>  |   |
|  | <p>Certain respondents wonder why different supervisors in the EU require different financial information.</p> <p>A framework which permits supervisors to require additional information and additional detail is not consistent with the objectives of harmonisation or of reducing administrative burden and does not make sufficient progress towards achieving an internal market for financial services as well as establishing a level playing field between banks from different Member States. In order to achieve true harmonisation, the first step would be to harmonise the current diversity of supervisory approaches.</p> <p>An alternative view consists in harmonising reporting requirements at the lowest common level across the various regulatory environments.</p> | <p>Supervisory approaches in the EU differ and so do, accordingly, supervisory practices with regard to the reliance on prudential returns to gather the data needed for the fulfilment of their supervisory responsibilities.</p> <p>While striving for convergence of supervisory practices is one of CEBS' declared objectives, it cannot be realistically expected to be achieved in the very short term.</p> | <p>Partly addressed.</p> <p>The revised financial reporting framework, in addition to the standardisation of data items, introduces a core set of data that supervisory authorities agree to require to the extent that they choose to apply the framework.</p> |
|  | <p>It is expected that CEBS members will implement the proposed framework in a way ensuring that the flexibility will preserve the benefits of the increased homogeneity. The overall effect of introducing more homogeneity of the reporting requirements on the reporting burden for banks will eventually depend on a) the number of banks that currently do not have to apply IAS/IFRS to their consolidated accounts compared with the number of banks required to report under the CEBS scheme, b) the level of detail of the agreed homogeneous data and c) the scope offered by further</p>  | <p>Partly agreed. CEBS agrees that members should implement the proposed framework in a way ensuring that the benefits of increased standardisation are not diminished by the available flexibility.</p> <p>CEBS does however not have any formal authority to impose on its members how and to what extent they implement the proposed framework.</p> <p>The use of the framework ultimately</p>                 | <p>Not applicable.</p>  |

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|   | <p>harmonisation to fulfil user requirements for overall analysis at European level. Obviously, the heterogeneity of national retail banking markets should further be taken into account when analysing the resulting aggregate indicators.</p>   | <p>depends on supervisory approaches and on the extent to which national authorities rely on prudential returns for the collection of the information that they need for the exercise of their responsibilities. National characteristics will also influence how the framework will be implemented.</p>  |  |
| <p><b>Consistency with IAS/IFRS</b></p> | <p>The current proposal contains many requirements which exceed or are even at odds with IAS/IFRS disclosure. These should be removed from a harmonised European financial reporting framework.</p> <p>The framework in providing standardised reporting formats restricts some of the options allowed under IAS/IFRS which could have a prejudicial effect on accounting.</p> <p>Common practice: such items should only be included in the package when absolutely necessary for prudential reasons or – if of relevance for prudential purposes – should be captured in the solvency reporting.</p> <p>The framework contains numerous national specificities that are not covered by IAS/IFRS.</p> | <p>Partly agreed. CEBS acknowledges that the proposed framework contains a number of requirements that exceed IAS/IFRS disclosure. It is not agreed though that there are instances where the reporting requirements are at odds with IAS/IFRS.</p> <p>In all cases the inclusion of requirements that go beyond IAS/IFRS can be justified by the fact that the information is relevant for prudential purposes. The inclusion of items also offers the advantage that they are standardised and therefore, where asked by supervisory authorities, are comparable between credit institutions and jurisdictions.</p> | <p>When reviewing the framework CEBS has taken good care that all information going beyond IAS/IFRS requirements that are not essential for prudential purposes have been removed.</p> <p>The framework does not contain any national reporting specificities.</p> |
| <p><b>Level of detail</b></p>           | <p>The proposed financial framework is far too extensive and requires a level of detail that is not necessary for a regulator to perform its regulatory functions. It is argued that regulatory authorities that request information that goes beyond that produced under IFRS disclosure requirements should justify this approach and undertake a cost-benefit analysis to explain the value of this additional information and to ensure that it is commensurate with the costs and efforts imposed on credit institutions in relation to its production.</p>   | <p>CEBS does not agree that the level of detail goes beyond what supervisory authorities need to perform their regulatory functions. The analysis of a supervised credit institutions' financial situation is an important aspect of prudential supervision. While in some countries supervisors traditionally rely on management information, others gather their data through comprehensive</p>   | <p>The framework creates a common basis within which, in addition to the short term harmonisation further convergence can be achieved in the medium to long term.</p> <p>As stated in the</p>  |

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|   | <p>Some respondents generally disapprove with the possibility that the supervisory reporting requirements go substantially beyond those that are being reported to management on a regular basis.</p> <p>The increase of reporting requirements on a consolidated basis needs to be linked to a proportional reduction of requirements on a solo basis.</p>  | <p>prudential returns.</p> <p>CEBS expects that, until supervisory approaches have further converged, members' approaches to reporting will not change.</p> <p>The framework should in principle not change members' approaches to reporting there should not be a significant increase of reporting burden in individual countries in comparison with the current situation. The framework will not add a further reporting layer.</p>  | <p>objectives the framework applies at consolidated level. CEBS mandate was to develop a consolidated framework. It is not excluded though that national supervisors will use the Framework for solo reporting.</p>   |
| <p><b>Administrative burden / Compliance cost</b></p> | <p>The level of detail of the reporting framework should be limited to figures that can be motivated and are actually used in the on-going analyses and supervision. It is indeed deemed important that supervisory authorities define the purpose of the required information given that the reporting of financial information constitutes a considerable burden and compliance cost for banks.</p> <p>The proposed framework fails to achieve the objective of reducing the compliance costs, particularly for international banking groups. Rather, it is argued that the framework will significantly increase reporting burden in a number of European countries without any prudential justification.</p> <p>Some note moreover that there will be a real risk of information overload that could undermine the desired transparency and potentially lead to wrong conclusions. A harmonised financial reporting system should therefore focus first and foremost on providing relevant information and should be subject to a cost/benefit analysis.</p> | <p>As explained above, the introduction of the framework is not expected to result in an increase of reporting requirements in individual member states as compared to the present situation.</p> <p>In principle, it is expected that members will require the same type of information as they do presently. The framework may have an impact on the presentation of the data items and on their definition.</p> <p>Accordingly the introduction of the framework will neither increase the reporting burden in countries nor will it lead to an information overload on the side of supervisory authorities.</p> <p>The transition to IAS/IFRS would have led most supervisory authorities to adapt their prudential reporting frameworks with cost implications for supervised entities and ultimately numerous different national reporting frameworks.</p> | <p>The framework provides a common basis for a financial reporting based on IAS/IFRS and thus contributes significantly to harmonisation and convergence.</p> <p>The revised framework contributes to the standardisation of reported data (and comparable reports) with benefits not only for supervisors but also for groups acting on a cross border basis</p> |

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| <p><b>Availability of data / IT implications</b></p> | <p>A large number of the proposed reporting items are not readily available in credit institutions' IT systems. Reporting these items would therefore create an additional administrative and cost burden out of all proportion to the additional information value.</p> <p>In that context, respondents mainly referred to the granularity of the reporting requirements and in particular to the requested breakdown of information into two or even three levels (of different dimension) as the key issue. This implies that the architecture of accounting systems will have to be modified significantly in some credit institutions.</p> <p>These system changes require new accounting projects, which would involve IT-personnel, accountants and managers worldwide. Such projects would be costly and could take up 2 to 3 years time.</p> <p>Overall cost-effectiveness in the EU could be better served by improving the training of supervisory staff so that they can understand and assess financial information prepared in accordance with IAS/IFRS, rather than by requiring banks to reformat information, or more particularly, provide information that is not readily available from their systems.</p> | <p>CEBS has given careful consideration of comments indicating that proposed reporting items are not readily available in credit institutions' IT systems (on a consolidated basis) and has undertaken a thorough review.</p> <p>It should nevertheless be underlined that absent the introduction of a common financial reporting framework, a large number of supervisors would have amended their reporting to enable credit institutions to base the prudential returns on the same accounting framework as the financial statements.</p> <p>Changes to the IT systems would have been unavoidable. A common financial reporting framework contributes to harmonisation across borders and will thus lead to significant benefits in comparison to a situation where systems would have had to be changed to accommodate different national changes.</p> | <p>To the extent that specified items were not considered essential for prudential purposes, they were removed from the framework. This applies in particular to the levels of breakdowns which have been reduced in both core and detailed information.</p> |
| <p><b>Cross-border issues</b></p>                    | <p>The proposed framework will not reduce the burden of banks which operate on a cross-border basis in a significant way. The flexibility left to national supervisors to choose the degree of detail in their implementation of the framework leads to an increased reporting and compliance burden for banking groups that are active in more than one country.</p> <p>Consequently, the great number of existing divergent reporting national requirements would continue to exist in the future which would actually increase the burden for the banks concerned, particularly in the case of a</p>  | <p>As explained above, the introduction of the framework is not expected to result in an increase of reporting requirements in individual member states as compared to the present situation. In principle, members will require the same type of information as they do presently but using the financial reporting framework as a basis.</p> <p>Accordingly the introduction of the framework should not lead to an increase</p>   | <p>The introduction of core information contributes to the harmonisation of European reporting requirements.</p> <p>CEBS has furthermore significantly reduced the requirements in the framework thus reducing the burden of</p>                             |

