EBA/GL/2019/05

9 December 2019

Final Report

Guidelines

on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2

Contents

1. Executive Summary

1. These draft guidelines are an update of the EBA guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 (EBA/GL/2014/04) issued on 19 June 2014. EBA/GL/2014/04 will be repealed from the date these draft guidelines come into force.

2. The update is based on experience gained through analysing the data received as well as due to the questions raised via the EBA Single Rulebook Q&A tool[1]. A detailed set of instructions has been included to facilitate harmonised implementation and reduce implementation burden. The templates have been revised and updated reflecting lessons learnt in analysing and validating banks' funding plans (see reports published in 2017 and 2018[2]) and aim to better align with the definitions used in Commission Implementing Regulation (EU) No 680/2014 (the Reporting Regulation)[3].

3. A new template for forecasting the statement of profit or loss has been introduced, with the intention of monitoring trends over time in firms' profitability and their impact in funding.

[1] The EBA Single Rulebook Q&A tool can be accessed at https://eba.europa.eu/single-rule-book-qa

[2] The reports can be accessed at https://eba.europa.eu/risk-analysis-and-data/risk-assessment-reports/thematic-reports

[3] Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 191, 28.6.2014, p. 1).

2. Background and rationale

1. On 19 June 2014, the EBA issued guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 (EBA/GL/2014/04)[4]. These guidelines provided harmonised definitions and templates for the funding plans of credit institutions mainly as a response to the European Systemic Risk Board (ESRB) Recommendation 2012/02[5] on the funding of credit institutions.

2. Based on the experience gained through assessing banks' funding plans in 2017 and 2018[6], and from the questions raised via the EBA Single Rulebook Q&A tool[7], it is clear that there is a need to update the current templates and to provide detailed instructions.

3. The majority of the changes aim to align the definitions and breakdowns used in the guidelines with those used in the Financial Reporting Framework (FINREP). This will reduce uncertainty about its implementation, increase comparability and facilitate better and more automatic validations of data provided. This will result in an easier data production process for credit institutions and will ultimately deliver better data quality.

4. Other changes aim to improve the assessment of banks' funding plans and the relevance of the data provided for such assessments. These changes are described in more detail in the following paragraphs.

5. Funding plans should be reported on a consolidated basis following the prudential scope at the highest level of consolidation in a Member State. The guidelines also clarify that the data should be reported on an individual basis when the entities are not part of a prudential group. In addition, competent authorities may also require data on an individual basis when deemed necessary for assessing individual institutions' funding. The updated guidelines also clarify that liquidity ratios should be provided only when requested by Regulation 575/2013 and Commission Delegated Regulation (EU) 2015/61 and following the scope of application of those regulations.

6. The ESRB recommendation requires the EBA to assess the viability of funding plans for the Union banking system, on an aggregated basis. In order to be able to do a proper analysis at that level, the breakdown of the information between domestic and international activities is not enough and therefore it is proposed to split the breakdown of banks' international activities into 'other EEA countries activities' and 'non-EEA countries activities'. This also serves the objective of maintaining a Union-wide view.

[4] The guidelines can be accessed at https://eba.europa.eu/regulation-and-policy/liquidity-risk/guidelines-on-harmonised-definitions-and-templates-for-funding-plans-of-credit-institutions/

[5] The English text of the recommendation can be accessed at http://www.esrb.europa.eu/pub/pdf/recommendations/2012/ESRB_2012_2.en.pdf?04a855f6d5c296dd9ae9f6576d45bb33 or OJ 2013/C 119/01. Versions in the other official languages may be found at https://www.esrb.europa.eu/mppa/recommendations/html/index.en.html in the entry for 18 February 2013.

[6] The reports can be accessed at https://eba.europa.eu/risk-analysis-and-data/risk-assessment-reports/thematic-reports

[7] The EBA Single Rulebook Q&A tool can be accessed at https://eba.europa.eu/single-rule-book-qa

7. The current breakdowns of assets and liabilities in templates P01.01 and P01.02 have proven to be too restricted to understand the forecast of the balance sheet, with considerable amounts being provided as other assets and other liabilities. In order to tackle this and to have better information on the funding plans of the entities, further breakdowns have been included.

8. On the asset side, the revised breakdown includes all counterparty sectors for loans and advances (full alignment with FINREP table F 05.01) as well as debt securities and equity instruments (which were included in 'other assets' under the original guidelines). In addition, information on non-performing loans is also now required in order to understand the expected changes in the level of non-performing exposures following the introduction of the EBA guidelines on management of non-performing and forborne exposures. The forecast data input from credit institutions is expected to indicate the institutions' management strategies to achieve sustainable reduction of NPEs on their balance sheets.

