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**EBA**

EUROPEAN  
BANKING  
AUTHORITY

Public hearing – 03/02/2022

Supervisory Benchmarking (SVB) |  
Consultation Paper – ITS 2023

# Public hearing on the CP on the BM ITS 2023

## Basics



### ❑ Mandated by **article 78** of the **CRD**:

- ❑ Competent Authorities (CA) to conduct an annual assessment of the quality of internal approaches
- ❑ EBA to produce a report to assist competent authorities in this assessment

### ❑ Main objectives:

- ❑ Supervisory assessment of the quality of internal approaches
- ❑ Explain and monitor RWA variability over time and the resulting implications for prudential ratios
- ❑ Provide the banks with valuable information on their risk assessment compared to other banks assessment on comparable portfolios
- ❑ Provide information into the regulatory process

# Public hearing on the CP on the BM ITS 2023

## Overview



### ☐ Credit Risk

- ☐ No changes in portfolios or metrics to be reported.
- ☐ Clarifications are proposed for the reporting of default rates where the underlying definition of default has changed.
- ☐ Potential future review of the data collection related to loss-rates is discussed. EBA seeks input on the complexity as well as the costs and benefits of a change in the definition of loss-rate in the context of the CR BM data collection towards a metric based on the economic loss.

### ☐ IFRS 9:

- ☐ No changes in portfolios or metrics to be reported.
- ☐ Potential future review could include IFRS9 data collection as well for HDP portfolios.

### ☐ Market Risk

- ☐ Inclusion of new instruments and portfolios.

## MARKET RISK

# Public hearing on the CP on the BM ITS 2023

## Market Risk: Update of instruments/portfolios



- ❑ Substantial change: added new instruments for every asset classes.
  
- ❑ Non-substantial change: references numbers of the instruments/portfolios for every asset classes.
  
- ❑ In Annex 6, in the section “C 108.00 - Profit & Loss Time Series” of Annex VI, in the second table, in the first row of the fourth column (Instructions), the **date ‘28 January 2022’** is replaced by the **more general provision ‘the RM (and final SBM) final reference date, Annex 5, Section 1 letter (b)(v) of this Implementing Regulation’**.

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## Market Risk: Extension of MR data collection: new instruments (1/3)

Instruments - Assets classes						
	EQ			IR		
ITS 2022	1 - 18			19 - 38		
ITS 2023	101 - 118	119 - 124*		201 - 220	221 - 224*	
	Fx			Cmd		
ITS 2022	39 - 47			48 - 51		
ITS 2023	301 - 309	310 - 311*		401 - 404	405*	
	CS			CTP		
ITS 2022	52 - 79			80		81
ITS 2023	501 - 528	529 - 534*		-	601 - 610*	611

\*added instruments (Industry input)

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## Market Risk: Extension of MR data collection: new instruments (2/3)

### Equity instruments:

- Instrument 119 - Long Call on Euro Stoxx 50; Instrument 120 - Long Call on Euro Stoxx 600; Instrument 121 - Long Call on VIX; Instrument 122 - Long Capped Index Variance Swap; Instrument 123 - Long Total Return Swap and Instrument 124 - Short position in EU equity.

### Interest Rate instruments:

- Instrument 221 – 10 YS IR Swap on ESTER; Instrument 222 – Inflation link bond; Instrument 223 –5-year Zero Coupon Inflation swap; Instrument 224 – Two-year EUR swaption (OTM) on 5-year interest rate swap.

### FX instruments:

- Instrument 310 - 6-month EUR/DKK forward contract; and Instrument 311 - 6-month EUR/BRL Non deliverable forward contract.

### Commodities instruments:

- Instrument 405 – Long Call on gold.

### CS instruments:

- Instrument 529 – Long CDS on iTraxx Europe; Instrument 530 – Short Put on iTraxx Europe; Instruments 531 - 534 – Long positions on callable bonds with different maturities.

### CTP instruments:

- Instrument 601 - 610 – A series of positions on iTraxx Europe and CDS on iTraxx Europe.

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## Market Risk: Extension of MR data collection: new portfolios



Portfolios - Assets classes							
	EQ				IR		
ITS 2022	1 - 10				11 - 27		
ITS 2023	1001 - 1010	1011 - 1013*	1014 - 1018**		2001 - 2017	2018 - 2019*	2020 - 2024**
	Fx				Cmd		
ITS 2022	28 - 32				33 - 35		
ITS 2023	3001 - 3005	3006 - 3007**			4001 - 4003	4004**	
	CS				CTP		
ITS 2022	36 - 53		37 - 59		54		55 - 56
ITS 2023	5001 - 5018	5019*	5020 - 5022	5023 - 5027**	-	6001 - 6005**	6006 - 6007

\*added portfolios (EBA 2014 CP input)

\*\*added portfolios (Industry input)



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