

ESEF PLENARY

22 November 2021



ESEF in Italy

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- XBRL Italy Jurisdiction
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ESEF in Italy



ESEF in Italy

Concepts included in the Italian banking and insurance financial statements, whose layouts are set forth by regulators, could not be found in the ESMA taxonomies. A very high level of customization was needed!!

CASH FLOWS			
No.	Bilancio Banca d'Italia	Bank of Italy Item	Extensions
1	1. Gestione	1. Operations:	Operations
2	- rettifiche/riprese di valore nette su immobilizzazioni materia	- net value adjustments/write-backs on property, plant and equip	AdjustmentsForImpairmentLossReversalOfImpairmentLossRecognisedInPr
3	- accantonamenti netti a fondi rischi ed oneri ed altri costi/rici	- net provisions for risks and charges and other expenses/income	Net provisions for risks and charges and other expenses/income (+/-)
4	- premi netti non incassati (-)	- uncollected net premiums (-)	Uncollected net premiums (-)
5	- altri proventi/oneri assicurativi non incassati (-/+)	- other uncollected insurance income/expenses (-/+)	Other uncollected insurance income/expenses (-/+)
6	- imposte, tasse e crediti d'imposta non liquidati (+/-)	- unpaid duties, taxes and tax credits (+/-)	Unpaid duties, taxes and tax credits (+/-)
7	- rettifiche/riprese di valore nette delle attività operative cessi	- impairment/write-backs after tax on discontinued operations (+/-)	Impairment/write-backs after tax on discontinued operations (+/-)
8	- altri aggiustamenti (+/-)	- other adjustments (+/-)	Other adjustments (+/-)
9	2. Liquidità generata/assorbita dalle attività finanziarie	2. Liquidity generated/absorbed by financial assets:	Liquidity generated/absorbed by financial assets:
10	- attività finanziarie designate al fair value	- financial assets designated at fair value	Financial assets designated at fair value
11	- altre attività finanziarie obbligatoriamente valutate al fair val	- other financial assets mandatorily at fair value	Other financial assets mandatorily at fair value
12	- attività finanziarie valutate al fair value con impatto sulla red	- financial assets at fair value through other comprehensive incor	Financial assets at fair value through other compr
13	- attività finanziarie valutate al costo ammortizzato	- financial assets at amortised cost	Financial assets at amortised cost
14	3. Liquidità generata/assorbita dalle passività finanziarie	3. Liquidity generated/absorbed by financial liabilities:	Liquidity generated/absorbed by financial liabilities
15	- passività finanziarie valutate al costo ammortizzato	- financial liabilities at amortised cost	Financial liabilities at amortised cost
16	- passività finanziarie designate al fair value	- financial liabilities designated at fair value	Financial liabilities designated at fair value
17	Liquidità generata da:	1. Liquidity generated by:	Liquidity generated by
18	Liquidità assorbita da:	2. Liquidity absorbed by:	Liquidity absorbed by
19	- emissioni/acquisti di azioni proprie	- issue/purchase of treasury shares	Issue/purchase of treasury shares
20	- emissioni/acquisti di strumenti di capitale	- issue/purchase of equity instruments	Issue/purchase of equity instruments
21	- vendita/acquisto di controllo di terzi	- sale/purchase of minority control	Sale/purchase of minority control
22	LIQUIDITÀ NETTA GENERATA/ASSORBITA NELL'ESERCIZIO	NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR	NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR
23	Cassa e disponibilità liquide all'inizio dell'esercizio	Cash and cash balances at the beginning of the year	Cash and cash balances at the beginning of the year
24	Liquidità totale netta generata/assorbita nell'esercizio	Net liquidity generated/absorbed in the year	Net liquidity generated/absorbed in the year
25	Cassa e disponibilità liquide: effetto della variazione dei cambi	Cash and cash balances: foreign exchange effect	Cash and cash balances: foreign exchange effect
26	Cassa e disponibilità liquide alla chiusura dell'esercizio	Cash and cash balances at the end of the year	Cash and cash balances at the end of the year
	Totale estensioni	26	
	Totale voci bilancio	51	
	% di personalizzazione	51%	

51%

One every two concepts required an extension!!

