

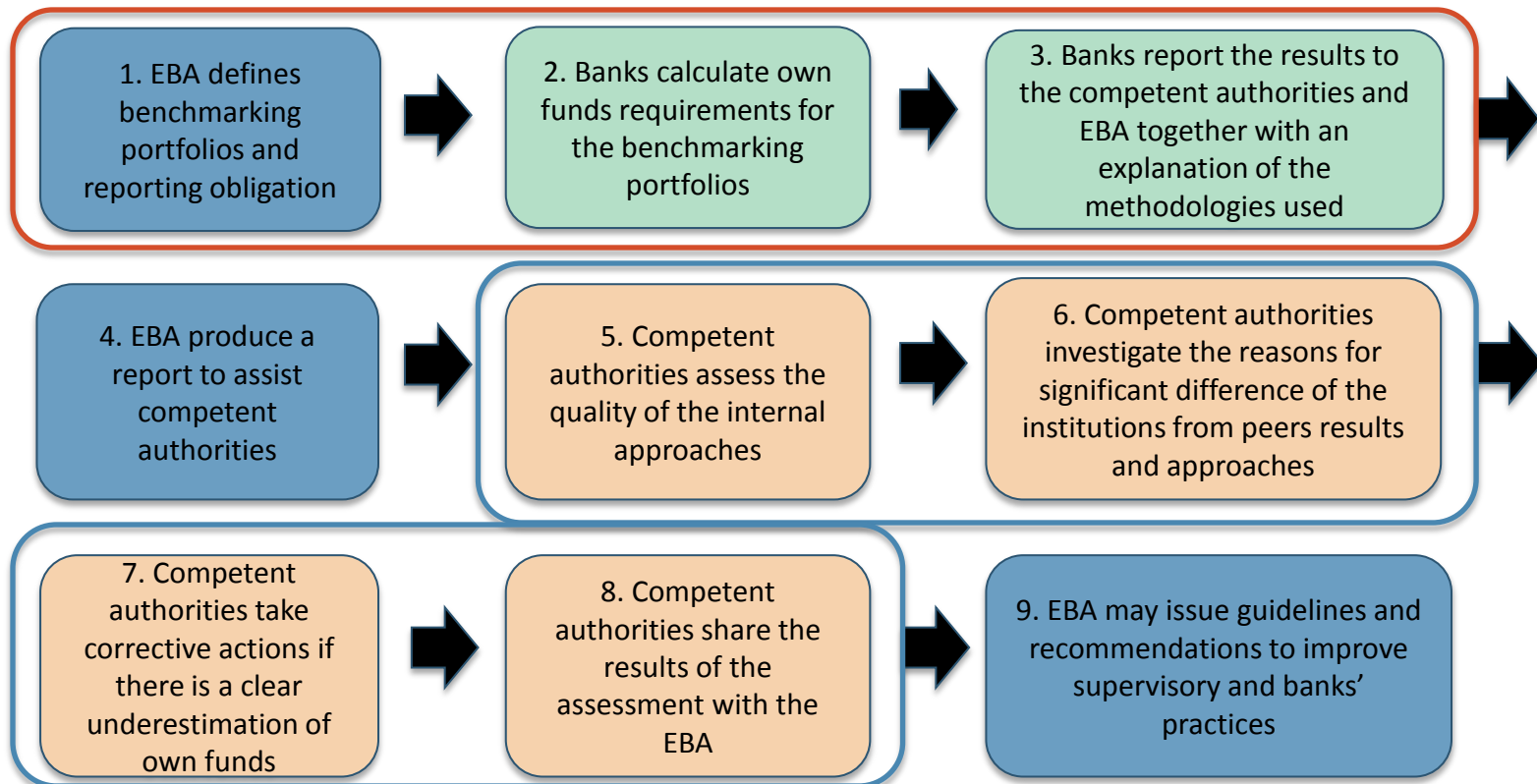


Benchmarking exercises

Webinar | 12 May 2016

Benchmarking exercises - process

ITS on benchmarking portfolios and reporting



RTS on assessment and sharing of results

ITS on benchmarking – main features

Legal basis and enforcement

- Mandate in Article 78 of CRD
- Endorsed as implementing acts by EU Commission (Regulation xxx/2016)
- Directly applicable in all EU Member States

