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Executive Summary

The 2023 Annual Report of the European Banking Authority (EBA, hereinafter also ‘the Authority’) presents the main achievements and activities of the organisation in fulfilling its mandate and its Work Programme (WP) over the last 12 months. The EBA’s achievements are presented against the backdrop of macroeconomic and geopolitical developments.

The report highlights the EBA’s mission to contribute to the stability and effectiveness of the European financial system through simple, consistent, transparent, fair regulation and through supervision that benefits all EU citizens.

The year 2023 was an eventful and productive year, with the agency delivering on over 95% of the tasks under its remit. These achievements came despite the challenges facing us all, such as the ongoing war in Ukraine, the turmoil in the US banking system that spread to our shores, high inflation and interest rates, and the lingering effects of the COVID-19 pandemic.

Alongside its day-to-day tasks and responsibilities in strengthening the EU’s banking sector, the EBA’s main priorities and deliverables in 2023 included a number of highlights, from finalising the implementation of Basel III in the EU and running an enhanced EU-wide stress test, to putting data at the service of stakeholders and delivering on digital finance and Markets in Crypto-Assets Regulation / Digital Operational Resilience Act (MiCAR/DORA) mandates.

The EBA’s core achievements came to fruition thanks to the dedication of its workforce of 250 people and the support of its members.

Alongside its priorities, the EBA carried out other tasks to enhance its capacity to fight money laundering and terrorist financing in the EU, to implement the environmental, social and governance (ESG) roadmap, and to conduct risk assessments. The EBA also worked in areas such as recovery and resolution, payment services, consumer and depositor protection, equivalence, and supervisory convergence and independence.

Foreword by the Chairperson



As I reflect back, 2023 was a year marked by our collective efforts to navigate through the many challenges faced by increased geopolitical tensions and an uncertain economic environment of rising interest rates. I am pleased that the banking sector continues building its resilience in the face of this increasingly uncertain macroeconomic environment.

What loomed large at the start of 2023 were the potential impacts that higher interest rates could have on financial instability. While this resulted in moments of turbulence in the banking sectors in the US and Switzerland, European banks weathered this period well.

In the face of these challenges, the robustness of our banks has shown to be a positive contribution to overall stability. They have stood as a beacon of strength and continued to support the economy. Our stress tests, conducted in the summer, showed that high levels of capital and liquidity compounded with higher rates serving as the bulwarks safeguarding European banks.

Nevertheless, vigilance must remain front and centre for banks and regulators to remain proactive in monitoring and managing potential economic risks. We also need to continue to assess the effectiveness of the regulatory framework to address the challenges ahead.

Our existing regulatory framework has shown to be an important pillar to ensure the orderly functioning and integrity of financial markets while bolstering the stability of the EU's financial system. That is why we remain resolute in our commitment to implementing the Basel III prudential rules in the European Union via the banking package. Our work in 2023 led to the development of a roadmap, that will guide us during the next years to the framework's implementation in the EU as we are expected to deliver on mandates in a broad range of technical areas. With strong rules, we get strong bank.

We can never predict what will come our way, but what we can control is our ability to react to it. The EBA has been able to adapt its workplan and react to unforeseen developments throughout these recent years and I hope we will continue to do so in the future.

To bolster resilience, banks must shift more towards sustainable profitability, stable funding, proactive asset quality management, and robust crisis management frameworks.

Policymakers must also play their part by swiftly implementing crucial measures to deepen financial markets in the EU and ensure effective integration. This includes progressing in concrete areas such as the Crisis Management and Deposit Insurance package and advancing towards the establishment of the European Deposit Insurance Scheme. These actions are essential to shore up our banking sector and operate within a financially stable environment.

At the same time, we remain committed to fostering a sustainable economy, embracing our role in shaping a regulatory framework that supports this transition while ensuring the robustness of our banking sector. To that end, we are incorporating ESG risk factors in several key areas of the regulatory framework, including risk management, disclosures, and climate stress testing. By embedding sustainability within the bedrock of the regulatory framework, we continue our journey towards sustainable economic growth.

Furthermore, as the digital transformation of the sector accelerates, so are our efforts in this area. Our contribution to the establishment of uniform rules under the Operational Resilience Act (DORA) and Markets in Crypto-Assets Regulation (MiCAR), underscore our dedication to ensuring operational resilience and embracing innovative technologies responsibly.

We are also preparing for our new oversight and supervisory responsibilities under DORA and MiCAR.

All in all, the EBA has proven once more to be adaptable while never losing sight of its key priorities amid an ever-changing world and economic landscape. As I now look ahead to the coming years, I want to send out the clear message that we will continue to prioritise resilience, sustainability, and the deepening of a single market in the EU financial sector.

Last but not least, I want to thank the EBA staff for the work undertaken and achieved in 2023 as detailed in the Annual Report 2023. Furthermore, achieving these objectives was made possible thanks to the continued support and cooperation of our partners such as national competent authorities, the European Commission, other European institutions, and all other stakeholders, who proven reliable partners. The EBA values these fruitful working relationships as we continue to navigate towards a better future together.