9. On the liability side, a further breakdown of total long-term unsecured debt securities issued has been incorporated. The breakdown includes different classes of issued debt instruments, i.e. Additional Tier 1 instruments, Tier 2 instruments, subordinated instruments and senior instruments, adding other long-term unsecured instruments as the remainder. These instruments have different risk structures and therefore also different pricing. The issuance and outstanding volumes of some of those instruments are directly related to the requirements issued by the respective regulations (Regulation (EU) No 575/2013 – "CRR"/ Directive 2013/36/EU – "CRD" and Directive 2014/59/UE – "BRRD"). For these reasons, the issuances and volumes of those different types of debt instruments should presumably be planned separately by banks and not as a single position. Such differentiation is also important for the validation of banks' funding plans.

10. Due to the significant effect that the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) could have on bank funding patterns, and in order to understand better their composition and projection, forecasts of their main contributors are now requested.

11. The issuance and redemptions of debt instruments, which were previously part of the balance-sheet liabilities template, are now covered in a separate template that includes further breakdowns of the instruments issued. The template reflects the composition of the liabilities, and thus differentiates between the main classes of total long-term unsecured and secured debt securities issued. In addition to the rows for the reporting of the maturing debt, the planned issuances for the secured instruments are split between those instruments issued and not retained by the institution and those that are retained. Retained instruments as part of an issuance are commonly used as collateral, for instance for central banks. These instruments are therefore not placed on financial markets, and should not need to be considered in any analysis related to primary market activity. Clarifications in the instructions have also been added to indicate that maturing instruments include those instruments that are contractually due to mature but also those bought back and redeemed or cancelled by an institution, for instance as part of a liability management exercise.

12. The template that covers public sector and central bank sources of funding has been further extended and now also includes national and supra-national term repo funding programmes with a maturity of less than 1 year, such as the ECB's main refinancing operations. This expansion of the template will make sure that the dependency on central bank funding is reflected in full.

Information on the direct financing provided by the public sector to the real economy by granting loans has been added, completing the view of public funding support. The latter requirement addressed several comments and questions received.

13. A complete new template on forecasting the statement of profit and loss has been introduced with the intention of monitoring trends over time in firms' profitability and their impact on funding. This information enables the analysis of projected financial performance of the supervised entities and the viability of the institution's business model in accordance with paragraphs 72(b), 74 and 76 of EBA/GL/2014/13 on common procedures and methodologies for the supervisory review and evaluation process (the SREP Guidelines)[8]. Being part of the funding plan templates, planned profitability can easily be set in relation to planned changes of assets and liabilities.

14. During the next 2 years, the need to issue MREL-eligible instruments and replacements of maturing central bank funding support for financial institutions are expected to be the key drivers for financial institutions' funding market trends. However, the current version of the funding plan templates does not provide for any differentiation into different classes of unsecured and subordinated debt securities issued. Such differentiation is of particular relevance to and importance for the analysis of the funding plans and understanding the risks for banks' funding, as they have different means and purposes as well as risk and pricing levels in banks' funding mix.

15. Finally, the guidelines include some proportionality in order to reduce the reporting cost of small and non-complex credit institutions, as defined in point 145 of paragraph 1 of Article 4 of the CRR. Small and non-complex credit institutions, when they are requested to provide funding plan data following these guidelines, will have to provide information neither on asset and liability restructuring plans nor on assets and liabilities in foreign currency. Moreover, they will have to report the forecast of a simplified statement of profit and loss account.

[8] The SREP Guidelines can be accessed at https://eba.europa.eu/-/eba-publishes-final-guidelines-on-srep-methodologies-and-processes

3. Guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2

EBA/GL/2019/05

09 December 2019

Draft Guidelines

on harmonised definitions and templates for funding plans of credit institutions under Recommendation of the European Systemic Risk Board of 20 December 2012 (ESRB/2012/2)

1. Compliance and reporting obligations

Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010[9]. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.

2. Guidelines set the EBA's view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

Reporting requirements

3. According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, by 09.02.2020. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website to compliance@eba.europa.eu with the reference 'EBA/GL/2019/05'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to the EBA.

4. Notifications will be published on the EBA website, in line with Article 16(3) of Regulation (EU) No 1093/2010.

[9] Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

2. Subject matter, scope and definitions

Subject matter

5. These guidelines specify the content, instructions and uniform formats for the reporting of funding plans on the basis of paragraph 4 of Recommendation A of the Recommendation of the European Systemic Risk Board of 20 December 2012 on funding of credit institutions (‘ESRB Recommendations’ and ‘ESRB Recommendation A’)[10].

Scope of application

6. Competent authorities should apply these guidelines on a consolidated basis in accordance with Chapter 2 of Title II of Part One of Regulation (EU) No 575/2013[11].

7. Competent authorities should apply these guidelines on an individual basis in accordance with Chapter 1 of Title II of Part One of Regulation (EU) No 575/2013 when the credit institutions referred to in paragraph 9 are not part of a group subject to consolidated supervision pursuant to Articles 111 and 112 of Directive 2013/36/EU[12].

