

## Feedback on the Proposed Reporting Standard ARS 220.0 - Credit Exposures and Provisions

### General Feedback

Feedback and queries on topics which have significant impact on reporting requirements is covered below.

#### I. Reporting Scope

##### 1. Table 1 – AASB9 guidance states “All” instruments

Table below summarizes the ambiguity in the reporting scope for Table 1 which is required to be clarified.

Interpretation	Instructions	Scope of coverage	View/Remarks
#1	ARS 220 – Table 1 instructions	All Financial assets (Loans, Debt securities, Equity Securities, Deposits (assets), Derivatives)  +  All Financial Liabilities (Deposits, Borrowings (Loans + Security issued), Derivatives, Guarantees, Commitments)	Read verbatim, Table 1 instructions would require reporting of all financial assets + all financial liabilities.
#2	ARS 220 – Table 1 instructions filtered through “exposure” reporting requirement	All Financial assets (Loans, Debt securities, Equity Securities, Deposits (assets), Derivatives)	Instead of all financial liabilities, only those financial liabilities are to be reported which are classified as exposure under prudential standards as “off balance sheet exposures”

		+ Selected Financial Liabilities (i.e., off balance sheet liabilities e.g., Guarantees, Commitments)	
#3	ARS 220 – Table 1 instructions filtered through “credit exposure” reporting requirement	All Financial assets excluding non-credit exposures (equity exposures) + Selected Financial Liabilities (i.e., off balance sheet liabilities e.g., Guarantees, Commitments)	Focussed on credit exposures (where counterparty obligation to repay exists)
#4	ARS 220 – Table 1 instructions filtered through context specific guidance	Selected financial assets (Loans + Debt securities) + Selected Financial Liabilities (i.e., off balance sheet liabilities e.g., Guarantees, Commitments)	Relying on attribute & contexts of Table 1 – “Loan characteristics”, “Loan identifiers”, the primary focus appears to be loans only. This view is further enforced with the presence of general disclaimers e.g. ‘The form is not limited to problem loans’, which gives rise to the impression that the focus is loans. However, based on indicative definition of on/off balance sheet exposure, it appears that some other exposures could also be reported e.g., Debt instruments, Guarantees etc.

## 2. Potential overlap in reporting scope of Tables 1 & 2.

Instruments under AASB 9 are classified under - Amortised cost (AC), Fair value through other comprehensive income (FVOCI) and Fair value through profit and loss (FVTPL).

Further, FVOCI and FVTPL get covered by AASB 13 as well due to their measurement on Fair value basis. Assuming mutually exclusivity between the reporting requirements of Tables 1 & 2, we initially infer that only AC instruments are required to be reported under Table 1 and FVOCI, FVTPL will be covered under Table 2.

However, attention is drawn to the fact that FVOCI is also subject to impairment like AC instruments (under AASB 9). On the other hand, Table 2 does not have any field/attribute related to impairment. Therefore, clarity is required on the classification basis between Tables 1 & 2 (under the initial inference of mutual exclusivity) i.e.

a. **Option 1** - Impairment basis

- i. Table 1 – AC + FVOCI
- ii. Table 2 – FVTPL

OR

b. **Option 2** - Measurement basis (non-fair value/fair value)

- i. Table 1 – AC
- ii. Table 2 – FVOCI + FVTPL

## II. Data grain and its impact of other information (fields)

Only reference to data grain expected in Tables 1 & 2 is the guidance under attribute 'Loan identifier' which states, 'for each individual loan'. Clarity is required on the data grain under the following scenarios:

### 1. Loan-Facility modelling

Clear guidance on the loan-facility modelling/delivery into Tables where loans are under facility arrangement (under various scenarios of full/partially drawn, revolving/fixed term loans, on/off balance sheet exposures) is required. Specific considerations

- Whether such arrangements are to be delivered as a single record and if so,
  - what is the expected classification under on/Off balance sheet exposure?
  - Mapping of attributes which are tracked at loan level – past due days, restructuring etc
- Alternately, if multiple records are to be delivered, then whether the potential for double counting between Facility drawn amount and Loan Gross carry amount can be eliminated?

