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From: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 4 September 2017

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of  
the European Union

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No. Cion doc.: C(2017) 5959 final ANNEXES 1 to 2

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Subject: ANNEXES to the COMMISSION DELEGATED REGULATION (EU) No  
.../... supplementing Regulation (EU) No 575/2013 of the European  
Parliament and of the Council with regard to regulatory technical standards  
for disclosure of encumbered and unencumbered assets

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Delegations will find attached document C(2017) 5959 final ANNEXES 1 to 2.

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Encl.: C(2017) 5959 final ANNEXES 1 to 2



Brussels, 4.9.2017  
C(2017) 5959 final

ANNEXES 1 to 2

## **ANNEXES**

**to the**

**COMMISSION DELEGATED REGULATION (EU) No .../...**

**supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for disclosure of encumbered and unencumbered assets**

## ANNEX I

### Disclosure templates

Template A: Encumbered and unencumbered assets

<b>Template A - Encumbered and unencumbered assets</b>		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		010	030	040	050	060	080	090	100
<b>010</b>	<b>Assets of the reporting institution</b>								
030	Equity instruments								
040	Debt securities								
050	of which: covered bonds								
060	of which: asset-backed securities								
070	of which: issued by general governments								
080	of which: issued by financial corporations								
090	of which: issued by non-financial corporations								
120	Other assets								
121	of which: ...								

Template B: Collateral received

**Template B – Collateral received**

	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
	010	of which notionally eligible EHQLA and HQLA 030	Fair value of collateral received or own debt securities issued available for encumbrance 040	of which EHQLA and HQLA 060
<b>130 Collateral received by the reporting institution</b>				
140 Loans on demand				
150 Equity instruments				
160 Debt securities				
170 of which: covered bonds				
180 of which: asset-backed securities				
190 of which: issued by general governments				
200 of which: issued by financial corporations				
210 of which: issued by non-financial corporations				
220 Loans and advances other than loans on demand				
230 Other collateral received				
231 of which: ...				

<b>240</b>	<b>Own debt securities issued other than own covered bonds or asset-backed securities</b>					
<b>241</b>	<b>Own covered bonds and asset-backed securities issued and not yet pledged</b>					
<b>250</b>	<b>TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED</b>					

Template C: Sources of encumbrance

### Template C – Sources of encumbrance

			<b>Matching liabilities, contingent liabilities or securities lent</b>	<b>Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered</b>
<b>010</b>	<b>Carrying amount of selected financial liabilities</b>		010	030
011	of which: ...			

Template D: Accompanying narrative information

### Template D - Accompanying narrative information

Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template A to C.



## **ANNEX II**

### **Instructions for completing the disclosure templates**

1. Institutions shall disclose the items referred to in Tables 1 to 7 in the same manner as reported pursuant to Annex XVI to Commission Implementing Regulation (EU) No 680/2014, unless otherwise specifically provided in those tables.

The items referred to in point 1 shall be disclosed using median values. Median values shall be rolling quarterly medians over the previous twelve months and shall be determined by interpolation.

When disclosures take place on a consolidated basis, the applicable scope of consolidation shall be the scope of prudential consolidation as defined in Part One, Title II, Chapter 2, Section 2 of Regulation (EU) No 575/2013.

