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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	17 March 2017
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
Subject:	Summary Compliance Report - ESRB Recommendation on funding of credit institutions (ESRB/2012/2)

Delegations will find attached document Delegations will find attached the Summary Compliance Report - ESRB Recommendation on funding of credit institutions (ESRB/2012/2).

Summary Compliance Report

March 2017

ESRB Recommendation on funding of credit institutions ESRB/2012/2

ESRB
European Systemic Risk Board
European System of Financial Supervision

Contents

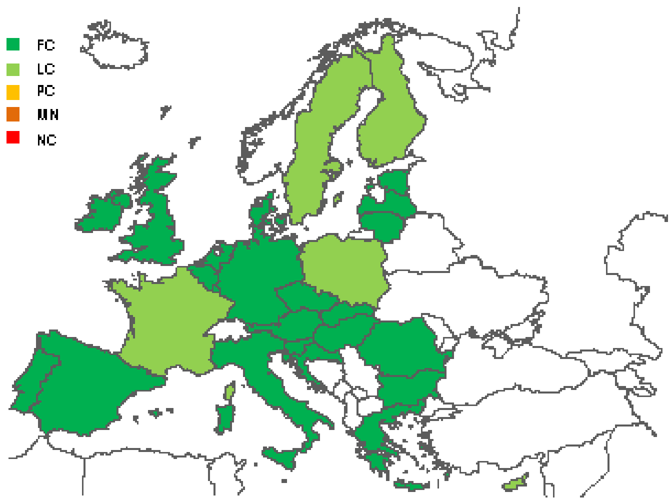
Introduction

The European Systemic Risk Board's (ESRB) Recommendations have no legally binding powers but are subject to an "act or explain" regime in accordance with Article 17 of ESRB Regulation[1]. This means that the addressees of the recommendations are under an obligation to communicate to the ESRB and EU Council the actions they have taken to comply with a recommendation or to provide adequate justification in the case of inaction.

This report provides an assessment of the implementation of the ESRB Recommendation on funding of credit institutions (ESRB/2012/2)[2] (hereinafter the "Recommendation"). It is the sixth summary compliance report on an ESRB Recommendation to be approved for publication by the General Board.

The chosen timeframe for the implementation of this Recommendation supported the addressees in their tasks. Recommendation 2012/2 was amended several times[3] to ensure the effective implementation by the addressees. In this respect, it must be noted that the ultimate scope of this assessment was to foster concrete regulatory and supervisory actions and to harmonise the monitoring of funding risks. A continuous dialogue with the addressees, also prior to the assessment, was essential for achieving this result. The different deadlines for the addressees to provide information on the level of implementation of the various parts of the Recommendation ranged from June 2014 to September 2016. The vast

Figure 1
Addressees' compliance with Recommendation ESRB/2012/2 on funding of credit institutions



The figure above shows the overall compliance grade for each addressee based on the relevant Member State.
The EBA and the ECB Banking Supervision are excluded from this illustration.

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[1] Regulation (EU) No 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board. OJ L 331, 15.12.2010, p. 1.

[2] Recommendation of the European Systemic Risk Board of 20 December 2012 on funding of credit institutions (ESRB/2012/2). OJ C 119, 25.4.2013, p. 1.

[3] Recommendation of the European Systemic Risk Board of 21 March 2016 amending Recommendation ESRB/2012/2 on funding of credit institutions (Recommendation ESRB/2016/2) and Decision of the European Systemic Risk Board of 16 September 2014 on the extension of certain deadlines set by Recommendation ESRB/2012/2 on funding of credit institutions (Decision ESRB/2014/4).

majority of addressees managed to implement the Recommendation by the relevant deadlines or through adjustments performed during the assessment phase. Indeed, while most of the information was provided by each deadline, using the relevant templates filled-in and submitted by the addressees, additional information was also obtained throughout the entire assessment process via bilateral contact between the Assessment Teams and the addressees.

The effectiveness of the assessment process is reflected in the high level of compliance of the addressees. Overall, the addressees were graded Fully (FC) or Largely Compliant (LC) with the Recommendation, as shown in Figure 1.

During this process, the Assessment Teams also identified a number of issues that did not fall entirely within the scope of the Recommendation. One major source of issues was the establishment of the Single Supervisory Mechanism (SSM), which took place during the assessment phase and which could not be fully foreseen at the time that the Recommendation was drafted. This report also provides a basis for the analyses and discussions of the issues identified.

This report presents: (i) the objectives of the ESRB Recommendation; (ii) the methodology used by the Assessment Teams; (iii) colour-shaded tables showing the results of each addressee for each recommendation; (iv) a summary of the level of implementation for each sub-recommendation, including a brief description of the main arguments that led to each grade; and (v) an analysis of the main findings of the Assessment Teams.

Section 1
Objectives of the ESRB Recommendation

The funding conditions for credit institutions have been significantly affected by the financial crisis. Credit and interbank markets have remained impaired as a result of the strong links between credit institutions and sovereign debt, as well as the uncertainties over asset quality and the sustainability of some credit institutions' business models. Credit institutions have responded to this situation by making changes to their funding structures and asset portfolios.

On 20 December 2012, the ESRB issued the Recommendation on funding of credit institutions (ESRB/2012/2). This Recommendation seeks to improve funding conditions and restore the resilience of credit institutions and confidence in them. The addressees of the Recommendation are the supervisory authorities, authorities with a macroprudential mandate and the European Banking Authority (EBA).

Recommendation A addresses the need for an effective supervisory framework for monitoring and assessing funding risks. Sub-recommendations A(1), A(2) and A(3) are addressed to the National Competent Authorities (NCAs). Under sub-recommendation A(1), supervisory authorities are recommended to intensify their assessments of the funding and liquidity risks incurred by credit institutions, as well as their funding risk management. Sub-recommendation A(2) focuses on the monitoring of credit institutions' public funding and the assessment of funding plans' viability based on public sources, while sub-recommendation A(3) addresses the analysis of the macroeconomic impact of credit institutions' funding plans, which requires supervisory authorities and macroprudential authorities to assess the effects of funding plans on the flow of credit to the real economy. Sub-recommendations A(4) and A(5) are addressed to the EBA. Sub-recommendation A(4) recommends to the EBA to develop guidelines on harmonised templates and definitions, with the purpose of facilitating the establishment of harmonised frameworks in all Member States as well as at Union level. Sub-recommendation A(5) recommends to the EBA to coordinate the assessment of funding plans at Union level. However, it should be noted that the assessment for this part of the Recommendation will be conducted only after the publication of this report.

Recommendation B concerns the risk management of asset encumbrance by credit institutions. In light of this, supervisory authorities were recommended to require institutions to put in place risk management policies targeting asset encumbrance issues under sub-recommendation B(1). Furthermore, under sub-recommendations B(2) and B(3) respectively, supervisory authorities were also recommended to require institutions to put in place contingency plans for asset encumbrance resulting from stress events, and to require institutions to put in place general monitoring frameworks that would provide management with timely information on the level of asset encumbrance.

Recommendation C deals with the monitoring of the level of asset encumbrance. Sub-recommendations C(1) and C(2) recommend to supervisory authorities to closely monitor the level, evolution and types of asset encumbrance as part of their supervisory process and to monitor and assess risks associated with collateral management and asset encumbrance, as part of the Supervisory Review and Evaluation Process (SREP). This assessment should take into account other risks, such as credit and funding risks, as well as mitigating factors, such as capital and liquidity buffers. Sub-recommendations C(3) and C(4) are addressed to the EBA, which is recommended to issue guidelines on harmonised templates and definitions that would facilitate the monitoring of asset encumbrance as well as closely monitor the level, evolution and types of asset encumbrance and unencumbered but encumberable assets at Union level.

Recommendation D requires the EBA to establish a market standard in terms of transparency and asset encumbrance. The aim of recommendation D is to address information asymmetry issues by establishing standard market practice for disclosing information on asset encumbrance in a clear, transparent and comparable way. In order to achieve harmonisation, the EBA was required to establish standard requirements to be implemented by all supervisory authorities.

Recommendation E addresses the need for high quality standards and harmonised rules with regard to covered bonds. In order to achieve this goal, the national supervisory authorities are recommended, under sub-recommendation E(1), to identify best practices regarding covered bonds and to encourage harmonisation of their national frameworks. Sub-recommendations E(2) and E(3) of the Recommendation recommend to the EBA to coordinate actions taken by national supervisory authorities and to issue guidelines or recommendations endorsing best practices, where deemed appropriate. In addition, sub-recommendation E(4) assigns to the EBA the role of assessing whether there are other instruments that generate encumbrance and that would benefit from the identification of best practices developed under sub-recommendation E(3).

Section 2
Methodology

The assessment followed the methodology provided in the Handbook on the assessment of compliance with ESRB Recommendations (hereinafter the ESRB Handbook).

In order to assess the addressees' implementation of the Recommendation, three assessment teams were established by the Advisory Technical Committee (hereinafter the "Assessment Teams"). The Assessment Teams were formed to correspond to the different deadlines and topics of the various recommendations. More specifically, the three Assessment Teams dealt with funding plans (recommendation A), asset encumbrance (recommendations B, C, D), and covered bonds (recommendation E), respectively. None of the team members was directly involved in grading the performance of the addressees of their own country of origin.

The Assessment Teams carried out their work from January 2015 to December 2016. In order to reflect the granularity of the sub-recommendations, the Assessment Teams agreed to adopt the detailed compliance criteria listed in the Annex of the Recommendation.

The compliance reports for each recommendation were prepared by the respective Assessment Teams on the basis of the addressees' own submissions to the ESRB Secretariat (i.e. responses to a set questionnaire covering each recommendation). The assessment of compliance was therefore initially based on data provided by the addressees. However, in most cases, the Assessment Teams also requested additional information through further communication and bilateral correspondence with the addressees.

For quality assurance purposes, a twofold approach was followed during the assessment. Each Assessment Team was divided into two groups, with the first group conducting its analysis of implementation on a horizontal basis (i.e. focusing on the assessment of the whole recommendation for certain addressees), and the second group following a vertical approach (i.e. focusing on the assessment of a single sub-recommendation for all addressees). Subsequently, the results of both groups were cross-checked in order to prepare the final version of each report. The principle of proportionality was duly taken into account throughout the process.

