

**COMMISSION de SURVEILLANCE
du SECTEUR FINANCIER**

In case of discrepancies between the French and the English text, the French text shall prevail

Luxembourg, 10 September 2007

To all credit institutions

CIRCULAR CSSF 07/316

Following the publication of Circular CSSF 14/593, as amended, the provisions of this circular only apply to the following reporting: B1.1, B1.6, B2.1, B2.5 and B 2.4.

Subject: Prudential reporting update

Dear Sir, Madam,

1. This circular describes several amendments to the prudential reporting:
 - the update of the new prudential financial reporting scheme, as published in circular CSSF 07/279 (new tables B 1.1, B 2.1, B 6.1 and B 6.2);
 - the update of the new prudential reporting scheme regarding capital adequacy, as published in circular CSSF 06/251 (new tables B 1.4 and B 6.4);
 - the update of certain other prudential reporting tables which have recently been revised, as announced under Point V. of circular CSSF 07/279 (tables B 1.2, B 1.5 and B 2.4).

I. Update of the new prudential financial reporting scheme

2. The prudential financial reporting scheme, as published in circular CSSF 07/279, has been updated. Two types of amendments have been made (the details of which are provided in annexe 1 to this circular):
 - minor amendments taking into account the FINREP framework amendments as defined by CEBS, presented in the revised CP 06 document, as published on 24 July 2007 (for details please refer to annexe 1, point I. of this circular);
 - amendments taking into account the discussions at European level aiming at harmonising the European prudential financial reporting, in order to make the Luxembourg IFRS-based prudential financial reporting fully compliant with the FINREP framework as defined by CEBS, in relation to the “core information” (balance sheet and income statement). In this context, the presentation of the new

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Luxembourg prudential financial reporting scheme has been amended in order to provide the “core information” (balance sheet / income statement) and the “non-core information” (additional information on balance sheet / income statement) in separate tables. As a consequence, the CSSF brought the balance sheet statement in table B 1.1 / B 6.1 and the income statement in table B 2.1 / B 6.2 into line with the FINREP reporting framework as defined by CEBS, either by removing some of the requested information, or by transferring some information deemed necessary from a prudential point of view into the new tables B 1.6 / B 6.6 and B 2.5 / B 6.7 (for details please refer to annexe 1, point II. of this circular). The new prudential financial reporting scheme is thus composed of tables B 1.1, B 1.6, B 2.1, B 2.5 for non-consolidated reporting and B 6.1, B 6.6, B 6.2 and B 6.7 for consolidated reporting.

3. The new prudential financial reporting scheme is available on the CSSF website (<http://www.cssf.lu>) under the section Legal reporting/Periodic reporting.

II. Update of the new prudential reporting scheme regarding capital adequacy

4. The prudential reporting scheme regarding capital adequacy, as published in circular CSSF 06/251 (including tables B 1.4 and B 6.4), has been updated. Two types of amendments have been made (the details of which are provided in annexe 2 to this circular):
 - amendments taking into account the “Implementation Questions on Reporting Frameworks: COREP” issued by CEBS;
 - amendments taking into account certain provisions of circular CSSF 06/273 (not yet available at the time of publication of circular CSSF 06/251);
 - amendments in order to make the Luxembourg prudential reporting scheme on capital adequacy fully compliant with the COREP scheme as defined by CEBS concerning the “core information”.
5. The new prudential reporting scheme regarding capital adequacy is available on the CSSF website (<http://www.cssf.lu>) under the section Legal reporting/Periodic reporting.

III. Update of certain other prudential reporting tables, which have recently been revised

6. The prudential tables B 1.2, B 1.5, B 2.2, B 2.3, B 2.4 and B 6.3 have been revised in order to adapt them to the new IFRS accounting standards and to the new capital adequacy framework, as announced in circular CSSF 07/279.
7. As a consequence, the format of tables B 1.2, B 1.5 and B 2.4 has been updated, whereas the format of tables B 2.3 and B 6.3 remains unchanged. Table B 2.2 will be replaced by an *ad hoc* reporting.

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In this context, the following details are provided:

1. Table B 1.2 Currency positions

8. Table B 1.2 is repealed in its current form and replaced by a new simplified table B 1.2, based on a part of the “MKR SA FX” table of the COREP scheme as defined by CEBS, to be submitted on a quarterly basis by all banks (including those banks applying the provisions set out in Part XIV of circular CSSF 06/273: Approach based on the internal models of credit institutions); only net positions (long or short) in the major currencies and in gold are to be reported in the new table B 1.2.
9. The new table B 1.2 is available on the CSSF website (<http://www.cssf.lu>) under the section Legal reporting/Periodic reporting.

2. Table B 1.5 Liquidity ratio

10. Table B 1.5 is replaced by a new table B 1.5, to be submitted on a monthly basis. The current table B 1.5 has been adapted as simple as possible to the new prudential financial reporting scheme.
11. The principle for determining the liquidity ratio remains unchanged: current liabilities shall be covered for at least 30% by assets qualified as liquid. For technical reasons (as the new tables B 1.1 and B 1.6 no longer provide the breakdown per maturity), all loans to credit institutions are qualified as liquid, whether or not their maturity is less than one year.
12. The new table B 1.5 is available on the CSSF website (<http://www.cssf.lu>) under the section Legal reporting/Periodic reporting.

3. Table B 2.4 Information on securities, participating interests and shares in affiliated undertakings

13. Table B 2.4 is replaced by a new table B 2.4 Information on participating interests and subordinated loans, to be submitted on a quarterly basis, and a new table B 1.6 J Repos and related agreements, added to the new table B 1.6, to be submitted on a monthly basis. At consolidated level, the new table B 6.6 J Repos and related agreements is also added to the new table B 6.6, to be submitted on a quarterly basis.
14. The new table B 1.6 J / B 6.6 J, which corresponds to table 33 of the FINREP framework as defined by CEBS, provides details on repurchase agreements and reverse repurchase agreements as well as on related agreements, such as securities lending.
15. The new table B 2.4 includes two tables: table B 2.4 A providing information on participating interests and table B 2.4 B providing information on subordinated loans. The detailed information to report in the new table B 2.4 has thus been substantially reduced compared to the current version.