8. Notwithstanding paragraphs 6 and 7, competent authorities may also apply these guidelines on an individual basis in accordance with Chapter 1 of Title II of Part One of Regulation (EU) No 575/2013 for all institutions.

9. When applying these guidelines, competent authorities should ensure that the largest credit institutions in terms of volume of assets in each Member State are covered, and that the coverage amounts to at least 75% of the banking system’s total consolidated assets in that Member State.

[10] Recommendation of the European Systemic Risk Board of 20 December 2012 on funding of credit institutions (OJ L 119, 25.4.2013, p. 1).

[11] Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance (OJ L 176, 27.6.2013, p. 1).

[12] Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

Addressees

10. These guidelines are addressed to competent authorities as defined in point (i) of point (2) of Article 4 of Regulation (EU) No 1093/2010 and to credit institutions that report funding plans to their competent authorities, in accordance with the national implementation framework of the ESRB Recommendations and the scope of application of these guidelines.

Definitions

11. Unless otherwise specified, terms used and defined in Regulation (EU) No 575/2013, Regulation (EU) No 680/2014[13] and Regulation (EU) 2018/1624[14] have the same meaning in the guidelines.

[13] Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 191, 28.6.2014, p. 1).

[14] Commission Implementing Regulation (EU) 2018/1624 of 23 October 2018 laying down implementing technical standards with regard to procedures and standard forms and templates for the provision of information for the purposes of resolution plans for credit institutions and investment firms pursuant to Directive 2014/59/EU of the European Parliament and of the Council, and repealing Commission Implementing Regulation (EU) 2016/1066 (OJ L 277, 7.11.2018, p. 1).

3. Implementation

Date of application

12. These guidelines apply from 31 December 2020.

Repeal

13. The EBA guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 (EBA/GL/2014/04) of 19 June 2014[15] are repealed with effect from 31 December 2020.

[15] The guidelines can be accessed at https://eba.europa.eu/regulation-and-policy/liquidity-risk/guidelines-on-harmonised-definitions-and-templates-for-funding-plans-of-credit-institutions/

4. Requirements for reporting of funding plans

14. Credit institutions should report their funding plans in accordance with the harmonised instructions and templates referred to in Annex I and Annex II to these guidelines.

15. Competent authorities should also provide the EBA with full transparency on the scope of application of these guidelines and an explanation of how the guidance referred to in paragraph 9 has been observed.

4.1 Reporting format

16. Credit institutions should submit the information referred to in these guidelines in the data exchange formats and representations specified by competent authorities, respecting the data point definition included in the data point model referred to in Annex XIV and the validation formulae specified in Annex XV of Commission Implementing Regulation (EU) No 680/2014, as well as the following specifications:

    (a) information that is not required or not applicable should not be included in a data submission;

    (b) numeric values should be submitted as facts according to the following:

        i. data points with the data type 'Monetary' should be reported using a minimum precision equivalent to millions of units;

        ii. data points with the data type 'Percentage' should be expressed as per unit with a minimum precision equivalent to four decimals;

        iii. data points with the data type 'Integer' should be reported using no decimals and a precision equivalent to units.

17. The data submitted by the credit institutions should be associated with the following information:

    (a) reporting reference date and reference period;

    (b) reporting currency;

    (c) accounting standard;

    (d) identifier of the reporting institution;

    (e) level of application as individual or consolidated.

4.2 Frequency, reporting reference date and remittance date

18. Credit institutions should submit the information with an annual frequency.

19. Credit institutions should report their funding plans in accordance with these guidelines by 15 March with a reference date of 31 December of the previous year.

20. Where credit institutions are permitted by national laws to report their financial information based on their accounting year-end, which deviates from the calendar year-end, the latest available accounting year-end should be considered as the reference date.

Annex I – Instructions

Annex II – Templates

4. Accompanying documents

4.1 Draft cost-benefit analysis/impact assessment

21. As per Article 16(2) of Regulation (EU) No 1093/2010 (EBA Regulation), any guidelines and recommendations developed by the EBA shall be accompanied by an Impact Assessment (IA) which analyses 'the potential related costs and benefits'.

22. This analysis presents the impact assessment of the main policy options included in the Consultation Paper on the draft guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2. The impact assessment is high level and qualitative in nature.

A. Problem identification

23. Some issues were identified as part of the implementation of the EBA Guidelines on harmonised definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2 (EBA/GL/2014/04), which were issued in 2014. Specifically, the Q&A process and analysis of the data submitted made clear that some clarifications and changes to the templates would be beneficial or in some cases indeed necessary.
24. Clarifications and changes relate to a lack of alignment with FINREP reporting templates, insufficient granularity of data, missing information on Profit or Loss (P&L), and a lack of explicit instructions for filling in the templates. Changes also relate to the structure of market funding liabilities, mainly in the area of secured and unsecured debt securities, aiming to align them to common debt market practice (issuers' and investors' views). Modifications of the latter include for example splitting unsecured and subordinated funding into Additional Tier 1 (AT1), Tier 2 (T2), non-preferred senior unsecured instruments and other unsecured instruments.

