

28 October 2020

Circular to Credit Institutions on the EBA 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, and the amendments thereto

The Malta Financial Services Authority (the 'Authority') is issuing this circular to bring to the attention of all credit institutions licensed in terms of the Banking Act (Cap. 371 of the Laws of Malta) the [European Banking Authority \(EBA\) Guidelines \(EBA/GL/2018/01\) on uniform disclosures under Article 473a of Regulation \(EU\) No 575/2013 \(the 'CRR'\) as regards the transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds](#) (the 'EBA Guidelines'), as amended by the [EBA Guidelines \(EBA/GL/2020/12\) to ensure compliance with the CRR 'quick-fix' in response to the COVID-19 pandemic](#) (the 'amending EBA Guidelines').

The EBA guidelines set out a uniform disclosure template which credit institutions shall use when disclosing the information on own funds, capital and leverage ratios, with and without the application of transitional arrangements for IFRS 9 or analogous expected credit losses. The aim of the EBA Guidelines is to ensure consistency and comparability of the data disclosed by credit institutions during the transition to the full implementation of the new accounting standard and to foster market discipline.

In addition, on 11 August 2020, the EBA published the amending EBA Guidelines pursuant to the amendments made to the CRR through Regulation (EU) 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (the CRR 'quick-fix'). The latter Regulation introduces temporary measures in the CRR that are intended to enhance credit flows to companies and households. In addition, the CRR 'quick fix' introduces transparency requirements for credit institutions that decide to apply the temporary measures introduced by the regulation. The amending EBA Guidelines therefore provide clarity to credit institutions and users of information on the implementation of part of the disclosure requirements included in the CRR 'quick fix' and how credit institutions shall disclose the information required.

Credit institutions licensed in terms of the Banking Act are therefore being required to refer to these EBA Guidelines and the amending EBA Guidelines in fulfilling the relevant disclosure requirements that fall within the scope of these EBA Guidelines and the amending EBA Guidelines.