2.1 Grading methodology

In order to assign a single grade to each addressee, a five-step grading methodology was employed. This methodology is necessary to ensure full transparency of the single overall compliance grade and to allow for a high level of objectivity throughout the assessment process. At the same time, the process still allows for a high-level expert judgement which can easily be identified and reviewed, so as to understand the rationale behind certain overall grades.

Step I - When assessing compliance at the most granular level of each sub-recommendation, all assessment criteria are graded as levels of action (FC, LC, PC, MN, NC) or inaction (SE, IE).

Step II - Each compliance grade is then converted into a numerical grade (see the table below) in order to be weighted and aggregated.

Compliance grade	Numerical grade
Action	
FC	1
LC	0.75
PC	0.5
MN	0.25
NC	0
Inaction	
SE	1
IE	0

Step III - The grades for the single sub-recommendations are calculated as the weighted average of the numerical grades assigned in Steps I and II and in accordance with the weighting schemes agreed by each Assessment Team.

Step IV - Once the compliance grade for each sub-recommendation is determined, a final (overall) grade for the entire Recommendation (or, for the part of a Recommendation addressed to each addressee) is calculated using the weights assigned to each recommendation (A, B, C, D and E).

Step V - The final (overall) compliance grade is determined using the conversion table below.

Compliance grade	Numerical grade
FC	0.9-1
LC	0.65-0.9
PC	0.4-0.65
MN	0.15-0.4
NC	0-0.15

Grades and results are shown in the colour-shaded tables included in Annex III.

Principle of proportionality

In line with EU legislation, the ESRB Handbook recognises the prominent relevance of the principle of proportionality. In fact, it explains that an assessment takes account of the specificity of the risk targeted when assessing the adequacy of the national framework and the implementation of an ESRB recommendation.

In conjunction with the aim of achieving proportionality, the Assessment Team also took into account the legal powers of the addressees and the intensity of the risks targeted by the Recommendation. In this respect, the Assessment Team considered the new legal framework imposed on the countries participating in the Single Supervisory Mechanism (SSM), which, when the ESRB adopted its Recommendation, had not yet entered into force. Therefore, certain reporting guidelines have been issued in agreement with the European Central Bank (ECB) in its capacity as supervisory authority. These guidelines had not been developed when the Recommendation was issued but were only communicated at the beginning of this assessment in the context of the final reporting obligation. This assessment takes into account the absence of this information and draws some conclusions on the basis of direct contact with the addressees for additional data.

2.2 Weights

At an early stage of the assessment, the Assessment Teams assigned a specific weight to each assessment criteria, sub-recommendation and recommendation. This ensured a high level of transparency and objectivity throughout the entire assessment process. With regard to the recommendations addressed to the NCAs, the Assessment Teams assigned a prominent weight to recommendation A, while recommendation E was deemed less relevant (see the table below).

NCAs

Recommendation	Weight
A - A(1), A(2) and A(3)	0.40[4]
B	0.25
C - C(1) and C(2)	0.25
E - E(1)	0.10[5]

The relevance of the four recommendations addressed to the EBA were instead deemed more homogeneous, with only a small predominance of recommendations D and E compared to recommendations A and C.

[4] The weightings provided in the tables have been rounded up to the nearest decimal point based on calculated fractions (i.e. 2/5 = 0.40).

[5] Recommendation E is not addressed to the ECB. The relative weight is therefore equally split between Recommendations B and C for the ECB assessment.

EBA	
Recommendation	Weight
A - A(4)	0.20
C - C(3) and C(4)	0.20
D	0.30
E - E(2) E(3) and E(4)	0.30

The relative weights of each sub-recommendation are shown below. The specific weights of each assessment criteria are included in Annex III.

Recommendation A

The Assessment Team decided to assign a prominent weight (1/2 of recommendation A) to sub-recommendation A(1), thus meaning that the grading of sub-recommendation A(1) has a strong influence on the overall score of recommendation A.

Recommendation	Weight
A(1)	0.50
A(2)	0.25
A(3)	0.25

The Assessment Team did not assign any weights to sub-recommendations A(4) and A(5), since the latter will be assessed only in the course of 2017.

Recommendation B

The Assessment Team considered all sub-recommendations of recommendation B to be of equal importance and of equal weight. This weighting was used to calculate the overall grade for implementation by each individual addressee.

Recommendation	Weight
B(1)	0.33
B(2)	0.33
B(3)	0.33

Recommendation C

With regard to recommendation C, sub-recommendation C(1) is considered to play a prominent role in ensuring the overall efficacy of the recommendation, leading to a higher assignment of weight. The lower relevance assigned to sub-recommendation C(2) is justified in view of the fact that the monitoring of liquidity risk arising from asset encumbrance was already captured through the SREP. As a consequence, the difference between the addressees that were assessed as Fully Compliant (FC) and those that received a lower grade for the overall grade of recommendation C was largely dependent on the degree of compliance with sub-recommendation C(1).

Recommendation	Weight
C(1)	0.67
C(2)	0.33

Sub-recommendations C(3) and C(4), addressed to the EBA, were instead deemed to have an equal weight.

Recommendation	Weight
C(3)	0.50
C(4)	0.50

Recommendation D

Sub-recommendation D(1) requires the EBA to develop guidelines, whereas sub-recommendations D(2) and D(3) specify requirements related to the substance of the guidelines and the development process. As a result, sub-recommendations D(1), D(2) and D(3) were assessed as one, with the sole exception of sub-recommendation D(1)(a)(ii), which had to be assessed at a later stage.

Recommendation E

No weight needed to be assigned to sub-recommendation E(1) since it is the only one addressed to the NCAs.

Sub-recommendations E(2), E(3) and E(4), addressed to the EBA, were deemed to have an equal weight.

Recommendation	Weight
E(2)	0.33
E(3)	0.33
E(4)	0.33

Section 3
Colour-shaded table: overall grades

	A	B	C	D	E	Overall grade
BE	FC	FC	FC		FC	FC
BG	FC	FC	FC		SE	FC
CZ	LC	FC	LC		SE	LC
DK	FC	FC	FC		FC	FC
DE	FC	LC	FC		FC	FC
EE	FC	FC	LC		SE	FC
IE	FC	FC	FC		FC	FC
GR	FC	FC	FC		FC	FC
ES	FC	FC	FC		FC	FC
FR	LC	FC	FC		LC	LC
HR	FC	LC	FC		SE	FC
IT	FC	FC	FC		FC	FC
CY	FC	LC	LC		SE	LC
LV	FC	FC	FC		SE	FC
LT	FC	FC	FC		SE	FC
LU	FC	FC	FC		FC	FC
HU	FC	FC	FC		SE	FC
MT	FC	FC	FC		SE	FC
NL	FC	FC	FC		FC	FC
AT	FC	FC	FC		FC	FC
PL	FC	LC	LC		LC	LC
PT	FC	FC	FC		FC	FC
RO	FC	FC	FC		FC	FC
SI	FC	FC	LC		FC	FC
SK	FC	FC	FC		LC	FC
FI	FC	LC	FC		LC	LC
SE	LC	LC	LC		FC	LC
UK	FC	FC	FC		FC	FC
ECB	FC	SE	FC			FC
EBA	FC		LC	FC	FC	FC

FC	Fully Compliant
LC	Largely Compliant
PC	Partially Compliant
MN	Materially Non-compliant
NC	Non-compliant
SE	Inaction Sufficiently Explained
IE	Inaction Insufficiently Explained

Section 4
Level of implementation

On an aggregate level, the Assessment Team identified a high degree of compliance with Recommendation ESRB/2012/2. With regard to the parts of the Recommendation addressed to the NCAs, the results of the assessment show a high degree of compliance, with 23 addressees graded as Fully Compliant (FC) and the remaining six addressees regarded as Largely Compliant (LC). A similar result can be observed for the recommendations addressed to the EBA, which was assessed overall as Fully Compliant (FC).

A	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SK	SI	ES	SE	UK	ECB
A(1)	FC	FC	FC	FC	FC	LC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC
A(2)	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC
A(3)	LC	FC	FC	FC	FC	PC	LC	FC	LC	PC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	LC	FC	SE
B	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SK	SI	ES	SE	UK	ECB
B(1)	FC	FC	FC	LC	LC	FC	FC	FC	LC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	SE
B(2)	FC	FC	FC	LC	LC	FC	FC	LC	LC	FC	LC	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	LC	FC	SE
B(3)	FC	FC	FC	LC	LC	FC	FC	FC	LC	LC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	LC	FC	SE
C	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SK	SI	ES	SE	UK	ECB
C(1)	FC	FC	FC	FC	LC	LC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	LC	FC	LC	FC	FC
C(2)	FC	FC	LC	FC	LC	FC	FC	LC	LC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	LC	FC	LC	FC	LC
E	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SK	SI	ES	SE	UK	ECB
E(1)	FC	FC	FC	FC	FC	FC	FC	FC	LC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	LC	FC	FC	FC	FC	FC

NCAs	AT	BE	BG	HR	CY	CZ	DK	EE	FI	FR	DE	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SK	SI	ES	SE	UK	ECB
	FC	FC	FC	FC	LC	LC	FC	FC	LC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	LC	FC	FC

A	EBA
A(4)	FC
A(5) To be assessed after the end of March 2017	N/A
C	**EBA**
C(3)	LC
C(4)	LC
D	**EBA**
D	FC
E	**EBA**
E(2)	FC
E(3)	FC
E(4)	SE

EBA	EBA
	FC

The aggregated results for each recommendation and sub-recommendation can be found below, together with a description of the main reasons behind the assignment of the given grade.

4.1 Level of implementation of Recommendation A on the monitoring and assessment of funding risks and funding risk management by supervisors

Overall, the Assessment Team identified a high degree of compliance with recommendation A among the NCAs, with 26 addressees graded as Fully Compliant (FC) and three as Largely Compliant (LC).

A(1)	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
A(1)(a)(1)	FC	FC	LC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC
A(1)(a)(2)	FC	FC	LC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	LC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC
A(1)(b)	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC
A(1)(c)	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC
A(1)(e)	FC	SE	SE	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	SE	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC
A(1)(f)	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC
A(1)(g)	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC

With regard to sub-recommendation A(1), the Assessment Team found that there was a large degree of compliance for most countries. All addressees have been found Fully (FC) or Largely Compliant (LC). This was mainly due to the supervisory authorities' extensive assessments of the funding and liquidity risks incurred by credit institutions, as well as of their funding risk management.

