

EBA/GL/2020/11

11 August 2020

Final report

Guidelines on supervisory reporting and disclosure requirements in compliance with the CRR 'quick fix' in response to the COVID-19 pandemic

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1. Executive summary

Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (CRR – Capital Requirements Regulation - 'quick fix') was published in the Official Journal of the EU (European Union) on 26 June 2020. The CRR 'quick fix' is part of a series of measures taken by European institutions to mitigate the impact of the COVID-19 pandemic on institutions across EU Member States. In addition to the flexibility already provided in the existing rules, the CRR 'quick fix' introduces certain adjustments to the CRR, including temporary measures, intended to enhance credit flows to companies and households, thereby supporting the EU's economy.

In addition, the CRR 'quick fix' introduces amendments to regulatory requirements that have an impact on supervisory reporting, mainly on the supervisory reporting frameworks v2.9 and v2.10.

The EBA is issuing these guidelines to provide clarification and help institutions implement the reporting and disclosures that are linked to the regulatory measures adopted in the context of the pandemic.

These guidelines clarify how to report the CRR 'quick fix' amendments that have an impact on templates related to the leverage ratio, own funds and credit risk. The clarification provided in these guidelines will apply until the reporting reference date of 31 May 2021 and until and including the last disclosure reference date prior to the 28 June 2021.

Due to the urgency of the matter, the specific focus of these guidelines on COVID-19 pandemic-related measures and the need to provide credit institutions with the maximum time possible to prepare themselves for this additional reporting and disclosure requirement to be imposed by competent authorities in compliance with these guidelines, the EBA decided not to carry out public consultations or a cost-benefit analysis in this case. The EBA has notified the Banking Stakeholder Group (BSG) of its intention to issue these guidelines but has not requested the BSG's advice.

2. Background and rationale

1. Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013¹ and (EU) 2019/876² (CRR 2) as regards certain adjustments in response to the COVID-19 pandemic (CRR 'quick fix') was published in the Official Journal of the EU on 26 June 2020³. The CRR 'quick fix' is part of a series of measures taken by European institutions to mitigate the impact of the COVID-19 pandemic on institutions across EU Member States. In addition to the flexibility already provided in the existing rules, the CRR 'quick fix' introduces certain adjustments to the CRR, including temporary measures, intended to enhance credit flows to companies and households, thereby supporting the EU's economy. The adjustments that have an impact on reporting frameworks v2.9 and v2.10 and on disclosures are as follows:
 - frontloading from CRR 2 the possibility of temporarily excluding certain exposures to central banks from the calculation of an institution's total exposure measure (Article 500b of Regulation (EU) No 575/2013);
 - frontloading from CRR 2 the revised calculation of the leverage ratio exposure value of regular-way purchases and sales awaiting settlement to ensure that the treatment properly reflects the inherent leverage associated with those trades (Article 500d of Regulation (EU) No 575/2013);
 - extending by 2 years transitional arrangements for mitigating the impact on own funds of the introduction of IFRS 9 (Article 473a (8) of Regulation (EU) No 575/2013);
 - frontloading from CRR2 the more favourable prudential treatment of SMEs (Small and medium-sized enterprises) and infrastructure exposures, as well as loans to pensioners and employees (with a permanent contract) backed by the borrower's pension or salary (Articles 123, 501 and 501a of Regulation (EU) No 575/2013);
 - introducing temporary prudential filter for unrealised gains and losses measured at fair value through other comprehensive income, corresponding to exposures to central governments, to regional governments or to local authorities referred to in Article 115(2)

¹ 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 (OJ L 176, 27.6.2013, p. 1).

² Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1).

³ Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (OJ L 204, 26.6.2020, p. 4).

of Regulation (EU) No 575/2013 and to public sector entities referred to in Article 116(4) of Regulation (EU) No 575/2013, excluding those financial assets that are credit-impaired, during the period from 1 January 2020 to 31 of December 2022.

