

## Circular

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### **Circular on implementation of Regulation (EU) 2015/534 of the European Central Bank of 17 March 2015 on reporting of supervisory financial information, as amended**

#### Scope

- *Belgian credit institutions.*
- *Branches established in Belgium of credit institutions established in non-participating Member States.*
- *Subsidiaries, established in a non-participating Member State or a third country, of parent institutions in Belgium and of institutions controlled by a parent company, either a financial holding company or a mixed financial holding company, that is located in Belgium.*
- *Belgian branches of credit institutions from a third country or another participating Member State are excluded from the scope of Regulation 2015/534 of the European Central Bank (ECB).*

#### Summary/Objectives

*This circular specifies certain rules for the implementation in Belgium of Regulation (EU) 2015/534 on reporting of supervisory financial information<sup>1</sup>, as amended. With a view to the implementation of FINREP on an individual basis as required by this Regulation, a mapping has been established to make the link between Belgian banking accounting law applicable at individual level<sup>2</sup> (BGAAPs<sup>3</sup>) and the European framework for reporting supervisory financial information (FINREP). This circular replaces former circular NBB\_2020\_16 for reporting with 30 June 2021 as first reference date.*

<sup>1</sup> Amended in 2017 by Regulation (EU) 2017/1538 of the ECB of 25 August 2017 (ECB/2017/25) as a result of the changes to the FINREP tables due to the introduction of the IFRS 9 standard, in 2020 by ECB Regulation ECB/2020/22, and in 2021 by ECB Regulation ECB/2021/24.

<sup>2</sup> The individual (i.e. solo) level refers to the annual accounts established by each legal entity, as opposed to the consolidated level, which refers to the consolidated accounts of the group.

<sup>3</sup> BGAAPs primarily include the provisions of the Royal Decree of 23 September 1992 on the annual accounts of credit institutions, investment firms and management companies of undertakings for collective investment. They also include, wherever relevant, Belgian accounting practices generally accepted in the banking sector and any accounting practices allowed on the basis of exemptions granted by the Bank (or the CBFA).

Dear Madam  
Dear Sir

In order to carry out the supervisory tasks conferred upon them, the ECB and the NCAs periodically collect standard data on credit institutions. In order to do this, the Implementing Technical Standards (ITS) developed by the EBA and approved by a European Regulation<sup>4</sup> have structured this procedure of collecting supervisory financial information and have harmonised them within the European Union. This European framework covers the instructions which institutions are to comply with as well as all financial reporting (FINREP), reports on own funds and on capital requirements (COREP), large exposures, reports on leverage, liquidity and stable funding, encumbered assets, non-performing exposures, etc.

The financial data and prudential information required by Regulation (EU) No 2021/451 applies mandatorily to all credit institutions subject to prudential supervision, on the basis of both their solo (COREP only) and consolidated position (COREP and FINREP).

Under the EU Regulation, the obligation to report FINREP data does not apply, at the consolidated level, to institutions that prepare their consolidated financial statements under national accounting standards (national GAAPs). This FINREP reporting obligation also does not apply at the individual (solo) level, irrespective of whether the institution prepares its accounts at this level on the basis of national GAAPs or IFRS<sup>5</sup>.

Under the SSM (Single Supervisory Mechanism), the European Central Bank (ECB) means to fill this regulatory gap by requiring banks in the euro area (SIs and LSIs) to carry out FINREP reporting beyond what is provided by Regulation (EU) N° 2021/451. Such is the objective of Regulation (EU) 2015/534 on reporting of supervisory financial information, as amended. That regulation provides for extended application of FINREP, both on an individual and consolidated basis.

In 2019, the European Council and the European Parliament adopted amendments to the CRD<sup>6</sup> and CRR<sup>7</sup>. As a result of these amendments to the legal supervisory framework, the EBA also adapted the European reporting framework (the COREP and FINREP tables). These adjustments to the reporting framework were adopted by the European Commission on 17 December 2020 by Regulation (EU) No 2021/451. This new regulation replaces the existing reporting obligations laid down in Regulation (EU) 680/2014.

