

Regulatory Blog

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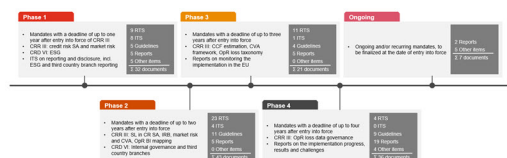
EBA Roadmap to implement the EU Banking Package

We take a deeper look into the consultation papers and discuss our key take-aways in our latest Risk & Regulation channel episode:

On December 14th, the European Banking Authority (EBA) published its [roadmap on the implementation of the EU Banking Package](#), consisting of CRR III and CRD VI and implementing the final Basel IV rules in the European Union. It covers an impressive work package, including 140 EBA mandates to publish technical standards, guidelines and reports, so we can look forward to some reading material for the next months and years. As an early Christmas present, two consultation processes that are very crucial for the timely implementation of the new CRR III rules were also published on the same day: the [technical standards on supervisory reporting](#) and on [Pillar 3 disclosures](#). We take a deeper look into the consultation papers and discuss our key take-aways in our latest Risk & Regulation channel episode:



The publication follows the agreement reached at the level of the EU on a final draft for the Banking Package, to be voted on by the EU Parliament probably early in Q2 of 2024 and to enter into force on the 1st of January 2025. The EBA's Roadmap provides a systematic overview of the mandates contained in the Banking Package to develop additional technical standards, guidelines, or other documents. The roadmap is clustered into four phases (as well as continuous work), taking into account the timing of the mandates: while phase 1 covers elements that need to be in place as the CRR III enters into force, phase 4 contains e.g., reports on the impact of the revised rules which can (and must) be published at a later point in time:



One of the most important elements of phase 1 are the two implementing technical standards on reporting and disclosure. However, they are just the first step of a two-step approach to implementation: this first set of amendments is only related to the reporting and disclosure of the new Basel IV rules (e.g. output floor, new CR SA, new CVA approaches, etc.). A second set of amendments with additional EU specifics is still to follow (especially related to ESG reporting and disclosures), most probably in Q4 2024. Also, the reporting requirements for the new operational risk approach have not yet been considered in this first consultation as it is strongly related to the outstanding specification of the business indicator components. Hence, the published drafts are only the very first step; more is yet to come.

At a first glance, this first set of amendments does not entail too many surprises. We see many additional reporting and disclosure requirements to capture the Basel IV changes, e.g.

- + Effects of the output floor in various dimensions and breakdowns
- + New CR SA and IRB exposure classes and sub-categories
- + New approaches to calculate the CVA risk capital
- + Additional templates on the composition of the Trading Book and the Banking Book (including reclassifications)

EBA commits to fully align the quantitative Pillar 3 disclosure requirements with the supervisory reporting data. In this regard, EBA published an extended mapping table and proposed further adjustments to align the two sides. At the same time, EBA published a discussion paper on the envisaged Pillar 3 data hub and its possible practical implications. This initiative aims for centralising institutions' prudential disclosures and making prudential information readily available through a single electronic access point on the EBA website.

The application date of the new technical standards will be 1 Jan 2025 and the first reference date for reporting and disclosure will be 31 March 2025, in line with the expected application date of the CRR III. EBA plans to submit the final draft standards to the EU COM at the beginning of the Q3 2024. The required technology components (i.e. EBA DPM, XBRL taxonomy and validation rules) will be developed based on the final draft standards and thus will probably be published not earlier than Q4 2024.

Overall, the EBA publications provide much needed transparency in the colossal task of producing over 140 documents over the next few years. Also, the early publication of the draft ITS on reporting and disclosure are an important input into all the implementation projects about to start. Banks must not be fooled, even though the additional requirements cover „only“ the revised standards for calculating capital requirements (with more to come later), they present a massive workload to be implemented within a quite limited amount of time. If you are interested in learning more about the details of both consultations, please reach out to us!

Get ongoing updates on the topic via regulatory horizon scanning in our research application, PwC Plus. Read more about the opportunities and offerings here.

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Contact



Martin Neisen

Frankfurt am Main

martin.neisen@pwc.com



Christoph Himmelmann

Frankfurt am Main

christoph.himmelmann@pwc.com