

# THE EBA 2020 WORK PROGRAMME

REVISED VERSION - JULY 2020

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**EBA**

EUROPEAN  
BANKING  
AUTHORITY

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## LIST OF ABBREVIATIONS

<b>AML</b>	anti-money laundering
<b>AML/CFT</b>	anti-money laundering/combating the financing of terrorism
<b>AMLD</b>	Anti-Money Laundering Directive
<b>AT1</b>	Additional Tier 1
<b>BCBS</b>	Basel Committee on Banking Supervision
<b>BRRD</b>	Banking Recovery and Resolution Directive
<b>CA</b>	competent authority
<b>CET1</b>	Common Equity Tier 1
<b>CfA</b>	call for advice
<b>CP</b>	Consultation Paper
<b>CRD</b>	Capital Requirements Directive
<b>CRR</b>	Capital Requirements Regulation
<b>CVA</b>	credit valuation adjustment
<b>DGS</b>	deposit guarantee scheme
<b>DGSD</b>	Deposit Guarantee Schemes Directive
<b>EBA</b>	European Banking Authority
<b>ECB</b>	European Central Bank
<b>EEA</b>	European Economic Area
<b>EFIF</b>	European Forum of Innovation Facilitators
<b>EFTA</b>	European Free Trade Association
<b>ESA</b>	European supervisory authority
<b>ESG</b>	environmental, social and governance
<b>ESRB</b>	European Systemic Risk Board
<b>EU</b>	European Union
<b>EUCLID</b>	European Centralised Infrastructure for Supervisory Data
<b>FinTech</b>	financial technology
<b>FIU</b>	financial intelligence unit
<b>FRTB</b>	fundamental review of the trading book
<b>FX</b>	foreign exchange
<b>GL</b>	guidelines
<b>HR</b>	human resources
<b>IASB</b>	International Accounting Standards Board
<b>IFD</b>	Investment Firm Directive
<b>IFR</b>	Investment Firm Regulation
<b>IFRS 9</b>	International Financial Reporting Standard 9
<b>IMA</b>	internal models approach
<b>IMF</b>	International Monetary Fund
<b>IRB</b>	internal ratings-based

<b>IRRBB</b>	interest rate risk in the banking book
<b>IT</b>	information technology
<b>ITS</b>	implementing technical standards
<b>JC</b>	Joint Committee
<b>LCR</b>	liquidity coverage ratio
<b>MCD</b>	Mortgage Credit Directive
<b>ML/TF</b>	money laundering/terror financing
<b>MREL</b>	minimum requirement for own funds and eligible liabilities
<b>NCA</b>	national competent authority
<b>NPE</b>	non-performing exposure
<b>NPL</b>	non-performing loan
<b>NSFR</b>	net stable funding ratio
<b>PSD2</b>	revised Payment Services Directive
<b>PSE</b>	public sector enterprise
<b>Q&amp;A</b>	questions and answers
<b>RRM</b>	risk reduction measures
<b>RTS</b>	regulatory technical standards
<b>SNE</b>	seconded national expert
<b>SPD</b>	single programming document
<b>SREP</b>	supervisory review and evaluation process
<b>STS</b>	simple, transparent and standardised
<b>TA</b>	temporary agent
<b>TBC</b>	to be confirmed
<b>TLAC</b>	total loss-absorbing capacity
<b>TS</b>	technical standards
<b>UK</b>	United Kingdom
<b>WAL</b>	weighted-average life

## EXECUTIVE SUMMARY

### Covid-19 and its impact on our work plan

The outbreak of COVID-19 (Coronavirus) and its global spread since February 2020 has created significant immediate challenges to society and risks for the economic outlook.

Since the financial crisis, European banks have strengthened their capital position, built up solid liquidity buffer and improved the quality of the assets on their balance sheets. EU banks have implemented measures to ensure business continuity and adequate service to their customers, but they are facing operational challenges, hence the need to focus on their core operations and critical functions. Supervisors are working with banks as they maintain their support to household and corporate sectors, particularly to small and medium enterprises, and ensure that the basic needs of their customers are satisfied.

Since March, the EBA, along with NCAs, the European Central Bank and other European and international organisations has coordinated a joint effort to alleviate the immediate operational burden for banks at this challenging juncture as well as long term effects. The EBA has also delivered a preliminary assessment of the impact of COVID-19.

In view of the above, the EBA has revised its work programme for 2020.

#### *Prioritisation principles for the revision of the work plan*

A number of broad principles were outlined at first in the EBA's contingency planning prior reviewing the annual work programme, which were followed across all policy work in order to face the more complex working situation as well as to alleviate the burden on banks in particular:

- Freeze of publication of new consultation papers, unless considered critical
- Limit to the minimum the interaction with the industry. Only voluntary exercises with industry were planned
- Data collection for the purpose of ad-hoc analysis to support policy options / investigation were put on hold until further notice
- Publication of the final RTS/ITS on a case-by-case basis, depending on their degree of finalisation and expected time of implementation.

Thus far, the EBA has been working unexhaustably to tackle the effects of the COVID19 crisis. Find below the most relevant initiatives

#### *EBA initiatives to monitor the COVID-19 crisis*

The EBA decided to **postpone the EU-wide stress test exercise to 2021**, to allow banks to focus on and ensure continuity of their core operations, including support for their customers. For 2020, the EBA carried out an **additional EU-wide transparency exercise** in order to provide updated information on banks' exposures and asset quality to market participants.

In addition, the EBA recommended CAs to plan supervisory activities in a pragmatic and flexible way, and possibly postpone those deemed non-essential. Suggested CAs could give banks some leeway in the remittance dates for some areas of supervisory reporting, without putting at stake the crucial information needed to monitor closely banks' financial and prudential situation.

The agency called institutions to **refrain from the distribution of dividends** or share buybacks for the purpose of remunerating shareholders and assess their remuneration policies in line with the risks stemming from the economic situation.

The agency encouraged CAs, where appropriate, to make **full use of the flexibility** already embedded in the **existing regulatory framework**. The ECB-Banking Supervision's decision to allow banks to cover Pillar 2 requirements with capital instruments other than common equity tier 1 (CET1) is an example. The use of Pillar 2 Guidance is another way to ensure that prudential regulation is countercyclical and banks can provide the necessary support to the household and corporate sectors. The EBA also reminded that the liquidity coverage ratio (LCR) is also designed to be used by banks under stress and that supervisors should avoid any measures that may lead to the fragmentation of funding markets.

The agency stressed the existing **flexibility in the implementation of the EBA Guidelines on management of non-performing and forborne exposures** and called for a close dialogue between supervisors and banks, also on their non-performing exposure strategies, on a case by case basis.

In addition, the EBA provided details on its call for competent authorities to offer **leeway on reporting dates**, urging one-month flexibility for reports with remittance dates between March and the end of May 2020. The EBA also called for flexibility in assessing deadlines of institutions' Pillar 3 disclosures. Furthermore, the EBA decided, in coordination with the Basel Committee on Banking Supervision (BCBS), to cancel the Quantitative Impact Study based on June 2020 data.

The EBA advised competent authorities to **support financial institutions' ongoing efforts by sharing information on emerging ML/TF risks**, setting clear regulatory expectations and using supervisory tools flexibly.

The agency provided guidance on the **criteria to be fulfilled by legislative and non-legislative moratoria** applied before 30 September 2020. The aim of the Guidelines is to clarify the requirements for public and private moratoria, which if fulfilled, will help avoid the classification of exposures under the definition of forbearance or as defaulted under distressed restructuring. The EBA sees the payment moratoria as effective tools to address short-term liquidity difficulties caused by the limited or suspended operation of many businesses and individuals resulting from the impact of COVID-19. In this context, the Guidelines clarify that payment moratoria do not trigger classification as forbearance or distressed restructuring if the measures taken are based on the applicable national law or on an industry or sector-wide private initiative agreed and applied broadly by the relevant credit institutions. In addition, the Guidelines recall that institutions must continue to adequately identify those situations where borrowers may face longer-term financial difficulties and classify exposures in accordance with the existing

regulation. The requirements for identification of forborne exposures and defaulted obligors remain in place.

The agency provided further clarity on how additional **flexibility will guide supervisory approaches in relation to market risk, the Supervisory Review and Evaluation Process (SREP), recovery planning, digital operational resilience and ICT risk and securitisation**. At the same time, the EBA noted the need for stringent attention by supervisors and financial institutions in relation to key risks in these areas.

Regarding **requirements for market risk**, the EBA proposed to adjust the capital impact by amending its standards on prudent valuation. In particular, the EBA proposed to introduce the use of a 66% aggregation factor to be applied until the 31 December 2020 under the so-called core approach. Furthermore, acknowledging the increased operational challenges faced by banks in the area of reporting, the EBA delayed reporting for the first FRTB-SA figures to September 2021. Finally, the EBA highlights the flexibility in the prudential requirements available to competent authorities for banks using internal VaR models.

The EBA also emphasised the **importance of digital operational resilience**. In this respect, the EBA called on institutions to ensure business continuity, adequate ICT capacity and security risk management. The new EBA ICT and security risk management Guidelines will guide financial institutions and supervisors to focus on priority areas.

The EBA provided further clarity on the prudential application of the **definition of default and forbearance** as well as how the EBA Guidelines on legislative and non-legislative moratoria on loan repayments apply to securitisations.

In June, the EBA delivered a **preliminary assessment of the impact of COVID-19** on the EU banking sector. Banks entered the health crisis with strong capital and liquidity buffers and managed the pressure on operational capacities activating their contingency plans. The crisis is expected to affect asset quality and, thus, profitability of banks going forward. Nonetheless, the capital accumulated by banks during the past years along with the capital relief provided by regulators amounts on average to 5p.p. so above their overall capital requirements (OCR). This capital buffer should allow banks to withstand the potential credit risk losses derived from a sensitivity analysis based on the 2018 stress test.

Banks have entered the COVID-19 crisis more capitalised and with better liquidity compared to previous crises. In contrast to the Global Financial Crisis (GFC) in 2008-2009, banks now hold larger capital and liquidity buffers. The common equity tier 1 (CET1) ratio rose from 9% in 2009 to nearly 15% as of Q4 2019, including a management buffer above overall capital requirements and Pillar 2 Guidance (P2G) of on average about 3% of risk weighted assets (RWAs). In addition to the ample management buffers, the capital related measures put in place by EU regulators to mitigate the effects of the crisis will free up roughly 2% of RWAs. Similarly, prior to the pandemic outbreak, banks' liquidity coverage ratios (LCR) were on average close to 150%, significantly above the regulatory minimum.



The COVID-19 crisis will have a negative impact on asset quality. As the crisis develops, banks are likely to face growing non-performing loan (NPL) volumes, which can reach levels similar to those recorded in the aftermath of the sovereign debt crisis. A sensitivity analysis based on the 2018 EBA stress test suggests credit risk losses could amount up to 3.8% of RWAs. Hence, the banking sector would on average count on enough capital to cover potential losses under the most severe credit risk shock while maintaining a buffer equivalent to 1.1p.p. of RWAs above their OCR. State-guarantees introduced in many jurisdictions might soften this impact while the EBA Guidelines on loan moratoria will avoid the automatic classification of affected exposures as forborne or defaulted. Nonetheless, banks should assure that proper risk assessment continues to be performed. The extent to which banks will be affected by the crisis is expected to differ widely, depending on how the crisis evolves, the starting capital level of each bank and the magnitude of their exposures to the most affected sectors. Competent authorities should address quickly any idiosyncratic weaknesses that could be exacerbated by the current crisis.