In view of these adjustments to the European reporting framework and as the ECB FINREP Regulation includes these FINREP tables, the ECB amended its FINREP Regulation through Regulation ECB/2021/24<sup>8</sup>. As a result of these regulatory changes, the Bank decided to adapt the existing FINREP mapping on an individual basis. For further information on the amendments to the FINREP tables and to the ECB FINREP Regulation, please refer to Regulation (EU) No 2021/451 and ECB Regulation ECB/2021/24 respectively.

The adjusted mapping is attached to this circular. Apart from the amendments to the FINREP tables, the mapping has not been changed in substance. In this circular, the legal references to the "old" European reporting framework have been replaced by references to the new reporting framework (in particular

<sup>4</sup> Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Implementing Regulation (EU) No 680/2014. Any further reference to Regulation (EU) No 2021/451 covers all European rules on prudential and financial reporting, including in particular FINREP.

<sup>5</sup> At individual level, only COREP is required under European standards, as financial information (such as "Schema A") is not governed by European standards.

<sup>6</sup> 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, as amended.

<sup>7</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, as amended.

<sup>8</sup> ECB Regulation ECB/2021/24 of 14 May 2021 amending Regulation (EU) 2015/534 on reporting of supervisory financial information

Regulation (EU) No 2021/451) and the references to the lines and columns of the FINREP tables have been replaced by 4-digit numbers (in accordance with the amendments made by the EBA).

This circular replaces the previous circular NBB\_2020\_16 for reporting with 30 June 2021 as first reference date.

## 1 General content of the ECB Regulation

In order to alleviate the reporting burden for smaller institutions, the ECB has introduced a proportionality principle both in terms of the content of the tables and as regards the first date of application of the Regulation.

In order to determine the applicable reporting requirements, the ECB Regulation first makes a distinction between two large groups of institutions, namely significant institutions (SIs) and least significant institutions (LSIs). A distinction is subsequently made as regards the level of application of the requirements (consolidated, individual or at the level of the branch). Finally, the ECB Regulation differentiates the accounting basis to which institutions are subject, namely either their national accounting legislation (NGAAPs) or IFRS.

Various sets of FINREP tables have been established to adapt the content of the data to the specific features of each group of credit institutions. From strictest to lightest, they are as follows: Full supervisory financial reporting, Simplified supervisory financial reporting, Over-simplified supervisory financial reporting, and Supervisory financial reporting data points.

'Full supervisory financial reporting' comprises the full set of FINREP tables as provided in the aforementioned European standards (EU Regulation No 2021/451) on reporting. 'Simplified supervisory financial reporting' comprises a reduced set of FINREP tables, namely thirty. 'Over-simplified supervisory financial reporting' is an even further reduced set of FINREP tables and covers about twenty FINREP tables. And finally, 'Supervisory financial reporting data points' is the most reduced dataset, as it includes only selected data points taken from the key FINREP tables. The FINREP tables required are specified in the annexes to the ECB Regulation.

The new Regulation can schematically be summarized as follows<sup>9</sup>:

Reporting population		Full FINREP	Simplified FINREP	Over-Simplified FINREP	FINREP Datapoints
<b>SI</b>					
Consolidated (ultimate parent) or subconsolidated (intermediate parent)	IFRS	X			
	nGAAP	X			
Branch	SSM branches of non-SSM credit institutions IFRS or nGAAP	X			
Solo	SSM Stand-alone IFRS or nGAAP	X			
	Non-waived SSM Separate parents/subsidiaries IFRS or nGAAP		X		
	Non-SSM Separate subsidiaries IFRS or nGAAP above threshold (3 bn)			X	
<b>LSI</b>					
Consolidated (ultimate parent) or subconsolidated (intermediate parent)	IFRS		X		
	nGAAP above threshold (3 bn)		X		
	nGAAP below threshold (3 bn)				X
Branch	SSM branches of non-SSM credit institutions IFRS or nGAAP above threshold (3 bn)		X		
Solo	SSM Stand-alone IFRS or nGAAP above threshold (3 bn)		X		
	SSM Stand-alone IFRS or nGAAP below threshold (3 bn)				X
	Non-waived Separate SSM parents/subsidiaries IFRS or nGAAP above threshold (3 bn)			X	
	Non-waived Separate SSM parents/subsidiaries IFRS or nGAAP below threshold (3 bn)				X