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16. The new tables B 1.6 J / B 6.6 J (included in the new table B 1.6 / B 6.6) and B 2.4 are available on the CSSF website (<http://www.cssf.lu>) under the section Legal reporting/Periodic reporting.

4. Tables B 2.3 Information on large exposures and B 6.3 Information on large exposures on a consolidated basis

17. The format of tables B 2.3 and B 6.3 remains unchanged. The instructions relating to these tables will only be updated in order to adapt them to the new IFRS accounting standards and the new capital adequacy framework.

5. Table B 2.2 Maturity structure of assets and liabilities

18. Table B 2.2 will be replaced by an *ad hoc* reporting implementing the provisions set out under Part XVII “Internal capital adequacy assessment process” of circular CSSF 06/273 and Part XVIII “Supervisory review process” of circular CSSF 06/273. Details on this subject will be published soon.

IV. Update of the list of options available for the presentation of the prudential financial reporting

19. Circular CSSF 07/279 (points 29 and 30) describes the options which banks may use for the presentation of prudential financial reporting. As a consequence of the changes indicated under point I (2nd indent) of this circular (for details please refer to annexe 1 of this circular), the list of options which banks may use for the presentation of prudential financial reporting is amended as follows:

20. The following option is repealed:

- a. Information reported on unpaid accrued interest on financial instruments is provided in a separate item of the balance sheet in tables B 1.1 and B 6.1 (“clean pricing”). In tables B 1.6 and B 6.6, the breakdown of the financial instrument portfolio may nevertheless be done on the basis of “clean pricing”; in this case, unpaid accrued interest is not included in these tables.

21. The following options are added:

- a. Revaluation of tangible assets (IAS 16.31);
- b. Revaluation of intangible assets (other than goodwill) (IAS 38.75);
- c. Measurement of investment property at fair value (IAS 40.33).

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Observations:

22. For the presentation of the prudential financial reporting, the following treatment applies:

(a) Under the prudential financial reporting, banks are only permitted to carry their tangible and intangible assets (other than goodwill) at their revalued amount (options provided for by IAS 16.31 and IAS 38.75) where these assets are shown revalued in their financial statements/consolidated financial statements to be published. This means that banks publishing their financial statements/consolidated financial statements according to IFRS, either pursuant to Part II bis/ III bis of the amended law of 17 June 1992 relating to the accounts of credit institutions or pursuant to the IAS Regulation, may revalue their tangible and intangible assets in the prudential financial reporting, provided that this option is used for the needs of legal publication; banks publishing financial statements/consolidated financial statements according to Lux GAAP or Lux GAAP combined with measurement rules as provided for by the IFRS (mixed regime) cannot revalue their tangible and intangible assets in the prudential financial reporting, as the revaluation of these assets is not allowed for the needs of legal publication due to a missing Grand-ducal regulation authorising to do so (article 53 of the amended law of 17 June 1992 relating to the accounts of credit institutions).

(b) Under the prudential financial reporting, banks are only permitted to measure their investment property at fair value (option provided for by IAS 40.33) where this property is shown at fair value in their financial statements/consolidated financial statements to be published. This means that banks publishing their financial statements/consolidated financial statements according to IFRS, either pursuant to Part II bis/ III bis of the amended law of 17 June 1992 relating to the accounts of credit institutions or pursuant to the IAS Regulation, or according to Lux GAAP combined with measurement rules provided for by the IFRS (mixed regime) may measure their investment property at fair value in the prudential financial reporting, provided that this option is used for the needs of legal publication.

23. For the calculation of prudential own funds, the following treatment applies:

(a) unrealised gains (in revaluation reserves) on tangible assets carried at their revalued amount and latent gains (in profit and loss) on investment property measured at fair value are not eligible for the calculation of prudential own funds (circular CSSF 06/273: Part IV, points 33-1 and 35-1);

(b) unrealised gains (in revaluation reserves) on intangible assets carried at their revalued amount are included in the calculation of original own funds; the amount to be deducted from original own funds according to point 17 (4th indent) of Part IV of circular CSSF 06/273 corresponds to the revalued amount of the intangible assets, as shown in the balance sheet.

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24. As a consequence, **subject to the observations made under points 22 and 23 above**, the list of options which banks may use for the presentation of the prudential financial reporting is as follows:

- a. Breakdown of the financial instrument portfolios on a “clean pricing” versus “dirty pricing” basis in tables B 1.6 and B 6.6;
- b. Measurement of tangible assets: “cost” (IAS 16.30) versus “revaluation” (IAS 16.31);
- c. Measurement of intangible assets (other than goodwill): “cost” (IAS 38.74) versus “revaluation” (IAS 38.75);
- d. Measurement of investment property: “fair value” (IAS 40.33) versus “cost” (IAS 40.56);
- e. Reporting in the income statement of the interest flows on financial instruments held for trading: “interest income/expenses” versus “gains/losses on financial instruments held for trading”, except interest flows on derivative instruments classified as financial assets or liabilities held for trading, which are linked to balance sheet items in the context of a global interest rate risk management, which must be recorded as interest income/expenses;
- f. Reporting in the income statement of the dividend income on financial assets held for trading: “dividend income” versus “gains/losses on financial instruments held for trading”;
- g. Recognition/derecognition of regular way purchases and sales of financial assets in the balance sheet (IAS 39.38; IAS 39 AG.53-56; IAS 39 IG D.2): “trade date” versus “settlement date”.

25. As far as the choices given by the above options are concerned, banks shall define a coherent approach which must be applied with respect to the principle of consistency. **Banks shall inform the CSSF of the options chosen on 31 Decembre 2007 at the latest.**

V. Other issues

1. Periodicity and date for submission of the new prudential reporting tables

1.1 New prudential financial reporting scheme

26. The periodicity and deadline for submission of the new tables B 1.1, B 1.6, B 2.1, B 2.5, B 6.1, B 6.6, B 6.2 and B 6.7 are as follows:

- Tables B 1.1 and B 1.6 shall be established on a monthly basis; they must be submitted on the 15th of the following month at the latest. During the transitional period in the first half of 2008 (from 1 January to 30 June 2008), these tables may be submitted at the end of the following month at the latest.