Banks have been using their liquidity buffers and are expected to continue using them in the coming months. Since February 2020, funding market conditions have significantly deteriorated, with spreads widening substantially and new unsecured debt issuances almost coming to a halt until mid-April. Under these circumstances, banks have increased significantly their reliance on central bank funding. Banks are also expected to make some use of their ample liquidity buffers in the months to come.

Banks' operational resilience is under pressure. Following the outbreak of the pandemic, banks have activated their contingency plans, which have allowed them to keep their core functions broadly unaffected. However, the handling of large volumes of applications for debt moratoria and guaranteed loans, and the insufficient preparation of some offshore units to work remotely added some pressure on their operational capacities.

Moreover, the EBA provided clarifications on the application of the prudential framework that have been raised as a consequence of the COVID-19 pandemic in the format of a report. It is part of the EBA's wider monitoring of the implementation of COVID-19 policies as well as of the application of existing policies under these exceptional circumstances.

Lastly, on resolution planning, the EBA published a statement whereby reiterates the importance of resolution planning in times of uncertainty to ensure that resolution stands as a credible option in times of stress. It encourages resolution authorities to take into account the impact of COVID-19 on banks and their business models when taking decisions on resolution plans and on the minimum requirement for own funds and eligible liabilities (MREL). In addition, resolution authorities should use and test resolution colleges as the main fora to exchange information and share decisions in these times of stress.

The EBA will continue to support the banking sector during this crisis and monitor the implementation of the initiatives.

## Introduction

1. Pursuant to Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing the EBA, the EBA's work programme provides a comprehensive overview of the Authority's objectives and activities for the next few years in accordance with its mandate.
2. The EBA's work programme planning exercise is paramount for the implementation of its strategy and the prioritisation of tasks that goes hand in hand with resource allocation.
3. The 2020-2022 multi-annual work programme is defined by the strategic priorities that the EBA has proposed for the forthcoming years, and summarises the main objectives derived from the mandates specified in the regulation and from the relevant EU banking sector legislation.
4. Each strategic area is complemented by annual work programme activities that detail the tasks to be delivered within the year and the resources needed for that purpose. These provide transparency and accountability to the EBA's stakeholders, serving to internally link the day-to-day work and processes to strategic areas.

### *Supporting the deployment of the risk reduction package and the implementation of the global standards in the EU*

5. In 2020, the EBA will work intensively on the mandates from the RRM package with a view to delivering the Level 2 regulations necessary for the implementation of the new CRD, CRR and BRRD, together with the introduction of the IFD/IFR regime and the Covered Bonds Directive. These regulatory changes will follow clear roadmaps and aim to (i) reduce excessive leverage, (ii) address long-term funding risk, (iii) address market risks by increasing the risk sensitivity of the framework and enhancing proportionality, and (iv) ease the compliance burden for smaller institutions.
6. One key area will be the implementation of more risk sensitive requirements for market risk, following the Basel work on the fundamental review of the trading book (FRTB). The amendments will (i) establish clearer rules on the scope of application to prevent regulatory arbitrage, (ii) increase proportionality and (iii) strengthen the conditions for using internal models to enhance consistency and risk weight comparability across banks. The EBA outlined its considerations about the main implementation issues expected from the new market and counterparty credit risk approaches first in its discussion paper on the implementation in the EU of the revised market risk and counterparty credit risk frameworks, published on 18 December 2017. The EBA work<sup>1</sup> in this area has been structured in four phases. In 2020 it is envisaged that it will implement the reporting requirement (FRTB standardised approach) and essential parts of the FRTB revisions for the internal model approach and for the treatment of

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<sup>1</sup> EBA roadmap for the new market and counterparty credit risk approaches: <https://eba.europa.eu/documents/10180/2844544/EBA+roadmap+for+the+new+market+and+counterparty+credit+risk+approaches.pdf>

- non-trading book positions subject to FX or commodity risk. The EBA foresees no delays in this area regarding COVID19.
7. Another key priority will be the finalisation of the EBA IRB roadmap<sup>2</sup> for calculating minimum capital requirements for credit risk. This is to face the concerns about the excessive variability of capital requirements for credit risk, stemming from the application of internal models. The completion of this roadmap aims to enhance the robustness and comparability of the internal risk estimates and capital requirements of European institutions, as well as to improve the transparency of the models and their outcomes in order to restore trust in the use of IRB models. Thus, the roadmap envisages three strands of work: (i) reviewing the regulatory setting of the IRB approach, which is deemed to include a better operationalisation of credit risk mitigation techniques for the years to come; (ii) ensuring supervisory consistency, with adequate use of benchmarking covering for IFRS 9 modelling; and (iii) increasing transparency based on standardised and comparable templates.
  8. With regard to the new Investment Firm Directive and Investment Firm Regulation, the EBA will concentrate on completing mandates in relation to capital requirements and capital composition, consolidated supervision, reporting, disclosure on Pillar 3, credit institutions criteria and concentration risk.
  9. Stemming from the new Covered Bonds Directive, the EBA will have three reports monitoring the functioning of the covered bonds market, equivalent assessment of third country covered bonds and development with conditional pass-through structures.
  10. Parallel to the extension of the regulatory layer on the RRM package, the EBA will work with the Commission and later with the co-legislators to support the implementation of Basel III standards in the EU, beyond the publication of the EBA advice by mid-2019<sup>3</sup> and the advice on the final elements of the Basel III framework.

*Providing efficient methodologies and tools for supervisory convergence and stress testing*

11. The implementation of the RRM package together with the preparation of the application of the new global standards in Europe requires a number of important reconsiderations of Pillar 2 policies to enhance convergence in supervision. The EBA will start consulting on Pillar 2 revisions, improved incorporation of proportionality, coherence with Pillar 1, and the levels of application policies on capital and liquidity.
12. The monitoring of the implementation of key prudential provisions provides value for banks and for supervisory convergence. The EBA will continue monitoring own funds and liquidity provisions with a focus on capital and liability instruments, the termination of grandfathering of own funds instruments, and the use of discretions in the area of liquidity transactions for the LCR computation.

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<sup>2</sup> Progress report on IRB roadmap: <https://eba.europa.eu/-/eba-publishes-report-on-progress-made-on-its-roadmap-to-repair-irb-models>

<sup>3</sup> <https://eba.europa.eu/about-us/missions-and-tasks/calls-for-advice>

13. The EBA was due to carry out another EU-wide stress test in 2020, in line with its previous decision to aim for a biennial exercise. The decision to run the next EU-wide stress test exercise was driven by an acknowledgement of the ongoing progress that EU banks are making in strengthening their capital positions. So as to provide some operational leeway for banks, the exercise is being postponed to 2021. Fundamental changes will not be introduced to the stress-testing approach compared to the 2018 exercise; it will continue to be a constrained bottom-up exercise. Nevertheless, improvements will be introduced in the methodology, including the incorporation of the main suggestions received from banks in the previous exercise. In view of the longer-term future, the EBA will continue work with all relevant stakeholders on potential fundamental changes to the EU-wide stress-testing framework.

#### *Moving towards an integrated EU data hub and streamlined reporting framework*

14. The EBA completed the last phase of the European Centralised Infrastructure of Data (EUCLID) project in 2020, which focused on the upgrade of the EBA's supervisory data platform, which supports data collection, data validation, data integration and report monitoring. The culmination of this work establishes the EBA as an EU-wide data hub at the service of competent authorities and the public. The EBA will also work on a feasibility study on an integrated EU reporting framework. This project is considerable impacted by coronavirus, as it requires a lot of external interaction, and will be delayed and completed in Q1 2022.

#### *Making AML a real priority for the EU*

15. The EBA in cooperation with the other ESAs will strengthen its role in the area of AML/CFT supervision by national authorities, following the Commission's communication on the AML action plan. The EBA will contribute to preventing the use of the financial system for ML/TF purposes by:

- a. continuing its work on policy development and supervisory implementation and convergence;
- b. strengthening its role in the collection, analysis and dissemination of information related to ML/TF risks and to AML/CFT supervision;
- c. being empowered to request national AML/CFT supervisors to investigate potential breaches of EU law and to consider asking an institution to cease a particular conduct;
- d. carrying out assessments and peer reviews of NCAs' approaches to AML/CFT supervision, and risk-assessing national competent authorities;
- e. cooperating and liaising with FIUs as well as with third country counterparts in relation to AML/CFT.

16. The EBA will honor the Commission's call for advise on defining the scope of application and the enacting terms of a Regulation to be adopted in the field of preventing ML/FT by Q3 2020.

### *Contributing to the sound development of financial innovation and sustainability*

17. The Commission also published the action plan on financing sustainable growth on 8 March 2018 and called on the ESAs to provide support for its implementation. In 2020 the EBA will continue to build environmental, social and governance (ESG) considerations into its general work and will complete the second phase of its preparatory work on disclosure and risk assessment in the area of sustainable finance, leading to a Discussion Paper on the incorporation of ESG into risk management and supervision (CRD and IFD mandates). The EBA will also undertake preparatory work on the classification and prudential treatment of assets from a sustainability perspective (CRR and IFR mandates). Moreover, the EBA will work on the TS of the Joint Committee of the ESAs on disclosures (investment and advice activities), whose finalisation was foreseen for 2020 but is being delayed to 2021 because of the pandemic.
18. The EBA will continue delivering its FinTech roadmap by monitoring financial innovation and ensuring that regulation remains technologically neutral while assessing the impact on business models and the regulatory perimeter. The EBA will continue to strengthen the European Forum of Innovation Facilitators (EFIF), which is designed to foster cooperation and facilitate scalability across the EU. The EBA will also develop thematic work on crypto assets and distributed ledger technology, and assess the potential implementation of a harmonised framework on cyber resilience testing.

### *Promoting an operational framework for resolution*

19. When it comes to the new BRRD, the EBA will deliver the mandates, starting with expediting the ones that are essential to the operationalisation of the resolution framework, such as on the MREL. The EBA will also focus on some practical aspects that stem from on-the-ground implementation experience and appear necessary for the execution of resolution decisions with a particular focus on bail-in.

### *Other*

20. The EBA will continue to foster consumer protection, following up on its consumer trends report of 2019, monitoring convergence of supervisory activity and assessing the implementation of DGS. The EBA will also continue to ensure the effective implementation of PSD2, as 2020 will be the first full year in which consumers benefit from the increased choice and competition.
21. The ESAs review comes into operation on 1 January 2020, and the EBA will work to implement the changes to its Founding Regulation. The EBA will acquire new AML competencies (as previously mentioned) and an internal dedicated committee to work on it. In addition to that, additional tasks will arise in the field of consumer protection and on ESG factors, as well as from the EBA's technical role in equivalence monitoring.