B. Policy objectives

25. These draft guidelines aim to address the identified issues through revised and new templates and explicit instructions for filling out the templates. The aim is to improve clarity, enhance data quality and reduce banks' reporting burden in those areas where items overlap with FINREP.

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

26. Section C presents the main policy options discussed and the decisions made during the development of the draft guidelines. Advantages and disadvantages, potential costs and

benefits of the policy options, and the preferred options resulting from this analysis are reported.

Remove reporting uncertainty: consistency of funding plan templates with FINREP

27. **Option 1a:** For items included in both funding plan and FINREP reporting, make explicit references to FINREP in the funding plans to ensure consistency. Apart from that, keep the templates and guidelines unchanged.

28. **Option 1b:** For items included in both funding plan and FINREP reporting, make explicit references to FINREP in new instructions to the funding plans to ensure consistency, and fully align the wording and definitions (by changing the wording in the funding plans where necessary). In addition, introduce some changes in the funding plan templates to further increase the alignment with FINREP.

29. The current balance-sheet templates in the funding plan templates show several mis-alignments with FINREP. Discrepancies in items' definitions, titles and scope prevent more streamlined and efficient production of the data required by banks. Improved consistency has been one of the key motivations behind the adjustment of the funding plan templates.

30. There are various ways to achieve this. Keeping the existing templates and merely establishing references to the FINREP templates would imply minimum change in implementation practices; however, it would require banks to go back and forth between FINREP and funding plan templates. Importantly, it would only achieve a very limited degree of consistency. **Option 1a has therefore been eliminated.**

31. In addition to making references to FINREP, making targeted changes to the existing funding plan templates allows a far greater degree of consistency. This is proposed by actually aligning definitions and naming conventions of items included in both reporting frameworks with those used in FINREP and adding some FINREP items to the funding plan scope. Newly added detailed instructions also make references to FINREP. This ensures improved clarity for banks while keeping the broader structure of the existing funding plan templates.

32. Making changes to align the definitions and wordings directly in the funding templates, in addition to providing references to FINREP, is viewed as more efficient, effective and user friendly. **Option 1b has been assessed as the preferred option.**

Filling data gaps and improving the relevance of the data

33. **Option 2a**: Include new and more granular data items to reflect recent regulatory and market developments.

34. **Option 2b**: Stick to a more aggregated data presentation and keep the status quo.

35. Data collection, analysis and developments in markets and the regulatory framework over recent years have exposed several data gaps and room for improvement in the current funding

plan templates. In particular, regulatory developments have revealed the need to adapt the collected data in order to be able to continue making meaningful and relevant analyses of the market and banking sector going forward. These include for instance the reflection of different instruments of debt securities issued, such as their split into AT1, T2, non-preferred senior unsecured instruments and other unsecured instruments in actual data and the forecast years.

36. It was assessed that meaningful and relevant analyses would not be possible if the templates were kept in their current form under Option 2b. This was hence excluded.

37. As part of the **preferred Option 2a**, several changes have therefore been proposed in the draft new funding plan templates. These changes include a more granular split-up of various debt securities under the liabilities table, adding details on the nominator and denominator of the LCR and NSFR, more details on public funding sources, an additional breakdown of international exposures into European Economic Area (EEA) and non-EEA, foreign exchange (FX) funding data now taking into account any hedging done by the institution by means of FX forwards, FX swaps or cross-currency swaps, and the inclusion of a template of a P&L forecast.

D. Conclusion

38. It is not possible to quantify the overall costs or benefits of the change in funding plan reporting proposed through the draft guidelines and revised templates.

39. However, the benefits of the amendments proposed in these draft guidelines on harmonised definitions and templates for funding plans of credit institutions are expected to outweigh the costs, not least given that they reflect comments and lessons learnt from the practical application of the previous guidelines, and aim to address any deficiencies/issues that have transpired from the previous templates. Most importantly, they aim to ensure that data collection and analysis remain up to date with regulatory and market developments. The revised templates should better reflect, for instance, banks' approach to planning different kinds of classes of debt securities issued (e.g. AT1, T2, non-preferred senior unsecured instruments and other unsecured instruments), which in turn have different means and purposes as well as risk levels in banks' funding mix.