ESEF in Italy

All companies were **initially** invited to **tag their financial statements** without any guidance. Only the tagging rules set forth in the ESMA Manual were explained

	90. Trattamento di fine rapporto del personale	90. Provision for employee severance pay
	TAG	ANCHOR
BANCA A	banca:Provision for employees severance pay	Provisions for employee benefits
BANCA B	banca:ProvisionForEmployeeSeverances	ifrs-full:RecognisedLiabilitiesDefinedBenefitPlan
BANCA C	banca:Provisions for employee benefits	Provision for employee severance pay
BANCA D	banca:Employee termination indemnities	
BANCA E	banca:ProvisionForEmployeeSeverances	ifrs-full:RecognisedLiabilitiesDefinedBenefitPlan
BANCA F	banca:ProvisionForEmployeeSeverances	ifrs-full:RecognisedLiabilitiesDefinedBenefitPlan
BANCA G	ifrs-full:ProvisionForEmployeeSeverances	ifrs-full:RecognisedLiabilitiesDefinedBenefitPlan
BANCA H	banca:ProvisionForEmployeeSeverances	ifrs-full:RecognisedLiabilitiesDefinedBenefitPlan
BANCA I	banca:Staffseverance	ifrs-full:RecognisedLiabilitiesDefinedBenefitPlan
BANCA J	banca: Post-employment benefits	Provisions for employee benefits
BANCA K	banca:ProvisionsForEmployeeSeverances	Provisions for employee benefits

What if this happened all over the EU?



The item in the financial statements set forth by the Bank of Italy....

...was **tagged in 7 different ways** but meaning one and the same thing....

...and **anchored in yet another 5 different ways.**

ESEF in Italy

ACCOUNTING WORKING GROUP

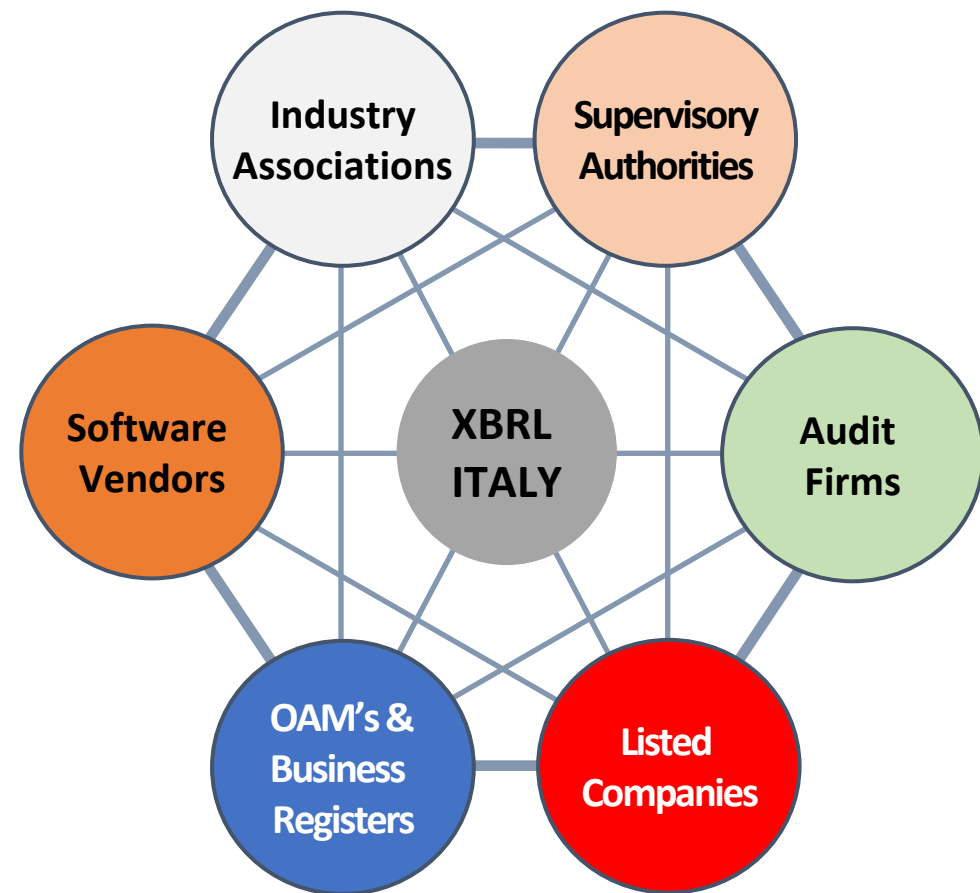
- **check the simulated "tagging"** performed by the companies that participated in the field tests
- test the way the anchoring procedure was performed
- **identify extensions by industry** and share a common practice under the guidance of regulators
- **draft guidelines for issuers** on the shared tagging of financial statements