### 2. Potential 1-M relation between stated grain and characteristics

Certain attributes can share a 1-M relationship with the stated/expected grain record. Example, Security type (multiple types of security associated with a loan), Geography, Interest rate type. Undrawn amounts which can be drawn in potentially multiple currencies etc. Though guidance is present in some cases (Geography) to handle such scenarios, it is missing in the others.

Clarity is required on the approach under such scenarios i.e., whether the attribute value to be mapped based on a pre-dominant principle or any other consideration.

### III. Off-Balance sheet exposures

#### 1. 'Off-balance sheet exposures' definition clarity

- The definition for 'off-balance sheet exposures' states '**assets** and liabilities that do not appear on an entity's balance sheet.' Read in conjunction with the report name – 'credit exposures and provisions', we understand that 'off-balance sheet assets' are to be ignored since the entity faces credit exposure only w.r.t 'off-balance sheet liabilities.
- Also, the statement in the definition 'These financial transactions have been removed from the institution's balance sheet under Australian Accounting Standards' leads to doubts whether this relates to instruments derecognised.
- The definition indicates to include 'Guarantees given' and 'irrevocable loan commitments'. Is the intent to provide the off-balance sheet exposures related to these only?

#### 2. 'Gross carrying amount of credit exposures' for 'Off-balance sheet exposures'

- The definition of AASB 9 for gross carrying amount is present only in terms of financial asset. For financial liabilities (specifically off-balance sheet liabilities which can be treated as off balance sheet exposures in the context of this form), such term (gross carry amount) is not available in the standard.
- However, in the standard the gross amount is explained under the definition of 'off-balance sheet exposures.
- We assume that the term 'Gross carrying amount of credit exposures' in terms of 'Off-balance sheet exposures' is to be understood only as per the following statement - '*The gross amount is the accounting value before any allowance/impairments but after considering write-offs. ADIs must not consider any CRM technique.*' Any other references are to be ignored. Is this inference correct?

#### 3. Drawn amount against 'Off-balance sheet exposures'

- Subject to clarifications on data granularity, clarification is required w.r.t drawn amount reporting for records classified as off-balance sheet exposures.

#### 4. Past due reporting for 'Off-balance sheet exposures'

- 'Past due' in draft APS 220 is defined in terms of 'an exposure'.
- In a facility arrangement, where there have been partial drawdowns and certain dues were not paid on due date, if the exposure arising out of this facility arrangement is considered as two separate exposures – On-balance sheet exposure (against which the payment is due) and Off-balance sheet exposure (which is yet to be drawn), does this mean that 'Number of days past due' is applicable only against the on-balance sheet exposure and will never apply to off-balance sheet exposures since the undrawn amount cannot be due?

### IV. Movement reporting under Table 3

#### 1. Assumption

- For each stage, Closing balance = Opening Balance +/- Movements (summed impact across different types/reasons for movement)
- All movement types/reasons are mutually exclusive and operate independently of each other.
- Multiple movement types/reasons can impact an individual position within a reporting period

#### 2. Inference from above assumptions

Based on above assumptions, the six list values 'change in impairment stage x -> y' should be specifically identified as 'change in impairment stage x -> y on account of change in loan characteristics'. This is because 'change in impairment stage x -> y' views appear as an event rather than a reason. Therefore, a reason is required to be assigned to these events which is mutually exclusive from all the other reasons in the list. Hence, we infer that the reason is change in loan characteristics/risk of default leading to a change in impairment stage (e.g., increase/decrease in past due days).

#### 3. Choice between two approaches

##### i. Terminal stages basis

In this approach, the interim stages are ignored, and the movement types/reasons are reported against either of the terminal stages.

##### ii. All stages basis

In this approach, the movements are reported against each of the stages as they happened during the reporting period.

**Example 1** - Loan 1 moved from Stage 1 to Stage 2 and then to Stage 3 during the same reporting quarter o/a of downgrade of loan characteristics. Assume no change in GCA = 100, Provisions = 5.