\* "IAS" and "IFRS" refer to the International Accounting Standards and International Financial Reporting Standards as provided for in Article 2 of Regulation (EC) No 1606/2002;

\* "Branch" means a branch as defined in Article 4, paragraph 1, point 17, of Regulation (EU) No 575/2013 which is a credit institution within the meaning of Article 4, paragraph 1, point 1, of Regulation (EU) No 575/2013;

\* "Subgroup" means a group whose parent company is not itself a subsidiary of another institution authorized in the same participating Member State or of a financial holding company or mixed financial holding company established in the same participating member State;

\* "On a consolidated basis" means on a consolidated basis as defined in Article 4, paragraph 1, point 48, of Regulation (EU) No 575/2013;

\* "On a sub-consolidated basis" means on sub-consolidated basis as defined in Article 4, paragraph 1, point 49, of Regulation (EU) No 575/2013;

\* "stand-alone entities" refers to credit institutions that do not have a parent (or have a parent that is established in a non-participating Member State) nor subsidiaries (in any country, irrespective of whether it is a participating Member State, a non-participating Member State or a third country).

\* 'Waivers' concern whether the solvency ratios need to be met by the institutions within a group. To 'waive' an institution from the solvency ratios means that this institution does not have to comply with the solvency ratios at the solo level.

<sup>9</sup> Source: feedback statement published by the ECB in March 2015 following consultation on its draft Regulation ([https://www.bankingsupervision.europa.eu/legalframework/publiccons/pdf/finrep/finrep\\_feedback\\_statement.pdf](https://www.bankingsupervision.europa.eu/legalframework/publiccons/pdf/finrep/finrep_feedback_statement.pdf)).

## 2 Belgian scope and applicable accounting standards

IFRS have been mandatory in Belgium for the preparation of consolidated accounts of listed companies since 2005, and of credit institutions and investment undertakings since 2006. Under the CRR<sup>10</sup> and Regulation (EU) No 2021/451, Belgian credit institutions are already subject to (IFRS) FINREP reporting on a consolidated basis. Thus, in Belgium, the impact of the ECB Regulation is essentially that FINREP reporting is now also imposed on a solo basis<sup>11</sup> for Belgian credit institutions<sup>12</sup>). The new ECB Regulation does not repeal national reporting on a solo basis (Schema A), which therefore continues to apply in addition to FINREP reporting on an individual basis as required by the ECB.

As regards the underlying accounting rules to apply, the ECB Regulation does not allow entities to choose between IFRS and national accounting standards (NGAAP<sup>13</sup>). For instance, for FINREP reporting on an individual basis, Articles 6, 7, 13 and 14 of the ECB Regulation provide different rules according to whether the institution is subject to IFRS or to national accounting standards.

1. Articles 6.1, 7.1, 13.1 and 14.1 of the ECB Regulation concern institutions which apply IFRS in preparing their (in this case individual) annual accounts, or which apply IFRS for own funds reporting (COREP) under Article 24, paragraph 2, of Regulation (EU) No 575/2013 (CRR14). These institutions must, in accordance with paragraph 2 of Articles 6, 13 and 14 and with paragraph 1 of Article 7 of the ECB Regulation, report the information specified in Article 11 of Regulation (EU) No 2021/451, which refers to its own Annex III entitled "Reporting financial information according to IFRS".
2. Articles 6.3, 7.3, 13.4 and 14.4 of the ECB Regulation concern institutions that are subject to national accounting standards (NGAAP) based on the accounting directive 86/635/EEC. These institutions must, in accordance with paragraph 4 of each of Articles 6 and 7, and with paragraph 5 of Articles 13 and 14 of the ECB Regulation, report the information specified in Article 12 of Regulation (EU) No 2021/451, which refers to its own Annex IV entitled "Reporting financial information according to national accounting frameworks".