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|  | <p>cross-border consolidation.</p> <p>It is noted in that context that a harmonisation of financial reporting cannot be achieved without a preliminary way towards harmonisation of supervisory practice regarding reporting requirements.</p> <p>Banks which have establishments in various Member States may even be faced with requirements which are impossible to reconcile as each national regulator remains free to decide what financial information it requires.</p> <p>A number of respondents question the fact that the framework is only intended for consolidated financial reporting and regret that it is not automatically be applied to bank subsidiaries and that as a result these must still report according to local reporting requirements.</p> <p>It is felt that reporting requirements should be consistent for banks' operation across borders and that therefore, in line with the principle of home country supervision, the reporting requirements applicable to the parent company should apply to all group entities (credit institutions and investment firms?) and sub-groups.</p> <p>On the other hand CEBS is urged by some respondents to refrain from taking any measures that would push members to adopt the framework to credit institutions that are not covered by the IAS/IFRS Regulation.</p> | <p>of the reporting burden in individual countries. In comparison to the current situation, credit institutions operating on a cross-border basis will benefit from the introduction of the framework as it will enable them to use the standardised data formats and definitions in all the countries where the framework will be used. Consequently the framework will not increase the burden for cross-border operating credit institutions but reduce it.</p> <p>Further reduction of the reporting burden can be achieved once that supervisory practices (and consequently supervisors' reliance on prudential returns for the gathering of data that is necessary for the completion of their prudential responsibilities) have been further aligned.</p> <p>As to the request that reporting requirements applicable to the parent company should apply to all group entities, CEBS feels that such an approach may prove difficult to implement in practice. Indeed, it would presuppose that host supervisors are able to carry out their prudential obligations on the basis of the reporting requirements imposed by the home supervisor.</p> | <p>reporting.</p>   |
| <p><b>Small and medium sized credit institutions</b></p> | <p>It is very important for smaller and less complex credit institutions with little or no international activity that the proposed framework should only be applicable to these institutions on a voluntary basis given that they would gain very little from investing in the framework.</p> <p>One respondent explained that credit institutions have</p>   | <p>CEBS does not entirely agree that the framework should not be applied to smaller and less complex credit institutions on grounds that there would be little added value from the investments made.</p>  | <p>Not applicable as implementation and scope of the framework will be decided upon by national authorities</p> |



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|                            | recently devoted many resources on the implementation of new national reporting forms and any change would constitute an unreasonable burden.  | To the extent that supervisors intend to use IAS/IFRS as the basis for their prudential financial reporting, it would for comparability reasons, be recommended to apply the framework to all supervised credit institutions using that accounting framework at a consolidated level, regardless of whether they are small and less complex or not |   |
| <b>XBRL</b>                | <p>Although supporting the idea of introducing a standard data exchange format (extensible Business Reporting Language, XBRL), financial reporting cannot be harmonised by prescribing a particular transmission technology such as XBRL. The first step must be to clarify the numerous open questions relating to the content of the reporting requirements and their national implementation before discussing the issue of a standard data exchange format.</p> <p>It is also noted that the use of XBRL would allow that banks transfer their annual accounts as published in XBRL without any change and then let the supervisory authorities pick what they want in order to make the necessary supervisory analysis.</p> | <p>Although CEBS agrees that XBRL does not per se contribute to the harmonisation of financial reporting, it continues to believe that it constitutes a very useful tool.</p> <p>As already explained in the consultation paper, CEBS does not intend (or have the powers) to impose the use of XBRL to its members.</p>                           | CEBS will develop an XBRL taxonomy for FINREP that supervisors will be able to apply (freely) at national level.  |
| <b>Implementation date</b> | <p>It is important to remove any uncertainty on the implementation date of the framework in EU countries.</p> <p>Implementation should not interfere with the implementation of the common reporting framework on the solvency ratio. The implementation of the financial reporting framework needs sufficient time and resources.</p>   | CEBS agrees that there should be no uncertainty on the implementation of the framework in EU countries. The decision on the use of IAS/IFRS as the basis for prudential financial reporting is a matter of national discretion (both with respect to the decision itself as well as to the implementation date and related timeline)               | CEBS does not want to interfere in its members plans on how the framework will be implemented as these plans are often carefully devised to fit national specificities. |
| <b>Reporting frequency</b> | The reporting frequency should be clarified. It might in some instances be necessary to implement different reporting frequencies for different reporting items.   | CEBS agrees that the reporting frequency should be clarified though it expects this to be done by members as reporting   | As information needs are not the same for every type of   |

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|  | In any case, respondents felt that a reporting frequency higher than on a quarterly basis would be unsuitable. It is furthermore argued that the reporting frequency for the non core information should not go beyond IFRS requirements. | frequencies for the framework are expected to reflect those for currently applied for similar returns.  | information, it can be expected that supervisors will require different frequencies for (and even within) the two parts. |
| <b>Alignment with the Common Framework for Reporting of the Solvency Ratio (COREP)</b> | The financial reporting framework should be aligned to the largest extent possible with the common framework for reporting of the solvency ratio, especially with regard to the requested breakdowns.                                     | CEBS has undertaken numerous efforts to align the financial reporting framework with the common framework for reporting of the solvency ratio.<br><br>Both frameworks have been aligned as far as possible without compromising the underlying reference documents. | The explanatory guidance provides further specifications as to how the two frameworks can be further reconciled.         |
| <b>Other considerations</b>  | The proposed framework may differ from recommendations set by local standard setters. These differences may imply further IT developments and should be taken into account in the national implementation.                                | The framework has been developed to be in line with IAS/IFRS requirements and not with national recommendations. It is however acknowledged that in implementing the framework supervisors will take local recommendations, to the extent possible, into account.   | Not applicable   |
|  | There is some lack of clarity as to whether the requested information needs to be validated. In any case it should be avoided that the financial reporting framework gives rise to further obligations of external auditors.              | CEBS considers this to be at national discretion in accordance with existing practice. The framework does not intend to modify this   | Not addressed. .   |