## The EBA's mission

22. The EBA's mission is 'to build a single regulatory and supervisory framework for the entire banking sector in the EU, so as to ensure an efficient, transparent and stable Single Market that benefits its consumers, businesses and the broader economy'.

23. The main task of the EBA is to contribute, through the adoption of binding technical standards and guidelines, to the creation of the European Single Rulebook in banking. The Single Rulebook aims to provide a single set of harmonised prudential rules for financial institutions throughout the EU, helping to create a level playing field and providing a high level of protection for depositors, investors and consumers.

24. The EBA also plays an important role in promoting the convergence of supervisory and resolution practices to ensure a harmonised application of prudential rules. Finally, the EBA is mandated to assess risks and vulnerabilities in the EU banking sector through, in particular, regular risk assessment reports and EU-wide stress tests.

25. Other tasks set out in the EBA's mandate include:

- investigating allegedly incorrect or insufficient application of EU law by national authorities;
- taking decisions directed at individual CAs or financial institutions in emergency situations;
- mediating to resolve disagreements between CAs in cross-border situations;
- acting as an independent advisory body to the European Parliament, the European Council or the Commission;
- taking a leading role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market.

26. To perform these tasks, the EBA is mandated to produce a number of regulatory and non-regulatory documents, including binding technical standards, guidelines, recommendations, opinions and ad hoc or regular reports.

## THE EBA'S STRATEGIC PRIORITIES

### Introduction

27. The EBA has agreed with its Management Board and the Board of Supervisors on key priorities for the organisation in 2020, and has consequently based its programming for 2020 on these priorities. This first version of this document was submitted to the European Parliament, the Council and the Commission by the end of September 2019.

28. The EBA strategic priorities have taken into account the current legislative proposals and input from the Council, the European Parliament and the Commission.

### Defining strategic priorities for 2020

#### I. Supporting the deployment of the risk reduction package and the implementation of the global standards in the EU

29. One of the strategic priorities set out in the 2020 SPD will be facilitated by the full implementation of the new CRD/CRR, BRRD and IFD/IFR legislative packages, which assign several mandates to the EBA with the aim of further strengthening the resilience and resolvability of EU banks and investment firms. In total, the EBA has received more than 100 new mandates. Many of these mandates are required to be in place in less than 2 years. The remaining ones either have a recurring nature, reflecting the role of the EBA in monitoring the good and convergent implementation of the Single Rulebook in the EU, or take into account a forward-looking perspective whereby the EBA operates as an agent to observe and advise.

30. The EBA will assess and sequence these mandates in order to deliver as priorities the ones that relate to the areas of (i) market risk and counterparty credit risk, implementing methodologies that are able to reflect more accurately the actual risks to which banks are exposed; (ii) governance and remuneration policies, revised to include diversity, sustainability and AML factors in addition to tailored and proportionate approaches for smaller banks and investment firms; (iii) minimum levels of capital and other instruments that bear losses and can be used for recapitalisation in a resolution known as total loss-absorbing capacity (TLAC) and integrated into the existing MREL system but that have strict criteria for their balance and robustness; and (iv) the newly binding leverage ratio and NSFR requirements.

31. The EBA will also prepare technical standards, guidelines and reports to support the timely implementation of the new prudential regime for investment firms. This new dedicated and tailored regime uses key metrics, such as total assets under management or daily trading flows, to identify the risks posed by these firms, which, because of the risks to customers and markets, will be subject to going-concern and gone-concern capital requirements. Similarly, other aspects, such as liquidity requirements, concentration limits, risks arising from trading activities, and reporting and disclosure requirements, are essential for ensuring a healthy environment for investors that rely on these services.

32. In parallel, the EBA will and has also worked on the finalisation of its round of advice responding to calls from the European Commission regarding the Basel III framework and other global standards, which should feed further EU legislative proposals.

## II. Providing efficient methodologies and tools for supervisory convergence and stress testing

33. In order to strengthen supervisory convergence and integrity of the Single Rulebook, the EBA has increased its monitoring role in key parts of the prudential framework such as capital, liquidity, securitisation and models. The EBA will continue monitoring capital issuances on CET1 and AT1 and is expanding its work on pre-CRR instruments as well as on MREL issuances.

34. The EBA will continue monitoring the IFRS 9 implementation<sup>4</sup>, which beyond the transitional period will deserve particular attention regarding modelling aspects. The EBA will make full use of its expertise in IRB modelling.

35. The EBA will also approach its European benchmarking tasks with revised specifications of its annual exercises. The overall results of the review on risk-weighted assets is a key input for the work on the variability of own funds requirement stemming from internal model approaches. It is directly connected with the EBA IRB roadmap, which harmonises the concepts and requirements of the IRB approach using a number of technical standards (RTS on the assessment methodology, RTS and guidelines on the definition of default and guidelines on the estimations of risk parameters).

36. The EBA will make progress on assessing the degree of convergence in supervisory practices along an agreed convergence plan as published in its convergence report. Key risk topics will be identified by its risk assessment and risk dashboard reports, taking into consideration the recent developments of the Single Rulebook that require the attention of European supervisors. The EBA will use the convergence tools at its disposal and in particular the monitoring of colleges. It will also ensure that convergent SREP approaches are implemented following the set of revised Pillar 2 policies.

37. The EBA will also foster effective implementation of PSD2 and convergence in supervisory practices through training, ongoing policy discussions to identify and disseminate best practice, and the identification of any inconsistency in outcomes that may affect the single market in payment services. The EBA will also monitor convergence in consumer protection across the EU.

38. Finally, along with preparing for the now delayed 2021 EU-wide stress test, the EBA will reflect on longer-term changes to the stress-testing framework, in order to make the exercise more integrated in supervisory processes and to further incentivise banks' risk management.

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<sup>4</sup> IFRS9 roadmap: <https://eba.europa.eu/-/eba-publishes-its-roadmap-on-ifrs-9-deliverables-and-launches-ifrs-9-benchmarking-exercise>



### III. Moving towards an integrated EU data hub and a streamlined reporting framework

39. The collection, dissemination and analysis of banking data will be carried out thanks to the finalisation of the EUCLID project, which will allow the EBA to function as an EU-wide data hub for competent authorities as well as for the general public. The expanded access to supervisory data will allow the further strengthening of the EBA risk analytics and facilitate data dissemination and enhanced disclosure, including for Pillar 3 requirements. It will also enhance the EBA's ability to assess the impact of regulatory reforms, with a special focus on proportionality and the possibility of analysing the effects on specific business models. The EBA could also develop policy-relevant analyses, with the aim of leading EU-wide debates on regulatory and supervisory matters, and of expanding its portfolio of publications.
40. The EBA reporting framework integrates prudential and resolution reporting, and the Pillar 3 disclosures will also be integrated with supervisory reporting to further increase efficiency and reduce the reporting burden on institutions. The feasibility study on an integrated EU reporting framework mandated by CRR II will further explore the possibility to extend this work and cover a wider scope of data and an integrated system for collecting and sharing data. This will further increase standardisation, ensure common definitions, reduce redundancies and hence reduce the burden for institutions.

### IV. Making AML a real priority for the EU

41. Money laundering and terrorist financing are key risks for both AML/CFT and prudential supervisors, and the EBA is well placed to support strengthened AML/CFT supervision, to better capture AML/CFT risks in prudential supervision and to foster cooperation and information sharing between all relevant public authorities. The ESAs review will contribute to delivering this priority, as, following its implementation, the EBA will establish a new permanent committee that brings together national AML supervisory authorities; will foster the strong and convergent implementation of all relevant policies through specific and thematic peer reviews of NCAs; will collect information on AML risks and trends and foster the exchange of such information between national supervisory authorities (data hubs); and will ensure that breaches of AML rules are consistently investigated, addressing direct requests to NCAs to investigate and take action if necessary.
42. In 2020, the EBA will continue to roll out regulatory products to strengthen and improve consistency in AML/CFT supervision, as well as providing training and undertaking implementation reviews of NCAs and undertaking breach of Union law cases where needed. The EBA will also work to ensure that AML risks are appropriately captured in prudential regulatory products, including in relation to authorisation, fit and proper assessments, qualifying holdings and governance, as well as in supervisory reviews. In addition the EBA will take forward its new powers under the ESAs review by strengthening its role in the collection, analysis and dissemination of relevant information, and fostering information sharing and cooperation across relevant authorities in the EU. The EBA will also build its monitoring role through reviews of implementation and risk assessments and will, where necessary, request

national AML/CFT supervisors to investigate potential breaches of EU law and to ‘consider’ asking an institution for specific actions. The EBA will also work to identify better cooperation and liaison with FIUs as well as with third country counterparts in relation to AML/CFT.

43. The EBA will also monitor risks across the EU, inform relevant supervisors about key risks, facilitate and monitor information flows, and use relevant powers to tackle inadequate information flows as needed.

#### V. Contributing to the sound development of financial innovation and sustainability

44. Financial innovation and changes in technology offer great opportunities but also pose new risks and challenges, having the potential to transform the financial system across a broad range of products and services. Technological innovation will lead to further digitalisation of financial services and will bring new opportunities for product design and distribution. ESG factors play an increasingly important role in achieving sustainable business models, with technologies being an enabler of these changes.

45. Product innovation, including further development of the simple and transparent securitisation framework, secured notes for selected asset classes, green financial products and a harmonised framework for covered bonds, will be an important element in the EBA’s work.

46. The EBA will continue delivering its FinTech roadmap by doing further work on the monitoring of financial innovation, continuing to strengthen the network of innovation facilitators, doing thematic work on open banking and distributed ledger technology, and implementing a harmonised framework on cyber resilience testing.

47. The need to promote better disclosure, governance and risk management of ESG risk factors will be pressing in 2020, and the EBA will develop comprehensive reports and advice on promoting disclosure and incorporating ESG factors into the supervisory review process, risk management and stress testing, and will conduct preparatory work on the classification and treatment of assets from the sustainability perspective.

#### VI. Promoting an operational framework for resolution

48. One of the EBA’s strategic objectives set in the 2020 SPD is to ‘foster the increase of the loss absorbency capacity of the EU banking system’. Banks’ resolvability has improved since the implementation of the BRRD and will benefit from enhanced legislative provisions. Taking advantage of recent years’ experience and maximising its core missions and role, the EBA is developing a broad range of policy support documents in order to facilitate the sufficient convergence and operationalisation of the various stages in recovery and resolution. The EBA will perform in-depth analyses of the resolvability assessment and the identification of impediment practices, and of the consistency of the criteria applied to determining the criticality of services and functions. This, with a view to properly monitoring the level of consistency of implementation in Europe. Beyond best practices and convergence monitoring, the EBA will facilitate the operationalisation of the resolution tools, having regard to valuation

and management information systems, interactions with securities and competition laws and the need to expedite usual prudential processes in and out of resolution, such as new management approvals. The EBA will be considering the important links between the recovery and resolution phases and how to make the most of the synergies between recovery and resolution plans and will be supporting effective coordination among the relevant authorities and institutions. Finally, the EBA will ensure that colleges are prepared for highly stressed situations and that they approach key topics in a fair and effective manner, in particular when it comes to key operational aspects of resolution plans, removing impediments to resolvability and the setting of MREs, including at solo level to ensure an adequate distribution of loss-absorbing capacity within groups.