As institutions under Belgian law are subject to national accounting standards (BGAAP) for preparing their solo annual accounts, where the option provided for in Article 24, paragraph 2, of the CRR is not used, such institutions are in the second situation referred to above and must therefore report FINREP information on an individual basis according to national accounting standards (BGAAP).

The decision adopted by the ECB on 10 August 2016 authorises, under Article 24, paragraph 2, of the CRR, the use of IFRS for prudential reporting requirements on an individual basis by systemic institutions (SIs) on a case-by-case basis under certain conditions. The Bank wishes to extend this policy to less systemic institutions (LSIs) and has therefore decided to also authorise the use of IFRS for prudential reporting requirements on an individual basis by LSIs on a case-by-case basis under the same conditions. The specific conditions for the use of IFRS for prudential reporting requirements can be found in circular NBB\_2016\_41 of 12 October 2016.

As stated above, significant groups must also report FINREP information on an individual basis for their subsidiaries established in a non-participating Member State or a third country where their total assets is equal to or higher than 3 billion euro (Article 9 of the ECB Regulation). Such reporting must be made by

<sup>10</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, as amended.

<sup>11</sup> The terms "individual basis" are as used in the ECB Regulation and will also be used for the purposes of this circular. Such individual basis is the non-consolidated basis for credit institutions and financial holding companies and the Belgian territorial basis for branches.

<sup>12</sup> The Regulation also provides for the extension of FINREP reporting to (a) such branches of credit institutions as are established in non-participating Member States where they exceed the thresholds indicated in the table above, and (b) subsidiaries established in a non-participating Member State or a third country of parent institutions located in Belgium and institutions controlled by a parent company which is either a financial holding company or a mixed financial holding company and is located in Belgium.

<sup>13</sup> See also paragraphs 51 et seq. of the Feedback statement published by the ECB in March 2015 following consultation on its draft Regulation.

<sup>14</sup> This provision allows the competent authorities to require institutions to report their own funds (COREP) in accordance with IFRS, at the consolidated and/or individual level.

the parent institution located in Belgium or by the institution controlled by a parent company, which is either a financial holding company or a mixed financial holding company and is located in Belgium. As specified in paragraph 1(a) of Article 9 of the ECB Regulation, such reporting applies to the highest level of the group, and is to be addressed to the national supervisory authority of the institution at that level. According to Article 9, paragraph 1, a) and b), the applicable accounting law for FINREP reporting on an individual basis by such subsidiaries shall be that which is applicable at the highest level of consolidation within the participating Member State (i.e. IFRS for Belgium).

### 3 Mapping

In order to facilitate and standardize FINREP reporting on an individual basis in BGAAP, a mapping has been established to make the link between BGAAP data from Schema A and FINREP tables on an individual basis as imposed by the ECB Regulation. Such is the purpose of this circular.

The mapping is presented in annex as an Excel table showing the FINREP items and the corresponding accounting data under Belgian GAAP, as well as a summary justification of the link between the two.

#### 3.1 Tables and data to be reported

All tables referred to in the ECB Regulation that are relevant for FINREP on an individual basis in Belgium are provided in Annex IV of Regulation (EU) No 2021/451. These tables must be reported fully (Full supervisory financial reporting) or partially (Simplified supervisory financial reporting, Over-simplified supervisory financial reporting, and Supervisory financial reporting data points) depending on the status and significance of the institution (i.e. SI or LSI). Since according to the criteria of the ECB Regulation, no institution under Belgian law is currently subject to all of the FINREP tables (Full supervisory financial reporting), the Bank has decided, at this stage, to limit the mapping to those tables under "simplified reporting" (Simplified supervisory financial reporting) as included in table 2 of Annex I of the ECB Regulation. Simplified reporting is a reduced set of tables in Annex IV of Regulation No 2021/451 of the European Commission. The Bank will subsequently assess the need to extend the mapping to full FINREP reporting.

On this basis, the first tab (Index) of the attached Excel file identifies with red highlighting those FINREP tables which should not be reported under simplified reporting as defined by the ECB (and are therefore not included in the mapping). Those that are not highlighted in red should in principle be reported under simplified reporting<sup>15</sup> (see below).