2. The objective of these guidelines is to provide institutions with the necessary clarifications on how to apply the Commission's Implementing Regulation (EU) No 680/2014 in its current 2.9 and 2.10 versions to report elements of credit risk, own funds and leverage ratio set out in the CRR 'quick fix', as well as how to apply the Commission Implementing Regulation (EU) 2016/2005 to disclose elements of the leverage ratio set out in the CRR 'quick fix'.
3. Due to the urgency of the matter, the specific focus of these guidelines on the COVID-19 pandemic-related measures and the need to provide credit institutions with the maximum time possible to prepare themselves for this additional reporting and disclosure requirement to be imposed by competent authorities in compliance with these guidelines, the EBA decided not to carry out public consultations or a cost-benefit analysis in this case. The EBA has notified the Banking Stakeholder Group (BSG) of its intention to issue the guidelines but has not requested the BSG's advice.
4. The guidelines comprise a set of instructions covering the impact of the CRR 'quick fix' on the following reporting and disclosure requirements:
 - reporting of credit and market risk and own funds;
 - reporting of leverage ratio;
 - disclosure of leverage ratio.
5. The reporting requirements clarified by these guidelines will apply from the date of their publication until the reporting reference date of **31 May 2021**, inclusive.
6. The disclosure requirements clarified by these guidelines will apply from the date of their publication until and including the last disclosure reference date prior to the disclosure reference date of **28 June 2021**.

⁴ 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).

⁵ 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).

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Guidelines

on supervisory reporting and disclosure requirements in
compliance with the CRR 'quick fix' in response to the COVID-19
pandemic

1. Compliance and reporting

Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010. 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 if 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 give reasons for non-compliance, by 12 October 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 with the reference 'EBA/GL/2020/11'. 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).

2. Subject matter, scope and definitions

Subject matter

5. These guidelines specify how the reporting of credit risk, market risk, own funds and leverage ratio and disclosure of leverage ratio should be performed on the basis of Commission Implementing Regulation (EU) No 680/2014⁶ and Commission Implementing Regulation (EU)

⁶ 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.).

2016/200⁷ in order for institutions to comply with Regulation (EU) No 575/2013⁸ as amended by Regulation (EU) 2019/876⁹ and Regulation (EU) 2020/873¹⁰.

Scope of application

6. These guidelines should be applied at the individual and consolidated levels, as set out for reporting and disclosure requirements in Part One, Title II of Regulation (EU) No 575/2013.

Addressees

7. These guidelines are addressed to competent authorities as defined in point (i) of Article 4(2) of Regulation (EU) No 1093/2010 and to credit institutions as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013.

3. Implementation

Date of application

8. These guidelines apply from 11 August 2020 until 27 June 2021.

⁷ 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 (O L 39, 16.2.2016, p. 5).

⁸ 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 (OJ L 176, 27.6.2013, p. 1).

⁹ Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150, 7.6.2019, p. 1).

¹⁰ Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (OJ L 204, 26.6.2020, p. 4).

4. Reporting of credit and market risk, own funds and leverage ratio

Credit risk

9. To comply with Article 501 and Article 501a of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873, institutions should apply Annex I (COREP - Common Reporting) to the Commission's Implementing Regulation (EU) No 680/2014¹¹ using the following columns in the following manner:
 - 'RISK WEIGHTED EXPOSURE AMOUNT PRE SME-SUPPORTING FACTOR' should be reported as 'RISK WEIGHTED EXPOSURE AMOUNT PRE SUPPORTING FACTORS'.
 - 'RISK WEIGHTED EXPOSURE AMOUNT AFTER SME-SUPPORTING FACTOR' should be reported as 'RISK WEIGHTED EXPOSURE AMOUNT AFTER SUPPORTING FACTORS'.
10. If applying the previous paragraph, institutions should ensure that the effect of both supporting factors set out in Article 501 and in Article 501a of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873 is fully reflected in the following templates/columns:
 - C 07.00 — columns 215 to 240;
 - C 08.01 and C 08.02 — columns 255 to 270;
 - C 09.01 — columns 080 to 090;
 - C 09.02 — columns 110 to 125.
11. To comply with Article 473a of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873, institutions that make use of the derogation of Article 473a (7a) CRR shall treat the amount ABSA that is risk weighted at 100% as a separate original exposure and report it in template C 07.00 of Annex I to the Commission's Implementing Regulation (EU) No 680/2014 in the exposure class 'other items'.