## Horizontal priorities for policy work across the EBA

49. The following horizontal priorities have been identified as cross-cutting through the whole organisation and affecting most of the strategic priorities listed above:

### a. Ensuring effective cooperation with third countries

The EBA will maintain rigorous equivalence assessments of third countries and monitor existing assessments, with the aim of facilitating cooperation with and the flow of information to and from third countries to allow EU supervisors to undertake their tasks effectively and to ensure that the outcomes of regulation in third countries remain equivalent on an ongoing basis. In this context, the EBA will dedicate resources to the authorisation and treatment of third country branches and the setting up of IPU in Europe.

### b. Improving a culture of good governance in financial institutions

The EBA will work to ensure that issues around conduct, including the treatment of customers and AML/CFT, as well as sustainability factors, are adequately captured in relevant supervisory frameworks, in particular to ensure that conduct issues are sufficiently addressed in governance and control functions in financial institutions.

## THE EBA'S ACTIVITIES

⊗ *Projects impacted by the COVID-19 outbreak.*

### Activity 1: Capital

<b>Description</b>	<p>Robust quality of capital for the EU institutions and consistent implementation of the regulatory provisions stemming from CRR II are the main objectives. The EBA will continue monitoring CET1 issuances and maintaining a public list of CET1 instruments. In addition, in order to monitor financial innovation and to keep the terms and conditions of issuances as simple as possible, the EBA will regularly engage in dialogue with numerous stakeholders to follow developments and provide guidance in the area of capital and capital issuances.</p> <p>The EBA will also reflect on how to convey a good understanding of the stacking order of the different layers of capital and buffers (and the related aspects of MDA).</p>
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Maintenance of standardised templates on AT1 instruments</li> <li>• Analysis of interactions with loss absorbency requirements</li> <li>• Assessment of post-CRR instruments and review of pre-CRR instruments</li> <li>• Work on the completion of CRR transitional arrangements for own funds instruments and treatment of so-called legacy instruments</li> <li>• Monitoring of the AT1 issuances and related calls</li> <li>• Maintenance and publication of the EBA CET1 list</li> <li>• Q&amp;A support on capital</li> </ul> <p style="text-align: right;">Ongoing</p> <hr/> <ul style="list-style-type: none"> <li>• Amendments to the RTS on own funds (parts I and II)</li> </ul> <p style="text-align: right;">Q2</p> <hr/> <ul style="list-style-type: none"> <li>• RTS on deductions from CET1 items — software</li> <li>• Report on the monitoring of the CET1 list</li> <li>• Update of the CET1 list 2020</li> <li>• EBA opinion on the prudential treatment of legacy instruments</li> </ul> <p style="text-align: right;">Q3/Q4</p>

### Activity 2: Liquidity risk and interest rate risk in the banking book

<b>Description</b>	<p>In the area of liquidity (also encompassing asset encumbrance-related matters), the EBA keeps the ITS on reporting up to date following changes to the Level 1 texts in particular. In terms of implementation, the EBA is scrutinising the ways in which institutions and CAs have implemented the CRR and RTS provisions, for example in terms of notifications and the use of options and national discretions, using ongoing monitoring of the practical implementation and providing guidance where necessary. In the area of the IRRBB, the main objective will be to work towards delivering GL and RTS stemming from CRR II/CRD V.</p>
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Delivering regulatory products updating liquidity requirements</li> <li>• Monitoring national practices on liquidity and national options and discretion, in particular monitoring concrete implementation of the LCR rules and definitions</li> <li>• Monitoring of notifications related to liquidity and follow-up actions</li> <li>• Update of the list of credit institutions waived from the 75% inflow cap under Article 33(5) of the LCR Delegated Act</li> <li>• Preparatory work ahead of the EBA mandates (reports in particular) on several areas of the NSFR</li> <li>• Preparatory work for the report on the treatment of interdependent assets and liabilities for the NSFR</li> <li>• Preparatory work ahead of RTS/GL on interest risk arising from non-trading book activities</li> <li>• Q&amp;A support on liquidity risk and interest rate risk in the banking book</li> </ul> <p style="text-align: right;">Ongoing</p>

### Activity 3: Leverage ratio

<b>Description</b>	The leverage ratio allows CAs to assess the risk of excessive leverage in their respective institutions. The EBA is working on regular updates of TS on reporting and disclosure of the leverage ratio.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>Monitoring and promoting consistent application of the leverage ratio</li> <li>Delivering regulatory products that update leverage ratio requirements where necessary</li> </ul>	Ongoing

### Activity 4: Loss absorbency

<b>Description</b>	TLAC/MREL are a requirements for a given bank to hold a sufficient amount of own funds and debt instruments of a certain quality, in order to absorb losses and recapitalise the institution so as to ensure that it can continue to perform critical functions in the event of failure. This requirement is to be set for each bank at the parent and relevant subsidiaries levels by the relevant resolution authorities in line with both BRRD II and the regulatory standards developed by the EBA. In the context of the policy work on MREL, the EBA will perform a number of tasks.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>Report on monitoring of MREL eligible liabilities issuances</li> <li>RTS on eligible liabilities under Articles 72(b)(7) and 78a(3)</li> </ul>	Q4

### Activity 5: Accounting and audit

<b>Description</b>	The EBA supports high-quality accounting and auditing standards. The EBA aims to facilitate effective dialogue between (i) the CAs supervising credit institutions and (ii) the statutory auditors and the audit firms carrying out the statutory audits of those institutions.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>⊗ Monitoring and promoting consistent application of IFRS 9, and work on the interaction with prudential requirements including monitoring the institutions' practices in the COVID-19 circumstances in order to understand better the impact of IFRS 9 on capital requirements</li> <li>Monitoring the use of transitional provisions</li> <li>Understanding the modelling aspects of IFRS 9, as implemented by EU institutions, and their related impact on capital, using a benchmarking exercise</li> <li>Monitoring the ongoing quantitative impact of the application of IFRS 9 through selected indicators</li> <li>Monitoring accounting standards and comment letters to the IASB where needed</li> <li>Follow-up of the implementation of the GL on communication between supervisors and auditors, in the context of IFRS 9 in particular; follow-up of the implementation of the GL on expected credit losses</li> <li>Delivering regulatory products and technical advice to the Commission on the topics requested</li> </ul>	Ongoing
	• First feedback on IFRS 9 benchmarking of models	Q2
	• RTS on consolidation methods	Q4
	• Follow-up report on IFRS 9 qualitative implementation	Q1/Q2 2021

### Activity 6: Large exposures

<b>Description</b>	The EBA work will focus on the CRR II amended provisions for large exposures, with a view to developing the mandates according to a predetermined dedicated roadmap <sup>5</sup> . The use of options and national discretions will continue to be monitored.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• RTS on the determination of the exposures arising from derivatives contracts and credit derivatives underlying a debt or equity instrument</li> <li>• Guidelines specifying the conditions for the substitution approach to exposures collateralised by the market value of recognised collateral.</li> </ul>	Q4

### Activity 7: Credit risk

<b>Description</b>	The EBA's work in relation to credit risk focuses on the development of TSs, GLs and reports regarding the calculation of capital requirements under the standardised approach and the IRB approach for credit risk and dilution risk in respect of all the business activities of an institution, excluding the trading book business, under CRD V/CRR II. The EBA will focus on the implementation of the IRB roadmap and will continue monitoring its effects post application, ensuring supervisory consistency and increasing transparency.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Maintenance of credit-related lists, including identification of the eligibility of PSEs for the credit risk framework</li> <li>• Monitoring and promoting consistent application of credit risk and credit risk modelling, including the implementation of the monitoring report</li> <li>• Q&amp;A support on credit risk</li> <li>• Finalisation of the implementation of the IRB roadmap and follow-up work</li> <li>• Support of the implementation of the Basel III standards in the area of credit risk</li> <li>• Development of RTS on collective investment undertakings under Article 132 CRR2</li> <li>• Monitoring and update of mapping of ECAI under Art 136 CRR and Solvency II</li> <li>⊗ Monitoring credit risk related issues of COVID-19 including GL on public moratoria</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>• Preparation of 2021 benchmarking portfolios — update of ITS</li> <li>• Guidelines on credit risk mitigation for institutions applying the IRB approach with own estimates of LGDs</li> </ul>	Q2
	<ul style="list-style-type: none"> <li>⊗ 2020 benchmarking report on IRB models</li> <li>• EBA Revised Decision on the Use of Unsolicited Credit Assessments</li> </ul>	Q4

### Activity 8: Market risk

<b>Description</b>	The work on market risk focuses on the development of TSs, GLs and reports regarding the calculation of capital requirements for market risk, CVA and counterparty credit risk. Market risk can be defined as the risk of losses in on- and off-balance-sheet positions, arising from adverse movements in market prices. From a regulatory perspective, market risk stems from all the positions included in banks' trading books, as well as from commodity and foreign exchange risk positions in the whole balance sheet. The EBA's work will focus on the implementation of more risk-sensitive capital requirements for market risk, following Basel work on the FRTB.	
	<ul style="list-style-type: none"> <li>• Regular updates to the list of diversified stock indices, incorporating any additional relevant indices and applying the quantitative methodology outlined in the ITS</li> </ul>	Ongoing

<sup>5</sup> <https://eba.europa.eu/eba-publishes-its-roadmap-risk-reduction-measures-package>

	<ul style="list-style-type: none"> <li>Monitoring and promoting consistent application on market risk requirements</li> <li>Q&amp;A support on market risk, market infrastructure and counterparty credit risk</li> <li>Implementation of the FRTB</li> </ul>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>Annual update to the list of closely correlated currencies, incorporating any additional relevant currencies and applying the quantitative methodology outlined in the IT</li> </ul>	Q3
	<ul style="list-style-type: none"> <li>Preparation of the 2021 benchmarking portfolios — update of ITS</li> <li>RTS on treatment of non-trading book positions subject to FX or commodity risk</li> <li>RTS on a stress scenario risk measure for non-modellable risk factors under the IMA</li> <li>GL on criteria for use of data inputs in the risk measurement model under the IM</li> <li>ITS on specific reporting requirements for the market</li> </ul>	Q4
	<ul style="list-style-type: none"> <li>⊗ 2020 benchmarking report on market risk models</li> <li>RTS on probabilities of default and losses given default for the default risk model under the IMA</li> <li>RTS on initial margin model validation</li> </ul>	H1 2021

