Joint Bank Reporting Committee

JBRC recommendations on the semantic integration of ESG Pillar 3 disclosures

The Joint Bank Reporting Committee (JBRC) is pleased to announce the publication of its first recommendations on semantic integration.

Prepared by the JBRC Expert Group on Semantic Integration (EG SINT), this release represents an important milestone in advancing semantic harmonisation of the concepts and their definitions used across supervisory, resolution and statistical reporting by banks in Europe.

This document provides an initial set of recommendations based on the Environmental, Social and Governance (ESG) Pillar 3 disclosures, which will also be relevant for the development of ESG reporting requirements. Additional, more targeted recommendations on these requirements will follow in the coming months.[1]

This publication also demonstrates the strength and efficiency of the governance established under the JBRC and the collaboration with the banking industry via the Reporting Contact Group (RCG). It showcases how industry and authorities can work together effectively through a well-structured, collaborative framework and deliver concrete progress. The ESG-related recommendations on semantic integration are only a first step, and further enhancements are already underway: additional recommendations pertaining to the ESCB's Integrated Reporting Framework (IReF), FinRep, and other key areas are currently in preparation.

[1] Please note that the current format and structure of the recommendations may evolve and that EG SINT prioritises the swift delivery of useful, high-quality outputs, even if this occasionally requires compromising on formatting or aesthetics.

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Recommendations

This section sets out the recommendations identified by the JBRC Expert Group on Semantic Integration (EG SINT) in the course of its work to enhance semantic integration across statistical, resolution and supervisory reporting frameworks. The EG SINT has considered as a basis of its semantic integration analysis the definitions contained in the Draft ITS on ESG disclosures that has been provided for public consultation in May 2025 (EBA/CP/2025/07). Some recommendations include multiple priorities meaning that if priority 1 of a recommendation cannot be implemented, the priority 2 recommendation should be considered. The recommendations are ordered by the lowest ESG template the respective concept appears in. Some recommendations are also provided as feedback to the Consultation paper.

1. Template 1

1.1 Breakdown by residual maturity bucket (Template 1, Template 5)

Recommendation 1:

The reporting of the (weighted) residual maturity between different reporting concepts should be aligned:

Priority 1:

Currently, residential maturities are used in a number of reports including COREP (C66.01, C33.00…), Asset Encumbrance, IReF, ESG disclosure. It should be ensured that the (weighted) residual maturity is calculated in a uniform way for all reports. This includes a decision on calendar days (30/360 is preferred), working / weekend days and the treatment of special cases and missing information. Ideally, a concept could be defined by the European Commission.

Priority 2:

If no alignment for all reports is feasible it is recommended to adopt the COREP definitions for ESG disclosure as much as possible, especially concerning the allocation into the different maturity buckets, providing a clear legal reference.

Preferred Reference: Implementing Regulation (EU) 2024/3117

Justification: If banks calculate the residual maturity per exposure for COREP liquidity reporting, this could be also used in an ESG disclosure / reporting context. Aligned definition between C66.01 (maturity, not weighted) and ESG reporting of residual. If there are certain definitions e.g. for repayment in instalments, these should either also be applicable for COREP liquidity reporting or in neither reporting requirement.

Recommendation 2:

The definitions for the columns "Breakdown by residual maturity buckets" differ between Template 1 and 1A. The definitions should either be aligned (preferred) or it should be clarified that the definitions differ which should then also be reflected in the EBA DPM as two different data points. The term “residual maturity” should be consistently used (i.e. not “remaining maturity”). Additionally, further guidance should be implemented how instruments with no maturity (e.g. equity instruments) should be treated - especially in the calculation of the average duration required in template 1.
Preferred Term: “Residual maturity”
Justification: The breakdown by residual maturity bucket in **Template 1** is defined as "Institutions shall allocate the exposures to the relevant bucket depending on the **residual** maturity of the financial instrument, taking into account the following: [...] where an exposure has no stated maturity for reasons other than the counterparty having the choice of the repayment date, **or in the case of equity holdings,** the amount of this exposure shall be disclosed in the largest maturity bucket [...]. The breakdown by residual maturity bucket in **Template 1A** is defined as "Institutions shall allocate the exposures to the

relevant bucket depending on the residual maturity of the financial instrument, taking into account the following: [...] where an exposure has no stated maturity for reasons other than the counterparty having the choice of the repayment date, the amount of this exposure shall be disclosed in column '> 5 year' [...]. The case of equity holdings is only described for Template 1 but not for Template 1A.

