
24 November 2017

2017 EU-wide Transparency Exercise Guidelines for banks

Contents

1. Introduction	3
2. Sample of banks and reference dates	3
3. Set of templates	4
3.1.1 Credit risk templates	5
3.1.2 Sovereign templates	7
4. Process and timeline	8

1. Introduction

1. Last year the Board of Supervisors (BoS) of the EBA agreed to run a regular, annual EU-wide transparency exercise to be published along with Risk Assessment Report (RAR) and based solely on FINREP/COREP data.
2. For the 2017 EU-wide Transparency exercise the disclosure templates will be the same as in the 2016 exercise with the addition of the leverage ratio, which is now available in supervisory reporting and is published quarterly in the EBA Risk Dashboard. The templates cover the following areas: capital, leverage ratio, risk exposure amounts, profit or loss, market risk, securitisation, credit risk, sovereign exposures, non-performing and forborne exposures.
3. The purpose of this document is to guide the banks regarding the sample, process and templates for the 2017 EU-wide Transparency Exercise. The guidelines also cover the key items for understanding the mapping between the templates pre-filled by the EBA and the supervisory reporting framework.

2. Sample of banks and reference dates

4. The list of participating banks in the 2017 EU-wide transparency exercise comprises 132 institutions from 24 EU countries and Norway.
5. The sample has been built to contain institutions at the highest level of consolidation in the EU and that are also included in the list of reporting institutions to the EBA¹.
6. As in last year's exercise, the sample of banks for the RAR and the EU-wide transparency exercise would be aligned.
7. The reference periods are December 2016 and June 2017, keeping the same semi-annual frequency of the previous exercises and allowing a time series analysis.

¹ <https://www.eba.europa.eu/documents/10180/15926/List+of+Reporting+Institutions.pdf/065d0833-31de-4b71-9808-ee83821c9251>

3. Set of templates

8. The list of templates is the following:
 - a) Cover
 - b) Capital
 - c) Leverage
 - d) RWA
 - e) P&L
 - f) Market risk
 - g) Credit risk STA
 - h) Credit risk IRB
 - i) Sovereign exposures
 - j) Non Performing exposures
 - k) Forborne exposures
9. Data populating these templates is automatically extracted from COREP and FINREP templates by the EBA, following the mapping structure detailed below. While this data should be already accurate as the result of the quality assurance procedure envisaged for supervisory reporting data, there could be cases in which some mistakes or misreporting are identified by banks. In these cases, banks are requested to promptly resubmit supervisory reporting data to competent authorities via standard channels for supervisory reporting (XBRL format or other transmission format depending on the jurisdiction). The EBA will only receive XBRL files from CAs.
10. The population of transparency templates is based on the mapping of each cell to the corresponding regulatory reporting templates from which the data is extracted. To help participating banks understanding and verifying the information contained in the templates, the EBA has created a file showing the mapping with the Transparency data and the FINREP/COREP tables, which has been made available together with these guidelines.
11. This mapping file contains the codification for each cell and includes two types of cell mapping:

- i. Cells linked directly to reporting templates cells, e.g.: “C 07.00.a_010_220_002”. Each cell is filled in by a single or a group of data points from the original reporting templates, i.e., some cells may be the sum of more than one cell from the original reporting template. Data points have been codified by concatenating the following ITS reporting templates elements, each separated by the underscore sign:
 - COREP/FINREP Template (in the example template C 07.00.a).
 - Row number (in the example template row “010”).
 - Column number (in the example template column “220”).
 - Fourth dimension (in the example 002). This additional dimension is only needed for credit risk and sovereign templates and covers country of counterparty or the asset class (see also paragraph 16).
 - ii. Cells filled as a combination of other cells in the template, e.g.: “B7+B11+B13+B14+B15”
12. Finally, in order to assist banks in detecting data inconsistencies the EBA have produced a list of specific data quality checks, in addition to the regular reporting checks.

3.1.1 Credit risk templates

13. Following COREP structure, a separate template has been created for IRB and Standardised portfolios, respectively.
14. According to the Article 5 (a) (4) of the ITS on Reporting, the information on the geographical distribution of exposures by country of counterparty should be provided (via COREP 09.01 and/or COREP 09.02) only when total non-domestic exposures are equal or higher than 10% of the total exposures.
15. Thus, two alternative types of templates have been designed to disclose the maximum information available for banks above and below this threshold for each regulatory approach (IRB and STA) as follows:
 - a) Transparency credit risk templates labelled with suffix “a”: for banks reporting country by country data in COREP credit risk information will be published for the whole banking group and the most relevant counterparty countries. The selection of the most relevant countries is carried out under the following rules:
 - Countries of counterparty have been selected according to the minimum of:
 1. Coverage of 95% of total original exposure

2. Top 10 countries ranked by original exposure.

For example, for a bank with 95% of its original exposure concentrated in 6 countries, the EBA has filled the templates with data for those 6 countries. By contrast, if the aggregate exposure of a bank towards the largest 10 countries is below 95% of the original exposure, the EBA has filled the template for the top 10 counterparty-countries.

- The cells for the consolidated group contain the overall exposure of the group towards all the counterparties are not the sum of the country by country cells.
- The top 10 countries in terms of aggregate IRB and STA original exposure are defined based on data reported as of 30/06/2017.

b) Transparency credit risk templates labelled with suffix “b”: for banks not reporting country by country, due to the application of the abovementioned threshold on non-domestic exposures, credit risk information will only be published for the whole banking group.

