

2013 EU-wide transparency exercise Q&A

Please note that the content and information of this page is intended for general information purposes only, and is not binding. The EBA endeavours that all the information is accurate, but does not guarantee that the information is complete and faultless.

Question Number	Template	Cell reference (if applicable)	Topic	Question	EBA Answer
1	2 - Credit Risk		Specialized Lending / Slotting Approach	Data are presented according to approach split to IRB-F, IRB-A and STD. Where should we put exposures, which are in IRB Approach but neither IRB-F nor IRB-A, such as: SL exposures in Supervisory Slotting Approach?	As we are following the COREP criteria it should be placed in STD ( <i>clarified in Guidelines updated version as of 7 November 2013</i> )
2	2 - Credit Risk		Specialized Lending / Slotting Approach	In the description of "Of which: Specialized Lending" it is stated that: "data shall not be reported for specialized lending exposures referred to in article 153 (5)". Article 153(5) describes slotting approach for SL exposures – does it mean that only SL in Standardized or PD/LGD approach should be included in this of which position?	It is a mistake. That sentence should not be considered. In COREP reporting Supervisory Slotting Criteria are explicitly replaced from IRB breakdown meaning it should be included in STD ( <i>amended in Guidelines updated version as of 7 November 2013</i> ).
3	2 - Credit Risk		Top-10 Countries	Based on which cut-off date should we define the top 10 countries? 30.06.2013 or 31.12.2012 (as template doesn't allow differing countries for each date)?	The cut-off date to define the top 10 countries in term of exposure is 20132Q.
4	1 - Capital 6 - RWAs		Sec RWA deducted from own funds	Till June 2013 securitizations, which would get a risk weight of 1250%, were deducted from the own funds and not included in the RWA. Should we add to the total RWA under template "1 – Capital" and "6 – RWA" also securitizations, which are deducted from the own funds, as if they were included in the RWA (as it was in the previous templates, e.g. in 2012)	No adjustment has to be made. Please do not account for securitization exposures deducted from own funds as if they were included in the RWA in order to assure consistency with published accounts
5	0 - General Question		Scope	Should the data be submitted on solo or consolidated basis?	Data should be submitted in a consolidated basis
6	0 - General Question		Data	Should cells describing activities, that the bank is not involved in, be left empty or filled with 0?	Cells should be left empty
7	1 - Capital	B18	"Common Equity instruments under A) not eligible as CET1 (under CRR)"	This row should include: i) the Common Equity items and instruments no more compliant to the CRR conditions if any, or ii) the amount of Common Equity no more eligible under CRR but eligible under CRD3 rules (i.e. the full amount of minority interests currently recognised in the Core Tier 1 capital)?	There is a mistake in Notes column. <b>The correct reference should be Article 26 (1) points (a) and (b) of CRR.</b> Hence row 18 should include only capital instruments (and share premium related to those instruments) not eligible under CRR but previously eligible under CRD3.
8	1 - Capital	B19	"Adjustments to Minority Interests"	This row should include: i) the total amount included in consolidated CET1 capital following the CRR rules (see article 84), or ii) the amount not eligible in consolidated CET1 capital (i.e. the difference between "CRD3 Minority interests" and "CRR Minority Interests")?	Row 19 should include the amount of minority interests which cannot be included in consolidated CET1 according to CRR.

2013 EU-wide transparency exercise Q&A

Please note that the content and information of this page is intended for general information purposes only, and is not binding. The EBA endeavours that all the information is accurate, but does not guarantee that the information is complete and faultless.