2. Template 2

2.1 Level of energy performance (EPC label of collateral) (Template 2)

Recommendation 3:

The collateral allocation for real estate protection should be aligned with FinRep.

Preferred Definition: Based on the revised FinRep definition

Preferred Reference: FinRep update.

Justification: Adding another distribution of protections (to the many already existing ones) is seen as burdensome and excessive.

Recommendation 4:

For the calculation of the total exposure protected by real estate securities, it should be clarified which value should be used:

- The market value as defined in Art. 4 (1) 76 CRR ("the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without being under compulsion").
- The mortgage lending value ("'mortgage lending value' means the value of immovable property as determined by a prudent assessment of the future marketability of the property considering long-term sustainable aspects of the property, the normal and local market conditions, the current use and alternative appropriate uses of the property;").
- The property value ("'property value' means the value of a residential property or commercial immovable property determined in accordance with Article 229(1)") of the collateral or the assigned maximum collateral/guarantee that can be considered from FinRep ("For loans and advances that have simultaneously several types of collateral or guarantee, the amount of the 'Maximum collateral/guarantee that can be considered' shall be allocated according to its quality, starting from the one with the best quality. For loans collateralised by immovable property, immovable property collateral shall always be reported first, irrespective of its quality compared to other collateral. Where the 'Maximum collateral/guarantee that can be considered' exceeds the value of immovable property collateral, its remaining value shall be allocated to other collateral types and guarantees according to its quality, starting from the one with best quality.").
- It is recommended to use the value used in the updated FinRep version.

Preferred Reference: Market value: Art. 4 (1) 76 CRR; Mortgage lending value: Art. 4 (1) 74 CRR; property value: Art. 4 (1) 74 CRR or Maximum collateral/guarantee that can be considered: Reference to be retrieved from FinRep update.

Justification: Depending on which collateral value is used, the result might differ significantly.

2.2 Level of energy performance (EP score in kWh/m² of collateral) (Template 2)

Recommendation 5:

In the Draft EBA ITS of the Consultation Paper EBA/CP/2025/07 in Template 2 it is not clear, **what kind of energy performance is requested**: **theoretical energy consumption** (EP Score) **or actual energy consumptions** (Energy use Intensity EUI). For reporting purposes only Primary Energy (including upstream losses) should be used. This should be documented in the EBA Final Draft ITS on ESG disclosures.

This avoids misunderstandings of definitions when disclosing this information and assessing the Transition Risk.

Recommendation 6:

In the Draft EBA ITS of the Consultation Paper EBA/CP/2025/07 and for all ESG-context reporting, the reporting on EP score should be enhanced by including an additional column named "of which renewable primary energy, as % of total primary energy use" in the EPC label section.

Justification: Only by looking at both indicators the user can have a complete picture on a building's energy demand. Below, key reasons:

- Relying only on non-renewable EP score can obscure poor building performance (inefficiencies hidden by renewable installations (e.g. PV, heat pumps) offsets.
- Relying only on Total EP Score without context can lead to inconsistent comparisons among buildings and across regions with different renewables mixes. Indeed, fossil fuels have significant conversion losses compared to renewables.

Recommendation 7:

Prioritize quantitative over categorical data. EP score is a more stable, comparable, and cross-border metric than EPC labels (A-G). However, EPC labels should be retained.

Recommendation 8:

If available, use **energy performance per intended use of building** (e.g. Residential vs Commercial vs Industrial) to allow sector-specific benchmarking.

Recommendation 9:

While in principle banks should be incentivised to collect actual EP scores, a fallback solution should be available in cases where these scores cannot (yet) be reasonably obtained:

If the EPC lacks the EP score, a guidance for **development of internal models to estimate it** based on (and put it under the estimated ones):

- Building type and age
- Construction materials
- Climate zone
- Available energy consumption records

should be developed.

