COREP & FINREP XBRL projects update

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XBRL Spain. Manager

Madrid, 2006-02-01
Agenda

1. COREP XBRL scope
2. COREP implementation model
3. Project timeframe
4. COREP & FINREP today
5. Next Steps
COREP concept: extension

COREP Templates
Today

Pillar I
Capital

Pillar II
Supervision

Pillar III
Market

Future templates?

COREP vs. Pillars
3 • COREP: Flexibility Principle

Basel II

Directives 2000/12 & 93/6

Country 1
Country 2
Country 3

FSA 1
FSA 2
FSA 3

Report 1
Report 2
Report 3

Country 25
FSA 25
Report 25

European Law
9X,XX% Basel II compatible

Transposition into national Legislation

National Regulation

National Implementation

XBRL challenge!
3 • COREP: Flexibility Principle

Flexibility

3 levels of flexibility (A, B & C)

A: data needed by all Supervisors.
B: specific to a country or a group of countries but integrated in the dictionary of common data.
C: data specific to a country or sector (leasing…). To be integrated when possible.
D: data outside COREP (credit register…)

Reporting CAD III
Depending on the national requirements each country will determine a framework and a level of detail.
**COREP concept: template**

**Template:** STANDARDISED APPROACH: CAPITAL REQUIREMENTS

<table>
<thead>
<tr>
<th>Exposure class:</th>
<th>Regional governments and local authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposure type:</td>
<td>Off-balance sheet items</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Dimension 3</th>
<th>Dimension 4</th>
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<tbody>
<tr>
<td>TOTAL</td>
<td>111111,11</td>
</tr>
<tr>
<td></td>
<td>222222,22</td>
</tr>
<tr>
<td></td>
<td>333333,33</td>
</tr>
<tr>
<td></td>
<td>444444,44</td>
</tr>
<tr>
<td>0%</td>
<td>555555,55</td>
</tr>
<tr>
<td>of which, past due</td>
<td>666666,66</td>
</tr>
<tr>
<td>without credit assessment by a nominated ECAI</td>
<td>777777,77</td>
</tr>
<tr>
<td></td>
<td>888888,88</td>
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</table>
**COREP concept: Data Matrix**

All the dimensions are optional!

<table>
<thead>
<tr>
<th>Data Matrix</th>
<th>Exposure Types</th>
<th>Exposure Classes</th>
<th>Risk Weights</th>
<th>SA Specific Exposure</th>
<th>Obligor Grade</th>
<th>2.5 Years Maturity</th>
<th>Equity Exposure</th>
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<tbody>
<tr>
<td><strong>SA</strong></td>
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<td>Slotting Criteria &amp; Equity Simple Risk Weight</td>
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<tr>
<td>1</td>
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<tr>
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</tr>
</tbody>
</table>
COREP taxonomy customisation requirements

- COREP defines a superset of possible reporting items.
- Each country has the right to choose the level of detail.
- The COREP framework must be highly flexible and extensible.
- To meet this goal the framework is as modular as possible.
### Customisation of Labels: I

**FIRB CRM**

<table>
<thead>
<tr>
<th>Exposure type:</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPOSURE CLASSES</th>
<th>ORIGINAL CREDIT &amp; COUNTERPARTY RISK EXPOSURE PRE CREDIT CONVERSION FACTOR</th>
<th>EXPOSURE AFTER NETTING AGREEMENTS</th>
<th>UNFUNDED CREDIT ADJUSTED VALUE (Ga)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

1. CENTRAL GOVERNMENTS AND CENTRAL BANKS

1.1 Regional governments and local authorities

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**German labels**

- **meaningful names of the items to be reported**
- **are used in reports to hide the technical name**
COREP implementation: Model

Bank

Risk Management
Operations
Counterparties
Collateral...

Errors to XBRL

Supervisor

Taxonomy XBRL

Internet

Supervision
Reports XBRL

Other data...

INDUSTRY

Reports from XBRL

other data...
**COREP implementation: Banks**

**Multiple implementation approaches:**

- **Small banks** may use Application Service Provider -ASP- model, outsourcing technical complexity.
- **Banks may report all to all** the Supervisors: Basel II & IFRS, Banking & Stock Exchange...
- **International Banks** may reduce supervisory burden when reporting to different countries.

![Diagram showing the relationship between different banks and supervisors.](image-url)
### Opportunity window

<table>
<thead>
<tr>
<th>2002</th>
<th>2003</th>
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<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
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</thead>
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Too early

Establishing:
- CEBS
- XBRL EU

Too late

Operational:
- Basel II
- IFRS/IAS
16 Dec. 2005 CEBS GUIDELINES ON FINANCIAL REPORTING
CEBS has published guidelines establishing a standardised financial reporting framework (FINREP) for credit institutions operating in the EU.

