11 February 2021

[redacted]
Senior Manager, Data Strategy and Frameworks
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Australian Prudential Regulation Authority

Via email: DataConsultations@apra.gov.au

Dear [redacted]

Proposed reporting standard ARS 220.0 Credit Exposures and Provisions

COBA welcomes the opportunity to respond to APRA's consultation on the proposed reporting standard ARS 220 for credit risk reporting.

COBA is the industry association for Australia's customer owned banking institutions (mutual banks, credit unions and building societies). Collectively, our sector has $144 billion in assets and more than 4 million customers. COBA owned banking institutions are relatively simple retail banking businesses and fit into the 'prescribed provisioning' group in the proposed standard.

COBA welcomes the objective of shifting to a model that aims to reduce reporting burden on industry. As small ADIs, the fixed costs of reporting are significant and measures to reduce the current and future reporting burden are greatly appreciated. However, it is critical that this significant shift is implemented in a manner that minimises the transition costs and increases the scope to realise these future reporting burden gains. A hastily-implemented model is unlikely to deliver the efficiencies that are used as the potential justification for this change.

While COBA appreciates the potential for this proposed change to reduce the future regulatory reporting burden, the 'concept dimension' model is a significant change that needs adequate planning and implementation time given the current operating environment.

ADIs and APRA are about to embark on a generational change to an unknown data reporting system in APRA Connect. This will require ADIs to re-examine how they report data including through submission methods. Under this new reporting, ADIs will also be subject to a significant change in data granularity which may not currently exist. Consequently, ADIs will take time to generate these data points if it is indeed possible, while some points may be unreasonable to expect. The regulatory agenda over the next year is significant with the introduction of the Government's comprehensive Open Banking reforms front of mind for ADIs. Implementing these reforms is likely to utilise similar resources (i.e. data and technical resources) that are needed to implement this credit risk reporting change. Given these factors, COBA's view is that APRA needs to extend the implementation timeline. While COBA recognises that the ARS 220 consultation was likely delayed due to COVID, COBA does not believe that ADIs should be subject to a shortened implementation period due to this factor, particularly given the significant nature of this change.

COBA welcomes APRA's willingness to engage regularly and openly on these proposed changes. COBA appreciates this ongoing engagement but retains the view that this is insufficient compared to a finalised standard and finalised guidance in assisting ADIs to implement these changes. COBA also believes that, given the significant nature of these changes, further articulation of the 'why' should have been provided, including through a discussion paper to allow industry to better understand the rationale for APRA's changes.

COBA provides some general comments in **Attachment 1** and specific comments on data items in **Attachment 2**. Please feel free to contact [redacted] to discuss any aspect of this submission.

Regards,

[redacted]

Chief Executive Officer

Attachment 1: General comments

Extending the implementation timeframe

COBA believes it will be difficult to meet the proposed timeframe of 1 January 2022 given the current uncertainty regarding both the reporting standard and reporting method for this ambitious change. ADIs are also in the midst of implementing the Open Banking reforms which will divert resources away from other implementation projects.

In our discussions, all parties recognise that the change to a 'concept dimension' model is a significant shift. While COBA and its members appreciate the ongoing engagement with APRA, these discussions help to understand what is possible as opposed to what will be required to be implemented. A final standard is required to outline to ADIs the scope of the final implementation task. Once the standard is finalised, adequate time will be required to be able to meet APRA's objectives without placing a significant burden on industry given existing and competing priorities.

APRA outlines an implementation date of 1 January 2022, in line with the current implementation date of the APS 220. While COBA understands the need to align with APS 220 implementation, this would mean that the final ARS 220 (i.e., in the next few months) will be released in less than 12 months until the 1 January 2022 start date.

COBA holds a long-standing position that all foreseeable regulatory or reporting change must have at least one year from the release of the final standard to the implementation date. This ensures that ADIs have certainty regarding what they are required to implement. While ADIs can attempt to implement based on draft standards, the significant current workload on ADIs means that resources can only be prioritised to known tasks. Given the magnitude of this proposed change and the current change, it is unlikely that 12 months will be sufficient period to provide the level of quality data required. APRA should also consider whether this extended timeframe could be applied on a proportionate basis (i.e. smaller ADIs given additional time).