Maintain **data quality controls** for Regulators and Credit Institutions. Implement QA checks to ensure that:

- Units are correct
- No values are off-scale (e.g. <10 or >1000)
- Sources are traceable (actual EPC vs internal estimation)

2.3 Level of energy performance (EP score in kWh/m² of collateral) estimated (Template 2)

Recommendation 10:

The Draft ITS of the Consultation Paper EBA/CP/2025/07 introduces column g2 "Without EP score in kWh/m² of collateral (neither measured nor estimated)" (point 63). While this enhances transparency and explicitly distinguishes exposure where no EP score can be reported at all, the term "neither measured" it might be misleading. Indeed, the use of "measured EP score" can be itself a sort of approach to estimate the theoretical energy consumption by measuring the actual energy consumption (for instance by looking at bills from Energy providers). Therefore, it is recommended to **adjust the headers for column g1 and column g2** to avoid any sort of overlapping/doubts on disclosed EP Scores figures:

- Column G1: “unknown primary energy use in kWh/m²,” representing exposures for which an actual EP score from an EPC is missing or unavailable.
- Column G2: “of which could be estimated/measured, as % of unknown,” representing the subset of unknowns (column G1) that could be estimated or proxied by institutions.

The correct triage logic in the data flow shall be:

- **Step 1:** Collect Actual EP Score from Energy Performance Certificate (EPC).
- **Step 2:** If EP score is missing in EPC or no EPC is available, try to estimate/ measure/ calculate the EP Score through some proxy variables and standardized estimation methodologies.
- **Step 3:** If estimation is not feasible due to insufficient input data flag the exposure in the "neither measured nor estimated" column g2.

<u>Recommendation 11:</u>

It is recommended that the EC develops a **estimation methodology guidance** for EP scores when EPC data is missing or incomplete, including the use of comparable property data, proxy variables (e.g. building age, type, size) and machine learning models. Also, this estimation methodology shall:

- Be consistently applied across all relevant collateral.
- Be regularly reviewed and updated as soon as new data becomes available.

<u>Recommendation 12:</u>

The estimated EP score might impact the **clear need of standardization present around Europe** in assessing the Transition Risk of real estate loans and advances and of repossessed collateral. For the next years, EBA, regulators and banks shall aim together at reducing reliance on estimated EP scores by:

- Setting targets and timelines for **increasing actual EPC coverage** in the portfolio to replace estimated EP Score.
- Engaging with property owners to update or obtain valid and complete EPCs.

<u>Recommendation 13:</u>

Maintain records and documentations of: Assumptions used per estimate and confidence levels (e.g. High, medium, low) to signal estimate reliability. This helps with auditability and comparability among different banks.

<u>Recommendation 14:</u>

The narratives contained in the EBA Pillar 3 Template 2 could be further enhanced by requesting further information on how institutions handle the estimated EP Score disclosed in column G2 and row 5 and 10:

- Estimation methodology used and confidence levels reported (e.g. "only high and medium").
- Quantify the shares of exposures with estimated EP Score compared to the overall EP Scores figures disclosed.
- Outline your strategy and roadmap to improve data quality over time.

2.4 Loans collateralised by commercial immovable property (Template 2 (mult), Template 5, Template 7, Template 9 (mult), Template 10) and Loans collateralised by residential immovable property (Template 5, Template 7, Template 8, Template 10 (mult))

Recommendation 15:

The concepts “loans collateralised by commercial immovable property” and “loans collateralised by residential immovable property” are not explicitly defined in the ITS on prudential disclosures on ESG risks in accordance with Article 449a CRR, Annex II – EBA draft ITS on Pillar 3 disclosures on ESG risks (instructions).

In addition, there is no explicit guidance on how to treat loans that are secured by both residential and commercial immovable property and how loan amounts that exceed the value of the collateral are treated. This lack of definition may lead to inconsistent interpretations or reporting practices across different teams or systems.

Potential treatments include:

- Classified based on the predominant type of collateral
- Split proportionally between residential and commercial components
- Reporting of loan amounts only up to the collateral value (CRR)
- Based on the bank’s internal allocation practice (FinRep)
- Or handled under a distinct category

It is acknowledged that this problem does not only pertain to ESG reporting but also a variety of other reports where loan collateralisation plays a role, with FinRep and COREP being prime examples (with the latter being clear concerning treatment).

Priority 1:

Thus, the preferred solution would be to provide general and uniform instructions on the treatment of collateralised loans for all relevant reports. This could be established by the European Commission (EC) e.g., by establishing a Task Force.