# Template A – Encumbered and unencumbered assets

Table 1: Instructions with regard to specific rows of Template A

Rows	Legal references and instructions
010	<p><b>Assets of the reporting institution [International Accounting Standards (IAS) 1.9 (a), Implementation Guidance (IG) 6]</b></p> <p>Total assets of the institution registered in its balance sheet, with the exception of own debt securities and own equity instruments when the applicable accounting standards allow their recognition on-balance sheet. The value disclosed in this row shall be the median of the sums of four quarterly end-of-period values over the previous twelve months for rows 030, 040 and 120.</p>
030	<p><b>Equity instruments</b></p> <p>The median values of the item ‘Equity instruments’ as reported in row 030 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014, with the exception of own equity instruments when the applicable accounting standards allow their recognition on-balance sheet.</p>
040	<p><b>Debt securities</b></p> <p>The median values of the item ‘Debt securities’ as reported in row 040 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014, with the exception of own debt securities when the applicable accounting standards allow their recognition on-balance sheet.</p>
050	<p><b>of which: covered bonds</b></p> <p>The median values of the item ‘of which: covered bonds’ as reported in row 050 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014.</p>
060	<p><b>of which: asset-backed securities</b></p> <p>The median values of the item ‘of which: asset-backed securities’ as reported in row 060 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014.</p>
070	<p><b>of which: issued by general governments</b></p> <p>The median values of the item ‘of which: issued by general governments’ as reported in row 070 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014.</p>
080	<p><b>of which: issued by financial corporations</b></p> <p>The median values of the item ‘of which: issued by financial corporations’ as reported in row</p>



	080 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014.
090	<p><b>of which: issued by non-financial corporations</b></p> <p>The median values of the item ‘of which: issued by non-financial corporations’ as reported in row 090 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014.</p>
120	<p><b>Other assets</b></p> <p>The median value of other assets of the institution registered in the balance sheet, other than those disclosed in the above rows and different from own debt securities and own equity instruments that may not be derecognised from the balance sheet by a non-IFRS institution. In this case, own debt instruments shall be included in row 240 of Template B and own equity instruments excluded from the asset encumbrance reporting.</p> <p>Other assets include cash on hand (holding of national and foreign banknotes and coins in circulation that are commonly used to make payments), loans on demand [IAS 1.54(i)] including the balances receivable on demand at central banks and other institutions as reported in row 020 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014. Other assets also include loans and advances other than loans on demand, including mortgage loans as reported in rows 100 and 110 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014. Other assets may also include intangible assets, including goodwill, deferred tax assets, property, plant and other fixed assets, derivative assets, reverse repo and stock borrowing receivables.</p> <p>When underlying assets and cover pool assets of retained asset-backed securities (ABS) and retained covered bonds are loans on demand or loans and advances other than loans on demand, they shall also be included in this row.</p>
121	<p><b>of which: ...</b></p> <p>Where relevant in the context of their use of encumbrance in relation to their business model, institutions may identify separately the median value of any component of “Other assets” in a dedicated “of which” row.</p>

Table 2: Instructions with regard to specific columns of Template A

Columns	Legal references and instructions
010	<p><b>Carrying amount of encumbered assets</b></p> <p>The median value of the carrying amount of the assets held by the institution that are encumbered according to point 1.7 of Annex XVII to Implementing Regulation (EU) No 680/2014. Carrying amount means the amount reported in the asset side of the balance sheet.</p>

