



EUROPEAN BANKING AUTHORITY

EXECUTIVE SUMMARY
OF THE ANNUAL REPORT 2017

EBA

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BANKING
AUTHORITY

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EXECUTIVE SUMMARY OF THE ANNUAL REPORT 2017

Achievements in 2017

Playing a central role in the development and maintenance of the Single Rulebook for banking

EBA key deliverables in 2017

In 2017, the EBA continued its work on the enhancement of the comparability of capital requirements with the objective of ensuring their comparability, restoring the overall trust in internal models and coordinating their regulatory review with other stakeholders, such as the European Central Bank (ECB) and the Basel Committee. In this respect, the EBA made progress on the **roadmap for the implementation of the regulatory review of internal models**. In particular, the EBA published its final Guidelines on the probability of default (PD) estimation, loss given default (LGD) estimation and the treatment of defaulted exposures, and consulted on the regulatory technical standards (RTS) on the nature, severity and duration of economic downturn. In addition, in 2017, the EBA continued to conduct its regular annual benchmarking exercises, aimed at identifying outliers in the calculations of risk-weighted assets (RWAs) via internal models and published **four different reports on the consistency of RWAs**. The results of these reports confirmed some of the previous findings, described the overall variability and examined the key drivers that explain the observed dispersion.

The EBA has been at the forefront with many Capital Markets Union (CMU) initiatives and has established itself, over the years, as the leading regulatory body on **securitisation and covered bonds in the EU**. A turning point was 2017, as the European co-legislators finalised and approved a legislative package on simple, transparent and standardised (STS) securitisation based on the EBA's work. In this context, the EBA published a discussion paper in September 2017 with proposals to strengthen the regulation and supervision framework of significant risk transfer and to improve regulatory certainty and the level playing field for

institutions that transfer risk through securitisation.

In December 2017, the Commission submitted two legislative proposals to amend the current EU prudential rules for Markets in Financial Instruments Directive (MiFID) investment firms as part of the CMU reforms. The proposals are largely based on the comprehensive advice provided by the EBA in September 2017. In this Opinion, the EBA recommended the **design and calibration of a new prudential framework for investment firms**, which aims to introduce simpler, more proportionate and risk-sensitive prudential rules for investment firms. Furthermore, the EBA recommended specific corporate governance rules and provided support on the application of remuneration policies for those firms. In a subsequent EBA Opinion on Brexit preparation, the EBA recommended that the largest systemically important investment firms established within the banking union should be supervised by the SSM to ensure equivalent prudential supervision to credit institutions.

In July 2017, the EBA published its **second impact assessment of International Financial Reporting Standards (IFRS) 9**, which provided information on how banks were progressing in the implementation of IFRS 9 and the estimated impact that it may have on capital.

In the area of resolution, the EBA delivered a number of legislative products in 2017. These, which include the **RTS on valuation** (before and after resolution), harmonise the criteria for conducting a valuation across the EU and represent a major step forward for resolution implementation; and three sets of **guidelines on bail-in**, which focus on conversion rates, shareholder treatment and the interrelation between the Bank Recovery and Resolution Directive (BRRD) and the Capital Requirements Directive (CRD)/Capital Requirements Regulation (CRR) and complement the RTS on valuation to clarify how valuation information should help determine the terms of bail-in.

Figure 1: The EBA's work on investment firms



Promoting convergence of supervisory practices and ensuring their consistent implementation across the EU

In 2017, the EBA continued to play an important role in ensuring the **efficient functioning of colleges of supervisors**. Besides the ongoing monitoring of these fora, in 2017, the EBA conducted a structured assessment of closely monitored colleges. Overall, the EBA found significant improvements in college interactions and responsiveness as well as in the quality, coverage and reasoning of the joint decision documents. Among the key topics for supervisory attention in 2017 were non-performing loans (NPLs) and the cleaning of banks' balance sheets, sustainability of business models, operational risk, conduct and ICT risk, and EBA benchmarks.

In April 2017, the EBA issued its **Pillar 2 Roadmap** with the objective of outlining its plans to update the common European framework for the Supervisory Review and Evaluation Process (SREP) in 2017-2018. In particular, the Roadmap explains the approach that the EBA is planning to take in relation to the update of the EBA SREP Guidelines, the update of the EBA Guidelines on the management of interest rate risk arising from non-trading activities and the update of the stress testing Guidelines.

In November 2017, the EBA published its **third annual Report on convergence of supervisory practices**, which acknowledged a good degree of progress made by competent authorities in the implementation of the SREP Guidelines as well as in taking forward individual recommendations and observations provided by the EBA during the 2016 bilateral convergence visits.

The EBA also published guidelines aimed at facilitating cooperation and coordination between the competent authorities involved in the **prudential supervision of significant branches of EU institutions established in another Member State**.

In the context of thematic analyses on recovery planning, in March 2017, the EBA published its **comparative Report on the recovery plan options**, which assesses 23 European cross-border banking groups with parent institutions located in 12 different EU countries. Later in the year, the EBA published a **Recommendation aiming to address the crucial point of**

which entities should be covered in a group recovery plan, and the degree of detail that supervisors should expect in different cases. According to the BRRD, the requirements for recovery and resolution planning, in principle, are applicable to all credit institutions and certain investment firms in the EU. However, competent and resolution authorities have the discretion to grant simplified obligations to these institutions if they meet certain eligibility criteria. Against this background, the EBA also published its final **RTS specifying the criteria for granting simplified obligations for recovery and resolution planning**. In December 2017, the EBA also published a **Report on the application of simplified obligations and waivers in recovery and resolution planning**, in which it observed that, from January 2015 to 30 April 2017, around half of the competent and resolution authorities had not granted simplified obligations or waivers to institutions under their jurisdiction.