Priority 2:

If only a solution for ESG reporting can be achieved, a decision should be taken on one treatment and this should be documented. We recommend a classification based on predominant use of the type of collateral.

To ensure clarity and alignment, it is recommended to specify the treatment of such cases. These instructions should clearly outline whether the loan should be classified based on the predominant type of collateral, split proportionally between residential and commercial components, or handled under a distinct category. Establishing a standardized approach will support consistency in implementation and facilitate accurate data aggregation and regulatory compliance.

3. Template 3

3.1 Reporting year (Template 3)

Recommendation 16:

The concept of “Reporting year” is foundational across financial, prudential, and sustainability reporting frameworks, yet it is not always formally defined in legislation. To enhance semantic clarity and interoperability, it is recommended to:

- Introduce a formal definition in ITS glossaries and metadata dictionaries.
- Harmonize references across FinRep, COREP, ESG, and IReF frameworks.
- Ensure consistent tagging of Reporting Year in XBRL taxonomies and data exchange formats.

These measures will improve data comparability, regulatory alignment, and semantic consistency across domains.
Preferred Term: “Reporting year”
Preferred Definition: The specific calendar or fiscal year for which institutions must submit financial, prudential, or sustainability-related data under applicable regulatory frameworks. It serves as the temporal anchor for disclosures, supervisory templates, and risk assessments.
Justification: The Reporting year is operationally embedded across multiple regulatory frameworks, serving as a key reference for disclosures and supervisory analysis. While often aligned with the institution’s fiscal year, its formal definition is lacking. Establishing a standardized definition and harmonized usage will support semantic interoperability and regulatory compliance. The preferred reference consolidates authoritative sources across accounting, prudential, and sustainability domains.

3.2 Economic activity (“NACE Sectors”; Template 1, 3, 5)

Recommendation 17:

The definition of the economic activity of a counterparty differs between ESG disclosure and regulatory reporting / statistics when the counterparty is a holding company or an SPV. The definitions should either be aligned between ESG and IReF / FinRep or it should be made clear in the ITS and the DPM that the different definitions (see justification) are intended.

Priority 1:

If the different definitions is necessary, this should be specified and should be reflected in the ITS and especially in the EBA Data Point Model - also by introducing new terms, e.g. “NACE based on economic activity” and “original NACE”.

Priority 2:

Alternatively, the two definitions could be aligned by either including the definitions regarding the economic activity of SPVs and holding companies in IReF / FinRep or by removing them from ESG disclosure. As this is not expected to be feasible, priority 1 recommendation is preferred.

Justification: When the counterparty is a holding company, institutions shall consider the NACE sector of the specific obligor controlled by the holding company (if different than the holding company itself) which receives the funding, particularly in those cases where the obligor is a non-financial corporate. Similarly, where the direct counterparty of the institution (the obligor) is an SPV, institutions shall disclose the relevant information under the NACE sector associated with the economic activity of the parent company of the SPV. The classification of the joint exposures towards more than one obligor shall be based on the characteristics of the obligor that was the most relevant for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor.

4. Template 4

4.1 Number of top 20 polluting firms included (Template 4)

Recommendation 18:

Preferred term: “Number of top 20 Carbon-Intensive Firms”

Justification: The definition of this term is clear while the term is not explicitly defined elsewhere in supervisory reporting. Nevertheless, we recommend renaming the term from “Number of top 20 polluting firms included” to the preferred term “Number of top 20 Carbon-Intensive Firms” for consistency purposes and alignment with the Template 4 Title "Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms", as presented in Annex XXXIX to this Implementing Regulation.

5. Template 5

5.1 Exposures sensitive to wind-related hazards, water-related hazards, temperature-related hazards or solid mass-related hazards (Template 5)

Recommendation 19:

Explicitly clarify whether exposures sensitive of more than one climate-related hazard type (as classified in COMMISSION DELEGATED REGULATION (EU) 2023/2486) should be disclosed in mutually exclusive way or to disclose all relevant exposures under all these different hazards types.

5.2 Exposures sensitive to impact from climate change physical events and total exposures subject to physical risk (Template 5)

Recommendation 20:

It is not clarified at what level the exposure to physical risk should be measured. If the physical risk should be measured only for immovable property collateral and / or counterparties this should be clarified. If an exposure is protected by two or more immovable properties it should be clarified how the gross carrying amount should be distributed. Example: an exposure is protected by two real estate collaterals of equal value. Only one of the real estate collaterals is exposed to physical risk. Should only be 50% of the gross carrying amount be marked as exposed to physical risks?

