



## Consultation paper on Draft ITSs implementing CRR3 changes to Pillar 3 disclosures

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*Public hearing - 23rd January 2024*



## Guidance for participants

- Please note that microphones are muted on entry. Kindly keep yourself muted during the presentation.
- Do not start your camera if you are not the speaker. To increase audio quality please turn off video streaming.
- If you would like to intervene during the Q&A session, please:
  - Raise your hand on Teams and when the floor is given to you, identify yourself by providing your full name (unless already used in Teams) and name of your organisation.
  - Or indicate in the Teams chat your name and on which topic you'd like to intervene or write your question / comment directly in
- In case of technical issues with Teams:
  - Log out and log in again;
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# 01

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## Welcome and introduction

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# Welcome and introduction: Objectives of the public hearing and CRR3 roadmap

## Objectives of the Public Hearing

- Introduce the: CP on draft Implementing Technical Standards (ITS) amending Commission Implementing Regulation (EU) 2021/637 on Pillar 3 disclosures under consultation until 14 March and main aspects on which feedback would be welcomed. Presentation of the planned next steps.
- Opportunity to discuss questions from participants and provide clarifications needed to respond to the consultation.
- Collection of early feedback to be considered in the next phases of the project. To note, the public hearing does not replace written responses to the Discussion Paper.

## EBA CRR3 Roadmap

EBA Roadmap on Strengthening the Prudential Framework

### **Phase 1 - Step 1: Step 1: changes necessary to implement and monitor Basel III requirements in the EU - Publication of the CP on 14 December 2023**

- Output floor, credit risk, market risk and CVA.
- Operational risk to be consulted in January/February 2024 with policy products.

### **Phase 1 - Step 2: changes not directly linked to Basel III implementation - CPs expected by end of 2024 or during 2025:**

- ESG risk, NPLs for SNCIs, Shadow banking, Crypto-assets, any other topics

## Welcome and introduction: Background 1/3

- The CP is based on the text of the Provisional agreement reached on the implementation of Basel III reforms published on the Council's website on 6 December 2023
- The banking package will implement the latest Basel III reforms with the application date of 1 January 2025.
- New adoption process as per Article 434a(1) as amended by the CRR 3: ITS on Pillar 3 disclosures will be published in the official journal, templates and instructions will be published on the EBA website as part of the ITS-related IT tools.

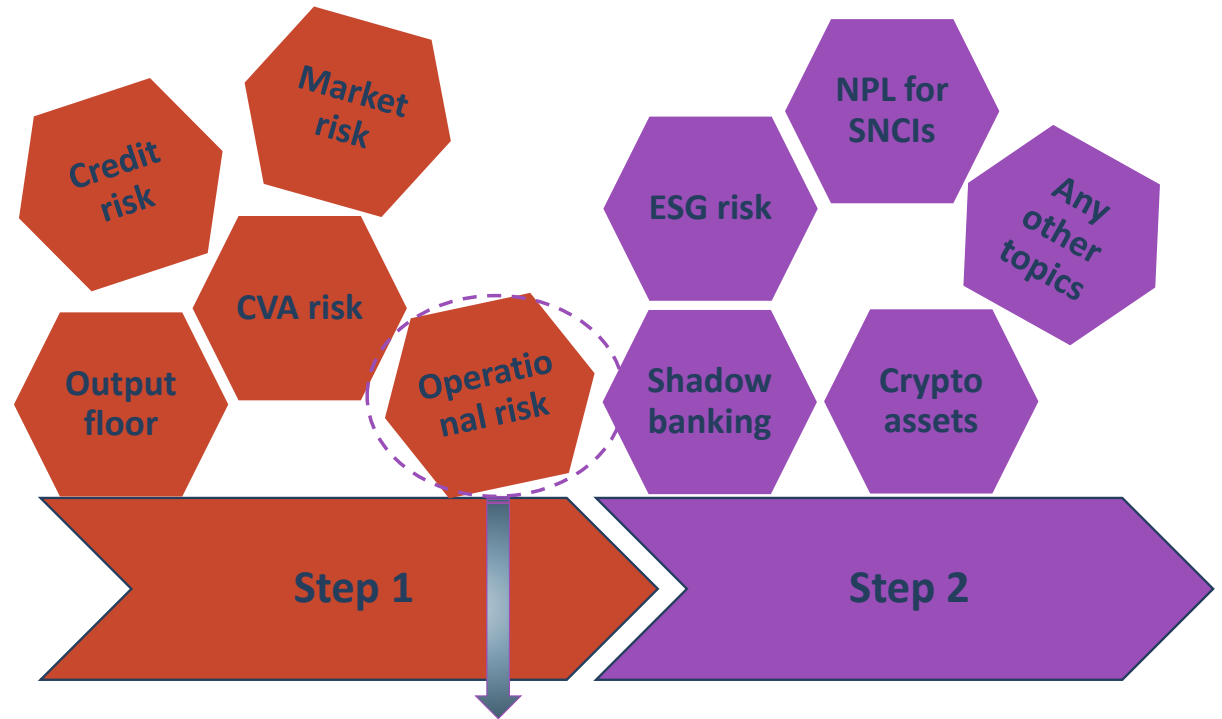
# Welcome and introduction: Background 2/3