*Terminal stages basis*

Stage	Reason	Gross carrying amount	Provisions
Stage 1	Change in impairment stage 1->3	(100)	(5)
Stage 3	Change in impairment stage 1->3	100	5

*All stages basis*

Stage	Reason	Gross carrying amount	Provisions
Stage 1	Change in impairment stage 1->2	(100)	(5)
Stage 2	Change in impairment stage 1->2	100	5
Stage 2	Change in impairment stage 2->3	(100)	(5)
Stage 3	Change in impairment stage 2->3	100	5

**Example 2** - Loan 1 moved from Stage 1 to Stage 2 (o/a of downgrade of loan characteristics) and reverts to Stage 1 (o/a of upgrade of loan characteristics) during the same reporting quarter. Assume no change in GCA = 100, Provisions = 5.

*Terminal stages basis*

*NO REPORTING as there is no change in terminal stages*

*All stages basis*

Stage	Reason	Gross carrying amount	Provisions
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Stage 1	Change in impairment stage 1->2	(100)	(5)
Stage 2	Change in impairment stage 1->2	100	5
Stage 2	Change in impairment stage 2->1	(100)	(5)
Stage 1	Change in impairment stage 2->1	100	5

**Example 3;** During reporting period, Loan migrates from Stage 1 to 2 to 3 o/a downgrade of loan characteristics; Beginning of period: GCA = 100, Provision = 5; At Stage 2 : Partial write off ; GCA reduction = 25; Provision reduction = 2

*Terminal stages basis*

*Option 1 (tag with end stage)*

Stage	Reason	Gross carrying amount	Provisions
Stage 1	Change in impairment stage 1->3	(100)	(5)
Stage 3	Change in impairment stage 1->3	100	5
Stage 3	Amounts written off	(25)	(2)

*Option 2 (tag with beginning stage)*

Stage	Reason	Gross carrying amount	Provisions
Stage 1	Amounts written off	(25)	(2)
Stage 1	Change in impairment stage 1->3	(75)	(3)
Stage 3	Change in impairment stage 1->3	75	3

*All stages basis*

Stage	Reason	Gross carrying amount	Provisions
Stage 1	Change in impairment stage 1->2	(100)	(5)
Stage 2	Change in impairment stage 1->2	100	5
Stage 2	Amounts written off	(25)	(2)
Stage 2	Change in impairment stage 2->3	(75)	(3)
Stage 3	Change in impairment stage 2->3	75	3

Based on the above few examples, we find that the All-stages approach is superior to the Terminal stages approach based on the following points:

- Terminal stages basis introduces unnecessary choice element.
- Loss of information at interim stages
- Reduced accuracy in stage wise depiction. Example 3, if the choice is made to tag the write-off as a reason at Stage 1. At a macro level, a distorted view can arise that write-offs are occurring at the stage associated with the lowest risk of impairment (Stage 1), thereby leading to erroneous conclusions/analysis.
- Potential to introduce a non-standard hierarchy of movements when multiple movements impact a position.
  - Change in loan characteristics.
  - Exchange rate fluctuations + Repayments + New drawdowns occurring together on a position.
  - Change in model/risk parameters.

All the above cons of Terminal stages reporting can be eliminated by following a simple chronological aggregation of movements across the stages as it happened (should be easier to implement for ADIs as well)

#### 4. Other clarifications



Reason for movement	Query
Recoveries of amounts previously written-off	We understand that 'recoveries of amounts previously written-off' does not impact the gross carrying amount, drawn amount or provisions' (since there is no reinstatement of exposure) This is directly recognised through profit and loss. Hence it should be removed from the list of movement reasons.
Other	How is the 'other movements' part in the reason 'foreign exchange and other movements' different from the reason 'other'. It is expected that one of them will host the balance difference. Please help with the list which can form part of 'other movements' clubbed with Foreign exchange movements and the ones to form part of 'other'
unwind of discount (recognised in interest income)	<p>In the following two scenarios</p> <p>(a) Loans not impaired</p> <p>(b) Loans purchased or originated impaired</p> <p>The unwind of discount on gross carry amount matches the recognized interest income. However, for</p> <p>(c) loans not originally impaired but subsequently became impaired</p> <p>The unwind of discount does not match the recognized interest income. This is because the unwind of discount is applied on Gross carry amount whereas, interest income is recognized on Amortised cost. As gross carry amount is always greater than amortised cost, the figures won't match. Therefore, we assume that for scenario (c) the term (recognized in interest income) is for additional clarification purpose (to the event of unwind of discount) and does not mean the precisely recognized interest income amount as the latter shall lead to misalignment with AASB 9. Is this assumption correct?</p>
exposures de-recognised or repaid (excluding write-offs)	In this case, is the term 'repaid' to be read as 'fully repaid' or can it include partial repayments