By staying proactive, and collaborative with our partners, we can navigate through uncertainties and challenges, and move towards a future where the banking sector remains a cornerstone of our society, able to best serves citizens.

Interview with the Executive Director



Question 1: What has kept the EBA busy over the past 12 months, and how should we remember 2023?

We should remember 2023 as a year of transformations for the EBA. Maybe the most obvious transformation was that of the financial and economic conditions, with high levels of inflation and new uncertainties about growth and geopolitical developments. This had to be factored into our regular risk analyses and of course in the EU-wide stress test carried out with EU competent authorities. The latter was, again, a pretty serious undertaking: it tested the resilience of a larger sample of banks from 16 EU and EEA countries under both baseline and

adverse scenarios. The adverse scenario was in sharp contrast with that of our previous stress-test in 2021: not a low interest rate environment for long anymore but an economy with higher inflation and high interest rates that led to a very severe economic downturn with harsh market shocks. Overall, the results were very positive, showing that banks could withstand such shocks, keep high levels of capital and continue providing lending to the economy.

Another important step was the agreement reached by EU legislators on the “Banking Package” which will conclude the regulatory transformation started in the wake of the Great Financial Crisis. Our teams have been fully mobilised. They supported the co-legislators throughout this important endeavour, provided impact assessments, engaged with a wide range of stakeholders. Last December, we published a detailed planning for the implementation of the 140 mandates conferred to the EBA in the coming years.

The EBA has also been busy responding to the digital transformation of the financial sector. The regulatory framework indeed needs to take into account the increasing role of new technologies, allowing for innovation to flourish while also enhancing operational resilience to best serve the EU economy and its citizens. In practice, we have developed the foundations for implementing the Digital Operational Resilience Act and the Markets In Crypto-Assets Regulation which will bring new types of entities within the regulatory framework.

Let me add yet another transformation to the list: that of EBA’s continued efforts to keep up the fight against money laundering and terrorist financing (ML/TF) within the EU financial

sector. We have kept enhancing standards and the exchanges of information among competent authorities through a dedicated database and the establishment of more than 260 AML/CFT colleges by now. We also launched a new platform with competent authorities to support the Commission's preparations for the future EU AML authority.

Last but not least, the EBA has continued to transform its own organisation, rolling out the first instalments of a very comprehensive HR strategy, complementing its internal control set-up, further embedding modern ICT tools, and launching a new website.

All in all, as I reflect on the past 12 months, it is very clear to me that the EBA has again demonstrated its ability to tackle evolving mandates and circumstances, and to be an efficient link between legislators and competent authorities.

Question 2: With so many priorities to juggle, how has the EBA managed to achieve so much?

Indeed, when one looks at our work programme or at the continuous flow of new information on our (by the way revamped) website, it is very clear that the EBA achieved a lot last year.

This is thanks to the ability and talent of our staff, and of the colleagues we work with at the national and European levels. This may sound self-evident, but at the heart of our agency is people, and we are very committed to supporting them in developing their work and projects.

Creating a motivating and inclusive environment is core to harnessing the full potential of our workforce, to driving innovation and creativity. This was the reason why, at the end of 2022, we embarked on a comprehensive HR strategy. The objective is to further empower our staff members, increase their well-being, offer them career development opportunities, especially through internal or external mobility.

We also invest in technology, to bolster our workforce with modern tools. As part of this journey, we moved to cloud-based tools and systems in 2023, offering more advanced functionality and security. Our collaborative platform allows us to work seamlessly and securely from anywhere, driving efficiency and innovation.

Are we where we want to be? Certainly not. Much more can and should be done from a HR and IT modernisation perspective, but the first results look positive. This seems also well received by our colleagues, as evidenced by the high favourable rates of our latest staff survey (72% overall, i.e. +7ppt compared to 2021). Of course, we will try to keep up the momentum, further improve or consolidate depending on the areas.

Question 3: With the new stakeholders you will be engaging in the future and your new role, what steps have you taken to adjust your communication strategy?

Engaging with stakeholders at all steps of our work has always been at the core of EBA's work. As you say, this becomes even more important now that our responsibilities will involve new stakeholders, with some of them being not entirely familiar with the EU regulatory and financial stability framework. As our work can ultimately affect the lives of every citizen in Europe, we have a duty to be open and timely in our communications.

Under the leadership of our Chairperson, we have therefore started to rejuvenate, revamp, and rethink how we communicate with our stakeholders, EU citizens, and the media. This involved affirming our core values and mission statement, adopting a new visual identity and developing a new website, to communicate more effectively, make our work more accessible and better spread our messages.

So far, much of our communications activity has been revolving around consultations, publications, and announcements of key decisions, along with external events. This already means a lot of news presence as we publish on average eight different news stories a week on our website.

As our remit expands, we are exploring new opportunities to communicate effectively. Here again we can rely on our staff: everyone at the EBA can play their part in supporting our collective work, by relaying key messages, disseminating data, informing about new initiatives. Each staff member is a potential ambassador, showcasing what they do and what the EBA does, thus ensuring a multiplier effect.