Market risk

12. If institutions are permitted, in accordance with Article 500c of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873, to exclude overshootings from the calculation of the addend set out in Article 366(3) of that regulation,

¹¹ 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).

institutions should report the information specified in template C 24.00 of Annex I (COREP) to the Commission's Implementing Regulation (EU) No 680/2014 after having taken into account the effect of the application of Article 500c.

Own funds

13. To comply with point (b) of Article 36(1) of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873 as regards the exemption of prudently valued software assets from the deduction from CET1 (Common Equity Tier 1), institutions should cease to report the exempted amount of prudently valued software assets in rows 340 to 360 of template C 01.00 of Annex I to Commission Implementing Regulation (EU) No 680/2014 as soon as the regulatory technical standards referred to in Article 36(4) of Regulation (EU) No 575/2013 become applicable.
14. To comply with Article 468 of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873 as regards own funds, institutions should use row 430 of template C 05.01. of Annex I to Commission Implementing Regulation (EU) No 680/2014.
15. To comply with Article 473a of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873 as regards own funds, institutions should use row 440 of template C 05.01 of Annex I to Commission Implementing Regulation (EU) No 680/2014.

Leverage ratio

16. To comply with Article 500b of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873 as regards the amount of central bank exposures to be excluded from their total leverage exposure measure, institutions should use row 260 'Exposures exempted in accordance with Article 429(14) of the CRR' of template C 47.00 of Annex X to the Commission's Implementing Regulation (EU) No 680/2014. Row 190 'Other assets' of this template should be reported gross of the central bank exposures that are exempted in accordance with Article 500b of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873.
17. To comply with the temporary calculation set out in Article 500d of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873, institutions should report the exposure value of regular-way purchases and sales awaiting settlement in row 190 'Other assets' of template C 47.00 included in Annex X to Commission Implementing Regulation (EU) No 680/2014.
18. To comply with Article 473a (7) and Article 473a(7a) of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873 as regards the amounts added back to the leverage ratio exposure measure, institutions should use — with a positive value — row 280 'Asset amount deducted — Tier 1 capital — transitional definition' of template C 47.00 included in Annex X to Commission Implementing Regulation (EU) No 680/2014.

5. Disclosure of leverage ratio

19. To comply with Article 500b of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873 as regards the amount of central bank exposures to be excluded from their total leverage exposure measure, institutions should use row EU-19b (Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet)) of the table entitled 'LRCom: Leverage ratio common disclosure' included in Annex I to Commission Implementing Regulation (EU) 2016/200. Institutions should also provide narrative information about the fact that excluded central bank exposures have been disclosed in row 19b.
20. Institutions that exclude exposures to their central bank from their total exposure measure in accordance with Article 500b(1) of Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 and Regulation (EU) 2020/873 should add the disclosure required in the last sentence of paragraph 2 of that article in a separate row to be inserted in the table 'LRCom: Leverage ratio common disclosure' included in Annex I to the Commission Implementing Regulation (EU) 2016/200.
21. If applying the previous paragraph, institutions should add a new row, EU-22a, immediately below row 22 of table 'LRCom'; the new row should be titled 'Leverage ratio' (excluding the impact of any applicable temporary exemption of central bank exposures) and should be used for disclosing the ratio under the column titled 'CRR leverage ratio exposures' of the same table.