030	<p><b>of which: notionally eligible EHQLA and HQLA</b></p> <p>The median value of the carrying amount of encumbered assets which are notionally eligible to the qualification of assets of extremely high liquidity and credit quality (EHQLA) and assets of high liquidity and credit quality (HQLA). For the purpose of this Regulation, notionally eligible encumbered EHQLA and notionally eligible encumbered HQLA are those assets listed in Articles 11, 12 and 13 of Commission Delegated Regulation (EU) 2015/61 and that would comply with the general and operational requirements set out in Articles 7 and 8 of that Delegated Regulation, were it not for their status as encumbered assets in accordance with Annex XVII to Implementing Regulation (EU) No 680/2014. Notionally eligible encumbered EHQLA and notionally eligible encumbered HQLA shall also comply with the exposure class-specific requirements set out in Articles 10 to 16 and 35 to 37 of Delegated Regulation (EU) 2015/61. The carrying amount of notionally eligible encumbered EHQLA and notionally eligible encumbered HQLA shall be the carrying amount before the application of the haircuts specified in Articles 10 to 16 of Delegated Regulation (EU) 2015/61.</p>
040	<p><b>Fair value of encumbered assets</b></p> <p>The median value of the item “Fair value of encumbered assets” as reported in column 040 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014.</p> <p>For each exposure class, fair value disclosed is the median value of the different fair values observed at the end of each reporting period considered for the computation of the median.</p>
050	<p><b>of which: notionally eligible EHQLA and HQLA</b></p> <p>The median value of the fair value of encumbered assets that are notionally eligible to the qualification of EHQLA and HQLA. For the purpose of this Regulation, notionally eligible encumbered EHQLA and notionally eligible encumbered HQLA are those assets listed in Articles 11, 12 and 13 of Delegated Regulation (EU) 2015/61 and that would comply with the general and operational requirements set out in Articles 7 and 8 of that Delegated Regulation, were it not for their status as encumbered assets in accordance with Annex XVII to Implementing Regulation (EU) No 680/2014. Notionally eligible encumbered EHQLA and notionally eligible encumbered HQLA shall also comply with the exposure class-specific requirements set out in Articles 10 to 16 and 35 to 37 of Delegated Regulation (EU) 2015/61. The fair value of notionally eligible encumbered EHQLA and notionally eligible encumbered HQLA shall be the fair value before the application of the haircuts specified in Articles 10 to 16 of Delegated Regulation (EU) 2015/61.</p>
060	<p><b>Carrying amount of unencumbered assets</b></p> <p>The median value of the item “Carrying amount of non-encumbered assets” as reported in column 060 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014.</p>

080	<p><b>of which: EHQLA and HQLA</b></p> <p>The median value of the carrying amount of unencumbered EHQLA and HQLA as listed in Articles 11, 12 and 13 of Delegated Regulation (EU) 2015/61 and that comply with the general and operational requirements set out in Articles 7 and 8 of that Delegated Regulation, as well as with the exposure class-specific requirements set out in Articles 10 to 16 and 35 to 37 of that Delegated Regulation. The carrying amount of EHQLA and HQLA shall be the carrying amount before the application of the haircuts specified in Articles 10 to 16 of Delegated Regulation (EU) 2015/61.</p>
090	<p><b>Fair value of unencumbered assets</b></p> <p>The median value of the item “Fair value of non-encumbered assets” as reported in column 090 of Template F 32.01 (AE-ASS) of Annex XVI to Implementing Regulation (EU) No 680/2014.</p> <p>For each exposure class, fair value disclosed is the median value of the different fair values observed at the end of each reporting period considered for the computation of the median.</p>
100	<p><b>of which: EHQLA and HQLA</b></p> <p>The median value of the fair value of unencumbered EHQLA and HQLA as listed in Articles 11, 12 and 13 of Delegated Regulation (EU) 2015/61 and that comply with the general and operational requirements set out in Articles 7 and 8 of that Delegated Regulation, as well as with the exposure class-specific requirements set out in Articles 10 to 16 and 35 to 37 of that Delegated Regulation. The fair value of EHQLA and HQLA shall be the fair value before the application of the haircuts specified in Articles 10 to 16 of Delegated Regulation (EU) 2015/61.</p>