Facilitating a single implementation approach for ARS 112 and ARS 220

APRA should allow a timeframe for ADIs to implement both ARS 112 and ARS 220 in a single project. In order to do this, it is likely that either the ARS 112-related sections needed to be suspended, or the ARS 220 collection pushed back. For simplicity's sake, this means that ARS 220 should be pushed back. If this is not possible, then the APS 112-related parts that rely upon assets classification (i.e. Table 3, items 4 and 28) must not be reported until 1 January 2023.

As noted above, the shift to a 'concept dimension' model is a significant shift for ADIs. APRA states that it believes in the longer term this will lead to future efficiencies "by minimising duplication of data collections and reducing the number of ad-hoc data requests in future." COBA supports measures that will reduce the incoming reporting burden on ADIs.

APRA notes that this model "will be extended at a future date to include topics such as capital adequacy for credit risk amongst other areas of interest". The new credit risk capital framework is scheduled to commence on 1 January 2023, with reporting expected to be updated on a similar timeframe. COBA members have raised the potential for a double implementation task of having to introduce ARS 220, and then updating for ARS 112 which may reduce the benefits of this new approach.

At present, the proposed ARS 220 classifies exposures using the draft APS 112 asset classification. Any significant changes to APS 112 could require a rework of ARS 220. If implemented 'as is', it means that ADIs would need to undertake the asset classification task 12 months ahead of when the ARS 112 reporting is expected to commence and then in another 12 months items that are currently missing from the ARS 220 which are likely to be required for the ARS 112 implementation (for example, LVR). COBA also notes that discussions with APRA have suggested potential efficiencies regarding ARS 111 Fair Value.

Recognising impact of the shift to the new APRA Connect system

The proposed ARS 220 form will be the first project on the new APRA Connect reporting system for most ADIs. COBA recognises that there are likely to be some efficiencies in reporting via APRA Connect system in the future. However, the ARS 220 changes are a complex project, and it will be further complicated by the introduction of the new APRA Connect environment. ADIs will be implementing an unfamiliar form of reporting in an unfamiliar system.

COBA believes that access and familiarly with the APRA Connect environment is critical to ensuring that ADIs have the understanding to be able to facilitate a solution that meets APRA's objectives in an efficient manner. It is likely that ADIs will require additional implementation time to what is currently proposed. Examples of uncertainty regarding the new system include:

- Uncertainty around the 'valid values' that will be accepted in APRA Connect. ADIs cannot commence solution build work on datasets until this is provided.
    - For example, what format should date values be provided in? Each field to be reported needs to contain the exact syntax that APRA Connect will accept, otherwise there will be increased risk of data validation errors that will require rework.
- Access to audit tools (i.e. summary of submitted returns)
- Uncertainty around validations between APRA Connect and other D2A regulatory returns (for example, capital adequacy)
- Clarity on the actual method of submission – the APRA website notes that the new system "supports a range of file formats and submission methods including Excel, XML and XBRL uploads, APIs and manual data entry. The appropriate file format and submission method will be defined for each new collection as part of the industry consultation process." COBA notes that while future solutions are likely to be based upon XML, if APRA wants ADIs to be able to implement this proposed solution in the near future that it must allow small ADIs to also report this data via Excel.

Creating a clear assets boundary for the proportionality threshold approach

COBA welcomes APRA's intent to introduce proportionality into the ARS 220 reporting suite. It is well acknowledged that while reporting requirements create a reporting burden on all ADIs, this is generally disproportionately borne by smaller ADIs. However, COBA believes that APRA should revisit the proposed boundary to an approach that is less subjective and provides greater certainty to ADIs. COBA members have noted that there is too much uncertainty regarding the use of prescribed provisioning (PP) as the threshold and the potential for it to act as a disincentive for smaller ADIs to switch to more sophisticated provisioning methods, this is likely to be in both APRA's and ADIs' interests.

Currently the determination of whether an entity is a PP entity relies upon the below from APS 220:

> "Where APRA considers that a simple overall approach to determining provisions is acceptable for regulatory purposes, or APRA judges an ADI's own practices for identifying provisions to be inadequate in view of its credit risk profile, APRA may permit, or require, an ADI to implement the prescribed provisioning approach described in Attachment B to this Prudential Standard."

APRA should change this threshold to an assets-based threshold set at $20 billion to ensure that all mutual ADIs are subject to the ARS 220 proportional approach. This would be consistent with them currently being PP ADIs and this aligns with the proposed assets threshold under the simple capital framework.