In December 2017, the EBA published **Recommendations on the use of cloud service providers** by credit institutions and investment firms in December 2017. The Recommendations clarify and harmonise the EU-wide supervisory expectations for institutions adopting cloud computing by allowing them to leverage the benefits of using cloud services while ensuring that any related risks are adequately identified and managed. These Recommendations will be integrated into the revised Guidelines on outsourcing, which were published for consultation in mid-2018.

In 2017, the EBA continued to **assess the equivalence of the professional secrecy and confidentiality regimes** of a number of non-EU supervisory authorities, which were identified and prioritised in close cooperation with the Commission.

Figure 2: Outline of the recommendations on cloud outsourcing

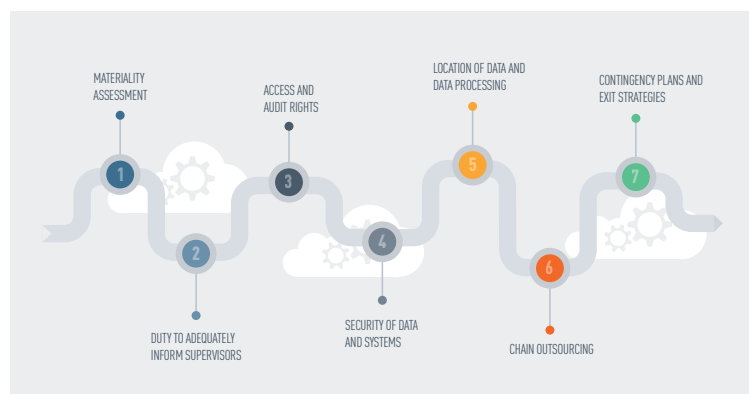
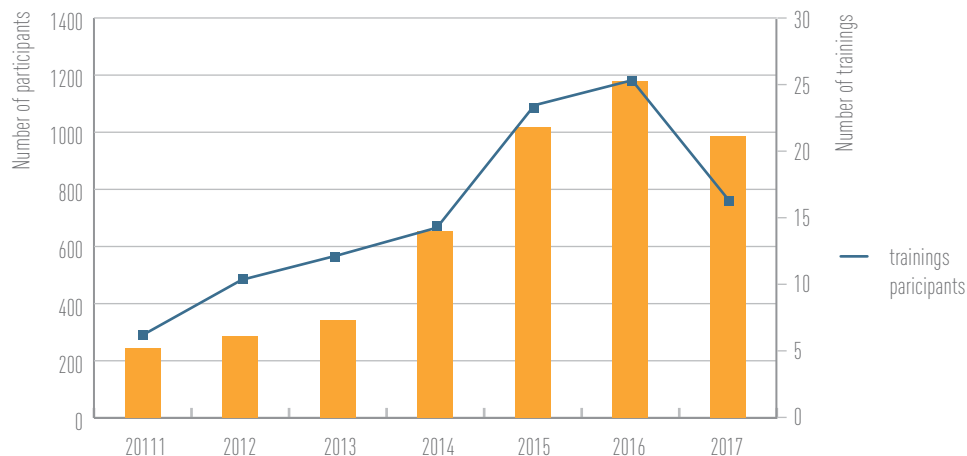


Figure 3: Number of training programmes and participants from 2011 to 2017



Finally, in 2017, the EBA continued to resort to **training programmes and workshops** to promote supervisory convergence and to contribute to a common supervisory culture. Overall, the EBA organised 16 sectoral training programmes, of which 13 were held at its premises.

Developing resolution policies and promoting common approaches for the resolution of failing financial institutions

After In the area of resolution, the EBA continued to play an important role in **facilitating resolution planning and benchmarking**. In this respect, in 2017, the EBA started bilateral meetings with various national resolution authorities with the objectives of monitoring their resolution planning status and outlook and of providing tailored feedback to them based on the EBA’s observations of the functioning of resolution colleges established by the resolution authority. In addition, the EBA launched

an **updated survey** in order to assist resolution authorities across the European Union by providing a general overview and details of the main trends in certain organisational aspects of all established resolution authorities.

In the area of deposit protection, in 2017, the EBA’s efforts focused on **analysing if deposit guarantee schemes (DGSs) are adequately funded, and ensuring that information about funding levels and the use of DGS funds is public**. In this context, the EBA took the initiative to publish for the first time information on two key concepts in the Deposit Guarantee Schemes Directive (DGSD): **available financial means (AFM) and covered deposits**. The publication, which will be done on a yearly basis, will contribute to enhancing the transparency and public accountability of DGSs across the EU to the benefit of depositors, markets, policy-makers, DGSs and Member States.

The EBA also continued to **monitor the minimum requirement for own funds and eligible liabilities (MREL) capacity and funding needs of European banks** and published an update of the original MREL quantitative analysis contained in the December 2016 Report. The update provided an overview of the current capacity of MREL-eligible debt, analysis of current MREL ratios and estimated hypothetical MREL funding needs for a sample of 112 EU banks, which cover almost two-thirds of EU banking assets. In April 2017, the EBA also published **draft Implementing Technical Standards (ITS) on the reporting of MREL decisions** by resolution authorities to the EBA, with appropriate templates to capture the main component of the decisions adopted and basic procedural principles for the data flow.