Question Number	Template	Cell reference (if applicable)	Topic	Question	EBA Answer
9	1 - Capital	B18:B22	"CRR / CRDIV memo items"	Some of the information is strictly related to technical standards/national discretions. Do you have guidelines on how to perform these estimates in order to guarantee a level playing field at European level, provided technical standards/national discretions have not been finalized yet?	Fully loaded information should be provided . No national discretions shall be applied.
10	0 - General Question		Sovereign debt exposures - Exposures to central, regional and local governments (p. 8/9 of Guidelines for the EU-wide transparency exercise)	Both direct and indirect positions request that guaranteed positions (i.e. positions guaranteed by regional administration bodies) are not to be included. Where shall borrowings to water supply companies and associations, which were accepted only due to regional administration bodies' guarantees, be displayed?	Sovereign exposures do not include exposures to other counterparts with full or partial government guarantees. Therefore, borrowings to water supply companies and associations , which were accepted only due to regional administration bodies' guarantees, shall not be displayed.
11	1 - Capital	C13/E13	Data entry	While "Other existing government support measures" are indicated to be reported as positive number, it is not possible to enter a positive number in cell E13. In contrast you can enter positive values in call C13 in line with the description.	It was a bug in the templates which has been fixed.
12	1 - Capital	Row 20	DTAs that rely on future profitability	To which extent are DTAs of relevance?	Please report the DTA amount as for full implementation of the Articles 36(1) point (c) and 38 of CRR.
13	1 - Capital	Row 21	Holding of CET1 capital instruments of financial sector entities	To which extent should financial sector investments (reciprocal cross holdings / non- / significant holdings) be taken into account?	Please report the amount as for Articles 36(1) point (g), (h) and (i), 43, 44 and 45 of CRR.
14	2 - Credit Risk	P20, R20, T20, AI20, AK20, AM20 (and respectively for all	Data entry	The cells mentioned in column C are white marked (=Data to be filled in) but have a write protection. Should we leave them empty?	It was a bug in the Excel 2003 version of the templates which has been fixed. In any case, these cells should be left empty.
15	2 - Credit Risk		Exposure by CRR / RWA by CRD III rules	The guideline on page 9 refers to RWA information to be provided based on CRD III rules, ie existing rule set. However, regarding exposure, the guideline on page 6 refers to CRR to be applied. Given the details required on this sheet, for historic data, the required detailed splits are not readily available as per upcoming regulation. In addition, we assume that both exposure and RWA are meant to be populated based upon the same set of rules. Could you please confirm that both exposure and RWA shall be populated as per existing rules.	The banks are requested to compute the exposure amounts and RWA according to the current regulation (CRD III rules) and to make an effort to report such information according to the upcoming new COREP reporting framework.
16	2 - Credit Risk	Columns: P, R, T and AI, AK, AM	Value adjustments for non-defaulted loans (TOTAL)	The sum of value adjustments for non-defaulted loans (row: TOTAL) for all approaches can not be submitted, because the respective cells are blocked.	It was a bug in the templates which has been fixed.

2013 EU-wide transparency exercise Q&A

Please note that the content and information of this page is intended for general information purposes only, and is not binding. The EBA endeavours that all the information is accurate, but does not guarantee that the information is complete and faultless.