A(2)	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
A(2)(d)(1)	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC
A(2)(d)(2)	LC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC
A(2)(g)	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC

Similarly, the Assessment Team considered all addressees to be Fully (FC) or Largely Compliant (LC) with sub-recommendation A(2). In most cases, largely compliant grades were based on the quality of the information made available to the Assessment Team. In accordance with the implementation standards prepared by the Assessment Team, a specific level of detail was required in the follow-up correspondence with the addressees. This was particularly important where the information was not made available in the reporting templates submitted by the addressees beforehand. The high level of monitoring of credit institutions' public funding and their viability was the main reason behind the high degree of compliance.

A(3)	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
A(3)(i)	FC	FC	PC	LC	FC	FC	FC	FC	FC	PC	FC	FC	FC	FC	FC	FC	FC	FC	LC	LC	FC	FC	FC	FC	FC	LC	LC	FC	SE
A(3)(ii)	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	SE

The assessment of sub-recommendation A(3) required the addressees to evaluate, on an aggregated basis, the impact of institutions' funding plans and business strategies on the flow of credit to the real economy. Two addressees were Partially Compliant (PC) with this sub-recommendation, mainly on the basis of an incomplete analysis and lack of complete information provided to the Assessment Team. Nevertheless, a vast degree of compliance with sub-recommendation A(3) can be observed for all other addressees, which were assigned a Fully (FC) or Largely Compliant (LC) grade. This was as a result of the analysis of the macroeconomic impact of credit institutions' funding plans on the flow of credit to the real economy conducted by the addressees.

With regard to the ECB in its capacity as supervisory authority (ECB Banking Supervision), the case was slightly different. With regard to the ECB's compliance with sub-recommendation A(3), it should be noted that the ECB is entrusted with limited macroprudential tasks, as set out by

Article 5 of Regulation (EU) No 1024/2013[6]. In particular, the ECB may apply higher capital requirements for capital buffers, including the CCyB (countercyclical capital buffer) rate. However, notwithstanding Article 5(5) of this Regulation, the macroprudential analysis required under recommendation A(3) seems to fall outside of the scope of the ECB's competencies. Specifically, the assessment carried out on an aggregated basis, of the impact of funding plans on the flow of credit to the real economy of each Member State, is not included among the tasks and tools mentioned in Article 5(5). As a result, the inaction of the ECB was deemed Sufficiently Explained (SE).

A(4)	EBA
Content	FC
Effect on A(1)(a)	LC
Effect on A(1)(b)	FC
Effect on A(1)(c)	LC
Effect on A(2)	FC
Effect on A(3)	FC

With regard to recommendation A, in particular sub-recommendation A(4), which is addressed to the EBA, the assessment found the addressee to be Fully Compliant (FC). This was mainly possible due to the appropriateness of the Guidelines issued by the EBA on 19 June 2014 (EBA/GL/2014/04) and the related Template, which was deemed granular enough to cover the information necessary to assess the institutions' funding structures. The overall grade for the EBA under recommendation A could, however, be affected by future changes, once sub-recommendation A(5) is assessed.

4.2 Level of implementation of Recommendation B on the risk management of asset encumbrance by institutions

Overall, the Assessment Team identified a high degree of compliance with recommendation B. The vast majority of addressees were assessed as Fully Compliant (FC), while only six were considered to be Largely Compliant (LC) and one was given the grade of Inaction Sufficiently Explained (SE).

[6] Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions. OJ L 287, 29.10.2013, pp. 63-89.

B(1)	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
B(1) Substance	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	LC	FC	LC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	FC	FC	SE
B(1) Awareness	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	LC	FC	LC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	FC	FC	SE
B(1) Status	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	SE

B(2)	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
B(2) Substance	FC	FC	FC	FC	LC	LC	FC	FC	FC	FC	LC	FC	LC	LC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	LC	FC	SE
B(2) Awareness	FC	FC	FC	FC	LC	LC	FC	FC	FC	FC	LC	FC	LC	LC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	LC	FC	SE
B(2) Status	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	SE

B(3)	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
B(3) Substance	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	LC	FC	LC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	LC	FC	SE
B(3) Awareness	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	LC	FC	LC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	LC	FC	SE
B(3) Status	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	SE

B	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	LC	FC	LC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	LC	LC	FC	SE

In the course of the assessment, the Assessment Team noted that some addressees had not taken specific actions to implement recommendation B. However, the Assessment Team also acknowledged that, in these cases, pre-existing regulatory frameworks on liquidity also tackled issues related to asset encumbrance. The Assessment Team also found that the absence of a regulatory framework which explicitly targeted asset encumbrance issues had a negative impact on achieving the objectives envisaged under recommendation B. Certain downgrades were made to that effect. Moreover, the Assessment Team found that, in a number of cases, regulatory frameworks implementing recommendation B were still at the draft stage (or were drafted but not yet adopted) at the time of the assessment and therefore the respective addressees were graded accordingly.

4.3 Level of implementation of Recommendation C on the monitoring of asset encumbrance by supervisors

Overall, the Assessment Team found a large degree of compliance with sub-recommendations C(1) and C(2). All of the NCAs to which these sub-recommendations were addressed were graded as either Fully (FC) or Largely Compliant (LC), with the justification for the six Largely Compliant (LC) grades based predominantly on the lack of details provided by the addressees on their data analysis.

C(1)	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
C(1) Content	FC	FC	LC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	LC	FC	FC	LC	FC	FC
C(1) Status	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC

While assessing the monitoring of asset encumbrance and collateral management required under sub-recommendation C(1), the Assessment Team assigned a Fully Compliant (FC) grade to 23 out of the 29 addressees and a Largely Compliant (LC) grade to the remaining six. In particular, the Assessment Team gave due regard to the information provided by the addressees on the data review reported under the new FINREP framework.

C(2)	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
C(2) Content	FC	LC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	LC	FC	FC	PC	FC	LC	LC	FC	LC
C(2) Status	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	FC	LC	FC	FC	FC	FC	FC	FC	FC	FC

On an aggregate level, the results were slightly lower for sub-recommendation C(2), with 20 addressees being graded as Fully Compliant (FC) and nine as Largely Compliant (LC). However, since this sub-recommendation was deemed to have a lower weight compared to sub-recommendation C(1), as is also specified in the methodology section, the overall results for recommendation C were not too significantly affected.

C(3)	EBA
Content	FC
Effect on C(1)	LC
Effect on C(2)	FC
Effect on C(4)	LC

In the course of the assessment of sub-recommendation C(3), the Assessment Team considered EBA's deliverables (EBA's Implementing Technical Standards (ITS) on Asset Encumbrance[7]). The Assessment Team concluded that the ITS corresponded to a great extent with the objectives of the sub-recommendation, with only some areas still requiring further improvement. As a result, the EBA's implementation of sub-recommendation C(3) was graded as Largely Compliant (LC).

C(4)	EBA
C(4) Content	FC
C(4) Status	LC

Finally, the level of compliance with sub-recommendation C(4) was deemed largely satisfactory. Overall, only minor shortcomings, namely, the lack of clear definitions of the "encumbrance ratio" and "unencumbered but encumberable assets" prevented the Assessment Team from giving the EBA a Fully Compliant (FC) grade.

Therefore, the EBA's overall level of compliance with recommendation C was Largely Compliant (LC).

4.4 Level of implementation of Recommendation D on the market transparency on asset encumbrance

The Assessment Team considered the 2014 EBA's Guidelines on disclosure of encumbered and unencumbered assets (also as updated in 2016) to be Fully Compliant (FC) with recommendation D.

D(1), D(2), D(3)	EBA
Content	FC
Appropriateness	FC

Minor discrepancies between the EBA Guidelines and the Recommendation were identified by the Assessment Team. However, these were not deemed to be material and therefore did not affect assigned to the EBA. The disclosure templates developed through the Guidelines contain information on encumbered and unencumbered assets by asset type, collateral received by institution by asset type, carrying amount of financial liabilities associated with encumbered assets/collateral received, as well as narrative information relating to the impact of institutions' business models on their level of encumbrance and the importance of encumbrance in their funding models.

7 EBA final draft implementing technical standards of 24 July 2014 on asset encumbrance reporting under Article 100 of the Capital Requirements Regulation (CRR).

4.5 Level of implementation of Recommendation E on the covered bonds and other instruments that generate encumbrance

Overall, the Assessment Team observed significant progress in the harmonisation of covered bond frameworks, significantly supported by the work of the EBA.

E(1)	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
Content	FC	SE	SE	FC	FC	SE	FC	FC	FC	LC	SE	FC	SE	SE	SE	FC	SE	SE	FC	FC	LC	FC	FC	FC	LC	LC	FC	FC
Status	FC	SE	SE	FC	FC	SE	FC	FC	FC	LC	SE	FC	SE	SE	SE	FC	SE	SE	FC	FC	LC	FC	LC	FC	LC	LC	FC	FC

The broad wording of sub-recommendation E(1) did not allow for a strict review of compliance and the level of implementation of the different NCAs was therefore graded via proxies. As a result, the Assessment Team found that only one-third of addressees took clear action to identify best practices and foster harmonisation at the national level. A further nine addressees, at the time of the assessment, already had in place a harmonised national framework for covered bonds, including best practices, which mostly or completely met the requirements of the sub-recommendation. In instances where the requirements of the sub-recommendation had been satisfied by past or recent actions, addressees were graded as Fully (FC) or Largely Compliant (LC) depending on the extent to which they had identified best practices and fostered harmonisation.

The majority of the addressees argued that they preferred a harmonised approach at the European level to unilateral national action, thus involving representatives from different Member States at the level of the EBA in accordance with sub-recommendation E(2). These addressees were, for the most part, actively involved in identifying best practices in coordination with the EBA and planned to re-evaluate the implementation of best practices and the harmonisation of their national laws based on the findings of the 2014 EBA report on EU covered bond frameworks and capital treatment (hereinafter the "EBA report"). Since the EBA report only became available shortly before the deadline for reporting on the implementation of sub-recommendation E(1), the addressees indicated that they could not conclude the full implementation in time. In these cases, where the addressees were duly justified, they were graded as Inaction Sufficiently Explained (SE).