Finally, our data strategy also largely contributes to our external engagement: most risk analyses are now supported with rich datasets which can be uploaded by external users and offer good data analytics. We trust this will encourage our stakeholders to stay tuned to the EBA.

Question 4: As technology and innovation permeate every facet of our work, what are in your view the opportunities as well as the challenges of SupTech, RegTech and Artificial Intelligence for your Authority?

We should not only encourage and support innovation in the financial sector, it is also very important that we embrace it as an organisation.

Regulatory technology (RegTech), supervisory technology (SupTech), Artificial Intelligence (AI), all present many, and often untold, opportunities and challenges. They should help us augment automation, data analytics, and real-time monitoring, allowing for more

streamlined and data-driven decision-making. AI is of particular interest. It is already showing promise when it comes to predictive analytics, risk assessment, and fraud detection, suggesting the possibility of an earlier, more reliable detection of emerging risks. And it could help improve regulatory outcomes too.

Another potential benefit of these innovations lies in the potential they offer to facilitate the collaboration and sharing of knowledge with industry stakeholders and competent authorities. By leveraging digital platforms and participating in initiatives like the EBA FinTech Knowledge Hub and the European Forum for Innovation Facilitators, we can grow common regulatory approaches and ensure a harmonised response to digital finance challenges across the EU.

While the benefits seem very important, there are also significant challenges. One is to be selective and to pick the most impactful initiatives. The rapid pace of technological change also requires us to continuously adapt and evolve our practices and capabilities. Finally, we must also address issues related to data privacy, cybersecurity, and algorithmic bias to ensure the integrity and fairness of regulatory and supervisory processes. Furthermore, as technology becomes increasingly sophisticated, there is a growing need for skilled professionals capable of navigating and leveraging these tools effectively.

With this in mind, we have decided, in 2023, that embedding innovation in our working model should be one of the core priorities for the EBA's management team. And we are working on it!

Abbreviations and acronyms

ACP	Advisory Committee on Proportionality	DGSD	Deposit Guarantee Schemes Directive
AI	artificial intelligence	DORA	Digital Operational Resilience Act
AISP	account information service provider	DPM	data point model
AML/CFT	anti-money laundering and countering the financing of terrorism	DP	discussion paper
AMLA	Anti-Money Laundering Authority	DRR	Digital Regulatory Reporting
ART	asset-referenced token	EBA	European Banking Authority
AT1	Additional Tier 1	EC	European Commission
BCBS	Basel Committee on Banking Supervision	ECB	European Central Bank
BM	Basel III Monitoring	EFIF	European Forum for Innovation Facilitators
BRRD	Bank Recovery and Resolution Directive	EIOPA	European Insurance and Occupational Pensions Authority
CA	competent authority	EMT	electronic money token
CASP	crypto-asset service provider	EREP	European Resolution Examination Programme
CCR	counterparty credit risk	ERA	Economic and Risk Analysis
CET1	Common Equity Tier 1	ESAP	European single access point
CfA	Call for Advice	ESA	European supervisory authority
CP	Consultation Paper	ESG	environmental, social and governance
CRD	Capital Requirements Directive	ESMA	European Securities and Markets Authority
CRR	Capital Requirements Regulation	ESRB	European Systemic Risk Board
CSD	Credit Servicers Directive	EU/EEA	European Union / European Economic Area
CTPP	ICT third-party service provider designated as critical	EUCLID	European Centralised Infrastructure for Supervisory Data
CTR	Consumer Trends Report		
CVA	credit valuation adjustment		
DeFi	decentralised finance		
DGS	deposit guarantee scheme		

EuReCA	EBA's central database on anti-money laundering and countering the financing of terrorism	PRSP	Prudential Regulation and Supervisory Policy Department
FRTB	fundamental review of the trading book	PSD2	revised Payment Services Directive
GBP	British pound sterling	PSP	payment service provider
GL	guideline	Q&A	question and answer
ICT	information and communication technology	QIS	quantitative impact study
IFD	Investment Firms Directive	RAR	Risk Assessment Report
IFR	Investment Firms Regulation	RAST	Risk Analysis and Stress Testing Unit
IMA	internal models approach	RBM	Risk-based Metrics Unit
IRB	internal ratings based	RegTech	regulatory technology
IRRBB	interest rate risk in the banking book	RoE	return on equity
IT	information technology	RTS	regulatory technical standard
ITS	implementing technical standard	SA	standardised approach
JC	Joint Committee	SCA&CSC	strong customer authentication and secure communication
LCR	liquidity coverage ratio	SDFA	Supervisory Digital Finance Academy
LCU	Legal and Compliance Unit	SFDR	Sustainable Finance Disclosure Regulation
LILLAC	Liquidity Leverage Loss Absorbency and Capital Unit	SME	small and medium-sized enterprise
MCD	Mortgage Credit Directive	SNCI	small and non-complex institution
MiCAR	Markets in Crypto-Assets Regulation	SRB	Single Resolution Board
ML/TF	money laundering/terrorist financing	SREP	Supervisory Review and Evaluation Process
MREL	minimum requirement for own funds and eligible liabilities	STS	simple, transparent and standardised
NCA	national competent authority	SupTech	supervisory technology
NFCI	net fee and commission income	TLAC	total loss-absorbing capacity
NII	net interest income	TPP	third-party provider
NPL	non-performing loan	WP	work programme
NSFR	net stable funding ratio	XBRL	eXtensible Business Reporting Language
ORC	overall recovery capacity		