Question Number	Template	Cell reference (if applicable)	Topic	Question	EBA Answer
17	5 - Sovereign debt exposures	Column B	Classification	How to deal with exposures that are issued by a confederation of states or supranational organizations (e.g. debt securities where the European Union is the issuer)? The classification of a supranational organization does not fit in the selection of state categories provided in column B. We tend to classify this kind of exposures in the category "Others".	Exposures that are issued by a confederation of states or supranational organizations are outside the scope of the Sovereign exposures template, which must include only Exposures to central, regional and local governments.
18	5 - Sovereign debt exposures	Columns E and M	Scope	Should Held-to-maturity positions be reported under Net Direct Positions?	Yes. Held to maturity positions should be reported under Net Direct Positions.
19	5 - Sovereign debt exposures	Columns B, E, K and M	Values to be reported	Should the institution report the Held to Maturity positions in amortised cost (as accounted for) or in nominal values ?	Hold to Maturity positions should be reported as in the Financial Statements, that is, in amortised cost.
21	1 - Capital	B18:B22	"CRR / CRDIV memo items"	In lines 18-22 we are supposed to include CRD4/CRR deductions under a full implementation assumption. However, it is not clear how to deal with the amounts of DTAs or holdings on CET1 instruments that will not be deducted, but risk weighted	Items should be reported according to Articles 36(1) point (c) and 38 of CRR. It is to be noted that no threshold or transitional arrangement shall be taken into account or reported.
22	2 - Credit Risk	Columns D to I and W to AB	CRM	Should exposures be reported before (as in COREP, and to which reported exposures have to be consistent with) or after CRM techniques (as specified in the guidelines) ?	The exposure amount requested is the one defined in the COREP as "Exposure value" and not "Original Exposure", as explained in the Guidelines. Hence it should be computed after the application of CRM techniques.
23	5 - Sovereign debt exposures		Asian exposures	Could you confirm that exposures to 'China' have to be filled in 'other advanced economies non EEA' ?	China's exposures should be reported in "Others" and not in "Other advanced economies non EEA".
24	1 - Capital	rows 6-17	Capital definition rules	Which law shall be applied when completing the first part of the table (A bis I)? The note "Capital position CRD3 rules" indicates the regulatory law valid until 31.12.2013 which is currently reported., Or shall the specific EBA-definition be applied?	Rows 6 to 17 must be filled in with figures computed under CRD3 rules
25	1 - Capital	rows 18-22	"CRR / CRDIV memo items"	Shall the effects of the utilization of CRR/CRD IV in the part "CRR / CRDIV memo items" be simulated retrospectively to the two reporting deadlines 31.12.12 and/or 30.06.13?	All items in rows 18 to 22 must be reported as accounted for the requested reference dates according to CRR/CRDIV rules without the application of any transitional provisions.
26	1 - Capital			National Authority requires that preferred shares that are part of existing government support measures (dated back in 2008) are reported in COREP CA 1.1. Should we report them in line A) Common Equity before deductions or line E) Other existing support measures? Please note that a sign validation rule error appears when trying to input a positive amount in line E) for reporting date 30/6/2013.	The preferred shares that are part of government support measures should be reported in line E
27	5 - Sovereign debt exposures			4. PSI write-offs were completed early in 2012, so how should we respond to the below note? (4) For Greece: please report gross and net direct positions before eventual write-off (PSI); in the column provisions must be included eventual write-off (PSI).	Please ignore footnote 4. It has been eliminated in the new version of the templates uploaded on 13 November.
28	1 - Capital	C21/E21	Holdings of CET1 capital instruments	What amount should be listed here? What is the purpose of the amount? The amount can not be used to calculate an addition to RWA. A part of the amount is already deducted in the capital (cells c8 and E8) and another part is already included in RWA (cells c17 and E17).	Full amount of CET1 holdings according to Articles 36(1) point (g), (h) and (i), 43, 44 and 45 of CRR should be reported. No adjustments shall be made to amounts computed under CRD3 rules.
29	1 - Capital	C21/E21	Holding of CET1 capital instruments of financial sector entities	Should the exemptions from deduction (article 48 of CRR) be taken into account? Should this row include i) actual holdings of CET1 instruments or ii) holdings of CET1 instrument which are to be deducted under CRR? It would be very misleading to report a figure which due to the exemption threshold will not be deducted.	Article 48 of CRR should not be considered as no threshold shall be taken into account or reported.

2013 EU-wide transparency exercise Q&A

Please note that the content and information of this page is intended for general information purposes only, and is not binding. The EBA endeavours that all the information is accurate, but does not guarantee that the information is complete and faultless.