## 5. Reporting commencement

We understand that Table 3 would be reported blank for the first reporting period (March 2022). Does APRA concur with it? Or do ADIs need to report Table 3 for the first reporting period (March 2022) and hence would be required to commence the formal collection of Table 1 (source of opening balance of GCA, Drawn & Provision amounts) a quarter prior to commencement of this standard (Dec 2021)?

## V. Accounting vs Risk view

Though the ARS 220 is primarily governed by the prudential standard APS 220, we find that the reporting requirements are entangled in a conflated accounting and risk view. Example, all references to amounts like 'gross carrying amount', 'provision', 'fair value', 'valuation adjustment' are required to be understood and applied in accounting terms. However, the other reporting attributes (degree of performance, restructured etc) and amounts such as 'Prescribed provisioning adjusted balance' and 'Credit RWA' are driven purely by the prudential standards.

If the primary intent is to adopt a risk view, then there is a requirement to modify the amount-based reporting requirement (i.e., those based on AASB 9) with exposure reporting more aligned with APS 112/113.

## VI. References to Draft APS 112

Should draft APS 112 (Dec 2020) be taken as the relevant guidance during the interim period from January 2022 (revised APS 220 comes in force) to January 2023 (revised APS 112 comes in force)

## VII. Commencement of submission of returns

Is APRA looking for large ADIs or any group of ADIs to commence the reporting under this standard ahead of March 2022 quarter (as a parallel run or otherwise)? If yes or recommended, would there be any leniency for the accuracy of any specific table or data point for such a period?

## Specific Feedback

**Table 1: Exposures and provisions**

### Scope Feedback

Please refer the General feedback section – I (Scope)

### Field by Field Feedback

[Please provide any feedback regarding specific data requirements in the table below, please include any feedback regarding ability to deliver and definitions in this section. It is not necessary to provide feedback for all data elements]

	Name	Description	Feedback
1	Loan identifier	<p>Report the loan identifier. This should be a unique identifier assigned by the lender for each individual loan. It must not include any personal details such as names, addresses or date of birth.</p> <p>The loan identifier should be consistent across collections.</p>	<ul style="list-style-type: none"> <li>• What should be the granularity for the identifier (Please refer general feedback section II – Data grain)</li> <li>• Is the loan identifier expected to be the same across periods (i.e., period to period heritage retention)?</li> <li>• As stated, ‘the loan identifier should be consistent across collections’ – is this guidance to be applied retrospectively (previous collections) or prospectively? Please specify the collections if to be applied retrospectively.</li> </ul>
2	<b>On/off balance sheet</b>	Report whether the exposure is <b>on-</b> or <b>off-balance sheet</b> .	<ul style="list-style-type: none"> <li>• Can APRA provide certain examples on the reporting of a facility arrangement with on and off-balance sheet exposures?</li> <li>• We suggest re-evaluating this attribute and replacing specifically with off balance sheet exposure amount field. With the inclusion of this new amount field, critical issues arising on account of data grain/loan-facility modelling/</li> </ul>