Part I – Achievements of the year

1.1 Achieving the 2023 core priorities

In 2023, the European Banking Authority (EBA) demonstrated unwavering commitment to its mandate. It executed 95% of the approximately 280 tasks outlined in its 2023 WP. The postponement of or delay in a small number of tasks was largely due to the need to carry out additional tasks not initially envisaged, though this did not compromise legal deadlines. The EBA indeed had to deal with an additional 20% of tasks not included in its agreed WP – whether unforeseen or previously unconfirmed – which added to the complexity of managing priorities and timelines. On the whole, the EBA’s deliverables primarily encompassed reports, technical standards (regulatory technical standards (RTS) and implementing technical standards (ITS)), guidelines, responses to Calls for Advice and peer reviews, thus highlighting the institution’s multifaceted role within the European Union’s regulatory framework.

The following headings and subheadings break down in further detail the EBA’s main tasks and deliverables over the past 12 months. Detailed tables also feature throughout, illustrating how the EBA executed the WP, broken down by product category.

The 2023 Annual Report offers insights into the breadth and depth of the EBA’s activities, highlighting the EBA’s unwavering commitment to its regulatory responsibilities and its vital role in ensuring stability and integrity within the European banking sector.

Table 1: Achievements in 2023 in numbers

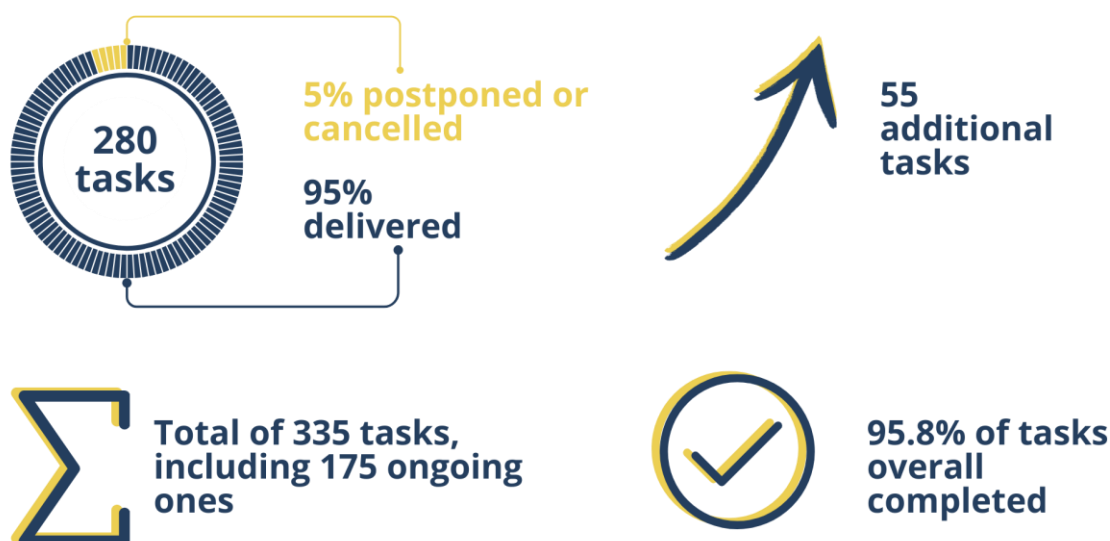
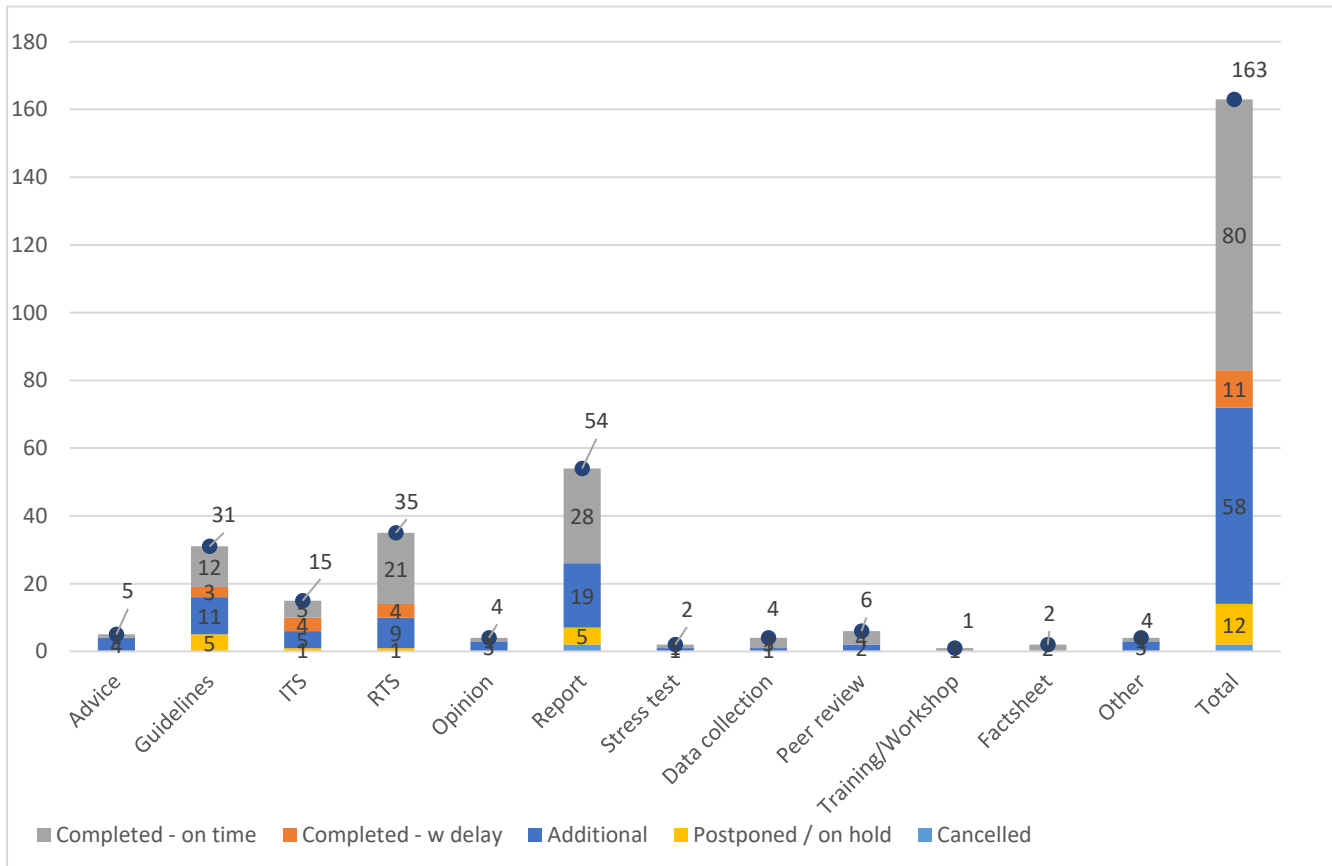