Overall, 15 addressees were graded as Fully Compliant (FC), four as Largely Compliant (LC), and the remaining nine were assessed as Inaction Sufficiently Explained (SE). In the assessment, particular importance was given to identifying practices in either an existing covered bond framework, in another financial market or in the EBA report. In addition, the Assessment Team considered harmonisation to have been fostered also where an existing framework had implemented such practices. While more than two-thirds of addressees had either identified best practices or already had in place a harmonised framework, several addressees had not taken any clear action, thus calling for the establishment of a harmonised EU framework.

E(2)	EBA
E(2) Content	FC
E(2) Status	FC

The EBA report addresses in detail sub-recommendation E(2). The report provides a comprehensive overview of the EU national covered bond frameworks and identifies key features and practices defining a prudentially-sound covered bond market. In particular, the report outlines the principles of best practices in respect of the quality of cover pools, the segregation of cover pools, the insolvency remoteness of covered bonds, the asset and liability risks (affecting cover pools) and the disclosure of the composition of cover pools. For these reasons, the EBA was assessed as Fully Compliant (FC) with sub-recommendation E(2).

E(3)	EBA
E(3) Content	FC
E(3) Status	FC

In compliance with sub-recommendation E(3), the EBA had conducted a comprehensive analysis, assessing main market trends and latest regulatory developments since the 2014 EBA report. This analysis also included an assessment of the legal and regulatory covered bond frameworks in individual Member States, and in particular of the level of implementation of the 2014 EBA best practices under national frameworks. Based on this analysis, the EBA concluded that further legislative actions could be needed in the future. Consequently, the December 2016 EBA Report on Covered Bonds specifies additional recommendations for further harmonisation across covered bond frameworks in the EU. Given the granularity of the EBA monitoring in this field, which warranted specific actions to be taken in the context of the revision of the current framework on covered bonds, the Assessment Team considered the EBA as Fully Compliant (FC) with sub-recommendation E(3).

E(4)	EBA
E(4) Content	SE
E(4) Status	SE

The annual EBA Report on Asset Encumbrance illustrates the main sources of asset encumbrance across the EU, as required under recommendation E(4). At the same time, the report does not conclude, at this stage, that best practices are also required for repos or derivatives (which are among the main sources of encumbrance). Furthermore, the EBA did not see the need for developing best practices for OTC derivatives since these fall within the scope of the European Market Infrastructure Regulation (EMIR) and are therefore regulated at Union level. As for repo transactions, the EBA is awaiting the outcome of the ongoing processes at the FSB and the EU levels before taking any further actions. Consequently, the inaction of the EBA was deemed to be Sufficiently Explained (SE).

The resulting overall grade for the EBA under recommendation E is therefore Fully Compliant (FC).

Section 5
Main findings of the Assessment Teams

As mentioned in the previous sections, overall, the assessment revealed a high degree of compliance among the addressees with Recommendation ESRB/2012/2. Nevertheless, the Assessment Team identified some other unresolved issues related to the Recommendation albeit not entirely within its scope.

5.1 Addressees' interpretation of the Recommendation

In the course of its work, the Assessment Team responsible for the parts of the Recommendation dedicated to funding plans (i.e. sub-recommendations A(1), A(2) and A(3)) noticed the absence of some clear and uniform definitions. This did not directly affect the specific assessment process or grade of any given addressee, but was rather seen as a source of ambiguity for the entire group.

There are no clear or uniform definitions of either (i) innovative/deposit-like instruments or (ii) public funding. The ambiguity arose from the uncertainty as to whether definitions included in the EBA template were prescriptive or indicative. As a result, the addressees' analysis diverged on the instruments taken into consideration and therefore any uniform conclusions drawn could be misleading.

The Assessment Team observed a variation in addressee interpretation of the terms. In particular, it was unclear whether *deposit-like* instruments include "only" non-vanilla products or "also" typical products for institutional investors which are now also sold to conservative retail customers who may not be aware of their risk profile. At the same time, sources of public funding might include only central bank funds or also deposits from Treasury cash management, depending on the addressee's interpretation.

Different interpretations of the definition could lead to different results. The NCAs which primarily focused on the instructions provided read the definitions as *prescriptive* (sufficiently clear and dogmatic), which results in a narrow interpretation of the two definitions. By contrast, those NCAs which interpreted the definitions in the spirit of ESRB recommendations regarded them as *indicative*, resulting in a wider interpretation of the two concepts in question.

The lack of homogeneous statistics presented another element of ambiguity. The feasibility of making comparisons across countries was constrained by the low number of NCAs which provided quantitative data to support the low relevance of deposit-like instruments.

Further, the absence of a commonly agreed threshold set prior to the exercise showed different understandings on what is considered an "excessive" reliance on public funding. This is illustrated in the table below that shows that similar results (around 1%) are qualified as relevant by some NCAs whilst also considered as non-relevant by others

Table 1[8]

Addressees' own assessment of compliance with Recommendation ESRB/2012/2 on funding of credit institutions: definitions, monitoring and materiality of funding sources

	Innovative instruments			Deposit-like financial instruments		Public funding			
	Own definition	Ongoing monitoring	Materiality for the sector	Ongoing monitoring	Materiality for the sector	Own definition	Threshold for over-reliance	Ongoing monitoring	Materiality for the sector
BE	x	u	x	u	x	x	x	u	x
BG	x	u	x	u	x	u	x	u	0.3%
CZ	x	u	x	u	x	u	x	u	x
DK	u	u	0%	u	0%	u	x	u	x
DE	x	u	0.1%	u	0.3%	x	x	u	x
EE	u	u	x	u	0.5%	u	x	u	<1%
IE	x	u	0	u	38mn	u	x	u	1%
GR	x	u	0%	u	0%	x	x	u	u
ES	x	u	0.17%	u	<1%	u	x	u	3.6%
FR	x	u	x	u	<2%	u	x	u	x
HR	x	u	0.16%	u	0.2%	u	x	u	0.2%
IT	x	u	0.05%	u	0.42%	u	x	u	5%
CY	x	u	x	u	x	u	x	u	2bn
LV	u	u	0%	u	0%	u	x	u	1.1%
LT	u	u	0%	u	0%	u	x	u	0%
LU	x	u	0.12%	u	0.08%	u	x	u	1%
HU	u	u	x	u	x	u	x	u	4.5%
MT	x	u	x	u	x	x	x	u	x
NL	u	u	x	u	x	u	x	u	0.6%
AT	x	u	2%	u	0.92%	x	x	u	2.8%
PL	u	u	x	u	x	u	x	u	x
PT	x	u	x	u	x	u	x	u	7%
RO	x	u	1.6%	u	0%	u	x	u	0%
SI	x	u	x	u	x	x	x	x	2.5%
SK	u	u	5mn	u	<1%	u	x	u	<3.5%
FI	u	u	x	u	x	u	x	u	0.1%
SE	x	u	x	u	x	x	x	u	x
UK	x	u	x	u	<1%	x	x	u	1%
ECB	x	u	2.27%	u	3.48%	u	x	u	3.84%
Tot	9	29	0	29	0	21	0	28	7
Tot	20	0	29	0	29	8	29	1	22

u Yes

x No

[8] The table shows whether each addressee has its own definition of "innovative instruments" and "public funding" (yes/no); whether it has set a clear threshold to define over-reliance on public funding (yes/no); whether it performs an ongoing monitoring exercise on the level of "innovative instruments", "deposit-like financial instruments" and "public funding" (yes/no); and whether the current level (reported as a percentage, or as an absolute number, or not reported) of innovative instruments, deposit-like financial instruments and public funding is material (yes/no). The data was collected based on the addressees' own assessments.

A further issue was the unclear and incomplete definitions noticed by the Assessment Teams for recommendations B, C and D.

Given the absence of a clear definition of "unencumbered but encumberable" asset in the reporting templates, the reports rely on central bank eligibility as a proxy for the marketability of unencumbered assets. While this can be considered to be a fair proxy for marketability under stressed market conditions, it could be too narrow a criterion under normal conditions. Moreover, central bank eligibility may differ across jurisdictions. These limitations are mentioned in the reports.

Finally, another shortcoming relates to the definition of the main metric in the report, the asset encumbrance ratio. This definition does not allow for straightforward comparisons, because it combines different types of accounting values: for example, assets (encumbered as well as unencumbered) are included in the calculations by their carrying amounts, while collateral received (re-encumbered or available for re-encumbrance) is included by its fair value. The combination of several types of accounting values is used to reduce the reporting burden for the institutions, at the expense, however, of the sub-recommendation which requires the EBA to "facilitate the monitoring of asset encumbrance".

5.2 The ECB as supervisory authority (ECB Banking Supervision)

For the purpose of this Recommendation, the Assessment Team also assessed the ECB in its capacity as supervisory authority. However, it should be noted that, at the time when the Recommendation was drafted and issued, the ECB Banking Supervision was not yet established. In some cases, where NCAs were designated as addressees, this gave rise to issues at the assessment stage, as explained below.

With specific regard to recommendation B, it should be noted that the NCAs responsible for banking supervision, at the time of the ECB Banking Supervision's establishment, already required credit institutions to put in place measures relating to asset encumbrance. The NCAs had in place national legislations and supervisory acts, as well as risk management policies and general monitoring frameworks relating to asset encumbrance as recommended by the ESRB. As a result, the ECB has been committed to applying these relevant provisions for asset encumbrance insofar as the national law transposes EU directives. The ECB consistently applies the national frameworks already in place, which are deemed sufficient, and ensures compliance with the relevant provisions on asset encumbrance. As a result, compliance with recommendation B fell outside of the scope of its supervisory tasks, leading to the grade of Inaction Sufficiently Explained (SE).