This would provide these ADIs with certainty of transition regarding their ARS 220 reporting that is independent of their decision to use prescribed provisioning. Given the recent introduction of AASB 9 and associated ECL provisioning models, there has been uplift in the complexity of ADI provisioning models. As some point, some PP ADIs may prefer to shift towards non-PP forms of provisioning and they should not be burdened by additional reporting as result of it as they still remain small ADIs.

Continuing ongoing engagement and written guidance

COBA welcomes APRA's willingness to engage regularly and openly on these proposed changes. These regular sessions have been useful for COBA and COBA members who have attended. COBA and its members look forward to continual engagement with APRA over the implementation period. However, as noted above, industry would also appreciate that APRA start providing written positions on the issues that ADIs are likely to encounter during this process. This would allow more clarity for implementation. For example, industry is interested in the development of FAQs and the provision of some example data to better visualise these tables.

Pausing public data disclosure plans until reporting implications are understood

APRA notes that it "intends to consult further on determining ARS 220.0 data to be non-confidential for the purposes of section 56 of the APRA Act at a later date". COBA's view is that plans to deem this data non-confidential should be put on hold until work has been completed on implementing the reporting standard and understanding the likely numerous data quality issues that will arise from this significant change.

Removing the requirement for pro-rated portfolio-level provisions

APRA should remove the reporting requirement (item 26) for pro-rated portfolio-level provisions given this data would need to be created specifically for this reporting and holds little business value.

Under ARS 220, APRA proposes that ADIs report pro-rated portfolio-level provisions on an exposure basis. This data is unlikely to be readily available given that it does not have any meaningful business value to the ADI. The ability to generate this data depends upon ADI provisioning models and the existence of a method to pro-rate these provisions. In addition, there are scope complexities around what to provision as well as how to provision under multiple scenarios.

COBA notes that recent discussions with APRA have suggested that industry could determine a set method to pro-rate these provisions. Our view is that the simplest way to do this is based on loan balances. However, this is a very crude way to pro-rate and the resulting provisions (as noted above) have little value given that loan balance may not be the sole or even primary driver of the provisioning levels. This would also skew provisions towards larger loan balances.

An alternative would be to pro-rate this based upon collective provision amounts. This would skew the pro-rated provisions towards exposure types with higher provisions (for example, personal loans would have higher pro-rated provisions). For consistency purposes, APRA should specify any methodology in its guidance. In doing so, APRA would need to consider how provisions would be 'cut up', noting that some ADIs may not have this level of granularity in their current models.

COBA believes that if APRA wants these pro-rated provisions then as a compromise ADIs can provide high-level portfolio level provisions and APRA can pro-rate these provisions itself based upon the data provided by ADIs under APRA's own methodology. This would ensure consistent application of a common methodology while not creating surplus data items for ADIs to report. This is critical given that each unnecessary dimension complicates this reporting given that there are potentially thousands of rows. COBA members have noted that investing in their own provision pro-rating models is not an efficient use of limited investment funds and introduces unnecessary complexity into the process.

APRA has noted that there would be an expectation that ADIs' pro-rating models would improve over time. COBA members have noted that this may be true over the portfolio level but is not necessarily likely to occur at the individual exposure level.

Delaying implementation of Table 3 and introducing proportionate 'movements' reporting

COBA suggests that APRA delay and ultimately reconsider the current implementation of Table 3. Given it is a 'movements' table, it will be coming in after the implementation of Tables 1 and 2 in any case given ADIs would not be capturing the relevant data before the first reporting period.

In contrast to most of the information in Table 1 and 2, the information in Table 3 is much less likely to be readily available and is likely to need to be either generated or require a modification to an ADI's existing expected credit loss models. Similarly, the requirement for quarterly reporting is likely to be a significant uplift above what is currently required by ADIs under AASB 9.

A delay will allow APRA and industry to consider what could be proportionate reporting requirement for smaller ADIs. This would include by aligning with existing reporting requirements and frequencies (e.g. AASB 7 disclosure 35I, and annual not quarterly reporting) and also limiting the asset classifications to key product categories.

Attachment 2: Specific comments

Table 1: Exposures and provisions

Scope Feedback

Clarity of requirements by ADI group

APRA should consider how to structure the ARS 220 reporting standard in the way that makes it clear to each ADI the reporting requirements that it must meet. For example, a set of fields that relates to all ADIs, a set that applies to IRB ADIs, a set that applies to the smaller ADIs.

