

BANKING RULE BR/23

REPORTING AND DISCLOSURE OF EXPOSURE SUBJECT TO
MEASURES APPLIED IN RESPONSE TO THE COVID-19 CRISIS

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REVISIONS LOG

VERSION	DATE ISSUED	DETAILS
1.00	06 July 2020	Issuance of the New Banking Rule on Reporting and Disclosure of Exposures subject to Measures applied in response to COVID-19

REPORTING AND DISCLOSURE OF EXPOSURES SUBJECT TO MEASURES APPLIED IN RESPONSE TO THE COVID-19 CRISIS

1. Introduction

1. In terms of Article 4 of the Banking Act (Cap. 371 of the Laws of Malta) (the 'Act'), the Malta Financial Services Authority (the 'Authority') as appointed under Article 3(1) of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta) is empowered to make Banking Rules as may be required for carrying out any of the provisions of the Act. The Authority may also amend or revoke such Banking Rules. The Banking Rules and any amendments or revocation thereof shall be officially communicated to credit institutions and the Authority shall make copies thereof available to the public.
2. In accordance with Article 4(7) of the Act, the Authority may make, amend or revoke Banking Rules as may be required for the purpose of implementing any guidelines, recommendations, decisions, opinions or any other instrument issued by the European Banking Authority (the 'EBA').
3. This Rule is being introduced in light of measures that have been taken both at European Union level and at national level to address and mitigate the negative economic consequences of the COVID-19 pandemic. The Authority considers that the monitoring of the application of the measures by credit institutions is crucial for the purposes of risk analysis of individual credit institutions and for the overall financial stability. Since the existing supervisory reporting requirements do not include the information necessary for the monitoring of such measures applied in response to the COVID-19 crisis, this Rule lays out the additional reporting and disclosure requirements that are considered necessary during the crisis.

2. Scope and Application

4. The scope of this Rule is to adopt and implement the requirements specified in the [EBA Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis](#) (EBA/GL/2020/07) issued on the 2 June 2020 (hereinafter referred to for the purposes of this Rule as the 'EBA Guidelines').
5. This Rule applies to credit institutions, as defined in Article 2(1) of the Act.

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6. This Rule applies to all exposures referred to in Annex V of Commission Implementing Regulation (EU) No 680/2014¹, where these exposures are:
 - a. subject to the prudential treatment set out in the Moratorium on Credit Facilities in Exceptional Circumstances Regulations, 2020 (L.N. 142 of 2020) and the Central Bank of Malta (CBM) Directive No. 18 on Moratoria on Credit Facilities in Exceptional Circumstances (hereinafter referred to for the purposes of this Rule as the 'CBM Directive No. 18') ;
 - b. subject to other COVID-19-related forbearance measures, where applicable; or
 - c. newly originated and subject to the Malta Development Bank (MDB) COVID-19 Guarantee Scheme introduced in Malta in response to the COVID-19 crisis.
 7. Without prejudice to paragraph 21, sections 4 and 5 of this Rule shall be applied at the individual, sub-consolidated and consolidated level, as set out in Part One, Title II of Regulation (EU) No 575/2013 (the 'CRR').
 8. This Rule specifies the content and uniform formats which the Authority when exercising its supervisory powers for reporting on exposures in terms of paragraph 6.
 9. Furthermore, this Rule specifies the content and uniform formats required by the Authority when exercising its supervisory powers for the disclosure of exposures in terms of paragraph 6 (a) and (c).

3. Definitions

10. Unless otherwise specified, terms used and defined in the Act, the CRR, Annex V of Commission Implementing Regulation (EU) No 680/2014 and in the EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in light of the COVID-19 crisis shall have the same meaning in this Rule.

4. Reporting of exposures subject to payment moratoria, other COVID-19-related forbearance measures and public guarantees

11. Credit institutions shall report exposures that are subject to payment moratoria in accordance with the Moratorium on Credit Facilities in Exceptional Circumstances Regulations and the CBM Directive No. 18.