## Approach followed in developing the draft Pillar 3 ITS

- ✓ Consistency with BCBS Pillar 3 standards
- ✓ Use of fixed templates and flexible tables
- ✓ Alignment with the CRR 3 reporting work to ensure the integration -> MAPPING TOOL updated
- ✓ Proportionality principle implicit in the CRR (articles 433a, 433b, 433c)

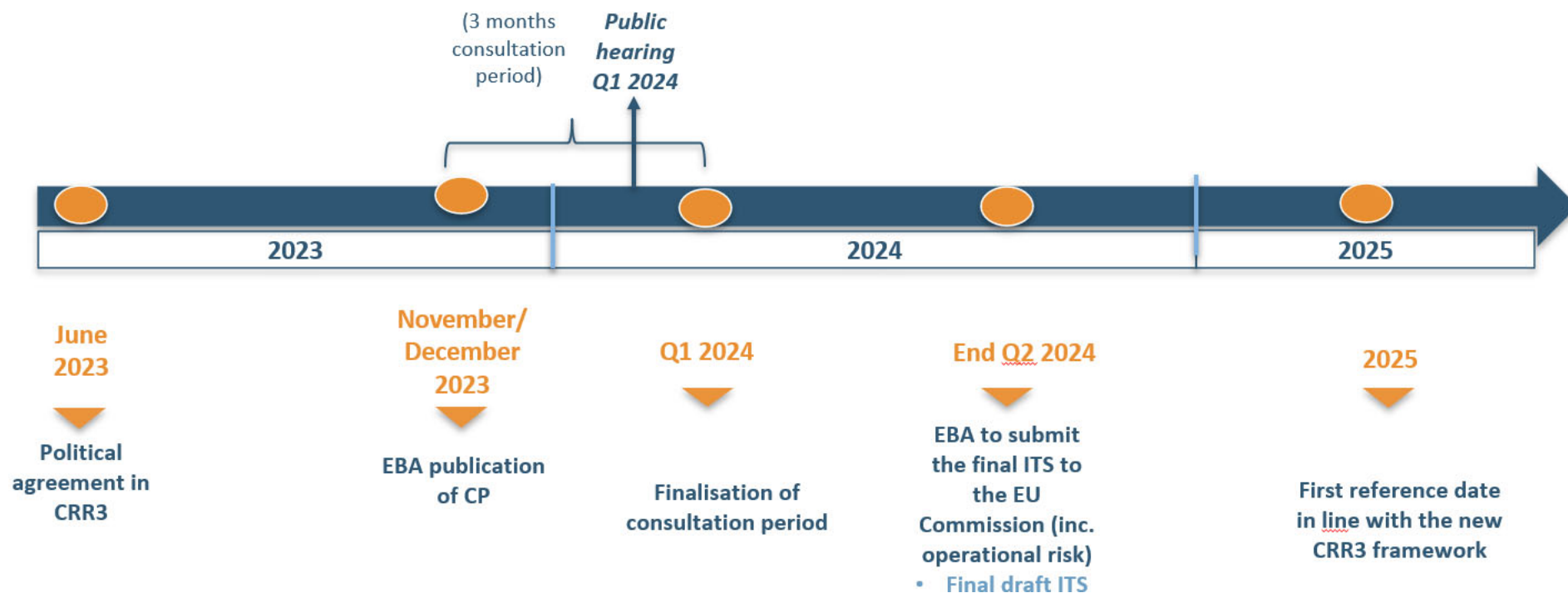
**First step:**  
Publication of the CP on 14 December 2023

**Second Step:**  
CP expected by the end of 2024



Consultation postponed to  
January/February 2024

## Welcome and introduction: Timeline 3/3







# 02

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## Draft ITS implementing CRR3 changes to Pillar 3 disclosures

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# Overview of the proposed changes to Pillar 3 disclosures 1/4

## Draft CRR 3 – main changes to Part Eight

## Amended/new P3 disclosures templates

### Article 438 :

- Lett. d: Total risk exposure amounts (including the impact of output floor) and corresponding capital requirements;
- Lett. da: total unfloored and standardized capital requirements.

### Article 447:

- Lett. aa: Risk based capital ratios unfloored;
- Lett. b: Risk exposure amounts unfloored.

