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# List of abbreviations

ACP	EBA Advisory Committee on Proportionality	ICT	Information and communication technology
AML/CFT	Anti-Money Laundering/Countering the Financing of Terrorism	IFD/R	Investment Firm Directive/Regulation
AMLA	Anti-Money Laundering Authority	IFRS	International Financial Reporting Standard
Al	Artificial intelligence	IMA	Internal models approach
ART	Asset-referenced token	IMF	International Monetary Fund
AST	Assistant	IRB	Internal ratings-based
AT1	Additional Tier 1	IRRBB	Interest rate risk in the banking book
BCBS	Basel Committee on Banking Supervision	IT	Information technology
BoS	Board of Supervisors	ITS	Implementing technical standards
BRRD	Banking Recovery and Resolution Directive	JC	Joint Committee
CA	Competent authority	KPI	Key performance indicator
CFT	combating the financing of terrorism	LCR	Liquidity coverage ratio
CRD	Capital Requirements Directive	LFS	Legislative financial statement
CRR	Capital Requirements Regulation	MFF	Multi-annual financial framework
DGS(D)	Deposit guarantee scheme (directive)	MiCA	Regulation on Markets in Crypto-assets
DORA	Digital Operational Resilience Act	ML/TF	Money laundering/terrorist financing
EBA	European Banking Authority	MREL	Minimum requirement for own funds and eligible liabilities
EC	European Commission	NCA	National competent authority
ECA	European Court of Auditors	NPL	Non-performing loan
ECB	European Central Bank	PSD2	Revised Payment Services Directive
EFIF	European Forum of Innovation Facilitators	Q&A	Questions and answers
EFTA	European Free Trade Association	RTS	Regulatory technical standards
EMAS	Eco Management and Audit Scheme	SA	Standardised approach
EIOPA	European Insurance and Occupational Pensions Authority	SDFA	Supervisory Digital Finance Academy
ESA	European supervisory authority	SNE	Seconded national expert
ESMA	European Securities and Markets Authority	SREP	Supervisory review and evaluation proces
ESG	Environmental, social and governance	SPD	Single Programming Document
ESRB	European Systemic Risk Board	STS	Simple, transparent, and standardised
EU	European Union	TA	Temporary agent
EUCLID	European centralised infrastructure for supervisory data	ТВС	To be confirmed
FinTech	Financial technology	TLAC	Total loss-absorbing capacity
FRTB	Fundamental review of the trading book	VAT	Value-added tax
FTE	Full-time equivalent		
GL	Guidelines		
HR			



# **Executive summary**

The EBA's Work Programme for 2023 takes into account the existing and expected mandates from the co-legislators and the tasks arising from EBA's founding regulation, including its assessment of the current situation of the European banking sector.

Against that background, specific activities and tasks were identified along the lines of the vertical and horizontal strategic priorities approved by the EBA's Board of Supervisors in January 2022 for the years 2023 to 2025 in the Authority's Single Programming Document (SPD). These priorities will guide the intensity and the organisation of the work necessary to deliver on its various mandates and tasks. These are grouped into 19 main activities, with 10 related to policy and convergence, 5 related to risk assessment and data, and 4 related to governance, coordination and support.

The work programme has benefitted from recommendations received from the EBA's Advisory Committee on Proportionality (ACP) in July 2022. This input will be addressed during the execution phase of the work programme and their implementation will be communicated in the EBA annual report for year 2023.

Compared to the 2022 work programme, adjustments have been introduced to reflect new mandates expected in 2023, especially the political agreements reached on the DORA and MiCA texts, and, in the absence of dedicated resources foreseen to work on the preparations for these new legislations, reprioritisations were envisaged in other areas.

Further efforts have also been made to reduce and streamline the activities in order to clarify how they contribute to the EBA's priorities, thus allowing for a better organisation and coordination of the EBA's existing and new mandates, and ultimately bringing the activities closer in line with the reorganisation introduced in 2022.

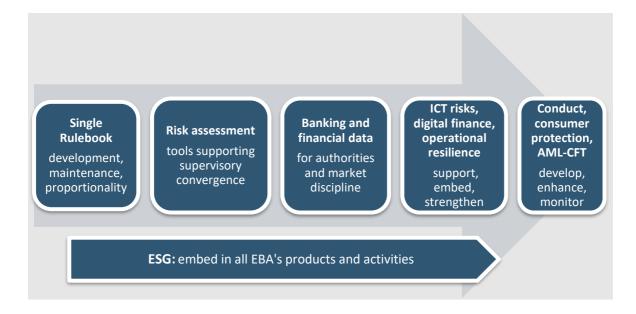
Following an overview of the multi-annual priorities the EBA's 2023 work programme focuses in the first chapter on the priorities for the year. In the second chapter, details are given on the activities that the EBA will carry out in 2023, with for each of the 19 activities a short description of the work and the priorities they contribute to, as well as an overview of the main outputs to be delivered and by when. Tasks that may be reprioritised as a result of the aforementioned resource limitations have been identified. Two annexes, one with an organisation chart, the second with the resource allocation per activity, complete the EBAs 2023 work programme.



# 1. EBA 2023 priorities

# 1.1. The EBA's 2023-2025 strategic priorities

1. The EBA defined five 'vertical' strategic priorities and one 'horizontal' strategic priorities in its Single Programming Document for 2023-2025. The vertical priorities identified for this period aim to ensure i) the development, maintenance and proportionality of the Single Rulebook, ii) the assessment of risks in the financial sector, using tools that support supervisory convergence, iii) the strengthening of data on the sector and its actors for authorities and market discipline, iv) the addressing of ICT risks and digital finance challenges while operational resilience is strengthened, v) the development and enhancement of good conduct, consumer protection and AML-CFT practices, and the monitoring of related risks. At the same time, the EBA strives to embed ESG-related considerations in all its products and activities.





# 1.2. Priorities for the 2023 Annual Work programme - overview

2. The vertical' strategic priorities and one 'horizontal' strategic priorities of the Single Programming Document for 2023-2025 have been transposed for the 2023 Annual Work programme as set out hereafter. The recommendations of the Advisory Committee on Proportionality (ACP) have been reflected in the respective priorities and in the activities that contribute to achieving them.

# **VP1 2023** Finalise the

Basel implementat on in the EU

### **VP2 2023**

Run an enhanced EUwide stress test

### **VP3 2023**

Data at the service of stakeholders

#### **VP4 2023**

Digital finance and delivery of MiCA/DORA mandates

### **VP5 2023**

Enhancing capacity to fight ML/FT in the EU

HP1 2023 - ESG: Execution of the ESG roadmap

Five vertical priorities

# (VP) in 2023

### VP1 2023 – Finalise the Basel implementation in the EU

3. The EBA will prioritise the timely and faithful implementation of the outstanding Basel III reforms in the EU to ensure banks can withstand future crises and to preserve a proper functioning of the European and global financial systems. This reform will strengthen the regulatory framework by introducing more risk-sensitive approaches for determining capital requirements and also address shortcomings in the existing framework, including through an 'output floor' which will serve as a backstop for the use of internal models.

#### **KPI**

Indicator	Weight	Short description	Target
Number of technical standards, guidelines, reports delivered	100%	Number of technical standards, guidelines and reports delivered on time stemming from implementation of the CRD6 / CRR3 / BRRD3	80%

### VP2 2023 - Run an enhanced EU-wide stress test

4. The EBA will run an EU-wide stress test in 2023. This will build on the experience and lessons learned by the EBA and its members from the previous bi-annual exercises carried out since 2011. The sample for the 2023 EU-wide stress test has been enlarged compared to previous



exercises. The EBA methodology will continue to rely mainly on a constrained bottom-up approach. However, following the EBA decision to move to a hybrid framework on a step-by-step approach, projections for NFCI will be provided to banks based on supervisory top-down models. It will also be assessed how to ensure that the stress appropriately reflects the new highly uncertain macroeconomic and geopolitical situation.