40. Three key improvements of the draft guidelines can be highlighted in particular.

    a) **Reduce uncertainty and increase comparability of data:** the instructions provided and the alignment of definitions and wordings with FINREP templates (where applicable) will ensure clarity for banks and improved comparability of data.

    b) **Ease the burden on banks by facilitating automatic validation of the data and enhancing their quality:** aligning the funding plan templates' wordings and definitions with FINREP templates (where applicable) should ease the reporting burden on banks and at the same time improve data quality, as it should streamline the data-reporting process.

c) **Improve the relevance of the assessment of funding plans:** increased granularity and additional data items – including a P&L forecast – in the draft guidelines and revised templates enable a funding plan assessment that reflects the most relevant issues, market and regulatory developments, and questions raised via the EBA Single Rulebook Q&A tool.

4.2 Feedback on the public consultation

41. The EBA publicly consulted on the draft proposal contained in this paper.

42. The consultation period lasted for 2 months and ended on 5 May 2019. Seven responses were received, of which six were published on the EBA website.

43. This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments, and the actions taken to address them if deemed necessary.

44. In many cases several industry bodies made similar comments or the same body repeated its comments in response to different questions. In such cases, the comments and the EBA's analysis are included in the section of this paper where the EBA considers them most appropriate.

45. Changes to the guidelines have been incorporated as a result of the responses received during the public consultation.

Summary of key issues and the EBA's response

46. In general, the respondents welcomes the EBA's review of the funding plans of credit institutions.

47. However, the following major concerns were raised by some respondents:

- the reasoning for the alignment with FINREP;
- the level of consolidation required for the provision of funding plans data;
- the remittance date.

The reasoning for the alignment with FINREP

48. One respondent does not understand the alignment with FINREP, as it is not aligned with how institutions manage their liquidity. The respondent considers the funding plan reports to be parts of the liquidity reports and therefore suggests that the terms and concepts should be aligned with liquidity.

49. Another respondent considers that in most credit institutions the planning process is not geared by FINREP items.

50. However, the EBA considers that the funding plan guidelines are focused on coherent reporting of planned assets and liabilities, as they are, for example, reflected in institutions' balance sheets. Making clear references to FINREP aims to increase comparability across time, across Member States and across the EEA.

The level of consolidation required for the provision of funding plans data

51. Two respondents consider that the highest level of consolidation in a Member State following the prudential scope of consolidation may not be the most appropriate for funding plan reporting, either because this is not the way planning is done at the institutions or because the different funding structures of different type of banks may give a non-meaningful picture of funding when data are asked for at consolidated level.

52. The EBA believes that applying the same level of consolidation aims to increase comparability across time, across Member States and across the EEA. It also fosters the assessment of funding plans at Union level on an aggregated basis (ESRB Recommendation A5).

The remittance date

53. Some respondents indicated that a later remittance date would allow firms with a December year-end date sufficient time to provide more precise 3-year forecasts. To take this comment into account, the EBA has postponed the remittance date to 15 March.

54. A summary of these concerns together with a more detailed EBA analysis and the rest of the feedback received is available in the table below.