#### Activity 9: Operational risk and investment firms

<b>Description</b>	<p>The EBA's work in relation to operational risk focuses on the development of TS, GL and reports regarding the calculation of capital requirements for operational risk. In addition, the EBA will be implementing a handful of mandates stemming from the new regulatory regime for investment firms (IFR/IFD).</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>Monitoring and promoting consistent application of operational risk and investment firms requirements;</li> <li>Q&amp;A support on operational risk and investment firms;</li> <li>Implementation of IFR/IFR regime — start of the mandates of Phase II;</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>RTS on the monitoring of information related to the thresholds for credit institutions;</li> <li>RTS on the information to be provided for the authorisation of credit institutions;</li> <li>RTS on the calculation of the thresholds to be a credit institution;</li> <li>RTS on prudential consolidation;</li> <li>RTS to specify the calculation of the amount of the total margin for the calculation of K-CMG</li> <li>RTS on the criteria for subjecting certain investment firms to the CRR</li> <li>RTS to specify the calculation of the fixed overheads requirement</li> <li>RTS to define the notion of a material change</li> <li>RTS to specify the methods for measuring the K-factors and adjusting their coefficients</li> <li>RTS on the definition of segregated accounts</li> <li>RTS to specify adjustments to the K-DTF coefficients</li> <li>RTS on liquidity risk measurement</li> </ul>	Q4

### Activity 10: Supervisory review

<b>Description</b>	The EBA will focus on further policy development in line with the published Pillar 2 roadmap <sup>6</sup> and the CRD V/CRR II package, and in relation to emerging risks or areas where an international practice has been developed. This will incorporate additional GL, recommendations and chapters of the single supervisory handbook.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Supervisory risk taxonomy</li> <li>• Ongoing work on the single supervisory handbook</li> <li>• Delivering regulatory products and technical advice to the Commission on the topics requested and in relation to the CRD V/CRR II package</li> <li>• Consideration of ML/TF risks from a prudential perspective</li> <li>• Bilateral engagements with authorities to assess possible implementation challenges in relation to the EBA guidelines</li> <li>• Consultation paper — review of the SREP guidelines i.a aimed at better incorporating proportionality, ensuring coherence between Pillar 2 and Pillar 1 and to assess the possible benefits of disclosing Pillar 2 regulation and Pillar 2 guidance</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>• Annual report on supervisory convergence and colleges</li> </ul>	Q2

### Activity 11: Internal governance and remuneration

<b>Description</b>	<p>Directive 2013/36/EU as amended by Directive 2019/878/EU requires that institutions have robust governance arrangements, including a clear organisational structure, well-defined lines of responsibility, effective risk management processes, control mechanisms and remuneration policies. The internal governance should be appropriate to the nature, scale and complexity of the institution. The remuneration policy should be gender neutral. The EBA has several mandates to draft guidelines and RTS in the areas of governance and remuneration.</p> <p>The EBA is also asked to monitor and benchmark diversity practices at EU level. In the area of remuneration, the EBA is required in this context to monitor the use of remuneration practices.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Monitoring and promoting consistent application of internal governance and remuneration regulations</li> <li>• Delivering regulatory products in relation to the CRD V/CRR II and IFR/IFD package</li> <li>• Q&amp;A support on internal governance and remuneration</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>• Report on the remuneration benchmarking exercise (data for 2017 and 2018) and high earners (data for 2018) – with annex on higher approved ratio</li> </ul>	Q2
	<ul style="list-style-type: none"> <li>• RTS on identified staff</li> <li>• RTS on identified staff under IFD</li> <li>• RTS on the use of instrument for variable remuneration under IFD</li> </ul>	Q4

### Activity 12: Recovery and resolution

<b>Description</b>	<p>The revised BRRD II/CRD V legislation has mandated the EBA to develop a wide range of binding TS, GL and reports. The key work will focus around the development of those regulatory mandates, including the production of an MREL report that monitors the building up of the MREL resources in the European banking sector.</p> <p>In the context of crisis preparedness, the EBA will continue to monitor evolving practices in relation to recovery planning, triggers for early intervention and the determination of failing or likely to fail. It will also focus on improving synergies between recovery and resolution plans, increasing the quality of cooperation between supervisory and</p>	
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<sup>6</sup>Pillar 2 roadmap: <https://eba.europa.eu/-/eba-publishes-final-guidance-to-strengthen-the-pillar-2-framework>



resolution authorities, and identifying good practices, potential friction points and things to avoid.

<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Report on recovery and resolution plans, interaction and assessment</li> <li>• Monitoring the application of simplified obligations in recovery and resolution planning</li> <li>• Quantitative report monitoring the build-up of MREL resources in the EU</li> <li>• A combination of products in resolution planning, which includes:             <ul style="list-style-type: none"> <li>– the relationship between recovery and resolution plans</li> <li>– early intervention measures</li> <li>– the operationalisation of bail-in</li> <li>– resolvability assessment and identification of impediments</li> <li>– public interest assessment</li> <li>– management of information systems</li> </ul> </li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>• Implementation of BRRD II roadmap</li> </ul>	

### Activity 13: Reporting

<b>Description</b>	To maintain a high-quality and efficient supervisory reporting framework, including a data point model and validation rules, the EBA will continue to provide regular updates to maintain the relevance of the reporting framework. In 2020, the completion of a cost of reporting compliance report will guide future efficiencies and work on a feasibility study on an integrated EU reporting framework mandated by the CRR II that will be key to helping cover a wider scope of data and an efficient integrated system for collecting and sharing data. This will further increase standardisation, ensure common definitions, reduce redundancies and hence reduce burden for institutions.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Maintenance of ITS on supervisory reporting (legal act, templates, instructions)</li> <li>• Maintenance of validation rules, the data point model and XBRL taxonomies</li> <li>• Review of reporting requirements, stemming from the new CRR II and BRRD II, and integration of Pillar 3 requirements into the reporting framework</li> <li>• Review of proportionality in the reporting framework</li> <li>• Project to improve data-modelling tools<sup>7</sup></li> <li>• Development of a signposting project for reporting requirements</li> <li>⊗ Feasibility study on integrated reporting<sup>8</sup></li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>• ITS on specific reporting requirements on market risk</li> </ul>	Q2
	<ul style="list-style-type: none"> <li>⊗ GL on COVID-19 reporting and disclosure</li> </ul>	
	<ul style="list-style-type: none"> <li>• ITS on reporting for v3.0 reporting framework (CRR2)</li> </ul>	Q3
	<ul style="list-style-type: none"> <li>• ITS on MREL/TLAC reporting (BRRD2 changes)</li> </ul>	
	<ul style="list-style-type: none"> <li>• ITS on reporting of investment firms</li> </ul>	Q4
	<ul style="list-style-type: none"> <li>⊗ Cost of compliance report</li> </ul>	H1 2021

### Activity 14: Transparency

<b>Description</b>	The EBA will continue work to improve the comparability and standardisation of Pillar 3 disclosures by developing a draft ITS, as per the mandate set out in CRR II/BRRD II. The EBA will also undertake a review of Pillar 3 requirements, in order to fully align them with supervisory reporting requirements to reduce the implementation burden on credit institutions.
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<sup>7</sup> Own initiative project

<sup>8</sup> A six month delay is estimated

<b>Main outputs</b>	⊗ Monitoring of Pillar 3 disclosures <sup>9</sup>	Ongoing
	⊗ Sustainable finance Pillar 3 — amendment to Pillar 3 ITS	
	• RTS on investment policy disclosures	Q3
	• ITS on MREL/TLAC disclosures	
• Pillar 3 ITS on disclosure		
	• ITS on Pillar 3 disclosures of investment firms	Q4

#### Activity 15: Loans management and valuation

<b>Description</b>	<p>The EBA will continue to support strengthened loan origination and management and contribute to the European Council's action plan for tackling NPLs in Europe, as initiated in July 2017<sup>10</sup>.</p> <p>The Commission's proposal on the new directive concerning credit servicers, credit purchasers and the recovery of collateral, and amendments to the CRR set out some mandates for the EBA to develop ITS on NPL data and GL for valuation.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Assisting implementation of the EBA's loan origination GL</li> <li>• Follow-up work from the Council's action plan for tackling NPLs in Europe</li> <li>• Draft ITS on NPL data (subject to a mandate in the forthcoming directive)</li> <li>• GL on valuation of secured exposures</li> </ul>	Ongoing
	⊗ Guidelines on banks' loan origination	Q2

#### Activity 16: Market access, authorisation and equivalence

<b>Description</b>	<p>The EBA will continue monitoring regulatory perimeter and authorisation practices, and prepare guidelines on common assessment methodology for authorisations and reports on treatment of third country branches. The EBA will assess regulatory and supervisory frameworks of third countries and their equivalence with the EU framework, provide an opinion to the Commission and monitor the ongoing equivalence of countries covered by the Commission's equivalence decisions. The EBA will enter into cooperation agreements with the CAs of third countries, covering prudential, conduct and crisis management cooperation.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Cooperation agreements with third country authorities on supervision, resolution, conduct and AML/CFT</li> <li>• Follow-up monitoring of shadow banking</li> <li>⊗ Preparatory work for discussion paper on report on treatment of third country branches (CRD Article 21b)</li> </ul>	Ongoing
	• Review of TS on passport notification	Q2
	• Report on monitoring of the regulatory perimeter	Q3
	• EBA opinion on the equivalence of regulatory and supervisory frameworks of third countries	Q4
	• Reports on assessment of the equivalence of regulatory and supervisory frameworks and ongoing monitoring of equivalence decisions with submission of an annual confidential report summarising the findings of its monitoring activities of equivalent third countries	
	• GL on the equivalence of third country authorities' confidentiality requirements (supervisory and resolution)	
• CP on GL on common assessment methodology for authorisation of institutions (CRD Article 8)		

<sup>9</sup> Own initiative project

<sup>10</sup> <http://www.consilium.europa.eu/en/press/press-releases/2017/07/11-conclusions-non-performing-loans/>

### Activity 17: Banking markets, securitisation, covered bonds and sustainable finance

<b>Description</b>	<p>The new European framework for the simple, transparent and standardised securitisations regulation (the STS Regulation), which came into force in January 2019, sets out a large number of mandates for the EBA. The EBA's work on the STS Regulation will focus on TS, GL and reports for the new STS Regulation. There will also be follow-up work conducted related to the new directive on covered bonds. In addition, the EBA will contribute to the Commission's work on sustainable finance, particularly regarding the taxonomy for sustainable finance and the green bonds standards, as well as the work required by the specific mandate for the EBA included in the CRD, the CRR, the IFD and the IFR, and in the Commission action action plan for sustainable finance.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Monitoring market development and promoting consistent application of frameworks on securitisation and covered bonds</li> <li>• Contribution to the Commission's action plan on sustainable finance<sup>11</sup> (taxonomy, green bonds standard, disclosures, sustainability platform) and delivery of specific mandated and calls for advice</li> <li>• Implementation of the Covered Bonds Directive</li> </ul>	Ongoing
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• GL on tranche maturity and WAL</li> <li>⊗ Discussion paper on incorporating environmental, social and governance risk factors in the governance, risk management and supervisory review process</li> </ul>	Q1 Q2
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Report on eligibility of synthetic securitisations for STS securitisations</li> <li>• Report and recommendation on practices on significant risk transfer (SRT) for securitisation</li> <li>⊗ JC reports on the functioning of STS, due diligence, risk retention, transparency requirements and the market initiative on the standardisation of documents</li> </ul>	Q4
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• EBA report on practices concerning the hierarchy of approaches for the calculation of risk weights</li> <li>• JC technical standards on disclosure related to sustainable finance</li> <li>• RTS on method for calculating nominal amount for undrawn part of liquidity facility</li> <li>• Follow-up work on the EBA opinion on calibration of capital requirements for NPL securitisation</li> </ul>	2021