Once Council Regulation (EU) No 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions came into force, the supervisory competencies of the addressees changed significantly. This also affected the responsibilities for compliance with sub-recommendations C(1) and C(2); therefore, the Assessment Team took note of the changes that had occurred in the interval. In particular, the following compliance criterion, set out in the Annex of the Recommendation, was considered: "the monitoring and assessment referred to in recommendation C(1) refers, as a minimum, to each jurisdiction's largest institutions, in terms of volume of assets, and amounts to at least 75% of the banking system's total consolidated assets". The Assessment Team acknowledged that the 75% compliance criterion did not apply to sub-recommendation C(2). For some addressees, the responsibility for banking supervision had indeed been transferred to the ECB Banking Supervision for more than 75% of their banking system's total assets. More specifically, the following interpretation was endorsed, which better reflects the new institutional environment: at least 75% of each country's banking system's total assets should be monitored by the relevant authority (the ECB, or the ECB + the NCA). For macroprudential purposes, the analysis of risks under sub-recommendation C(2) should be country-based and conducted by the NCAs, in addition to the ECB Banking Supervision's responsibility to carry out the same analysis at the euro area level. This interpretation ensures: (i) that each jurisdiction's largest institutions are covered by the supervisor(s) in terms of data; and (ii) that a proper analysis of risks is conducted at the national level. This is in line with the need to strengthen the assessment of financial stability risks and to inform national macroprudential authorities of the asset encumbrance trends in the banking system. This approach has been consistently taken in both the interim and final assessments and, as a result, there was no fundamental difference in the substance of the responses.

On a more general note, the information provided by the NCAs participating in the SSM was highly heterogeneous. This was due to the lack of clear guidance in the Recommendation itself as to the separation of tasks between the ECB and the NCAs. As a result, some NCAs did not provide information or provided very limited information on their data analysis. On the other hand, some NCAs provided a great deal of information; however this only covered the less significant institutions or all of the institutions established in these Member States. There were also cases where the information provided by the addressees only referred to the period prior to 4 November 2014 when the ECB assumed responsibility for the supervision of significant institutions.

Finally, the ECB was not assessed under sub-recommendation E(1). In the EU, covered bonds frameworks remain structured along national lines since the covered bond frameworks governing the issuance of covered bonds are defined under national law. As a consequence, the ECB as supervisor is only responsible for overseeing compliance with the requirements applicable to covered bonds in which the entities under its direct supervision retain or invest in (see also the ECB contribution to the European Commission's public consultation on covered bonds[9]). The supervision of covered bond issuers is conducted by the NCAs. On a general note, the ECB was not involved in the assessment conducted by the EBA in the follow-up to the 2014 report on best practices.

5.3 Assessing the level of asset encumbrance: pre and post-harmonisation

With regard to asset encumbrance, the main data source was the harmonised supervisory reporting on liquidity (LCR and NSFR) and asset encumbrance. Before harmonised supervisory reporting came into force, data sources were highly heterogeneous and for many respondents asset encumbrance was not subject to any specific data collection exercise. As to the data analysis performed on the basis of available data, three different situations could be distinguished. In the first group of Member States, the asset encumbrance level was very low overall, particularly as a result of rather traditional banking activities which do not entail a very high level of encumbrance. In these cases, the level of encumbrance was monitored less frequently. In the second group of Member States, the asset encumbrance level was significant but rather heterogeneous across banks; these countries generally had the most elaborated monitoring and

[9] Covered bonds in the European Union – ECB contribution to the European Commission's public consultation of 29 January 2016, p. 4.

data analysis systems in place. Finally, the third group included Member States with a high overall level of asset encumbrance, mostly as a result of local peculiarities. In particular, the high level of asset encumbrance might have been associated with specific funding models used by local banks or with structural stress in the banking sector where secured wholesale funding represented the largest share of the total funding. For these countries, asset encumbrance was not monitored that closely given that it was structurally high.

The vast majority of addressees referred to EU-wide requirements or standards for monitoring practices. In particular, the addressees took into account the harmonised Supervisory Reporting templates on liquidity (LCR and NSFR) and asset encumbrance, as developed by the EBA under sub-recommendation C(3) and Article 86(6) of the CRD, as well as the EBA Guidelines on SREP for liquidity and capital requirements. Differences arose depending on whether asset encumbrance was significant in a given Member State and also on the way in which the EBA Guidelines on SREP had been implemented (also depending on the level of details provided by each addressee).

The assessment revealed a number of areas for improvement in relation to the EBA's ITS and the related templates. The EBA has suggested a measure to calculate the asset encumbrance level using a combination of several types of accounting values which may make the monitoring by the EBA less effective. The benefit of the measure is that it only consists of values which the institutions report elsewhere. Indeed, the EBA chose this approach in order to reduce the reporting burden for institutions and to ensure consistency in the reporting of the individual values that form the measure. However, the development of a measure based on only one type of accounting value could improve the templates and allow the institutions to better comply with the objectives of the recommendation. The Assessment Team, aware of the difficulty in implementing such a framework, invited the EBA to further analyse the use of different types of accounting values and to propose harmonised templates in line with the Recommendation and for the purpose of better analysing the bank funding situation.

Conclusions

The overall results of the compliance assessment of Recommendation ESRB/2012/2 on funding of credit institutions reveal that a high degree of compliance has been achieved. Four years after the adoption of this Recommendation, the ESRB is able to conclude that the addressees have taken extensive actions to implement a wide range of proposals, thereby underpinning the sound and sustainable funding of credit institutions. As the main aim of this Recommendation was to reinforce the monitoring of risks stemming from recent developments in banks' funding sources and structures within the Union, the results of the assessments show a clear commitment on the part of the NCAs, EBA and ECB.

A new regulatory framework, with the introduction of the CRR/CRD IV package, significantly modified the rules in force when this Recommendation was adopted. In particular, Article 100 of the CRR introduced, in line with Recommendation 2012/2, reporting requirements for credit institutions on asset encumbrance. At the same time, the EBA was given the task of develop Implementing Technical Standards (ITS), including guidance on asset encumbrance reporting. The Commission Implementing Regulation (EU) 2015/79[10] also contributed to enhance and further clarify the reporting requirements required on a quarterly, semi-annual and annual basis.

These legislative initiatives contributed to the effective implementation of this Recommendation, notwithstanding the fact that the addressees benefited from the policy inputs proposed by the ESRB. In this respect, the EBA's ITS on asset encumbrance paved the way towards a more transparent and granular representation of encumbered and encumberable assets, albeit some reservations regarding the chosen accounting values could potentially hinder the effectiveness of this reporting. In addition, actions taken to identify best practices for covered bonds fostered a revision of the pre-existing national frameworks and the adoption of new practices, where these were not already in place. At the same time, the assessment with regard to funding plans revealed the need for possible future work in the area of definitions of deposit-like instruments and public funding, albeit the efforts made by addressees to achieve a high degree of compliance were also acknowledged. Ultimately, the shortcomings highlighted should not be interpreted as a failure of compliance but rather as a need for further revision and improvement of the EBA templates.

Originally, the Recommendation did not consider the ECB (ECB Banking Supervision) among its addressees. However, the entry into force of Council Regulation (EU) No 1024/2013, conferring specific tasks on the ECB concerning banking supervision, implied a substantial modification of responsibilities for the implementation of certain parts of this Recommendation. As mentioned above, the new responsibilities were seriously taken into account by the ECB, whereupon the ECB proactively collaborated in the implementation of those parts of the Recommendation for which its action was required. Hence, the Recommendation was interpreted so as to include the ECB among the addressees, while also considering the allocation of competencies established under the new framework. As a result, the ECB positively supplemented

[10] Commission Implementing Regulation (EU) No 2015/79 of 18 December 2014 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council as regards asset encumbrance, single data point model and validation rules. OJ L 14, 21 January 2015.

the supervisory actions taken at the national level, particularly when implementing sub-recommendations C(1) and C(2) on the monitoring of asset encumbrance.

Finally, it can be concluded that the objectives of the ESRB Recommendation have been successfully achieved. Although the heterogeneity of information gathered during the assessment process does not allow for cross-country comparisons and definitive conclusions, an overall remarkable level of compliance with the content of the Recommendation has been found. In this respect, the Recommendation largely contributed, without the need for enforcement, towards the adoption of new frameworks, common monitoring procedures and best practices for addressing risks arising from secured and unsecured funding sources adopted by credit institutions.

Annex I
List of participants

Chair		
Patrick	De Neef	De Nederlandsche Bank
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Annex II
Implementation standards