Figure 1: Breakdown of deliverables by category



NB: The deliverables here do not include the c 175 tasks that are of an ongoing nature.

1.1.1 Finalising the implementation of Basel III in the EU

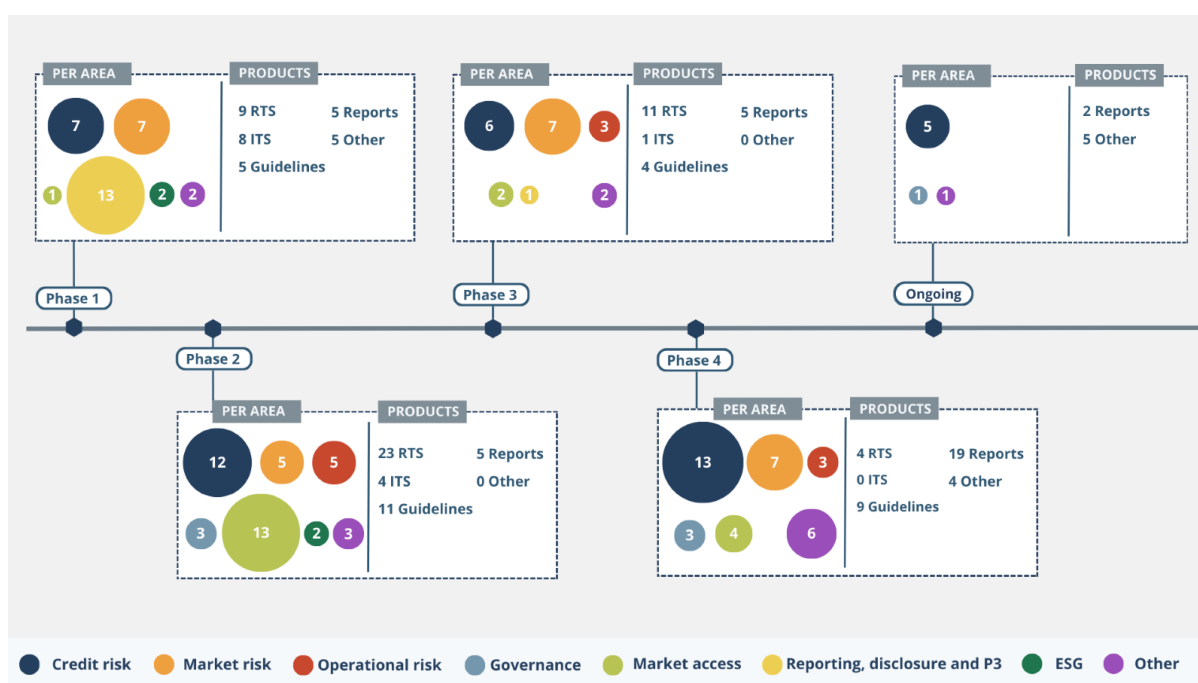
The banking package that was agreed on by co-legislators in 2023, i.e. Capital Requirements Regulation (CRR) III and Capital Requirements Directive (CRD) VI, will implement the Basel III framework in the EU.