**PART II - FEEDBACK ON THE COMMENTS TO THE QUESTIONS INCLUDED IN CP06**

| Subject  | Received comments  | Analysis   | Reaction   |
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| <b>Consistency with IAS/IFRS</b>   |  |  |  |
| <p><b>Q1. Do respondents agree that the reporting framework is IAS/IFRS consistent? Please indicate where it is not the case.</b></p>  | <p>Commentators note that the proposed reporting framework is not in all respects IAS / IFRS consistent, notably for the following reasons:</p>  |  |  |
|  | <ul style="list-style-type: none"> <li>- The requirements of the financial reporting framework exceeds the IAS/IFRS disclosure requirements. Templates include frequent references which contain no disclosure requirements, but merely definitions of various categories of financial instruments or recognition or measurement rules (e.g. IAS 39.9; IAS 39.37; IAS 39.86-89; IAS 39 AC 15; IAS 32.11 and others). In some cases the reporting requirements do not correctly reflect the IAS/IFRS disclosure requirements (e.g.: ED 7.20 – 21, IAS 1.97). In one case it is noted that the references made to IAS/IFRS presentation requirements are not exhaustive (e.g. for cash &amp; cash balances with central banks, reference 1.68 (i)).</li> </ul> | <p>Partly agreed. The framework has been significantly reduced. Some of the information that goes beyond IAS/IFRS disclosure requirements is relevant to supervisors and continues to be required. The framework has been modified to eliminate inconsistencies with IAS/IFRS requirements. See part III for detailed analysis</p> | <p>FINREP has been significantly reduced. It has also been modified to eliminate incorrect application of IAS/IFRS requirements.</p> |
|  | <ul style="list-style-type: none"> <li>- The reference column indicates supervisory rules (that have not yet been adopted), such as Article 86 of the Capital Requirements Directive (CRD). This combination creates new reporting requirements which reflect neither accounting nor supervisory disclosure rules and request information which is not available in this form in the banks' IT systems. Furthermore it is noted that not all credit institutions will use the method referred to under that article.</li> </ul>  | <p>Partly agreed. Certain requirements are important to allow for a link between FINREP and the framework for the common reporting of the solvency ratio (COREP). New explanatory guidance includes possible approach on how to link both frameworks.</p>  | <p>Requirements that go beyond IAS /IFRS have been removed to the extent possible.</p>   |
| <ul style="list-style-type: none"> <li>- The standardisation in the templates sometimes has the effect of restricting existing accounting options, thus bearing the risk that prudential reporting requirements</li> </ul> | <p>Not agreed. Standardisation of the templates and of the reported items is necessary to achieve increased</p>  | <p>Limitation of IAS / IFRS options have been removed from</p>   |  |

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|   | <p>may have a prejudicial effect on accounting, which is considered as a cause for concern (e.g. treatment of interest income and interest expenses, choice for the portfolio approach, choice between trade or settlement date accounting, freedom to provide some information in the notes to the accounts). Some approve of the initiatives taken in this direction as a step towards more harmonisation and more comparability between financial statements across EU, although it is noted that these matters should always be subject to preliminary consultation.</p> | <p>comparability of data.</p> <p>Revised framework does not reduce options, other than choice between categories of financial instruments and products of financial instruments (presentational issue only).</p> | <p>FINREP.</p>  |
|   | <ul style="list-style-type: none"> <li>- It is also noted that certain IAS / IFRS reporting requirements are missing in the framework, e.g. segment reporting, presentation of earnings per share or risk concentration. This applies also to qualitative requirements of IAS/IFRS.</li> </ul>   | <p>Agreed. Framework does not intend to cover all IAS/IFRS disclosure requirements.</p>  | <p>No change.</p>   |
|   | <ul style="list-style-type: none"> <li>- The use of common practice is not consistent with IFRS. (See detailed comments for question 2 below.)</li> </ul>  | <p>Some of the information is relevant to supervisors and continues to be required.</p>  | <p>Partly addressed. Use of common practice has been significantly reduced.</p> |
|   | <ul style="list-style-type: none"> <li>- The use of requirements imposed by the European Central Bank (templates 18 A &amp; B, 19 and 20) is not consistent with IFRS.</li> </ul>  | <p>Not agreed. ECB guidance is not inconsistent with IFRS and is of importance for supervisors.</p>  | <p>No change.</p>   |
|   | <ul style="list-style-type: none"> <li>- The framework is not in all cases compliant with the IASCF XBRL Taxonomy. E.g.: the proposed time-buckets in table 39 B, the maturity tables in table 14.</li> </ul>  | <p>Agreed.</p>   | <p>Will be addressed. CEBS will develop a FINREP XBRL taxonomy.</p>             |
| <p><b>Q2. Do respondents believe that the use of Common Practice (CP) is appropriate? Please indicate</b></p> | <p>The concept of referencing to "Common Practice" is believed to be problematic for the following reasons:</p>  |  |   |
|   | <ul style="list-style-type: none"> <li>- The framework should not contain requirements which exceed or are contradictory to IAS/IFRS (e.g. special items for accrued interest). The use of common practice is rejected given that very often the requirements do not arise from additional market information requirements,</li> </ul>   | <p>Partly agreed. The revised FINREP does not contain requirements that are contrary to IAS/IFRS. There are only a few instances left where the framework exceeds IAS/IFRS</p>                                   | <p>Partly addressed. Use of common practice has been significantly reduced.</p> |

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| <b>where you believe this is not the case.</b> | but merely serve the informational purposes of the supervisors. Where such additional information is required for supervisory purposes, they should be considered for inclusion in the common reporting of the solvency ratio.   | disclosure requirements to address supervisory information needs. Some prudential information has to be required in this framework   |  |
|  | - The proposals reduce some options provided by IFRS (e.g. treatment of interest income from held for trading assets).   | Partly agreed.   | All options (except for the choice of the presentation of the statements have been reintroduced. |
|  | - Common Practice will be a serious obstacle to a harmonised and standardised financial reporting framework and in some cases are not meaningful or not readily available (e.g. differentiating between gains and losses from FX operations, level of detail in the additional tables relating to the income statement. The additional burden for the preparation of information is disproportionate to the interests that supervisors have in that information. To a large extent the requested information is not available (at the required granularity). | Partly agreed. Use of common practice has been significantly reduced. Items that have been maintained are of high importance to supervisory authorities.<br><br>In some limited cases, information may not be readily available in accounting systems but in other management reporting systems. | Partly addressed. Use of common practice has been reduced.                                       |
|  | - A number of the reporting requirements supposedly covered by this term exist only in one or a few member states and so by no means reflect normal reporting and disclosure practices throughout the EU (e.g. gains and losses from exchange difference revaluations, breakdown of 'staff expenses'). In order for a CP item to be accepted as an element of a harmonised European reporting, it must meet prudential needs in a qualified majority of EU Member States.  | Not agreed. The framework did/does not contain reporting requirements that are only asked for in one or a in a few countries.  | No reaction.   |
|  | - As IFRS is just being implemented across Europe so called 'common practice' will only emerge.  | Not agreed. Common practice is irrelevant of the accounting framework and already exists   | No reaction  |
|  | Some respondents support the references made to common practice in the sense that they improve the assessment of   | Agreed. See also previous comments and reactions.  | No change.   |

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|  | banks' performance or allow addressing banks' specificities. Nevertheless, the references to common practice should be limited to a minimum and be completed by adequate guidance   |  |  |
| Availability of data   |   |  |  |
| Q3 Do respondents believe that the data contained in the reporting framework are available within the reporting entity? Please indicate for which data you believe this is not the case. | Respondents note that while the requested data is likely to be available somewhere in the reporting entity, it may in many cases not be readily available, notably for the following reasons:   |  |  |
|  | - Many of the requirements exceed the existing IFRS rules in terms of both form and content. They constitute a combination of accounting disclosure requirements, various product categorisations and prudential exposure classifications (such as retail) which do not correspond to what is available in the banks' databases.  | Partly agreed. There are only a few instances left where the framework exceeds IAS/IFRS disclosure requirements This information is necessary to address supervisory information needs and will be available in accounting and/or management reporting systems | Requirements that go beyond IAS /IFRS have been removed to the extent possible.        |
|  | - Much of the data can, if available at all, only be accessed manually in individual sub ledgers and requires extensive input from individual group subsidiaries, which will then have to be consolidated by the parent company in a burdensome, time-consuming and labour-intensive process (high cost vs. little benefit).  | Partly agreed. CEBS considers that all data items required in the framework are available in accounting and/or management reporting systems.   | Partly addressed. The level of detail of the framework has been significantly reduced. |
|  | - Some information may not be available in credit institutions that use a product approach for the presentation of their balance sheet.   | Partly agreed. Information should be available. Supervisory authorities need comparable data.  | No change.   |
|  | Examples for information that is not readily available include:<br>- the requirements under the "layered approach" concerning balance sheet and profit and loss data, where data first has to be presented by category of financial instrument before being broken down by product groups and sometimes further according to counterparty or prudential exposure class; | Most examples have been addressed<br>- Reduction of level of detail and breakdowns.<br>- Information on derivatives and hedge accounting relevant for supervisors importance.<br>- Requirements for profits and  | Revised FINREP accommodates most of the comments.                                      |

