

## Circular

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### **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)**

#### Scope

*Credit institutions and stockbroking firms governed by Belgian law.*

#### Summary/Objective

*This circular aims to implement the guidelines of the European Banking Authority (EBA) of 16 January 2018 on uniform disclosures under Article 473a<sup>1</sup> of Regulation (EU) No 575/2013<sup>2</sup> (hereinafter referred to as the 'CRR') as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds.*

<sup>1</sup> Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State.

<sup>2</sup> 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.

Dear Sir,  
Dear Madam,

This Circular aims to implement the guidelines of the European Banking Authority (hereinafter referred to as the 'EBA') of 16 January 2018 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (hereinafter referred to as the 'CRR') as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds. The English version of the text prepared by the EBA is annexed in full to this Circular. This annex can also be consulted on the website of the National Bank of Belgium.

On 12 December 2017, the European Council and the European Parliament adopted Regulation (EU) 2017/2395<sup>3</sup>. This Regulation amends Regulation (EU) No 575/2013 (CRR) by adding a new Article 473a. This new Article expounds the transitional arrangement for mitigating the regulatory capital impact of IFRS 9.

Under the new Article 473a of the CRR, institutions can choose to mitigate the impact of the implementation of IFRS 9 (caused by the increase in provisions as a result of the higher (expected) credit loss under the new IFRS 9 expected credit loss model) on their regulatory own funds, capital ratios and leverage ratios.

Article 473a(8) provides that institutions that have decided to apply the transitional arrangements for IFRS 9 are required to disclose the amounts of own funds, Common Equity Tier 1 capital and Tier 1 capital, the capital ratios and leverage ratios with and without application of the transitional arrangement. In order to disclose this information in a consistent and uniform manner within the EU, the EBA developed its Guidelines of 16 January 2018.

This circular aims to incorporate the EBA Guidelines of 16 January 2018 into a national framework for the credit institutions and stockbroking firms governed by Belgian law that are subject to all or some of the disclosure requirements set out in Part Eight of the CRR<sup>4</sup>. The relevant institutions are expected to comply with the EBA Guidelines.

The EBA Guidelines of 16 January 2018 shall apply from 20 March 2018 onwards. They will therefore be applied for the first time in the Pillar III disclosures starting from 31 March 2018, until the end of the transition arrangement as set out in Article 473a(6).

A copy of this circular will be sent to your company's accredited statutory auditor(s).

Yours faithfully,

Jan Smets  
Governor

*Annex: EBA Guidelines of 16 January 2018 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.*

<sup>3</sup> Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State.

<sup>4</sup> EBA Guidelines of 14 December 2016 on disclosure requirements (the so-called Pillar III requirements) under Part Eight of Regulation (EU) No 575/2013.