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- Tables B 2.1 and B 2.5 shall be established on a quarterly basis; they must be submitted on the 15th of the month following the end of the quarter at the latest. During the transitional period in the first half of 2008 (from 1 January to 30 June 2008), these tables may be submitted at the end of the month following the end of the quarter at the latest.
- Tables B 6.1, B 6.6, B 6.2 and B 6.7 shall be established on a quarterly basis; they must be submitted on the 15th of the 2nd month following the end of the quarter at the latest. During the transitional period in the first half of 2008 (from 1 January to 30 June 2008), these tables may be submitted two months after the end of the quarter at the latest.

1.2 New prudential reporting scheme regarding capital adequacy

27. The periodicity and deadline for submission of the new tables B 1.4 and B 6.4 are as follows:

- Table B 1.4 shall be established on a quarterly basis; it must be submitted on the 20th of the month following the end of the quarter at the latest. During the transitional period in the first half of 2008 (from 1 January to 30 June 2008), this table may be submitted at the end of the month following the end of the quarter at the latest.
- Table B 6.4 shall be established on a semi-annual basis; it must be submitted two months after the end of the semester at the latest.

1.3 Other prudential tables

28. In relation to the prudential tables indicated under point III of this circular (the new tables B 1.2, B 1.5 and B 2.4 and tables B 2.3 and B 6.3 (unchanged format)), the periodicity and deadline for submission remain unchanged, except for the new table B 1.2.

29. The periodicity and deadline for submission of the new tables B 1.2, B 1.5 and B 2.4 are as follows:

- Table B 1.2 shall be established on a quarterly basis; it must be submitted on the 20th of the month following the end of the quarter at the latest. During the transitional period in the first half of 2008 (from 1 January to 30 June 2008), this table may be submitted at the end of the month following the end of the quarter at the latest.
- Table B 1.5 shall be established on a monthly basis; it must be submitted on the 20th of the following month at the latest. During the transitional period in the first half of 2008 (from 1 January to 30 June 2008), this table may be submitted at the end of the following month at the latest.
- Table B 2.4 shall be established on a quarterly basis; it must be submitted on the 20th of the month following the end of the quarter at the latest. During the transitional period in the first half of 2008 (from 1 January to 30 June 2008), this

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table may be submitted at the end of the month following the end of the quarter at the latest.

30. The periodicity and deadline for submission of tables B 2.3 and B 6.3 (unchanged format) are as follows:
- Table B 2.3 shall be established on a quarterly basis; it must be submitted on the 20th of the month following the end of the quarter at the latest. During the transitional period in the first half of 2008 (from 1 January to 30 June 2008), this table may be submitted at the end of the month following the end of the quarter at the latest.
 - Table B 6.3 shall be established on a quarterly basis; it must be submitted two months after the end of the quarter at the latest.

1.4 List of periodic information which form the new prudential reporting

31. In relation to the new prudential reporting to be submitted to the CSSF as from 1 January 2008, annexe 3 of this circular provides a list of the periodic information that banks must submit on an individual and consolidated basis as well as a description of the reporting tables.
32. The CSSF reserves the right to change the frequencies and deadlines for submission of the prudential tables according to the result of the ongoing discussions at the level of CEBS on an alignment of the frequencies and submission dates.

2. Transmission format of the new prudential reporting tables

33. The new prudential reporting tables shall be submitted to the CSSF in XBRL format (eXtensible Business Reporting Language) as from 1 January 2008 (tables B 1.1, B 1.2, B 1.4, B 1.5, B 1.6, B 2.1, B 2.4, B 2.5, B 6.1, B 6.2, B 6.4, B 6.6 and B 6.7).
34. Tables B 2.3 and B 6.3 (unchanged format) shall continue to be submitted in EDIFACT format, until an XBRL taxonomy is available.

3. Accounting and prudential instructions for the presentation of the new prudential reporting

35. The IAS/IFRS standards, the FINREP guidelines (<http://www.c-eps.org/standards.htm>), as completed by the CSSF's instructions, and the answers given by CEBS to the "Implementation Questions on Reporting Frameworks: FINREP" (<http://www.c-eps.org/implementationquestions/Default.aspx>) shall be applied to the presentation of the new prudential financial reporting (tables B 1.1, B 2.1, B 6.1, B 6.2, B 1.6, B 2.5, B 6.6 and B 6.7).
36. The COREP guidelines (<http://www.c-eps.org/standards.htm>), as completed by the CSSF's instructions, and the answers given by CEBS to the "Implementation Questions on Reporting Frameworks: COREP" (<http://www.c-eps.org/implementationquestions/Default.aspx>) shall be applied to the presentation of the new prudential reporting regarding capital adequacy (tables B 1.4 and B 6.4).

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37. The CSSF's instructions shall apply to the presentation of the other prudential tables. These instructions will be adapted and published in the coming weeks. Unless otherwise stated, all prudential tables shall be presented based on the book values as shown in the prudential financial reporting.
38. A coordinated version of the "*Recueil des instructions aux banques*" will be published before the end of 2007. The *Recueil* is available on the CSSF website (<http://www.cssf.lu>) under the section Legal reporting/Periodic reporting and the updates are indicated.

4. Technical instructions for submitting the new prudential reporting

39. The XBRL taxonomy corresponding to the new prudential tables (tables B 1.1, B 1.2, B 1.4, B 1.5, B 1.6, B 2.1, B 2.4, B 2.5, B 6.1, B 6.2, B 6.4, B 6.6 and B 6.7) as well as the Schedule of Conditions including the technical instructions for the transmission of the related tables in electronic format will soon be published on the CSSF website (<http://www.cssf.lu>) under the section Legal reporting/Periodic reporting.

5. French and English versions of the new prudential reporting

40. A French and an English version of the new prudential tables are available on the CSSF website (<http://www.cssf.lu>) under the section Legal reporting/Periodic reporting (tables B 1.1, B 1.2, B 1.4, B 1.5, B 1.6, B 2.1, B 2.4, B 2.5, B 6.1, B 6.2, B 6.4, B 6.6 and B 6.7).

