

Circular

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Guidelines of the European Banking Authority (EBA) of 2 June 2020 on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07)

Scope

- *Credit institutions governed by Belgian law.*
- *Financial services groups headed by a Belgian regulated institution (hereinafter "financial holding companies governed by Belgian law")*
- *Financial services groups headed by an institution governed by foreign law (hereinafter "financial holding companies governed by foreign law")*
- *Financial services groups headed by a Belgian mixed financial holding company (hereinafter "mixed holding companies").*

Summary/Objectives

The purpose of this Circular is to implement the Guidelines of the European Banking Authority (EBA) of 2 June 2020 on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07).

Dear Sir,
Dear Madam,

The purpose of this Circular is to implement the Guidelines of the European Banking Authority (EBA) of 2 June 2020 on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07), hereinafter referred to as “the EBA Guidelines”.

PART 1. GENERAL INTRODUCTION

In order to limit the negative impact of the current coronavirus crisis on the general economic situation, various measures have been taken in several Member States of the European Union, including Belgium, such as the introduction of legislative and non-legislative moratoria and the granting of public guarantees.

However, the EBA found that neither the existing European reporting framework, as laid down in Regulation (EU) No 680/2014¹, nor the existing Pillar 3 disclosure requirements² include the necessary information to properly monitor the loans and advances benefiting from these COVID-19 support measures. Therefore, the EBA prepared the said new EBA Guidelines of 2 June 2020, containing additional prudential reporting and Pillar 3 disclosure requirements for loans and advances that fall under the scope of the COVID-19 support measures³. These new requirements are only temporary and would apply for a period of 18 months⁴.

Part 2 of this Circular will set out the expectations related to the additional prudential reporting. Part 2 applies only to institutions identified as Less Significant Institutions (LSIs) within the Single Supervisory Mechanism (SSM)⁵. Part 3, which sets out the expectations regarding disclosure requirements, applies to Less Significant Institutions, while Significant Institutions should comply with the disclosure requirements according to the modalities defined by the ECB.

PART 2. EXPECTATIONS REGARDING EUROPEAN PRUDENTIAL REPORTING

The additional reporting requirements are set out in Annexes 1 and 2 to the EBA Guidelines and are based as far as possible on the already existing FINREP definitions in order to reduce the operational workload for institutions.

In addition, the EBA Guidelines also allow the competent authority to apply some form of proportionality. The Bank wishes to make use of these proportionality options.

¹ 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 (as subsequently amended).

² See, inter alia, the EBA Guidelines of 14 December 2016 on Disclosures (the so-called Pillar III requirements) under Part Eight of Regulation (EU) No 575/2013 (EBA/GL/2016/11), and the EBA Guidelines of 17 December 2018 on the disclosure of non-performing and forbearance exposures (EBA/GL/2018/10).

³ For moratoria that can be considered as “EBA-compliant moratoria”, see the EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis (EBA/GL/2020/02) and the circular of the Bank NBB_2020_21.

⁴ Depending on the situation, the Bank, the ECB or the EBA may extend the period of validity of these additional requirements.

⁵ The ECB will communicate its expectations with regard to institutions identified as significant within the SSM (the so-called Significant Institutions - SIs) to these institutions through the Joint Supervisory Teams.

Reporting should be performed on a (sub)consolidated basis. Institutions that are not subject to consolidated supervision (as parent institutions) are required to report on a solo basis if their "loans and advances at cost or amortised cost" as at 31/12/2019 according to table F18.00 (row 070, column 010) of the FINREP Solo reporting⁶ exceeds 750 million euro.

The reporting concerns only tables 90.01, 91.01 and 91.05⁷ and should be performed on a quarterly basis, on the reference and remittance dates contained in the EBA Guidelines. The first reporting should relate to the situation as at 30 June 2020 and should be submitted to the Bank by 11 August 2020 at the latest.

Reporting should be performed via the Bank's OneGate application, and may be entered manually or can be automated. The XBRL taxonomy will be published on the EBA website and the technical documentation, including the protocol, will be made available on the Bank's website: "<http://www.nbb.be/OneGate>", then "documentation" and finally "Domain MBS - XBRL reports: COREP, FINREP, B2P2,... ».

Depending on the individual situation of the supervised institutions, the Bank may request additional information from the other tables⁸ in the EBA Guidelines.

It should be noted that this additional reporting required by the EBA Guidelines does not replace the existing national reportings on the Belgian COVID-19 support measures.

PART 3. EXPECTATIONS REGARDING DISCLOSURE REQUIREMENTS

The new Pillar 3 disclosure requirements are set out in Annex 3 of the EBA Guidelines, again allowing the competent authority to apply some form of proportionality. The Bank wishes to make use of these proportionality options also for Pillar 3 disclosure requirements.

These additional disclosure requirements are therefore only imposed on institutions identified as G-SIIs (Globally Systemically Important Institutions) or O-SIIs (Other Systemically Important Institutions) at the highest level of consolidation within Belgium, to the extent that they have material exposures.

Institutions that are not G-SIIs or O-SIIs (to the extent that these institutions are required to disclose information in accordance with Part Eight of the CRR) are not required to disclose this additional information, but the Bank recommends doing so to the extent that they have material exposures in relation to the subject at hand (COVID-19 exposures).

⁶ Reporting according to the taxonomy FINREP_IND_BE_GAAP or FINREP_IND_BE_GAAP_DP.

⁷ In accordance with the proportionality options offered by the EBA Guidelines, the Bank does not request reporting on an individual basis from institutions that already prepare consolidated reports, and institutions must not report tables 90.02, 90.03, 91.02, 91.03, 91.04, 92.01, 93.01 and 93.02 in Annex 1 of the EBA Guidelines.

⁸ More specifically, this concerns the information contained in tables 90.02, 90.03, 91.02, 91.03, 91.04, 92.01, 93.01 and 93.02.

The institutions concerned should perform these additional Pillar 3 disclosures semi-annually, on 30 June and 31 December, and for the first time as at 30 June 2020.

A copy of this circular will be sent to your institution's accredited auditor(s), but this additional reporting does not need to be audited.

Yours faithfully,

Pierre Wunsch
Governor

Annex: 1