			<p>instruments with both on and off-balance sheet exposure component can be mitigated/resolved.</p> <ul style="list-style-type: none"> <li>Please refer general feedback section III for queries related to off-balance sheet exposures.</li> </ul>
3	IRB asset class	<p>Report the IRB asset class. Non-IRB ADIs or those not seeking IRB approval should report <i>not applicable</i>.</p>	<ul style="list-style-type: none"> <li>W.r.t the value for IRB asset class classification, whether the lowest level value must be reported or the entire hierarchy? In case entire hierarchy must be reported, what should be the separator between the values?</li> </ul> <p>E.g.: 'project finance' or 'corporate - specialised lending - project finance'</p>
4	Standardised asset class	<p>Report the standardised asset class.</p>	<ul style="list-style-type: none"> <li>Table 1 states non-prescribed provisioning ADIs for this attribute whereas Table 3 states All ADIs. Please clarify</li> <li>If the ADI is not using the Standardised approach as of the date of reporting, does it still need to provide this information?</li> <li>W.r.t the value for Standardised asset class classification, whether the lowest level value must be reported or the entire hierarchy? In case entire hierarchy must be reported, what should be the separator between the values?</li> </ul> <p>E.g.: 'other residential mortgages' or 'mortgages - standard mortgages - other residential mortgages'</p>

5	Degree of performance	Report the degree of performance.	
6	Impairment stage	Report the impairment stage for the current <b>reporting period</b> .	
7	Restructure	Report whether the exposure is <b>restructured</b> .	<ul style="list-style-type: none"> <li>• ARS 220 refers to the APS 220 definition for restructure. In case of scenarios where a financial asset/ off-balance sheet financial liability results in derecognition due to substantial modifications in line with AASB 9, it might also fulfil the definition of APS 220 at the same time. In such a case, since the original instrument is replaced with the new instrument post such event, is the information in this field required to be provided against the new recognised instrument or it is to be reported only for the cases where restructure defined under APS 220 does not result in derecognition under AASB 9?</li> <li>• How is restructure expected to be reported in case of facility arrangement?</li> </ul> <p>E.g., If there are no changes for the loans already drawn and changes only w.r.t additional commitments or vis-a-versa, are both the on and off-balance sheet exposures related to the facility are required to be flagged or only the affected exposure?</p>
8	Security	Report the exposure's security category.	<ul style="list-style-type: none"> <li>• Definition of well-secured/not well-secured in ARS 220 does not include non-past due exposures (<i>'An exposure that is 90 days past-due for which the ADI judges...'</i>)</li> </ul> <p>This contradicts with the definition under APS 220 which includes non-past due exposures. Also contradicts with ARS 220 instructions for Scope – <i>'The form is not limited to problem loans held by an ADI.'</i></p>

9	Number of days <b><i>past due</i></b>	Report the number of days <b><i>past due</i></b> .	<ul style="list-style-type: none"> <li>Please refer general feedback section III (Past due reporting for off-balance sheet exposures)</li> </ul>
10	<b><i>Geography</i></b>	Report the <b><i>geography</i></b> of the exposure. Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>Please specify the separator values for post code and Australian state reporting (i.e., comma, semi-colon etc)</li> </ul>
11	Counterparty	Report the <b><i>SESCA classification</i></b> of the counterparty to the exposure. Refers to the SESCO sector, subsector, group, or class of the counterparty to the exposure as applicable. Report the most detailed level possible. If the subsector, group or class cannot be determined, aggregate the exposures to the parent hierarchy. Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>Assumption - SESCO numeric code to be reported (and not text description)</li> </ul>
12	Residency	Report the counterparty's residency.	
13	Repayment type	Report the repayment type. Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>Assumption - strict adherence to point in time status is to be maintained even if it is temporary. Example, for progressive draw down loans, which may be in an "interest-only" phase (at time of reporting) which would later revert to "principal and interest".</li> <li>Please specify while reporting revised 220.0, the point in time status should be reported i.e., "interest-only"?</li> <li>Also, further elaboration on the categories is required i.e., how do they differ from each other. For example, the meaning of the category "interest-only and principal" is not clear. Does it signify an interest-only phase followed by a principal repayment phase (EMI basis) in the lifecycle of the loan. This query is relevant because even a pure</li> </ul>