### Activity 18: Innovation and FinTech

<b>Description</b>	<p>The EBA will continue to monitor financial innovation and identify areas where a regulatory and supervisory response might be needed. In line with the EBA's FinTech Roadmap<sup>12</sup>, the EBA's work will focus on the following priority policy areas: (i) a regulatory perimeter and the Forum of European Innovation Facilitators; (ii) impacts on the business models, and risks and opportunities for financial institutions from FinTech; (iii) operational resilience; and (iv) regulatory obstacles for innovative technologies and business models.</p> <p>The EBA will continue with its activities concerning the FinTech Knowledge Hub, in order to facilitate information and experience sharing, to raise awareness and to support the transfer of knowledge on FinTech, and to support information sharing among national innovation facilitators under the European Forum for Innovation Facilitators.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Thematic reports on the monitoring of financial innovation and targeted reports on new developments</li> </ul>	Ongoing

<sup>11</sup> [https://ec.europa.eu/info/publications/180308-action-plan-sustainable-growth\\_en](https://ec.europa.eu/info/publications/180308-action-plan-sustainable-growth_en)

<sup>12</sup> <https://eba.europa.eu/-/eba-publishes-its-roadmap-on-fintech>

- Thematic reports on business model changes, and risks and opportunities from FinTech, innovative products and emerging trends
  - Activities regarding the FinTech Knowledge Hub (workshops, round tables, seminars)
  - Delivering regulatory products and technical advice to the Commission on the topics requested, particularly those included in the Commission's FinTech action plan
  - Supporting the European Forum for Innovation Facilitators and related activities
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|--|-----|
| • Report on big data and advance analytics   | Q1  |
| ⊗ Report on RegTech and SupTech  | Q4  |
| • Follow-up work on operational resilience (information and communication technology risk management and cyber security) | TBC |
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### Activity 19: Consumer and depositor protection

<b>Description</b>	<p>The EBA seeks to foster a consistent level of consumer protection in all EU Member States, by identifying and addressing consumer detriment in the banking sector, monitoring and assessing the retail conduct of financial institutions in its regulatory remit, delivering mandates assigned to it in relevant EU law, and contributing to supervisory convergence and consistent consumer outcomes.</p> <p>Furthermore, the EBA contributes to enhanced depositor protection in the event of a bank failure, by completing, within the EU crisis management framework, the Single Rulebook, facilitating cross-border cooperation between DGSs, acting as a hub for DGS data collection and analysis, monitoring the financing and resilience of DGSs, and contributing to the review of the existing DGS Directive.</p>
<b>Main outputs</b>	<p><i>Depositor protection</i></p> <ul style="list-style-type: none"> <li>• CP on revised GL on DGS stress test<sup>13</sup></li> <li>• Opinion on the interplay between DGSD and AMLD<sup>14</sup></li> <li>• Having fulfilled in 2019 the EBA's mandate under Article 19(6) of the DGSD to support the Commission in its review of the DGSD, assessment of the merits of additional own-initiative work to address issues identified</li> <li>• Publication of the uses of DGS funds, including in bank failures, and data on covered deposits and financial means available to DGSs</li> <li>• Monitor the liquidations with a DGS pay-out</li> <li>• Assessment of notifications received under DGSD</li> <li>• Answers to questions that the EBA receives on DGSD through the EBA Q&amp;A tool</li> </ul> <p><i>Consumer protection</i></p> <ul style="list-style-type: none"> <li>• Follow-up work on the EBA Consumer Trends Report 2018/19 on unilateral modification of fees and charges</li> <li>• Follow-up work on the EBA Consumer Trends Report 2018/19 on indebtedness, responsible lending and creditworthiness assessment, as part of the EBA's supervisory convergence work on the MCD Guidelines on creditworthiness assessments (EBA/GL/2015/11)</li> <li>• Answers to questions that the EBA receives on the MCD through the EBA Q&amp;A tool</li> <li>• Incorporate the amended tasks and powers of the EBA as a result of the ESAs' review into the EBA's consumer protection work, e.g.</li> </ul>

Ongoing

<sup>13</sup> Own initiative project.

<sup>14</sup> Own initiative project.

on mystery shopping, retail risk indicators and extension to consumer credit

- EBA Financial Education Report 2019/20
  - Opinion addressed to the European Commission in fulfilment of mandate under Article 29(2)(a) of the MCD to review RTS on Personal Indemnity Insurance for mortgage intermediaries
  - Follow-up work on the recommendation in the JC report on cross-border supervision of retail financial services (JC/2019-22) to identify ways to enhance cooperation between competent authorities in the cross-border supervision of retail banking products as a potential input for ongoing reviews of relevant EU directives Q1
  - First peer review on national DGS stress tests
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- ⊗ Second report on the application by financial institutions of EBA GL on product oversight and governance (EBA/GL/2015/18) Q4
  - Supervisory convergence work of EBA guidelines on remuneration of sales staff (EBA/GL/2016/06)

### Activity 20: Payment services

<b>Description</b>	The EBA contributes to efficient, secure and easy retail payments across the EU, by developing the mandates conferred on the EBA in EU directives and regulations and by contributing to their common interpretation and supervision.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Contribute to the EBA's statutory objective of supervisory convergence across the EU, in the area of payment services</li> <li>• Assess and develop answers to the questions that the EBA receives, in relation to PSD2, through its Q&amp;A tool</li> <li>• Monitor the consistent application and implementation of the RTS on strong customer authentication and common and secure communication (the RTS on Strong Consumer Authentication and Common Secure Communications, published as Commission Delegated Regulation (EU) 2018/389) and take action where required</li> <li>• Monitor the implementation of the guidelines on the fall-back exemption (EBA/GL/2018/07) and continue to fulfil the EBA's consultative role under Article 33(6) of the RTS on Strong Consumer Authentication and Common Secure Communications</li> <li>• Assess the reports received from CAs under the EBA Guidelines on major incident reporting (EBA/GL/2017/10) and take action as required</li> <li>• Operate and maintain the EBA register under PSD2 and ensure that competent authorities keep the information up to date, as required under Article 14(2) of PSD2</li> <li>• Monitor the consistent implementation by CAs and financial institutions of the EBA Guidelines on fraud reporting (EBA/GL/2018/05) and contribute to the compliant integration of the guidelines into the forthcoming reporting framework of the European Central Bank (ECB)</li> <li>• Review the Guidelines on authorisation (EBA/GL/2017/09), as required under Article 5(5) of PSD2</li> <li>• Assess the need for regulatory or supervisory measures as a result of the EU Interchange Fee Regulation being added to the EBA's scope of action</li> <li>• Provide payments-related input to cross-EBA initiatives</li> <li>• Opinion on potential obstacles under Art.33(2) of the RTS on Strong Consumer Authentication and Common Secure Communications <span style="float: right;">Q2</span></li> </ul>	Ongoing

⊗ Report on the work of the EBA working group on APIs (Application Programming Interface) under PSD2	Q2 2021
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### Activity 21: Anti-money laundering and combating the financing of terrorism

<b>Description</b>	The EBA is working on cross-sectoral issues in AML/CFT that fall within the remit of the JC of the three ESAs, such as the GL on risk factors. The ESAs review will strengthen our role in this area. Work in 2020 is centred around completion of the European Council action plan on AML, for which the EBA will be the lead. The EBA will also review the effectiveness of the approaches to the AML/CFT supervision of banks used by NCAs.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Preparing the EBA's new tasks and powers, including establishing a database, enhanced monitoring and requests for action, and establishing a new senior AML committee</li> <li>• Deliverables resulting from the European Council action plan on AML, including an EBA database with EU sanctions information</li> <li>• Individual and thematic feedback to CAs on their approaches to AML supervision</li> <li>• AML-focused follow-up work that results from the EBA's roadmap on FinTech</li> <li>• Answers to the questions that the EBA receives in relation to AMLD4/AMLD5, through its Q&amp;A tool</li> <li>• Training activities</li> </ul>	Ongoing
	• Report and Action Plan on competent authorities' approaches to tackling market integrity risks associated with dividend arbitrage trading schemes	Q2
	• Call for advise defining the scope of application and the enacting terms of a Regulation to be adopted in the field of preventing ML/FT	Q3
	• Fulfil EU Council Action Plan: Develop definition of "serious breach" of law	
	• CP of draft GL on compliance officers	
	⊗ CP on revised GL on customer due diligence and ML/TF risk factors	Q4
	⊗ CP on RTS on database information	
	⊗ CP on RTS on use of data	
	⊗ Second report on the EBA staff-led implementation reviews in 2019/2020 of NCA approaches to AML supervision	2021
	⊗ Implementation reviews providing individual and thematic feedback to CAs on their approaches to AML supervision	

### Activity 22: Risk analysis

<b>Description</b>	The EBA will continue the work of monitoring market trends and the main developments in the banking sector. The objective is to identify, in a forward-looking fashion, vulnerabilities and potential risks that may affect EU banks, and to identify possible policy actions to address them. In addition, the EBA will support the implementation of the macroprudential framework in the EU.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Quarterly EU risk dashboards</li> <li>• Biannual risk assessment questionnaires</li> <li>• Internal updates on liquidity and market developments for the Board of Supervisors</li> <li>• Opinions on macroprudential measures</li> </ul>	Ongoing
	⊗ JC spring risk report	Cancelled
	• Thematic note - Preliminary analysis of impact of COVID-19 on EU banks – May 2020	Q2

	<ul style="list-style-type: none"> <li>⊗ JC autumn risk report</li> <li>⊗ Funding plans report</li> <li>⊗ Asset encumbrance report</li> <li>• GL on the appropriate subsets of exposures in the application of a systemic risk buffer</li> </ul>	Q3
	<ul style="list-style-type: none"> <li>• Annual risk assessment report on the European banking system</li> </ul>	Q4

### Activity 23: Stress testing

<b>Description</b>	<p>One of the primary supervisory tools to conduct the analysis of potential risks and vulnerabilities is the EU-wide stress test exercise. The EBA Regulation gives the EBA powers to initiate and coordinate the EU-wide stress tests, in cooperation with the ESRB. The aim of such tests is to assess the resilience of financial institutions to adverse market developments, as well as to contribute to the overall assessment of systemic risk in the EU financial system.</p> <p>The EBA's EU-wide stress tests are conducted in a bottom-up fashion, using consistent methodologies, scenarios and key assumptions developed in cooperation with the ESRB, the ECB and the Commission. The EBA is also exploring the possibility of moving to a combination of top-down and bottom-up approaches in future years.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>⊗ Improvements of the stress test methodology</li> <li>⊗ Consultation on the future EU-wide stress test</li> <li>⊗ Pilot sensitivity exercise on climate risk</li> <li>⊗ The EU-wide stress test, which includes the development of common methodology and templates in cooperation with CAs</li> </ul>	<p>Ongoing</p> <p>Q2</p> <p>Q4</p> <p>Postponed to 2021</p>