16. As stated before, a fourth element is needed for the codification of the COREP cell to be used to feed credit risk templates:

- Exposure class code: used for group level data (as per codes below)

Template C 07.00.a - SA Exp. Classes	Template C 08.01.a - IRB Exp. Classes
001 - Total	001 - Total with own estimates of LGD and/or conversion factors
002 - Central governments or central banks	002 - Total without own estimates of LGD or conversion factors
003 - Regional governments or local authorities	003 - Central governments and central banks with own estimates of LGD and/or conversion factors
004 - Public sector entities	004 - Central governments and central banks without own estimates of LGD or conversion factors
005 - Multilateral developments banks	005 - Institutions with own estimates of LGD or conversion factors
006 - International organisations	006 - Institutions without own estimates of LGD or conversion factors
007 – Institutions	007 - Corporates - SME with own estimates of LGD or conversion factors
008 – Corporates	008 - Corporates - SME without own estimates of LGD or conversion factors

Template C 07.00.a - SA Exp. Classes	Template C 08.01.a - IRB Exp. Classes
009 – Retail	009 - Corporates - Specialised Lending with own estimates of LGD or conversion factors
010 - Secured by mortgages on immovable property	010 - Corporates - Specialised Lending without own estimates of LGD or conversion factors
011 - Exposures in default	011 - Corporates - Other with own estimates of LGD or conversion factors
012 - Items associated with particularly high risk	012 - Corporates - Other without own estimates of LGD or conversion factors
013 - Covered bonds	013 - Retail - Secured by immovable property SME - with own estimates of LGD or conversion factors
014 - Claims on institutions and corporate with a short-term credit assessment	014 - Retail - Secured by immovable property non-SME - with own estimates of LGD or conversion factors
015 - Claims in the form of CIU	015 - Retail - Qualifying revolving - with own estimates of LGD or conversion factors
016 - Equity Exposures	016 - Retail - Other SME - with own estimates of LGD or conversion factors
017 - Other exposures	017 - Retail - Other non-SME - with own estimates of LGD or conversion factors

For instance, “C 07.00.a_010_010_002” refers to cell defined in template COREP 07.00a, row 010, column 010 for Asset Class 02 (i.e., Central governments or central banks).

- ‘999’ + Country of counterparty rank: used for data reported at a country of counterparty level. The rank has been assigned following the rules described in paragraph 15.

For instance, “C 09.02_030_010_999/1” refers to cell defined in template COREP 09.02, row 030, column 010 for first ranked country by original exposure.

3.1.2 Sovereign templates

- The information reported covers all exposures to “General governments” as defined in paragraph 41 (b) of Annex V of ITS on Supervisory reporting: *“central governments, state or regional governments, and local governments, including administrative bodies and non-commercial undertakings, but excluding public companies and private companies held by these administrations that have a commercial activity (which shall be reported under “non-financial corporations”); social security funds; and international organisations, such as the European Community, the International Monetary Fund and the Bank for International Settlements”*.

18. Like for credit risk reporting, institutions are exempted from reporting sovereign exposures broken down by country of the counterparty when total non-domestic exposures are below 10% of the total exposures. Thus, two alternative types of templates have been designed to disclose sovereign exposures information:

- a) Transparency template “Sovereign a”: for banks reporting country by country data in FINREP sovereign will be published for the whole banking group and for the counterparty countries, individually or grouped by regions (as listed in the template).

In this template, a fourth element is needed for the codification of the country of sovereign, i.e., ‘999’ + *Sovereign country abbreviation code*. In addition, the code “XX” stands for the sum of all countries.

- b) Transparency template “Sovereign b”: for banks not reporting country by country data in FINREP sovereign will be published only for the whole banking group.

4. Process and timeline

19. Participating banks are required to verify the figures contained in the set of transparency exercise templates received at the start of the exercise via their CA and promptly fix possible issues by resubmitting supervisory reporting data via standard channels for supervisory reporting (XBRL or others tools depending on the jurisdiction). No Excel files or any other kind of documents will be accepted to modify templates.
20. Data will be frozen on 31 October 2017, and the templates will be considered final. Any correction submitted after that date will not be considered for the RAR and the 2017 EU-wide Transparency exercise.
21. To facilitate banks’ validation of the results that may have been impacted by resubmissions of ITS files made to correct errors in their reporting the EBA intends to re-distribute prefilled templates again before the final deadline. These redistributions will be made based on data as of 6th and 20th October, via the CAs, and will cover only those banks that resubmitted COREP/FINREP data included in the transparency templates. No additional ad-hoc repopulation of templates will be made along the process.

22. Once the data is final, the EBA will repopulate the templates with the latest FINREP/COREP data submitted by 31 October and circulate to banks, along with consent forms² for sign-off, via the relevant CA.
23. Data will then be processed and used for the production of the RAR, which the EBA aims to publish along with the bank by bank transparency templates at the end of November.
24. As usual, an FAQ procedure will be available in order to allow for further clarifications. Questions must refer solely to the transparency templates and process. Questions on ITS reporting are out of the scope of this process and should be channelled via the formal Single Rule book Q&A process. An updated file with answered FAQs will be published with regular frequency (see below).
25. Finally, banks will receive credentials to access the 2017 EU-wide Transparency Exercise extranet area (<https://www.eba.europa.eu/group/2017-eu-wide-transparency>) where they will find general documents of the exercise together with the latest updated FAQ file.

² The consent forms will be distributed to the CAs on 23 October.