			“interest-only” loan has a principal repayment (balloon/bullet repayment) at the end.
14	<b>ANZSIC</b>	Report the <b>ANZSIC</b> code of the exposure. If the ANZSIC category cannot be determined or if the counterparty covers multiple categories, aggregate the relevant exposures to the parent hierarchy. For example, if a counterparty covers multiple ANZSIC classes, report the ANZSIC group. Prescribed provisioning ADIs should report <i>not applicable</i> .	
15	Prescribed provisioning category	Report the prescribed provisioning category. Non-Prescribed provisioning ADIs should report <i>not applicable</i> .	
16	Security type	Report the security type.	<ul style="list-style-type: none"> <li>• In case of multiple types of securities available against a credit line, which security type should be reported? Please refer general feedback section II (Data grain)</li> <li>• W.r.t the value for security type classification, whether the lowest level value must be reported or the entire hierarchy? In case entire hierarchy must be reported, what should be the separator between the values?</li> </ul> <p>E.g.: 'commercial' or 'property - commercial'</p>
17	Interest rate type	Report the interest rate type. Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• For the classifications among the interest rate type, do we need to consider the residual period of interest type change/reset or the contractual period of change/reset?</li> </ul>

			<ul style="list-style-type: none"> <li>Please refer general feedback section II (Data grain) when multiple interest rate types on same loan</li> </ul>
18	Origination channel	Report the origination channel. Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>W.r.t the value for origination channel, whether the lowest level value must be reported or the entire hierarchy? In case entire hierarchy must be reported, what should be the separator between the values?</li> </ul>
19	<b>Currency</b>	Report the <b>currency</b> of the exposure. Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>In case of multi-currency facility, which currency should be reported? Please also refer general feedback section II (Data grain) when multiple currency options available on undrawn component of facility</li> </ul>
20	Booking country	Report the <b>country of domicile</b> of the exposure. Prescribed provisioning ADIs should report <i>not applicable</i> .	
21	<b>Origination date</b>	Report the <b>origination date</b> of the exposure. If the origination date is not known, or not clear; use the date the current loan expiry date was approved.	<ul style="list-style-type: none"> <li>Going by the definition of origination date, we understand that this will be the funding date, in case of facilities with multiple funding dates, whether it will be the first funding date?</li> <li>In case of revolving facilities, do we need to consider the last renewal date or the original inception date?</li> </ul>
22	Maturity date	Report the contractual maturity date of the exposure.	
23	Gross carrying amount of credit exposures	Report the <b>gross carrying amount of credit exposures</b> .	<ul style="list-style-type: none"> <li>AASB 9 does not define the term “credit exposures”.</li> <li>Based on AASB 9 definition for ‘gross carrying amount of a financial asset’ &amp; ARS 220 definition of ‘<i>Gross carrying amount of credit exposures</i>’, we ascertain that the gross</li> </ul>



			<p>carrying amount for ARS 220 is intended to be gross carrying amount under AASB 9</p> <ul style="list-style-type: none"> <li>• Please refer general feedback section III (Gross carrying amount of credit exposures for Off-balance sheet exposures)</li> </ul>
24	Drawn amount	Report the drawn amount.	<ul style="list-style-type: none"> <li>• The term drawn amount is not defined in the standard.</li> <li>• Based on definition in existing collections and other APRA clarifications received from time to time, our understanding is drawn amount equals credit outstanding. This is explicitly stated for revolving facilities (ARS 701.0) and specific clarification was received from APRA for fixed term loans (for ARF 920.0, 920.2 &amp; 920.4). Accordingly, this understanding can be extended to non-loan exposures (e.g. debt securities etc) i.e. drawn amount = credit outstanding.</li> <li>• As per ARS 701.0, credit outstanding = Amortised cost (not netted for provisions/loss allowance) which essentially means for on balance sheet exposures, this equals gross carry amount leading to a redundancy between the reporting columns gross carry amount &amp; drawn amount.</li> <li>• Please also refer general feedback section III (Drawn amount against off-balance sheet exposures)</li> <li>• Subject to the resolution of the queries regarding scope, there are some instruments (derivatives) etc. where the drawn amount is not relevant/applicable. What is the expectation in such cases? Also, if not required to be</li> </ul>

