04 April 2012

Questionnaire on the users/investors needs on credit institutions Pillar 3 disclosures

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Identification of party providing feedback	1. Entity (if applicable)/Contact person/Contact details (e.g. email, tel.)/Country 2. Please specify activity / business sector 3. What use do/es you / your company make/s of Pillar 3 disclosures provided by credit institutions [e.g. investment analysis, investment advice, resource allocation decisions, audit, verification of regulatory requirements, enforcement of prudential measures, other (specify)]? How many reports on Pillar 3 disclosures do you consult per year? If you do not use Pillar 3 disclosures, please explain why (please note that in this case, you do not need to respond to the questions that follow)? 4. Did you, and to what extent, consider the EBA assessments on Pillar 3 disclosures in your field of activity (e.g. considering the whole assessment, just areas on specific issues/risk types)? If not, why?
General perception on the usefulness of Pillar 3 disclosures	5. Are risk disclosures made by credit institutions adequate in order to assess their risk profile? If not what improvements would you suggest? 6. Are Pillar 3 disclosures easy to locate and are they easy to be understood and to use for comparability purposes? If not, would you suggest specific areas where comparability should be improved? Would you suggest any way to improve access to Pillar 3 information? 7. Is the frequency of the credit institution's publication of Pillar 3 disclosures (once a year) sufficient for you? If not what type of information would be useful for you to be disclosed on a more frequent basis? 8. Do you have specific suggestions/comments about the publication dates of the Pillar 3 reports you consult? 9. Would you support a greater degree of reconciliation between Pillar 3 disclosures and disclosures in the financial statements (e.g. in the areas of own funds, credit risk, market risk)? If so, under which forms (e.g. reconciliation tables, textual explanations)? 10. Do you have any general suggestions/proposals for improving credit institutions risk disclosures under the current Pillar 3 framework (e.g. use of common definitions, other)? Would you suggest the use of

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	common templates or some specific format (e.g. separate report or report included in financial statements) for the publication of information under Pillar 3 requirements?
Information on scope	11. Do you find information on the accounting versus the prudential scope of consolidation adequate, especially regarding the scoping-out of some investments and reciprocal cross holdings from the regulatory consolidation scope? If not, what would you suggest to improve it?
Information on own funds	12. Do credit institutions provide sufficient information on internal capital allocation and on their risk taking capacity, including off-balance sheet activities? If not, what kind of additional information would you need to assess the risk appetite and risk capacity of the institution? 13. Do you consider disclosing and explaining changes in own funds from one period to another to be relevant (including also changes related to implementation of new CRD requirements? [Q related to best practices identified by the EBA]
Information on the calculation of minimum capital requirements for credit risk according to the IRB approach	14. Is the description of internal rating systems provided by credit institutions sufficient in terms of both quantitative and qualitative information to understand the characteristics of these systems and appreciate their sensitivity to the economic cycle (use of Through The Cycle / Point In Time data)? If not, what information would you suggest to disclose? What is your opinion regarding the comparability among institutions of information disclosed on internal rating systems? 15. Are models adequately described (including e.g. calibrations, loss coverage horizons and confidence levels, as well as credit risk concentrations and risk diversification where appropriate)? What parameters would you expect to be disclosed? 16. Do credit institutions provide enough qualitative and quantitative information about exposure classes under the IRB-approach? If not, what additional information should be disclosed under the current disclosure requirements? 17. The CRD requires providing a breakdown of retail exposures against a sufficient number of expected loss (EL) grades. How many grades would you consider as a minimum and why? 18. Is the information on value adjustments and provision (i.e. specific and general allowance respectively) per exposure class sufficient? If not, what improvements are needed? 19. Do you consider the information on backtesting relevant and what improvements, if any, would you propose? 20. Do credit institutions provide adequate information to allow an appropriate comparison to be made of capital requirements for credit risk across different exposure

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	classes? If not, what improvements would you propose? 21. Do credit institutions provide enough quantitative information for assessing the capital requirements for credit risk (RWAs and AIRB shortfall) for defaulted assets? If not, what improvements would you propose? 22. Do credit institutions provide adequate information for assessing the current and future IRB share for exposure classes? If not, what improvements would you expect (e.g. EAD by exposure classes for standard /IRB approaches; description of roll-out plans, portfolios under permanent exemption)?
Information on securitisation	23. Do you find information on credit institutions' securitization activity and its objectives regarding securitization activity, including its role and involvement in the securitization chain, sufficient detailed to determine the impact on the institution's risk profile? If not what additional types of information would be relevant to adequately depict the credit institution incurred risk due to securitisation? 24. Would you find information on how transactions qualify for credit risk transfer under the prudential framework adequate? If not, what improvements are needed? Would a bridge with transactions derecognised according to the accounting standards be useful? 25. Is the description of accounting policies applied to securitization activities informative enough? 26. Would you welcome more granularity in the presentation of securitization exposures? If yes, what are the areas where more granularity is needed?
Information on remuneration	27. Are the provided disclosures enough to determine the risk implications of the remuneration process? Do they make it easy to link such process to the overall risk management framework? If not, what improvements would you expect? 28. Is more clarity on the notions of material risk takers and relevant stakeholders needed? 29. Are relevant features of remuneration schemes adequately described and do they include all information needed to analyze the incentive structure of the remuneration system (e.g. specific performance indicators, differal criteria, adjustment mechanisms)? 30. Based on the remuneration disclosures is it easy to understand the mechanisms that intend to align personal incentives with the credit institution's long-term goals? If not, what would you see as relevant information to be added? 31. Do you consider the level of both qualitative and quantitative information on risk adjusted performance to be adequate?
Information on market risk	32. Depending on whether credit institutions use standardised or internal models approach, do you find quantitative information about capital requirement

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	sufficient? If not, do you think a further breakdown of capital requirements per specific type of risk is needed? 33. For banks using the internal models approach, do you find the level of information on types of VAR used sufficient? If not, what specific information is missing? 34. Are characteristics of internal models adequately described (including stress testing and backtesting approaches)? If not what improvements would you suggest?