### KPI

Indicator	Weight	Short description	Target
Validation of ECB Net Fee and Commission Income (NFCI) and Net Interest Income (NII) models	25%	NFCI and NII to be validated by EBA and NCAs for possible use as top-down in 2023 stress test	100%
Publication of Stress Test results	75%	Covers running actual stress test, methodological updates and publication of results	100%

### VP3 2023 – Data at the service of stakeholders

5. The EBA will continue to implement its Data Strategy aiming to improve the way regulatory data is acquired, compiled, used, and disseminated to relevant stakeholders, and strengthen its analytical capabilities. The priority for 2023 will be to enable the EBA to share data and insights with internal stakeholders and the whole data ecosystem. For this purpose, the EBA will leverage on its EUCLID platform to enable data flows between diverse endpoints and provide access to high-quality, curated data and insights to internal and external stakeholders by employing more advanced technical capabilities. Key outcome will be the ingestion and dissemination of critical data assets, insights and analytics policies, with priority given to the implementation of the Pillar 3 data hub requested by the level 1 legislation. In 2023 the EBA will also finalise improved data point model and methodology implementing the DPM ReFit to ensure the EBA data dictionary is fit for future challenges of reporting and digital processing. The EBA will also complete the first phase of Digital Regulatory Reporting (DRR) tools to support the continuous reporting framework development process, including the DPM releases, the full validation rules lifecycle, the support of data calculations and the creation of XBRL taxonomy packages. Both the DPM ReFit and DRR tools are EBA-EIOPA joint projects. In the context of its work on Reporting and Transparency the EBA will duly consider the proposals that the ACP deems critical from the perspective of proportionality and with a view to a reduction of the reporting burden.

### **KPI**

	Indi	cator	Weight	Short description	Target
Launch portal	of	dissemination	40%	Project to develop infrastructure for dissemination of data and analysis also in light of preparing for the Pillar 3 data hub	100%
Data Poi	nt Mo	del ReFit	30%	Implementation of new improved Data Point Model	100%
Digital F (DRR) to	0	tory Reporting	30%	Completion of first phase of new DRR tools to support efficient creation and maintenance of the data dictionary related with reporting requirements (data modelling, validations and transformations, the data exchange formats generation)	100%



### VP4 2023 – Digital finance and the delivery of MiCA/DORA mandates

- 6. Both MiCA and DORA are expected to enter into force in 2023, while the date of application is anticipated for 1 January 2025 (albeit these dates are tentative and, in the case of MiCA, depend on the outcome of the legislative process). The EBA, together with the other ESAs (where necessary), will need to develop the vast policy work from MiCA and DORA in advance of the application date. The implementation of the policy mandates on these files will deepen the digital risk management dimension of the Single Rulebook and contribute to a consistent framework for the regulation and supervision of crypto-asset activities.
- 7. The policy mandates in DORA will enhance and streamline the financial entities' conduct of ICT risk management, establish a thorough testing of ICT systems and increase supervisors' awareness of cyber risks and ICT-related incidents faced by financial entities. Finally, the ESAs will need to work on establishing a complete oversight framework to oversee risks stemming from financial entities' dependency on ICT third-party service providers. The oversight framework under the ESAs' responsibility covers the EU-wide critical ICT third-party service providers providing ICT services to EU financial entities.
- 8. The policy mandates under MiCA will expand on the common single rulebook for crypto-asset issuance and service provision in the EU established by MiCA, for example by further specifying capital requirements for issuers. Additionally, as required in connection with any supervision tasks assigned to the EBA, the EBA will need to develop supervisory policies and procedures, as well as templates for the exchange of information between all relevant parties (including supervised issuers, national competent authorities, the ECB and other relevant central banks).
- 9. In 2023, the EBA together with ESMA and EIOPA will be partnering with the European Commission to the activities of EU Supervisory Digital Finance Academy. The Academy will aim to strengthen supervisory capacity in innovative digital finance, thus supporting the objectives of the EU Digital Finance Strategy. The Academy will feature a comprehensive training curriculum on digital finance and a series of workshops on practical issues stemming from the regulation and supervision of innovations used by financial entities. The EBA, together with ESMA and EIOPA, will guide and steer development of the Academy's training curriculum to ensure it is tailored to the competent authorities' needs.
- 10. The EBA will continue to monitor financial innovation and identify areas where further regulatory or supervisory response may be needed. Crypto-assets, decentralised finance and the application of AI, as well as digital platforms, supervisory and regulatory technologies (SupTech and RegTech) are examples of innovations that are currently on the EBA's innovation monitoring radar. By keeping a close eye on recent developments via targeted industry and competent authorities' surveys, information exchanged with industry, competent authorities and other EU and international organisations helps to identify emerging risks and provide guidance on areas where further work by the EBA may be needed.



### **KPIs**

Indicator	Weight	Short description	Target
Percentage of mandates under MiCA to be submitted to the EC in 2024 and to be consulted on in 2023	35%	Under current assumption, EBA will be mandated to deliver to the EC approx 18. TS and GLs in 2024	100%
Percentage of mandates under DORA published and submitted to the EC in 2023	35%	Under current assumption, DORA will confer 13 TS and GLs joint mandates on the ESAs, of which 5 are to be delivered in 2023	100%
Operational readiness to take up new tasks in relation to DORA and MiCA	10 %	The EBA may be given new tasks as part of the DORA and MiCA proposals and should be ready to take up tasks (supervision/oversight and etc.) effectively and efficiently	EBA is implementing operational readiness plan
Number of thematic publications, incl. opinions or reports provided to the EC and NCAs to build knowledge, promote convergence, and identify regulatory gaps or obstacles relating to financial innovation	10%	The EBA has a mandate to monitor innovations and regularly issues recommendations to NCAs and/or the EC	Up to 2 thematic publications (opinions or reports)
Percentage of reviewed and quality verified training curriculum of the Digital Finance Academy's to ensure it is tailored to the competent authorities' needs	10%	The EBA, together with ESMA and EIOPA, will guide and steer development of the Academy's training curriculum to ensure it is tailored to the competent authorities' needs	100 %

### VP5 2023 – Enhancing capacity to fight ML/FT in the EU

- 11. In 2023, the EBA will continue to lead, coordinate, and monitor the EU financial sector's fight against ML/TF in line with its legal mandate. This will include supporting the implementation of robust approaches to AML/CFT supervision across the EU; contributing to the implementation of a holistic approach to tackling ML/TF, sanctions and other financial crimes; and providing sound, technical advice to stakeholders to promote the effective design and implementation of the EU's new institutional AML/CFT framework.
- 12. In 2023, the EBA will prepare to hand over those aspects of its work that relate exclusively to AML/CFT compliance and supervision to the new AML/CFT Authority (AMLA). The transfer of powers is currently expected to take place in 2024.

### **KPIs**

Indicator	Weight	Short description	Target
Capacity to identify, analyse and disseminate information on ML/TF risks	25%	EBA will identify, assess and disseminate information about ML/TF risks based on, inter alia, information from the European reporting System for material CFT/AML weaknesses (EuReCA). EBA will also publish the 4 <sup>th</sup> Opinion on ML/TF risk under Art 6(5) of the AMLD	Analysis and dissemination of information in EuReCA, ad hoc and upon reasoned request 1 opinion
Contributing to the implementation of a holistic approach to tackling financial crime	25%	EBA will deliver mandates under the 2022 Fund Transfers Regulation. It will also continue its work on de-risking and access to the financial system	Up to 4 guidelines or amendments to existing guidelines
Effective AML/CFT supervision – number of implementation and thematic reviews	30%	EBA will assess competent authorities' approaches to AML/CFT supervision, with bilateral feedback and action	1 thematic review; up to 4 implementation reviews



Indicator	Weight	Short description	Target
		points. It will also monitor AML/CFT colleges	
Preparing for the smooth transfer of powers to AMLA	20%	EBA will prepare to hand over those aspects of its work that relate exclusively to AML/CFT and that will fall within AMLA's remit	Transition plan

### Horizontal priority (HP) in 2023

In 2023, the EBA will pay particular attention to the following cross-cutting area:

### HP1 2023 – ESG: Execution of the ESG roadmap

- 13. The Authority will continue to deliver on mandates included in the CRD, CRR, IFD, IFR and those stemming from the Commission's action plan and renewed Sustainable Finance Strategy, as well as pursue its contributions to the European and international work (particularly via the Platform on sustainable finance, Basel Committee, Network for Greening the Financial System, ESRB).
- 14. The EBA will continue building its ESG risk monitoring framework to be able to efficiently monitor ESG risks in the banking sector and development of the green financial market. This will include gradual increased use of external ESG risk relevant data with a focus on climate change-related risks.
- 15. The EBA's work in this area will also be guided by the recommendations of the ACP in four areas: i) harmonised/aligned definitions, ii) Pillar 3 disclosure requirements, iii) reporting requirements, iv) Pillar 2.

### **KPIs**

Indicator	Weight	Short description	Target
Contribution to the Renewed Sustainable Finance Strategy	100%	Number of ESG related technical standards, GL, reports and responses to CfA stemming from the mandates in the CRD, CRR, IFD, IFR and from the renewed Sustainable Finance Strategy of the EC delivered on time	80%



# 2. EBA activities in 2023

- 16. For 2022 the EBA has defined activities and deliverables for the year and allocated its resources in order to accomplish the aforementioned objectives. To staff, the work programme serves to link the day-to-day work and processes to the strategic areas. To EBA's stakeholders, it provides transparency and accountability.
- 17. In the present work programme the EBA presents under the streamlined approach adopted in 2021, which is aimed to better deliver its objectives and to foster synergies across teams.