ASSURANCE & LEGAL WORKING GROUP

- **assess and consult on the assurance standards** to be issued in each country
- **analyze the impact of ESEF on the governance** and on the internal and external control systems
- the fallout in terms of filing financial statement reports with business registers

FILING WORKING GROUP

- **run filing tests** with OAM's and Business Registers
- **identify and solve filing errors**
- **identify common filing procedures for OAM's and Business Registers**
- address issues related to the storage of iXBRL files and the transmission to supervisory authorities



ESEF in Italy

The definition of standardized extensions was the result of a **joint effort by banks and insurance undertakings, supervisors, industry associations and software vendors**, coordinated by XBRL Italy

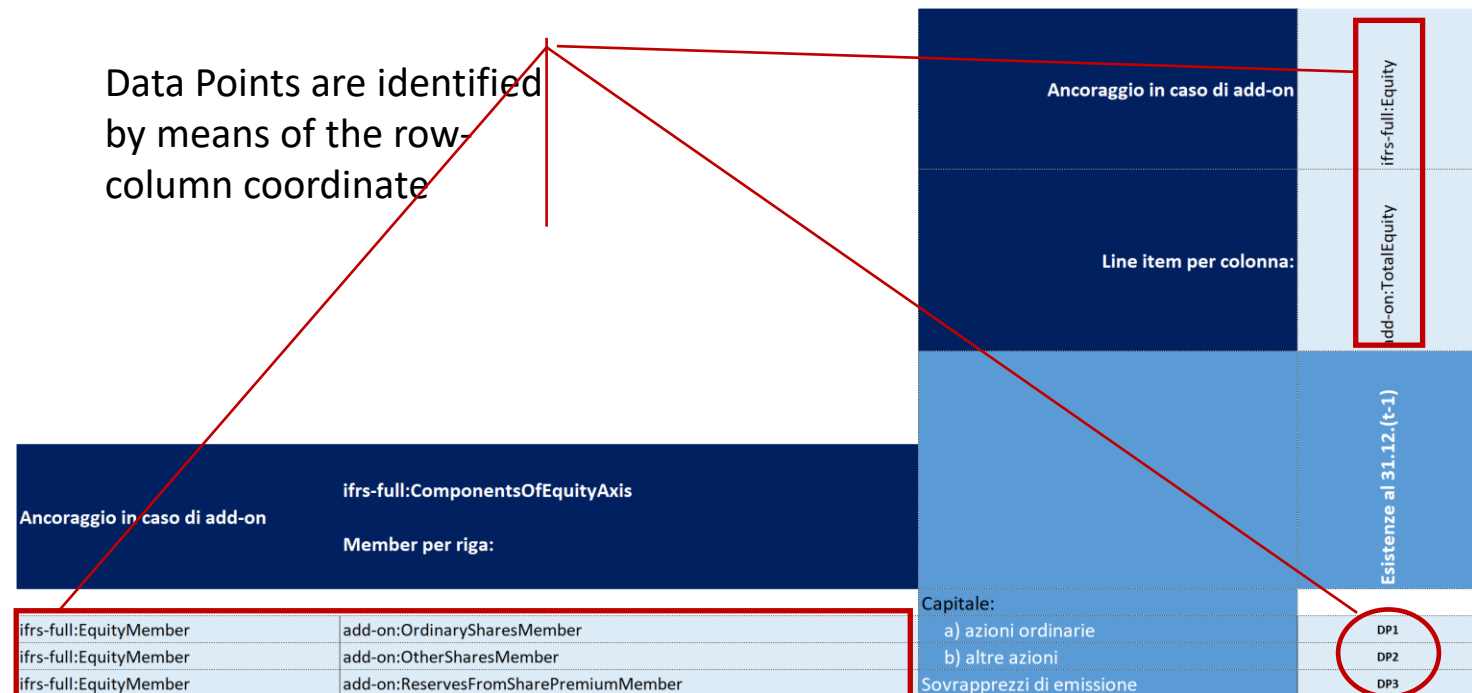
All extensions highlighted in blue.