The instructions should also contain an example, detailing the disclosure of the gross carrying amount in conjunction with Template 1 and the reporting in FinRep.

Recommendation 21:

Unless other considerations exist, we recommend allocating loans based on the physical risk of the collateral with the highest market value.

Recommendation 22:

A detailed explanation and an example should be added to the IT solutions for templates 5, 5A and 1A. Similar to the detailed explanation that is given for template 2 (point 6).

Recommendation 23:

As for 2.1 Level of energy performance (EPC label of collateral) (Template 2), for the calculation of the total exposure subject to physical risk of an exposure protected by real estate securities, it should be clarified which value should be used. An alignment with FinRep is preferred. Some of the points mentioned in 2.1 Level of energy performance (EPC label of collateral) (Template 2) apply here as well – also the adaption should be consistent.

6. Template 6

6.1 GAR stock (Template 6)

Recommendation 24:

Preferred Term: "GAR Stock"
Justification: Consistent use of terms that have the same meaning. GAR Stock is the term explicitly used in Template 7 of the ESG Pillar 3 disclosures under Commission Implementing Regulation (EU) 2022/2453. It refers to the taxonomy-aligned assets held at the reporting date, making it a stock-type KPI. The term is consistent with the stock/flow distinction used across ESG, FinRep, COREP, and statistical reporting frameworks. If internal documentation uses synonyms, clarify that GAR Stock is the formal regulatory term.

6.2 GAR flow and GAR KPI flow (Template 6, Template 8)

Recommendation 25:

Preferred Term: "GAR Flow"
Preferred Definition: GAR Flow measures the proportion of newly originated assets during the reporting period that fund taxonomy-relevant activities.
Justification: Consistent use of terms that have the same meaning.

7. Template 7

7.1 Motor vehicle loans (Template 7, Template 8)

Recommendation 26:

Priority 1:

Preferred term: "Car loans"
Preferred definition: Loans granted to households for the acquisition of a car (motor vehicle as defined in Regulation (EU) 2018/858 (EUR-Lex - 02018R0858-20240701 - EN - EUR-Lex) Art. 3 (13))) for consumption purposes (based on Commission Delegated Regulation (EU) 2021/2178 and amended).
Justification: If the assumption holds that motor vehicles / cars should be defined as stipulated in Regulation (EU) 2018/858 this should be clearly documented. If not, this also needs to be documented (see Priority 2). "Car loans" is seen as the preferred term as "motor vehicle" might give the wrong impression that motorbikes and boats are also included. If motorbikes are included perhaps the term "road vehicle" is preferable. It is correct that in principle the above proposed definition also includes for example trucks or buses, but it is assumed that these are not so relevant for consumption purposes. As such the term "car" seems the most appropriate.

Recommendation 27:

The loan type should not play a role in the definition of "car loans" so credit cards and overdrafts should be included in the definition of "car loan" because this definition will most likely also apply in IReF.
Justification : Based on Q&A EBA 2020_5167 https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5167 the FinRep definition of "Credit for consumption" does not include credit cards and overdrafts, which are however included in the BSI definition (and therefore IReF).

7.2 Assets under management (Template 7)

Recommendation 28:

Priority 1:

Preferred term: "Assets under management (AUM)"
Preferred definition: Assets under management' or 'AUM' means the value of assets that an investment firm manages for its clients under both discretionary portfolio management and nondiscretionary arrangements constituting investment advice of an ongoing nature.
Preferred reference: Art. 4(1)(27) Regulation (EU) 2019/2033
Justification: The term "Assets under management" is defined for ESG purposes based on Regulation (EU) 2021/2178, and for investment firms in Article 4(1)(27) of Regulation (EU) 2019/2033 (IFR). For FinRep purposes the term "Asset Management" is used (FinRep Annex V 285(a)). It is recommended to harmonise these three AUM terms i.e. to drop the existing small scope distinctions to create a joint definition - especially FinRep and ESG reporting. Further we recommend harmonising the concept to the IFR term and definition for all reporting.