Determining and monitoring key risks in the banking sector across Europe

Since its establishment, the EBA has contributed to ensuring the stability, integrity, transparency and orderly functioning of the EU banking sector. To promote this role, the EBA has developed, over time, an extensive risk infrastructure, including supervisory reporting standards, solutions for data collections and tools for data exploration. The EBA's main and regular outputs for monitoring, analysing and addressing risks in the EU banking sector are **quarterly risk dashboards** (RDBs), an **annual Risk Assessment Report** (RAR), booklets summarising the results of the risk assessment questionnaire (RAQ) addressed to banks and analysts, and **EU-wide transparency and stress test exercises**. Besides this regular assessment, the EBA dedicated additional resources to conduct thematic risk reviews, such as **banks' funding plans** and **main trends in asset quality across EU countries**.

In 2017, the EBA carried out significant preparatory work for the **2018 EU-wide stress test**. Most of the 2017 work stream was focused on drafting and publishing a methodological note and templates to be used in the exercise. The 2018 exercise will follow a similar approach to the one adopted in 2016, and will be based on a bottom-up approach and a static balance sheet assumption. It will not include a defined pass/fail threshold but, as in the previous exercise, the results will be a crucial input for the SREP assessment process. The main novelty, and one of the key challenges for the 2018 exercise, is the incorporation, for the first time, of the IFRS 9 accounting standards.

The EBA continued to monitor the **composition of funding sources across the EU**. In July 2017, the EBA published a landmark report providing a forward-looking analysis of banks' future funding plans and an assessment of the level of asset encumbrance. The banks projected asset growth mainly driven by loans to households and non-financial corporates. Further analysis also suggested that high NPL levels, combined with more thinly capitalised banks, could be a drag on new lending unless they are properly addressed.



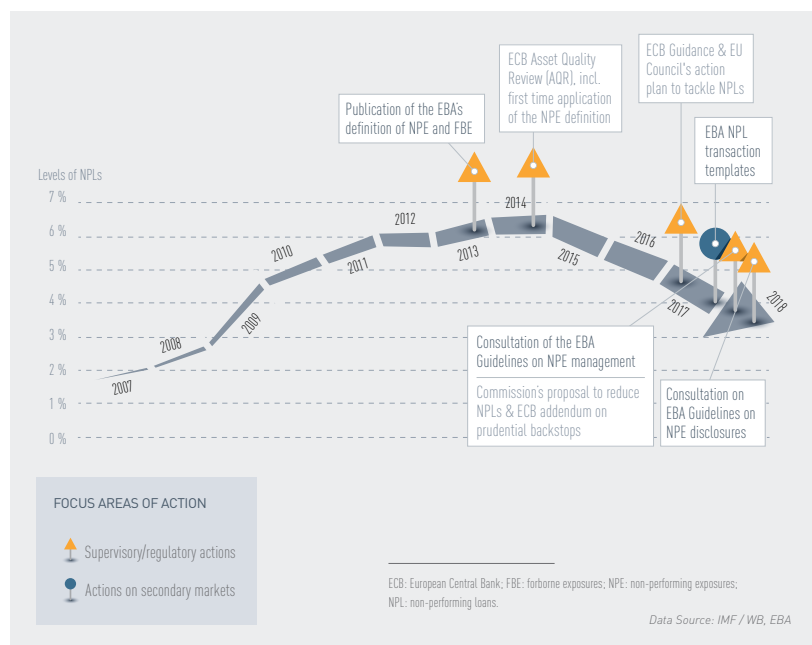
Strengthening the EBA's role as EU data hub for the collection, use and dissemination of banking data

The EBA continues to **enhance and lead on data disclosure across Europe**. This information is a further step towards improving the general public understanding about systematically important institutions and their key figures and business activities. During the second half of 2017, the EBA conducted an **EU-wide transparency exercise**, which is part of its work to promote market discipline and improve consistency in EU banks' figures. The EBA received and published up to 4 000 data points for each of the 132 banks included in the sample. The information disclosed is extensively used by banks, market analysts, academics and international organisations in their assessments of EU banks.

In 2017, the EBA dedicated additional efforts to **expanding its data infrastructure** by setting up a European Centralised Infrastructure for Supervisory Data (EUCLID). This project aims to collect and expand the current sample (approximately 200 banks) to the whole population of EU banks, representing a significant step towards the role of becoming a **European data hub for banking information**. When EUCLID is completed, the number of reporting entities will increase by up to 50 times.

The EBA also continued to promote several initiatives to establish a common framework for the **valuation and measurement of NPLs in Europe**. In particular, in July 2017, the EBA was invited by the Council of the European Union, along with other EU bodies, to contribute to the European Action Plan to address NPLs.

Figure 4: NPLs in the EU – on the path to recovery



One of the first EBA contributions to this plan was the **development and introduction of the NPL templates** aiming to reduce information asymmetries between potential buyers and sellers of NPLs and to facilitate the establishment of a proper secondary market for these loans in the EU.

Protecting consumers and monitoring financial innovation and contributing to secure, easy and efficient payment services across the EU

In 2017, the EBA continued to **enhance the protection of consumers, promote transparency, simplicity and fairness for consumer financial products** and services across the Single Market, monitor financial innovation and contribute to secure efficient retail payments in the EU.