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|  | <ul style="list-style-type: none"> <li>- the requested breakdowns of profit and loss items (e.g. the detailed subdivision of interest income and interest expense by certain groups of financial instruments; the breakdown of the trading result by product categories);</li> <li>- the numerous requirements on derivatives and hedge accounting;</li> <li>- the requirement to gross the currency exchange and report gross profits and gross losses;</li> <li>- the requirements on repurchase agreements and reverse repurchase agreements (template 43);</li> <li>- the requirements on staff expenses;</li> <li>- the reporting requirements for IFRS 7.</li> </ul> | <p>losses on currency exchange have been changed.</p> <ul style="list-style-type: none"> <li>- Information on repos and reverse repos of high relevance to supervisors.</li> <li>- Information on staff expenses is relevant for supervisors.</li> <li>- IFRS 7 has been adopted.</li> </ul>  |  |
| Degree of detail   |  |   |  |
| Q4. What additional steps do respondents think CEBS should take to promote further convergence towards a system of regular supervisory reporting that strikes a proper balance on the degree of detail of the information requested? | The following additional steps have been identified by respondents for CEBS to take to promote further convergence towards a system of regular supervisory reporting that strikes a proper balance on the degree of detail of the requested information:   |   |  |
|  | <ul style="list-style-type: none"> <li>- Ideally CEBS should aim for a harmonised minimum IFRS consistent financial reporting framework, based on "best practice" among European supervisors. The interests of the industry and those of supervisors must be weighted in an appropriate way, such that the requirements become proportionate to the objectives of the framework. It is criticised that the interests of the supervisors have been emphasised too much at the expense of the interests of the industry.</li> </ul>  | <p>Agreed. CEBS has, with introduction of core information, succeeded in developing a harmonised minimum framework. Non core information provides commonality and will therefore relevant for credit institutions operating on a cross-border basis.</p> <p>Framework is of prudential nature but does not overemphasize supervisory interest</p> | <p>Addressed. Revised FINREP contributes to convergence.</p>                     |
|  | <ul style="list-style-type: none"> <li>- The proposed requirements need to be revised to be brought in line with IAS/IFRS requirements.</li> </ul>   | <p>Agreed</p>   | <p>Addressed. FINREP has been revised and aligned with IAS/IFRS requirements</p> |

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| <ul style="list-style-type: none"> <li>- The volume and level of detail of the requirements should be reduced; volume and detail should not go beyond what can be motivated and used in on-going analyses and supervision.</li> </ul>  | Agreed   | Addressed. Volume of the framework has been reduced by 40% (which, in absolute terms, represents a reduction from around 4100 to 2500 cells. |
| <ul style="list-style-type: none"> <li>- The principle of home country supervision (i.e. the reporting requirements applicable to the parent company's) should apply to all units of a group in order to ensure consistent reporting requirements for cross-border operating banks.</li> </ul> | Partly agreed. Principle of home-country supervision not yet a reality.  | No change.   |
| <ul style="list-style-type: none"> <li>- Reporting items could be separated into items that are required to be submitted quarterly and those that need to be submitted ad hoc or yearly.</li> </ul>  | Partly agreed. Framework introduces core and non core information. It can be expected that supervisors will apply different reporting frequencies for and even within these categories.  | Reporting frequency will be decided upon at national level..   |
| <ul style="list-style-type: none"> <li>- The Common Practice (CP) items should be removed from the framework</li> </ul>  | Not agreed. Requirements have been reduced. Remaining requirements are necessary for prudential needs.   | Partly addressed. Requirements have been significantly reduced.  |
| <ul style="list-style-type: none"> <li>- The reporting requirements of FINREP and COREP should be mutually adjusted; additional research is needed on the values to use for determining the denominator of the capital ratio.</li> </ul>   | <p>Agreed. Frameworks have been aligned. Focus on links between equity and regulatory own funds as well as on of definitions and references.</p> <p>The groups also developed a possible approach to relate the counterparties used in both frameworks</p> | Addressed. FINREP and COREP have been aligned.   |
| <ul style="list-style-type: none"> <li>- Credit institutions that do not operate on a cross-border basis should be permitted to decide themselves whether to use the framework as implemented by their national</li> </ul>   | Not agreed. National supervisors need comparable information from supervised credit institutions for the   | No change.   |



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|   | supervisor or to continue using the national financial reporting schemes as today.   | purposes of their prudential supervision.   |   |
|   | - The framework should not be systematically imposed on smaller credit institutions given that it would not necessarily bring them any benefit.  | Not agreed. National supervisors need to ensure comparability of the information they receive from supervised credit institutions.  | Not addressed.                            |
|   | - Supervised institutions should be enabled to transfer their annual accounts as published in XBRL without any change and then let the supervisory authorities pick what they want in order to make the supervisory analysis needed.   | Agreed  | CEBS will develop a FINREP XBRL taxonomy. |
|   | A European financial reporting framework should be based on the following principles:<br>- The reporting requirements should reflect supervisors' real needs (taking into account level-playing field aspects);<br>- The reporting requirements need to be justified and be based on a cost-benefit analysis;<br>- The reporting requirements should be based upon the principle of proportionality.                               | Agreed. FINREP is based on these principles.  | No reaction required.                     |
| Explanatory guidance  |  |   |   |
| Q5. Do respondents believe that the guidance provided in annex 2 is appropriate in all respects? We particularly welcome comments on the first chapter of the explanatory | As regards the explanatory guidance and its appropriateness, respondents made the following remarks:   |   |   |
|   | - It is not considered appropriate for CEBS to prescribe guidance that restricts options available under accounting standards (e.g. treatment of accrued interest, treatment of impairment of available for sale financial assets). It is feared that CEBS requirements will rapidly establish themselves as criteria for exercising IFRS options (with some fearing rejection outside the EU) or will affect internal structures. | Not agreed. The explanatory guidance provides explanations on the framework as well as on the tables. It does not aim to provide interpretations of IAS/IFRS. Credit institutions remain free to apply all available options for the preparation of published financial statements. | No reaction required.                     |
|   | - The guidance should not be overly descriptive. A balance   | Agreed. CEBS does not consider the  | No reaction required                      |

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| guidance. | should be struck between adding sufficient information on how to fill in the tables (which instruments belong to which cases) and avoiding to impose very detailed measures which would have an impact on the banks' internal systems.   | guidance to be overly descriptive and thus does not expect it to have an impact on banks' internal systems. |  |
|           | <p>- It is also been noted that the guidance is not detailed enough and does not always allow for a uniform understanding of the requirements or for a consistent transposition in an IT-environment. The purpose of this guidance should be to provide exact information about the kind of data which must be provided as well as about where to put them into the tables.</p> <p>More guidance was required in the following areas:</p> <ul style="list-style-type: none"> <li>- Definition of central banks and central governments;</li> <li>- Pension and other post-retirement benefit obligations (provisions) and employee benefits (other liabilities);</li> <li>- Exchange differences revaluations;</li> <li>- Gains and losses on financial assets &amp; liabilities at fair value through profit and loss;</li> <li>- Impairment losses on financial assets not measured at fair value through profit or loss.</li> </ul> | Partly agreed.  | Addressed. CEBS has further developed and clarified certain parts of the guidance. |

**PART III - FEEDBACK ON THE TECHNICAL COMMENTS ON THE TEMPLATES**

| <b>Subject</b>                           | <b>Received comments</b>  | <b>Analysis</b>   | <b>Reaction</b>                                      |
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| <b>General comments on the templates</b> | <u>Breakdowns:</u> Breakdown by counterparties (based on the CRD) or by products go beyond IAS/IFRS and are not always readily available.   | Partly agreed. Certain detailed information is relevant for prudential purposes. Where counterparty breakdown is required, CRD split is used to allow linkage of FINREP with COREP                  | Breakdowns have been removed from Core information.. |
|  | Reduce <u>level of detail</u> .   | Agreed  | Addressed. Detail was reduced significantly.         |
|  | <u>References do not contain disclosure requirements.</u>   | The references relate to provisions which provide for a definition of the contents of the captions of the framework, or give guidance on other rules that are of importance to the requested items. | No change.   |
|  | Update <u>references</u> to IAS/IFRS in the templates. References to ED 7 to be updated (IFRS 7).   | Agreed  | References have been updated.                        |
|  | Clarify <u>reporting frequencies</u> . BS and PL should be reported quarterly. Reporting frequency of other information should not go beyond IFRS requirements  | Reporting frequency is left to national discretion.   | More specifically addressed in general comments.     |
|  | <u>Accrued income from financial instruments:</u> Remove line from balance sheet as it goes beyond IAS/IFRS requirement.  | Agreed. New FINREP does not require reporting of accrued income. Option left open to national discretion.   | FINREP has been changed                              |
|  | <u>Fair values:</u> Calculation of fair values should only be made at aggregate level. Certain distinctions (e.g. 'fair valued' and 'carried at cost' AFS equity instruments) and breakdowns are not operational. | Information on fair values is important. Inclusion in FINREP provides harmonised approach and increased comparability.  | No change.   |
|  | IFRS 7.8 gives the possibility to show details either in the balance sheet or in the notes. This possibility does not exist in FINREP   | Not agreed. FINREP does not accommodate the possibility to provide certain information in notes as this approach would reduce   | No change.   |