Recommendation A	
Sub-recommendation A(1)	
Grade	**Standards**
FC	a1) The NCAs have verified the completeness and accuracy of data gathering through the following means: -the funding plan provided by the bank passes automatic checks developed by the NCAs to ensure that no mandatory cell is left empty; -the funding plan provided by the bank passes automatic checks developed by the NCAs to ensure the degree of harmonisation of the reported data with the one stored in the Information Management System (IMAS); and -the NCAs have a follow-up procedure in place that ensures that issues detected by the automatic checks get corrected without delay and are recorded for accountability purposes. a2) The NCAs have analysed the feasibility of the funding plans provided by credit institutions through the following means: -automatic checks developed by NCAs to ensure the robustness of the projections by measuring: • consistency with observed past developments; • consistency with projections included in former funding plans and • consistency with projections provided by other banks taking in account business models -the necessary analysis on the data to develop own opinion on the credibility of the funding plans at an aggregated level with national macroeconomic scenarios. b) The NCAs have calculated the distribution of credit institutions' liabilities by maturity and by seniority class. c) The NCAs are aware of the amounts held by retail clients in deposit-like products not covered by the deposit guarantee schemes and of the reasons behind sudden and/or large increments. e) The NCAs have performed the necessary analysis on the data to develop an opinion on whether funding and liquidity risks are proportionate. f) The NCAs have shown evidence that they discussed the consolidated results of the funding plans in colleges of supervisors. g) The NCAs have assured that funding plans under their scrutiny cover at least 75% of the banking system's total consolidated assets.
LC	a1) The NCAs have verified the completeness and accuracy of data gathering through the following means: -the funding plan provided by the bank passes automatic checks developed by the NCAs to ensure that no mandatory cell is left empty; -the funding plan provided by the bank passes automatic checks developed by the NCAs to ensure the degree of harmonisation of the reported data with the one stored in the Information Management System (IMAS); and -the NCAs have reported that they follow-up on issues detected by the automatic checks. a2) The NCAs have analysed the feasibility of the funding plans provided by credit institutions through the following means: -automatic checks developed by NCAs to ensure the robustness of the projections by measuring consistency with other available data -. the necessary analysis of the data to develop own opinion on the credibility of the funding plans at an aggregated level with national macroeconomic scenarios. b) The NCAs have calculated the distribution of credit institutions' liabilities by maturity or seniority class. c) The NCAs are aware of the amounts held by retail clients in deposit-like products not covered by deposit guarantee schemes. e) The NCAs have an opinion on whether funding and liquidity risks are proportionate. f) The NCAs have reported that they discussed the consolidated results of the funding plans in colleges of supervisors. g) The NCAs have assured that funding plans under their scrutiny cover close to 75% of the banking system's total consolidated assets.
PC	a1) The NCAs have verified the completeness and accuracy of data gathering through the following means: -the funding plan provided by the bank passes automatic checks developed by the NCAs to ensure that no mandatory cell is left empty; or -the funding plan provided by the bank passes automatic checks developed by the NCAs to ensure the degree of harmonisation of the reported data with the one stored in the Information Management System (IMAS); and a2) The NCAs have analysed the feasibility of the funding plans provided by credit institutions through manual consistency checks, performed on a best effort basis. The NCAs have an opinion on the credibility of the funding plans at an aggregated level with national macroeconomic scenarios. b-f) The NCAs have reported that monitoring encompasses at least three of the four areas highlighted by the compliance criteria but do not provide reasoning for it g) Funding plans under NCAs' scrutiny cover less than 70% of the banking system's total consolidated assets.
MN	a1) The NCAs have verified the completeness and accuracy of data on a best effort basis. No automatic checks are in place a2) The NCAs have an opinion on the credibility of the funding plans at an aggregated level but do not provide reasoning for it. b-f) NCAs' inaction on at least two out of the four monitoring areas highlighted by the compliance criteria. g) Funding plans under NCAs' scrutiny cover less than 60% of the banking system's total consolidated assets
NC	a1) The NCAs have verified the completeness of data on a best effort basis. No automatic checks are in place. a2) The NCAs have not performed a feasibility assessment on the funding plan. b-f) The NCAs have not reported that monitoring encompasses the area highlighted by the compliance criteria. g) Funding plans under NCAs' scrutiny cover less than 50% of the banking system's total consolidated assets
SE	a-g) The NCAs have provided sufficient explanations of the inaction and corrective actions taken.
IE	d-g) The NCAs have neither provided explanations of the reasons for inactions nor of any corrective action envisaged.

Sub-recommendation A(2)	
Grade	**Standards**
FC	d1) The NCAs have clearly shown that their monitoring of public funding reliance is based on clear criteria and metrics, and result, where needed, in corrective action, including details on: -the spectrum of liabilities that are considered as public funding by the NCAs and (if any) the differences they make between them in the context of their monitoring (normal operations, undesirable reliance, etc) -the indicators and information on the basis of which the reliance of the banks is measured (quantitative thresholds, expert analysis, role of this funding in the business model, macro situation, etc) as well as thresholds used to identify banks as being "not reliant on public funding" -the corrective actions they could engage themselves in (if any) and the corrective actions they could require from the banks (if any), as well as a description of whether such actions were (needed to be) taken d2) The NCAs have reported the main findings of their monitoring during the last period of banks' reliance on public funding, giving numerical data and some information on the trends (historical perspective) on an aggregate/anonymous basis g) The NCAs have assured that the coverage of monitoring and assessment of funding plans and institutions' plans amounts to at least 75% of the banking system's total consolidated assets.
LC	d1) The NCAs have clearly shown that their monitoring of public funding reliance is based on clear criteria and metrics, and result, where needed, in corrective action, including details on: -the spectrum of liabilities that are considered as public funding by the NCAs and (if any) the differences they made between them in the context of their monitoring (normal operations, undesirable reliance, etc). However, the judgement regarding appropriateness is not very clear. -the indicators and information on the basis of which the reliance of the banks is measured (quantitative thresholds, expert analysis, role of this funding in the business model, macro situation, etc) -the corrective actions they could engage themselves in (if any) and the corrective actions they could require from the banks (if any) as well as a description of whether such actions were (needed to be) taken d2) The NCAs have reported the main findings of their monitoring during the last period of banks' reliance on public funding, giving numerical data and some information on the trends (historical perspective) on an aggregate/anonymous basis. However, there is only high-level evidence on real action taken even when reliance of public sector funding is present. g) The NCAs have assured that funding plans under their scrutiny cover close to 75% of the banking system's total consolidated assets.
PC	d1) The NCAs have shown that their monitoring of public funding reliance is broadly in line with the recommendation, but lacking details or concrete action in several areas: -the spectrum of liabilities that are considered as public funding by the NCAs are not clearly described -the indicators and information on the basis of which the reliance of the banks is measured is only related to a single or a few indicators without clear evidence that this covers all public funding reliance "risk" in their jurisdiction -there is only high-level information on the actions the NCAs could take d2) The NCAs have reported only high-level findings of their monitoring during the last period of banks' reliance on public funding, giving some numerical data and some information on the trends (historical perspective) on an aggregate /anonymous basis. There is very limited real action taken even when reliance on public sector funding is present. g) Funding plans under NCAs' scrutiny cover less than 70% of the banking system's total consolidated assets.
MN	d1) The NCAs have not adequately shown that their monitoring of public funding reliance is broadly in line with the recommendation, but lacking details or concrete action in several areas: -the spectrum of liabilities that are considered as public funding by the NCAs are not described -the indicators and information on the basis of which the reliance of the banks is measured is only marginally described -there is only high-level information on the actions the NCAs could take d2) The NCAs have reported only high-level findings of their monitoring during the last period of banks' reliance on public funding, without giving any numerical data or information on the trends (historical perspective) on an aggregate/anonymous basis. There is no real action taken even when reliance on public sector funding is present. g) Funding plans under NCAs scrutiny cover less than 60% of the banking system's total consolidated assets.
NC	d1) The NCAs have not shown that their monitoring of public funding reliance is in line with the recommendation: -the spectrum of liabilities that are considered as public funding by the NCAs are not described -the indicators and information on the basis of which the reliance of the banks is measured is not described except with very general statements -there is no information on the actions the NCA could take d2) The NCAs have reported only high level findings of their monitoring during the last period of banks' reliance on public funding, without giving any numerical data or information on the trends (historical perspective) on an aggregate/anonymous basis. There is no real action taken even when reliance on public sector funding is clearly present. g) Funding plans under NCAs' scrutiny cover less than 50% of the banking system's total consolidated assets. OR: The actions taken do not relate to the content of the recommendation.
SE	d-g) The NCAs have provided sufficient explanations on inaction and corrective actions taken.
IE	d-g) The NCAs have neither provided explanations of the reasons for inactions nor of any corrective action envisaged.

Sub-recommendation A(3)	
Grade	**Standards**
FC	i) The NCAs have clearly shown that they have performed a complete and detailed assessment, on an aggregate basis, of the impact of credit institutions' funding plans and business strategies on the flow of credit to the real economy, including full details on, but not limited to: - the necessary information/data collected to perform the assessment, -the measures taken to ensure the validity/correctness/degree of harmonisation of the reported data, -consistency checks performed to ensure the robustness of the projections submitted by banks (e.g. consistency of scenarios used, and consistency between projected evolutions of balance sheet items). -the way the impact of institutions' funding plans and business strategies on the flow of credit to the real economy has been captured (e.g. indicators used, short description of the models envisaged and assumptions used). - results and conclusions that have been drawn and used for different stated purposes (e.g. to inform the Board and to be used in the SREP) ii) The NCAs have assured that the coverage of monitoring and assessment of funding plans and institutions' plans amounts to at least 75% of the banking system's total consolidated assets.
LC	i) The NCAs have reported that they have performed an assessment, on an aggregate basis, of the impact of credit institutions' funding plans and business strategies on the flow of credit to the real economy, providing almost all details on: - the necessary information/data collected to perform the assessment, -the measures taken to ensure the validity/correctness/degree of harmonisation of the reported data, -consistency checks performed to ensure the robustness of the projections submitted by banks (e.g. consistency of scenarios used and consistency between projected evolutions of balance sheet items). -the way the impact of institutions' funding plans and business strategies on the flow of credit to the real economy has been captured (e.g. indicators used, short description of the models envisaged and assumptions used). - results and conclusions that have been drawn and used for different stated purposes (e.g. to inform the Board and to be used in the SREP) ii) The NCAs have assured that the coverage of monitoring and assessment of funding plans and institutions' plans amounts to close to 75% of the banking system's total consolidated assets.
PC	i) The NCAs have reported that they have performed an assessment, on an aggregate basis, of the impact of credit institutions' funding plans and business strategies on the flow of credit to the real economy, providing some details on: - the necessary information/data collected to perform the assessment, -the measures taken to ensure the validity/correctness/degree of harmonisation of the reported data, -consistency checks performed to ensure the robustness of the projections submitted by banks (e.g. consistency of scenarios used and consistency between projected evolutions of balance sheet items). -the way the impact of institutions' funding plans and business strategies on the flow of credit to the real economy has been captured (e.g. indicators used, short description of the models envisaged and assumptions used). - results and conclusions that have been drawn and used for different stated purposes (e.g. to inform the Board and to be used in the SREP). ii) Funding plans under NCAs' scrutiny cover less than 70% of the banking system's total consolidated assets.
MN	i) The NCAs have reported that they have performed an assessment, on an aggregate basis, of the impact of credit institutions' funding plans and business strategies on the flow of credit to the real economy, providing limited information on some aspects related to the way the analysis was performed and no information on other compliance criteria. ii) Funding plans under NCAs' scrutiny cover less than 60% of the banking system's total consolidated assets.
NC	i) The NCAs have reported that they have performed an assessment, on an aggregate basis, of the impact of credit institutions' funding plans and business strategies on the flow of credit to the real economy. However they did not provide information on most of the compliance criteria or the information provided was not in line with the purpose of the recommendation. ii) Funding plans under NCAs' scrutiny cover less than 50% of the banking system's total consolidated assets.
SE	i) The NCAs have not performed an assessment, on an aggregate basis, of the impact of credit institutions' funding plans and business strategies on the flow of credit to the real economy but they bring strong arguments for explaining why this assessment was not possible, despite all efforts. ii) The NCAs have not assured that the coverage of the monitoring and assessment of funding plans and institutions' plans amounts to at least 75% of the banking system's total consolidated assets, but had strong arguments for explaining why the extension of the sample was not possible.
IE	i) The NCAs have not performed an assessment, on an aggregate basis, of the impact of credit institutions' funding plans and business strategies on the flow of credit to the real economy and no arguments were given for explaining why this assessment was not possible, or why no efforts were made in this respect. ii) The NCAs have not assured that the coverage of the monitoring and assessment of funding plans and institutions' plans amounts to at least 75% of the banking system's total consolidated assets.