**EU OV1** – Overview of total risk exposure amounts.

**New EU CMS1** – Comparison of modelled and standardised RWA at risk level

**New EU CMS2** – Comparison of modelled and standardised RWA for credit risk at asset class level.

**EU KM1** – Key metrics.

Output  
floor

# Overview of the proposed changes to Pillar 3 disclosures 2/4

## Draft CRR 3 – main changes to Part Eight

## Amended/new P3 disclosures templates

Credit risk

- ❑ No changes in Part Eight but the new exposure classes in **Articles 112 and 147** shall be reflected in P3 disclosures templates.

- ❑ **EU CR4** – standardised approach – Credit risk exposure and CRM effects
- ❑ **EU CR5** – standardised approach
- ❑ **EU CR 6** IRB approach
- ❑ **EU CR 6-A** - Scope of the use of IRB and SA approaches
- ❑ **EU CR7** – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques
- ❑ **EU CR7-A** – IRB approach – Disclosure of the extent of the use of CRM techniques

# Overview of the proposed changes to Pillar 3 disclosures 3/4

## Draft CRR 3 – main changes to Part Eight

## Amended/new P3 disclosures templates

### Market risk

#### Article 445 (Market risk standardised):

- ✓ Qualitative disclosures for simplified Standardized approach for market risk (overview of trading book positions);
- ✓ Quantitative requirements for the alternative Standardized approach.

#### Article 455 (Internal model market risk):

- ✓ Qualitative disclosures: objectives and risk managements processes; policies to define trading book positions; description of the trading desks; overview of the positions not included in the validated model (desk structure and type of instruments); structure and organization of the risk management function; scope and key modelling choices of the internal models used.
- ✓ Quantitative disclosures: most recent, highest, lowest and mean value (60 days) of requirements for each component of the calculation; the number of backtesting overshootings; the calculation for trading desks using the alternative standardized approach.

**EU MRA** - Qualitative disclosure requirements related to market risk;

**EU MR3** - Market risk under the simplified standardised approach;

**New EU-MR1** - Market risk under the alternative standardized approach

**EU MR-B** – Qualitative disclosure requirements for institutions using the alternative internal Model Approach (A-IMA)

**New EU MR2** - Market risk under the alternative internal model approach (A-IMA).

# Overview of the proposed changes to Pillar 3 disclosures 4/4

## Draft CRR 3 – main changes to Part Eight

- ❑ **Article 445a**
  - ✓ Qualitative disclosures (general overview of the processes to identify, measure, hedge and monitor their CVA risk)
  - ✓ Quantitative and qualitative information on:
    - Reduced Basic approach
    - Full Basic approach
    - Standardized approach.
  
- ❑ **Article 438, points d) and h)**
  - ✓ Variations of RWEA of the current disclosure period compared to the previous one
  - ✓ RWEA broken-down by different risk categories

CVA risk

## Amended/new P3 disclosures templates

- ❑ **New EU CVAA:** Qualitative disclosure requirements related to CVA
- ❑ **New EU CVA1:** Credit valuation adjustment risk under the reduced Basic Approach;
- ❑ **New EU CVA 2:** Credit valuation adjustment risk under the full Basic Approach;
- ❑ **New EU CVAB:** Qualitative disclosure requirements related to CVA risk for institutions using the Standardised Approach;
- ❑ **New EU CVA 3:** Credit valuation adjustment risk under the Standardised Approach;
- ❑ **New EU CVA4:** RWEA flow statements of credit valuation adjustment risk under the Standardised Approach.

## Overview of some of the questions for consultation

- **General questions**, for each topic, on the clarity, the fit to the purpose and the compliance with the underlying regulation of the amended/new templates with the related instructions.
- **Specific questions**
  - **Question 4:** In particular, regarding the disclosure of the **output floor**, do respondents agree with the **inclusion of rows** EU 5c, EU 6c, EU 7c in template EU KM 1 and the column EU d in templates EU CMS1 and EU CMS2? Please provide the rationale behind your answer.
  - **Question 8:** In particular, for templates EU CR 4 and EU CR 5, do the respondents agree **with the reconciliation of the row numbering with the Basel one** in the corresponding templates? Please provide the rationale behind your answer.
  - **Question 12:** Regarding the template EU CR 7, do the respondents agree with reconciliation of the row numbering with the Basel one in the corresponding templates? Please provide the rationale behind your answer.
  - **Question 13:** Do the respondents agree with **the deletion of the rows on SMEs** in templates EU CR 6-A, EU CR 7 and EU CR 7-A?
  - **Question 17:** Regarding the template EU MRB, do the respondents agree with the reconciliation of the row numbering with the Basel one in the corresponding template? Please provide the rationale behind your answer.
- **Question on the Mapping tool**
  - **Question 21:** Do the respondents consider that the “mapping tool” appropriately reflects the mapping of the quantitative disclosure templates with supervisory reporting templates?

# Q&As



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Thank you!

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