55. The EBA has carefully considered all responses and revised the guidelines where appropriate.

Summary of responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Funding Plans (FP) reporting alignment with FINREP, and the objective and rationale of the FP reports	While most of the stakeholders (four stakeholders explicitly agree and one states no objection) support the harmonisation and alignment of the FP with FINREP to develop further consistency in reporting, two stakeholders questioned the purpose of the FP proposal in relation to monitoring the liquidity risk profiles of the institutions. The main arguments against the alignment are the following: i) The requested data are more suited to a 3-years-forward balance sheet given budget assumptions or to a resolution plan than to the way institutions manage their liquidity. It is complicated to reconcile FP reports with liquidity-reporting definitions and breakdowns, of which the data are yet to be used to complete the templates and the scope and methodologies are different. ii) Institutions' management and planning are carried out on the basis of the items relevant to commercial law and for internal management purposes. There are no FINREP-based management requirements. iii) The use of FINREP data as a reference to complete funding plan templates obliges institutions to dedicate people to the completion of	The funding plan guidelines are focused on a coherent reporting of planned assets and liabilities, as they are, for example, reflected in institutions' balance sheets. Planned equity and the planned profit and loss account presumably form an integral part of banks' planning process and as such are an integral part of the funding plan guidelines. This is reflected in the fact that the planned profit and loss account was added to the funding plan guidelines and not to FINREP. The comparability with FINREP aims to ensure common definitions and a common understanding. The comparability with FINREP also aims to ensure that forecast data can be compared with historical data (historical volumes and asset composition, historical liability composition, historical profitability and its composition). This approach of having clear references to FINREP, as well as applying the same level of consolidation, aims to increase comparability across time, across Member States and across the EEA.	No amendment.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	the funding plan template, whereas funding plan templates are considered disconnected from risk management figures and not re-used for the management of institutions. To better assess the institutions' funding plans, they suggest reviewing the funding plan reporting to better align its components with definitions actually used by operational teams within the institutions to steer the funding plans and, more broadly, the liquidity position on a prospective basis. The alignment has unintended consequences and creates additional burden by widening the scope. iv) Given the liquidity nature of the FP reporting, the breakdown of assets and liabilities should be aligned with liquidity definitions of the LCR, NSFR or ALMM (contractual maturity ladder template for instance). It is the best solution to make sure that the institutions take ownership of these funding plan regulatory templates within their internal management policies.		
Remittance date	Some stakeholders suggested moving the proposed submission date (28 February) to a later date, e.g. 31 March or 30 April. According to the comments this would allow firms with a December year-end date to have sufficient time to provide more precise 3-year forecasts. One stakeholder considers that a 4-month period between the reference date and submission date would strike an appropriate balance between the immediacy of data and its accuracy and precision.	The EBA acknowledges time constraints banks may have in reporting accurate forecasts. Therefore, the EBA has revised the remittance date for banks' FP reporting from 28 February to 15 March.	The EBA amended the relevant text in the guidelines accordingly.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	It was also stated that within the first 2 months of a year banks prepare their financial statements and for their auditing.		
Level of consolidation	Two stakeholders commented on the level of consolidation for reporting. One stakeholder indicated that, in practice, planning processes take place in some cases at institution level or at consolidated group level under commercial law, but not at consolidated group level under supervisory law, since at this level, taking into account the entities specifically included, no management requirement may effectively exist. He indicated that this is also in line with the view of the Banking Stakeholder Group when the EBA guidelines where introduced in 2014, i.e. the scope of consolidation should be based on the bank's internal processes. The stakeholder therefore requested that the reporting requirement be maintained at the 'appropriate level of consolidation', as in the current guidelines. Similarly, another stakeholder indicated that there may be differences in the funding structures of different types of credit institutions and a consolidated report may not be representative. Therefore, he asked for supervisory discretion regarding the level of consolidation, whether individual or consolidated.	The approach of having clear references to FINREP, as mentioned above, as well as applying the same level of consolidation, as the CRR requires FINREP financial reporting only on a consolidated basis, aims to increase comparability across time, across Member States and across the EEA. It also fosters the assessment of funding plans at Union level on an aggregated basis (ESRB Recommendation A5).	No amendment.
Proportionality	According to one comment, the requirement from the ESRB that 75% of bank assets in a market should	The EBA agrees that some proportionality could be achieved. Therefore, when a small and non-complex	The EBA has amended the

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	be included in funding plans reports implies that in some countries not only big banks are covered by this reporting obligation. Therefore, the stakeholder suggested graduating the size of the reporting templates for proportionality reasons. Such graduation would be conceivable at the following points: LCR forecast, pricing and P&L. The stakeholder referred to the proportionality principle as one of the criteria for implementing ESRB recommendations (ESRB/2012/2, implementation criterion 1.c).	institution, as defined in Article 4(145) of the CRR, is required to report FP data, that institution will be exempted from the reporting of templates P02.06 (Assets and liabilities in foreign currency), and P02.07 and P02.08 (Assets and liabilities restructuring plan). In addition, a specific simplified P&L template has been created for small and non-complex institutions.	instructions and templates accordingly.
P&L template (P04.00)	One stakeholder argued that template P04.00 (Statement of profit and loss) requires a detailed split in the 3-year forecast of income and expenses. Such a detailed split is not necessarily standard practice and the stakeholder would prefer a less detailed statement of the forecast. It stated that a solution could be reporting on total income, expenses, provisions and total profit and loss before and after tax in the 3-year forecast. Alternatively, the reporting on detailed forecasts could be on a best effort basis.	The template included in the funding plan reports is already a simplified version of the one in FINREP. In addition, a specific simplified P&L template has been created for small and non-complex institutions.	The EBA has amended the instructions and templates accordingly to include a simplified template for small and non-complex institutions.

Responses to questions in Consultation Paper EBA/CP/2019/02

Question 1 (on template P01.02 - Liabilities)