## Template B – Collateral received

Table 3: Instructions with regard to specific rows of Template B

Rows	Legal references and instructions
130	<p><b>Collateral received by the reporting institution</b></p> <p>All classes of collateral received by the institution. All securities received by a borrower institution in any securities borrowing transactions shall be disclosed in this row. The total collateral received by the institution is the median of the sums of four quarterly end of period values over the previous twelve months for rows 140 to 160, 220 and 230.</p>
140	<p><b>Loans on demand</b></p> <p>The median value of collateral received by the institution that comprises loans on demand shall be disclosed in this row (see legal references and instructions regarding row 120 of Template A). It includes all securities received by a borrower institution in any securities borrowing transaction.</p>
150	<p><b>Equity instruments</b></p> <p>The median value of collateral received by the institution that comprises equity instruments (see legal references and instructions regarding row 030 of Template A). It includes all securities received by a borrower institution in any securities borrowing transactions.</p>
160	<p><b>Debt securities</b></p> <p>The median value of collateral received by the institution that comprises debt securities (see legal references and instructions regarding row 040 of Template A). It includes all securities received by a borrower institution in any securities borrowing transaction.</p>
170	<p><b>of which: covered bonds</b></p> <p>The median value of collateral received by the institution that comprises covered bonds (see legal references and instructions regarding row 050 of Template A). It includes all securities received by a borrower institution in any securities borrowing transaction.</p>
180	<p><b>of which: asset-backed securities</b></p> <p>The median value of collateral received by the institution that comprises asset-backed securities (see legal references and instructions regarding row 060 of Template A). It includes all securities received by a borrower institution in any securities borrowing transaction.</p>
190	<p><b>of which: issued by general governments</b></p> <p>The median value of collateral received by the institution that comprises debt securities issued by general governments (see legal references and instructions regarding row 070 of Template</p>

	A). It includes all securities received by a borrower institution in any securities borrowing transaction.
200	<b>of which: issued by financial corporations</b>  The median value of collateral received by the institution that comprises debt securities issued by financial corporations (see legal references and instructions regarding row 080 of Template A). It includes all securities received by a borrower institution in any securities borrowing transaction.
210	<b>of which: issued by non-financial corporations</b>  The median value of collateral received by the institution that comprises debt securities issued by non-financial corporations (see legal references and instructions regarding row 090 of Template A). It includes all securities received by a borrower institution in any securities borrowing transaction.
220	<b>Loans and advances other than loans on demand</b>  The median value of collateral received by the institution that comprises loans and advances other than loans on demand (see legal references and instructions regarding row 120 of Template A). It includes all securities received by a borrower institution in any securities borrowing transaction.
230	<b>Other collateral received</b>  The median value of collateral received by the institution that comprises other assets (see legal references and instructions regarding row 120 of Template A). It includes all securities received by a borrower institution in any securities borrowing transaction.
231	<b>of which: ...</b>  Where relevant in the context of their use of encumbrance in relation to their business model, institutions may identify separately the median value of any component of “Other collateral” in a dedicated “of which” row. It includes all securities received by a borrower institution in any securities borrowing transaction.
240	<b>Own debt securities issued other than own covered bonds or asset-backed securities (ABS)</b>  The median value of the item “Own debt securities issued other than own covered bonds or ABSs” as reported in row 240 of Template F 32.02 (AE-COL) of Annex XVI to Implementing Regulation (EU) No 680/2014.
241	<b>Own covered bonds and asset-backed securities issued and not yet pledged</b>  The median value of the item “Own covered bonds and asset-backed securities issued and not yet pledged” as reported in row 010 of Template F 32.03 (AE-NPL) of Annex XVI to Implementing Regulation (EU) No 680/2014. To avoid double counting, the following applies in

	<p>relation to own covered bonds and asset-backed securities issued and retained by the reporting institution:</p> <p>(a) where those securities are pledged, the amount of the cover pool/underlying assets that are backing them shall be disclosed in Template A as encumbered assets. The source of funding in the event of pledging own covered bonds and asset-backed securities is the new transaction in which the securities are being pledged (central bank funding or other type of secured funding) and not the original issuance of covered bonds or asset-backed securities;</p> <p>(b) where those securities are not yet pledged, the amount of the cover pool/underlying assets that are backing those securities shall be reported in Template A as unencumbered assets.</p>
250	<p><b>Total assets, collateral received and own debt securities issued</b></p> <p>All assets of the institution registered in its balance sheet, all classes of collateral received by the institution and own debt securities issued retained by the institution that are not own covered bonds issued or own asset-backed securities issued.</p> <p>This row is the median of the sums of four quarterly end-of-period values over the previous twelve months for row 010 in Template A and rows 130 and 240 in Template B.</p>