In the area of consumer protection, the EBA published three **final draft technical standards under the Payment Accounts Directive (PAD)**, which will contribute to enhancing comparability of fees through standardised terminology and disclosure documents across the EU. In addition, the EBA started work to enhance convergence in the supervision of consumer protection requirements across the EU. The focus of this work was the EBA **Guidelines on product oversight and governance**. Finally, in June, the EBA published its annual **Consumer Trends Report**, which covered issues and trends the EBA had observed regarding the

retail banking products and services within its remit, and topical issues identified by national competent authorities and national consumer associations across the EU.

On financial innovation, the EBA's focus in 2017 was primarily on **FinTech**, a topical issue, which public authorities in the EU and beyond have started to investigate because of its potential to transform the provision of financial services. In August 2017, the EBA published a **Discussion Paper on its approach to financial technology (FinTech)**, which included the results of a mapping exercise, designed to provide a better insight into FinTech in the EU, and the EBA's proposals for further work in this area. In addition, in June 2017, the EBA published a report highlighting the **risks and potential benefits of innovative uses of consumer data by financial institutions** and identifying a number of requirements under various pieces of EU law that apply to financial institutions, should they carry out such practices.

Throughout 2017, the EBA continued delivering the six technical standards and **six sets of guidelines mandated by the revised Payment Services Directive (PSD2)**. In addition, just like under consumer protection, the EBA started supervisory convergence work to ensure that the PSD2 requirements are applied in a sound, efficient and consistent manner. In particular, the EBA published and submitted to the EU Commission in February the **final**

draft RTS on strong customer authentication and common and secure communication, which were then adopted by the Commission in November. These standards were the result of difficult trade-offs between the various, at times competing, objectives of PSD2. These include enhancing security, facilitating customer convenience, ensuring technology and business-model neutrality, contributing to the integration of the European payment markets, protecting consumers, facilitating innovation and enhancing competition through new payment initiation and account information services.

The EBA also published its **final Guidelines on authorisation and registration under PSD2**, which aim to harmonise the documents and pieces of information that applicants for authorisation as payment institutions (PIs) and electronic money institutions (EMIs) and for registration as account information service providers (AISPs) need to submit to the national competent authorities when seeking authorisation/registration.

In October, the EBA published the **final Guidelines on procedures for complaints of alleged infringements of PSD2** to be taken into consideration by competent authorities for ensuring and monitoring effective compliance with PSD2.

In December, the EBA published **final Guidelines on security measures for operational and security risks under PSD2**, which aim to harmonise the requirements that payment service providers should implement to mitigate operational and security risks derived from the provision of payment services.

Also in December 2017, the EBA published the **final draft RTS on central contact points under PSD2**, which specify the criteria for determining when the appointment of a central contact point under PSD2 is appropriate and the functions that these contact points should have. In addition, the EBA published the **final draft RTS and ITS on the electronic central register under PSD2**.

Table 1: Progress of EBA deliverables under PSD2

	Milestones reached	Milestone 1: EBA has started work	Milestone 2: EBA has published CP with draft GL/TS	Milestone 3: EBA has published Final draft TS or Final GL	Milestone 4: EBA has published GL Compliance table or Commission has published TS in OJ
1	GL on security of internet payments under PSD1	✓	✓	✓	✓
2	RTS on scheme separation under IFR	✓	✓	✓	✓
3	RTS on passporting notifications under PSD2	✓	✓	✓	✓
4	GL on authorisation of payment institutions under PSD2	✓	✓	✓	✓
5	GL on professional indemnity insurance under PSD2	✓	✓	✓	✓
6	GL on operational & security measures under PSD2	✓	✓	✓	✓
7	GL on complaints procedures by CAs under PSD2	✓	✓	✓	✓
8	GL on incident reporting under PSD2	✓	✓	✓	✓
9	RTS on strong authentication & secure comms. under PSD2	✓	✓	✓	✓
10	RTS on central contact points under PSD2	✓	✓	✓	
11	RTS & ITS on EBA Register under PSD2	✓	✓	✓	
12	RTS on home-host coordination under PSD2	✓	✓	2018	
13	GL on fraud reporting under PSD2	✓	✓	2018	

EBA Brexit preparations

The On 29 March 2017, the United Kingdom notified the European Council of its intention to withdraw from the European Union pursuant to Article 50 of the Treaty on European Union. The withdrawal will take place on the date of entry into force of a withdrawal agreement or, failing that, 2 years after the notification, **on 30 March 2019**.

During 2017, the EBA looked at the impact of Brexit from two angles. First, the EBA examined the **potential impact of Brexit on the EU's banking and financial system**. Second, work was also undertaken on the **implications of Brexit for the EBA as an organisation**, given its location in London.

In 2017, the EBA undertook work to assess the various potential risks, aiming to ensure that appropriate actions are taken sufficiently far in advance to address those risks.

The EBA also carefully monitored the substance of the restructured businesses that firms were planning by regularly surveying competent authorities about their interactions with these firms. 'Empty shells' are not appropriate, and firms must have adequate risk management capabilities in the entity generating that risk. In October 2017, the EBA published an **Opinion on Brexit issues** that aimed to provide needed clarity to supervisors and firms on the minimum agreed standards to be applied throughout the EU when dealing with the issues that arise for firms restructuring because of Brexit. The EBA will be monitoring the developing situation carefully.