Question Number	Template	Cell reference (if applicable)	Topic	Question	EBA Answer
30	4 - Market risk	Row C and E	Diversification	For an IM the sum of the RWAs for the individual trading desks are higher than the total RWAs, due to diversification benefits. Where should the diversification be placed to ensure the sum is correct?	There is was a bug in the validation rules. It has been fixed in the new version of the templates uploaded on 13 November.
31	1 - Capital	C13/E13	Data entry	Cell E13, "other existing government supporting measures" is blocked, so we are not able to enter the state capital as of June 2013	Please refer to Question 13. The new templates on the website were amended accordingly.
32	1 - Capital	Row 20	DTAs that rely on future profitability	Within the new part "CRR/CRDIV memo" information on threshold-deductions is required. But it is not mentioned whether the figures should be reported BEFORE or AFTER application of the thresholds. In addition I want to point out, that EBA does not distinguish between DTA arising from temporary differences and those not arising from temporary differences. This is somehow strange, as DTA not stemming from temporary differences should be directly deducted while for other DTA threshold is applied ....	Please report DTA full amount according to the Articles 36(1) point (c) and 38 of CRR. No threshold shall be applied or reported. Hence no distinction is requested.
33	1 - Capital	Row 8	Deductions from Common Equity	National Authority requires that a significant amount of DTA is deducted from Common Equity. According to our understanding, the amount of "DTA that rely in future profitability" requested in section "CRR/CRDIV memo items" will be used to stress the CET and Tier1 Capital, thus resulting in double counting the amount of DTA already deducted from Common Equity. Based on the above we believe that we should not include in line B) Deductions from Common Equity the aforementioned amount of DTA required by National Authority.	Rows 6 to 17 must be filled in with figures computed under CRD3 rules.
34	5 - Sovereign debt exposures		Unsettled bond deals	Unsettled bond deals, with settlement date over 3 days, are included in regulatory exposure. According to IFRS accounting these deals are presented in off balance sheet accounts. Should these deals be included in the Gross Direct long exposure or should we treat them separately as indirect sovereign exposure?	Exposures should be classified according to accounting rules. It, as a result, they accounted as off balance sheet exposures they should be reported as indirect exposures provided that they comply with the definition set in Guidelines (page 9).
35	1 - Capital	Rows 6 to 17	Capital definition rules	National Authority has required its banks to apply a Core Tier 1 definition that is stricter than the CRD3 definition. However, for the purposes of the transparency exercise, we understand that Greek banks should fill in the sheet "Capital" in accordance with CRD3 rules and that the notes refer to COREP items based on CRD3 rules. Could you please confirm whether we have understood well?	Rows 6 to 17 must be filled in with figures computed under CRD3 rules.
36	5 - Sovereign debt exposures		Off-balance sheet exposures	Should off-balance sheet exposures be included or excluded of reported figures ?	Off balance sheet exposures should be reported as indirect exposures provided that they comply with the definition set in Guidelines (page 9).
37	5 - Sovereign debt exposures	A346	Provisions	As there is no specific column for provisions in this sheet, could you confirm that write-offs for Greece have to be reported only in the credit risk template, line 4 ?	Please ignore footnote 4. It has been eliminated in the new version of the templates uploaded on 13 November (please, refer to Question 31)
38	5 - Sovereign debt exposures	Column D	Loans and advances	Could you confirm that loans and advances from every accounting classes (L&R + HTM + AFS + HFT) have to be reported ?	Yes. Loans and advances (column D) must contain positions from all the accounting portfolios
39	1 - Capital	Row 21	Holding of CET1 capital instruments of financial sector entities	Row 21 is a summation of different items, for some of these items a threshold is applicable . If the item falls below the threshold the item does not need to be subtracted from capital but will be risk weighted. The question that arises is what should be filled in row 21: Option 1 sum of all the items requested taking into account the thresholds or Option 2 sum of all the items disregarding the threshold (hence assumption all items are treated as if they are subtracted from capital)	Full amount of CET1 holdings according to Articles 36(1) point (g), (h) and (i), 43, 44 and 45 of CRR should be reported. No threshold shall be taken into account or reported.

2013 EU-wide transparency exercise Q&A

Please note that the content and information of this page is intended for general information purposes only, and is not binding. The EBA endeavours that all the information is accurate, but does not guarantee that the information is complete and faultless.