Table 4: Instructions with regard to specific columns of Template B

Columns	Legal references and instructions
010	<p><b>Fair value of encumbered collateral received or own debt securities issued</b></p> <p>The median of the fair value of the collateral received, including in any securities borrowing transaction, or own debt securities issued held/retained by the institution that are encumbered according to Article 100 of Regulation (EU) No 575/2013.</p> <p>The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (see IFRS 13 Fair Value Measurement). For each item of collateral, fair value disclosed is the median value of the different fair values observed at the end of each reporting period considered for the computation of the median.</p>
030	<p><b>of which: notionally eligible EHQLA and HQLA</b></p> <p>The median value of the fair value of the encumbered collateral received, including in any securities borrowing transaction, or own debt securities issued held/retained by the institution that are notionally eligible to the qualification of EHQLA and HQLA. For the purpose of this Regulation, notionally eligible encumbered EHQLA and notionally eligible encumbered HQLA are items of collateral received or own debt securities issued held/retained by the institution listed in Articles 11, 12 and 13 of Delegated Regulation (EU) 2015/61 and that would comply with the general and operational requirements set</p>

	<p>out in Articles 7 and 8 of that Delegated Regulation, were it not for their status as encumbered assets in accordance with Annex XVII to Implementing Regulation (EU) 680/2014. Notionally eligible encumbered EHQLA and encumbered HQLA shall also comply with the exposure class-specific requirements set out in Articles 10 to 16 and 35 to 37 of Delegated Regulation (EU) 2015/61. The fair value of notionally eligible encumbered EHQLA and notionally eligible encumbered HQLA shall be the fair value before the application of the haircuts specified in Articles 10 to 16 of Delegated Regulation (EU) 2015/61.</p>
040	<p><b>Fair value of collateral received or own debt securities issued available for encumbrance</b></p> <p>The median of the fair value of the collateral received, including in any securities borrowing transaction, by the institution that are unencumbered but are available for encumbrance since the institution is permitted to sell or re-pledge it in absence of default by the owner of the collateral. It also includes the fair value of own debt securities issued, other than own covered bonds or securitisation positions, that are unencumbered but available for encumbrance. For each item of collateral, fair value disclosed is the median value of the different fair values observed at the end of each reporting period considered for the computation of the median.</p>
060	<p><b>of which: EHQLA and HQLA</b></p> <p>The median value of the fair value of the unencumbered collateral received or own debt securities issued held/retained by the institution other than own covered bonds or securitisation positions available for encumbrance which qualify as EHQLA and HQLA as listed in Articles 11, 12 and 13 of Delegated Regulation (EU) 2015/61 and that comply with the general and operational requirements set out in Articles 7 and 8 of that Delegated Regulation, as well as with the exposure class-specific requirements set out in Articles 10 to 16 and 35 to 37 of that Delegated Regulation. The fair value of EHQLA and HQLA shall be the fair value before the application of the haircuts specified in Articles 10 to 16 of Delegated Regulation (EU) 2015/61.</p>

## Template C – Sources of encumbrance

Table 5: Instructions with regard to specific rows of Template C

Rows	Legal references and instructions
010	<p><b>Carrying amount of selected financial liabilities</b></p> <p>The median value of the item “Carrying amount of selected financial liabilities” as reported in row 010 of Template F 32.04 (AE-SOU) of Annex XVI to Implementing Regulation (EU) No 680/2014.</p>
011	<p><b>of which: ...</b></p> <p>Where relevant in the context of their use of encumbrance in relation to their business model, institutions may identify separately the median value of any component of “Carrying amount of selected financial liabilities” in a dedicated “of which” row, especially if part of the encumbrance of assets is associated with liabilities and another part is not.</p>