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

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12. Credit institutions shall report exposures that are subject to forbearance measures introduced in response to the COVID-19 crisis.
 13. Credit institutions shall report newly originated exposures subject to the MDB COVID-19 Guarantee Scheme.
 14. Without prejudice to paragraph 21, credit institutions shall report the data set out in paragraphs 11, 12 and 13 and pursuant to the template set out in Annex 1, in accordance with the instructions set out in Annex 2 on a monthly basis and in line with the following reference and remittance periods:
 - a. reference reporting: on the last day of each month; and
 - b. remittance reporting: 42 calendar days following each reporting reference date specified in sub-paragraph (a) above.
 15. Credit institutions shall submit the data by close of business of the above remittance periods. Where the remittance day falls on a weekend or a public holiday in Malta, the data shall be submitted on the following working day, unless otherwise directed by the Authority or by the European Central Bank (ECB).
 16. The reporting reference and remittance periods referred to in paragraph 14 shall apply unless credit institutions are otherwise directed by the Authority or by the ECB.
 17. Any corrections to the submitted data shall be submitted to the Authority without undue delay.
 18. Credit institutions shall submit the information referred to in this Rule in the data exchange formats that facilitate the transfer and aggregation of such data at national and European Union levels. Furthermore, credit institutions shall employ practices that safeguard the confidentiality of the said information. Credit institutions shall respect the data point definition included in the data point model referred to in Annex XIV and the validation formulae specified in Annex XV of Commission Implementing Regulation (EU) No 680/2014, as well as the following specifications:
 - a. information that is not required or not applicable shall not be included in a data submission;
 - b. numeric values shall be submitted as facts according to the following:
 - i. data points with the data type 'Monetary' shall be reported using a minimum precision equivalent to thousands of units;
 - ii. data points with the data type 'Integer' shall be reported using no decimals and a precision equivalent to units.

19. Credit institutions shall associate the data submitted in accordance with paragraphs 11, 12 and 13 with the following information:

- a. reporting reference date and reference period;
- b. reporting currency;
- c. accounting standard;
- d. identifier of the reporting credit institution;
- e. level of application as individual or consolidated.

5. Disclosure of exposures subject to payment moratoria and public guarantees

20. Credit institutions shall disclose information on exposures subject to Moratorium on Credit Facilities in Exceptional Circumstances Regulations and the CBM Directive No. 18. and on newly originated exposures subject to public guarantee schemes, in accordance with the templates set out in Annex 3. Disclosure shall take place bi-annually, with the reference date as of 30 June and 31 December.

6. Proportionality

21. To ensure the proportional application of the reporting and disclosure requirements set out in this Rule, the Authority may – having regard to the size, nature, scope, complexity of activities and risk profile of credit institutions under its remit, to the specificities of the banking sector and to the impact of the COVID-19 crisis – consider the application of the following for one or more credit institutions under its remit:

- a. waive the application of paragraphs 11 to 13 at the individual level for credit institutions which submit their information under the Common Reporting (COREP) framework and the Financial Reporting (FINREP) framework established under the CRR both on an individual and consolidated basis;
- b. require the application of paragraph 14 at different intervals, but at least on a quarterly basis, setting out the reference and remittance days for these intervals;
- c. waive the reporting of Tables 90.02, 90.03, 91.02, 91.03, 91.04, 92.01, 93.01 and 93.02 of the reporting templates set out in Annex 1 for credit institutions;

- d. waive the application of paragraph 20 for credit institutions that are not identified as global or other systemically important institutions;
 - e. require the application of paragraph 20 at the highest level of consolidation within Malta.
22. Credit institutions shall adhere to any ECB decision taken in accordance with paragraph 20 of the EBA Guidelines on the proportional application of the reporting and disclosure requirements with respect to those credit institutions.
23. Notwithstanding an ECB decision on the proportional application of the reporting and disclosure requirements with respect to a credit institution in line with the EBA Guidelines, the Authority may still apply the proportionality requirements listed in paragraph 21 with respect to such credit institution.

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