

**Guidelines on uniform disclosures under Article 473a of Regulation (EU)
No 575/2013 as regards transitional arrangements for mitigating the
impact of the introduction of IFRS 9 on own funds**

(EBA/GL/2018/01)

These Guidelines of the European Banking Authority (EBA) are addressed to competent authorities as defined in points (i) to (ii) of Article 4(2) of Regulation (EU) No 1093/2010 and to financial institutions as defined in Article 4(1) of Regulation No 1093/2010.

These guidelines specify the uniform disclosure format that institutions applying Article 473a of Regulation (EU) No 575 should use to disclose the effect of the transitional arrangements established in this article on their own funds, capital ratio and leverage ratio.

These Guidelines have been developed in accordance with article 16 of Regulation (EU) No 1093/2010. The European Banking Authority published the English version of these Guidelines on 12 January 2018 and the Spanish version on 16 January 2018. The Guidelines will apply from 20 March 2018, date of application of the Guidelines, until the end of the transitional period referred to in paragraph 6 of Article 473a of the CRR.

Banco de España's Executive Commission, in its role of competent authority for the direct supervision of the less significant institutions, adopted these Guidelines as their own on 14 February 2018.

EBA/GL/2018/01

16/01/2018

Guidelines

on uniform disclosures under
Article 473a of Regulation (EU)
No 575/2013 as regards transitional
arrangements for mitigating the impact
of the introduction of IFRS 9 on own
funds

1. Compliance and reporting obligations

Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010.¹ 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 out 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. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA that they comply or intend to comply with these guidelines, or otherwise give reasons for non-compliance, by 16.03.2018. 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/2018/01'. 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).

¹ 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 uniform disclosure format in accordance with which the disclosures required under Article 473a of Regulation (EU) No 575/2013 (the 'CRR') should be made.

Scope of application

6. These guidelines apply to institutions referred to in paragraph 1 of Article 473a of the CRR that are subject to all or part of the disclosure requirements specified in Part Eight of the CRR in accordance with Articles 6, 10 and 13 of the CRR.
7. These guidelines apply during the transitional period referred to in paragraph 6 of Article 473a of the CRR.

Addressees

8. These guidelines are addressed to competent authorities as defined in points (i) to (ii) of Article 4(2) of Regulation (EU) No 1093/2010 and to financial institutions as defined in Article 4(1) of Regulation No 1093/2010.

Definitions

9. Unless otherwise specified, terms used and defined in Regulation (EU) No 575/2013 have the same meaning in the guidelines.
10. 'Analogous ECLs' refers to the expected credit loss models that are the same as those used in accounting standards adopted in accordance with the procedure laid down in Article 6(2) of Regulation (EC) No 1606/2002.

Date of application

11. These guidelines apply from 20 March 2018 until the end of the transitional period referred to in paragraph 6 of Article 473a of the CRR.

3. Format

12. Institutions that choose to apply Article 473a of the CRR should complete the quantitative template contained in Annex I, in accordance with the instructions included therein. Those institutions among those mentioned in paragraph 1 of Article 473a that choose not to apply Article 473a should disclose the narrative commentary indicated in Annex I, in accordance with the instructions included therein.

4. General requirements for disclosure

13. The EBA Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2016/11) are applicable, where relevant, to the uniform disclosure format specified in the current guidelines.

Annex I – Template on the comparison of institutions’ own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

Template IFRS 9-FL: Comparison of institutions’ own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

Purpose: Provide a comparison of the institutions’ own funds, Common Equity Tier 1 capital, Tier 1 capital, risk-weighted assets, Common Equity Tier 1 capital ratio, Tier 1 capital ratio, total capital ratio and leverage ratio with and without the application of transitional arrangements for IFRS 9 or analogous ECLs. Only the transitional arrangements arising from the implementation of the IFRS 9 and analogous ECLs are considered in this template.

Scope of application: The quantitative template is mandatory for all institutions referred to in paragraph 1 of Article 473a that, pursuant to the first subparagraph of paragraph 9 of the same Article, choose to apply Article 473a of the CRR and are subject to all or part of the disclosure requirements specified in Part Eight of the CRR, during the transitional period specified in paragraph 6 of the same Article.

Those institutions referred to in paragraph 1 of Article 473a that are subject to all or part of the disclosure requirements specified in Part Eight of the CRR but, pursuant to the first subparagraph of paragraph 9 of the same Article, choose not to apply the transitional arrangements specified in Article 473a should instead disclose a narrative commentary explaining that they are not applying the transitional arrangements for IFRS 9 or analogous ECLs, any changes on that decision over the time and that their own funds, capital and leverage ratios already reflect the full impact of IFRS 9 or analogous ECLs.

Content: Regulatory own funds, risk-based capital ratios and leverage ratio compared with the same metrics as if they were not subject to the transitional arrangements for IFRS 9 or analogous ECLs. Institutions should disclose each metric’s value at the end of the reporting period.

Frequency: Institutions should disclose this information with the frequency set in paragraphs 25, 26 and 27 of EBA GL/2014/14 as amended by EBA GL/2016/11 for the disclosure of information on own funds (paragraph 25.a), risk-weighted assets (paragraph 25.b.i.) and leverage ratio (paragraph 25.c).

Format: A fixed format for the quantitative template is mandatory for institutions that apply the IFRS 9 transitional arrangements. For institutions that do not apply the transitional arrangements, the format of the narrative commentary is flexible.