# Policy and convergence

### Activity 1 – Capital, loss absorbency, and accounting

# Contributing to priority



Robust quality of capital for the EU institutions and consistent implementation of the regulatory provisions stemming from the CRR and the regulatory technical standards developed by the EBA are the main objectives. The EBA will continue monitoring Common Equity Tier 1 (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 (AT1, Tier 2 and TLAC/MREL instruments in particular).

### Description

Total loss-absorbing capacity (TLAC)/MREL is a requirement 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 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 subsidiary levels by the relevant resolution authorities, in line with both the BRRD 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.

To support high-quality accounting and auditing standards. To monitor and contribute to regulatory developments at EU and international levels in the field of accounting and auditing standard setting. including developing guidelines and recommendations in areas where accounting may impinge on the prudential framework; more generally assess interactions between the accounting and prudential frameworks. Finally, the EBA aims to facilitate the 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.

### Capital and loss absorbency

- Maintain the EBA CET1 list
- Finalise and conclude on the review pre-CRR CET1 instruments

### Main outputs

- Monitor and report– on CET 1 issuances
- Monitor and report– on AT1 issuances and calls
   Maintain Additional Tier 1 (AT1) instruments templates
- Analyse interactions with loss absorbency requirements
- Support Q&A on capital and eligible liabilities instruments



### Activity 1 - Capital, loss absorbency, and accounting

- Monitor capital and TLAC/MREL eligible liabilities issuances, including for ESG purposes
- Monitor and report on TLAC/MREL eligible liabilities issuances +

#### Accounting and audit

- Monitor and promote consistent application of IFRS 9 and work on the interaction with prudential requirements
- Continue work on the modelling aspects of IFRS 9 and their related impact on capital, using a benchmarking exercise, as per the roadmap<sup>1</sup> (extension to high default portfolios in particular)
- Monitor the quantitative impact of the application of IFRS 9 through selected indicators
- Continue working on / monitoring consolidation aspects
- Monitor accounting standards and comment letters to the International Accounting Standards Board, where needed
- Deliver regulatory products and technical advice requested by the Commission

#### Capital and loss absorbency

 Updated monitoring reports (CET1, AT1, TLAC/MREL +) as far as needed, also depending on market developments

#### Accounting and audit

- Preparation of the report to the EU Commission on completeness and appropriateness of provisions on consolidation
- Update RTS on methods of consolidation, where needed
- GLs specifying the activities that are a direct extension of banking, activities ancillary to banking, and similar activities

### Accounting and audit

• Potential follow up report on IFRS 9 implementation

TBC

04

+ Delivery of tasks marked with a + may be subject to review in light of redeployment of resources and reprioritisation that is required in order to address DORA and MiCA mandates. Tasks may be postponed, cancelled or undertaken with

### Activity 2 – Liquidity, leverage, and interest rate risk

# Contributing to priority

less intensive resource input.



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 national options and discretion, using ongoing monitoring of the practical implementation and providing guidance where necessary.

### Description

The leverage ratio allows CAs to assess the risk of excessive leverage in their respective institutions. The EBA is working on regular updates of technical standards on reporting and disclosure of the leverage ratio.

<sup>&</sup>lt;sup>1</sup> https://eba.europa.eu/sites/default/documents/files/documents/10180/2551996/ccbf23ae-4b1a-4af7-bb5e-44d51ae58dfb/Roadmap%20for%20IFRS%209%20deliverables.pdf?retry=1



Ongoing

### Activity 2 - Liquidity, leverage, and interest rate risk

#### Liquidity risk

- · Deliver regulatory products and update liquidity requirements
- Monitor national practices on liquidity and national options and discretion, in particular monitoring the concrete implementation of the liquidity coverage ratio (LCR) rules and definitions
- Continue to report on the monitoring of LCR implementation
- Monitor interdependent assets and liabilities in the net stable funding ratio (NSFR) under Art. 428f of the CRR
- Monitor interdependent inflows and outflows in the LCR under Art. 26 LCR DA
- Monitor notifications related to liquidity and follow-up actions
- Update the list of credit institutions exempted from the 75% inflow cap under Article 33(5) of the LCR Delegated Act
- Support Q&A on liquidity risk

# Main outputs

### Leverage ratio

- Monitor/promote consistent application (incl. notifications and followup actions), update requirements as needed
- Support Q&A on leverage ratio

Interest rate risk in the banking book

- Monitoring of the implementation of the RTS and GLs related to IRRBB
- Support Q&A on IRRBB

Liquidity risk	Q1/Q2
<ul> <li>Report on the monitoring of interdependent assets and liabilities in the NSFR</li> </ul>	(TBC)
Liquidity risk	
<ul> <li>Report on the monitoring of interdependent assets and liabilities in the LCR</li> </ul>	Q2
Liquidity risk	Q2/Q3
Updated report on the LCR implementation monitoring +	(TBC)

<sup>+</sup> Delivery of tasks marked with a + may be subject to review in light of redeployment of resources and reprioritisation that is required in order to address DORA and MiCA mandates. Tasks may be postponed, cancelled or undertaken with less intensive resource input.

### Activity 3 – Credit risk (incl. large exposures, loan origination, NPL, securitisation)

# Contributing to priority



# Description

The EBA's work on credit risk will focus on preparing the development of technical standards, GL and reports regarding the calculation of capital requirements under the SA and the internal ratings-based (IRB) approach for credit risk (excluding the trading book business) under CRD VI/CRR III. In addition, it will continue its monitoring efforts on credit risk related issues, in particular through the EBA benchmarking exercise of internal models and the mapping of ratings from external rating agencies. On large exposures, the EBA will monitor the implementation of the regulatory products developed under the amended CRR II provisions.

The EBA will continue to support strengthened loan origination and NPL management practices by contributing to implementation of the European Commission action plan



### Activity 3 - Credit risk (incl. large exposures, loan origination, NPL, securitisation)

for tackling non-performing loans (NPLs) and supporting the implementation of the directive on credit servicers and credit purchasers.

Regarding securitisation, the new European framework for the simple, transparent and standardised (STS) securitisations regulation, which came into force in January 2019, set out a large number of mandates for the EBA to develop technical standards, GL and reports. The EBA will also do follow-up work related to the new directive on covered bonds. New mandates on securitisation are expected from the EC's legislative and non-legislative initiatives, in particular related to STS synthetic, and in the context of evolving economic and funding conditions.

- Support the implementation of the Basel III credit risk framework in EU
- Deliver Basel III-related and other CRR/CRD mandates<sup>2</sup>

#### Credit risk

- Maintain credit-related lists, including the identification of the eligibility of public-sector enterprises for the credit risk framework, and the mapping of ECAIs
- Monitor and promote the consistent application of credit risk and credit risk modelling, including the implementation of the IRB roadmap

#### Loan origination

 Monitor the implementation of the EBA's loan origination GL NPL

#### Ongoing

- Follow up on the work and mandates in the NPL directive +
- Follow up on the EU action plan for tackling NPLs in Europe

### Securitisation

 Monitor market development and promote the consistent application of frameworks on securitisation and covered bonds

### Main outputs

- Deliver mandates under the Securitisation Regulation
- Implement the Covered Bonds Directive, including possible monitoring reports
- Support Q&A on credit risk, large exposures and securitisation

### Credit risk

• 2022 benchmarking report on IRB models

Q1

### Credit risk

• GL on calculation of K IRB for dilution and credit risk (CP)

### Securitisation

Q2

• GL on the harmonised interpretation and application of the requirements set out in Articles 26b and 26e (STS synthetic)

#### Credit risk

 Preparation of 2023 benchmarking portfolios – update of ITS (including aspects related to IFRS9)

Q4

### Securitisation

• Monitoring report on capital treatment of NPE securitisation

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<sup>+</sup> Delivery of tasks marked with a + may be subject to review in light of redeployment of resources and reprioritisation that is required in order to address DORA and MiCA mandates. Tasks may be postponed, cancelled or undertaken with less intensive resource input.

<sup>&</sup>lt;sup>2</sup> More details to be provided once the negotiations are finalised.



### Activity 4 - Market, investment firms and services, and operational risk

# Contributing to priority



The work on market risk focuses on the development of technical standards, GL and reports regarding the calculation of capital requirements for market risk, credit valuation adjustment and counterparty credit risk (CCR). Market risk can be defined as the risk of losses in on- and off-balance-sheet positions that arise 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.