The current legal seat of the EBA is in London. Following Brexit, it will be necessary for the EBA to move to a jurisdiction that will remain in the EU. While leaving London is a challenge,



the EBA has time to prepare and expects minimal disruption to its service. There was a detailed process for other EU cities to bid to host the EBA upon its relocation. At a vote of the European Council held on 20 November 2017, **Paris was chosen as the new seat of the EBA**.

During the course of 2017, the EBA carried out other preparatory work to ensure that the relocation of the EBA from London to Paris goes as smoothly as possible, and does not have an impact on the EBA's work.

International engagement

The EBA welcomed the **agreement reached on the finalisation of the Basel III framework by the Basel Committee on Banking Supervision (BCBS)**, in December 2017, which concludes the global post-crisis prudential reforms. The EBA supports the aim of the global agreement to restore the credibility and comparability of regulatory capital metrics. The EBA published a summary of the results showing the impact of the agreed reforms on the EU banking sector.

The EBA considers strong international standards essential to support safe and sound cross-border banking on a global scale. The EBA is committed to engaging with competent authorities and European co-legislators to ensure the successful implementation of the standards in the EU.

In December 2017, the EBA published a **Discussion Paper on the implementation in the EU of the revised market risk and counterparty credit risk frameworks**, i.e. the fundamental review of the trading book (FRTB) and the standardised approach for counterparty credit risk (SA-CCR). This paper discusses some of the most important technical and operational challenges in implementing the FRTB and SACCR in the EU.

The EBA is **actively engaged in international fora and standard-setting bodies developing the resolution framework**. The EBA is a member of the Financial Stability Board's (FSB's) Resolution Steering Group (ResG), the CrossBorder Crisis Management Group (CBCM) and several work streams in which it actively contributes to the development of regulatory policy in resolution matters.

In September 2017, **the EBA signed a framework cooperation arrangement (FCA) with five US financial regulatory agencies**: the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Securities and Exchange Commission (SEC) and the New York State Department of Financial Services.

The ESA's cross-sectoral work under the Joint Committee

In 2017, the **Joint Committee of the European Supervisory Authorities (ESAs)** continued to be a central point for coordination and exchange of information between the ESAs and with the European Commission and the European Systemic Risk Board. Progress in the field of anti-money laundering and countering the financing of terrorism was in the spotlight of the Joint Committee's work under the EBA Chairmanship.

The three ESAs continued their efforts to **identify potential risks to financial stability across the three sectors**, with a view to supporting consistent approaches and clear convergent guidance to supervisors and market participants.

The ESAs made progress in the **fight against money laundering and terrorist financing (ML/TF)**. In particular, they published **guidance on ML/TF risk factors**, which provide institutions with the tools they need to make informed, risk-based decisions on the effective management of ML/TF risk and help competent authorities assess whether or not institutions' ML/TF risk assessment and management systems and controls are adequate.

The ESAs complemented their work on the fundamental aspects of the risk-based approach with **training for anti-money laundering and countering the financing of terrorism (AML/CFT) supervisors**, and guidance and standards on specific aspects of Europe's AML/CFT regime, including **Guidelines on managing ML/TF risk in transfers of funds** that set out what payment service providers should do to identify and manage fund transfers with incomplete information on the payer or the payee; **draft RTS on central contact points to facilitate the AML/CFT supervision** of, and AML/CFT compliance by, payment service providers and e-money institutions that are



established in different Member States; **draft RTS on the management of ML/TF risk in situations where a third country's law prevents the application of robust group-wide AML/CFT policies and procedures**; and a **joint Opinion on the use of innovative solutions for customer due diligence (CDD) compliance purposes**.

Consumer protection and financial innovation continue to figure prominently on the Joint Committee's agenda. The Joint Committee continued its work on the packaged retail and insurance-based investment products (PRIIPs) Regulation, with the three ESAs putting forward **technical advice on PRIIPs with environmental and social objectives**.

In the field of financial innovation, the Joint Committee continued its **work on big data** by analysing the potential benefits and risks for consumers and financial institutions linked to the use of big data analytics and processes.

Finally, the ESAs submitted **draft amendments to the RTS on risk mitigation techniques for over-the-counter (OTC) derivatives not cleared by a central counterparty under the European Market Infrastructure Regulation (EMIR)** to align the treatment of variation margin for physically settled foreign exchange (FX) forwards with the supervisory guidance applicable in other key jurisdictions, after being made aware of certain challenges.



Ensuring effective and transparent processes to support the EBA's work

Involving stakeholders in the EBA's regulatory work

The EBA adheres to a policy of full transparency of its working processes and strives to ensure that it engages with all Competent Authorities (CAs), stakeholders and interested parties, so that they are informed of, and have the opportunity to provide input to, the EBA's work, especially in relation to the Single Rulebook. **The EBA is strongly committed to consulting with various stakeholders** to ensure that the authority is able to take well-informed decisions and submit fully developed proposals that take into consideration stakeholders' interests. A key part of this engagement with stakeholders is through the **Banking Stakeholder Group (BSG)**.

In 2017, the BSG provided opinions on six Consultation Papers, including one submission to a Joint Committee Consultation Paper, and three responses to Discussion Papers, including one submission to a Joint Committee Discussion Paper.

Settling disagreements between competent authorities by binding or non-binding mediation

One of the tasks of the EBA is to provide an environment where competent authorities can solve their disagreements. For it to be able to execute this task, the EBA Regulation lays down two different procedures to help the competent authorities to overcome their disputes: binding mediation and non-binding mediation.