			reported, request to provide an indicative list where this field is expected?
25	Prescribed provisioning adjusted balance	Report the <b>prescribed provisioning adjusted balance</b> . Prescribed provisioning ADIs should report 0.	<ul style="list-style-type: none"> <li>There seems to be a typo in the description. We understand instruction to report 0 should be for '<b>Non-prescribed provisioning ADIs.</b>' In the instruction, letters highlighted in bold are missing.</li> </ul>
26	Portfolio-allocated provisions (pro rata)	Report the value of portfolio-allocated provisions.	<ul style="list-style-type: none"> <li>We understand that the portfolio level provisions can be allocated in more than one way as the ADI deems suitable. And there is no specification to allocate the provisions on pro-rata basis only (based on response to queries raised in APRA webinar). However, the words 'pro rata' in the field name seem to make the allocations mandatorily on pro-rata basis.</li> </ul>
27	Allocated provisions	Report the value of provisions that have been allocated at a loan level.	<ul style="list-style-type: none"> <li>We want to understand how APRA wants ADIs to classify provisions between 'Portfolio allocated provisions' and 'Allocated provisions'.  E.g.,1 Portfolio allocated provisions = Allocated Collective provisions  Allocation provisions = Individual provisions In this case depending on the methodology used to calculate provisions, an instrument might have either 'Portfolio allocated provision' or 'Allocated provision'.  Eg.2 Portfolio allocated provisions = Allocated General provisions  Allocated provisions = Specific provision + Allocated general provision</li> </ul>

			In this case, for a given instrument, both provision fields might have values, where 'Portfolio allocated provision' attributes to the general provisions allocated to exposure while the 'Allocated provision' provides the total provisions towards the exposure as specific + general provision.
28	Credit RWA	Report the value of <i>credit risk-weighted assets</i> .	<ul style="list-style-type: none"> <li>In cases where credit risk-weighted assets are computed at portfolio level, how is the allocation to be done at individual loan level</li> </ul>
29	Reconciliation balance	Report Y if the line is for a reconciliation balance, N otherwise.	<ul style="list-style-type: none"> <li>Would there be any limit/ threshold within which the reconciliation balance will be acceptable?</li> <li>Which attributes(fields) are required to be reported for this balance?</li> </ul>

### **Table 2: Exposures and value adjustments**

#### **Scope Feedback**

Please refer the General feedback section – I (Scope)

#### **Field by Field Feedback**

[Please provide any feedback regarding specific data requirements in the table below, please include any feedback regarding ability to deliver and definitions in this section. It is not necessary to provide feedback for all data elements]

	<b>Name</b>	<b>Description</b>	<b>Feedback</b>
1	Loan identifier	Report the loan identifier. This should be a unique identifier assigned by the lender for each individual loan. It must not include any personal details such as names, addresses or date of birth.	<ul style="list-style-type: none"> <li>Same query as mentioned in table 1</li> </ul>

		The loan identifier should be consistent across collections.	
2	<b>On/off balance sheet</b>	Report whether the exposure is <b>on-</b> or <b>off-balance sheet</b> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
3	IRB asset class	Report the IRB asset class.  Non-IRB ADIs or those not seeking IRB approval should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
4	Standardised asset class	Report the standardised asset class.  Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
5	Degree of performance	Report the degree of performance.	
6	Restructure	Report whether the exposure is <b>restructured</b> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
7	Security	Report the exposure's security category.	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
8	Number of days <b>past due</b>	Report the number of days <b>past due</b> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
9	<b>Geography</b>	Report the <b>geography</b> of the exposure.  Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
10	Counterparty	Report the <b>SESCA classification</b> of the counterparty to the exposure. Refers to the SESCO sector, subsector, group, or class of the counterparty to the exposure as applicable. Report the most detailed level possible. If the subsector, group or class cannot be determined, aggregate the exposures to the parent hierarchy.  Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>

11	Residency	Report the counterparty's residency. Prescribed provisioning ADIs should report <i>not applicable</i> .	
12	Repayment type	Report the repayment type. Prescribed provisioning ADIs should report <i>not applicable</i> .	
13	<b>ANZSIC</b>	Report the <b>ANZSIC</b> code of the exposure. If the ANZSIC category cannot be determined or if the counterparty covers multiple categories, aggregate the relevant exposures to the parent hierarchy. For example, if a counterparty covers multiple ANZSIC classes, report the ANZSIC group. Prescribed provisioning ADIs should report <i>not applicable</i> .	
14	Security type	Report the security type. Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
15	Interest rate type	Report the interest rate type. Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
16	Origination channel	Report the origination channel. Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
17	<b>Currency</b>	Report the <b>currency</b> of the exposure. Prescribed provisioning ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
18	Booking country	Report the <b>country of domicile</b> of the exposure. Prescribed provisioning ADIs should report <i>not applicable</i> .	
19	Origination date	Report the origination date of the exposure. If the origination date is not known, or not clear; use the date the current loan expiry date was approved.	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>