Within the tables themselves, some cells (row/column) are also highlighted in red because they do not correspond to any BGAAP data (see below). These cells should not be reported, even though the table as such is required under simplified reporting (and is therefore not highlighted in red in the Index tab<sup>16</sup>).

The information to be reported under "over-simplified reporting" and "FINREP data points" is as listed respectively in Annex II (table 4) and Annex V of the ECB Regulation. The instructions in this circular are, where relevant, also applicable under "over-simplified reporting" and "FINREP data points."

<sup>15</sup> Note that in the tables provided by the ECB some cells are already "greyed out" prior to mapping. These cells must not be reported either.

<sup>16</sup> E.g. table 4.7 and 4.8.

### **3.2 Approach adopted in the mapping**

Article 1, paragraph 5, of the ECB Regulation indicates that the Regulation shall not affect the accounting standards applied by supervised groups and entities in their consolidated accounts or annual accounts. Therefore information related to valuation rules, including methods for estimation of credit risk losses, which exist under the relevant accounting standards, should not be modified.

It follows that the mapping only shows the link to be made between the data required under FINREP on an individual basis and the corresponding data in BGAAP, specifically Schema A data. In this context, the mapping does not indicate how data prepared under Belgian GAAP could be modified to match the specific IFRS concepts, as that IFRS concept has no equivalent in Belgian GAAP. Any FINREP data that specifically reflect IFRS concepts should therefore not be reported (e.g. the "Fair Value through Other Comprehensive Income" caption)<sup>17</sup>. Therefore those rows and columns that are highlighted in red in the attached tables are FINREP data that should not be provided as they are incompatible with the Belgian accounting framework. Accordingly, such captions are not available in the Belgian taxonomy which can be found as usual on <http://www.nbb.be/OneGate>, then "documentation" and finally "Domaine MBS - XBRL rapports: COREP, FINREP, B2P2,..."

Some data required under FINREP<sup>18</sup> on an individual basis have no counterpart in Schema A under BGAAP, although they are not related to IFRS concepts or rules. This is the case e.g. for tables 18 and 19. Although without any counterpart, at this stage, in Schema A under BGAAP, these data will have to be reported within FINREP on an individual basis. Data that have no counterpart in Schema A under BGAAP are not included in this mapping and should be developed and reported in accordance with the FINREP instructions as provided in Regulation (EU) No 2021/451.

In accordance with the principles set out above, the BGAAP data of Schema A should not be restated on an IFRS basis. They will, however, where relevant, be combined or broken down in order to fit the captions and sub-captions required under FINREP on an individual basis. The mapping covers such combinations and breakdowns where necessary to complete FINREP on an individual basis and shows them in the attached tables as shaded cells (in the "Mapping BE" column).

### **3.3 Further explanation and instructions**

#### *a) Organisation of the mapping tables*

The sheet entitled "Comments" lists a set of general remarks and conventions to be followed in completing the FINREP tables. The sheets that follow it each correspond to a table (or set of tables) provided for under FINREP on an individual basis.

In the mapping tables 1.1, 1.2, 1.3 and 2, the 'Comments' column explains technical details related to the mapping exercise within Schema A. The 'Mapping BE' column contains the exact references of the items to be considered in Schema A (table number / line number / column number). The 'Rationale' column refers to items of Schema A which should be subtracted from a FINREP cell to be included in another cell.

The captions for which the mapping indicates "XXX" are residual captions to be used for items or transactions not provided for elsewhere (inter alia table 2.2, row 0220, and table 16.1, row 0150). The captions for which no mapping indication is given are to be completed on a best efforts basis according to any relevant factual information (e.g. table 14 on the fair value hierarchy, or the "general allowance" in table 12).

<sup>17</sup> Note also that Annex IV of Regulation No 2021/451 addresses this by adding to the typically IFRS captions (such as AFS) captions that better correspond to the accounting concepts and rules under bank accounting Directive 86/635/EEC.

<sup>18</sup> Tables and instructions.

b) Specific conventions for the balance sheet (tables 1.1, 1.2 and 1.3)

**Clean/dirty price.**

The dirty price approach will apply to the treatment of all financial assets and liabilities, including derivative instruments (see below). This approach follows upon the adaptations within the FINREP instructions that were made as a consequence of Regulation (EU) No 2021/451 (as subsequently amended).