To provide clarity to the industry on how the Authority will contribute to the implementation of the new legislation, in December 2023 the EBA published a roadmap detailing its approach to, and sequencing of, the work in the different areas in line with the legal deadlines set out by the co-legislators. Alongside the publication of the roadmap, a first batch of Consultation Papers (CPs) was published relating to the reporting/disclosure requirements and to market risk.

In the area of market risk, the EBA published draft RTS on the assessment methodology for the internal models approach to the fundamental review of the trading book (FRTB-IMA), which will provide clarification to supervisors and banks on the details relating to implementing internal models under the FRTB as well as to the report on the impact and relative calibration of the standardised approach for counterparty credit risk (SA-CCR).

The implementation of the banking package will be one of the main areas of work for the EBA in the coming years, with delivery of around 140 new mandates envisaged in 2024 and beyond.

Figure 2: Overview of mandates by area



With respect to investment firms, the EBA's work had two aims in 2023. Firstly, the EBA was focused on finalising the implementation of the technical details of the Investment Firms Regulation (IFR) and Investment Firms Directive (IFD) introduced in 2019. The delivery of the draft RTS on prudential consolidation for investment firm groups thus constituted the final EBA deliverable under the Investment Firms Roadmap. Secondly, on 1 February 2023 the EBA, along with the European Securities and Markets Authority (ESMA), received a Call for Advice (CfA) from the Commission on the implementation review for the IFR/IFD framework, and they then started on the work associated with this CfA. Additionally, on 25 July 2023 the EBA published the guidelines for consultation on the application of the group capital test for investment firms, which are due to be published before the end of Q2 2024.

In the fields of securitisation and covered bonds, the EBA finalised the RTS setting out homogeneity criteria for on-balance-sheet (or synthetic) securitisation transactions, as well as the draft RTS on the exposure value of synthetic excess spread, both under the simple, transparent and standardised (STS) framework.

The Authority continued to give significant attention to benchmarking activities in both credit and market risk models (inclusive of IFRS 9-related considerations) in order to support competent authorities (CAs) with the assessment of internal approaches used for the calculation of own funds requirements and for remuneration practices.

On the liabilities side, the EBA continued to monitor Common Equity Tier 1 (CET1) issuances and to follow developments relating to capital and capital issuances (Additional Tier 1 (AT1), Tier 2 and total loss-absorbing capacity / minimum requirement for own funds and eligible liabilities (TLAC/MREL) instruments in particular). This led to a combined update on TLAC/MREL and AT1 instruments published in July 2023, which evidenced further convergence and standardisation in terms of the drafting of the notes and programmes.

Furthermore, the EBA continued its follow-up work on the implementation of the EBA Opinion on legacy instruments (including in the context of the CRR II grandfathering provisions) and, after providing guidance on one specific issuance of legacy Tier 2 instruments in January 2023, addressed a second case in January 2024. The analysis of interactions among loss absorbency requirements (i.e. capital and TLAC-MREL stacking order, MDA and buffers, and output floors) will continue into 2024.

Given the economic circumstances, the EBA also embarked on work to monitor the impact of the interest rate environment on own funds and eligible liabilities aspects (e.g. on the valuation of non-equity instruments or on accounting-related aspects).

Furthermore, with respect to work regarding interest rate risk in the banking book (IRRBB), the EBA issued an opinion in Q2 2023 on changes that the Commission intended to apply to the draft RTS on supervisory outlier tests of net interest income (NII) as proposed by the Authority.

Work was also carried forward on the scrutiny of IRRBB risks, as reflected in the publication in January 2024 of a heat map setting out aspects that will be subject to further monitoring and action, with corresponding timelines in the short-to-medium and long term (to continue in 2024 and beyond).

In the area of liquidity, the EBA continued to review ways in which institutions and CAs have implemented the regulatory provisions, for example as regards notifications, use of national options and discretion, and monitoring of implementation in practice. This led the Authority

to publish several (updated) monitoring reports, including the potential impact on liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) levels of the upcoming central bank funding repayment (mainly repayments under the targeted longer-term refinancing operations) as well as of a potential scenario of higher liquidity risks.

In terms of market access, the EBA continued to monitor the regulatory perimeter and authorisation practices as well as reports on the establishment of third-country branches and the intermediate parent undertaking framework, with a view among other things to facilitating cross-border cooperation between CAs supervising subsidiaries and branches of third-country groups. The EBA also started to examine the requirements imposed on various types of market players for access to the EU market, focusing in particular on access to the EU market under MiCAR by issuers of asset-referenced tokens (ARTs).