Question Number	Template	Cell reference (if applicable)	Topic	Question	EBA Answer
40	2 - Credit Risk	Columns D to I and W to AB	Exposure value	The guideline on page 6 refers to (...) for the instruments as defined in Annex I of the CRR, the credit conversion factors (Article 166 (8) to (10) of CRR) irrespective of the approach chosen by the institution, are applied (...). Does (8e) still apply? I.e. can the institution still use their own estimates of conversion factors across different product types as mentioned in points (a) to (d) subject to permission to the competent authorities?	Institutions should report according to COREP and their corresponding CRR rules. As stated in Article 166 (8) to (10) of the aforementioned Regulation, those with CCF models approved by their competent authorities can use their estimations in the computation of the Exposure Value.
41	3 - Securitization Summary	B4 & C4	Calculation methodology of the exposure	Do we have to report the net between long positions and short positions or should we report the value of the positions which drive the risk weighted asset as RWA (trading book) = max (RWA (long positions); RWA (short positions))?	For securitisation exposures included in the trading book, banks should report exposure value as the amount of the position that drives the calculation of RWA.
42	3 - Securitization Summary	B5 & C5	Perimeter of the correlation book and exposure calculation methodology	Could you please confirm that "Correlation Book" exposures are the exposures generating the CRM component of the market risk RWA ? Could you please specify how the exposures should be calculated ?	Correlation Trading Portfolio contains the positions that meet the criteria specified in Article 338 (1) to (3) of CRR. As stated in Question 41, for securitisation exposures included in the trading book banks should report exposure value as the amount of the position that drives the calculation of RWA. This rule applies to exposures included in correlation trading portfolio as the amount of the position that drives the calculation of regulatory floor according to Article 364 (3) point (c) of CRR.
43	4 - Market risk	C4 to C11 E4 to E11	Expected metrics, consistency with the COREP	In the cells C4 to C11 and E1 to E11, risk exposure amounts in RWA are requested with a breakdown between Traded Debt Instruments (general vs. specific risk), Equity Instruments, etc... In the COREP, the capital requirement for market risk under Internal Model methodology, that should be used to calculate the RWA exposure, is available with the requested details (TDI, Equities, general vs. specific risk, etc..) only for the VaR and SVaR components of market risk. The IRC and CRM parts of the capital requirement for market risk under Internal Model methodology is not available in the COREP with the same granularity as VaR and SVaR, and cannot be calculated anyway.  Therefore, we need a confirmation of the expected metrics : VaR alone, VaR and SVaR, anything else (?) taking into account that in the absence of any cells for totals, the table will not be consistent with the figure reported in table 6-RWA.	Regarding Internal Models, banks should report Total Risk Exposures Amount including elements according to the following rules: 1) <u>TDI general risk and Equities general risk, Foreign Exchange risk and Commodities risk</u> : VaR and SVaR; 2) <u>TDI specific risk, Equities specific risk</u> : VaR, SVaR, IRC and All Price Risk (APR). <b>This point has been clarified in the updated Guidelines uploaded on 15th of November.</b>
44	1 - Capital	Rows 20 and 21	DTAs and Holding of CET1 capital instruments of financial sector entities	Please, could you confirm us that?: - DTAs: Gross amount should be reported (not only the amount over the thresholds) - Significant investments: Gross amount should be reported (not only the amount over thresholds) - Non Significant investments: Gross amount should be reported (not only the amount over the threshold) - Investments on insurance companies: This amount should be included as part of the Holdings in financial sector entities figure, as gross amount, regardless capital treatment about these investments (deduction or RWA consumption) or the effect of the thresholds. - Qualified investments in non financial sector: information is not required.	- Please report DTA full amount according to the Articles 36(1) point (c) and 38 of CRR. <b>No threshold shall be taken into account or reported.</b> - Full amount of CET1 holdings according to Articles 36(1) point (g), (h) and (i), 43, 44 and 45 of CRR should be reported. They should include significant and non significant holdings of financial sector entities. Insurance companies are included according to the definition of financial sector entities provided by CRR in Article 3 (27). As for DTAs, <b>no threshold shall be taken into account or reported</b>
45	4 - Market risk		Data	Should the bank put values in net value or absolute value?	Banks should report the Risk exposure amount (named RWA under current COREP definitions).
46	4 - Market risk		Data	What are the criteria for instruments which should be included in tables - all instruments/fair value instruments?	Institutions should allocate instruments as required for the computation of risk exposure according to COREP rules for market risk.