31 Dec. 2005 Dimensions 1.0 (Candidate Recommendation)
The Dimensions 1.0 Specification is a modular, optional extension to the XBRL 2.1 Specification which allows XBRL taxonomy authors to define and restrict dimensional information.

13 Jan. 2006 CEBS GUIDELINES ON COMMON REPORTING
CEBS has published guidelines on a common reporting framework (COREP) to be used by credit institutions and investment firms when they report their solvency ratio to supervisory authorities under the Capital Requirements Directive.
COREP past steps

- Preliminary Workshop: 04-09-23
- Kick off Workshop: 05-02-17
- 2nd Workshop: 05-04-18
- Boston Conference: 05-04-25
- 3rd Workshop: 05-09-15
- Tokyo Conference: 05-11-07

Organization

Proof of concept

Preproduction version 0.6.1

Tools

Production version 1.0
COREP & FINREP TODAY

COREP:
Production version 1.0 in advanced development. Starting quality review. Scheduled by end February.

FINREP:
Project team (BE, FR, ES) working actively. Results in weeks.

XBRL Tools: Being upgraded with the Dimensional Specification. Please ask for demos at the exhibition area.
Who is who

Chairmanship

Danièle Nouy, CEBS Chair, Secretary General French Banking Commission
José María Roldán, CEBS past Chair, Director General Bank of Spain
Pierre-Yves Thoraval, COREP Chair, French Banking Commission
Mark Pickeur, FINREP Chair, Belgium Banking Commission
Louis Matherne, XBRL Int’l Chair, Director American Institute of CPAs
Federico Florez, XBRL Spain CEO, IT Head Bank of Spain

FINREPM Giancarlo Pellizari – Belgium Banking Commission
Patrick Amis – Banque de France
Jacob Varela – Bank of Spain
Mark Creemens - National Bank of Belgium
COREP project team

Full time developers

Katrin Schmehl – Bundesbank
Daniel Hamm – Bundesbank
Panagiotis Voulgaris – Bank of Greece
Magdalena Llano – XBRL Spain

Support

Ignacio Boixo – Bank of Spain
Michele Romanelli – Bank of Italy
Fernando Wagener - Bank of Spain
Walter Hamscher - XBRL Int’l
Fernando Navarrete - Bank of Spain
Olivier Servais – XBRL in Europe
Ignacio Hernández-Ros – XBRL Int’l

Project Coordination
Data Modeling
Data Input & Mapping
Strategic Consultant
Business Relationship
Workshops & dissemination
Dimensions & Implementation

And many many more....
ORGANIZATION TODAY

CEBS:

Fully supporting XBRL Developments. Chairperson (Danièle Nouy) very active in promoting XBRL.

XBRL:

Fully supporting CEBS developments. Chairperson (Louis Matherne) facilitating Dimensions at our requirement.

SDMX:

Agreement with SDMX community (statisticians) for the shake of cooperation and coordination.
May 2006: 5th European Banking Supervisors XBRL Workshop
To be held in Madrid on 18 – 19 May 2005, included in the 13th XBRL International Conference entrance fee. Final COREP and FINREP XBRL taxonomies to be presented.

September 2006: 6th European Banking Supervisors XBRL Workshop
All the countries deciding implement XBRL will be working. Time for exchanging ideas and implementation issues.

December 2006: 7th European Banking Supervisors XBRL Workshop
Reporting will go “live” in 2007. Time for last-minute fine-tuning of the taxonomies. Scheduling of COREP XBRL upgrades and versioning. The future XBRL coordination will be determined.
Collaborative Tools

www.corep.info
www.finrep.info

http://finance.groups.yahoo.com/group/XBRL-COREP/

Conference Call every Thursday.
Time: 16:00 CET, 15:00 London, 10:00 Boston, 07:00 Seattle
Phone number: +34 91 983 857 Conference ID: 563 483
Supporting the royalty free use of XBRL on COREP & FINREP, an Intellectual Property Strategy is being implemented as a pre-emptive measure in the IT world.

Trademark: CEBS Secretariat Ltd. has applied for the name “COREP” according to European law. FINREP will follows soon...

Copyright: The deliverables the COREP XBRL Projects version 1.0 will be protected by copyright, owned by the CEBS Secretariat Ltd.
The real challenge is not the design of the taxonomy; a group of enthusiastic people is ready to carry out this job, as it has been demonstrated.

The real challenge is the real XBRL implementation.

The XBRL coordination among Supervisors is the critical success factor.
Thanks - Obrigado - Merci - Gracias
Danke - Grazie - Ευχαριστίες - Спасибо

Pieter Bruegel
The Tower of Babel. 1563