With regard to the authorisation of credit institutions and qualifying holdings, the EBA concluded the follow-up report on the related peer review, identifying solid improvements in particular with respect to assessment of the financial soundness of proposed acquirers and to suspicions of money laundering / terrorist financing issues.

As concerns supervisory convergence, the EBA performed the yearly European Supervisory Examination Programme and started its preparatory work for the future review of the guidelines on the Supervisory Review and Evaluation Process (SREP), looking at the supervisory measures, including capital add-on and liquidity measures, set by CAs throughout the European Union and launching a peer review devoted to proportionality in the SREP. The EBA also updated the regulatory products governing the functioning of Supervisory Colleges; this update was delivered in late Q4 and included an amendment to improve the sharing of information among authorities in the context of adverse economic events.

In matters of governance and remuneration, the EBA continued to monitor and benchmark diversity and remuneration practices at EU level, with findings published in Q1 in the latest editions of its recurring reports. At the same time it worked on the streamlining and effectiveness of related data collections.

An additional focus will be to assess whether specific parts of the rulebook should be updated, streamlined or simplified. Ease of access to the consolidated rulebook and its user-friendliness are also to be improved.

KPI

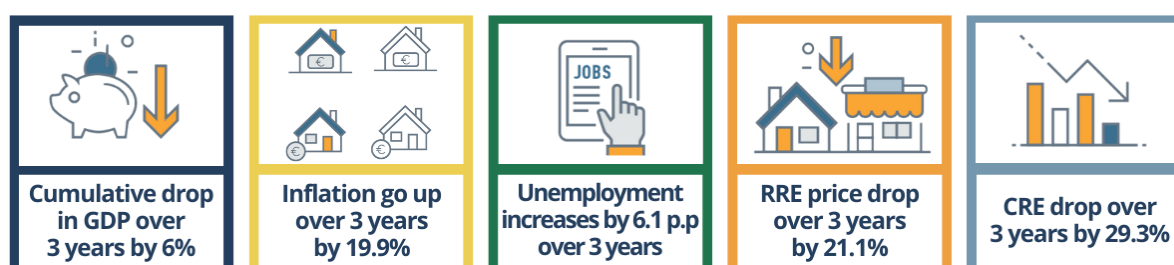
Indicator	Weight	Short description	Target	Achievement	
A	Number of technical standards, guidelines, reports delivered	100%	Number of technical standards, guidelines and reports delivered on time stemming from implementation of CRD VI / CRR III / BRRD III	80%	71% (or 82% with additional deliverables)

See Annex I for details. Source of information: EBA WP monitoring tool and annual report.

1.1.2 Running an enhanced EU-wide stress test

In 2023, the EBA ran its EU-wide stress test to allow supervisors to assess the resilience of EU banks over a three-year horizon under a baseline and an adverse scenario. As in previous years, it built on the experience of and lessons learned by the EBA and its members from the previous exercises carried out since 2011. The sample was enlarged compared to previous exercises from 50 to 70 banks (from 16 EU and EEA countries covering 75% of EU banking sector assets). While the methodology still relied on a constrained bottom-up approach, following a decision taken by the Authority to move to a hybrid framework on a step-by-step basis projections for net fee and commission income (NFCI) were provided to banks based on supervisory top-down models. The 2023 exercise included, for the first time, granular information about the sectoral allocation of banks' credit losses, in order to better assess the heterogeneous impact of what had become a highly uncertain macroeconomic and geopolitical environment.

Figure 3: 2023 stress test macro financial scenario



The results of the 2023 EU-wide stress test showed that European banks remain resilient under an adverse scenario, which combines a severe EU and global recession, high and persistent inflation, increasing interest rates and higher credit spreads.

Table 2: Summary of key results

	CET1 capital ratio				Leverage ratio		
	End 2022	Baseline 2025	Adverse 2025	Delta baseline 2025-2022	Delta adverse 2025-2022	End 2022	Adverse 2025
Fully loaded	15.0%	16.3%	10.4%	+136 bps	-459 bps	5.4%	4.3%

Ad hoc analysis on unrealised losses on EU banks' bond holdings

In parallel with the EU-wide stress test, the EBA also performed an ad hoc analysis of unrealised losses on debt securities at EU banks. The analysis focuses on unrealised losses on banks' bond positions held at amortised cost. The sample considered is the same as that for the 2023 EU-wide stress test.

'Held at amortised cost' is an accounting classification, which allows banks to hold bonds without marking them to market. Banks are expected to hold these bonds until maturity, which has the important implication of allowing banks to reduce the sensitivity of their accounting profit and loss to interest rate changes.

EU banks held debt securities (bonds) with a book value of EUR 2.24 trillion as of February 2023. Of these, 59% were held at amortised cost and 41% at fair value through other comprehensive income. Most were bonds issued by governments (66%) and credit institutions (18%).