2013 EU-wide transparency exercise Q&A

Please note that the content and information of this page is intended for general information purposes only, and is not binding. The EBA endeavours that all the information is accurate, but does not guarantee that the information is complete and faultless.

Question Number	Template	Cell reference (if applicable)	Topic	Question	EBA Answer
47	4 - Market risk		Data	Should the bank include values of all instruments, both in banking and trading book? Should the instruments in banking and trading book be reported jointly or separately. Should hedge accounting instruments be included?	Instruments accounted in the trading book are to be included in the market risk template calculations. The positions included should reflect all risk exposures according to COREP rules for market risk (please see question 46).
48	4 - Market risk		Data	In which category of products bank should include FX Swaps and CIRS - FX products or Interest rate products?	As stated in Annex II of CRR, FX swaps and cross-currency interest-rate swaps should be reported under Foreign Exchange risk.
49	4 - Market risk		Data	What type of products, except derivatives, should be included in category FX products?	Foreign exchange risk category should take into account all positions in foreign currency and in gold according to Articles 351 ff CRR.
50	5 - Sovereign debt exposures		Data	Should the bank put values based on original maturity or residual maturity?	Banks should report according to residual maturity as stated in cell A2 of template.
51	3 - Securitization Summary	B3	Banking Book	Could you confirm that the banking book exposure is the exposure value of the COREP template 'CR SEC SA' and 'CR SEC IRB' ?	Yes. Banking book exposure value to be reported in Row 3 should be equal to the sum of exposure value of 'CR SEC SA' (COREP C.12.00) and 'CR SEC IRB' (COREP C.13.00).
52	4 - Market risk	B4	Traded Debt Instruments - SA	Is this figure supposed to be equal to B5+B6 or to all exposures of the trading portfolio subject to interest rate risk ?	Yes. For exposures whose capital requirements are calculated following standardized approach the following rule holds: B4 = B5 + B6. Accordingly a validation rule was created in the template. As stated in Question 30, this equality doesn't hold for IM exposures.
53	4 - Market risk	B7	Equities - SA	Is this figure supposed to be equal to B8+B9 or to all equity exposures of the trading portfolio ?	Yes. For exposures whose capital requirements are calculated following standardized approach the following rule holds: B7 = B8 + B9. Accordingly a validation rule was created in the template. As stated in Question 30, this equality doesn't hold for IM exposures.
54	4 - Market risk		Add-on for RWA market risk	If a bank has received an add-on from the NCAs to increase the RWA market risk, where should the bank fill this in since it cannot be mapped into one of the buckets provided in tab 4 - Market risk?	Please do not report country specific add-on to market risk RWA.
55	1 - Capital	Row 19	Minority interest	Should Adjustments to Minority Interests include the impact of the waiver foreseen in number 5 of Article 84 of the CRR or alternatively the values after the application of the waiver?	In reporting 'Adjustments to Minority interests', institutions should take into account Article 88 of the CRR. Hence values after the application of the waiver are expected to be reported.
56	2 - Credit Risk		Exposure classes : Mapping IRB - STA (p.4)	For the sake of consistency between IRB and STA exposure classes, we think that STA exposures '020' (i.e. 'Regional governments or Local authorities') should be mapped to 'institutions' (and not to 'Sovereign - Central banks and central governments'). Could you confirm ?	'Regional governments or Local authorities' exposures under SA are deemed to be better represented for the purpose of this Exercise in 'Sovereign - Central banks and central governments' category in Credit Risk. Hence they will be reported under the aforementioned category unless treated as 'Institutions' for capital requirements calculations according to Article 147(4) and Article 115(1) a of CRR. <b><i>This answer has been further elaborated for clarification on 20th November</i></b>

2013 EU-wide transparency exercise Q&A

Please note that the content and information of this page is intended for general information purposes only, and is not binding. The EBA endeavours that all the information is accurate, but does not guarantee that the information is complete and faultless.