Sub-recommendation A(4)	
Grade	Standard
FC	N/A
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	N/A
IE	N/A

Sub-recommendation A(5)	
Grade	Standard
FC	N/A
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	N/A
IE	N/A

Recommendation B	
Sub-recommendation B(1)	
Grade	**Standards**
FC	The provisions issued by national supervisory authorities shall explicitly ensure that credit institutions' procedures and controls on asset encumbrance are adequately identified, monitored and managed. Provisions explicitly encompass the principles set in the sub Recommendation. The national framework requiring credit institutions to comply with this sub-recommendation is legally in force (or enacted).
LC	The provisions issued by national supervisory authorities shall substantially ensure that credit institutions' procedures and controls on asset encumbrance are identified, monitored and managed. Provisions largely encompass the principles set in the sub-recommendation. The national framework requiring credit institutions to comply with this sub-recommendation is not yet legally in force but in final stages of approval.
PC	The provisions issued by national supervisory authorities shall partially ensure that credit institutions' procedures and controls on AE are identified, monitored and managed. Provisions partially encompass the principles set in the sub-recommendation. The national framework requiring credit institutions to comply with this sub-recommendation is only in draft form.
MN	The measures taken by national supervisory authorities slightly ensure that credit institutions' procedures and controls on asset encumbrance are identified, monitored and managed. Provisions slightly encompass the principles set in the sub-recommendation. The national framework requiring credit institutions to comply with this sub-recommendation is under initial stages of development.
NC	Absence of any measures by national supervisory authorities to implement the sub-recommendation or the measures do not address the content of the sub-recommendation. Aim of the sub-recommendation not achieved due to the absence of any requirements for credit institutions to comply with the content of the sub-recommendation. Inexistence of appropriate measures.
SE	N/A
IE	N/A
Sub-recommendation B(2)	
Grade	**Standards**
FC	The adoption is a part of national legal framework and is enforced by national authorities. Provisions explicitly target AE in both contingency plans and stress tests. The national framework requiring credit institutions to comply with this sub-recommendation is legally in force (or enacted).
LC	The adoption is embodied in national law or regulation, but only part of it is enforced by national authorities. Provisions target AE explicitly in either contingency plans or stress-tests, and implicitly in other. The national framework requiring credit institutions to comply with this sub-recommendation is not yet legally in force but in final stages of approval.
PC	The measures taken by national supervisory authorities ensure address only part of the sub-recommendation. Provisions target AE only implicitly in both contingency plans and stress-tests. The national framework requiring credit institutions to comply with this sub-recommendation is only in draft form.

MN	The recommendation is not legally binding (i.e. is only informal). Only general contingency framework is available. The national framework requiring credit institutions to comply with this sub-recommendation is not in place and measures on AE have been enforced only as a one-off exercise.
NC	Aim of the sub-recommendation not achieved due to the absence of any requirements for credit institutions to comply with the content of the sub-recommendation. Absence of any measures by national supervisory authorities to implement the sub-recommendation or the measures do not address the content of the sub-recommendation. Inexistence of appropriate measures.
SE	N/A
IE	N/A
Sub-recommendation B(3)	
Grade	**Standards**
FC	The measures taken by national supervisory authorities ensure a monitoring framework fully addressing all parts of the sub-recommendation. Requirements in place for credit institutions to comply explicitly with all parts/principles of the sub-recommendation. The national framework requiring credit institutions to comply with this sub-recommendation is legally in force (or enacted).
LC	The measures taken by national supervisory authorities ensure a monitoring framework addressing almost all parts of the sub-recommendation. Requirements in place for credit institutions to comply with almost all parts/principles of the sub-recommendation. The national framework requiring credit institutions to comply with this sub-recommendation is not yet legally in force but in final stages of approval.
PC	The measures taken by national supervisory authorities ensure monitoring framework only addressing part of the sub-recommendation. Requirements in place for credit institutions to comply only with parts of the sub-recommendation. The national framework requiring credit institutions to comply with this sub-recommendation is only in draft form.
MN	The measures taken by national supervisory authorities only address a small part of the sub-recommendation. Requirements in place for credit institutions to comply only with a small part of the sub-recommendation. The national framework requiring credit institutions to comply with this sub-recommendation is under initial stages of development.
NC	Absence of any measures by national supervisory authorities to implement the sub-recommendation or the measures do not address the content of the sub-recommendation. Aim of the sub-recommendation not achieved due to the absence of any requirements for credit institutions to comply with the content of the sub-recommendation. Inexistence of appropriate measures
SE	N/A
IE	N/A

Sub-recommendation C	
Sub-recommendation C(1)	
Grade	Standard
FC	The provisions, issued by national supervisory authorities with responsibility for banking supervision, explicitly ensure close monitoring of the level, evolution and types of asset encumbrance and related sources of encumbrance; monitoring of the amount, evolution and credit quality of unencumbered but encumberable assets; and monitoring of the amount, evolution and types of additional encumbrance resulting from stress scenarios (contingent encumbrance). Based on these provisions, the national supervisory authority has undertaken a thorough analysis of asset encumbrance reporting data to review data quality and the monitoring framework. The key results of the analysis are reported in the template. The national framework requiring credit institutions to comply with this part of the recommendation is legally in force.
LC	The provisions, issued by national supervisory authorities with responsibility for banking supervision, substantially ensure close monitoring of the level, evolution and types of asset encumbrance and related sources of encumbrance; monitoring of the amount, evolution and credit quality of unencumbered but encumberable assets; and monitoring of the amount, evolution and types of additional encumbrance resulting from stress scenarios (contingent encumbrance). The national supervisory authority provides evidence of good analysis of asset encumbrance reporting data. Some of the core results are reported in the template. The national framework requiring credit institutions to comply with this part of the recommendation is not yet legally in force but in the final stages of approval.
PC	The provisions, issued by national supervisory authorities with responsibility for banking supervision, to some extent ensure close monitoring of the level, evolution and types of asset encumbrance and related sources of encumbrance; monitoring of the amount, evolution and credit quality of unencumbered but encumberable assets; and monitoring of the amount, evolution and types of additional encumbrance resulting from stress scenarios (contingent encumbrance). However, no substantial analysis of asset encumbrance reporting data is reported and key results are missing. The national framework requiring credit institutions to comply with this part of the recommendation is only in draft form.
MN	The provisions, issued by national supervisory authorities with responsibility for banking supervision, to a minimum extent ensure close monitoring of the level, evolution and types of asset encumbrance and related sources of encumbrance; monitoring of the amount, evolution and credit quality of unencumbered but encumberable assets; monitoring of the amount, evolution and types of additional encumbrance resulting from stress scenarios (contingent encumbrance). In addition, the national supervisory authority does not provide an analytical evaluation of asset encumbrance and no reporting data are shown. The national framework requiring credit institutions to comply with this part of the recommendation is in the initial stages of development.
NC	The provisions, issued by national supervisory authorities with responsibility for banking supervision, do not ensure close monitoring of the level, evolution and types of asset encumbrance and related sources of encumbrance; monitoring of the amount, evolution and credit quality of unencumbered but encumberable assets; monitoring of the amount, evolution and types of additional encumbrance resulting from stress scenarios (contingent encumbrance). Therefore, no analysis is carried out on asset encumbrance and it is not possible to assess any data. Inexistence of appropriate measures.
SE	N/A
IE	N/A

Sub-recommendation C(2)	
Grade	Standards
FC	The NCA regularly monitors risks associated with collateral management and asset encumbrance (at least on a quarterly basis – in line with the frequency of the reporting on asset encumbrance as specified in Regulation (EU) No 680/2014) as part of its off-site or on-site supervision activities. The NCA has a well-defined process for assessing the risks associated with collateral management and asset encumbrance, which is part of its supervisory review and evaluation process (SREP). In particular, this process specifies a number of clear indicators to be taken into account for collateral management and asset encumbrance in the risk assessment. This process also specifies how this influences the capital and funding profiles of institutions. This assessment is performed at least on an annual basis. This assessment may lead to supervisory measures, and in particular to Pillar 2 measures (individual capital and/or liquidity requirements), possibly supplemented by macroprudential measures and/or other general initiatives related to asset encumbrance or collateral management. This assessment is codified in an internal or public document, which is sufficiently detailed.
LC	The NCA regularly monitors risks associated with collateral management and asset encumbrance (at least on an annual basis) as part of its off-site or on-site supervision activities. The NCA has a well-defined process of its SREP which is consistent with the EBA's guidelines on SREP (EBA/GL/2014/13 from 19 December 2014); however, the assessment of risks related to collateral management and asset encumbrance are not defined further. This assessment is performed at least on an annual basis. This SREP assessment may lead to Pillar 2 measures (individual capital and/or liquidity requirements). This general SREP is codified in an internal or public document.
PC	The NCA regularly monitors (at least on an annual basis) as part of its off-site or on-site supervision activities. The NCA has a well-defined process for its SREP which is consistent with the EBA's guidelines on SREP (EBA/GL/2014/13 from 19 December 2014); however, the assessment of risks related to collateral management and asset encumbrance is not defined. This assessment is performed at least on an annual basis. This SREP assessment may lead to Pillar 2 measures (individual capital and/or liquidity requirements). This general SREP is codified in an internal or public document.
MN	The NCA does not monitor asset encumbrance as part of its off-site or on-site supervision activities, or does not do so for all institutions. The NCA has a process for its SREP which is consistent with article 97 CRD IV. This assessment is performed at least on an annual basis. This SREP assessment may lead to Pillar 2 measures (individual capital and/or liquidity requirements). This general SREP is not codified in an internal or public document beyond what is strictly required by CRD IV provisions (including Article 86 requirements).
NC	The NCA does not monitor asset encumbrance as part of its off-site or on-site supervision activities, or does not do so for all institutions. The NCA has no SREP process. This general SREP is not codified.
SE	No action taken because: -the level of asset encumbrance of credit institutions established in the Member State is negligible (up to 5% on average in the banking sector), and/or -the asset encumbrance and collateral management risks are not material for credit institutions established in the Member State. The level of encumbrance is demonstrated by data taken from the asset encumbrance reporting. The low level of risks related to asset encumbrance and collateral management is supported by empirical observations/findings.
IE	No action taken because: -the level of asset encumbrance of credit institutions established in the Member State is negligible; and/or -the asset encumbrance and collateral management risks are not material for credit institutions established in the Member State. Neither data nor empirical evidence are provided to support the self-assessment.