20	Maturity date	Report the contractual maturity date of the exposure.	
21	Gross carrying amount of credit exposures at fair value	Report the <b>gross carrying amount of credit exposures at fair value</b> .	<ul style="list-style-type: none"> <li>• AASB 13 does not define gross carry amount, credit exposures, valuation adjustment or credit loss.</li> <li>• Does this amount refer to the opening fair value at reporting period? Fair value as at end of reporting period would have been adjusted for any eventuality (including credit loss), then how should this amount be carved out separately?</li> </ul>
22	Valuation adjustment	Report the <b>prescribed provisioning adjusted balance</b> . ADIs that do not use the prescribed provisioning approach should report the drawn amount in this column.	<ul style="list-style-type: none"> <li>• This seems to be a typo. Is the valuation adjustment made against the fair value and applicable for all ADIs is expected here or the prescribed provisioning adjusted balance applicable for Prescribed provisioning ADIs?</li> <li>• We find the usage for drawn amount for Non-prescribed provisioning ADIs out of context.</li> <li>• In case the description is not as intended we understand the valuation adjustment might refer to the fair value adjustment made during the reporting period and applicable to all ADIs</li> </ul>
23	Drawn amount	Report the drawn amount.	<ul style="list-style-type: none"> <li>• Same query as mentioned in Table 1</li> </ul>
24	Credit RWA	Report the value of <b>credit risk-weighted assets</b> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in Table 1</li> </ul>
29	Reconciliation balance	Report Y if the line is for a reconciliation balance, N otherwise.	<ul style="list-style-type: none"> <li>• Same query as mentioned in Table 1</li> </ul>

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**Table 3: Movements in exposures and provisions**
**Scope Feedback**

We understand that the instruments covered under Table 1 only will be considered for Table 3. However, this is not explicit in the scope. We arrive at the conclusion based on non-existent impairment /provision fields under Table 2. Please refer general feedback section I (Scope) for queries and issues regarding the coverage of *'all financial instruments subject to AASB 9'*.

**Field by Field Feedback**

[Please provide any feedback regarding specific data requirements in the table below, please include any feedback regarding ability to deliver and definitions in this section. It is not necessary to provide feedback for all data elements]

	Name	Description	Feedback
1	Impairment stage	The impairment stage for the current <i>reporting period</i> .	
2	Reason for movement	The reason for movement.	<ul style="list-style-type: none"> <li>• Please refer general feedback section IV (Movements reporting in Table 3)</li> </ul>
3	IRB asset class	Report the IRB asset class. Non-IRB ADIs or those not seeking IRB approval should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
4	Standardised asset class	Report the standardised asset class. All other ADIs should report <i>not applicable</i> .	<ul style="list-style-type: none"> <li>• Same query as mentioned in table 1</li> </ul>
5	Movement in gross carrying amount of credit exposures	The movement in <i>the gross carrying amount of credit exposures</i> .	<ul style="list-style-type: none"> <li>• This field seems to be erroneously marked as unique identifier.</li> </ul>
6	Movement in drawn amount	The movement in the drawn amount.	<ul style="list-style-type: none"> <li>• How do we report drawn amount for off balance sheet exposures (Please refer Table 1 comment for Drawn amount)</li> </ul>

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			<ul style="list-style-type: none"><li>• Is there any basis for control/ reconciliation as drawn amounts do not form part of AASB 7 disclosures?</li></ul>
7	Movement in provisions	The movement in <i>provisions</i> .	<ul style="list-style-type: none"><li>• The movement is expected to be provided for which provision field – ‘Portfolio-allocated provisions (pro rata)’ or ‘Allocated provisions’. Also please refer the queries related to the provision fields under Table 1</li></ul>