Table 6: instructions with regard to specific columns of Template C

Columns	Legal references and instructions
010	<p><b>Matching liabilities, contingent liabilities or securities lent</b></p> <p>The median values of the item “Matching liabilities, contingent liabilities or securities lent” as reported in column 010 of Template F 32.04 (AE-SOU) of Annex XVI to Implementing Regulation (EU) No 680/2014. Fair value disclosed is the median value of the different fair values observed at the end of each reporting period considered for the computation of the median.</p> <p>Liabilities without any associated funding, such as derivatives, shall be included.</p>
030	<p><b>Assets, collateral received and own securities issued other than covered bonds and asset-backed securities encumbered</b></p> <p>The amount of the assets, collateral received and own securities issued other than covered bonds and asset-backed securities that are encumbered as a result of the different types of transactions hereby reported.</p> <p>To ensure consistency with the criteria in Templates A and B, assets of the institution registered in the balance sheet shall be disclosed at the median value of their carrying amount, whereas re-used collateral received and encumbered own securities issued other than covered bonds and asset-backed securities shall be disclosed at the median value of their fair value. Fair value disclosed is the median value of the different fair values observed at the end of each reporting period considered for the computation of the median.</p>



	Assets encumbered without matching liabilities shall also be included.
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# Template D – Accompanying narrative information

Table 7: Specific instructions with regard to Template D

## Legal references and instructions

In order to complete Template D, institutions shall disclose the information referred to in points 1 and 2.

1. General narrative information on asset encumbrance, including the following:

- a) an explanation of any difference between the regulatory consolidation scope used for the purpose of the disclosures on asset encumbrance and the scope retained for the application of the liquidity requirements on a consolidated basis as defined in Part Two, Chapter 2 of Regulation (EU) No 575/2013, which is used to define (E)HQLA eligibility;
- b) an explanation of any difference between, on the one hand, pledged and transferred assets in accordance with the applicable accounting frameworks and as applied by the institution and, on the other hand, encumbered assets and an indication of any difference of treatment of transactions, such as when some transactions are deemed to lead to pledge or transfer of assets but not to encumbrance of assets, or vice versa;
- c) the exposure value used for the purposes of disclosure and an explanation of how median exposure values are derived.

2. Narrative information relating to the impact of the institution's business model on its level of encumbrance and the importance of encumbrance on the institution's funding model, including the following:

- a) the main sources and types of encumbrance, detailing, where applicable, encumbrance due to significant activities with derivatives, securities lending, repos, covered bonds issuance and securitisation;
- b) the structure of encumbrance between entities within a group, and especially whether the encumbrance level of the consolidated group stems from particular entities and whether there is significant intragroup encumbrance;
- c) information on over-collateralisation, especially regarding covered bonds and asset-backed securities, and the incidence of over-collateralisation on the levels of encumbrance;
- d) additional information on encumbrance of assets, collateral and off-balance sheet items and the sources of encumbrance by any significant currencies other than the reporting currency as referred to in Article 415(2) of Regulation (EU) No 575/2013;
- e) a general description of the proportion of items included in column 060 'Carrying amount of unencumbered assets' in Template A of Annex I that the institution would not deem available for encumbrance in the normal course of its business (e.g. intangible assets, including goodwill, deferred tax assets, property, plant and other

fixed assets, derivative assets, reverse repo and stock borrowing receivables);

- f) the amount of underlying assets and of cover pool assets of retained asset-backed securities and retained covered bonds, and whether those underlying and cover pool assets are encumbered or unencumbered, along with the amount of associated retained asset-backed securities and retained covered bonds;
- g) where relevant for explaining the impact of the institution's business model on its level of encumbrance, details (including quantitative information if relevant) on each of the following:
  - (i) the types and amounts of encumbered and unencumbered assets included in row 120 of Template A, where quantitative information shall be provided in row 121 of Template A;
  - (ii) the amounts and types of encumbered assets and off-balance sheet items included in row 010 of Template C that are not associated with any liabilities, where quantitative information shall be provided in row 011 of Template C.