

# Chapter 1

## Commission Implementing Regulation (EU) No 1423/2013

## ANNEX I Balance Sheet Reconciliation Methodology

(1) Institutions shall apply the methodology described in this Annex in order to provide information on the reconciliation between balance sheet items used to calculate own funds and regulatory own funds. Own funds items in the audited financial statements shall include all items that are components of or are deducted from regulatory own funds, including equity, liabilities such as debt, or other balance sheet lines that affect regulatory own funds such as intangible assets, goodwill, deferred tax assets.

(2) Institutions shall use as a starting point the relevant balance sheet items used to calculate own funds as in their published financial statements. Financial statements shall be considered audited financial statements when reconciliation is carried out against the year-end financial statements.

(3) Where institutions meet the obligations laid down in Part Eight of Regulation (EU) No 575/2013 on a consolidated or sub-consolidated basis and where the scope of consolidation or the method for consolidation used in the balance sheet in the financial statements are different from the scope of consolidation and method for consolidation required pursuant to Chapter 2 of Title II of Part One of Regulation (EU) No 575/2013, institutions shall also disclose the regulatory scope balance sheet, meaning a balance sheet which is drawn up according to the rules on prudential consolidation pursuant to Chapter 2 of Title II of Part One of Regulation (EU) No 575/2013 and which is limited to own funds items. The regulatory scope balance sheet shall be at least as detailed as the balance sheet in the financial statements for own funds items, and its items shall be displayed side by side with a clear mapping with the own funds items of the balance sheet in the financial statements. Institutions shall provide qualitative and quantitative information on the differences in own funds items due to the scope and method for consolidation between the two balance sheets.

(4) Secondly, institutions shall expand the own funds items of the regulatory scope balance sheet such that all of the components required by the transitional disclosure template or in the own funds disclosure template appear separately. Institutions shall only expand elements of the balance sheet up to the level of granularity that is necessary for deriving the components required by the transitional disclosure template or the own funds disclosure template.

(5) Thirdly, institutions shall establish a mapping between the elements resulting from the expanding of the regulatory scope balance sheet as described in paragraph 4 with the elements included in the transitional disclosure template or in the own funds disclosure template.

(6) Where institutions comply with the obligations laid down in Part Eight of Regulation (EU) No 575/2013 on a consolidated or sub-consolidated basis but the scope of consolidation and the method for consolidation used for the balance sheet in the financial statements are identical to the scope of consolidation and the method for consolidation defined pursuant to Chapter 2 of Title II of Part One of Regulation (EU) No 575/2013, and institutions clearly state the absence of differences between the respective scopes and methods for consolidation, only paragraphs 4 and 5 of this Annex shall apply on the basis of the balance sheet in the financial statements.

(7) Where institutions meet the obligations laid down in Part Eight of Regulation (EU) No 575/2013 on an individual basis, paragraph 3 of this Annex shall not apply and paragraphs 4 and 5 of this Annex shall instead apply on the basis of the balance sheet in the financial statements.

(8) The balance sheet reconciliation information on own funds items resulting from the application of the methodology described in this Annex may be provided in an unaudited format.