Only the French version shall be regarded as the official text and shall prevail in case of discrepancies between the French and English version.

VI. Repealing and amending provisions

1. Circular CSSF 07/279

41. The following points of circular CSSF 07/279 are repealed:
- Under point 10 of circular CSSF 07/279, the tables of the new prudential financial reporting scheme (tables B 1.1, B 2.1, B 6.1 and B 6.2) are replaced by those published in this circular (tables B 1.1, B 1.6, B 2.1, B 2.5, B 6.1, B 6.2, B 6.6 and B 6.7).
 - Points 19 and 20 of circular CSSF 07/279 are replaced by point 26 of this circular.
 - Points 24 and 25 of circular CSSF 07/279 are replaced by point III of this circular.
 - Points 29 and 30 of circular CSSF 07/279 are replaced by point IV of this circular.
42. This circular updates the following points of circular CSSF 07/279:
- Point 2 of circular CSSF 07/279: the provisions of this circular complete this point.
 - Point 3 of circular CSSF 07/279: the reference to the FINREP framework as defined by CEBS, as revised and published on 15 December 2006, is replaced by

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a reference to the FINREP framework as defined by CEBS, as revised and published on 24 July 2007.

- Point 9 of circular CSSF 07/279: the explanations and comments provided in the main annexe of circular CSSF 07/279 remain applicable; they are amended by those indicated under points I and IV of this circular and in annexe 1 of this circular. (A coordinated version of instructions will be published before the end of this year.)
- Points 10 to 13 of circular CSSF 07/279: the explanations provided have been updated and completed by those indicated under points I and IV of this circular and in annexe 1 of this circular.
- Points 15 and 16 of circular CSSF 07/279: the explanations provided are updated and completed by those indicated under points V.3 and V.5 of this circular.
- Point 21 of circular CSSF 07/279: the explanations provided are updated and completed by those indicated under point V.2 of this circular.
- Point 22 of circular CSSF 07/279: the explanations provided are updated and completed by those indicated under point V.4 of this circular.
- Point 26 of circular CSSF 07/279: the explanations provided are updated and completed by those indicated under point II of this circular and in annexe 2 of this circular.

2. Circular CSSF 05/227

43. This circular updates the following points of circular CSSF 07/227:

- In Chapter II of circular CSSF 05/227, the reference to the FINREP framework as defined by CEBS, as published on 16 December 2005, is replaced by a reference to the FINREP framework as defined by CEBS, as revised and published on 24 July 2007.
- In Chapter III of circular CSSF 05/227, the reference to the draft bill N°5429 is replaced by a reference to the law of 16 March 2006 relating to the introduction of international accounting standards for credit institutions, amending the amended law of 17 June 1992 relating to the accounts of credit institutions.
- Annexe 2 of circular CSSF 05/227 including the details of the applicable prudential reporting tables is replaced by annexe 3 of this circular.

3. Circular CSSF 06/251

44. Under point 5 of circular CSSF 06/251, the tables of the new prudential reporting scheme regarding capital adequacy (tables B 1.4 and B 6.4) are replaced by those published in this circular.

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VII. Contact persons

45. For any additional information in relation to the new prudential financial reporting, please contact Mrs Marguy Mehling (tel: 26251-214; e-mail: sgе.marguy.mehling@cssf.lu) or Mrs Christina Pinto (tel: 26251-279; e-mail: sgе.christina.pinto@cssf.lu).
46. For any additional information in relation to the new prudential reporting regarding capital adequacy, please contact Mrs Joëlle Martiny (tel: 26251-352; e-mail: sgе.joelle.martiny@cssf.lu) or Mr Pierrot Rasqué (tel: 26251-475; e-mail: sgе.pierrot.rasque@cssf.lu).

Yours faithfully,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

Simone DELCOURT

Director

Arthur PHILIPPE

Director

Jean-Nicolas SCHAUS

Director General

Annexes.

Amendments to the new prudential financial reporting scheme published in circular CSSF 07/279 (tables B 1.1, B 2.1, B 6.1 and B 6.2)

I. Amendments decided by CEBS

In order to take into account the recent amendments of CEBS included in the revised CP06 document, as published on 24 July 2007, the new prudential financial reporting scheme, as published in circular CSSF 07/279 and updated by this circular, is amended as follows:

Table	Item	Amendments
B 1.1 and B 6.1 Balance sheet statement: Liabilities	Financial liabilities held for trading: Other financial liabilities held for trading	Deletion of the words: “held for trading”
B 1.1 and B 6.1 Balance sheet statement: Liabilities	Financial liabilities designated at fair value through profit or loss: Other financial liabilities designated at fair value through profit or loss	Deletion of the words: “designated at fair value through profit or loss”
B 1.1 and B 6.1 Balance sheet statement: Liabilities	Financial liabilities measured at amortised cost: Other financial liabilities measured at amortised cost	Deletion of the words: “measured at amortised cost”
B 1.1 and B 6.1 Balance sheet statement: Liabilities	Provisions: Credit commitments and guarantees	Change of the name of the item to: “Loan commitments and guarantees”
B 1.1 and B 6.1 Balance sheet statement: Equity	Revaluation reserves and other valuation differences on: Non current assets or disposal groups held for sale	Change of the name of the item to: “Non current assets and disposal groups held for sale”
B 1.6 B and B 6.6 B: Derivatives – hedge accounting		Inclusion of a new row: “Hedge of net investment in a foreign operation”
B 1.6 G and B 6.6 G: Financial liabilities measured at amortised cost:		Inclusion of the reference “IFRS 7.8f)” in the column “Carrying amount”
B 6.2 Income statement	Share of the profit or loss of associates and joint ventures accounted for using the equity method	Change of the name of the item to: “Share of the profit or loss of associates, subsidiaries and joint ventures accounted for using the equity method”

II. Amendments decided by the CSSF in order to comply with the “core information” of the FINREP framework as defined by CEBS

Despite the fact that CEBS expressly grants national authorities the possibility to adapt the FINREP framework as defined by CEBS to their national prudential needs, the CSSF decided, with a view to harmonising the prudential financial reporting schemes at European level and, as a consequence of the discussions held at European level, to amend the new prudential financial reporting scheme as published in circular CSSF 07/279, in order to make it fully compliant with the FINREP framework as defined by CEBS as regards the “core information” (balance sheet and income statement).