**Derivatives.** Derivatives should be divided between "Derivatives hedge accounting" and "trading financial assets/liabilities" according to whether or not they qualify as hedging instruments pursuant to Belgian accounting standards and/or under an exemption, as granted by the Bank, from Article 36 bis of the Royal Decree of 23 September 1992 on annual accounts. Derivatives will be valued on the balance sheet according to this classification, incorporating any accrued interest (dirty price approach). Accrued interest must however be identified and included separately in the statement of profit or loss (table 2) pursuant to FINREP. In line with the approach adopted for the balance sheet statement, accrued interest will on the other hand be included in the "carrying amount" rows/columns (dirty price) provided in the attached tables 4 and following.

Derivatives-Hedge Accounting items include, in addition to assets considered under IFRS to be derivatives for hedge accounting, the (effective) Banking Book Derivatives that are recorded under NGAAP (based on the BAD)<sup>19</sup>. The Banking Book Derivatives under NGAAP (based on the BAD) can be included as Hedge Accounting Instruments if they are compliant with the NGAAP rules<sup>20</sup>.

A distinct reflection of interest rate risk hedging instruments is needed specifically for interest income and charges in the income statement (table 2). Practically, this means that in FINREP table 2, interest income and charges from derivatives recognised as hedging instruments for interest rate risk (as referred to in Article 36bis as well as instruments meeting the requirements for derogation laid down in Article 36bis of the Royal Decree of 23 September 1992) should be included respectively in "Derivatives-Hedge Accounting, interest rate risk" in rows 0070 & 0130 of table 2. In order to be able to also reflect distinctively in FINREP table 16 such interest income and charges from those hedging instruments, these income and charges should be included in row 0250 of table 16 "Derivatives-Hedge Accounting, interest rate risk".

**Provisions for credit risk, FGBR and ISF.** In Schema A, the fund for general banking risks (FGBR) and the internal security fund (ISF) are mentioned separately in liabilities, under caption 250 (254, Contingency Fund). The same approach was adopted for mapping to FINREP on an individual basis. The FGBR should thus be included in row 0175 of FINREP table 1.2 and the ISF in row 0230 of FINREP table 1.2.

It follows that the net carrying amount of 'non-trading non-derivative financial assets measured at a cost-based method' will include (with a negative sign) provisions and/or impairments on these assets<sup>21</sup>, but not the FGBR or the ISF.

Similarly, in the attached tables, the concept of impairment does not include the FGBR or the ISF and is limited to provisions/impairments deducted from equity in the balance sheet statement. Moreover, the FGBR and the ISF will be included in table 12 in row 0500 "General allowance for

<sup>19</sup> Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions. BGAAP are NGAAPs based on BAD.

<sup>20</sup> This concerns derivatives that under the Royal Decree of 23 September 1992 are recognised as derivatives in hedging transactions in accordance with Articles 36 and 36bis and the derivatives that meet the requirements for derogation under Article 36bis as determined by the NBB.

<sup>21</sup> Perpetual loans must, in accordance with Article 35ter, § 6, of the Royal Decree of 23 September 1992 on annual accounts, be subject to impairments in case of durable depreciation; this is the case where there is a difference between the acquisition cost and the lower market value. Such loans shall therefore be classified as "non-trading debt instruments measured at a cost-based method" under FINREP.

banking risk<sup>22</sup>" and should not be considered as a "general allowance for credit risk" (general provision) as provided for in table 12 (or table 4.9).

Amounts included in item "Provisions for other risks and charges" of Schema A, table 00.20, line 253.5 should as much as possible be broken down per instruments over FINREP tables 1.1 and 1.2. Schema A item "Provisions for other risks and charges" shall be broken down in FINREP table 1.2 over rows 0180, 0190, 0200, 0210, 0230 and line 0360 in table 1.1. Such allocation shall be carried out only where the amounts included in this item of Schema A relate to items within the FINREP tables. If there is no correspondence between the amounts included in Schema A and the items within the FINREP tables, the amount for "Provisions for other risks and charges" (Schema A, table 00.20, line 253.5) shall remain entirely under row 0230 "Other provisions", table 1.2.