Priority 2:

Differences in definitions should be only used where necessary. If indeed three different terms are required, their differences need to be clearly documented. This should also be reflected in the naming convention - e.g. by forming a subset "discretionary Assets under Management" and documented in the DPM glossary.

7.3 Sovereigns (Template 7)

Recommendation 29:

Preferred term: "central government"
Preferred definition: This subsector includes all administrative departments of the state and other central agencies whose competence extends normally over the whole economic territory, except for the administration of social security funds. Included [in subsector S.1311] are those non-profit institutions which are controlled by central government and whose competence extends over the whole economic territory.
Preferred reference: ESA2010; paragraph 2.114 of Annex A to Regulation (EU) No 549/2013
Justification: No definition of "sovereign" exists in the sources consulted. Based on the analysis above evidence exists that the term is synonymous with "central government", where a definition exists. Thus, the term "central government" should be used instead of "sovereign" in ESG reporting.

Recommendation 30:

Preferred term: "state and local governments"
Preferred definition: State governments: "...those types of public administration which are separate institutional units exercising some of the functions of government, except for the administration of social security funds, at a level below that of central government and above that of the governmental institutional units existing at local level": *Local governments:* "...includes those types of public administration whose competence extends to only a local part of the economic territory, apart from local agencies of social security funds" (ESA 2010; Annex A to Regulation (EU) No 549/2013)
Preferred reference: Paragraph 2.115 and 2.116 of Annex A to Regulation (EU) No 549/2013
Justification: ESG Template 7 only distinguishes between "sovereign" and "local" governmental exposures. Based on "Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets" the "local" category includes "regional" governmental exposures. "Regional government" is an alternate term for "state government". Thus, Template 7 should use the term "state and local governments" in line with Annex A to Regulation (EU) No 549/2013.

7.4 NFCs subject to NFRD disclosure obligations (Template 7, Template 8)

Recommendation 31:

Preferred term: NFC subject to CSRD Disclosure Obligation (including EU and Non-EU Non-Financial Corporations)
Justification: By now, it is probably more correct to talk about NFCs subject to CSRD Disclosure Obligation to avoid any sort of ambiguity in defining the perimeter of companies that are in scope for GAR calculation (see EU Regulation 2022/2464). It should be pointed out that within NFCs Subject to NFRD/CSRD Disclosure Obligation there are both EU and Non-EU Companies (especially with the introduction of CSRD)[2].

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[2] Partly application to non-EU firms from 2028 onwards and only under certain conditions.

<u>Recommendation 32:</u>

Clarify which regulations apply when defining the type of counterparty. The FinRep definition is preferred and is recommended to be used for ESG disclosure requirements. Where different definitions are required this needs to be semantically reflected e.g. by using "non-financial companies (ESA 2010)".

Justification: There are some inconsistencies between the definition of NFC in FinRep and in other regulations or statistical frameworks such as CSRD or ESA 2010 (for instance the treatment of a leasing company or the treatment of Holding Companies).

<u>Recommendation 33:</u>

The overall draft EBA ITS (specifically Template 6 to 10) in consultation should take care of and reference to the Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directives (EU) 2022/2464 which comes out from the Omnibus Package I.
Justification: This subset of Non-Financial Companies is going to vary a lot in basis of Omnibus Package outcomes.

7.5 Cash and cash-related assets (Template 7, Template 9)

<u>Recommendation 34:</u>

The concept of "Cash" is well understood and operationally applied across regulatory frameworks, including FinRep, CRR, and ECB statistics. However, the term "Cash related assets" lacks a formal and harmonised definition. It is recommended that supervisory authorities (e.g., EBA, ECB) provide an explicit and consistent definition of "Cash related assets" to ensure clarity in reporting, particularly in ESG disclosures and liquidity risk frameworks.

The term "cash" is defined operationally, not formally, in the reviewed frameworks. Its meaning is inferred from usage in templates, accounting standards (IFRS 9), and statistical glossaries. Therefore, it is also recommended to introduce a formal definition of "cash" in regulatory glossaries to support semantic precision and consistent application. If broader interpretations of cash-related instruments are intended (e.g., including HQLA or money market instruments), a distinct term should be used and defined explicitly.
Preferred definition: There is no formal definition. An operational definition could be inferred from the following sources:

- FinRep – Commission Implementing Regulation (EU) No 680/2014, Annex V
- CRR – Regulation (EU) No 575/2013, Article 4(1)
- EBA Q&A 2022_6371
- ECB Banking Statistics Glossary

Justification: While the concept of cash is widely used and understood, its definition is not formally codified in CRR or FinRep. Cash related assets, although commonly referenced, lack a harmonised definition across frameworks. Providing formal definitions for both terms will enhance semantic clarity, improve consistency in regulatory reporting, and support accurate classification in ESG and liquidity disclosures.

