

To  
The European Banking Authority



---

**FINANCE  
DENMARK**

# Response to Consultation Paper – Draft Guidelines on harmonized definitions and templates for funding plans of credit institutions under Recommendation A4 of ESRB/2012/2

May 3, 2019  
Doc. no. FIDA-1379516692-687650-  
v1

Finance Denmark is a business association for banks, mortgage institutions, asset management, securities trading and investment funds in Denmark. We appreciate the consultation on this guideline regarding harmonized definitions and templates for funding plans for credit institutions. In some areas an amendment of the guideline is needed. Please find below our remarks.

## **Level of reporting of funding plans**

According to chapter 2 "Scope of application" the competent authorities should with reference to paragraph 6 apply the guidelines on a consolidated basis. In addition, the competent authority may also apply the guidelines on an individual basis as stated in paragraph 8.

In Denmark the financial sector is characterized by several financial groups including large specialized mortgage banks. The Danish mortgage banks are funding their mortgage lending by covered bonds and are prohibited from taking deposits. Mortgage loans are granted with terms and conditions closely balancing the covered bonds issued (match-funding) and the mortgage banks must observe a legally balance principle which clearly limits the market risk that mortgage banks may incur. The mortgage banks have a stable funding with very limited funding risk.

The funding structure of the Danish mortgage banks substantially differs from the universal banks' funding structure. Due to these differences in funding structure a reporting of the funding plans at consolidated level would not give a meaningful picture of the mortgage banks' funding risk and management of funding risk. The Danish FSA has indicated that in addition they would require data on individual basis for assessing the individual institutions' funding. For the financial groups with

large specialized mortgage banks a reporting of funding plans at both consolidated and individual level would result in a higher workload for the banks without adding further valuable information on their funding risk.

To minimize the administrative burdens, we would suggest that the guideline should be made more flexible regarding scope of application leaving it to national competent authorities with an option to require reporting either at a consolidated level or at an individual basis.

## Specific comments

### Statement of profit and loss P 04.00

In template P 04.00 Statement of profit and loss it is required a detailed splitting in the three years forecast of income and expenses. Such a detailed splitting is not necessarily usual practice and we would prefer a less detailed statement of the forecast. A solution could be a reporting on total income, expenses, provisions and total profit and loss before and after tax in the three years forecast. Alternatively the reporting on detailed forecasts could be on a best effort basis.

May 3, 2019

Doc. no. FIDA-1379516692-687650-

v1

Kind regards



Peter Jayaswal

Executive Director, Property and Finance

Finance Denmark

