

2017.09.13

**FBF RESPONSE TO THE EBA CONSULTATION ON GUIDELINES ON UNIFORM DISCLOSURES UNDER THE PROPOSED DRAFT ARTICLE 473a, PARAGRAPH 8, OF REGULATION (EU) No 575/2013 AS REGARDS THE TRANSITIONAL PERIOD OF MITIGATING THE IMPACT ON OWN FUNDS OF THE INTRODUCTION OF IFRS 9**

*The French Banking Federation (FBF) represents the interests of the banking industry in France. Its membership is composed of credit institutions authorized as banks and doing business in France, i.e. more than 370 commercial, cooperative and mutual banks. FBF member banks have more than 37,500 permanent branches in France. They employ 370,000 people in France and around the world, and service 48 million customers.*

The FBF welcomes the opportunity to provide comments on the above-mentioned draft Guidelines.

While we understand the need to disclose information regarding the impact of transitional arrangements for the implementation of expected loss accounting on banks' regulatory capital and leverage ratio, we question the relevance of adding granular information related to the impact of IFRS 9 on RWAs.

Currently, the RWAs are going to evolve following coming changes initiated by the Basel Committee for Banking Supervision and following revision of CRR /CRD. Moreover, the long term regularity treatment of provisions is also under review. So these forthcoming legislative or regulatory changes will modify the RWAs of a same risk exposure during the transitional period. Thus, it would be more difficult to provide consistent and comparable RWAs information.

The development of the business activities bring naturally changes in RWAs that would be burdensome to isolate and distinguish, without undue costs and efforts, from the impact of IFRS 9 transitional arrangements on RWAs.

Furthermore, requiring additional explanations of the changes to RWA would add complexity to the calculation of the metrics while the proposed draft of article 473a paragraph 7 of the CRR has proposed a simplified way of calculating the credit risk adjustments applied to exposures.

Besides, the EBA draft guidelines refer to the "Pillar 3 requirements – consolidated and enhanced framework" issued by the BCBS on March 2017. However, the BCBS standard requires only quantitative information on the impact of the IFRS 9 transitional arrangement, excluding narrative explanations of changes and significant events. Providing the amounts of the transitional adjustments to own funds to users of information – i.e. investors and shareholders – is far more relevant than providing greater granularity on information of transitional adjustments on RWAs.

Accordingly, we consider that narrative and quantitative information related to explanations of the changes to RWA that are due to the IFRS 9 transitional arrangements should be deleted (cf EBA/CP/2017/11 page 12 *“Accompanying narrative: Institutions should also provide explanations of the changes to RWA and leverage exposure measure that are due to the application of the IFRS 9/analogous ECLs transitional arrangements, where these changes are material.”*)

Concerning the time dimension, we do not consider appropriate to extend the time series up to four times a year. Thus, we suggest that banks disclose comparative information for one reference date per year. We believe it would be consistent with the EBA's guidelines on disclosure requirements for RWAs under part eight of Regulation (EU) No 575/2013 (cf. page 57 of EBA/GL/2016/11: *“RWAs (T-1): RWAs as disclosed in the previous interim period. As template EU OV1 is required to be disclosed with quarterly frequency, the RWA (T-1) figure should be the figure disclosed at the end of the previous quarter.”*)

We hope these comments will be helpful and we stay at your disposal for further information if considered necessary.