Clarity of coverage

APRA should clarify the coverage of the standard given some fields suggest it is limited to loans while others note that it covers all instruments. COBA members also note that financial liabilities could potentially fit under the definition of 'subject to AASB 9'. We assume that APRA does not intend to capture these particular items.

Third party lending data requirements

COBA members query whether loan exposures managed by a third-party originator e.g. marketplace lenders (MPLs) would be subject to the below information requirements.

Field by Field Feedback

Item	Name	Feedback
1	**Loan identifier**	**Appropriateness regarding use of account numbers** COBA queries as to whether account numbers would be an appropriate response for this item. Note that not all exposures would have account numbers. COBA also requests more guidance on what APRA intends to use this for. It would be useful to help ADIs understand how to generate this identifier (i.e., used to examine changes over time and across collections). COBA members also seek clarification that this relates to an exposure rather than a counterparty (given a counterparty can have multiple exposures).

		Loan identifier references confusing the scope As noted above, the header of this table outlines that this should be completed for all AASB 9 Financial Assets. However, the first field relates to a "loan identifier". Loans are a subset of AASB 9 assets. Notably, treasury investments such as bank bills would be included if it were not restricted to loans. If APRA intends for this to apply to all AASB 9 assets, then it would be clearer to amend this to refer to exposures, or simply a unique identifier. **Changing identifiers throughout exposure lifecycle – loans approved not advanced (LANA)** A COBA member notes that the reporting of LANA would likely use an application identifier when it sits as an off-balance sheet exposure. However, once the loan is funded then it would be given an account number. Would we need to keep using the application number for future returns so the funded loan can be matched to the LANA amount, or is it fine to change the number at the time of funding? How would APRA expect to keep track of this given that the Table 3 relates to aggregate changes rather than individual exposure changes?
2	***On/off balance sheet***	**Classification of exposures that are both on- and off- balance sheet** These are not necessarily mutually exclusive categories. How should a loan be reported where it has both an on-balance sheet and an off-balance sheet exposure? **Clarification on treatment of capital relief securitisation** Is APRA expecting ADIs to define eligible capital relief as off-balance sheet exposures? We note that the securitisation deconsolidation principle in the instructions would exclude them from the scope of this return. Ultimately, clarity is needed whether this refers to the EFS or capital adequacy definition. **General application of Table 1 to off-balance sheet items** Some off-balance sheet loans are unlikely to have information for all the data fields. For example, a loan approved but not advance does not have a 'drawn amount' (Line 24) or 'gross carrying amount' (Line 23) or any 'credit quality' data (Lines 5 to 9). Some may also not be recognised under AASB 9. Off-balance sheet items, such as loan commitments not advanced, may not also be typically recognised under AASB 9 **Potential alternative reporting approach for off-balance sheet items** A COBA member has suggested that it may be simpler to have different data set for off-balance sheet items, which is more tailored to their individual characteristics.

3	**IRB asset class**	Not applicable to our sector given no IRB ADIs.
4	**Standardised asset class**	**Alignment with APS 112 implementation** Given the lag between the APS 112 implementation and ARS 220; our general preference is to provide this from March 2023 as this is currently not available at such a granular level as this reporting requires. For example, the split between commercial properties dependent on property cash flows and those not dependant. **Clarification regarding exposures through third-party lenders** A COBA member seeks further clarification regarding the standardised credit risk classification "Exposures through third-party lenders". APRA have indicated that 'purchased portfolios of assets' would not be captured under the definition, and that this would be clarified in the upcoming APG 112. However, the new APG 112 has not yet been released. Similarly, with respect to our comment above, what level of data would be required for third party exposures.
5	**Degree of performance**	**Reporting of restructured loans** How should a restructured loan where it meets the criteria of a performing loan be reported?
6	**Impairment stage**	**Extracting data from ECL models** For ADIs with this information, this data would be captured in a separate ECL model and there are some challenges expected around capturing source data. This would need to be manually transitioned across until there is a more automated solution. **Specific exposure level data may not exist regarding staging** Some COBA members have noted that this data may not be readily accessible at an exposure level. For example, a loan may currently be <30 days past due and therefore classified as a Stage 1 exposure on an exposure level basis. However, their provisioning model then applies a forward-looking economic assumption to transition that exposure based on the expected economic outlook. This adjustment is done on a portfolio basis (i.e. an aggregate portfolio transfer between Stage 1 and 2 is completed) and this does not select individual loans for transition to Stage 2. Using the individual characteristics of the loan would therefore not reconcile the loan buckets for AASB 9. **Treatment of weighted-average loan stages over multiple scenarios** ECL models generally apply a weighted average across at least three different scenarios. In each scenario a loan