1.1 Do respondents agree with the proposed breakdown of 'Total long-term unsecured (original maturity >=1 year)"?

1.2 Otherwise, which breakdown would you suggest?

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Proposed breakdown of 'Total long-term unsecured (original maturity ≥ 1 year)'	All stakeholders agreed with the proposed breakdown of the total long-term unsecured debt in template on template P01.02. However, two stakeholders proposed the replacement of 'original maturity' with 'residual maturity'. They argued that this would be in line with other regulatory metrics on liquidity.	The EBA acknowledges the agreement. In terms of the use of the original maturity, the EBA believes that this concept reflects the funding structure of the institutions and presents an overview of the composition of their funding more accurately. This would also allow the users of the data to see the changes in the funding structure, e.g. a shift from long-term to short-term funding.	No amendments.
Further clarification/consistency	One stakeholder argued the breakdown between 'domestic activities', 'other EEA countries activities' and 'non-EEA countries activities' is burdensome and does not reflect the way institutions manage their liquidity on a prospective basis. It should be specified whether the requirement to distinguish between domestic, other EEA and non-EEA activities applies to the country of residence of the counterparty or to the booking country of the transaction.	Please note that the ESRB recommendation requires the EBA to assess the viability of funding plans for the Union banking system, on an aggregated basis. In order to be able to do a thorough analysis, the breakdown of the information between domestic and international activities is not enough and therefore it is proposed to split the breakdown of banks' international activities into 'other EEA countries activities' and 'non-EEA countries activities'. This also serves the objective to maintain a Union-wide view. This argument is presented in the 'Background and rationale section' of the CP. The EBA agrees that further clarification is needed for transactions in relation to other EEA and non-EEA activities.	The EBA has amended the instructions accordingly.
Further clarification on impairment of NPLs	On template P01.02, the breakdown related to the accumulated impairment of non-performing loans should be removed because it does not reflect the way institutions manage their liquidity on a prospective basis.	The EBA acknowledges the comment and will not require information on the accumulated impairment of non-performing loans.	The EBA has amended the instructions accordingly.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Further clarification/consistency	One stakeholder raised specific points on P01.02: • Row 010 of P01.02: in order to be consistent with row 020 in P01.01, change 'Repurchase agreements' into 'Repurchase borrowings'. • Row 070 of P01.02: insured loans (i.e. loans whose performance is guaranteed by a dedicated counterparty) should be added.	The EBA is of the view that some comments are country specific and is not in favour of including country-specific aspects in the templates. For example, requesting additional data on insured loans may raise further questions around the type of insurance and the product that is insured. Secondly, for convenience and transparency purposes, the EBA is aligning, as much as possible, the concepts used in the FP templates with the existing reporting standards, i.e. FINREP. To this end, the EBA aims to keep the concepts constant. In this case, the EBA will keep the wording 'repurchase agreements' as it is.	No amendments.
Question 2 (on template P02.02 - Public sector and Central Bank sources of funding) **Template P02.02 has been expanded to include additional public sector and Central Bank sources of funding. Do respondent believe that now this template covers all forms of public sector and central bank sources of funding or should additional forms of sources be included?**			
Expansion of the scope for public sector coverage	Stakeholders do not have objections to the proposed coverage and they agreed with it.	The EBA acknowledges the agreement.	No amendments.
Question 3 (on template P02.06 - Two Largest Significant Currencies and Reporting Currency) **3.1 Do respondents agree that information on currency breakdown after hedging (template P02.06) will provide effective insight into possible currency mismatches?** **3.2 Does the information reflect banks' FX management approach or do you see the need to request more information to better reflect banks' FX management?** **3.3 Are the instructions clear enough?** **3.4 If the instructions are not clear please indicate how they could be improved.**			