In 2017, **the EBA performed one binding mediation**, in which the problem was solved by an amicable agreement of the parties involved during the conciliation stage, and **one non-binding mediation**, which also ended with an agreement

of the parties concerned. Both cases focused on topics in the area of resolution planning.

Breach of Union law

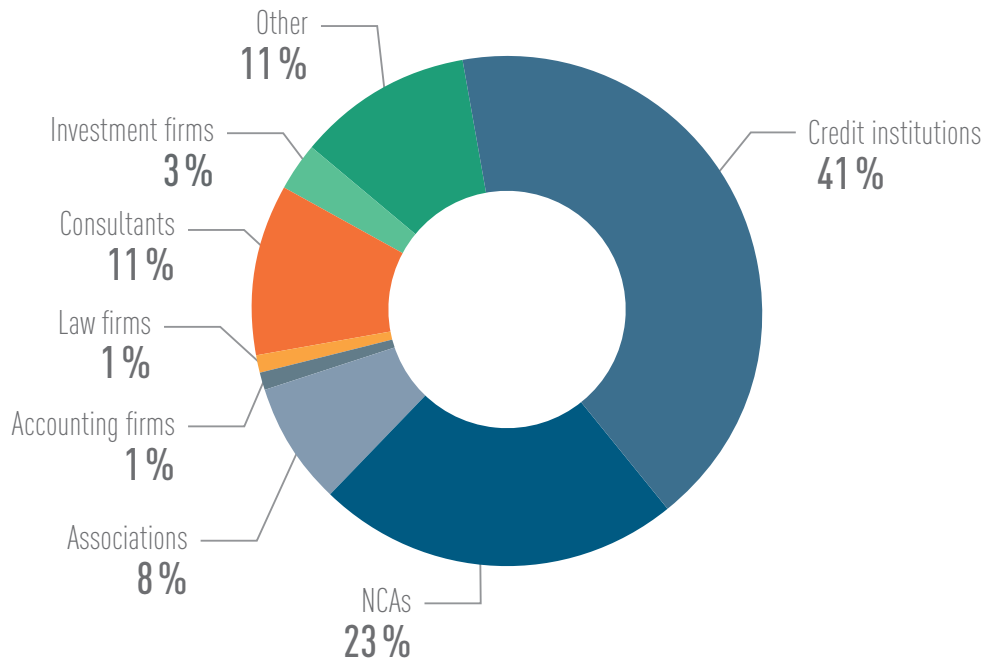
The EBA's founding Regulation provides for the possibility of opening an investigation where a competent authority has not applied relevant Union law or has applied it in a way that appears to be a breach of Union law (BUL). The principal consequence of an investigation that finds a breach is that the EBA addresses a recommendation to the competent authority with the aim of correcting the breach.

In 2017, **the EBA received 13 requests to investigate alleged breaches or non-application of Union law**, which is the highest number since the EBA initiated its activities. One of the requests was submitted by the European Commission (Directorate-General for Justice and Consumers), while the other 12 came from market participants.

Conducting peer reviews

The EBA uses another tool to promote consistency in supervisory outcomes, namely peer review exercises. In accordance with Article 30 of the EBA Regulation, the EBA conducts regular peer reviews, which are carried out by the EBA's Review Panel, using a peer review methodology agreed by the EBA's Board of Supervisors (BoS) in June 2012.

In 2017, the Review Panel conducted a **peer review of the Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs)**. The final peer review report was approved by the EBA's BoS in November 2017, and subsequently published.

Figure 5: All Q&As by submitter type

Assessing costs and benefits

The EBA applies the principle of better regulation in its efforts to develop the Single Rulebook, and strives to ensure that it performs **impact assessments** to support the EBA's development of regulatory policy.

In 2017, the EBA published two regular reports on monitoring the impact of the implementation of CRD IV/CRR requirements in the EU: in March for data as at June 2016, and in September for data as at December 2016. In addition, **the EBA conducted and published a cumulative ad hoc impact assessment report to evaluate the effect of the final Basel III reform package on EU banks.**

In 2017, the EBA continued to collect data to monitor the **impact of implementing the latest proposals on MREL**, a report on liquidity measures under Article 509(1) of the CRR.

Maintaining the Interactive Single Rulebook

Since its inception in 2014, the Interactive Single Rulebook (ISRB) has grown into a comprehensive compendium for three key legislative texts for banking supervision within the EBA's remit, the CRR/CRD IV, the BRRD and the

DGSD. For the legislative frameworks covered, the ISRB offers a resource where stakeholders can find links from the articles of Level 1 texts to their associated technical standards or guidelines, as well as **Q&As** relating to the corresponding Level 1 provisions.

By 31 December 2017, around 3 650 questions (compared with 3 075 at the end of 2016) had been submitted via the dedicated Q&A tool on the EBA's website.

Providing legal support to EBA regulatory products

Throughout 2017, the Legal Unit provided **legal support** to the governing bodies, to the management and to the core policy and operational functions of the EBA. As regards the EBA's regulatory activities, the Legal Unit has ensured legal analysis and support in drafting binding technical standards, guidelines, recommendations and opinions, and legal analysis of proposed technical standards, guidelines and recommendations.

In relation to the EBA's institutional setting, legal support was given on matters related to the negotiation and drafting of contracts, undertakings and agreements that the EBA entered into, etc.