		may be modelled into a different stage. How would APRA suggest that a loan be classified where it may in fact be classified in multiple stages depending on the scenario being applied?
7	**Restructure**	See comment in item 5.
8	**Security**	**Consideration of well-secured definition** COBA seeks clarity regarding the 'well-secured' definition: • what if there is LMI as security? • should this refer directly to the APS 220 definition? • is there a minimum LVR requirement to meet the well-secured classification? • do we only report these for 90 days past-due loans? **Consideration of secured personal loans** How should a secured personal loan (for example, secured using a motor vehicle) be reported? Unsecured or not well-secured?
9	**Number of days *past due***	
10	***Geography***	**Consistency with EFS definitions** We note that the guidance outlines that "For personal lending, use the address of the primary borrower". However, the EFS uses a 'location of property' definition. It would be preferable if APRA aligned these definitions.
11	**Counterparty**	**Lack of collection** COBA members note that they would generally not collect this information as it is purely a statistical measure and there are not spaces currently to collect this information, They note that the EFS report allows the use of ANZSIC as a proxy for SESCA and question whether this could be used if this item is applicable to them.
12	**Residency**	**Data reliability** COBA members note there are concerns about the reliability of any provided information given there is industry-wide qualification by auditors for this data item.
13	**Repayment type**	

14	***ANZSIC***	**Application of ANZSIC reporting to retail exposures** If this item is reported for retail exposures, how would this be reported? Should this be based on the industry the borrower is employed in? We expect that this would only be able to report this information at origination as well. COBA's view is that for retail exposures, this item should be omitted if this item is applicable to smaller ADIs. **Current system limitations** COBA notes that it likely that most systems are not capturing ANZSIC code against the individual loans. As such, this will require system development to capture this data and a methodology to capture from existing and new clients. Another COBA member notes they only collect ANZSIC codes for business memberships. The code is collected at the time of membership application and may not be regularly updated. **Use of ANZSIC classification levels** A COBA member notes that the reference is the division, subdivision, group or class. COBA assumes that this provides the flexibility for individual ADIs to classify any exposures to their preferred ANZSIC level if this item is applicable to smaller ADIs.
15	**Prescribed provisioning category**	**Current system limitations** A COBA member notes that manual intervention may be required to correctly assign categories as IT efforts have been allocated to development of ECL model.
16	**Security type**	**Possible inconsistency** We note that there is a potential issue would be created if you have reported personal lending motor vehicles as unsecured in data item 8 – Security (well-secured/secured etc). **Multiple securities types** COBA members have noted that in some cases there may be multiple security type, for example a residential mortgage and a term deposit. Which would be the security reported in this case?

17	**Interest rate type**	**Interest rate type term** Is the term based on the residual term or the original term? A similar item is reported in the EFS so definitions should align to ensure consistency.
18	**Origination channel**	**Alignment with current reporting** We note that this is only collected for third party originated mortgages and the proposed level of granularity is not currently collected (i.e. anything more than third party and not third party). It will require additional analysis and development work to capture information for this field. There may be data gaps in this information, and this will not be known until the analysis is performed on it.
19	**Currency**	
20	**Booking country**	
21	***Origination date***	**Changes to origination date** Does a top-up reset this origination date? Do we still report the very first origination date or the advance on that facility? The draft ARS 220 notes this "means the date at which the credit is first made available to the borrower (whether or not it is drawn down on that day)." **Unknown dates** COBA members have noted that there will be some difficulties with providing this for all loans, particularly those written before mergers or prior to our current core banking system. The date the current loan expiry date was approved may not be available either.
22	**Maturity date**	**Definition of maturity date** Please provide a definition for this item. Does this relate to final contractual maturity date of the loan, or the end of the current fixed period, or interest only period, etc? **Exposures without formal maturities**