In this context, the presentation of the new Luxembourg prudential financial reporting scheme has been amended in order to present the “core information” (balance sheet / income statement) and the “non-core information” (Additional information on balance sheet / income statement) in separate tables.

As a consequence, the CSSF aligned the balance sheet statement in table B 1.1 / B 6.1 (circular CSSF 07/279) and the income statement in table B 1.1 / B 6.2 (circular CSSF 07/279) with the FINREP reporting framework as defined by CEBS, either by removing some of the requested information, or by transferring information deemed necessary from a prudential point of view into the new tables B 1.6 / B 6.6 and B 2.5 / B 6.7.

1. In short, the amendments made to the balance sheet statement in table B 1.1/ B 6.1 (circular CSSF 07/279) and to the income statement in table B 2.1/ B 6.2 (circular CSSF 07/279) are as follows:

1.1 Amendments to the balance sheet statement in table B 1.1 / B 6.1:

- Deletion of the following items, not included in the FINREP framework as defined by CEBS:

Assets:

- *Accrued income from financial instruments*¹
- *Endowment capital* (item included only in the balance sheet statement of table B 1.1)

Liabilities:

- *Accrued expenses on financial instruments*¹
- *Prudential provisions*²

Equity:

- *Previous financial year result pending allocation*

¹ In accordance with the FINREP framework as defined by CEBS, in the balance sheet in tables B 1.1 and B 6.1, unpaid accrued interest has to be included in the financial portfolio to which it relates (“dirty pricing”). In tables B 1.6 and B 6.6, the breakdown of the financial instrument portfolios may nevertheless be done on the basis of “clean pricing”; in this case, unpaid accrued interest is not included in these tables.

² In the prudential financial reporting, prudential provisions, such as the lump sum provision and the provision for the AGDL, are debited in item “Provisions” of the income statement (table B 2.1 and B 6.2) and credited in item “Provisions: other provisions” of the balance sheet (tables B 1.1 and B 6.1).

- Deletion of the breakdowns in the following items, not included in the FINREP framework as defined by CEBS:

Assets:

- *Financial assets designated at fair value through profit or loss – Equity instruments*
- *Available-for-sale financial assets – Equity instruments*
- *Tangible assets – Property, plant and equipment*
- *Other assets*

Liabilities:

- *Other liabilities*

Equity:

- *Revaluation reserves and other valuation differences on – Available-for-sale financial assets*
- *Reserves (including retained earnings)*

- Addition of the following items, included in the FINREP framework as defined by CEBS:

Equity:

- *Revaluation reserves on: Tangible assets³*

³ (1) For the presentation of the prudential financial reporting, the following treatment applies:

(a) Under the prudential financial reporting, banks are only permitted to carry their tangible and intangible assets (other than goodwill) at their revalued amount (options provided for by IAS 16.31 and IAS 38.75) where these assets are shown revalued in their financial statements/consolidated financial statements to be published. This means that banks publishing their financial statements/consolidated financial statements according to IFRS, either pursuant to Part II bis/ III bis of the amended law of 17 June 1992 relating to the accounts of credit institutions or pursuant to the IAS Regulation, may revalue their tangible and intangible assets in the prudential financial reporting, provided that this option is used for the needs of legal publication; banks publishing financial statements/consolidated financial statements according to Lux GAAP or Lux GAAP combined with measurement rules as provided for by the IFRS (mixed regime) cannot revalue their tangible and intangible assets in the prudential financial reporting, as the revaluation of these assets is not allowed for the needs of legal publication due to a missing Grand-ducal regulation authorising to do so (article 53 of the amended law of 17 June 1992 relating to the accounts of credit institutions).

(b) Under the prudential financial reporting, banks are only permitted to measure their investment property at fair value (option provided for by IAS 40.33) where this property is shown at fair value in their financial statements/consolidated financial statements to be published. This means that banks publishing financial statements/consolidated financial statements according to IFRS, either pursuant to Part II bis/ III bis of the amended law of 17 June 1992 relating to the accounts of credit institutions or pursuant to the IAS Regulation, or according to Lux GAAP combined with measurement rules provided for by the IFRS (mixed regime) may measure their investment property at fair value in the prudential financial reporting, provided that this option is used for the needs of legal publication.

(2) For the calculation of prudential own funds, the following treatment applies:

(a) unrealised gains (in revaluation reserves) on tangible assets carried at their revalued amount and latent gains (in profit and loss) on investment property measured at fair value are not eligible for the calculation of prudential own funds (circular CSSF 06/273:

Part IV, points 33-1 and 35-1) ;

(b) unrealised gains (in revaluation reserves) on intangible assets carried at their revalued amount are included in the calculation of original own funds; the amount to be deducted from original own funds according to point 17 (4th indent) of Part IV of circular CSSF 06/273 corresponds to the revalued amount of the intangible assets, as shown in the balance sheet.

- *Revaluation reserves on: Intangible assets*³
- Transfer of the following information in the new table B 1.6 / B 6.6:
 - Columns “Related parties”: introduction of a table developed by the CSSF (table B 1.6 K / B 6.6 K added to table B 1.6 / B 6.6).

1.2 Amendments to the income statement in table B 2.1 / B 6.2:

- Deletion of the following item, not included in the FINREP framework as defined by CEBS:
 - *Prudential provisions*²
- Deletion of the breakdowns in the following items, not included in the FINREP framework as defined by CEBS:
 - *Interest income*
 - *Interest expenses*
 - *Dividend income*
 - *Realised gains (losses) on financial assets & liabilities not measured at fair value through profit or loss, net*
 - *Gains (losses) from hedge accounting, net*
 - *Other operating expenses*
 - *Staff expenses*
 - *Depreciation*
 - *Provisions*
 - *Impairment, net*
 - *Tax expense (income) related to profit or loss from continuing operations*

- Change in presentation:

The items “*Realised gains (losses) on financial assets & liabilities not measured at fair value through profit or loss, net*”, “*Provisions*” and “*Impairment*” are presented in their net amount, similarly to the presentation of the FINREP framework as defined by CEBS.