Sub-recommendation C(3)	
Grade	Standards
FC	N/A
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	N/A
IE	N/A
Sub-recommendation C(4)	
Grade	Standards
FC	N/A
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	N/A
IE	N/A
Recommendation D	
Sub-recommendation D(1)	
Grade	Standards
FC	N/A
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	N/A
IE	N/A
Sub-recommendation D(2)	
Grade	Standards
FC	N/A
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	N/A
IE	N/A
Sub-recommendation D(3)	
Grade	Standards
FC	N/A
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	N/A
IE	N/A

Recommendation E	
Sub-recommendation E(1)	
Grade	Standards
FC	Best practices have been identified (these could be based on best practices identified in an existing covered bond framework, in another financial market or in the EBA report/draft report), and harmonisation of the national framework has taken place. The national framework on covered bonds implementing the best practices is legally in force.
LC	The identification of best practices (these could be based on best practices identified in an existing covered bond framework, in another financial market or in the EBA report/draft report) have been initiated or partly implemented, and harmonisation of the national framework is under way but incomplete. The national framework on covered bonds implementing the best practices is not yet legally in force.
PC	Best practices have been partially identified but little / no attempt to map these to the existing covered bond legal framework has been made. No plan is currently in place to harmonise best practices via amendment to the national framework.
MN	N/A
NC	Best practices not identified and there is no further actions envisaged. No plan for implementation.
SE	N/A
IE	N/A
Sub-recommendation E(2)	
Grade	Standards
FC	N/A
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	N/A
IE	N/A
Sub-recommendation E(3)	
Grade	Standards
FC	N/A
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	N/A
IE	N/A
Sub-recommendation E(4)	
Grade	Standards
FC	N/A
LC	N/A
PC	N/A
MN	N/A
NC	N/A
SE	N/A
IE	N/A

The above standards have been used to ensure consistent and equal treatment of countries. As a consequence, implementation standards have not been developed for sub-recommendations with only one addressee. Please note that they merely provide guidance.

Annex III
Tables of calculation

Recommendations addressed to the NCAs

	Weights	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
A1		0.98	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	1.00	1.00	1.00	0.93	0.99	1.00	0.93	0.98	1.00	0.98	1.00	0.99	1.00	1.00	0.90	1.00	1.00
A1(a1)	0.40	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00
A1(a2)	0.30	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
A1(b)	0.05	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00
A1(c)	0.05	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00
A1(e)	0.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
A1(f)	0.05	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00
A1(g)	0.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
A2		0.85	1.00	1.00	1.00	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.98	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.93
A2(a1)	0.30	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75
A2(a2)	0.60	0.75	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
A2(g)	0.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
A3		1.00	1.00	0.55	0.78	1.00	1.00	1.00	1.00	1.00	0.55	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.78	0.75	1.00	1.00	1.00	1.00	1.00	0.78	0.78	1.00	1.00
A3(h)	0.90	1.00	1.00	0.50	0.75	1.00	1.00	1.00	1.00	1.00	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	0.75	1.00	1.00	1.00	1.00	1.00	0.75	0.75	1.00	1.00
A3(i)	0.10	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
A		0.95	1.00	0.80	0.94	0.96	1.00	1.00	1.00	1.00	0.80	1.00	1.00	1.00	1.00	1.00	0.96	0.99	1.00	0.91	0.92	1.00	0.99	1.00	0.99	1.00	0.94	0.89	1.00	0.98
A1	0.50	0.98	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	1.00	1.00	1.00	0.93	0.99	1.00	0.93	0.98	1.00	0.98	1.00	0.99	1.00	1.00	0.90	1.00	1.00
A2	0.25	0.85	1.00	1.00	1.00	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.98	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.93
A3	0.25	1.00	1.00	0.55	0.78	1.00	1.00	1.00	1.00	1.00	0.55	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.78	0.75	1.00	1.00	1.00	1.00	1.00	0.78	0.78	1.00	1.00

	Weights	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
B1		1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	1.00	0.83	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	0.83	1.00	1.00	1.00
Substance	0.35	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	0.75	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00
Appropriate	0.35	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	0.75	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00
Timing	0.30	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00
B2		1.00	1.00	1.00	1.00	0.83	0.83	1.00	0.93	1.00	1.00	0.83	1.00	0.83	0.83	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	0.83	0.83	1.00	1.00
Substance	0.35	1.00	1.00	1.00	1.00	0.75	0.75	1.00	1.00	1.00	1.00	0.75	1.00	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	0.75	0.75	1.00	1.00
Appropriate	0.35	1.00	1.00	1.00	1.00	0.75	0.75	1.00	1.00	1.00	1.00	0.75	1.00	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	0.75	0.75	1.00	1.00
Timing	0.30	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00
B3		1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	0.83	0.83	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	0.83	0.83	1.00	1.00
Substance	0.35	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	0.75	0.75	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	0.75	0.75	1.00	1.00
Appropriate	0.35	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	0.75	0.75	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	0.75	0.75	1.00	1.00
Timing	0.30	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00
B		1.00	1.00	1.00	1.00	0.83	0.94	1.00	0.93	1.00	0.94	0.83	1.00	0.83	0.94	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	0.83	0.89	1.00	1.00
B1	0.33	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	1.00	0.83	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	0.83	1.00	1.00	1.00
B2	0.33	1.00	1.00	1.00	1.00	0.83	0.83	1.00	0.93	1.00	1.00	0.83	1.00	0.83	0.83	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	0.83	0.83	1.00	1.00
B3	0.33	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	0.83	0.83	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.93	1.00	0.83	0.83	1.00	1.00

	Weights	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	ECB
C1		1.00	1.00	0.83	1.00	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	0.65	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.83	1.00	1.00	0.83	1.00	1.00
Content	0.70	1.00	1.00	0.75	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	0.75	1.00	1.00	0.75	1.00	1.00
Timing	0.30	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
C2		1.00	0.83	1.00	1.00	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	0.65	1.00	1.00	1.00	0.83	1.00	1.00	1.00	0.75	1.00	1.00	0.65	1.00	0.83	0.83	1.00	0.83
Content	0.70	1.00	0.75	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	0.50	1.00	1.00	1.00	0.75	1.00	1.00	1.00	0.75	1.00	1.00	0.50	1.00	0.75	0.75	1.00	0.75
Timing	0.30	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
C		1.00	0.94	0.88	1.00	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	0.65	1.00	1.00	1.00	0.94	1.00	1.00	1.00	0.80	1.00	1.00	0.77	1.00	0.94	0.83	1.00	0.94
C1	0.67	1.00	1.00	0.83	1.00	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	0.65	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.83	1.00	1.00	0.83	1.00	1.00	0.83	1.00	1.00
C2	0.33	1.00	0.83	1.00	1.00	1.00	0.83	1.00	1.00	1.00	1.00	1.00	1.00	0.65	1.00	1.00	1.00	0.83	1.00	1.00	1.00	0.75	1.00	1.00	0.65	1.00	0.83	0.83	1.00	0.83

	Weights	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
E1		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	0.90	1.00	0.75	0.75	1.00	1.00
Content	0.60	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	0.75	0.75	1.00	1.00
Timing	0.40	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	0.75	1.00	0.75	0.75	1.00	1.00
E		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	0.90	1.00	0.75	0.75	1.00	1.00
E1	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.75	1.00	0.90	1.00	0.75	0.75	1.00	1.00

Recommendations addressed to the EBA

	Weights	EBA
A(4)		**0.92**
Content	0.20	1.00
Effect on A(1)(a)	0.16	0.75
Effect on A(1)(b)	0.16	1.00
Effect on A(1)(c)	0.16	0.75
Effect on A(2)	0.16	1.00
Effect on A(3)	0.16	1.00

A		**0.92**
A(4)	1.00	0.92

	Weights	EBA
C(3)		**0.87**
Content	0.20	1.00
Effect on C(1)	0.27	0.75
Effect on C(2)	0.27	1.00
Effect on C(4)	0.27	0.75

C(4)		**0.88**
C(4) Content	0.50	1.00
C(4) Status	0.50	0.75

C		**0.87**
C(3)	0.50	0.87
C(4)	0.50	0.88

	Weights	EBA
D(1), D(2), D(3)		**1.00**
Content	0.50	1.00
Appropriateness	0.50	1.00

D		**1.00**
D(1), D(2), D(3)	1.00	1.00

	Weights	EBA
E(2)		**1.00**
Content	0.50	1.00
Status	0.50	1.00

E(3)		**1.00**
Content	0.50	1.00
Status	0.50	1.00

E(4)		**1.00**
Content	0.50	1.00
Status	0.50	1.00

E		**1.00**
E(2)	0.40	1.00
E(3)	0.30	1.00
E(4)	0.30	1.00

Abbreviations

Compliance grades

FC	Fully Compliant
LC	Largely Compliant
PC	Partially Compliant
MN	Materially Non-compliant
NC	Non-compliant
SE	Inaction Sufficiently Explained
IE	Inaction Insufficiently Explained

Other

EBA	European Banking Authority
ECB	European Central Bank
ESRB	European Systemic Risk Board
FSB	Financial Stability Board
NCAs	National Competent Authorities
SSM	Single Supervisory Mechanism

Countries

BE	Belgium
BG	Bulgaria
CZ	Czech Republic
DK	Denmark
DE	Germany
EE	Estonia
IE	Ireland
GR	Greece
ES	Spain
FR	France
HR	Croatia
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom

Imprint and acknowlegements

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