EBA Transparency exercise

Supervisory Reporting Conference,
06 November 2018
## Overview of the EBA Transparency Exercise

### Publication by the EBA of a sub-set of ITS data

#### Objectives
- Foster **market discipline**
- Improve the **understanding of the EU banking system**
- Ensure both a **detailed snap shot** and **consistent time series**

#### Scope
- **~130 banks** at the highest level of consolidation in the EU
- **COREP** and **FINREP** data
- Reference Dates: **2017 Q4 and 2018 Q2**

#### Overall approach
- **EBA pre-populate templates** based on ITS data available
- Pre-populated templates are circulated to banks via the Competent Authorities
- **Banks review** the pre-populated templates and provide feedback to the EBA via the Competent Authorities
- In case of mistakes, **banks** are expected to **resubmit** ITS via regular channel
- **2 cycles**
- **Banks** confirm templates and **give consent for publication**

#### Deliverables
- Bank’s individual templates
- Risk Assessment Report (RAR)
ECB is coordinating for the SSM

**EBA**
- Initiation and **coordination** of EBA EU-wide Transparency exercise
- Population of the **templates** with ITS data and validation files
- **Publication** of final results for EBA EU-wide Transparency exercise

**ECB/SSM**
- Coordination of the Transparency exercise tasks for the SSM
  - **Key contact point** for banks during the transparency exercise
  - Communication and distribution of the TE related documents i.e. TE templates, consent forms, data quality documentation and changes report

**JSTs (incl. NCAs)**
- Preparation and **coordination of the exercise** for the SSM
- Process and forward JST **questions to the EBA** (Q&A process)
- **Distributes all the TE related documentation** from EBA to the JSTs
- **Provide feedback** for queries from participating banks/JSTs
- Generic **centralised outbound communication** to banks

**DG-S/SUP/SDM**
- **Review templates** populated by the EBA
- **Review validation files** and provide **explanatory information** for data quality findings
- **Provide consent for publication**

EBA Transparency exercise 2018
Timeline and overall process

1. **First Cycle**
   - Kick-off

2. **Second Cycle**
   - Refresh

3. **Additional ad-hoc cycle (third cycle)**

4. **Freezing of data**

5. **Banks sign consent forms**

6. **Approval by EBA BoS**

7. **Publication of Results**
   - 15/11/2018
   - 12/12/2018
   - 17/12/2018

---

8. **3 cycles for banks to review pre-populated templates**
   - Launch (1st template population) – 24/09
   - 2nd template population – 15/10
   - Additional ad-hoc 3rd template population – 24/10

9. **Freezing of data – 15/11**

10. **Production of final templates and circulation of consent forms – 30/11**

11. **Publication of Results – mid-December**

---

(1) Deadline for completion indicated are EBA deadlines. To ensure EBA deadlines are met, banks are requested to provide feedback at least 2 working days before the EBA deadline.
Overarching guidance

• As the EBA Transparency Exercise is very similar to the EBA stress-tests in terms of organisational set-up and overall process (coordinated by the EBA, several quality assurance cycles, publication of final results by the EBA), similar communication modalities will be implemented, as for the stress-tests:
  – Horizontal coordination function (DG-S/SUP/SDM) ensures the communication with the EBA for the SSM;
  – Two contact points for banks, depending on the object of the communication:
    • central communication for generic outbound communication to all banks;
    • JSTs for bank-specific communication;
  – English as official language of the exercise for generic outbound communication on timeline. As for stress tests, banks which have chosen another language than English for official communication have been asked to sign a waiver to agree to use English for the daily communication during the Transparency Exercise.
Communication with the EBA

DG-S/SUP/SDM ensures the communication with the EBA for the SSM.
Communication with banks

Purpose: Provide bank-specific documentation to banks and collect feedback
Method of communication: Directly via usual channels with the JST (JST mailbox)

Purpose: General outbound information to all banks, e.g. timeline, reminders etc.
Method of communication: Functional mail box: EBA_TransparencyExercise@ec.europa.eu
# Overall status update