Scope of application

- All institutions in the EU that calculate own funds requirements according to internal approaches
- Applicable at individual and consolidated level
- Hint: If required to submit COREP template C 08.01 -> also required to submit credit risk benchmarking data (COREP template C 24.00 -> market risk benchmarking)

ITS on benchmarking – main features

Reporting frequency: annual

Reference dates (2016 exercise):

- IMV valuation date: 26/10/2015, 4:30pm GMT
- Credit risk: exposures as of 31/12/2015
- Market risk booking date: 15/10/2015
- Market risk: risk and stressed measures as of 7/8/9/10/11 – 14/15/16/17/18 December 2015
- Market risk: P&L series: 250 daily observations between 18 December 2015 and 19 December 2014 (backward)

Remittance dates (data submission to Competent Authorities):

- Exception for 2016: 30 June 2016 for all data submissions
- Thereafter:
 - IMV: in November
 - CR and other MR tables: in April

ITS on benchmarking – main features

Transitional provisions

- Phasing-in over time
 - 31/12/2015: High-default portfolios, Model characteristics, Market risk
 - 31/12/2016: Low-default portfolios, Hypothetical transactions, Model characteristics, Market risk
 - 31/12/2017: All portfolios

Technical translation of reporting requirements

- Data submissions via regular reporting channels -> Competent Authorities -> EBA
- Data point model and XBRL taxonomy
 - DPM helps reporters in data mapping
 - XBRL taxonomy required for submissions by Competent Authorities -> EBA
- Validation rules

ITS on benchmarking - structure

Structure of the ITS

- Annex 1: Credit risk benchmarking portfolios
- Annex 2: Credit risk benchmarking portfolios
 - Provides clarification of concepts used to define portfolios in Annex 1
- Annex 3: Credit risk reporting templates
- Annex 4: Credit risk reporting instructions
- Annex 5: Market risk portfolios
- Annex 6: Market risk reporting instructions
- Annex 7: Market risk reporting templates



<http://www.eba.europa.eu/regulation-and-policy/other-topics/regulatory-and-implementing-technical-standards-on-benchmarking-portfolios>

Credit risk portfolios for 2016 exercise

High-default portfolios

- Exposure class 'Corporates'
 - SME
 - Other non-SME (annual turnover lower than EUR 200 mn)
- Exposure class 'Retail'
 - SME
 - Secured by immovable property

Portfolios defined using the following concepts (Annex 1, table 103)

- Country of residence of the counterparty (Currently limited to EEA countries);
- Type of risk (Credit risk, Counterparty credit risk);
- Exposure class; Default status; Collateralisation status; Collateral type; NACE code; Size of counterparty; LTV range
- Portfolios identified with a unique Portfolio ID

ATCORP0003CC

<Country of residence of the counterparty><Portfolio><Type of Risk>

Credit risk portfolio definition - example

Example: **ATCORP0003CC**

ITS Annex 1 portfolio definition:

- Exposure class: Corporates – other (i.e. non-SME);
- Country of residence of the counterparty: AT;
- Type of risk: Counterparty credit risk;
- Default status: Non-defaulted;
- Collateralisation status: Exposures with credit protection;
- Collateral type: Non Real estate funded collateral;
- All other concepts: not applicable

ITS Annex 2 provides clarifications of the concepts used to define portfolios

Credit risk reporting template - example

ITS Annex 3 (Reporting templates) defines the information items that are required to be reported for each portfolio (Selection of parameters below)

C 103.00 - Details on exposures in High Default Portfolio

| Portfolio ID | PD | EAD | LGD | Default rate latest year | Loss rate past 5 years | RWA * |
|--------------|-----|-----|-----|--------------------------|------------------------|-------|
| 010 | 060 | 110 | 130 | 190 | 220 | 230 |
| ATCORP0003CC | | | | | | |

✓ **Portfolio ID serves as a unique row identifier for template C 103 data submissions**

ITS Annex 4 (Reporting instructions) provides definitions of the information items that are required to be reported as per Annex 3

Q&As provide additional clarifications and implementation guidance