### Description

Introduction of the new market risk regime, as part of CRR III/ CRD VI, builds on the previous implementation in CRR II and CRD V of the regime as an EU reporting requirement. Consequently, the <u>EBA roadmap on the implementation of the FRTB</u><sup>3</sup> in EU continues to set out the EBA priorities in this area. It is, however, clear that further mandates may be given to the EBA during the legislative process in implementing the Basel standards in EU and the EBA will continue to carefully monitor developments.

The work on investment firms will focus on the finalisation of the remaining mandates stemming from the new regulatory regime for investment firms (IFR/IFD).

In addition, the EBA's work in relation to operational risk focuses on the monitoring of regulatory operational risk requirements and preparatory work for the implementation of the new operational risk framework, the Standardised Measurement Approach, which is part of the final Basel III framework.

- Regular updates to the list of diversified stock indices, including any additional relevant indices and applying the ITS quantitative methodology
- Monitor and promote consistent application of market risk requirements, including the finalisation of phase IV in the EBA roadmap on the implementation of FRTB in EU
- Support the implementation of the Basel III market risk, CVA and CCR framework in the EU

Ongoing

- Delivery of Basel III-related and CRR/CRD mandates as regards FRTB, CVA, CCR and securities financing transactions
- Monitor and promote the consistent application of operational risk and investment firms' requirements

### Main outputs

• Support Q&A on operational risk, investment firms, market risk, market infrastructure and CCR

Market risk

Q1

◆ 2022 benchmarking report on market risk models

#### Market risk

- Prepare the 2023 benchmarking portfolios update of ITS
- Q2

Q4

• Report on SA-CCR

#### Market risk

- RTS on the assessment methodology for the IMA (CP)
- RTS on extraordinary circumstances for being permitted to continue using the IMA (CP)
- RTS on material extensions and changes under the IMA (CP)

<sup>&</sup>lt;sup>3</sup> EBA publishes its roadmap for the new market and counterparty credit risk approaches and launches consultation on technical standards on the IMA under the FRTB along with a data collection on non-modellable risk factors | European Banking Authority (europa.eu)



### Activity 4 - Market, investment firms and services, and operational risk

- RTS on extraordinary circumstances for being permitted to limit the backtesting add-on (CP)
- GL on the meaning of exceptional circumstances for the reclassification of a position (CP)

### Activity 5 – Market access, governance, supervisory review and convergence

# Contributing to priority





In terms of market access, the EBA will monitor the regulatory perimeter and authorisation practices and reports on the establishment of third-country branches and the Intermediate Parent Undertaking (IPU) framework in view of facilitating cross-border cooperation between CAs supervising subsidiaries and branches of third-country groups. Within this context, the EBA will also examine the sectoral acts setting out requirements for the access of third-country financial institutions to the EU market to achieve a comprehensive view of the requirements imposed on various typologies of market players and their interaction.

With regard to the authorisation of credit institutions and qualifying holdings, it will consider how to enhance the existing joint ESAs on qualifying holdings and will also continue monitoring the current framework of prudential waivers.

In the areas of governance and remuneration, Directive 2013/36/EU requires that institutions have robust governance arrangements, including a clear organisational structure; well-defined lines of responsibility; and effective risk management processes, control mechanisms and gender neutral remuneration policies, that includes specific requirements for risk takers (identified staff). Similar requirements apply to investment firms under Directive (EU) 2019/2034. The internal governance should be appropriate for the nature, scale and complexity of the institution or the investment firm. In the area of remuneration, the EBA is required in this context to monitor and benchmark remuneration trends and practices. The EBA is also asked to monitor and benchmark diversity practices at EU level.

### Description

The EBA will start preparing its monitoring of the implementation of the GL for the revised supervisory review and evaluation process (SREP) with consideration, on the one hand to the recommendations made by the ACP in this respect, and on the other to the role of the ICAAP in the determination of the capital add-ons. This will also rely on the EBA's ongoing assessment of supervisory practices through the setting of the European Supervisory Examination Program (ESEP) and the monitoring of its implementation. The EBA will also update the regulatory products governing the functioning of Supervisory Colleges.

The EBA will also do preparatory works for future updates of the SREP GLs to ensure more articulated and proportional consideration of ESG and ICT risks, further clarifications related to IRRBB and CSRBB, possible update of the market risk section in view of FRTB. Where appropriate, efforts towards streamlining of the Guidelines will be made.

#### Market access

#### Main outputs

 Cooperation agreements with third-country authorities on supervision, resolution, conduct and AML/CFT

- Monitor regulatory perimeter and new financial activities across the EU
- Monitoring of current application of prudential waivers



### Activity 5 – Market access, governance, supervisory review and convergence

### Internal governance and remuneration

- Support the Basel and FSB work
- Monitor and promote consistent application of internal governance and remuneration requirements under CRD and IFD (including the application of gender neutral remuneration policies)
- Support Q&A on internal governance and remuneration
- Together with the other European Supervisory Authorities, establishment of a system for exchange of information regarding fit & proper assessments (Article 31a ESAs Regulation)
- Regular Benchmarking Reports (including diversity), remuneration trends, high earners and higher approved ratios +

### SREP and supervisory convergence

- Report on Convergence of Supervisory Practice in 2022 +
- Update of RTS and ITS on Supervisory Colleges

Q2

Internal governance and remuneration

Guidelines on diversity benchmarking under CRD and IFD

#### Internal governance and remuneration

- Report on the application of waivers for remuneration requirements (CRD) +
- Q3

• Report on High earner (annual, CRD and IFD) +

### SREP and supervisory convergence

• 2024 European Supervisory Examination Programme Internal governance and remuneration

Q4

 Report on the application of gender-neutral remuneration policies by institutions (CRD) and Investment Firms (IFD)

# Activity 6 – Recovery and resolution

# Contributing to priority



The Authority will focus on critical elements of the secondary legislation that may be in need of review on the basis of the practical experience gained as well as on completing the needed chapters of the Resolvability Guidelines, and will in this context also take into consideration the recommendations of the ACP on proportionality.

# Description

The EBA will continue to monitor convergence in the implementation of identified topics of the resolution framework through the EREP (European Resolution Examination Program) exercise, developed in parallel to the similar exercise performed for the prudential framework. The EBA will continue to monitor the building up of MREL resources in the European banking sector.

In the context of crisis preparedness, the EBA will continue to monitor evolving practices in relation to recovery planning, focusing in particular on improving the usability of the recovery plans, their content and the determination of the overall recovery capacity. It will maintain its focus on the crisis management continuum and on the quality of

<sup>+</sup> Delivery of tasks marked with a + may be subject to review in the light of the redeployment of resources and reprioritisation that is required in order to address DORA and MiCA mandates. Tasks may be postponed, cancelled or undertaken with less intensive resource input.



# Activity 6 – Recovery and resolution

	cooperation between supervisory and resolution authorities, with due consi proportionality as suggested by the ACP	deration of
	<ul> <li>Report on convergence in the area of resolution</li> <li>GL on resolvability testing</li> <li>GL on Overall Recovery Capacity</li> </ul>	Q2
Main outputs	<ul><li>Review of the RTS on independent valuers</li><li>ITS on Resolution Reporting</li></ul>	Q2 Q3
	<ul> <li>Quantitative report monitoring the build-up of MREL resources in the EU</li> <li>2024 European Resolution Examination Programme</li> </ul>	Q4

# Activity 7 – ESG in supervision and regulation

Contributing to priority	HP1	
	The EBA will continue to deliver on mandates included in the CRD/CRR, IFD/those stemming from the Commission's action plan and Renewed Strategy of finance, as well as pursue its contributions to international work (partic Platform on sustainable finance, Basel Committee, Network for Greening System).	on sustainable ularly via the
Description	The EBA will continue building its ESG risk assessment tools to enable efficiency of ESG risks in the banking sector and development of the green financial mainclude gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual increased use of external ESG risk relevant data with a focusion of the gradual data with a focus of the g	arket. This will
	The EBA will pay particular attention to maintaining the principle of proport delivering these mandates, taking into considerations the recommendations	•
	<ul> <li>Fulfilling the sustainable finance-related mandates received from the Commission and EU regulations/directives (in particular report on prudential treatment of exposures subject to environmental and/or social impacts in Q2)</li> <li>Responses to the Commission's requests to provide reports and advice on sustainable finance-related topics (in particular reports on</li> </ul>	Ongoing
Main outputs	greenwashing and on green retail and mortgage loans in Q2)  • Building up ESG risk assessment and monitoring tools	
	<ul> <li>Contributing to European and international activities in this area (including Platform on Sustainable Finance, BCBS Taskforce on Climate Related Risks, NGFS)</li> </ul>	
	Annual report under Article 18 SFDR	Q3



### Activity 8 – Innovation and Fintech

# Contributing to priority



The EBA will continue to monitor financial innovation and identify areas where further regulatory or supervisory response may be needed in order to promote consistency in regulatory and supervisory expectations.