		How should ADIs report for exposures that are without formal maturities? For example, a credit card exposure does not have a defined maturity date. What would be a valid value to return in this field? **Extensions of maturity date** What about extensions of the maturity date? Will APRA automatically identify this from the loan identifier in earlier submissions and note that the maturity date has been extended?
23	**Gross carrying amount of credit exposures**	**Alignment with EFS** For consistency across regulatory reporting, a COBA member suggests APRA align to EFS terminology and definitions which use 'credit outstanding'. **Scope of calculation** Is this the outstanding balance at reporting date or the total credit limit? Does this include redraw facilities and offset accounts? Is this net of the AASB 9 item 26 provision?
24	**Drawn amount**	**Definition** As per above, what is the definition? **Query on relationship with item 23** Is this expected to be different to the gross carrying amount above?
25	**Prescribed provisioning adjusted balance**	
26	**Portfolio-allocated provisions (pro rata)**	**See views on pro-rating portfolio-allocated provisions in Attachment 1.** General would be useful to understand what APRA is seeking to achieve from collecting items 26-27.
27	**Allocated provisions**	**Clarity of "allocated provisions" definition**

		Other APRA returns refer to 'individual or specific provisions' or 'collective provisions' (see current ARS 220 and ARS 720). Does this refer to loans with a specific provision allocated against them? COBA assumes that this is referring to specific provisions, excluding the allocation of portfolio-allocated provisions. APRA should provide examples of the difference between items 26 and 27 (noting our views on item 26) and whether there is any reconciliation between the two or whether they are separate items.
28	**Credit RWA**	**APS 112 implementation** Given the lag between the APS 112 implementation and ARS 220; our view is that this should only be provided from March 2023 as this is currently not available at such a granular level as this reporting requires. **Aggregate credit RWA** Is this the total of on and off-balance sheet RWAs? For example, some loans will have both an on and off-balance sheet component.
29	**Reconciliation balance**	**Definition** A definition is required for this item and this applies to the whole portfolio or is a balancing item for the individual exposure. Furthermore, COBA seek more information as to the purpose of this particular item. A COBA member notes that if this is a balance for the portfolio, then it may be worthwhile it to have a specific loan identifier. They also query what is the maximum tolerable value for a reconciling item?

Table 2: Exposures and value adjustments

Scope Feedback

Confirmation of scope: COBA members note that this appears to cover the financial instruments that would be currently reported on the ARF 111 Fair Values. COBA suggests that if this is the case then APRA consider how to remove the ARS 111 reporting.

Note: please see our previous feedback on Table 1 given the duplication of items.

Field by Field Feedback

	Name	Feedback
1	**Loan identifier**	**Most loans expected in Table 1** Table 2 refers to "all financial instruments that are based on fair value". More information is needed on the type of instruments that APRA expects to see in Table 2 as most loans are likely to be measured at amortised cost. This will also assist ADIs in understanding what is different between the two tables given that the data items are the same. **Potential for double counting of fair value instruments** If Table 1 includes all assets subject to AASB 9, then a financial instrument subject to fair value measurement would essentially be reported twice, once in Table 1 and then in Table 2. We assume that this is not the case.

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Table 3: Movements in exposures and provisions

Scope Feedback

Previous Comments

See Attachment 1 for COBA's broad views about this table.

Narrowing the scope for proportionality

This table is likely to have a significant scope with at least 500 rows for smaller ADIs based on the following:

- Item 1 – 3 impairment stages
- Item 2 – 16 reasons for changes
- Item 4 – 20+ standardised asset classes

COBA believes that APRA should introduce proportionality into this table and consider allowing a higher-level movement analysis based on more limited overall retail product categories such as mortgages for smaller ADIs. This would be the closest alignment to AASB 9 and require the least amount of implementation effort. The current proposed detail level is likely to create significantly granular provision reporting that is not required by AASB 9 and is akin to APRA starting to regulate ADI's AASB 9 provisioning models. Some members have noted that the current approach will require a re-build of their ECL model, which COBA assumes is not what APRA is intending with this reporting. Others will have to recut their existing data under the new APS 112 classification which will take time depending upon the finalisation of APS 112 and the manual nature of the process. A higher-level approach has the potential to align with existing disclosures such as AASB 7 disclosure 35I.

COBA members have noted the need for more FAQs etc on Item 2 "reasons for change" including where changes in balances would fit in. Similarly, it is not clear whether all ECL models are able to attribute changes in provisions to these specific reasons. COBA suggests that APRA considering limiting the number of reasons for smaller ADIs.

Inability to generate this information for the first reporting period

COBA notes that this table is dependent on the availability of the previous quarter's data. This means that this data cannot be reported for the first implementation quarter.

Reasons for change

COBA members query where 'change in balances' to reflect provisions reducing as payments are received fits into these reasons.