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|   |  | standardisation and comparability.   |  |
|   | Remove requirements to distinguish between 'quoted' or 'unquoted' in certain categories as it goes beyond IAS/IFRS requirements.   | Agreed   | Distinction has been dropped.                                  |
|   | Join table 1.2 and 1.3 for operational reasons.  | Not agreed. Presentational issue.  | No change.   |
|   | <u>Options allowed by IAS/IFRS should not be restricted.</u>   | All options available under the Standards are available under FINREP. For standardisation purposes, some presentational options were limited (e.g. portfolio approach) | Use of XBRL allows credit institutions to use both approaches. |
|   | <u>Scope of consolidation should be shown in annual report</u>   | Information is necessary for the comprehension of information.   | No change.   |
|   | <u>Smaller and less complex credit institutions with little or no international activity: The proposed framework should only be applied for these credit institutions on a voluntary basis.</u>  | Decision left to national discretion.  | No change.   |
| <b>Table 1.1</b><br>Consolidated Balance Sheet Statement - Assets | <u>Some detailed positions (like breakdown in product types like debt instruments, equity etc.) are not required by IFRS.</u>  | The breakdowns are quite common in financial reporting of banks and are of use for supervisors.  | No change. See revised table 1.1.                              |
|   | It is noted that some information can be provided in notes   | FINREP does not accommodate the possibility to provide certain information in notes as this approach would reduce standardisation and consequently comparability.      | No change. See revised table 1.1.                              |
|   | <u>Financial assets held for trading, financial assets designated at fair value through profit and loss, available-for-sale financial assets, held-to-maturity investments: rename to 'debt securities issued by'. Debt instruments include reverse repos, loans and securities.</u> | Category can go beyond securities and include reverse repos as well as loans. 'Instruments' was considered to be a more appropriate term.                              | No change. See revised table 1.1.                              |

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|  | <u>Financial assets held for trading</u> : Line 'derivatives carried at cost' should be included in 'equity instruments'.  | Agreed.   | Item has been dropped. See revised table 1.1   |
|  | Remove distinction for ' <u>financial assets at fair value through profit and loss</u> '.  | Distinction is considered important to assess extent of recourse to fair value option.  | No change. See revised table 1.1.  |
|  | <u>Available-for-sale financial assets</u> : One line sufficient as category seems to be almost unused in practice.  | Not agreed.   | No change. See revised table 1.1.  |
|  | For ' <u>loans and receivables</u> ' keep traditional split in MFI and non-MFI (helps reducing size of the templates 1.1 and 1.2). It was also noted that 'retail' under COREP can comprise SMEs, which could result in changes from one reporting period to another.    | For ' <u>loans and receivables</u> ', counterparty breakdown is of particular interest to supervisors.  | Breakdown has been removed from table 1.1. See revised table 1.1. To allow linkage with COREP a CRD-based split can be used by supervisors at national discretion. |
|  | Adopt uniform use of term ' <u>loans and receivables</u> ' and 'loans and advances'.   | Terminology is used in same way as in IAS/IFRS: ' <u>loans and receivables</u> ' for portfolio and 'loans and advances' for categorisation of products. | No change. See revised table 1.1.  |
|  | <u>Loans and receivables (including finance leases)</u> : Remove 'unquoted' as whole category refers to unquoted instruments.  | Agreed.   | Distinction has been dropped. See revised table 1.1.   |
|  | <u>Derivatives used for hedging</u> : Specification of 'derivatives used for hedging' into different types of hedging should be deleted, as it does not give additional information about the extent of hedging or the different risks associated (market, credit etc.). | Information is important for supervisors to assess use of different hedging types.  | No change. See revised table 1.1.  |
|  | Replace ' <u>derivatives used for hedging</u> ' by 'used for hedge accounting'.  | Agreed.   | Changed to 'Derivatives – Hedge Accounting'. See revised table 1.1.  |

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|  | Replace term ' <u>micro hedge</u> ' as not used in IAS/IFRS.  | Agreed.  | Line has been deleted. See revised table 1.1.  |
|  | <u>Line 'Investments in subsidiaries'</u> is not possible on a consolidated level.  | Not agreed. Scope of consolidation for prudential purposes may be different from accounting scope. | No change. See revised table 1.1.  |
| <b>Table 1.2</b><br>Consolidated Balance Sheet Statement - Liabilities | It is also noted that IFRS does not require a <u>breakdown by product type</u> (IFRS gives just definition).  | The breakdowns are quite common in financial reporting of banks and are of use for supervisors.    | No change. See revised table 1.2.  |
|  | <u>Financial liabilities held for trading</u> : Structure inconsistent with table 18.   | Agreed.  | Addressed, structure has been amended. See revised table 1.2.                                |
|  | <u>Financial liabilities designated at fair value through profit or loss</u> : Rename 'debts ...' to 'liabilities to ...' as liabilities is a broader term. | Partly agreed.   | Terminology has been changed from 'debts' to 'deposits'. See revised table 1.2.              |
|  | <u>Financial liabilities associated with transferred assets</u> are not required to be reported separately under IFRS.                                      | Partly agreed. Information is of importance to supervisors.  | No change. See revised table 1.2.  |
|  | Excessive detail required for <u>provisions</u> . Delete 'pending legal issues' and 'provisions for tax litigations' as not considered important enough.    | Partly agreed.   | Level of detail has been reduced. Certain lines have been aggregated. See revised table 1.2. |
|  | Delete ' <u>subordinated liabilities</u> ' from all categories and disclose them together in new line to be included before 'provisions'.                   | Information of relevance for supervisors and for establishing a link with COREP (CRD).             | No change. See revised table 1.2.  |
|  | Include <u>liabilities related to financial leases</u> in the relevant categories, not under 'other liabilities'.   | Agreed.  | Changed. See revised table 1.2.  |

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|   | <p><u>Share capital repayable on demand</u>: Scope of item should be broadened and renamed 'liability component of compound financial instruments', ref IAS 32.28.</p> <p>It is also noted that information can be provided in notes</p>                                    | <p>Partly agreed.</p> <p>FINREP does not accommodate the possibility to provide certain information in notes as this approach would reduce standardisation and consequently comparability.</p>   | <p>Line has been clarified by adding an example (e.g. cooperative shares). See revised table 1.2.</p>  |
| <p><b>Table 1.3</b><br/>Consolidated Balance Sheet Statement – Equity ...</p> | <p><u>Detail on equity</u> to be given in notes and in ad hoc / annual reporting.</p>   | <p>Detailed information about equity is considered important for supervisors. Inclusion provides harmonised approach and increased comparability. FINREP does not accommodate the possibility to provide certain information in notes as this approach would reduce standardisation and comparability.</p> | <p>No change. Frequency of reporting is at national discretion. See revised table 1.3.</p>   |
|   | <p><u>Remove breakdown of revaluation reserves</u> as information is not required to be reported separately under IFRS</p>  | <p>Partly agreed. Information is of particular importance for supervisors also in order to allow for establishing a link with COREP.</p>   | <p>No change. See revised table 1.3.</p>   |
|   | <p>Add line: '<u>unpaid capital which has not been called up</u>'.</p>  | <p>Not agreed. Table 33 provides additional info on item in question – see 3<sup>rd</sup> column).</p>   | <p>No change. See revised table 1.3.</p>   |
| <p><b>Table 2.</b><br/>Consolidated Income Statement</p>                      | <p>Income Statement different from national recommendation, e.g. gains and losses on fixed assets, presentation of dividend income, presentation of the decrease during the period in the discounted amount arising from the passage of time (not addressed in FINREP).</p> | <p>Acknowledged but not addressed.</p>   | <p>No change. See revised table 2.</p>   |
|   | <p><u>Interest income</u>: Complete reference on 'interest income' and 'interest expenses', add ED 7.21 (d) and rename 'Net Interest income'.</p>   | <p>Agreed and addressed.</p>   | <p>References have been updated. Line has been dropped. See revised table 2.</p>   |
|   | <p><u>Interest income</u>: Delete '(only interest flows)' and '(excluding interest flows)' as it goes beyond IAS/IFRS requirement. In the case of derivatives, accrued interest on underlying assets equals accrued interest on underlying liabilities. 7.21 (c)</p>        | <p>Partly agreed and addressed.</p>  | <p>References to interest flows have been dropped to allow both reporting on a dirty price as well as on a clean price approach. See revised</p> |