STATEMENT OF PROFIT OR LOSS

CONTO ECONOMICO - CIRCOLARE 262 DI BANCA D'ITALIA	IFRS FULL e ADD-ON	ANCHOR
10. Interest income and similar revenues	add-on:InterestIncomeAndSimilarRevenues	ifrs-full:ProfitLossBeforeTax
<i>of which: interest income calculated with the effective interest method</i>	ifrs-full:InterestRevenueCalculatedUsingEffectiveInterestMethod	
20. Interest expenses and similar charges	add-on:InterestExpenseAndSimilarCharges	ifrs-full:ProfitLossBeforeTax
30. Net interest margin (10+20)	add-on:NetInterestMargin	ifrs-full:ProfitLossBeforeTax
40. Fees and commissions income	ifrs-full:FeeAndCommissionIncome	
50. Fees and commissions expenses	ifrs-full:FeeAndCommissionExpense	
60. Net fees and commissions (40+50)	ifrs-full:FeeAndCommissionIncomeExpense	
70. Dividend income and similar revenues	ifrs-full:RevenueFromDividends	
80. Net gains (losses) on trading	ifrs-full:TradingIncomeExpense	
90. Net gains (losses) on hedge accounting	add-on:NetGainsLossesFromHedgeAccounting	ifrs-full:ProfitLossBeforeTax
100. Gains (Losses) on disposal and repurchase of:	add-on:GainsLossesOnDisposalsandRepurchaseOfFinancialAssetsandLiabilities	ifrs-full:ProfitLossBeforeTax
a) financial assets at amortised cost	add-on:GainLossArisingFromDisposalOfFinancialAssetsMeasuredAtAmortisedCost	add-on:GainsLossesOnDisposalsandRepurchaseOfFinancialAssetsandLiabilities
b) financial assets at fair value through other comprehensive income	add-on:GainLossOnDisposalsOfFinancialAssetsAtFairValueThroughOtherComprehen	add-on:GainsLossesOnDisposalsandRepurchaseOfFinancialAssetsandLiabilities
c) financial liabilities	add-on:GainLossArisingFromRepurchaseOfFinancialLiabilities	add-on:GainsLossesOnDisposalsandRepurchaseOfFinancialAssetsandLiabilities
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	add-on:NetGainsLossesOnOtherFinancialAssetsLiabilitiesAtFairValueThroughProfitO	ifrs-full:ProfitLossBeforeTax
a) financial assets/liabilities designated at fair value	add-on:GainsLossesOnFinancialAssetsLiabilitiesDesignatedAtFairValueThroughProfit	add-on:NetGainsLossesOnOtherFinancialAssetsLiabilitiesAtFairValueThroughProfitOrLoss
b) other financial assets mandatorily at fair value	add-on:GainsLossesOnFinancialAssetsLiabilitiesMandatorilyAtFairValueThroughProf	add-on:NetGainsLossesOnOtherFinancialAssetsLiabilitiesAtFairValueThroughProfitOrLoss
120. Gross Income (30+60+70+80+90+100+110+115)	add-on:GrossIncome	ifrs-full:ProfitLossBeforeTax
130. Net losses/recoveries on credit impairment relating to:	ifrs-full:ImpairmentLossImpairmentGainAndReversalOnImpairmentLossDeterminedInAccordanceWithIFRS9	
a) financial assets at amortised cost	add-on:ImpairmentLossImpairmentGainAndReversalOfImpairmentLossDeterminedI	ifrs-full:ImpairmentLossImpairmentGainAndReversalOfImpairmentLossDeterminedInAccordanceWithIFRS9
b) financial assets at fair value through other comprehensive income	add-on:ImpairmentLossImpairmentGainAndReversalOfImpairmentLossDeterminedI	ifrs-full:ImpairmentLossImpairmentGainAndReversalOfImpairmentLossDeterminedInAccordanceWithIFRS9
140. Gains/Losses from contractual changes without derecognition	add-on:GainsLossesFromContractualChangesWithoutDerecognition	ifrs-full:ProfitLossBeforeTax
150. Net profit from financial activities (120+130+140+135)	add-on:NetProfitFromFinancialActivities	ifrs-full:ProfitLossBeforeTax
160. Net premiums	ifrs-full:NetEarnedPremium	