Question Number	Template	Cell reference (if applicable)	Topic	Question	EBA Answer
57	3 - Securitization Summary		Exposure value - IRB approach	The exposure to be considered is the exposure to securitizations under the standardized approach plus the exposure to securitizations under the IRB approach. However, we have noticed that where the guidelines speak of the EAD of securitizations under the IRB approach, they refer to the COREP definition of securitizations under the standardized approach (green box), but when they speak of EAD of securitizations they refer to securitizations according to COREP definitions under the IRB approach	Reference to COREP for both Standardized and IRB Approaches in Guidelines (page 7) is wrong. The correct reference is as follows: - Exposures classified under IRB approaches: Column 170 of C.13.00 - Credit risk: Securitisations – IRB approach to own funds requirements (CR SEC IRB) - Exposures classified under Standardised approach: Column 190 of C.12.00 - Credit risk: Securitisations – Standardised approach to own funds requirements (CR SEC SA) <b>This point has been clarified in the updated Guidelines uploaded on 19th of November.</b>
58	2 - Credit Risk	P20, R20, T20, AI20, AK20, AM20 (and respectively for all countries)	Data entry	I've read question 14, which deals with this question, but I do not understand the answer: If banks are supposed not to report these cells, why do the columns appear in the templates? I am probably missing something but I don't understand.	<u>Regarding non-defaulted assets</u> , banks are requested to provide value adjustments and provisions in total, not per exposure class.
59	5 - Sovereign debt exposures		CDS	Can the treatment of CDS in schedule 5 be clarified?  Could you please confirm the following ?  Example : Bank A holds 120m€ nominal of government security X issued by Sovereign C in a trading book (market value = 90%). Bank A bought protection from Bank B via a CDS with physical delivery. Underlying = 100m€ nominal of the same government security X. Market Value (i.e. Net Present Value) of CDS = 9m€ (unrealized gain for Bank A). In respect of Sovereign C,  Bank A should report: - in column C and H: a long position of €108m (€120mx90%) in the maturity bucket of security X - In column J: a short position of €90m (€100mx90%) in the maturity bucket of security X  Bank B should report  - In column J a long position of €90m (€100mx90%) in the maturity bucket of security X	Since banks are expected to report fair value of net positions (positive/negative) for Indirect Exposures (column J), in the proposed example:  Bank A should report: - in column C and H: a long position of €108m (€120mx90%) in the maturity bucket of security X - In column J: <u>a positive value of €9m (unrealized gain for Bank A)</u> in the maturity bucket of security X  Bank B should report:  - In column J <u>a negative value of €-9m (unrealised loss for Bank B)</u> in the maturity bucket of security X
60	3 - Securitization Summary	Cells B4 and C4	Trading book	Could you confirm that cells B4 and C4 of the sheet '3 sec. Summary' are to be mapped to column "After cap: SUM OF WEIGHTED NET LONG AND SHORT POSITIONS' (cell B8) of COREP templates ?	Yes. Cells B4 and C4 are equal to the Sum of weighted net long and short positions after CAP and can be mapped to cell {10:600} of COREP C.19.00 (MARKET RISK: STANDARDISED APPROACH FOR SPECIFIC RISK IN SECURITISATIONS (MKR SA SEC))
61	2 - Credit Risk	Col C & Col V	Data Entry	It is required to enter LTVs which are greater than 100%. This is not allowed in the LV entry cells.	That is due to a bug in the templates. Please, in order to fill in the value in the LTV cells just copy and paste the value from another spreadsheet in the appropriate cell.

2013 EU-wide transparency exercise Q&A

Please note that the content and information of this page is intended for general information purposes only, and is not binding. The EBA endeavours that all the information is accurate, but does not guarantee that the information is complete and faultless.

