EUROPEAN CENTRAL BANK

BANKING SUPERVISION

Update on resubmissions framework

Supervisory Reporting Conference 2025

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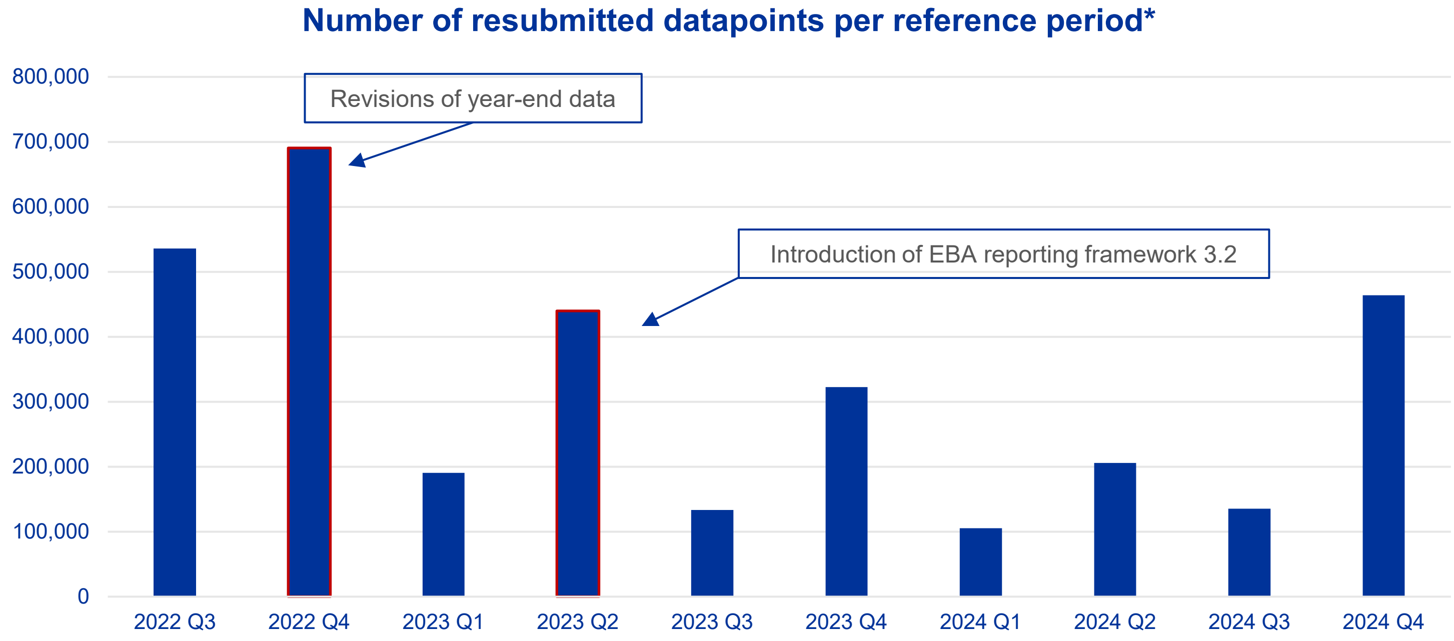
Overview

Overview

Resubmissions at a glance



* Reporting at the highest level of consolidation by Significant Institutions for COREP OF, COREP LE, COREP LR, FINREP, AE, LCRDA, NSFR and ALMM.

Risk Data Aggregation and Risk Reporting

- ❑ The purpose of a **resubmission framework** is to understand:

  - ➢ **Why** are many resubmissions needed to produce a correct report?
  - ➢ **Which values** were corrected by resubmissions and how does this affect the reliability of the supervisory assessment?
  - ➢ What does the information on resubmissions tell us on the **data aggregation capabilities** of the bank?

- ❑ Recurrent patterns of resubmissions are symptoms of **severe structural deficiencies in terms of *Risk Data Aggregation and Risk Reporting*** (**RDARR**), an **SSM Supervisory Priority since 2023**.

- ❑ **Multiple causes** may lie behind resubmissions (see right).

- ❑ **Identifying significant revisions** and **building resubmission metrics** are two pieces of a very broad puzzle consisting of several other RDARR related initiatives.

Overview

Collecting the reasons for significant revisions

- The ECB plans to **collect the reasons underlying any significant revisions** submitted by significant supervised entities **as mandated by the ECB Supervisory Board**.

- A *significant revision* is defined as "***any revision** of one or more data points (…) which **significantly impacts** the prudential or financial analysis made (…) at entity level*"*.