### Description

The EBA will also continue engaging with industry, competent authorities and other EU and international organisations to identify emerging risks and areas where further work by the EBA may be needed.

The EBA will conduct research and issue thematic publications to build knowledge, promote convergence, and identify regulatory gaps or obstacles relating to financial innovation. To strengthen supervisory capacity in innovative digital finance, the EBA together with ESMA and EIOPA will be partnering with the European Commission to the activities of EU Supervisory Digital Finance Academy.

 Contribute to and foster common regulatory/supervisory approaches in digital finance topics (e.g. Al, supervisory technologies (SupTech), crypto-assets, distributed ledger technology (DLT))) through knowledge-sharing and awareness raising activities with EU and national competent authorities via the EBA FinTech Knowledge Hub (workshops, roundtables, seminars) and the European Forum for Innovation Facilitators

#### Main outputs

- Thematic publications related to financial innovation
- Chair and coordinate the European Forum for Innovation Facilitators (EFIF)
- Enrich the existing risk analysis and mapping of use cases of AI in finance, including by clarifying supervisory expectations on specific use cases, where deemed necessary
- Contribute to the development of the EU Supervisory Digital Finance Academy's training curriculum to ensure it is tailored to the competent authorities' needs

Ongoing

### Activity 8 continued – DORA (contingent on final adoption of legal text)

# Contributing to priority



resilience.

operational resilience (Digital Operational Resilience Act — DORA), which has been provisionally agreed at political level (10 May 2022). The upcoming DORA is mandating the EBA/ESAs with new regulatory and oversight tasks. The EBA will continue its work to ensure that the regulatory framework for ICT, security risk and cyber-resilience is well-implemented, including with consistent supervisory practices. The EBA will continue to provide inputs to the work of international standard-setters in the area of operational

The EC's Digital Finance Strategy was accompanied by a legislative proposal on digital

# Description

Monitor ICT and cyber landscape across the EU financial sector

#### Main outputs

• Preparation for performance of oversight and other (non-regulatory) tasks under DORA

Contributing

VP4



Q3

Q4

### Activity 8 continued – DORA (contingent on final adoption of legal text)

<ul><li>Joint-ESAs</li></ul>	high-level	exercise	on	the	landscape	of	ICT	third-party
providers i	n the EU fir	nancial sec	ctor					

- Call for Advice from the European Commission on the upcoming delegated acts for criticality criteria (Article 28) and oversight fees (Article 38) (TBC)
- ESRB recommendation on a pan-European systemic cyber incident coordination framework for relevant authorities4 (recommendation A(1) and B))
- RTS to specify elements when sub-contracting critical or important functions (Article 27) (CP)
- RTS on specifying the elements and components of ICT risk management framework (Article 14)
- RTS on simplified ICT risk management framework (Article 14a)
- RTS on criteria for the classification of ICT-related incidents (Article 16)
- RTS to specify the policy on ICT services (Article 25)
- Guidelines on costs and losses from major ICT incidents (CP)

# Activity 8 continued – MiCA (contingent on final adoption of legal text)

### to priority The EC's Digital Finance Strategy was accompanied with a new legislative proposal for a regulation on markets in crypto-assets (MiCA). Pursuant to MiCA (and subject to the outcome of the co-legislative process, which is anticipated to conclude in Q3/Q4 2022), the EBA expects new regulatory and supervisory tasks. The EBA will continue its monitoring of Description crypto-asset, including Decentralised Finance (DeFi), market developments with a view to continuing to promote consistency in regulatory and supervisory approaches across the EU. The EBA will also continue to provide inputs to the work of international standard-setters, including in relation to the prudential treatment of banks' exposures to crypto-assets, socalled stablecoins, and AML/CFT measures. Monitor crypto-asset (activities including the Network on Cryptoassets) Ongoing • Preparation for performance of supervision and other (non-regulatory) tasks under MiCA RTS white paper (consultation paper (CP)) • RTS on information to be submitted in an application for authorisation to issue ARTs (CP) Main outputs • ITS on information to be submitted in an application for authorisation to issue ARTs (CP) • GL suitability members of the management body and qualifying Q3 holdings (issuers of ARTs) (CP)

RTS on use of ARTs as a means of payment (CP)

RTS complaints handling (CP)RTS conflicts of interest (CP)

• RTS governance arrangements (CP)

 $<sup>^4\</sup>text{https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation220127\_on\_cyber\_incident\_coordination$^0$ebcbf5f69. en.pdf?f2ec57c21993067e9ac1d73ce93a0772$ 



### Activity 8 continued - MiCA (contingent on final adoption of legal text)

- RTS own funds (CP)
- RTS liquidity (reserve assets ARTs) (CP)
- RTS highly liquid financial instruments (CP)
- RTS acquisitions of QHs (CP)
- RTS supplemental requirements for issuers of significant ARTs (CP)
- GL stress testing (CP)
- GL recovery/redemption plans (CP)
- GL classification of crypto-assets (joint ESA mandate) (CP)
- RTS supervisory colleges (CP)

### Activity 9 – Payment services, consumer and depositor protection

# Contributing to priority



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.

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 the EU law mandates, and contributing to supervisory convergence and consistent consumer outcomes. As indicated under activity 3, the EBA also continues to support the

Description

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 deposit guarantee schemes (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 Deposit Guarantee Schemes Directive (DGSD).

#### Payment services

 Monitor the application of RTS on strong customer authentication and common and secure communication (SCA&CSC), including the amended 90-day SCA exemption +

implementation of the directive on credit servicers and credit purchasers.

- Monitor the consistent implementation of the EBA Guidelines on limited network exemptions (to apply from end 2022 +
- Monitor the consistent and accurate implementation by CAs and financial institutions of the EBA GL on fraud reporting (EBA/GL/2018/05), with data-based assessment of whether the security-related provisions in PSD2 and the EBA's supporting instruments have achieved objectives

Ongoing

# Main outputs

- Assess the NCA reports on security and operational incidents received under the revised EBA Guidelines under PSD2, including to inform the fulfilment of the corresponding incident reporting mandates under DORA;
- Continue to support the EU Commission in its review of the PSD2;
- Support Q&A on the PSD2 +



### Activity 9 – Payment services, consumer and depositor protection

#### Consumer protection

 Coordination of mystery shopping activities of national competent authorities

#### Depositor protection

- Prepare for delivery of the mandates estimated to be conferred on the EBA under the revised DGSD
- Publish data on uses of DGS funds, including in bank failures, and data on covered deposits and financial means available to DGSs
- Monitor the liquidations that involved a DGS pay-out +
- Assess notifications received under the DGSD +
- Support Q&A on DGSD
- Preparatory work on the assessment of individual DGSs against criteria in the LCR delegated regulation and publication of Opinions, as and when requested +

#### Payment services

 Publication of a peer review of the EBA Guidelines on authorisation under PSD2

Q1

#### Consumer protection

Consumer Trends Report 2022/23

#### Depositor protection

 Guidelines on risk-based contributions to deposit guarantee schemes under DGSD Q2

#### Consumer protection

 JC work on financial education with a focus on inflation, interest rates and sustainability Q4

### Activity 10 – Anti-money laundering and countering the financing of terrorism

# Contributing to priority

Description



The EBA contributes to maintaining the integrity, transparency and orderly functioning of financial markets, including by preventing the use of the financial system for the purposes of money laundering and terrorist financing (ML/TF). In 2023, the EBA will continue to lead, coordinate and monitor the EU financial sector's fight against ML/TF in line with its legal mandate. It will support the implementation of robust approaches to AML/CFT supervision across the EU; contribute to the implementation of a holistic approach to tackling ML/TF, sanctions and other financial crimes across all areas of the EBA's work; and provide sound, technical advice where necessary to promote the effective design and implementation of the EU's new institutional AML/CFT framework The EBA may revisit its plan during the year and reprioritise workstreams and deliverables in light of the progress made with the establishment of AMLA.

# Main outputs

 Identification and assessment of ML/TF risks, and dissemination of information about ML/TF risks based on, inter alia, information from EuReCA

<sup>+</sup> Delivery of tasks marked with a + may be subject to review in light of redeployment of resources and reprioritisation that is required in order to address DORA and MiCA mandates. Tasks may be postponed, cancelled or undertaken with less intensive resource input.