<table>
<thead>
<tr>
<th>Initial planned dates(^1)</th>
<th>Status</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/09 – 15/10</td>
<td>✓</td>
<td>• All banks provided feedback</td>
</tr>
</tbody>
</table>
| 16/10 – 19/10               | ✓      | Launched on 16/10/2018 with the re-population of templates for those banks that either:  
  • Resubmitted ITS data since the first population  
  • Were identified as being affected by a mapping issue identified with template Credit Risk_IRB_a |
| 24/10 – 14/11               | ○      | Launched on 24/10/2018 with the re-population of templates for those banks that:  
  • Resubmitted ITS data between 16/10 and 19/10  
  • Were identified as being affected by a mapping issue identified with template Credit Risk_IRB_a |
| 30/11 – 07/11               | ☐      |         |
| Mid December                | ☐      |         |

(1) Deadline for completion indicated are EBA deadlines. To ensure EBA deadlines are met, banks are requested to provide feedback at least 2 working days before the EBA deadline.

---

**Legend**

- ✓ Step completed
- ○ Step in progress
- ☐ Step not started
- ✗ Step delayed
# FAQs (statistics as of 25/10)

## Comparison between Stress Test and TE18 reported amounts

<table>
<thead>
<tr>
<th>Topic</th>
<th>Template</th>
<th>Queries received</th>
<th>Of which Queries answered by SDM</th>
<th>Of which Queries transmitted to EBA</th>
<th>Of which FAQs published by EBA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Forborne exposures</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>NPE</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>P&amp;L</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>RWA</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>6</strong></td>
<td><strong>2</strong></td>
<td><strong>4</strong></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

## Plausibility Checks

<table>
<thead>
<tr>
<th>Topic</th>
<th>Template</th>
<th>Queries received</th>
<th>Of which Queries answered by SDM</th>
<th>Of which Queries transmitted to EBA</th>
<th>Of which FAQs published by EBA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Credit Risk_IRB_a</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Credit Risk_STA_a</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>P&amp;L</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>5</strong></td>
<td><strong>1</strong></td>
<td><strong>4</strong></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

## Questions on mapping

<table>
<thead>
<tr>
<th>Topic</th>
<th>Template</th>
<th>Queries received</th>
<th>Of which Queries answered by SDM</th>
<th>Of which Queries transmitted to EBA</th>
<th>Of which FAQs published by EBA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 Q4 Sovereign_a</td>
<td>10</td>
<td>3</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>2018 Q2 Sovereign</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Credit Risk_IRB_a</td>
<td>126</td>
<td>123</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Credit Risk_STA_a</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>143</strong></td>
<td><strong>126</strong></td>
<td><strong>17</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

## Questions on reporting

<table>
<thead>
<tr>
<th>Topic</th>
<th>Template</th>
<th>Queries received</th>
<th>Of which Queries answered by SDM</th>
<th>Of which Queries transmitted to EBA</th>
<th>Of which FAQs published by EBA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 Q2 Sovereign</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Credit Risk_IRB_a</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Credit Risk_STA_a</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Forborne exposures</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>General</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Market Risk</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>NPE</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>P&amp;L</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>P&amp;L 2.6</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>21</strong></td>
<td><strong>17</strong></td>
<td><strong>4</strong></td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>

## Timeline and process

<table>
<thead>
<tr>
<th>Topic</th>
<th>Template</th>
<th>Queries received</th>
<th>Of which Queries answered by SDM</th>
<th>Of which Queries transmitted to EBA</th>
<th>Of which FAQs published by EBA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>P&amp;L</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

**Total** | **176** | **146** | **30** | **26** |

---

(1) Questions not sent to the EBA were:
- Duplicates
- Questions that ECB could directly answer
Next Steps

- The **deadline** for banks participating in cycle 3 to confirm the accuracy of their data is **12 November**

- On the **15 November** the EBA will freeze the data for publication

- On **30 November** the EBA will provide the **final Transparency Exercise templates in pdf** for all banks which will be sent to every bank together with the consent form to be signed.

- **Banks** to sign and **return consent forms by 7 December**

- Final **publication** of the Transparency Exercise templates by the EBA after endorsement by the EBA Board of Supervisors in **mid December**