- The one-year pilot exercise on significant revisions carried out in 2023 with a limited sample of banks highlighted the necessity to **consider changes to all datapoints** in the scope of the ITS reporting as potentially significant.

- As a reminder, article 3(5) of the EBA's ITS on supervisory reporting requires banks to **submit any revised figure** to the *Competent Authorities* without undue delay.

*Article 5(2) of ECB Decision (EU) 2023/1681

Methodology and scope of application

- **Objective: Identify significant revisions**, for which the banks will be required to **proactively** provide detailed explanations to the ECB; we expect banks to **deploy the methodology internally**.

- **General scope:**
  - ITS reporting modules submitted by Significant Institutions
  - All revisions **independently of their timing**

- **Type of datapoints: Monetary values (€, $,…) and Percentage values (%)**

- **Application date**: Starting from **June 2025 reference date**

- **Future recalibration of the thresholds** is not excluded (regular monitoring from the ECB)

Methodology – Monetary values

Main concept: The size of a revision is compared with a reference value representative of the size of the bank

Revised value - **Previous value** = Δ Size of the revision

Detailed explanation is expected from banks **at template level**

Reference value: value chosen as an "anchor" to assess the significance of the size of a revision.

The choice of the reference value depends on the nature of the revised datapoint.

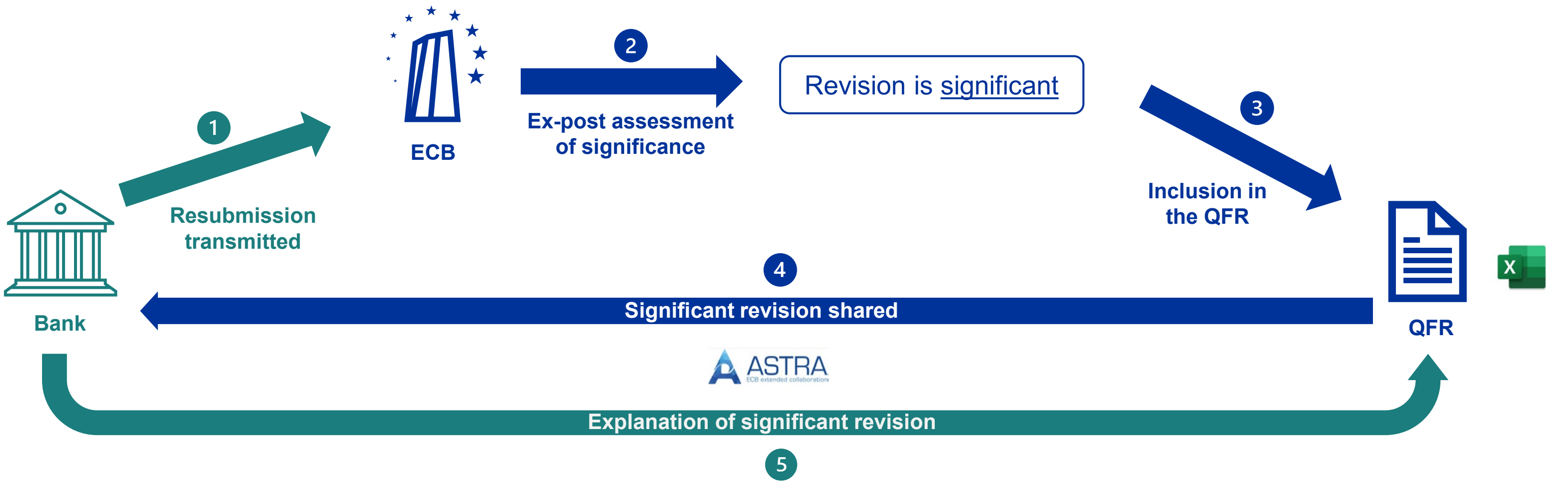
Reference value	Mapping	Multiplier
Total Assets	{F_01.01,r0380,c0010}	5%
Total Risk Exposure Amount	{C_02.00,r0010,c0010}	
Off-Balance sheet items	…	
Own Funds	{C_01.00,r0010,c0010}	10%
Gross operating income	…	

$$\Delta \geq \boldsymbol{Reference\ value} * \boldsymbol{Multiplier} \Rightarrow \boldsymbol{Significant\ revision}$$

See methodology for percentage values in Annex

How we expect to collect detailed explanations

Upcoming solution based on the *Quality Findings Report (QFR)*
(starting with Q2 2025 reporting modules)



How we expect to collect detailed explanations

Possible future xBRL-based solution
(depending on developments of the transmission format)