- Transfer of the following information to the new table B 2.5 / B 6.7:
 - *Staff expenses*: introduction of table 26 of the FINREP framework as defined by CEBS (table B 2.5 B / B 6.7 B added to table B 2.5 / B 6.7)
 - *Impairment*: introduction of table 30 – table A of the FINREP framework as defined by CEBS (table B 2.5 C / B 6.7 C added to table B 2.5 / B 6.7)
 - Column “*Related parties*”: introduction of a table developed by the CSSF (table B 2.5 D / B 6.7 D added to table B 2.5 / B 6.7)

2. The presentation of the new prudential financial reporting scheme as published in circular CSSF 07/279 is amended as follows:

- Table B 1.1, composed of a balance sheet and annexed related additional information, is split into two distinct tables: table B 1.1 only contains the balance sheet and all related additional information is included in a new table B 1.6. The information included in tables B 1.1 A to B 1.1 I is taken over in tables B 1.6 A to B 1.6 I.

- Table B 2.1, composed of an income statement and annexed related additional information, is split into two distinct tables: table B 2.1 only contains the income statement and all related additional information is included in a new table B 2.5. The information included in table B 2.1 A is taken over in table B 2.5 A.
- Table B 6.1, composed of a consolidated balance sheet and annexed related additional information, is split into two distinct tables: table B 6.1 only contains the consolidated balance sheet and all related additional information is included in a new table B 6.6. The information included in tables B 6.1 A to B 6.1 I is taken over in table B 6.6 A to B 6.6 I.
- Table B 6.2, composed of a consolidated income statement and annexed related additional information, is split into two distinct tables: table B 6.2 only contains the consolidated income statement and all related additional information is included in a new table B 6.7. The information included in table B 6.2 A is taken over in table B 6.7 A.

3. The numbering of the items and of the sub-tables of the new prudential non-consolidated and consolidated financial reporting schemes is adapted in order to present identical numbers for common items and sub-tables. Some item or sub-table numbers are not allocated in the non-consolidated and consolidated prudential financial reporting scheme.

Amendments to the new prudential reporting scheme regarding capital adequacy as published in circular CSSF 06/251 (tables B 1.4 and B 6.4)

I. Amendments resulting from the CEBS “Implementation Questions”

In order to take into account the answers given by CEBS to the “Implementation Questions” relating to the COREP scheme, the CSSF has decided to amend certain tables of scheme B 1.4 and B 6.4. The “Implementation Questions” are available in full at the following address:

<http://www.c-ebs.org/implementationquestions/>.

The following “Implementation Questions” are of particular interest:

No. of the CEBS implementation question	Table concerned	Item concerned	Amendment
01/2006	CA-SRO	item 1.3.10	Deletion of item 1.3.10 ; deduction under item 1.7.1
02/2006	CA-SRO	item 1.3.8	Label change
12/2006	CA-SRO	items 1.1.2.1 and 1.1.2.2	Introduction of an additional breakdown of the items concerned
13/2006	CR SA, CR IRB, CR SEC SA, CR SEC IRB		Label changes
03/2007	CA-SRO	Items 1.8.1.1*, 1.8.1.1** 1.8.1.1***	Label change
06/2007	OPR	Column 9	Amendment of the calculation rule
09/2007	CR EQU IRB	Column 7	Deleted
--	CA-SRO	item 2.6.2bis	Introduction of item 2.6.2bis “Additional Capital requirements arising on the excess of large exposures arising on the trading book”

II. Amendments for the compliance of tables B 1.4 and B 6.4 with the provisions of circular CSSF 06/273

The following amendments have been made in order to make the Luxembourg reporting scheme regarding capital adequacy compliant with the provisions of circular CSSF 06/273. As circular CSSF 06/273 transposing directives 2006/48/EC and 2006/49/EC had not yet been published when circular CSSF 06/251 was issued, the scheme of tables B 1.4 and B 6.4 published in circular CSSF 06/251 did not take into account some provisions set out in circular CSSF 06/273.

Tables B 1.4 and B 6.4 are made compliant with the provisions of circular CSSF 06/273 through the following amendments:

Item No. of table CA - SRO	Label of the item	Action
1.1.3	Funds for general banking risks	Deleted (in accordance with Circular CSSF 06/273, Part IV, Point 57(a))
1.2.1.3	Revaluation reserves	Deleted
1.2.1.4	Value adjustments for credit risk positions in standardized approach	Deleted (in accordance with Circular CSSF 06/273, Part IV, Point 57(b) first indent)
1.2.1.5	Other items	Deleted (in accordance with Circular CSSF 06/273, Part IV, Point 57(b) second indent)
1.2.1.8	Country specific Core Additional Own Funds	Deleted
1.2.2.1	Commitments of the members of credit institutions set up as cooperative societies	Deleted
1.2.2.4	Country specific Supplementary Own Funds	Deleted
1.2.3.2	(-) Other country specific deductions to additional own funds	Deleted
1.3.6	Country-specific deductions from original and additional own funds	Deleted
1.3.9	(-) Qualified participating interest in non financial institutions	Deleted
1.3.11	(-) Other country specific deductions from Original and Additional Own Funds	Deleted
1.6.4	(-) Illiquid assets	Deleted
1.6.6	(-) Country specific deductions from own funds specific to cover market risks	Deleted
2.1.1.1a.04	Multilateral Development Banks	Deleted (in accordance with Circular CSSF 06/273, Part VII, Point 7)
2.1.1.1a.05	International Organisations	Deleted (in accordance with Circular CSSF 06/273, Part VII, Point 7)
2.1.1.1a.06	Institutions	Deleted (in accordance with Circular CSSF 06/273, Part VII, Point 7)
2.1.1.1a.07	Corporates	Deleted (in accordance with Circular CSSF 06/273, Part VII, Point 7)
2.1.1.1a.09	Secured by real estate property	Deleted (in accordance with Circular CSSF 06/273, Part VII, Point 7)
2.1.1.1a.11	Items belonging to regulatory high-risk categories	Deleted (in accordance with Circular CSSF 06/273, Part VII, Point 7)
2.1.1.1a.13	Short-term claims on institutions and corporates	Deleted (in accordance with Circular CSSF 06/273, Part VII, Point 7)