**Repurchase agreements.** In Schema A, "Debts from borrowings with secured guarantees by rediscounting of or repurchase agreements in respect of trade bills" used to be included in a separate item within the balance sheet liabilities, namely line 222.11. According to Regulation (EU) 1071/2013 of the ECB of 24 September 2013 concerning the balance sheet of the monetary financial institutions sector, "Deposits" also includes repos. The same approach has been adopted for the purpose of the mapping to FINREP on an individual basis. "Debts from borrowings with secured guarantees by rediscounting of or repurchase agreements in respect of trade bills" should therefore be included under "Deposits", row 0142 of FINREP table 1.2. "Debts from borrowings with secured guarantees, miscellaneous" (Schema A, table 00.20, line 222.12) also includes debts from inter alia leasing transactions. According to Regulation (EU) 1071/2013 of the ECB, such miscellaneous debts do not belong under "Deposits". As a result, such miscellaneous debts should be included under "Other Financial Liabilities", row 0144 of FINREP table 1.2.<sup>23</sup>

c) *Specific conventions for the statement of profit or loss (table 2)*

**Amortisation of differences between nominal and redemption value (premiums/discounts) of loans and securities, as well as commissions** on credit lines accounted for in section 411.2 of Schema A should be included in the interest.

In FINREP on an individual basis, **negative interest** on financial instruments in table 2 is treated separately from ordinary interest. Interest income on the institution's liabilities instruments should be included in FINREP table 2, row 0085 "Interest Income on Liabilities". Interest expense on the institution's assets instruments should be included in table 2, row 0145 "Interest Expense on Assets".

Interest on **hedging derivatives** should also be included in the rows provided for *Interest income/Interest expense*. More specifically, interest income and expense for "Derivatives-Hedge Accounting, interest rate risk" should be included respectively in rows 0070 and 0130 of table 2 (see above). *Marked to market* items, on the other hand, should be included in row 0300 "Gains or (-) losses from hedge accounting, net".

Interest on **trading derivatives** should be reported in interest income in rows 0010 or 0100 of FINREP. Just as in the consolidated FINREP, premiums/discounts and other amortised items should also be included in these rows. *Clean marked to market* should be reported in row 0285 of FINREP.

<sup>22</sup> To be subdivided between *Debt securities* and *Loans & Advances* where the information is available and can be identified as such in the accounting systems of the institution.

<sup>23</sup> In the first version of the mapping, repurchase agreements with non-credit institutions were included in FINREP table 1.2 under row 0144 "Other Financial Liabilities". In FINREP table 8, however, such repurchase agreements were included in the "Deposits" category (rows 0150, 0250, 0300 and 0350). This inconsistency was rectified in the adapted version of the mapping, so that repurchase agreements should now equally be included under "Deposits" in row 0142 in FINREP table 1.2.

## Treatment of contributions to the Resolution Fund and the Deposit Guarantee Fund.

Schema A includes a limited reference to these contributions, in particular under “Deposit protection scheme” (Schema A, table 00.20, line 221.8)<sup>24</sup> as well as in the income and expenses captions “Other operating income”<sup>25</sup> (Schema A, table 00.40, line 417.2) and “Other administrative expenses”<sup>26</sup> (table 00.50, line 516.23).

Under FINREP, contributions to resolution funds and deposit guarantee schemes should, from June 2020, in accordance with FINREP instructions (Annex V to the EBA ITS), be reported in table F2 in row 0385 “Cash contributions to resolution funds and deposit guarantee schemes” when these contributions are paid in the form of cash. However, if these contributions are made in the form of a payment commitment, they should be reported in row 0435 “Payment commitments to resolution funds and deposit guarantee schemes”. It is not recommended to use this last option under BGAAP.