7.6 Central banks exposure (Template 7)

<u>Recommendation 35:</u>

Although the sector "Central Banks" is clearly defined in ESA 2010 and used across reporting frameworks (FinRep, BSI, MIR, AE, ESG), the concept "Central Banks Exposure" lacks a formal definition. It is recommended that regulatory bodies such as the EBA and ECB provide a harmonised and explicit definition of this concept, linking institutional classification (ESA 2010) with prudential treatment (CRR) and disclosure requirements (ESG Pillar 3). The term "Central Banks Exposure" does

not present semantic issues as long as it refers to exposures toward entities classified under ESA 2010 sector S.121. However, if a different interpretation or scope is intended (e.g., including monetary policy instruments or indirect exposures), it is strongly recommended to use a distinct term and define it explicitly and separately to avoid ambiguity and ensure semantic precision. It is important to note that the term exposure is defined only operationally in CRR and FinRep —through its use in calculations and classifications— but not formally or explicitly. Therefore, it is also recommended that a formal definition of "exposure" be introduced in regulatory glossaries to support semantic clarity and consistent application.
Preferred Term: Central Banks Exposure
Preferred Definition: Financial exposures held by institutions toward entities classified as central banks under ESA 2010 (sector S.121), typically involving deposits, lending, or other financial instruments. There is no explicit definition for "Exposure" term
Preferred Reference (Central Banks): ESA 2010 – Regulation (EU) No 549/2013, paragraphs 2.72–2.74
Justification: While "exposure" and "central banks" are individually defined or described in regulatory frameworks, their combination as a distinct concept is not formally recognized. Moreover, exposure is defined only through operational use, not as a standalone term. Providing clear and harmonized definitions for both concepts will improve semantic clarity, support consistent reporting, and facilitate regulatory analysis. The preferred reference consolidates institutional classification and prudential treatment sources.

7.7 Interbank (Template 7, Template 9)

Recommendation 36:

Preferred term: "Interbank"
Justification: The terms "interbank" and "inter-bank" are used interchangeably. The consistent use of the term "interbank" is recommended as it is the term used in the CRR, and the more heavily used term based on CoPilot.

Recommendation 37:

It is unclear what the term "bank" refers to. Most likely it is synonymous to Credit institution according to CRR, however no formal definition exists. It would be worthwhile to clearly define which entities are considered "banks" for the reporting of "interbank" business.

8. Template 9

8.1 Proportion of total covered assets funding Taxonomy-aligned (Template 9)

Recommendation 38:

The instructions could be updated to the following: "1. Institutions shall disclose in this template the percentage of BTAR assets as disclosed in template 9.1 compared to the total assets in the denominator of the BTAR as disclosed in row 17 of template 9.1."
Justification: The suggested changes would clarify the disclosure instructions.

Recommendation 39:

The instructions in the ESG disclosure could benefit from clearly defining which row in Template 9.1 should be divided by which row to calculate the percentages in Template 9.2 For example, Template 9.2 row 1 = Template 9.1 row 12 / Template 9.1 row 17; Template 9.2 row 2 = Template 9.1 row 1 / Template 9.1 row 17 ; Template 9.2 row 3 = Template 9.1 row 2 / Template 9.1 row 17, etc.

Justification: The suggested changes would clarify the disclosure instructions.

Recommendation 40:

The instructions should also clarify how this information should be disclosed for the columns on flow information. For example, while Template 9.2 row 1 column b 'KPIs on stock: Proportion of total covered assets funding Taxonomy-aligned' can be calculated as "Template 9.1 row 12 column c / Template 9.1 row 17 column a", it is not possible to calculate the column o 'KPIs on flow: Proportion of total covered assets funding Taxonomy-aligned' from Template 9.1, since Template 9.1 only contains information on the stock.
Justification: The suggested changes would clarify the disclosure instructions.