KEY AREAS OF FOCUS IN 2018

- Credit risk modelling
- Preparation for the full implementation of Basel III
- Further work on NPLs
- 2018 EU-wide stress test
- 2018 EU-wide transparency exercise
- Pillar 2 roadmap and emerging risks
- Third-country equivalence
- Establishing the EBA's online platform
- The European Centralised Infrastructure for Supervisory Data (EUCLID)
- The EBA's FinTech roadmap
- Implementing new rules on payment services
- Enhancing convergence in supervisory practices to protect consumers
- Engaging with resolution authorities

Working to protect personal data

Given its responsibility for data protection in accordance with Regulation (EC) No 45/2001, the EBA liaised with the office of the European Data Protection Supervisor (EDPS) and submitted to the EDPS numerous notifications of processed operations. In 2017, the designated officers within the EBA promoted the importance of data protection issues with the EBA staff, especially by raising the importance of data protection during induction sessions organised for new joiners.

Delivering digital services to support the EBA's core functions and its internal administration

Despite the very demanding year and the numerous challenges, in 2017 the IT team ensured stable business operation and accurate project deliveries.

Early in 2017, the EBA initiated the ambitious **EUCLID project**. The vision that drives the programme is to take advantage of the sample expansion to upgrade the EBA's existing supervisory information systems into a new integrated infrastructure of supervisory data with the aim of governing, organising, managing and using information through common practices, methodologies, infrastructures and tools. With EUCLID, the quality of information will be increased, the operational data will be better managed and the reporting burden of reporting agents will be reduced, avoiding duplications of data requests.

Several other projects were successfully delivered in 2017, such as the expansion of the eGate platform to new data providers, with additional notifications forms and new security model. The Data Analytics project created a new capability for the EBA: users were given a technology platform to run easy-to-use, self-service business analytics in specific areas of interest (NPL, credit risk, market risk, funding plans, etc.).

Communicating and promoting the EBA's work

In 2017, the EBA undertook several tasks in order to promote its publications and support the delivery of its main projects. In total, **162 news items and press releases** were published in 2017.



Several **background and on-the-record briefings** with the press were organised to ensure there was clear understanding of the EBA's work. **Media briefings and interviews** were organised either reactively or proactively, on the basis of the EBA's outputs which, in the light of specific relevance or sensitivity, were deemed to require dedicated media activities.

The publication of a **quarterly Communications Newsletter** strengthened the EBA's engagement with its network of national press officers and other EU stakeholders. A shorter version of the Communication Newsletter was also produced for the media and the general public and published under the Press section 2017 ANNUAL REPORT of the EBA website.

The **EBA social media accounts** continued to generate more and more attention. As of 8 January 2018, the Twitter account reached 6 607 followers – an increase of 1 105 followers

in just one quarter. The EBA LinkedIn account also grew considerably in 2017. The number of page views grew significantly over the year and the impressions peaked in July (225 315).

Throughout the year, **the EBA website registered regular numbers of visits, between 8 000 and 15 000 visits per weekday**. In total, the website received 2.86 million visits in 2017 (+2.69% in comparison with 2016), corresponding to over 9 million page views (+1.91%). Geographically, the numbers are similar to those in 2016, with the highest concentration of visits coming from the UK (19%), followed by Germany (13%) and Italy (7.5%).

Budget summaries

The amended budget for 2017 is [published in the Official Journal of the EU](#).

Key publications and decisions

Comprehensive list of EBA publications and decisions in 2017

Product	Title
Guidelines	Guidelines on LCR disclosure
	Guidelines on treatment of liabilities in bail-in
	Guidelines on the treatment of shareholders in bail-in
	Guidelines on the rate of conversion of debt to equity in bail-in
	Guidelines on credit institutions' credit risk management practices and accounting for expected credit losses
	Guidelines on ICT risk assessment under the Supervisory Review and Evaluation process (SREP)
	Joint Guidelines on simplified and enhanced customer due diligence
	Guidelines on major incident reporting under the PSD2
	Guidelines on authorisation and registration under PSD2
	Guidelines on PII under PSD2
	ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders
	Guidelines on internal governance
	Guidelines on procedures for complaints of alleged infringements of PSD2
	Guidelines on connected clients
	Guidelines on supervision of significant branches
	Guidelines on PD and LGD estimation
	Guidelines on security measures under PSD2
	Joint Guidelines on the measures payment service providers should take to detect missing or incomplete information on the payer or the payee, and the procedures they should put in place to manage a transfer of funds lacking the required information
	Implementing Technical Standards
ITS on benchmarking of internal approaches	
ITS on the standardised presentation format of the fee information document and its common symbol under PSD2	
ITS on standard forms, templates and procedures for the provision of the information required for the authorisation of credit institutions	
ITS on MREL reporting by resolution authorities	
ITS package for 2018 benchmarking exercise	
Joint ITS on the credit quality steps for ECAIs credit assessments under Solvency II	
Joint ITS on Mapping Solvency II	
ITS on EBA Register under PSD2	
ITS on the authorisation of credit institutions	
Regulatory technical standards	RTS on procedures for excluding third country NFCs
	RTS on EBA Register under PSD2
	RTS on strong customer authentication and common and secure communication under PSD2
	RTS on exclusion from CVA of non-EU non-financial counterparties
	RTS on disclosure of encumbered and unencumbered assets
	RTS on valuation in resolution
	RTS on CVA proxy spread
	Joint RTS on CCP to strengthen fight against financial crime
	RTS on the authorisation of credit institutions
	Joint RTS on the implementation of group wide AML/CFT policies in third countries