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|  | requires disclosure of total income and expense for financial instruments that are not at fair value through profit or loss.  |  | table 2.   |
|  | <u>Interest income: Financial assets held for trading, financial assets designated at fair value through profit of loss</u> : Rename to 'financial assets held for trading (if shown separately)', as no IAS/IFRS requirement to separate interest component. | Agreed and addressed.  | Labels have been modified. See revised table 2.  |
|  | IFRIC 2 does not require to show expenses on share capital repayable on demand  | Partly agreed.   | Reference has been modified. See revised table 2.  |
|  | According to IFRS 7 there is no separate position for dividends.  | Partly agreed.   | Reference has been modified. See revised table 2.  |
|  | Rename ' <u>fee and commission net income</u> ' to 'net fee and commission income'.   | Not agreed. IAS 1.32 does not allow to offset income and expenses. | Line has been dropped. See revised table 2.  |
|  | Clarify that <u>gains and losses</u> on certain categories can be reported on a net basis.  | Agreed   | Table and label has been changed (some lines have been dropped). See revised table 2.                                  |
|  | <u>Gains (losses) on financial assets and liabilities</u> : (in general) Separate gains/losses from derivatives from gains/losses from other instruments.   | Not agreed. Separation is no IAS/IFRS requirement                  | No change. See revised table 2.  |
|  | Delete ' <u>derivatives used for hedging</u> ' within interest income and expense as net accrued amount is zero.  | Partly agreed  | Partly addressed. Label has been modified to clarify that Interest Rate Risk Hedging is targeted. See revised table 2. |
|  | There is no defined regulation for depreciation according to IFRS; the amount can for example be included in administrative costs.  | Partly agreed  | Addressed. Reference has been modified. See revised table 2.   |



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| <b>Table 3.</b><br>Financial assets held for trading | Terminology should be modified from 'carrying amount' to 'fair value'.  | Not agreed  | Not addressed. Carrying amount used consequently throughout FINREP. Table has been dropped. |
| <b>Table 4.</b><br>Derivatives held for trading      | Requested <u>breakdowns</u> go beyond IAS/IFRS.   | Not agreed. Breakdowns have been maintained given importance of information for supervisors to understand a credit institution's activities and business. | No change. See revised table 3.   |
|  | <u>Merge assets and liability</u> columns into one.   | Agreed  | Columns for notional amounts have been merged. See revised table 3.                         |
|  | <u>Introduce additional disclosure requirement</u> regarding netting rules.   | Not agreed  | No change. See revised table 3.   |
|  | Breakdown by product type not required according to IFRS.   | Not agreed. Information important for establishing a link with COREP.   | No change. See revised table 3.   |
| <b>Table 5.</b><br>Financial assets des. at FV...    | Requested <u>breakdowns go beyond IAS/IFRS</u> . Explain purpose.   | Agreed  | Addressed. Table has been dropped.  |
|  | Include ' <u>derivatives carried at cost</u> ' in 'equity instruments'.   | According to IAS 39.9 derivatives other than those used for hedge accounting are always at fair value   | Addressed. Table has been dropped.  |
| <b>Table 6.</b><br>AFS fin. assets                   | <u>Drop line or reduce detail</u> as use of category seems to be limited.   | Not agreed. CEBS expects this category to be significant in most countries.   | No change. See revised table 5.   |
|  | <u>Reduce level of detail</u> , especially counterparty breakdown, as it goes beyond IAS/IFRS. Information not readily available, especially 'impaired assets' breakdown. | Agreed.   | Breakdowns have been removed but can be added at national discretion. See revised table 5.  |
|  | Adopt uniform use of ' <u>loans and receivables</u> ' and 'loans and advances'.   | Terminology is used in same way as in IAS/IFRS: 'Loans and receivables' is used for categories of financial instruments while 'loans                      | No change   |

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|   |   | and advances' applies to categories of products.   |  |
|   | <u>Split into impaired and unimpaired assets not required according to IFRS 7.</u>  | Partly agreed.   | Addressed. Reference has been modified. See revised table 5.   |
|   | Terminology should be modified from 'carrying amount' to 'fair value'.  | Not agreed. 'Carrying amount' has been used consequently throughout FINREP.  | No change. See revised table 5.  |
| <b>Table 7.</b><br>Loans and receivables... | <u>Reduce level of detail of table, especially counterparty breakdown (also for FV), as it goes beyond IAS/IFRS. Information not readily available, and the breakdown of general provisions (or allowances for collectively assessed financial assets) for loans and receivables.</u> | CEBS considered useful including the 'impairment' information in this table.<br>This table has been merged with the one on held-to-maturity investments. | Breakdowns have been removed but can be added at national discretion.<br>Time bands for past due assets in line with IFRS 7.<br>See revised table 6. |
|   | <u>No required split into days of past due.</u>   | Partly agreed  | First band has been deleted; other bands in line with IFRS 7. See revised table 6.   |
|   | <u>Split into impaired and unimpaired assets not required according to IFRS 7.</u>  | Partly agreed. Information is required under IFRS.   | Addressed. Reference has been modified. See revised table 6.   |
|   | <u>Split into individually and collectively assessed financial assets/allowances not required.</u>  | Partly agreed. Information is required under IFRS.   | Addressed. Reference has been modified. See revised table 6.   |
|   | <u>Allowances for incurred but not reported losses on financial assets no requirement under IFRS.</u>   | Not agreed.  | Reference has been modified. See revised table 6.  |
|   | <u>Introduce additional disclosure requirement regarding 'impaired assets' (notably with information on liquidation value of collateral held against impaired loans and detail on e.g. allowances for counterparty / country risk.</u>  | Not agreed. Information not required under IFRS 7.   | No change. Impairment information has been moved to revised table 7.   |

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| <b>Table 8.</b><br>H-T-M<br>investments...           | <u>Reduce level of detail</u> of table, especially counterparty breakdown (also for FV), as it goes beyond IAS/IFRS. Information not readily available.  | Partly agreed. Table has been merged with the one on loans and receivables.   | Breakdowns have been removed but can be added at national discretion. See revised table 6.                                |
| <b>Table 9.</b><br>Derivatives<br>used ...           | Replace ' <u>derivatives used for hedging</u> ' by 'used for hedge accounting'.  | Agreed  | Modified to 'Derivatives – Hedge Accounting'. See revised table 8.  |
|  | <u>Reduce level of detail</u> of table, especially counterparty breakdown, as it goes beyond IAS/IFRS. Information not readily available.  | Breakdowns have been maintained given importance of information for supervisors to understand the nature of hedged risks. | No change. See revised table 8.   |
|  | <u>Adapt structure</u> to that of table 4. (Merge assets and liabilities parts, split columns (carrying amount – A, L; notional amount – A, L).  | Agreed  | Table restructured. Notional amount columns merged. See revised table 8.  |
|  | Breakdown by product type not required according to IFRS.  | Not agreed. Necessary for prudential purposes and for establishing a link with COREP.                                     | No change. See revised table 8.   |
| <b>Table 10.</b><br>Accrued income<br>/expenses ...  | <u>Remove table</u> as it goes beyond IAS/IFRS requirement.  | Agreed  | FINREP no longer requires credit institutions to provide clean prices. (Information can be asked at national discretion). |
| <b>Table 11.</b><br>Property, Plant<br>and Equipment | <u>Reduce level of detail</u> of table as it goes beyond IAS/IFRS or not readily available (e.g. distribution of tangible assets according to types, or distinction between 'office equipment' and 'other equipment', or fair values). | Not agreed  | No material change except for removal of columns on lease information. See revised table 9.                               |
|  | <u>'Assets held under finance lease' not required according to IAS 17.31.</u>  | Partly agreed   | Columns were dropped, higher-level information asked in new lines. See revised table 9.                                   |
| <b>Table 12.</b><br>Investment<br>Property           | <u>Reduce level of detail</u> of table as it is not useful, not readily available or irrelevant (e.g. distinction between 'acquisitions' and 'subsequent   | Agreed  | Level of detail has been reduced, especially for fair values. Table C has been  |

