Standard Consolidated Financial Reporting Framework (FINREP): the Basics
Introduction
FINREP is part of the EU’s regulation package of rules “Capital Requirements Directive IV” (CRD IV), which is applicable to banks, building societies and investment companies, and aims to harmonise prudential regulatory reporting across the EU.

Below is a brief outline of FINREP’s key requirements and implications, as well as practical guidance for the implementation of the new regulation.

What is FINREP?
FINREP is a uniform European framework for consolidated financial reporting that applies to credit institutions, based on the International Financial Reporting Standards (IFRS) as of 31 December 2008, as endorsed by the European Commission.

Who will be subject to FINREP?
FINREP is not designed to include all the disclosure requirements of IFRS, nor solo reporting. It is rather intended to be implemented by EU supervisory authorities when requesting consolidated or sub-consolidated supervisory financial returns from credit institutions that report under IFRS. EBA defines “CRD credit institution” as ‘an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account’. For a detailed overview of the reporting application of FINREP, see Appendix 1.

Figure 1: FINREP Scope

Are you preparing consolidated financial statements in conformity with IFRS?
- No → Out of Scope
- Yes

Are you a credit Institution?
- No → Out of Scope
- Yes

Are you an investment company with securities traded on a regulated EU market?
- No → Out of Scope
- Yes

In Scope

In Scope
The framework is not compulsory and each national supervisory authority will decide on how and to what extent to apply the directive within its jurisdiction. Notwithstanding, national authorities are highly recommended to implement the regulation in order to help to improve market efficiency and increase unification across the EU financial services industry.

In 2009, CEBS (now EBA) introduced a “Maximum Data Model” for FINREP with the aim of ensuring higher level of harmonisation and convergence. The model imposes clear minimum and maximum reporting criteria based on a standardised dictionary of data definitions, and each national supervisor has the right to determine its requirements at any level between these two limits.

What are FINREP’s key data and reporting requirements?

The FINREP framework contains 65 reporting “templates” based on two key data segments: “core” and “non-core” quantitative financial data.

Core data
The minimum reporting requirements include all “core information” that includes the following templates:
1. Consolidated Balance Sheet
   1.1. Assets
   1.2. Liabilities
   1.3. Equity
2. Consolidated Income Statement

Non-core data
The maximum reporting obligation involves the “core information” along with the “non-core” data included in the rest of the FINREP templates. Non-core data provides extra information that helps further increase commonality and convergence of reporting across Europe.

Reference
FINREP includes references to the IFRS, which however are not restricted to particular disclosure requirements.

Consolidated Balance Sheet
Under IFRS, there are two possible ways to present financial instruments in the balance sheet: by type of instrument (instrument approach) or by category of financial instrument (portfolio approach). In FINREP, however, financial instruments are presented by category of financial assets and liabilities, following the portfolio approach.

In terms of asset classes, there are five main categories of financial assets identified in the FINREP balance sheet, including:

1. Financial assets held for trading
2. Financial assets designated at fair value through profit and loss
3. Loans and receivables (including finance leases)
4. Held-to-maturity investments
5. Available-for-sale financial assets

Liabilities, on the other hand, are presented in three main groups:

1. Financial liabilities held for trading
2. Financial liabilities designated at fair value through profit and loss
3. Financial liabilities carried at amortised cost
Consolidated Income Statement

In the FINREP consolidated income statement, income and expenses from continuing operations are presented by nature and separately from discontinued operations. Key captions are divided into their component segments with reference to the balance sheet categories of financial instruments.

Following the IFRS disclosure requirements, gains and losses on financial assets and liabilities are included in the primary consolidated income statement. A list of net gains and losses should be reported either in the primary income statement (the ‘core’ section) or elsewhere in the tables (the ‘non-core’ section).

The Links between FINREP and COREP

There is a number of links between the FINREP and COREP frameworks, including:
1. Information on prudential filters for linking the data with regulatory capital calculations (COREP CA template)
2. The use of the economic sector allocation classes presented in Annex I of the CRD
3. The use of the product breakdown in table 16B, Allowances movements for credit losses, which is a combination of the requirements of IFRS 7 and Annex XII of the CRD

Reporting frequency

The FINREP reporting frequency might be quarterly, half-annual and annual, based on national supervisory authorities’ own discretion. In addition, national authorities are free to define the reporting frequency for each template and within ‘core’ and ‘non-core’ information. In other words, national authorities could require different tables of core and non-core information to be reported at a different frequency.

Reporting format

EBA has required all FINREP reports to be filed in XBRL format. XBRL stands for Extensible Business Reporting Language, which is an XML-based standard computer language that has been widely used for exchanging and communicating business information between business systems.

Timeline

Figure 2: FINREP Implementation Timeline
What does FINREP mean for firms?

The FINREP framework will have a significant impact on the operations of EU banks and investment firms that are falling within scope.

FINREP’s major business implications include:
- New reporting requirements
- More granular reporting data
- New reporting technology
- Tight deadlines
- Increased frequency of reporting

How to quickly implement FINREP?

XBRL-enabled Excel

This is by far the simplest and most cost effective solution for meeting your FINREP requirements. We supply a pre-tagged set of templates with the XBRL already hidden behind the scenes, so you can continue to use Excel and add your data as normal.

Our product runs automatic updates as changes to the taxonomy get released by the EBA. This means that you only have to incorporate the current quarter’s figures, and you do not need to re-key the whole lot each time.

For more information, please call our London office on 0207 036 2758 or our Dublin office on 01 525 5409.
About Arkk Solutions

Arkk Solutions is a leading vendor in regulatory and statutory reporting software. Our products are used and trusted by many of the world’s leading companies.

A common theme with all our solutions is a simplified user experience. Our software allows users to carry on business as usual and enables the reporting process to be run in Excel. The complexities of iXBRL, XBRL and XML are handled by the software, taking your Excel reports and converting them to the required format for submission to the relevant Authority.

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## Appendix 1

### CoRep and FinRep Reporting Application 2 April 2014 FINAL VERSION

![Table and Diagram](image-url)

### Notes