Product	Title
	RTS on central contact points under PSD2
	RTS on simplified obligations
	RTS on risk mitigation techniques for OTC derivatives not cleared by a central counterparty (CCP)
	RTS setting out the Union standardised terminology for the most common services linked to a payment account under PSD2
Opinions	Opinion on matters relating to other financial intermediaries and regulatory perimeter issues
	Opinion on the transition from PSD1 to PSD2
	Opinion on measures to address macroprudential risk
	Opinion on Packaged Retail and Insurance-Based Investment Products with environmental or social objectives
	Opinion on the European Commission's intention to partially endorse and amend the EBA's final draft RTS on SCA and CSC under PSD2
	Opinion on EU Commission's consultation on the operation of the ESAs
	Opinion on own funds in the context of the CRR review
	Opinion on the partial waiver of Article 129(1)(c) of the CRR addressed to the Polish Financial Supervision Authority
	Opinion on transitional arrangements and credit risk adjustments due to the introduction of IFRS 9
	Opinion on measures in accordance with Article 458 of the CRR
	Opinion on improving the decision-making framework for supervisory reporting requirements under the CRR
	Joint Opinion on the risks of money laundering and terrorist financing affecting the Union's financial sector
	Opinion on macroprudential measures
	Opinion on the EC partial endorsement of RTS under IFR
	Opinion and Report on the use of the 180 days past due criterion
	Opinion on the equivalence of supervisory and regulatory requirements in relation to Turkey and New Zealand
	Opinion on issues related to the departure of the United Kingdom from the European Union
Reports	Joint Report on the functioning of the CRR with the related obligations under EMIR
	Report on CRD IV – CRR / Basel III monitoring exercise results based on data as of 30 June 2016
	Report on high earners with data as of end 2015
	Report on the functioning of supervisory colleges in 2016
	Report on the results from the 2016 market risk benchmarking exercise
	Report on the results from the 2016 high default portfolios (HDP) exercise
	Report on recovery options
	Report on the peer review of the ITS on supervisory reporting requirements
	Joint Report on risks and vulnerabilities in the European Union's financial system - Spring
	Report on the monitoring of CET1 instruments issued by EU institutions
	Report on consumer trends
	Report on innovative uses of consumer data by financial institutions
	Report on asset encumbrance
	Joint Report on risks and vulnerabilities in the European Union's financial system - Autumn
	Report on the peer review of the ITS on supervisory reporting requirements
	Report on recovery options
	Report on the results from the 2016 high default portfolios (HDP) exercise
	Report on the results from the 2016 market risk benchmarking exercise
	Report on innovative uses of consumer data by financial institutions
	Report on high earners with data as of end 2015

Product	Title
	Report on funding plans---
	Report on results from the second impact assessment of IFRS 9
	Report on CRD IV – CRR/Basel III monitoring exercise results based on data as of 31 December 2016
	Report on the implementation of SREP Guidelines
	Report on financial intermediaries and regulatory perimeter issues
	Report results on the 2017 market risk benchmarking exercise
	Report on the 2017 LDP Credit Risk benchmarking
	Risk Assessment report
	Report on financial intermediaries and regulatory perimeter issues
	Report on LCR
	Report on cumulative impact assessment of the Basel reform package
Consultation Papers	CP on Guidelines on procedures for complaints of alleged infringements of the PSD2
	CP on RTS on CCP to strengthen fight against financial crime
	CP on RTS on estimation and identification of an economic downturn in IRB modelling
	CP on Guidelines on estimation and identification of an economic downturn in IRB modelling
	CP on Recommendations on the coverage of entities in a group recovery plan
	CP on Guidelines to prevent transfers of funds can be abused for ML and TF
	CP on RTS on the implementation of group wide AML/CFT policies in third countries
	CP on draft Recommendation on cloud outsourcing
	CP on Guidelines on the security measures for operational and security risks of payment services under PSD2
	CP on Guidelines on connected clients
	CP on RTS on simplified obligations
	CP on RTS on central contact points under PSD2
	CP on Guidelines on disclosure requirements on IFRS 9 transitional arrangements
	CP on Guidelines on technical aspects of the management of interest rate risk arising from non-trading activities
	CP on Guidelines on institutions stress testing
	CP on RTS on the EBA Register under PSD2
	CP on ITS on the EBA Register under PSD2
	CP on Guidelines on fraud reporting
	CP on ITS on the format, structure, contents list and annual publication date of the supervisory information to be disclosed by competent authorities
	CP on Guidelines on the revised common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing
	CP on ITS on the provision of information for the purpose of resolution plans under Article 11(3) of the BRRD
	CP on RTS on cooperation between competent authorities in the home and host under PSD2
	CP on RTS on the methods of prudential consolidation
	CP on amended technical standards on benchmarking of internal models
	CP on RTS on risk retention for securitisation transactions
	CP on RTS on the homogeneity of the underlying exposures in securitisation
	CP on Report on the implementation of the Guidelines on methods for calculating contributions to DGSs
	CP on amending ITS on Supervisory Disclosure
Discussion Papers	DP on the significant risk transfer in securitisation
	DP on approach to FinTech
	DP on FRTB and SA-CCR Implementation
	DP on the treatment of structural FX

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