For the mapping, it was therefore decided to enter the amounts in the income and expenses captions of Schema A (i.e. “Other operating income” (line 417.2) and “Other administrative expenses” (line 516.23)) which relate to the contributions made by the institution in the context of deposit protection schemes, in FINREP table F2 in row 0385 “Cash contributions to resolution funds and deposit guarantee schemes”. Additionally, all other contributions to resolution funds and deposit guarantee schemes that are not covered by these Schema A captions should also be included in the FINREP reporting in line 0385 “Cash contributions to resolution funds and deposit guarantee schemes”.

**Gains or losses on assets and liabilities not measured at fair value through profit or loss** should be included in row 0220 of FINREP - including results on the sale of credit portfolios, also through securitisation schemes. Revaluation at fair value of these assets should be reported on line 0295 of FINREP.

**Results on precious metals** (Schema A, caption 414.5) - with the exception of results from derivatives - should be reported in rows 0340 and 0350 of FINREP. Similarly, precious metals (Schema A, caption 141) should be included in “other assets” (caption 360 of Schema A on a solo basis).

**Foreign exchange gains** recorded under Schema A caption 414.11 must be reported in row 0310 of FINREP. Other foreign exchange gains included in captions of Schema 414.1X should be reported in row 0285 (trading) of FINREP.

By convention, row 0370 of FINREP (**Staff expenses**) should show only staff charges included in caption 514.9 of Schema A. Thus provisions for pensions included in the total shown in caption 517.49 of Schema A will be reported in row 0450 “Other provisions” in FINREP on an individual basis as it is a provision account to be constituted and subsequently written back.

**Extraordinary results.** FINREP on an individual basis requires separate disclosure of tax expenses and income relating to extraordinary results and tax expenses and income relating to the results of “continuing operations”. Such a distinction is not provided for under Belgian accounting law. The institutions concerned should as much as possible identify tax expenses and income relating to extraordinary results (to be included in row 0634 of FINREP) and allocate the balance of tax expenses and income to row 0620 of FINREP. Where such a distinction cannot be made, total tax expenses and income (cumulated captions 430 and 530 of Schema A) should be reported in the row for tax expenses and income relating to continuing operations (row 0620 of FINREP).

**Result / Interim Dividends.** According to the FINREP instructions as published in EU Regulation 2021/451, the amount for “Profit or loss for the year” in FINREP table 1.3 is shown as *prior to* appropriation. This is in contrast with Schema A where the amount for “Profit or loss for the year” (Schema A, table 00.20, line 286) is shown in the balance sheet as *after* appropriation. In order to follow the FINREP presentation rules, and to avoid issues with validation rules, we would recommend

<sup>24</sup> This caption of Schema A is supposed to be empty under BGAAP rules.

<sup>25</sup> These amounts relate to the repayment of contributions made by the institution in the context of deposit protection schemes.

<sup>26</sup> These amounts relate to the contributions paid by the institution in the context of deposit protection schemes.

showing the amount for “Profit for the year available for appropriation” (line 560, table 00.50, Schema A) both in the Equity table (table 1.3, row 0250) and in the income statement (table 2, row 0690) under “Profit or loss attributable to owners of the parent”. For “Interim dividends”, in FINREP table 1.3 (row 0260), one should include the amount corresponding to the interim dividend shown in Schema A item “Dividends” (line 661).

#### 4 Practical details for reporting

Data shall be reported through the Bank’s OneGate application in **euro units**, in accordance with the **frequencies** and **formats** prescribed by the ECB Regulation.

The **reporting remittance dates** are as provided for in Article 3 of Commission Implementing Regulation (EU) No 2021/451.

Tables and cells that are highlighted in red in the attached Excel file should not be reported. Certain cells in the attached tables that were already greyed out in the tables in Annex IV of Regulation (EU) No 2021/451 as shown in the ECB Regulation should not be reported either. With a view to facilitating reporting, only those tables and cells to be reported will be available in the OneGate application.

The **Belgian taxonomy** and **Belgian protocol** can be found on the Bank’s website: "http://www.nbb.be/OneGate", then "documentation" and finally "Domaine MBS - XBRL reports: COREP, FINREP, B2P2, ..."

A copy of this circular is being sent to the auditor(s) of your company or institution.

Yours faithfully

Pierre Wunsch  
Governor

Annex: 1