Bank

Ex-ante assessment of the significance

Revision is significant

xBRL

Resubmission + explanation provided directly in the XBRL file

ECB

Statistics based on historical data

- The proposed methodology was calibrated through rounds of **simulations on available data from past reporting periods**. Key results:

2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	
159	314	167	206	162	126	**Total # of templates with significant revisions**
1.5	2.9	1.5	1.8	1.4	1.1	**Average per bank**
109	110	114	114	114	116	**# of banks in scope of the simulation***
38%	15%	40%	45%	58%	65%	**% of banks with no significant revisions**

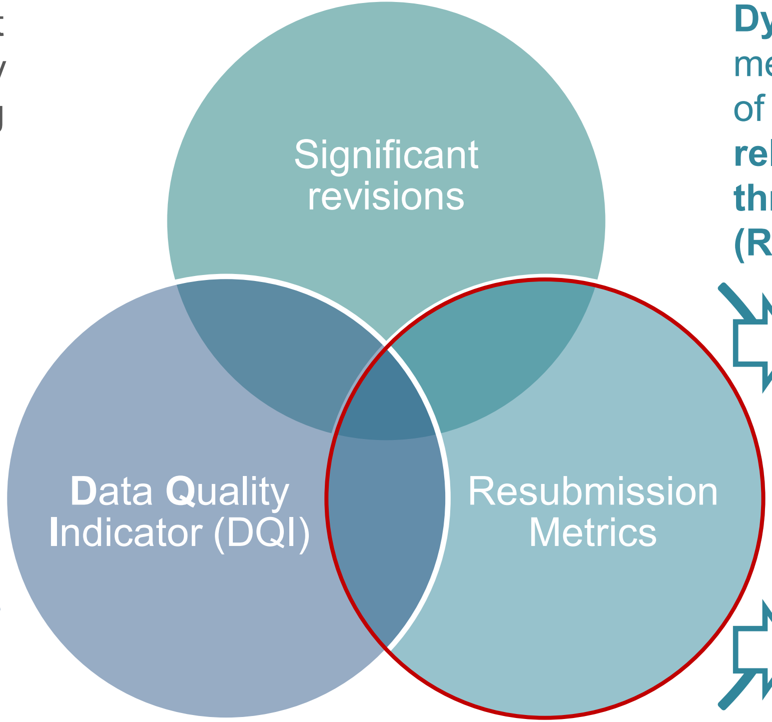
- **Strong concentration patterns**: The top 20 banks with the highest number of significant revisions contribute to **more than half** of the total number of significant revisions.

* Simulations were run on the sample of significant institutions at the highest level of consolidation.

Overview

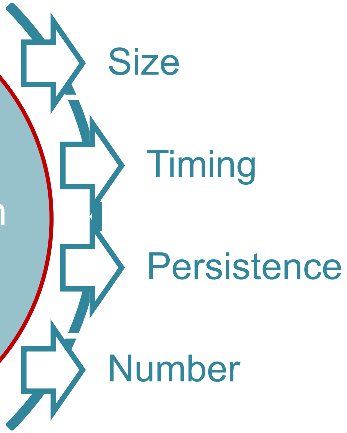
Significant revisions and beyond

Separate products… but perfectly complementary within the **ECB Banking Supervision Data Quality Framework**



Static indicator measuring the **compliance** of a bank with the overall data quality framework **at the remittance date**

Dynamic framework measuring the capacity of a bank to produce **reliable data throughout the year (RDARR)**



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Conclusions

- The ECB is strengthening the resubmission framework by requesting banks to **proactively identify significant revisions** and be ready to provide detailed explanations on the root causes behind these revisions.

- Starting from the June 2025 reference date, detailed explanations will be collected using the ***Quality Findings Report* (QFR) as communication channel**, until an xBRL-based solution is established.

- The explanations behind significant revisions will be **shared with the JSTs** and will complement the RDARR information feeding into the SREP scores.

- The resubmission metrics are currently being enhanced to produce **evidence of potential severe and persistent data aggregation issues** encountered by banks. It will rely on multiple metrics and indicators – including significant revisions.

Thank you for your attention!

Questions?

Contact point

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Annex

Methodology – Percentage values

- The size of percentage value revisions is assessed against **fix and uniform thresholds**.
- Similarly to monetary values, the applicable threshold for percentage values depends on the **nature of the revised datapoint**.
- **Only percentages in a few reporting templates are included** in the scope of the methodology, limited to the few categories in the table below.

	Capital ratios	Leverage ratio	Liquidity ratios
Threshold	2% (200 bp)	2% (200 bp)	10% (1000 bp)