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Currency breakdown and FX management approach	All stakeholders identified various shortcomings of the proposed template. They also requested further clarifications in the instructions document. Some stakeholders argued that banks often undertake portfolio hedging and so the classification of asset and liability components only may give regulators an erroneous picture, as that would not appropriately represent the bank's currency management. If the template is to be retained, some stakeholders recommended the addition of a separate, dedicated FX hedging category, with one line for assets and one line for liabilities. One stakeholder commented that the effect of FX hedging should not be taken into account in each line item of template P02.06. It would be more relevant to present all rows without the effect of FX hedging and a row 'FX hedging'. In fact, FX hedging is not generally performed transaction by transaction but based on the overall FX exposure (macro-hedge).	The EBA acknowledges the comments. Following the feedback received in the CP, the EBA has amended the template. Financial assets and liabilities should be reported before hedging through, for example, FX swaps, FX forwards and cross-currency swaps, i.e. as it is in the current funding plans report. The section will be called 'Assets and liabilities in foreign currency and reporting currency'.	The EBA amended the template and the instructions accordingly.
Clarification on largest material currency	One stakeholder requested clarification on 'largest material currency'. They asked if this has the same meaning as 'significant currency' defined in the liquidity regulations (i.e. Article 415(1) of Regulation (UE) 575/2013 and Article 3 of Delegated Regulation (UE) 2015/61). If yes, then they asked for an alignment of the wording.	The EBA agrees with the suggestion and further alignment of the terminology and definitions. The template and instructions are now using 'significant currency' as defined in Article 415(1) of the CRR. Please also note that, for the purposes of this template, institutions will report the two largest 'significant currencies' as well as the reporting currency.	The EBA made necessary amendments to template P02.06 and related instructions.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
Clarification on currency mismatch	One stakeholder asked for clarification of the definition of 'currency mismatch', i.e. it asked exactly how a currency mismatch is measured.	The FP report used the term 'currency mismatch' as it stands in the CRR. However, as explained in the EBA analysis of the comments on 'Currency breakdown and FX management approach' above, the template now will collect information not on currency mismatches but on assets and liabilities in foreign currencies and the reporting currency before hedging.	No amendments.
Further clarification on reporting currency in currency mismatch	One stakeholder recognised that banks should provide the information on structural currency mismatch not only for significant foreign currencies but also for the reporting currency. The stakeholder questioned how currency mismatches in the (home) reporting currency can occur and therefore requested an explanation or clarification from the EBA in this regard.	The reporting of currency mismatch also in the (home) reporting currency aims to reflect the idea that an institution might refinance business in the country of residence through bonds denominated in currencies other than the one of that country. However, as explained in the EBA analysis of the comments on 'Currency breakdown and FX management approach' above, the template now will collect information not on currency mismatches but on assets and liabilities in foreign currencies before hedging.	No amendments.
Question 4 (on template P05.00 - Debt securities: issuances and redemptions) **Do respondents agree with the possibility to have "retained issuance" for each of the instruments included in template P05.00? If not, could you please indicate which ones should be maintained and which ones should not and the reasons for it?**			
Retained issuance	While some stakeholders indicated that this is applicable to secured instruments, others argued that only covered bonds can be retained. One stakeholder questioned the existence of forecast figures for retained and non-retained debt	The EBA agrees with the comment. The EBA will include 'retained issuances' data for secured debt instruments only.	The EBA amended template P05.00.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	securities amounts and hence the possibility of the institutions reporting them.		
Question 5 (on template P05.00 - Debt securities: issuances and redemptions) **5.1 Which methodology do you apply to calculate carrying amounts for future issuances (please describe as detailed as possible and highlight any problem with that calculation)?** **5.2 Are you of the opinion that reporting maturing and new issuance volumes (as defined in P05.00) as nominal amounts would better reflect your planning procedure and approach and do you believe that this alternative is preferable?**			
Carrying amounts versus nominal amounts	While most stakeholders consider the use of nominal amounts for the purposes of planning issuances more relevant, some argued in favour of gross carrying amount for the funding plans reporting for further alignment with FINREP.	The EBA will continue to ask for the carrying amount for consistency with FINREP and the template on liabilities in the funding plans report.	No amendment.
Question 6 (on template P05.00 - Debt securities: issuances and redemptions) **6.1 Do respondents believe that these movements [from one category to another] could occur too often or be big enough so that including them as inflows or outflows as explained above and in the instructions may distort the analysis of the information?** **6.2 If the answer to the 6.1 is positive, which would be the best way for the respondents to report this information?**			
Movements of instruments between categories	Stakeholders do not believe that these movements could occur too often or be big enough that they would lead to any distortion in the analysis of the information.	The EBA acknowledges the comments received.	No amendments.
Question 7 (on alignment with FINREP as regards assets and liabilities) **7.1 Do respondents agree with amending the templates to align definitions with FINREP? Are there other definitions that could be further aligned with other parts of the EBA supervisory reporting framework?**			

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
7.2 Do respondents agree that alignment of definitions will facilitate the reporting production process? **7.3 Are there other aspects in the template design or further integration with FINREP reporting technical package that could help in the data production process?**			
Alignment with FINREP	Most stakeholders support the alignment with FINREP.	The EBA acknowledges the comments received. See also the comment and the EBA analysis of the general comment 'FP reporting alignment with FINREP, and the objective and rationale of the FP reports' above.	No amendments.
Further clarification/alignment on referencing to FINREP	One stakeholder requested the inclusion of exact FINREP references to FINREP data points in the format 'Form.Column.Row' especially for the reporting lines '050 Other Financial assets' and '110 other Financial Liabilities'. In addition to that, further information is needed on natural hedges.	With the introduction of the instructions document, the exact references to FINREP templates have been deleted while the reference to the FINREP instructions are kept. Due to the different timing of the updates of the two reporting frameworks, it is not desirable to make direct mapping to data points in the guidelines. However, the EBA will design the validation rules so that there is a cross-check between the two reporting frameworks. The validation rules, as always, will be available on the EBA website.	No amendments.
Accounting standards	On the instructions document, one stakeholder highlighted that, unlike for banks applying IFRS for accounting purposes, for banks applying nGAAP there is a lack of reference to FINREP templates.	Validation rules for the purposes of FP reporting, as mentioned above, will account for institutions reporting FINREP under nGAAP in accordance with Annex 4 of Commission Implementing Regulation (EU) No 680/2014.	No amendments.
Further clarification/alignment	One stakeholder commented that instructions lack accuracy. For example, Assets (P01.01), Row 010: the heading says 'Cash and cash balances at central banks', whereas the instruction refers solely to the definition of cash balances at central banks. It is not	The instructions have been further clarified. Note that they should read 'cash balances and cash balances at central banks'.	The EBA has amended instructions accordingly.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	clear what the report is requesting in the designated cell. Is it only cash balances at central banks or Including cash balances? They also questioned other demand deposits that are included in FINREP reporting. Should the reporter need to consider them as well?		