Question Number	Template	Cell reference (if applicable)	Topic	Question	EBA Answer
62	2 - Credit Risk / 5 - Sovereign debt exposures			<p>Bank A has recognised in 2012 the following impairment charge regarding the GGBs:</p> <ul style="list-style-type: none"> <li>- Loss on initial recognition of new GGBs €Xm</li> <li>- Change in fair value of related hedging instruments €Ym</li> </ul> <p>Additionally, in December 2012 it participated in the voluntary repurchase of new GGBs by the Greek Republic and as a result, disposed all its GGBs and realised a gain of €Zm.</p> <p>Following the above, we propose the following reporting in the templates:</p> <ul style="list-style-type: none"> <li>- 2 - Credit Risk: The impairment amount will be included in the row "TOTAL" of the "Non-defaulted" column of the "Value adjustments and provisions" section</li> <li>- 5 - Sovereign Debt exposures: As there is no relevant column in the template, the impairment amount will not be reported</li> </ul> <p>Can you please confirm whether you agree with the above proposal.</p>	<p>- Provided that there is no outstanding exposure (due to to sell back of bonds to Greece) at 31.12.2012 and that losses have been accounted through Income Statement in 2012, no exposure or provisions should reported in Sovereign Debt and Credit Risk templates for both reference dates.</p>
63	2 - Credit Risk	Col C & Col V	Data Entry	<p>It is not possible to report a LTV higher than 100% in in the form, (i.e. the value should be between 0-1). Should we still report LTV = 100%?</p>	<p>That is due to a bug in the templates. Please, in order to fill in the value in the LTV cells just copy and paste the value form another spreadsheet in the appropriate cell (please, refer to Question 61)</p>
64	2 - Credit Risk		Exposure value and CRM	<ul style="list-style-type: none"> <li>• Does the credit mitigation techniques under the IRB approach (described in the guideline p. 7) include both unfunded and funded credit protection?</li> <li>• According to the guideline (p. 7) exposure values under the standardized approach should be reported after taking into account all credit risk mitigating techniques. Does this include both unfunded and funded credit protection?</li> </ul>	<p>As stated in Guidelines: - For exposures under IRB, banks are expected to report Exposure Value as mapped to Column 110 of COREP C.08.01. That means that <u>only CRM Techniques with substitution effects on the Exposure</u> (funded and unfunded) can be taken into account.</p> <p>- For exposures under Standardised Approach, banks are expected to report Exposure Value as mapped to Column 200 of COREP C.07.00. That means that all CRM Techniques (funded and unfunded) eligible under this approach should be taken into account.</p>
65	5 - Sovereign debt exposures		Exposures to Government owned companies	<p>The Bank wants to confirm whether exposures to Government owned companies, both financial and non-financial, (which are therefore not purely sovereign) are to be included in the sovereign sheet.</p> <p>(For instance, an exposure to a bank which services the Government and is engaged in municipal financing).</p>	<p>As stated in Guidelines only exposures to central, regional and local governments should be reported. Hence Government owned companies, both financial and non-financial, should not included (please, refer to Question 10 for related issue).</p>



2013 EU-wide transparency exercise Q&A

Please note that the content and information of this page is intended for general information purposes only, and is not binding. The EBA endeavours that all the information is accurate, but does not guarantee that the information is complete and faultless.

Question Number	Template	Cell reference (if applicable)	Topic	Question	EBA Answer
66	2 - Credit Risk			<p><b>FURTHER CLARIFICATION FROM Question 64</b> - As we understand it only unfunded credit protection relates to CRM with substitutions effects. However, the answer seems to relate to both unfunded and funded credit protection. If funded credit protection is also included would this mean only financial collateral or also for example real estate?</p>	<p>Yes.</p> <p>For standardised approach exposures funded CRM techniques should be taken into account, provided that they are compliant with CRR rules (i.e certain financial collaterals). To clarify further the EAD before the application of risk weight is sought.</p> <p>For IRB exposures the same framework should apply taking into account that different rules apply regarding CRM techniques accepted and that under AIRB some collateral like real estate should not be taken into account for EAD computation. These are used for LGD estimation.</p>
67	3 - Securitization Summary		Scope	<p>I assume that only securitisations with SRT have to be reported here, ie for which the securitisation framework for RWA calculation applies</p>	<p>Yes. Regarding securitisations in which the Institutions is the originator, only those exposures that belong to a securitisation where the significant risk tranfer (SRT) is achieved should be reported.</p>