### Activity 24: Data analysis and infrastructure

<b>Description</b>	<p>The EBA will finalise its data infrastructure and analytical capabilities through a major project that started in 2017 and that will be finalised in 2020. The EBA's objective — based on close cooperation with the CAs and exploiting all potentials for synergies — is to have a comprehensive European centralised infrastructure of supervisory data on the basis of its experience of the existing data hub, with the aim of governing, organising, managing and using information through common practices, methodologies, infrastructures and tools for the full sample of EU credit institutions.</p> <p>The data will support the EBA's regulatory work focused on quantitative analysis, with the objective of strengthening the Single Rulebook. It will also be used for the risk and vulnerabilities analyses of the banking sector, for EU-wide transparency exercises, for the assessment of regulatory proposals, as part of EBA risk reports and advice to legislators on future regulation, and for the purpose of assessing the frof EBA regulatory products.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Providing support to all regulatory proposals through the quantitative analysis of data</li> <li>• Delivering regulatory products and technical advice to the Commission on the topics requested</li> <li>• Delivering quantitative analysis and developing analytical tools to underpin the development of regulatory products</li> <li>• Providing support for the EBA's data infrastructure</li> </ul>	<p>Ongoing</p>
	<ul style="list-style-type: none"> <li>• Report on methodology for the design and calibration of O-SII buffer rates</li> <li>⊗ RTS on the identification methodology for global systemically important institutions (G-SIIs)</li> <li>⊗ ITS on Pillar 3 disclosure of indicators for G-SIBs</li> </ul>	<p>Q3</p>

- ⊗ GL on the specification, reporting and disclosure of indicators of global systemic importance

### Activity 25: Statistical tools

<b>Description</b>	<p>The EBA is expected to provide analytical tools for risk analysis, and to develop and maintain its risk dashboards and interactive tools, as well as a list of EBA risk indicators. The EBA will promote the use of reported data by providing tools and training for data users. This activity involves ensuring the consistent application of reporting requirements through the application of validation rules and quality checks. The EBA is required to disseminate high-quality data, at the aggregate and bank-by-bank levels, to a wide range of stakeholders (investors, analysts, academics, the general public), as well as improving banks' own disclosures within and beyond Pillar 3.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Interaction with CAs to ensure a smooth data flow and effective quality checking</li> <li>• Training on data and analysis tools shared with EBA and CAs' data users</li> <li>• Implementation of a full list of validation rules and additional quality checks for statistical analysis</li> <li>• Development of interactive and visualisation tools for internal and external data dissemination</li> </ul>	Ongoing
	• Risk dashboards and other tools for internal and external data users	Quarterly
	⊗ Spring Transparency exercise	Q2
	• Autumn Transparency exercise	Q4

### Activity 26: Ad hoc data collections

<b>Description</b>	<p>The EBA is expected to provide support for ad hoc data collections, with the aim of maximising the use of supervisory data reported to the EBA, in order to reduce the burden for banks and CAs. In 2020, the EBA's objective is to provide support to the EU/EEA CAs through two BCBS monitoring exercises, which are to be run in both the first and second halves of the year. Additional ad hoc exercises may also be envisaged for regulatory purposes.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Management of the data workflow with templates to be pre-populated by the EBA whenever possible</li> <li>• Interaction with CAs to ensure a smooth data flow and effective quality checking</li> <li>• Development of interactive and visualisation tools for internal and external data dissemination</li> <li>• Statistical support for report drafting</li> </ul>	Ongoing

### Activity 27: Management of the notification process

<b>Description</b>	<p>EU legislation, such as the AMLD, the BRRD, the CRD, the CRR, the DGSD and other current or forthcoming pieces of regulation, contains a number of articles that require CAs and other entities to notify the EBA with general or specific information on an ad hoc or regular basis. The majority of notifications are submitted to the EBA through the eGate portal, which provides a secure and flexible platform for the collection and storage of certain pieces of information from the CAs (notifications and sanctions) and other functional authorities. Traditional email communication plays a residual role. The EBA provides different functional mailboxes for different notifications. The address is communicated through the relevant committees, working groups and/or publications on the EBA website. The issuer should obtain the proper address. A simple email, with attachments if required, is sufficient and can be sent by any issuer.</p>	
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<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Managing the notifications mailbox and triaging emails, which may request clarifications and/or report notifications</li> <li>• Assessment of new legislation; further clarification on existing notifications (e.g. legal content); requests regarding the EBA eGate (e.g. regarding templates, functionalities and users); and representing the EBA at the subgroup on supervisory disclosure and information, which benefits from close cooperation with the EBA Legal Unit, relevant policy experts and the IT Unit</li> <li>• Monitoring the workflows triggered by each notification</li> <li>• Integrating the notifications into the EBA's data infrastructure</li> <li>• Maintenance of the eGate platform</li> </ul>	Ongoing
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#### Activity 28: Economic analysis and impact assessment

<b>Description</b>	Informed, proportionate and evidence-based policymaking requires comprehensive impact assessments. Economic analysis and impact assessments support the development of the EBA's regulatory products and are necessary inputs for the EBA's advice to the Commission, as well as a key contribution to the debate on regulatory reforms.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Impact assessment reports accompanying the EBA's regulatory proposals</li> <li>• Organisation of regulatory workshops</li> <li>• Preparatory work of the Impact Assessments stemming from the new regulations on Own funds and NSFR requirements (liquidity)</li> <li>• Technical background studies / research projects to support regular EBA analysis and possibly published in the EBA staff papers series</li> <li>• Work on CRD on introducing ESG factors in supervisory framework</li> </ul>	Ongoing
<b>Main outputs</b>	⊗ Half-year CRD V/CRR II Basel III monitoring reports	Q1 & Q4
<b>Main outputs</b>	⊗ CfA benchmarking of national loan enforcement frameworks (including insolvency benchmarking)	Q3
<b>Main outputs</b>	⊗ GL on LCR unwind mechanism	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Annual report on the impact and phase-in of the LCR</li> <li>• Impact assessment for the call for advice on short-termism</li> <li>• Impact assessment on EMIR related issues</li> <li>• Impact assessment on IFD/IFR</li> <li>• Impact assessment on AML GL</li> <li>• Policy research workshop</li> </ul>	Q4

#### Activity 29: Preparing for/mitigating potential risks and managing their materialisation around the withdrawal of the UK from the EU

<b>Description</b>	On 29 March 2017, the UK triggered Article 50 of the Treaty on European Union, beginning the 2-year process for its exit from the EU. As a body, the objective of which is to 'protect the public interest by contributing to the short-, medium- and long-term stability and effectiveness of the financial system, for the Union economy, its citizens and businesses' <sup>15</sup> , it is incumbent on the EBA to be prepared to respond to these developments. The EBA is also responsible for promoting and strengthening international cooperation in supervisory, crisis management and resolution matters.	
<b>Main outputs</b>	• Work to ensure resilience of the EU financial system under any scenario of the UK withdrawal, including working on risk analysis and mitigation	Ongoing

<sup>15</sup> Reference to the European Banking Authority's 2018 Work Programme  
<https://eba.europa.eu/documents/10180/1981573/EBA+2018+Work+Programme.pdf/6ee28a87-02c2-4a74-bce5-8518196d753b>

- Assessing contingency planning of financial institutions for risks associated with the withdrawal of the UK from the EU, as well as analysing consumer issues, and communicating with industry and consumers on any actions that need to be taken to address these residual risks
- Continue convergence work on authorisation and supervision standards to ensure harmonisation of the applicable legal regimes and standards and supervisory approaches across Member States, particularly with respect to the treatment of branches and cross-border activities
- Support the needs of the 27 remaining Member States of the EU supervisory and resolution authorities around the exchange of information and cooperation
- Assist the European Commission in the assessment and monitoring of the equivalence of the UK regulatory framework

### Activity 30: Policy coordination and communication

<b>Description</b>	The EBA will continue to perform peer review exercises with CAs; provide support to the Banking Stakeholder Group, the ESAs' JC and the ESAs' Board of Appeal; provide support to the main EBA governing bodies, the Board of Supervisors and the Management Board; provide support in the planning, prioritising, monitoring, execution and following up of deliverables stemming from the EBA's work programme; and provide external coordination with EU institutions and external bodies, such as the BCBS and the IMF. The communication team will develop and implement a new communication strategy and enhance the EBA's internal press and events monitoring tool.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Supporting the EBA's participation in EU and international institutions/bodies</li> <li>• Development of internal policies/processes to support the EBA's activities</li> <li>• Support for the EBA's document management</li> <li>• Updating and implementing the communication strategy</li> <li>• Chairing the ESAs Joint Committee</li> <li>• Implementation of the legislative package of the ESAs review</li> </ul>	Ongoing
	• Consolidated annual activity report	Q2
	• Annual work programme	Q3
	• Peer review on RTS on information exchange between authorities regarding qualifying holdings	Q4

### Activity 31: Q&As

<b>Description</b>	The EBA is committed to the maintenance and development of the Single Rulebook and the monitoring of its implementation, by providing support to stakeholders through Q&As.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Regular updates of the interactive Single Rulebook</li> <li>• Providing answers to stakeholders' questions on the implementation of the EU Single Rulebook in banking through the Q&amp;A tool</li> <li>• Monitoring the implementation of published Q&amp;As</li> <li>• Adjusting the scope of the Q&amp;A process and tools to include new pieces of EU regulation</li> </ul>	Ongoing

### Activity 32: Training for competent authorities

<b>Description</b>	Training is an important component in achieving a common supervisory and resolution culture and convergence in practice. The EBA will further extend its training programme for supervisors and for resolution assistance in the implementation of important policy	
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	products, on key topics relevant to the regulatory landscape and on emerging risks requiring supervisory attention.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Development of a comprehensive training programme for EU supervisors, resolution and deposit guarantee authorities to promote convergence of supervisory and resolution practices</li> <li>• Strengthening the EBA online training platform (EBA learning hub) by updating current modules (for MREL) and launching new ones (regulatory reporting, IRB)</li> </ul>	Ongoing

### Activity 33: Legal services

<b>Description</b>	The EBA will continue to provide legal analysis and support to the EBA's core functions on institutional, operational, and banking and financial law issues. This includes analysis and support on draft regulatory products (TS, GL, recommendations and opinions), carrying out investigations into potential breaches of EU law investigations and dispute resolution between CAs, representing the EBA before the Board of Appeal and the Court of Justice and ensuring that the EBA operates according to its founding regulation and within all other applicable EU and national laws. Particular areas of focus in 2020 will include implementation of the ESAs review, CRD V, CRR II and BRRD II; supporting the upgrading of the interactive Single Rulebook; supporting the EBA's establishment in Paris; and work on the implications of the UK leaving the EU.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Legal advice to the EBA's staff and boards across the EBA's core functions</li> <li>• Representation of the EBA before the Board of Appeal and the Court of Justice</li> <li>• Identification of potential breaches of EU law, with investigations and recommendations where appropriate</li> <li>• Settlement of disputes between CAs through mediation and adoption of binding decisions</li> <li>• Implementation of the legislative package of the ESAs review</li> </ul>	Ongoing