Technical explanations on the above amendments:

- In relation to capital requirements for credit risk calculated according to the standard approach, the CSSF deactivated the exposure classes “Multilateral Development Banks” and “International Organisations” (elements 2.1.1.1a.04 and 2.1.1.1a.05) by replacing them with exposure class “Multilateral Development Banks and International Organisations”, in accordance with the exposure classes indicated in circular CSSF 06/273, Part VII, Chapter 2.
- In addition, the exposure class “Secured by real estate property” (item 2.1.1a.09) has been subdivided into two exposure classes in accordance with circular CSSF 06/273, Part VII, Chapter 2: “Secured by mortgages on residential property” and “Secured by mortgages on commercial property”.
- The CSSF additionally considered to associate “Short-term claims on institutions and corporates” (item 2.1.1.1a.13) directly to the exposure classes “Institutions” and “Corporates”, in accordance with the exposure classes indicated in circular CSSF 06/273, Part VII, Chapter 2.

III. Amendments decided by the CSSF in order to comply with the “core information” of the COREP scheme as defined by CEBS

As a consequence of the decision taken by the CSSF to make the Luxembourg IFRS-based prudential financial reporting scheme fully compliant with the FINREP framework as defined by CEBS in relation to the “core information” (balance sheet and income statement) (please refer to annexe 1 of this circular) the tangible and intangible assets (other than goodwill) may be measured at their revalued amount (options provided for by IAS 16.31 and IAS 38.75) and the investment property may be measured at fair value (option provided for by IAS 40.33), subject to compliance with the conditions set out below. The CSSF however decided not to authorise the recognition of the positive effects resulting from the revaluation at the level of prudential own funds. To this end, the CSSF decided to activate items 1.1.2.6.11 to 1.1.2.6.14 of the COREP scheme as defined by CEBS on prudential filters.

Observations:

(1) For the presentation of the prudential financial reporting, the following treatment applies:

(a) Under the prudential financial reporting, banks are only permitted to carry their tangible and intangible assets (other than goodwill) at their revalued amount (options provided for by IAS 16.31 and IAS 38.75) where these assets are shown revalued in their financial statements/consolidated financial statements to be published. This means that banks publishing their financial statements/consolidated financial statements according to IFRS, either pursuant to Part II bis/ III bis of the amended law of 17 June 1992 relating to the accounts of credit institutions or pursuant to the IAS Regulation, may have their tangible and intangible assets revalued in the prudential financial reporting, provided that this option is used for the needs of legal publication; banks publishing financial statements/consolidated financial statements according to Lux GAAP or Lux GAAP combined with measurement rules as provided for by the IFRS (mixed regime) cannot revalue their tangible and intangible assets in the prudential

financial reporting, as the revaluation of these assets is not allowed for the needs of legal publication due to a missing Grand-ducal regulation authorising to do so (article 53 of the amended law of 17 June 1992 relating to the accounts of credit institutions).

(b) Under the prudential financial reporting, banks are only permitted to measure their investment property at fair value (option provided for by IAS 40.33) where this property is shown at fair value in their financial statements/consolidated financial statements to be published. This means that banks publishing their financial statements/consolidated financial statements according to IFRS, either pursuant to Part II bis/ III bis of the amended law of 17 June 1992 relating to the accounts of credit institutions or pursuant to the IAS Regulation, or according to Lux GAAP combined with measurement rules provided for by the IFRS (mixed regime) may measure their investment property at fair value in the prudential financial reporting, provided that this option is used for the needs of legal publication.

(2) For the calculation of prudential own funds, the following treatment applies:

(a) unrealised gains (in revaluation reserves) on tangible assets carried at their revalued amount and latent gains (in profit and loss) on investment property measured at fair value are not eligible for the calculation of prudential own funds (circular CSSF 06/273: Part IV, points 33-1 and 35-1);

(b) unrealised gains (in revaluation reserves) on intangible assets carried at their revalued amount are included in the calculation of original own funds; the amount to be deducted from original own funds according to point 17 (4th indent) of Part IV of circular CSSF 06/273 corresponds to the revalued amount of the intangible assets, as shown in the balance sheet.

New prudential reporting applicable as from 1 January 2008

In relation to the new prudential reporting to be submitted to the CSSF as from 1 January 2008, the below statement indicates the periodic information that banks must submit, on an individual and consolidated basis, as well as a description of these tables.

I. REPORTING ON AN INDIVIDUAL BASIS

Luxembourg credit institutions having foreign branches must provide certain periodic information in two different versions, one for the sole head office in Luxembourg (version L), the other for the global institution, including their branches (version N). Moreover, each foreign branch of the concerned credit institutions must provide periodic information in a separate version (version S).

Luxembourg credit institutions having no foreign branches, as well as branches of EU credit institutions and branches of non-EU credit institutions established in Luxembourg shall provide their periodic information in one version only (version L).

I.1 LUXEMBOURG CREDIT INSTITUTIONS HAVING FOREIGN BRANCHES

Table codification	Periodicity	Deadline for submission to the CSSF	Accounting basis	Transmission format	Version³
B 1.1 ¹	Monthly	15th of the following month	IFRS standards	XBRL	L, S and N
B 1.2	Quarterly	20th of the month following the end of the quarter	IFRS standards	XBRL	L, S and N
B 1.4	Quarterly	20th of the month following the end of the quarter	IFRS standards	XBRL	N
B 1.5	Monthly	20th of the following month	IFRS standards	XBRL	N
B 1.6 ¹	Monthly	15th of the following month	IFRS standards	XBRL	L, S and N
B 2.1 ¹	Quarterly	15th of the month following the end of the quarter	IFRS standards	XBRL	L, S and N
B 2.3	Quarterly	20th of the month following the end of the quarter	IFRS standards	EDIFACT ²	L, S and N
B 2.4	Quarterly	20th of the month following the end of the quarter	IFRS standards	XBRL	L, S and N
B 2.5 ¹	Quarterly	15th of the month following the end of the quarter	IFRS standards	XBRL	L, S and N
B 4.4	Yearly	20th of the month following the end of the calendar year	---	EDIFACT ²	N
B 4.5	Yearly	20th of the month following the end of the calendar year	---	Paper	L
B 4.6	Yearly	20th of the month following the end of the calendar year	---	Paper	L

1. The terms of transmission of the final yearly version of tables B 1.1, B 1.6, B 2.1 and B 2.5 will be determined at a later stage.
2. The EDIFACT format should be used until a proper XBRL taxonomy has been set up.
3. L = head office in Luxembourg; S = branch; N = global institution (including its branches).

