

Regulatory Blog

By PwC Deutschland | 03 July 2024

EBA releases the first final step of the Pillar 3 Disclosure Framework under CRR 3

The new disclosure requirements include detailed mappings to reporting requirements for the output floor, credit risk, market risk, CVA, operational Risk, and newly added crypto assets.

Following the publication of the consultation paper on 14 December 2023, the EBA published the first of two Final Draft ITS ([EBA/ITS/2024/05](#)) on 21 June 2024 to implement the Pillar 3 Requirements under CRR 3.

The new disclosure requirements include detailed mappings to reporting requirements for the output floor, credit risk, market risk, CVA, operational Risk, and newly added crypto assets. In particular, there is a new disclosure requirement in the ITS and some minor changes to the disclosure templates compared to the consultation paper ([EBA/CP/2023/38](#)). For additional insights, check out our blog on the [EBA Roadmap to implement the EU Banking Package](#), where you can also find the Risk & Regulation channel episode with key takeaways for the consultation paper. The publication in the Official Journal of the final [CRR 3 \(Regulation 2024/1623\)](#) and the Final Draft ITS on Pillar 3 disclosure also makes it clear that the new templates and revised templates will already apply on the first possible disclosure date for the CRR 3, the 31 March 2025, and that institutions will have to take a closer look at the new requirements.

Below you will find the most relevant amendments to the Final Draft ITS compared to the consultation paper:

- **Crypto Assets:** One major update in the Final Draft ITS is the advancement of disclosure requirements for crypto assets from phase 2 to phase 1. A new disclosure template has been introduced for standardising regulatory information on the calculation of own funds requirements for types of crypto assets referred to in Article 501d (2) of CRR 3. The comprehensive new disclosure requirements under Article 451b of CRR 3 will be implemented once the corresponding new regulatory framework is adopted.
- **Output Floor:** One significant change is the deletion of the requirement to disclose "fully loaded output floor capital ratios" as proposed in **EU KM1**, without applying the transitional provisions of Article 465 of CRR 3. Institutions are no longer required to disclose the fully phased-in ratio, only the unfloored TREA. As there is no specific requirement in CRR3 to disclose fully loaded capital ratios and this disclosure is not included in the relevant Basel Pillar III standards, the EBA has assessed the feedback received against the legal basis and deleted this requirement in the final draft of the ITS. However, the Final Draft ITS shows in the templates **EU CMS1** and **EU CMS2** the credit risk RWA before and after application of the transitional provisions from Art. 465. With these changes, the fully phased-in capital ratio is no longer presented as clearly as before in the EU KM1 template, but can be calculated by the reader using the information provided in the EU CMS1 template (Comparison of modelled and standardised risk weighted exposure amount at risk level) and other disclosure tables. Additionally, the EU CMS1 template displays the RWA in the standardised approach both before and after the application of the transitional provision. The disclosure template **EU CC1** remains unchanged in the Final Draft ITS, meaning the fully phased-in classification does not need to be shown here either.
- **Equity Exposures:** Furthermore, the template **EU CR 10.5** for equity exposures will remain flexible to account for the new disclosure requirements of Article 438 (e) of CRR 3. This template will be reviewed in step 2 to consider these new provisions.

- **Market Risk:** New qualitative disclosures and tables are published with the Final Draft ITS. Institutions must continue using current market risk disclosure tables until the new FRTB framework comes into force by the end of 2025. The reporting requirements for the FRTB were not part of the final ITS, so there is still some uncertainty regarding the reporting requirements. However, due to the harmonisation of reporting and disclosure, it could be assumed that the new reporting requirements will also shift.
- **Operational Risk:** The Final Draft ITS also implements the disclosure requirements for operational risk, which were addressed in a separate draft. The framework will be revised following the completion of step 2 of supervisory reporting.
- **Minor Changes:** Other minor changes, such as those related to the disclosure of the **leverage ratio**, remain unaffected compared to the consultation paper.

The consultation paper covering disclosure requirements not directly linked to Basel 3 is still expected by the end of 2024. This will include step 2 requirements for ESG risks and exposures to shadow banks, necessitating significant implementation efforts, particularly for smaller institutions.

Do you have questions about implementing the new disclosure requirements of the CRR 3? Contact us! We leverage our in-depth expertise to support you through the implementation process. Please do not hesitate to reach out!

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Keywords

Bankenaufsicht (Europäische und Internationale Organisationen), Capital Requirements Regulation (CRR III), Credit Valuation Adjustment (CVA), Meldewesen - Banken, Operational Risk, Risk Management Banking, crypto assets / virtual assets, leverage ratio

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