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|  | expenditures' or fair values).   |  | deleted. See revised table 10.  |
| <b>Table 13.</b><br>Goodwill and other...        | <u>Reduce level of detail</u> of table as it goes beyond IAS/IFRS or not readily available.  | Partly agreed  | Former table 13B has been simplified by removing cells. See revised table 11.                   |
|  | <u>'Assets held under finance lease' not required according to IAS 17.31</u>   | Partly agreed  | Columns were dropped, higher-level information asked in new lines. See revised table 11.        |
| <b>Table 14.</b><br>Investments in associates... | <u>Reduce level of detail</u> of table as it goes beyond IAS/IFRS.   | Agreed   | Level of detail has been reduced. See revised table 12.   |
|  | According to IAS 28 this information is not required for subsidiaries.   | Not agreed. Prudential scope of consolidation may be different from accounting scope of consolidation. | No change. See revised table 12.  |
|  | <u>Provide materiality limit</u> for each associate for providing financial information.   | Not agreed. This is implicit in all IAS/IFRS (IAS 1.29-31).  | No change. See revised table 12.  |
| <b>Table 15.</b><br>Tax assets...                | <u>IAS/IFRS does not require specific format.</u> Allow credit institutions to disclose information as they see fit. Modify <u>Table 15B III, IV, V</u> (for V, allow free lay-out). . | Largely agreed   | Former tables A, B I – IV have been dropped. Table V has been maintained. See revised table 28. |
|  | <u>Column 'percentages' unclear.</u>   | Agreed   | Table has been clarified and is now easier to read. See revised table 28.                       |
| <b>Table 16.</b><br>Other assets                 | <u>Reduce level of detail / drop table</u> as it goes beyond IAS/IFRS. .   | Agreed   | Table has been dropped.   |
| <b>Table 17.</b><br>Non-current assets...        | <u>Drop table / reduce level of detail</u> as it goes beyond IAS/IFRS. Explain separate column 'Subsidiaries'.   | Agreed   | Former table A has been dropped. Tables B and C have been streamlined. See revised table 13.    |

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| <b>Table 18.</b><br>Fin. liabilities at<br>FV... | <u>Number parts A and B of table 18 separately</u> (as table 18 and table 19) in order to ensure consistency with the principle used in tables 3, 4 and 5 (which represent assets in fair value through profit or loss). | Agreed   | Tables have been separated. See revised tables 14 and 15.                                  |
|  | <u>Remove breakdown</u> for counterparties as it goes beyond IAS/IFRS and is not readily available.  | Agreed   | Counterparty breakdown has been dropped. See revised table 15.                             |
|  | Sub-positions by product are not required under IAS.   | Information is of specific interest in a banking environment and thus relevant for supervisors.        | No change. See revised table 15.   |
|  | Drop requirement to report <u>own credit risk</u> of the credit institution on deposits from external counterparties, as not relevant.   | Not agreed. Information is required specifically by IFRS 7.10(a) and is of importance for supervisors. | No change. See revised table 18.   |
| <b>Table 19.</b><br>Deposits...                  | <u>Merge tables 19 and 20</u> and use same structure; e.g. sectors in table 20 should be in lines.   | Agreed   | Tables have been merged. See revised table 16.   |
|  | Include ' <u>... measured at amortised cost</u> ' in heading of tables.  | Agreed   | Heading of restructured table has been changed. See revised table 16.                      |
|  | <u>Remove breakdown</u> for counterparties as it goes beyond IAS/IFRS and is not readily available. ECB Regulation is not applicable on consolidated basis.  | Partly agreed  | Table has been restructured and merged with former tables 20 and 21. See revised table 16. |
| <b>Table 20.</b><br>Deposits from<br>non CI      | <u>Merge tables 19 and 20</u> and use same structure; e.g. sectors in table 20 should be in lines.   | Agreed   | Tables have been merged. See revised table 16.   |
|  | Include ' <u>... measured at amortised cost</u> ' in heading of tables.  | Agreed   | Heading of restructured table has been changed. See revised table 16.                      |

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|  | <u>Remove breakdown</u> as it is goes beyond IAS/IFRS and not readily available. ECB Regulation is not applicable on a consolidated basis.   | Partly agreed   | Table has been restructured and merged with former tables 19 and 21. See revised table 16.                              |
| <b>Table 21.</b><br>Debt certificates ...        | Include ' <u>... measured at amortised cost</u> ' in heading of tables.  | Agreed  | Heading of restructured table has been changed. See revised table 16.   |
|  | <u>Remove breakdown</u> as it is goes beyond IAS/IFRS and not readily available. ECB Regulation is not applicable on a consolidated basis.   | Partly agreed   | Table has been restructured and merged with former tables 19 and 20. See revised table 16.                              |
| <b>Table 22.</b><br>Subordinated liabilities     | <u>Drop table / remove breakdown</u> for counterparties as it is goes beyond IAS/IFRS and not readily available. ECB Regulation is not applicable on a consolidated basis.   | Agreed  | Table has been deleted.   |
| <b>Table 24.</b><br>Provisions                   | Excessive level of detail required for <u>provisions</u> . Delete 'pending legal issues' and 'provisions for tax litigations' as not considered important enough. Clarify items included under 'provisions' and how they relate to items in 1.2. Complete references with IAS 37 paragraph 61 to 62 thus clarifying that Provisions can be reported in cost rows they relate to. | Not agreed. Information is of importance for supervisors. | Table has been revised to include only information that is required by IAS 37. See revised table 18.                    |
|  | <u>Merge</u> 'provision for tax litigation' and 'pending legal issues'.  | Agreed  | Columns merged. See revised table 18.   |
| <b>Table 25.</b><br>Other liabilities            | <u>Reduce level of detail / drop table</u> as it goes beyond IAS/IFRS / is not useful.   | Agreed  | Table has been dropped.   |
| <b>Table 26.</b><br>Interest income and expenses | IAS provide option to allocate accrued interest amounts in the interest margin or in trading result.   | Agreed  | Table has been dropped except for last line, which was included in the impairment information. (See revised table 30.A) |

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|  | <u>Replace portfolio principle by sector principle.</u>  | Agreed   | Table has been dropped.  |
| <b>Table 27.</b><br>Dividend income                | IAS provide option to allocate accrued interest amounts in the interest margin or in trading result.         | Agreed   | Table has been dropped.  |
| <b>Table 28.</b><br>Fee commission...              | <u>Reduce level of detail</u> as regards securities as it goes beyond IAS/IFRS and is not readily available. | Not agreed. Information on fee income is important for the understanding of a bank's business and profitability. | No change, except for those indicated below. See revised table 20.         |
|  | <u>Degree of detail not required under IFRS.</u>   | Not agreed. Detail is important for understanding a bank's business.   | No change. See revised table 20.   |
|  | <u>Include line</u> for fees from FX activities (which can be material in non-Euro countries).               | Not agreed   | No change. See revised table 20.   |
|  | Template does not address retail banking (underwriting fees, record keeping charges...?).                    | Not agreed   | No change. See revised table 20.   |
| <b>Table 29.</b><br>G/L on financial assets and... | <u>IFRS does not require the split into realised gains and losses.</u>                                       | Partly agreed.   | Net column added. Issue left to national discretion. See revised table 21. |
| <b>Table 30.</b><br>G/L on financial assets and... | <u>Delete table A in table 30</u> as it duplicates Income Statement.   | Agreed   | Table has been dropped.  |
| <b>Table 31.</b><br>G/L on financial assets ...    | <u>Merge gains and losses columns into one.</u> 3rd column (net amount current year) is not deemed useful    | Partly agreed  | Table has been streamlined. See revised table 22.                          |
|  | <u>IFRS does not require the split into realised gains and losses.</u>                                       | Partly agreed.   | Net column added. Issue left to national discretion. See revised table 22. |
| <b>Table 32.</b><br>FV adjustments in ...          | <u>Reduce level of detail</u> as it may not be readily available. Merge gains and losses columns into one.   | Agreed   | Table has been streamlined. See revised table 23.                          |
|  | <u>IFRS does not require the split into realised gains and losses.</u>                                       | Partly agreed.   | Net column added. Issue left to national discretion.                       |