**I.2 LUXEMBOURG CREDIT INSTITUTIONS HAVING NO FOREIGN BRANCHES
AND BRANCHES OF NON-EU CREDIT INSTITUTIONS**

Table codification	Periodicity	Deadline for submission to the CSSF	Accounting basis	Transmission format	Version³
B 1.1 ¹	Monthly	15th of the following month	IFRS standards	XBRL	L
B 1.2	Quarterly	20th of the month following the end of the quarter	IFRS standards	XBRL	L
B 1.4	Quarterly	20th of the month following the end of the quarter	IFRS standards	XBRL	L
B 1.5	Monthly	20th of the following month	IFRS standards	XBRL	L
B 1.6 ¹	Monthly	15th of the following month	IFRS standards	XBRL	L
B 2.1 ¹	Quarterly	15th of the month following the end of the quarter	IFRS standards	XBRL	L
B 2.3	Quarterly	20th of the month following the end of the quarter	IFRS standards	EDIFACT ²	L
B 2.4	Quarterly	20th of the month following the end of the quarter	IFRS standards	XBRL	L
B 2.5 ¹	Quarterly	15th of the month following the end of the quarter	IFRS standards	XBRL	L
B 4.4	Yearly	20th of the month following the end of the calendar year	---	EDIFACT ²	L
B 4.5	Yearly	20th of the month following the end of the calendar year	---	Paper	L
B 4.6	Yearly	20th of the month following the end of the calendar year	---	Paper	L

1. The terms of transmission of the final yearly version of tables B 1.1, B 1.6, B 2.1 and B 2.5 will be determined at a later stage.
2. The EDIFACT format should be used until a proper XBRL taxonomy has been set up.
3. L = entity established in Luxembourg

I.3 BRANCHES OF EU CREDIT INSTITUTIONS

Table codification	Periodicity	Deadline for submission to the CSSF	Accounting basis	Transmission format	Version ³
B 1.1 ¹	Monthly	15th of the following month	IFRS standards	XBRL	L
B 1.6 ¹	Monthly	15th of the following month	IFRS standards	XBRL	L
B 1.5	Monthly	20th of the following month	IFRS standards	XBRL	L
B 2.1 ¹	Quarterly	15th of the month following the end of the quarter	IFRS standards	XBRL	L
B 2.5 ¹	Quarterly	15th of the month following the end of the quarter	IFRS standards	XBRL	L
Information on the financial situation and credit risk concentration	Quarterly		IFRS standards	Paper	L
B 4.4	Yearly	20th of the month following the end of the calendar year	---	EDIFACT ²	L
B 4.6	Yearly	20th of the month following the end of the calendar year	---	Paper	L

1. A simplified version of tables B 1.1, B 1.6, B 2.1 and B 2.5 is not available.
2. The EDIFACT format should be used until a proper XBRL taxonomy has been set up.
3. L = entity established in Luxembourg.

II. REPORTING ON A CONSOLIDATED BASIS

Luxembourg credit institutions, that have or have no foreign branches, subject to the supervision of the CSSF on a consolidated basis, shall additionally provide periodic information in version C (figures of the entity established in Luxembourg, consolidated with those of the participating interests and/or subsidiaries, including those of their branches where applicable).

Table codification	Periodicity	Deadline for submission to the CSSF	Accounting basis	Transmission format	Version ³
B 6.1 ¹	Quarterly	15 th of the 2 nd month following the end of the quarter	IFRS standards	XBRL	C
B 6.2 ¹	Quarterly	15 th of the 2 nd month following the end of the quarter	IFRS standards	XBRL	C
B 6.3	Quarterly	2 months after the end of the quarter	IFRS standards	EDIFACT ²	C
B 6.4	Semi-annual	2 months after the end of the semester	IFRS standards	XBRL	C
B 6.6 ¹	Quarterly	15 th of the 2 nd month following the end of the quarter	IFRS standards	XBRL	C
B 6.7 ¹	Quarterly	15 th of the 2 nd month following the end of the quarter	IFRS standards	XBRL	C

1. The terms of transmission of the final yearly version of tables B 6.1, B 6.2, B 6.6 and B 6.7 will be determined at a later stage.
2. The EDIFACT format should be used until a proper XBRL taxonomy has been set up.
3. C = entity established in Luxembourg consolidated with its participating interests and/or subsidiaries, including branches, where applicable.

III. DESCRIPTION OF PERIODIC INFORMATION

A description of the different prudential reporting tables is provided hereafter:

Table codification	Description
B 1.1	Balance sheet statement
B 1.2	Currency positions
B 1.4	Integrated ratio / Simplified ratio
B 1.5	Liquidity ratio
B 1.6	Additional information relating to the balance sheet statement
B 2.1	Income statement
B 2.3	Information on large exposures
B 2.4	Information on participating interests and subordinated loans
B 2.5	Additional information relating to the income statement
B 4.4	List of head offices, agencies, branches and representative offices
B 4.5	Analysis of shareholdings
B 4.6	Persons responsible for certain functions
B 6.1	Consolidated balance sheet statement
B 6.2	Consolidated income statement
B 6.3	Information on large exposures on a consolidated basis
B 6.4	Consolidated integrated ratio / Consolidated simplified ratio
B 6.6	Additional information relating to the consolidated balance sheet statement
B 6.7	Additional information relating to the consolidated income statement