Accompanying narrative: Institutions applying the transitional arrangements should provide a narrative accompanying the quantitative template that explains the key elements of the transitional arrangements they use. Pursuant to the second subparagraph of paragraph 9 of Article 473a of the CRR, institutions should, in particular, provide explanations of all their choices regarding the options included in the same paragraph, including whether they are applying paragraph 4 of Article 473a or not, and on any changes on the application of these options. Institutions should also provide explanations of the changes to the prudential metrics included in the template due to the application of the transitional arrangements for IFRS 9 or analogous ECLs, where these changes are material.



Quantitative template						
		a	b	c	d	e
		T	T-1	T-2	T-3	T-4
Available capital (amounts)						
1	Common Equity Tier 1 (CET1) capital					
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied					
3	Tier 1 capital					
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied					
5	Total capital					
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied					
Risk-weighted assets (amounts)						
7	Total risk-weighted assets					
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied					
Capital ratios						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)					
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied					
11	Tier 1 (as a percentage of risk exposure amount)					
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied					
13	Total capital (as a percentage of risk exposure amount)					
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied					
Leverage ratio						
15	Leverage ratio total exposure measure					
16	Leverage ratio					
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied					

Instructions

Row Number	Explanation
1	Amount of CET1 capital in accordance with the amount disclosed by institutions following the ITS on disclosure of own funds requirements ² (row 29 of the 'Own funds disclosure template')
2	Amount of CET1 capital as if the amount of IFRS 9 or analogous ECLs transitional arrangements calculated in accordance with Article 473a of the CRR were not applied
3	Amount of Tier 1 capital in accordance with the amount disclosed by institutions following the ITS on disclosure of own funds requirements ² (row 45 of the 'Own funds disclosure template')
4	Amount of Tier 1 capital as if the amount of IFRS 9 or analogous ECLs transitional arrangements calculated in accordance with Article 473a of the CRR were not applied.
5	Amount of total capital in accordance with the amount disclosed by institutions following the ITS on disclosure of own funds requirements ² (row 59 of the 'Own funds disclosure template')
6	Amount of total capital as if the amount of IFRS 9 or analogous ECLs transitional arrangements calculated in accordance with Article 473a of the CRR were not applied

² COMMISSION IMPLEMENTING REGULATION (EU) No 1423/2013 of 20 December 2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 355, 31.12.2013, 60).

Row Number	Explanation
7	Amount of total risk-weighted assets in accordance with the amount disclosed by institutions following the ITS on disclosure of own funds requirements ² (row 60 of the 'Own funds disclosure template')
8	Amount of total risk-weighted assets as if the amount of IFRS 9 or analogous ECLs transitional arrangements calculated in accordance with Article 473a of the CRR were not applied
9	CET1 capital ratio in accordance with the value disclosed by institutions following the ITS on disclosure of own funds requirements ² (row 61 of the 'Own funds disclosure template')
10	CET1 capital ratio as if IFRS 9 or analogous ECLs transitional arrangements calculated in accordance with Article 473a of the CRR were not applied ³
11	Tier 1 capital ratio in accordance with the value disclosed by institutions following the ITS on disclosure of own funds requirements ² (row 62 of the 'Own funds disclosure template')
12	Tier 1 capital ratio as if IFRS 9 or analogous ECLs transitional arrangements calculated in accordance with Article 473a of the CRR were not applied ³
13	Total capital ratio in accordance with the value disclosed by institutions following the ITS on disclosure of own funds requirements ² (row 63 of the 'Own funds disclosure template')
14	Total capital ratio as if IFRS 9 or analogous ECLs transitional arrangements calculated in accordance with Article 473a of the CRR were not applied ³
15	Leverage ratio total exposure measure in accordance with the amount disclosed by institutions following the ITS on disclosure of leverage ratio ⁴ (row 21 of the table 'LRCom: Leverage ratio common disclosure')
16	Leverage ratio in accordance with the value disclosed by institutions following the ITS on disclosure of leverage ratio ⁴ (row 22 of the table 'LRCom: Leverage ratio common disclosure')
17	Leverage ratio calculated as if as if the amount of IFRS 9 or analogous ECLs transitional arrangements calculated in accordance with Article 473a of the CRR were not applied ³
	Reporting periods
	<p>Reporting periods T, T-1, T-2, T-3 and T-4 are defined as quarterly periods. Institutions should disclose the dates corresponding to the reporting periods.</p> <p>Institutions disclosing this template on a quarterly basis should provide data for periods T, T-1, T-2, T-3 and T-4; institutions disclosing this template on a semi-annual basis should provide data for periods T, T-2 and T-4; and institutions disclosing this template on an annual basis should provide data for periods T and T-4.</p> <p>The disclosure of data for previous periods is not required when data are disclosed for the first time. Information on previous periods is required only when the previous periods are later than the starting date of their first financial year starting on or after 1 January 2018.</p>

³ When disclosing this ratio, institutions should consider those transitional arrangements for IFRS 9 or analogous ECLs that have an impact both on the numerator and on the denominator.

⁴ Commission Implementing Regulation (EU) 2016/200 of 15 February 2016 laying down implementing technical standards with regard to disclosure of the leverage ratio for institutions, according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (OJ L 39, 16.2.2016, p. 5).