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|                                     |  |   | See revised table 24.   |
| <b>Table 33.</b><br>G/L on ...      | <u>IFRS does not require the split into realised gains and losses.</u>   | Partly agreed.  | Net column has been added. Issue left to national discretion. See revised 24.   |
| <b>Table 34.</b><br>Other operat... | Requested <u>information not useful and</u> not required.  | Not agreed. Information is required by IAS/IFRS and is of importance for supervisors.                                       | No material change. See revised table 25.   |
| <b>Table 35.</b><br>Staff expenses  | <u>Delete breakdown</u> of 'staff expenses' as it is considered to be purely local requirement. Information not readily available. Question usefulness of requested information. | Not agreed. Information is material and of importance for supervisors for the understanding of an institution's efficiency. | No change. See table 26.  |
| <b>Table 36</b><br>General and....  | <u>Delete</u> as information is not considered to be useful (except for 'Total').  | Not agreed. Information is material and of importance for supervisors.  | Some lines were dropped. See revised table 27.  |
|                                     | <u>Include new lines</u> 'audit fees', 'tax advisory fees' and 'legal and other professional fees' instead of 'professional fees'.   | Not agreed. Level of detail is considered to be sufficient.   | No change. See revised table 27.  |
| <b>Table 37.</b><br>P/L from...     | <u>Information not readily available.</u>  | Agreed  | Table has been dropped.   |
| <b>Table 38.</b><br>P/L after...    | <u>Reduce level of detail</u> as not readily available.  | Not agreed. Information is required by IAS/IFRS and is of importance for supervisors.                                       | No change. See table 29   |
| <b>Table 39.</b><br>Impairment...   | <u>Reduce level of detail</u> in 39B, C and D as it goes beyond IAS/IFRS (especially for proposed time-bands and fair value). Information not readily available.                 | Partly agreed   | Former table B has been moved to revised table 7. Tables A, C and D have been brought in line with IFRS 7 and CRD Annex XII – part 2.5 to ensure compatibility with COREP.<br><br>(Bands in former table B are in line with IFRS 7.) See revised tables 7 and 30. |
|                                     | According to IFRS there is no split into allocation and release of provisions required.  | Not agreed. Important for supervisors and for establishing a link with COREP (CRD).   | No change. See revised table 30   |



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|  |  | Information is required under IFRS 7.20(e).   |  |
|  | Average gross exposure not required under IAS.   | Agreed  | Column has been deleted. See revised table 30 C.   |
|  | Table D should contain all credit exposures (not only 'not measured at fair value through profit or loss'). Will be important also for Financial Soundness Indicators. | Not agreed. Table only takes into account IAS and information of prudential relevance. No inclusion of statistical data.  | No change. See revised table 30 C – E.             |
|  | <u>Tables duplicate</u> some of the information required in templates 11-13.   | Overlap with former tables 11 to 13 only partial. Former table 39A provides data about additions / reversals.   | No change. See revised table 30 C – E.             |
|  | <u>Increase level of detail</u> of table C. Format for analysis of allowances should be fully congruent with the 'Provisions' table.                                   | Not agreed. Level of detail is in line with IAS/IFRS and CRD.   | No change. See revised table 30 B.                 |
| <b>Table 40.</b><br>Maturity breakdown ... | <u>Drop table / reduce level of detail</u> as it goes beyond IAS/IFRS requirements (especially with regard to the different time-slots.                                | Agreed  | Table has been dropped.                            |
|  | Structure of maturities should be similar. Table should include sector breakdown.  | Agreed  | Table has been dropped.                            |
| <b>Table 41.</b><br>Maturity breakdown...  | <u>Drop table / reduce level of detail</u> as it goes beyond IAS/IFRS requirements (especially with regard to the different time-slots.                                | Agreed  | Table has been dropped.                            |
|  | Structure of maturities should be similar. Table should include sector view and distinction between 'Banking book' / 'Trading book'.                                   | Agreed  | Table has been dropped                             |
| <b>Table 42.</b><br>Leasing                | <u>Delete</u> 42A column 3, and C which could be provided under narrative form.  | Not agreed. FINREP does not accommodate the possibility to provide certain information in notes as this approach would reduce standardisation and comparability.. | No change. See revised table 32                    |
|  | <u>Remove breakdown by residual maturity</u> for 'contingent rents recognised in income'.  | Agreed  | Information has been removed. See revised table 32 |

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|   | <u>Remove breakdown by residual maturity</u> for 'total gross investments' and 'present value of minimum lease payment receivables'. Not required for all other columns. | Partly agreed  | Information no longer required for remaining columns. See revised table 32             |
| <b>Table 43.</b><br>Repos, reverse repos....  | <u>Drop table / reduce level of detail</u> as it goes beyond IAS/IFRS requirements. Information is not readily available.  | Not agreed. Detail is in line with IAS/IFRS requirements and information is relevant for supervisors.  | No change See table 33.  |
|   | <u>Remove breakdown by customer type</u> (credit institutions) in table B and D as not required according to IFRS.   | Not agreed. Information required under IAS.  | No change. See table 33.   |
| <b>Table 44.</b><br>Related party disclosures | <u>Drop table / reduce level of detail</u> as it goes beyond IAS/IFRS requirements or information is not readily available.  | Partly agreed. Level of detail in table 34 B has been reduced. Remaining information is relevant to supervisors.   | See revised table 34.  |
| <b>Table 45.</b><br>Defined benefit plans     | <u>Drop table / reduce level of detail</u> as it goes beyond IAS/IFRS requirements and information may not be readily available.   | Not agreed. Level of detail is in line with IAS/IFRS requirements.   | No change. See table 35.   |
|   | Remove 'assumptions' section as information can be provided in narrative form.   | Not agreed. FINREP does not accommodate the possibility to provide certain information in notes as this approach would reduce standardisation and comparability. | No change. See table 35.   |
| <b>Table 46.</b><br>Notional amounts...       | <u>Adapt title</u> of template given that it covers credit derivatives.  | Agreed   | Table has been renamed. See revised table 36.  |
|   | <u>Reduce level of detail</u> (in particular with regard to 'corporate' / 'retail').   | Agreed.  | Breakdown has been removed but may be asked at national level. See revised table 36.   |
|   | <u>Breakdown by customer not required according IFRS.</u>  | Partly agreed. Information is of prudential relevance and may be required for establishing a link with COREP.  | Information has been removed but may be required by supervisors. See revised table 36. |

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|  | <u>No compulsory requirement under IAS.</u>   | Partly agreed. Information needed for prudential purposes and for r establishing a link with COREP.               | No change.  |
|  | <u>Avoid overlaps</u> with table 9 on credit derivatives.   | Not agreed. Former table 9 only concerns credit derivatives used for hedging.                                     | No change. See revised tables 8 and 36.   |
| <b>Table 47.</b><br>Cash flow statement      | <u>CF Statement not useful</u> for credit institutions. Information may not be readily available. | Not agreed. Information is useful. Cash flow statement is part of 'financial statements' as defined by IAS/ IFRS. | No change. See revised table 37.  |
|  | Table not in line with the national requirements.   | Acknowledged.   | No change. See revised table 37.  |
|  | There are numerous and detailed reporting requirements that are not required under IAS 7.         | Not agreed. Detailed information is useful for supervisors. In practice only applicable lines will be filled in.  | Limited number of lines have been dropped. See revised table 37.  |
| <b>Table 48.</b><br>Statement of changes ... | Await 'Performance Reporting' project before introducing equity statement.                        | Not agreed. Information is IAS/IFRS requirement and of primordial importance to supervisors.                      | Table has been streamlined. See revised table 38.   |
|  | There are numerous and highly detailed reporting requirements which are not required under IAS.   | Agreed  | Table has been streamlined. In practice, only parts of matrix will be applicable. See revised table 38. |
|  | <u>Restructure</u> columns (align with table 1.3) / rows (align with IAS 1).                      | Agreed  | Table has been streamlined. See revised table 38.   |
|  | <u>Create link</u> with COREP template.   | Not agreed  | Not addressed. Could be considered in future.   |