Q4\*

### Activity 10 – Anti-money laundering and countering the financing of terrorism

- Monitoring of AML/CFT colleges. Publication of report on the functioning +
- Staff-led assessments of CAs' approaches to AML/CFT supervision, with bilateral feedback and action points. Publication of report on competent authorities' approaches to AML/CFT supervision +
- Technical advice and input to support European and international AML/CFT objectives and cross-cutting areas
- Supporting the transition to a new institutional EU AML/CFT framework (including EuReCA)

<ul> <li>4<sup>th</sup> Opinion on ML/TF risks in the EU's financial sector</li> </ul>	Q1/Q2
Guidelines on derisking	Q2

- Guidelines on policies, procedures and controls to support the implementation of restrictive measures (Q4\*, subject to finalisation of the source Regulation)
- Revised guidelines on ML/TF risk factors (Q4\*, subject to finalisation of the source Regulation)
- Revised guidelines on transfers of funds (Q4\*, subject to finalisation of the source Regulation)
- Revised guidelines on risk based supervision (Q4\*, subject to finalisation of the source Regulation)

### Risk assessment and data

### Activity 11 – Reporting and transparency framework

# Contributing to priority



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 and improve data modelling and develop tool to support efficient creation and maintenance of data dictionary defining reporting requirements. In 2023, the EBA will continue to follow up on the feasibility study on integrated reporting and to contribute to a more consistent and integrated system for collecting statistical, resolution and prudential data, with a view to achieving efficiency gains and reducing reporting costs for institutions' data. Moreover, revision of the CRR (CRR3) and CRD (CRDVI) is expected to result in amendments to the EBA reporting framework.

#### Description

The EBA will continue work to improve the comparability and standardisation of Pillar 3 disclosures, including the extension of the ITS on Pillar 3 disclosures when relevant, to cover all ESG topics, to cater for the CRR3-led amendments and other relevant disclosures, and the monitoring of institutions' Pillar 3 reports. The standardisation and quality of Pillar 3 information are fostered by ensuring consistency and integration between Pillar 3 and supervisory reporting data; mapping between prudential disclosures and supervisory reporting data points is provided through a mapping tool. The EBA will continue to work on ESG disclosures in the context of the Pillar 3 ITS, and coordinate the work on non-financial reporting at the EU with our consultative role on CSRD standards and on disclosures under Article 8 of Taxonomy Regulation, and at international level with Basel.

<sup>+</sup> Delivery of tasks marked with a + may be subject to review in light of redeployment of resources and reprioritisation that is required in order to address DORA and MiCA mandates. Tasks may be postponed, cancelled or undertaken with less intensive resource input.



### Activity 11 – Reporting and transparency framework

The CRR3 proposal includes a mandate for the EBA to establish a Pillar 3 data hub, anticipated also on our Pillar 3 roadmap published in 2019, which will centralise public prudential disclosures for all EU institutions, in order to further promote comparability of public prudential information and market discipline and facilitate compliance with Pillar 3 requirements by smaller institutions. Further, the EBA Pillar 3 hub is expected to connect to ESAP (European Single Access Point) which covers all company disclosures. The EBA work on the Pillar 3 data hub and on ESAP will be highly related.

Last but not least, as part of the EBA work on proportionality, the EBA will monitor the implementation of its recommendations in virtue of the study of the cost of compliance. The recommendations of the ACP will be helpful here to guide the EBA's work.

- Maintain ITS on supervisory reporting and the reporting framework (legal act, templates, instructions and technical package, versions 3.3 and 3.4 to be delivered in 2023)
- Preparatory work to amend supervisory reporting ITS in line with CRR3/CRDVI, with major amendments expected in credit risk and operational risk
- Preparatory work to implement new reporting from CRR3/CRDVI on thirdcountry branches and ESG risks
- Follow-up actions on recommendations from the cost of compliance study
- Maintain validation rules, the data point model and XBRL taxonomies
- Continue to review proportionality in the reporting framework
- Complete the first phase of new tools to improve development and maintenance of data dictionary, including data-modelling, validations, transformations and data exchange formats creation
- Implementation of new improved data point model (DPM Refit)
- Data integration work following on from the feasibility study on integrated reporting
- Contribute to implementation of EU Supervisory Data Strategy across financial sectors

### Ongoing

# Main outputs

- Maintain mapping tool between reporting and Pillar 3
- Opinions on sustainability reporting standards under CSRD (standards for banks are expected to be delivered in 2023, EBA opinion to be issued two months after)
- Guidance on implementation of disclosures under Article 8 Taxonomy Regulation (if required to be delivered in 2023)
- Preparatory work on the Pillar 3 data hub
- Preparatory work on ESAP, in coordination with the Pillar 3 hub project and with ESMA and EIOPA
- Monitor Pillar 3 disclosures +5
- Preparatory work to extend of Pillar 3 ITS to cover other ESG risks
- Preparatory work to amend the Pillar 3 ITS in line with the CRR3, with major amendments expected in credit risk, market risk and operational risk
- Support Q&A on reporting and transparency framework
- Continue our involvement in EU and international organisations, including EFRAG non-financial reporting body, BCBS DIS (Disclosure Expert Group) and BCBS TFCR – Workstream on disclosures

•	ITS	on	FRTE	3 repo	rting
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Q1

24

<sup>&</sup>lt;sup>5</sup> Own initiative project.



Q2

Q4

### Activity 11 – Reporting and transparency framework

- ITS on IRRBB reporting
- ITS on supervisory disclosure
- Roadmap for implementation of Cost of Compliance report recommendations GL on resubmission policy.
- ITS on incident reporting (DORA) (CP)
- ITS to establish the templates for the Register of information (DORA Art25)
- ITS on use of ARTs as a means of payment (MiCA) (CP)

### Activity 12 – Risk analysis

# Contributing to priority





# Description

The EBA will continue the work of monitoring market trends and the main developments in the EU 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. Following on from 2022, the EBA will continue to pay particular attention to risks stemming from the Russian invasion in Ukraine, the aftermath of COVID-19, as well other macroeconomic risks that may arise. In addition, it will try to draw some lessons about capacity and responsiveness of EU banks to tackle the crisis and its possible repercussions as well as understand the efficiency of the support measures provided. Finally, the EBA will support the implementation of the macroprudential framework in the EU.

- Quarterly EU risk dashboards
- Risk assessment questionnaires two per year
- Internal updates on liquidity and market developments for the BoS and the BSG
- Work on macroprudential matters (including buffers)

# Main outputs

- Opinions on macroprudential measures
- Thematic and topical notes on various risk areas
- JC spring risk report Q1
- Funding plans report
- Asset encumbrance report
- JC autumn risk report
- Annual risk assessment report on the European banking system

# Q3

Q2

Ongoing

### Activity 13 – Stress testing

# Contributing to priority



# Description

To support the analysis of potential risks and vulnerabilities in the EU, the EBA initiates and coordinates EU-wide stress tests in cooperation with the ESRB. These allow assessment of the resilience of financial institutions to adverse market developments and feed into the microprudential and macroprudential assessments and decisions of the relevant CAs.

An EU-wide stress test will be carried out by the EBA in 2023, relying on methodologies, scenarios and key assumptions to be developed in 2022. The EBA will be applying changes

<sup>+</sup> Delivery of tasks marked with a + may be subject to review in light of redeployment of resources and reprioritisation that is required in order to address DORA and MiCA mandates. Tasks may be postponed, cancelled or undertaken with less intensive resource input.



### Activity 13 - Stress testing

to the methodology centralising some risk areas by introducing top-down elements, building on input received on its Discussion Paper on the future changes to the EU-wide stress test<sup>6</sup> as well as the lessons learned from the 2021 EU-wide stress test. It will further be considered how to ensure the stress appropriately reflects the new highly uncertain macroeconomic and geopolitical situation, In the longer term, the EBA will also explore the inclusion of climate risk into its stress test framework.