ESEF in Italy

- **A DPM-like approach** was followed in order to tag the statement of changes in equity



ESEF in Italy

NEXT STEPS

1. DESIGN AND PUBLISH TAXONOMY FILES

- Talks with Italian supervisors, XBRL International, ESMA and software vendors are under way in order to **assess the legal feasibility of creating specific namespaces** for standardized industry extension taxonomies

Banks

it-esef-bank-2021-12-31.xsd
it-esef-bank-2021-12-31_cal.xml
it-esef-bank-2021-12-31_pre.xml
it-esef-bank-2021-12-31_def.xml
it-esef-bank-2021-12-31_lab.xml

ESMA Core Taxonomy

This will result in reporting the following three different namespace in the issuers' instances:

ifrs-full (for the ESMA Core taxonomy items),

it-esef-ins or **it-esef-bank** (for XBRL Italia's standardized taxonomy items for banks and insurance undertaking, with two distinct entry-points),

emittente (issuers' specific namespaces for further company extensions).

**Standardized extended
taxonomies by industry**

Issuers' specific extensions

ESEF in Italy

Italy publishes preferred national extension design document to assist data comparability

Extensibility is a big advantage of XBRL However, if extensions get out of hand, they can also get in the way of comparability and make reporting less useful, particularly if many individual filers are using them to report their data slightly differently. Many of these issues can be overcome with “common practice” or “industry” extension taxonomies created at the country or regulator level, providing for local reporting needs and cutting down on the use of company-specific extensions except where they are really necessary. This could be helpful ... where individual countries also have specific reporting requirements and conventions.

Italy has taken a significant step in implementing just that solution. It recently published lists of preferred national extensions for banks and insurance companies, agreed upon by a wide range of stakeholders. These are *“intended to provide issuers with technical support in communicating balance sheet items in the new electronic language (ESEF), with the aim of safeguarding uniformity and standardisation in making financial information available to the public,”* explains XBRL Italy.

The preferred extensions were developed in an in-depth collaborative process between XBRL Italy, trade associations, the relevant supervisory authorities, and most national issuers in the banking and insurance sectors, and were refined during an experimental phase in 2020. They will be maintained and updated on an ongoing basis by XBRL Italy.

The design documents needed to permit the creation of national taxonomies (that can be adopted by individual companies) have been completed and the taxonomies themselves are on the way.



Bravo to our Italian colleagues on this important work!

Source: XBRL International Newsletter – October 22nd

ESEF in Italy – Next Steps

2. RUN FILING TESTS

- Preparers are filing their financial statements with OAM's and the Italian Business Register in the course of an exercise meant to identify potential setbacks and/or errors
- The exercise is also meant to design standard controls that should ensure a smooth filing process



3. ISSUE AN AUDIT STANDARD

- An Audit Standard is about to be published in order for auditors to review iXBRL financial statements compliance with regulation in force



Audit Standard

- ➔ International Standard on Auditing — ISA n. 600 (utilizzo del lavoro di un altro revisore)
- ➔ International Standard on Auditing — ISA n. 610 (utilizzo del lavoro di revisione interna)+ INTOSAI 25
- ➔ International Standard on Auditing — ISA n. 620 (utilizzo del lavoro dell'esperto)+INTOSAI 25

Beyond ESEF

NEW XBRL INITIATIVES IN ITALY

- Almost **300,000 not for profit organizations** will start filing their XBRL financial statements probably as from next year
- **Guarantee Institutions (Confidi) will** also be preparing their XBRL financial statements from next year
- Discussions are under way amongst regulators and stakeholders on whether to **extend the iXBRL filing obligation to all IAS adopters in Italy**
- A new working group is about to be set up by XBRL Italia for the purpose of **assisting preparers in tagging their notes to the financial statements**, as per the ESEF Regulation

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THANK YOU!

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- XBRL Italy Jurisdiction
- Secretary General