### Activity 34: Finance, procurement and accounting

<b>Description</b>	In the area of accounting and finance, the EBA will focus on ongoing enhancements in budget monitoring and execution, with improved efficiency thanks to the ongoing implementation of electronic workflows for finance, procurement and accounting processes. Concerning the area of procurement, the efforts will centre on close monitoring and timely delivery of all procurements as listed in the 2020 Procurement Plan, and other procurements arising in the year, including coordination with other EU institutions on inter-institutional procedures.	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Execution of the 2020 annual budget</li> <li>• Establishment and acquisition of the 2021 budget</li> <li>• 2022 budget establishment</li> <li>• Implementation of the 2020 procurement plan</li> <li>• Creation of the 2021 procurement plan</li> <li>• Production of 2019 annual accounts</li> </ul>	Ongoing

### Activity 35: Human resources

<b>Description</b>	In the area of HR, the EBA will focus on the fulfilment of the establishment plan and the effective management of turnover due to 2019 relocation, the further development of the technical and soft skills of its staff, the implementation of rules giving effect to staff regulations and the adaptation of the existing internal HR policies following their adoption. The EBA will continue to provide support to its staff members after relocation to its new seat in Paris.	
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<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Fulfilment of the establishment plan</li> <li>• Development of skills and expertise</li> <li>• Preparation, adoption and implementation of pending implementing rules giving effect to the staff regulations</li> <li>• Implementation and improvement of existing HR internal policies and processes</li> <li>• Implementation of policies supporting the schooling of children of EBA staff in Paris</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>• Fulfilment of the establishment plan and the effective management of turnover in response to relocation in 2019</li> <li>• Continuing support to staff after relocation to Paris, mainly in the area of schooling</li> <li>• Launch of HR-related tenders (medical services, language training) to replace the gap in services resulting from the relocation of the agency to Paris</li> </ul>	Q1-Q4

### Activity 36: Information technology

<b>Description</b>	<p>IT unit will continue to implement its strategy to support the EBA mission, always providing effective and proactive support to customers. From a systems perspective, it will include further enhancement of data collection, reporting and the analysis platform in relation to CRD V/CRR II and the linked ITS, as well as enhancements of additional near-real-time systems for notifications and sanctions, as defined in the EBA founding regulation.</p> <p>The completion of the last workstream of the EUCLID project will be paramount for the ability of the EBA to start functioning as an EU-wide data hub at the service of competent authorities and the public.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Implementation of the EBA's IT strategy for 2020-2022</li> <li>• Collaboration and dissemination of information to external parties</li> <li>• Support to the payments register under PSD2</li> <li>• Preparatory work ahead of reporting in the areas of resolution, AML and investment firms</li> </ul>	Ongoing
	<ul style="list-style-type: none"> <li>• Supporting the annual business continuity exercise</li> </ul>	Q1

### Activity 37: Corporate support

<b>Description</b>	<p>The focus of this activity will be the further development and improvement of a series of internal measures to ensure that the EBA's activities are subject to control, and to provide reasonable assurance to management of the achievement of the EBA's objectives. The EBA will continue to provide support services to the EBA's core functions, based on specialised knowledge and best practices, to serve internal stakeholders and business partners.</p> <p>Due to the pandemic situation impacted by the COVID 19, EBA has worked on a re-design of floor plans and space usage in order to manage occupation and limit risks, by complying with the French Governmental Protocol.</p>	
<b>Main outputs</b>	<ul style="list-style-type: none"> <li>• Supporting the organisation of meetings, both internally and with external stakeholders</li> <li>• Facilities management</li> <li>• Internal control</li> <li>• Health and safety</li> <li>• Ensuring that the use/disposal of EBA assets and inventory is compliant, safe, economic and environmentally friendly</li> <li>• Annual risk assessment exercise</li> <li>• Annual business continuity exercise</li> </ul>	Ongoing

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- Guidelines, Tools and Health Protocols to control building ingress and egress, and that promote ongoing safety and precautionary measures Q2
  - Audit on measures applied under COVID 19
-

## RESOURCE ALLOCATION BY ACTIVITY

The table below summarises the resource allocation per activity and details the type of resource: TA, CA or SNE. The EBA foresees a total of 149 TA, 52 CA and 19 SNEs to undertake 2020 activities, including the Senior Management and support.

Activity	TA	CA	SNE	Total	Cost (EUR)
1 Capital	3	0	0	3	848 155
2 Liquidity risk and Interest rate risk in the banking book	1	0	0	1	295 172
3 Leverage ratio	1	0	0	1	295 172
4 Loss absorbency	1	0	0	1	295 172
5 Accounting and audit	3	0	0	3	944 155
6 Large exposures	1	0	0	1	295 982
7 Credit risk	6	1	0	7	1 875 685
8 Market risk	5	0	0	5	1 401 138
9 Operational risk and investment firms	2	0	0	2	797 663
10 Supervisory Review	5	0	1	6	1 577 573
11 Internal governance and remuneration	2	0	0	2	571 663
12 Recovery and resolution	4	0	1	5	1 275 881
13 Reporting	5	1	0	6	1 699 193
14 Transparency	1	0	0	1	276 492
15 Loans Management and valuation	2	0	0	2	552 983
16 Market access, authorisation and equivalence	3	0	0	3	829 475
17 Banking Markets, securitisation, covered bonds and sustainable finance	4	1	2	7	1 606 491
18 Innovation and FinTech	5	0	0	5	1 588 535
19 Consumer and depositor protection	3	0	2	5	1 224 021
20 Payment services	2	0	2	4	877 529
21 Anti-money laundering and combating the financing of terrorism	5	2	0	7	2 507 145
22 Risk Analysis	4	0	2	6	1 530 512
23 Stress Testing	4	1	2	7	1 628 567
24 Data analysis and infrastructure	1	3	0	4	1 723 422
25 Statistical tools	2	4	0	6	1 367 280
26 Ad-hoc data collections	1	3	0	4	1 117 733
27 Management of notification process	0	2	0	2	418 187
28 Economic analysis and impact assessment	8	1	0	9	2 432 065
29 Preparing for potential risks around the withdrawal of the UK from the EU	1	0	0	1	276 492
30 Policy Coordination and Communication	2	7	2	11	2 332 311
31 Q&As	5	0	2	7	1 725 401
32 Training for competent authorities	0	3	0	3	952 507
33 Legal Services	9	1	3	13	3 220 184
34 Finance, Procurement and Accounting	7	3	0	10	2 379 339
35 Human Resources	4	3	0	7	1 511 623
36 Information Technology	13	2	0	15	4 923 626
37 Corporate Support	3	3	0	6	1 207 298
Management and support	21	11	0	32	
<b>Total annual 2020 Work Programme (incl. ESAs review)</b>	<b>149</b>	<b>52</b>	<b>19</b>	<b>220</b>	<b>50 381 822</b>

## ANNEX I: KEY PERFORMANCE INDICATORS (KPIs)

The table below summarises for each strategic area the KPIs which will be used for 2020.

Indicator	Short Description	Target in 2020	Type
Number of Technical Standards, Guidelines delivered and Recommendations published	Quantity of Technical Standards, Guidelines delivered and Recommendations published	50	Output
Number of Reports, Opinions delivered and Warnings issued.	Quantity of Reports, Opinions delivered and Warnings issued. For Warnings a target cannot be set	37	Output
Percentage of the Work Programme mandated tasks delivered on time	Timeliness of the mandated Technical Standards, Guidelines and Opinions delivered	80%	Output
Composite indicator of supervisory and resolution convergence	The indicator will be computed as weighted average of outcome of direct thematic assessments (where applicable), peer reviews (e.g. heat map) and successful mediation cases - weights to be calibrated	Above 70%	Impact
Percentage of completed yearly assessments of colleges for the purpose of the annual EBA report on supervisory colleges	The EBA provides an annual assessment on the functioning of colleges and their legal deliverables in its report on supervisory colleges. This indicator measures the completeness of this annual assessment for the closely monitored colleges	100%	Outcome/ Results
Feedback on training from seminar participants	Measures the satisfaction of the participants in regards to the quality of the trainings and the seminars organized by the EBA.	"Very good" and "good" rates exceed 85%	Outcome/ Results
Data processing	"Timely delivery of "new" Risk Indicators to the ESRB – Timely means first submission to the ESRB 2 days after the remittance date from the CAs to the EBA (up to 3 days delay on the submission = "Good", between 4 to 10 days = "Medium", More than 10 days = "Bad")	Up to 3 days delay on the submission	Outcome/ Results
Assessment of risks	Number of risk reports, dashboards and thematic studies	10	Output
Transparency and data dissemination	Bank by bank disclosure through ad hoc transparency exercises and regular publications	Annual publication of transparency data on the EU banking sector	Output
Budget Execution	Measures the level of commitments. a) execution on commitments on the current year budget b) execution on commitments carried forward from previous year's budget	Above 95%	Input
Number of critical and important audit recommendations received	Shows the number of external audit critical and very important recommendations received	Target by the end of the year below "3"	Output
Establishment Plan achieved (%)	Measures the fulfilment of the establishment plan	100%	Outcome/ Results
Achievements of target stated in the Service Level	Measures the level of the achieved SLA targets of Service Level Agreements (SLAs) applications	98%	Output

Agreements (SLAs) of the EBA applications

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Number of visits to the EBA Website	Volume of individual visits at the EBA website (i.e. traffic on the EBA website following major data releases, mandated deliverables etc.)	#	Impact
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## ANNEX II: PROCUREMENT PLAN 2020

Procurement procedures to be launched by the EBA in the 2020 calendar year and ongoing procedures launched in 2019, with estimated value > EUR 15 000.

Unit	Title of procedure	Service/ supply	Contract start date	Estimated value (EUR)	Contract type	Procedure
Corporate support	Eco-Management and Audit Scheme (EMAS) consultancy	Service	Jan-20	< 60 000	Specific contract (1 year)	Negotiated
HR	Language training	Service	Jan-20	642 000	Framework (4 years)	Open
Corporate support	Venue for financial education event	Service	Feb-20	< 60 000	Direct	Negotiated
Business	Subscription to various financial databases	Service	Feb-20	> 139 000	Framework (4 years)	Open or Exceptional negotiated
HR	Medical services	Service	Mar-20	300 000	Framework (4 years)	Exceptional negotiated
IT	Mobile phone services	Service	Mar-20	350 000	Framework (4 years)	Open
Corporate support	Maintenance of building systems and services	Service	Apr-20	> 139 000	Framework (4 years)	Open
Legal	Legal services	Service	May-20	< 60 000	Direct	Negotiated
Finance	External audit services	Service	Jun-20	< 60 000	Direct (2 years)	Reopening of competition
Corporate support	Indoor plants and flowers	Service	Sept-20	< 60 000	Framework (4 years)	Negotiated
Corporate support	Dilapidations	Service	Oct-20	TBD	Direct	Open
Communications	Proof-reading and editing	Service	Nov-20	250 000	Framework (4 years)	Open
Corporate support	Waste management	Service	Nov-20	< 139 000	Framework (4 years)	Negotiated
Business	Mystery shopper	Service	Jan-21	700 000	Framework (4 years)	Open
Corporate support	Electricity supply	Supply	May-21	> 139 000	Direct (4 years)	Open or Exceptional negotiated



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