# Main outputs

• Ongoing work on the improvement of the stress test methodology

• Work on the incorporation of climate risk into the stress test framework

Ongoing

• Design and implementation of internal top-down stress test capacity

• 2023 EU-wide stress test exercise

Q3

### Activity 14 - Regulatory impact assessments

Activity 14	– Regulatory impact assessments	
Contributing to priority	VP1 VP2 VP3 VP4 VP5 HP1	
Description	Evidence-based and proportionate policymaking requires comprehensiassessments. Economic analysis and impact assessments support the develop EBA's regulatory products and are necessary inputs for the EBA's advice to the and a key contribution to the debate on regulatory reforms. As part of the economy work the EBA carries out its research function, which includes organising seminars and running the staff paper series. It furthermore actively contributionly development across the business areas, including stress testing tools and models for resolution.	oment of the Commission, omic analysis workshops, outes to the
Main outputs	<ul> <li>Impact assessment reports that accompany EBA's regulatory proposals and policy recommendations</li> <li>Analysis and research to support and enhance ongoing regular EBA economic and statistical methodology and analysis</li> <li>Maintenance and development of quantitative impact studies and the regular mandatory data collections for these, contacts to BCBS QIS TF and research TF</li> <li>Publication of EBA staff papers</li> <li>Work on ESG factors, financial innovation, payments, digital finance and AML/CFT</li> <li>Contribution to enhancing the stress test methodology</li> <li>Work for the Task Force of Impact Studies and Advisory Committee on Proportionality</li> <li>Specific calls for advice and other larger regulatory initiatives</li> <li>Organisation of academic seminars and research workshops which benefit the quality of work in EBA products</li> </ul>	Ongoing
	CRD V/CRR II Basel III monitoring report (annual report)	Q3
	<ul> <li>Annual report on the impact and phase in of the LCR</li> <li>Annual report on the impact and phase in of the NSFR</li> <li>Policy research workshop</li> </ul>	Q4

 $<sup>^{6}\,\</sup>underline{\text{https://eba.europa.eu/eba-consults-future-eu-wide-stress-test-framework}}$ 



### Activity 15 - Data infrastructure and services, statistical tools

# Contributing to priority



As a data-based and insight-driven institution, the EBA incorporates data and analytics as a key element in its strategic areas, with the objective of leveraging the enhanced technical capabilities for performing flexible and comprehensive analyses. To accomplish this, the EBA capitalises on EUCLID, the European Centralised Infrastructure of Data, which became operational in 2020 and provides a reliable, secure and efficient platform to collect and process micro and aggregated data for all financial institutions.

The EBA finalised its multi-annual data strategy in 2021 and will continue to work on its implementation which will, inter alia, root all EBA policy work in data and support members and the public in their data needs. In implementing its data strategy, and as part of its multi-annual priorities, the EBA aims to improve how regulatory data is compiled, extend the range of data collected, enhance the usability of its underlying systems, and strengthen its analytical capabilities. Main actions will entail designing processes for more standardisation and harmonisation of data acquisition; digitalisation/automatisation of the reporting framework development process; developing new tools for data processing and analytics; designing processes and developing analyses and products with wide range of internal and external stakeholders.

### Description

Main

outputs

The upgraded data infrastructure and broader data set will support the implementation of the EBA's data strategy, allowing quantitative analyses underpinning the development of the Single Rulebook; risk and vulnerability analyses of the banking sector; EU-wide transparency exercises; the assessment of regulatory proposals as part of the EBA risk reports and advice to legislators on future regulation; and the impact assessment of the EBA regulatory products.

EUCLID includes data on smaller institutions and specialised business models, which will allow more proportionality in the EBA's work, resulting in more comprehensive analyses and better impact assessments. The EBA aims to reduce the burden for banks and competent authorities by maximising already reported supervisory data when supporting ad hoc data collections.

The EBA will leverage its Euclid platform to provide access, via a dissemination portal, to high-quality data and insights to internal and external stakeholders, by employing more advanced technical capabilities. It will provide analytical tools for risk analysis and develop and maintain its risk dashboards, interactive tools, and a list of EBA risk indicators. It will promote the use of reported data by providing tools and training for data users. This will involve ensuring the consistent application of reporting requirements through the application of validation rules and quality checks. The EBA will provide high-quality data at aggregate and bank-by-bank levels, on a need-to-know basis, to a wide range of stakeholders (investors, analysts, academics and the general public), and improve banks' own disclosures within and beyond Pillar 3.

- Support regulatory work with quantitative analysis and analytical tools
- Deliver regulatory products and technical advice requested by the Commission
- Support the EBA's data infrastructure
  - Interact with the CAs to ensure smooth data flow and quality

- Train CA and EBA users on data and analysis tools
- Implement validation rules and quality checks for statistical analysis
- Develop interactive and visualisation tools for data dissemination
- Manage the data workflow (including through pre-populated templates)



### Activity 15 – Data infrastructure and services, statistical tools

•	Impl	ementatior	of m	ulti-year da	ata strategy,	build	ing	on EUCL	ID to im	prov	/e
	data	processing	g and	analytical	capabilities	and	to	provide	access,	via	а
	disse	emination p	ortal,	to high-qu	ality data an	d insi	ght	s to stake	eholders	6	

dissemination portal, to high-quality data and insights to stakeholders	
• Risk dashboards and other tools for internal and external data users	Quarterly
Update macro and bank-specific risk dashboards	04
• 2023 EU-wide Transparency exercise	Q4

# Governance, coordination and support

### Activity 16 – EBA governance, international affairs, communication

The unit will continue to support the EBA's governing bodies (BoS and MB), the Banking Stakeholder Group, the ESAs' JC and Board of Appeal; peer reviews with the CAs; the definition and execution of the EBA's work programme; and the EBA's interactions with the EU and international institutions (e.g. GHOS/BCBS, IMF).

The EBA will implement its communication strategy, deliver a new visual identity, and continue to revamp its website in order to support its mandates.

### Description

To facilitate the competent authorities' acquisition of the Single Rulebook, the EBA will extend its training offer in prudential and resolution areas and on emerging risks.

With regard to equivalence, the EBA will assess the regulatory and supervisory frameworks of third countries and their equivalence with the EU framework, provide an opinion to the EC and monitor, together with the EC, the ongoing equivalence of countries covered by the EC's equivalence decisions. The EBA will enter into cooperation agreements with the CAs of third countries, covering prudential, conduct and crisis-management cooperation.

- Support the EBA's governing bodies
- Support the EBA's contribution to EU and international fora
- Develop internal policies/processes to support the EBA's activities
- Implement the EBA's communication strategy
- Monitor the implementation of the ESAs' Review and possible follow-up to the Commission's report on the experience acquired following the revised

Ongoing

### Main outputs

- ESAs' Regulation
- Execution of the Union-wide Strategic Supervisory Priorities 2022-2023 plan
- Training for EU competent authorities

Multi-annual work programme (2024-2026 horizon)	Q1
<ul><li>Consolidated annual activity report 2022</li><li>Annual report 2022</li></ul>	Q2
2024 Annual work programme	Q3

### Activity 17 – Legal and compliance

Contributing to priority	VP4 VP5
Description	Provision of legal analysis and support, and risk and compliance functions. This includes analysis and support on draft regulatory products, coordination of the Q&A process; carrying



### Activity 17 – Legal and compliance

out peer reviews, investigations into potential breaches of EU law and dispute resolution between CAs, monitoring and fostering of supervisory independence; representing the EBA before the Board of Appeal and the Court of Justice; providing data protection officer, ethics, anti-fraud and risk management functions; and ensuring that the EBA operates in accordance with its founding regulation and with all other applicable laws.

The EBA will continue to consolidate its risk and compliance functions including digitisation and implementation of an enterprise risk management system, develop the peer review process to focus on supervisory priorities and urgent ad hoc supervisory issues, enhance the Q&A process and Interactive Single Rulebook; support sound implementation of MiCA and DORA; and support prevention and countering of ML/TF.

•	Legal	advice	to El	3A sta	ff and	goveri	ning	bodies
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- Data protection, ethics, anti-fraud and risk management functions
- Sound internal processes for adopting EBA decisions
- Represent the EBA before the Board of Appeal and the Court of Justice
- Identify potential breaches of EU law, investigate and act as appropriate
- Settle CA disputes through mediation and binding decisions

Ongoing

# Main outputs

- Implement supervisory and enforcement structures, ensure a high level of compliance, ethics and internal control
- Q&A: coordinate the internal preparation by the policy areas of the answers to external stakeholders on the Single Rulebook
- Peer review on exclusion from CVA risk of transactions with non-EU non-financial counterparties
- Peer review on methods of prudential consolidation (to be confirmed)
- Follow-up on peer review on qualified financial holdings

Q1 Q3

# Activity 18 – Resources (HR and finance)

# Contributing to priority



For HR, the EBA will focus on the fulfilment of the establishment plan, the development of the technical and soft skills of its staff, the further improvement of HR processes, the updating of existing internal policies and the introduction of new ones. The focus will also be on digitalisation of existing HR processes.