8.2 Proportion of total covered assets funding Taxonomy-eligible (Template 9)

Recommendation 41:

The instructions should clarify how this information should be disclosed for the columns on flow information. For example, while Template 9.2 row 1 column a 'KPIs on stock: Proportion of total covered assets funding Taxonomy-eligible' can be calculated as "Template 9.1 row 12 column b / Template 9.1 row 17 column a", it is not possible to calculate the column o 'KPIs on flow: Proportion of total covered assets funding Taxonomy-eligible' from Template 9.1, since Template 9.1 only contains information on the stock.
Justification: The suggested changes would clarify the disclosure instructions.

Recommendation 42:

The instructions could be updated to following: "1. Institutions shall disclose in this template the percentage of BTAR assets as disclosed in template 9.1 compared to the total assets in the denominator of the BTAR as disclosed in row 17 of template 9.1."
Justification: The suggested changes would clarify the disclosure instructions.

Recommendation 43:

The instructions in the ESG disclosure could benefit from clearly defining which row in Template 9.1 should be divided by which row to calculate the percentages in Template 9.2. For example, Template 9.2 row 1 = Template 9.1 row 12 / Template 9.1 row 17, Template 9.2 row 2 = Template 9.1 row 1 / Template 9.1 row 17, Template 9.2 row 3 = Template 9.1 row 2 / Template 9.1 row 17, etc.
Justification: The suggested changes would clarify the disclosure instructions.

8.3 BTAR (Template 9)

Recommendation 44:

The current definition of GAR relies heavily on counterparty filters (e.g., NFRD-subject entities), but this introduces ambiguity. The transition from the Non-Financial Reporting Directive (NFRD) to the Corporate Sustainability Reporting Directive (CSRD) expands the scope of entities subject to taxonomy disclosures. Avoid hardcoding NFRD; instead, define counterparty eligibility as a temporal and regulatory-dependent attribute:

- Use NACE codes to classify activities and LEIs to tag entities. Link GAR numerator eligibility to the financed activity, not just the counterparty's primary classification.
- Clarify the treatment of Repossessed collateral. It is included in the denominator under certain accounting categories, but it is only included in the numerator if it meets taxonomy alignment criteria. There is an apparent contradiction between Annex XL of Commission Implementing Regulation (EU) 2022/2453, which instructs institutions to exclude held-for-sale assets from the denominator of the Green Asset Ratio (GAR), and Annex V of Commission Delegated Regulation (EU) 2021/2178, which explicitly includes held-for-sale repossessed collateral in that

same denominator. This inconsistency arises because Annex XL provides general disclosure instructions rules for asset inclusion, while Delegated Regulation 2021/2178 introduces a targeted exception specific to ESG disclosures. The reconciled interpretation is that repossessed real estate collateral held-for-sale should be included in the GAR denominator when it meets the conditions set out in 2021/2178, despite the broader exclusion rule in Annex XL. To avoid confusion, it is recommended that Annex XL should explicitly reference Section 1.2.1.5 of EU 2021/2178, clarifying that repossessed real estate collateral held-for-sale is an exception to the general exclusion. It could also be introduced a harmonized definition of “held-for-sale” assets across ESG and FinRep frameworks, distinguishing between general held-for-sale assets and repossessed collateral.

9. Template 10

9.1 Sustainable use and protection of water and marine resources (Template 10)

<u>Recommendation 45:</u>

Priority 1:

Describe the data point with an additional dimension "not taxonomy aligned" and adapting the Instructions to: **"***Institutions shall disclose the gross carrying amount of financial assets that finance or are associated with economic activities which contribute substantially to sustainable use and protection of water and marine resources, as defined in Article 12 of Regulation (EU) 2020/852, however not in accordance with the technical screening criteria detailed in Delegated Regulation (EU) 2023/2486 but an institutions own criteria."*

Justification: The data modelling of the data point in template 10 itself could be described with an additional dimension or property among the meaning of "not taxonomy-aligned" indicating that to be reported are only assets that are contributing to pollution prevention and control not according to the taxonomy regulation but are only classified as such through the institution's own criteria. However, it is clear that it is not common courtesy to refer to legal acts that are likely subject to changes and that from a legal standpoint it is preferred to refer to the Taxonomy Regulation only.

Priority 2:

Preferred term: “Sustainable use and protection of water and marine resources (not taxonomy aligned)”