# Description

The finance activity will aim to enhance further budget acquisition, monitoring, and execution through electronic workflows for finance, procurement, and accounting processes, and through leveraging the implementation of the EBA collaboration platform. It will also continue the implementation of the systems and processes required to support fee-financing arising from the digital finance LFS, in coordination with ESMA and EIOPA. This will look, in particular, at activity-based budgeting/costing systems, where possible building on the work of other agencies in this area.

The EBA will benefit from the Public Procurement Management Tool (PPMT), developed by the Joint Research Centre with the Commission's Directorate-General for Informatics and for Budget, which the EBA should be able to begin implementing in 2022.

Main

outputs

#### HR

### • Fulfilment of the establishment plan

• Development of skills and expertise

• Adoption of further HR implementing rules



### Activity 18 - Resources (HR and finance)

- Digitalisation of HR processes
- Further deployment of E-HR tools

#### Finance

- Execution of the 2023 annual budget
- Establishment and acquisition of the 2024 budget
- Establishment of the 2025 budget
- Creation of the 2023 procurement plan
- Implementation of the 2023 procurement plan
- Production of the 2023 annual accounts
- Development of IT system for managing fees (MiCA/DORA)

### Activity 19 – Infrastructures (Information technology and corporate support)

# Contributing to priority



The EBA has adopted an IT strategy to become a Digital Agency by 2025, embarking on a bold and ambitious digital transformation journey for the entire organisation. The activity includes the transformation, delivery and adoption of IT solutions that are fit for purpose, easy to use, secure and effective, in line with the adopted Cloud Strategy. Furthermore, it will provide services and technology leadership to enable the EBA to achieve its mission and to support its everyday operations as a trusted business partner.

### Description

Digital services and solutions include operating and continuously enhancing an EU Data Hub of information based on the EUCLID Platform (further enhance master and data collection and implement dissemination capabilities); enhancing tools for developing and maintaining the reporting framework; enabling efficient collaboration with and support core business processes. From an infrastructure and security perspective, the aim is to operate in a cloud infrastructure, with an enhanced risk management and response framework.

The corporate support activity further develops internal measures to ensure that the EBA's activities are subject to control, and to report to management on the achievement of the EBA's objectives. It will continue to support the EBA's core functions based on specialised knowledge and best practices to serve internal stakeholders and business partners.

### IT

- Implement the EBA's IT strategy for 2020-2025
- Migrate the existing infrastructure to cloud, transform current IT Estate and join the Cloud II Framework of the EC
- Master and reporting data collection via the EUCLID platform (including committed information rate, peak information rate, supervisory, resolution, investment firms (IFs), Covid-19 reporting, Pillar III disclosures)

# Main outputs

• Enhance EUCLID solution with data validation and dissemination capabilities. Implementation of a data dissemination solution in light of preparing for the Pillar II data hub.

- Implement tools for the support of the EBA reporting framework
- Support and enhancement of AML solution (EuReCA platform).
- Support and enhance collaboration tools within EBA and external stakeholders
- Replace legacy systems with cloud native solutions
- Support and tools for the Single Rulebook/signposting/ Q&A



### Activity 19 – Infrastructures (Information technology and corporate support)

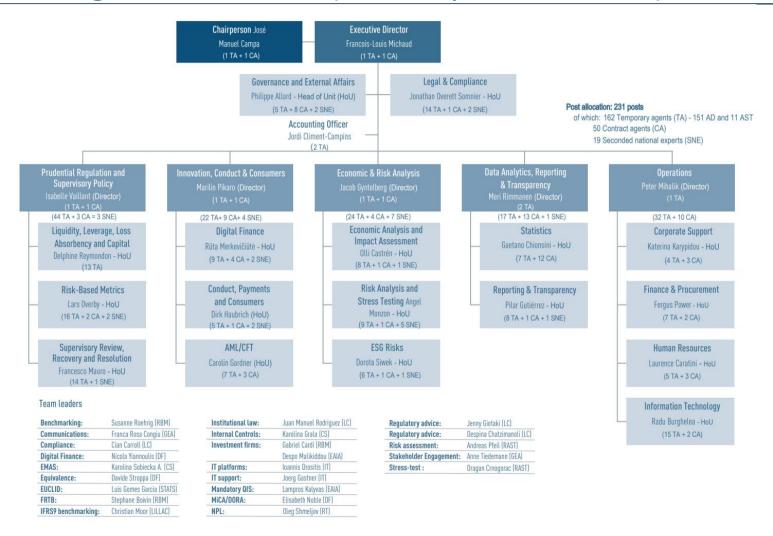
- Access management and security enhancements
- Implementation of solutions for the EBA's operational readiness to take up new tasks in relation to MiCA and DORA
- Support the organisation of internal and external meetings

### Corporate support

- Support the provision of catering and canteen services
- Support the organisation and reimbursement of missions
- Manage the EBA premises and office supplies
- Adhere to security, health and safety requirements and supplies
- Ensure that the use/disposal of EBA assets and inventory is compliant, safe, economic and environmentally friendly
- Maintain EMAS certification
- Contribute to the improvement and monitoring of an internal control system
- Contribute to the annual risk assessment exercise
- Support the annual business continuity exercise

Q1

# Annex I: Organisation chart (as of September 2022)



# Annex II: Resource allocation per 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 163 TAs, 51 CAs and 19 SNEs to undertake its activities in 2023. Management staff and their assistants are distributed over the activities within their respective remits, hence the staffing numbers per activity not being whole numbers.

Activi	<b>ty</b> (preceded by the priority they contribute to)	TA	CA	SNE	Total	Cost (EUR)
Policy	and convergence	73.8	13.8	8.0	95.7	20,830,582
VP1	1 - Capital, loss absorbency, and accounting	8.3	0.3	-	8.5	1,907,593
VP1	2 - Liquidity, leverage, and interest rate risk	3.1	0.1	-	3.2	928,727
VP1	3 - Credit risk (incl. large exposures, loan origination, NPL, securitisation)	9.3	1.3	1.0	11.7	2,401,879
VP1	<ul><li>4 - Market, investment firms and services, and operational risk</li></ul>	8.3	0.3	1.0	9.6	2,026,602
VP1	5 - Market access, governance, supervisory review and convergence	9.3	0.3	1.0	10.6	2,251,860
VP1	6 - Recovery and resolution	5.2	0.2	-	5.3	1,217,819
HP1	7 - ESG in supervision and regulation	6.3	1.3	1.0	8.5	1,734,054
VP4	8 - Innovation and FinTech*	10.5	5.5	2.0	18.0	3,710,620
VP5	<ul><li>9 - Payment services, consumer and depositor protection</li></ul>	6.3	1.3	2.0	9.6	2,162,113
VP5	10 - Anti-money laundering and countering the financing of terrorism	7.3	3.3	-	10.6	2,489,315
Risk a	ssessment and data	35.5	16.5	7.0	59.0	14,790,352
VP3	11 - Reporting and transparency framework	8.7	1.3	1.0	10.9	2,244,952
VP2	12 - Risk analysis	4.4	0.2	1.0	5.5	1,303,541
VP2	13 - Stress testing	5.7	1.3	4.0	10.9	1,973,203
All	14 - Regulatory impact assessments	8.7	1.3	1.0	10.9	2,260,859
VP3	15 - Data infrastructure and services, statistical tools	8.2	12.5	-	20.7	7,007,796
Gove	nance, Coordination and support	53.7	20.7	4.0	78.4	16,988,284
All	16 - EBA governance, international affairs, communication	5.1	9.1	2.0	16.3	2,869,778
All	17 - Legal and compliance	14.1	1.1	2.0	17.3	3,797,382
All	18 - Resources (HR and finance)	14.7	4.7	-	19.3	3,975,200
All	<ul><li>19 - Infrastructures (Information technology and corporate support)</li></ul>	19.7	5.7	-	25.4	6,345,925
Total	for 2023	163	51	19	233	52,609,218

<sup>\*</sup> Includes MiCA and DORA preparations (mostly through internal resource redeployments as no specific resources were foreseen in the LFS), as well as Supervisory Digital Finance Academy

One additional SNE, which had been requested by the EBA and included in the 2023-2025 SPD, was not accepted by the Commission and consequently removed from the resource allocation.



A shared accounting services arrangement with ESMA was introduced in 2021 to exploit synergies of both authorities being now based in Paris. According to this arrangement, the EBA is providing 50% of the time of 2 accounting staff to ESMA. It is, however, likely that from early 2023 this sharing arrangement will be reduced to one staff member.

These figures are as per the 2023 Draft Budget proposed by the European Commission and agreed by Council. The European Parliament has not yet given their opinion on this, so the final headcount and budget may vary from these figures.