As of February 2023 total unrealised losses on bonds at amortised cost for the banks in the sample considered amounted to EUR 75 billion, compared to almost EUR 78 billion in December 2022. As of February 2023, losses were mitigated by hedges amounting to EUR 38 billion. Unrealised losses on bond holdings began increasing from the end of 2021 in line with increases in interest rates. However, according to these results, unrealised losses on bond holdings in the EU banking sector are currently limited in size compared to the overall solvency and liquidity profile of the banks.

Finally, unrealised losses calculated for this ad hoc analysis under the 2023 adverse EU-wide stress test scenario appear manageable overall (net losses amounting to EUR 133 billion).

The EBA also started developing a one-off Fit-for-55 climate risk scenario analysis, with the support of the ECB and CAs. This aims to assess the resilience of the financial sector in line

with the Fit-for-55 package and to gain an insight into the capacity of the financial system to support the transition to a lower-carbon economy under conditions of stress. More detail on the activities carried out can be found in Section 1.1.6 Implementing the ESG roadmap.

KPIs

	Indicator	Weight	Short description	Target	Achievements
A	Validation of ECB NFCI and NII models	25%	NFCI and NII to be validated by EBA and NCAs for possible use as top-down projections in 2023 stress test	100%	100%
B	Publication of stress test results	75%	Covers running the actual stress test, methodological updates and publication of results	100%	100%

See Annex I for details. Source of information: EBA WP monitoring tool and annual report.

1.1.3 Putting data at the service of stakeholders

The EBA further rolled out its Data Strategy, aiming to improve the way regulatory data is acquired, compiled, used and disseminated to relevant stakeholders. It strengthened its analytical capabilities, with a focus in 2023 on enabling the Authority to share data and insights with internal stakeholders and the whole data ecosystem. Leveraging its European Centralised Infrastructure for Supervisory Data (EUCLID) platform allowed for data flows between diverse endpoints and provided internal and external stakeholders with access to high-quality, curated data and insights. This further improved risk analysis and facilitated greater dissemination and disclosure of bank data, including those covered by Pillar 3. It enhanced the EBA's assessment of the impact of regulatory reforms, improved proportionality and boosted the EBA's ability to analyse the effects on specific business models, while significantly reducing the need for ad hoc data collection. It also facilitated evidence-based policy analysis in the context of EU-wide debates on regulatory and supervisory matters.

One key target was the collection and dissemination of critical data assets, insights and analytics policies, with priority given to the implementation of the Pillar 3 data hub envisaged by the Level 1 legislation which is currently under development. A discussion paper was published in December explaining the processes and the main challenges that might potentially arise, and providing an opportunity for stakeholders to provide input and to take part in a pilot to test the system. The hub will ultimately be connected to the European single access point (ESAP).

EUCLID greatly facilitated preparations for the 2023 transparency exercise published in December 2023, together with the 2023 Risk Assessment Report (RAR). As an integral part

of the EBA's ongoing efforts to foster transparency and market discipline in the EU financial market, and complementing banks' own Pillar 3 disclosures, as laid down in the CRR, the transparency exercise provided over 1.2 million data points, with on average more than 10,000 data points per bank, and was based on the supervisory data submitted to the EBA via EUCLID.

In 2023 the EBA finalised a Data Point Model (DPM) Refit to ensure that the EBA data dictionary is fit for future challenges of reporting and digital processing. A DPM 2.0 standard was published in 2023 and will be implemented during a transitional period of 2024-2025. As part of this effort, the EBA completed the first phase of the migration to the Digital Regulatory Reporting (DRR) tool, DPM Studio, which will support a continuous reporting framework development process, including DPM releases, a full validation rules lifecycle, support for data calculations and creation of eXtensible Business Reporting Language (XBRL) taxonomy packages. Both the DPM Refit and DPM Studio are EBA-EIOPA joint projects.

In the context of its work on reporting and transparency, the EBA continued to map disclosure and reporting frameworks and to consider further proportionality measures in reporting and disclosure in order to achieve a reduction in the reporting burden and in the cost of compliance. These considerations and the Advisory Committee on Proportionality (ACP) recommendations (e.g. introducing simplified reporting for small and non-complex institutions in the new IRRBB reporting and launching a signposting tool for reporting requirements) were also reflected in the different components that the EBA delivered in the course of 2023 in order to complete and update these frameworks, as well as in the work embarked on to address necessary revisions to reporting and disclosure requirements stemming from CRR III and CRD VI.

Work also continued on exploring an integrated reporting framework, thereby contributing 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. The EBA, together with the ECB and national authorities, prepared to establish a Joint Bank Reporting Committee to work together to integrate reporting frameworks and to build a common data dictionary.

The enhancement of the EBA data infrastructure and the improvement of the EU-wide reporting framework leverage input from various stakeholders, in particular from the CAs and the industry, with wide coverage in terms of size and business model. Moreover, the EBA benefits from the latest technological innovations, supporting its work in these areas and helping it to improve its regulatory landscape so as to develop innovative regulatory technology (RegTech) solutions.

DPM 2.0 and the path towards a common data dictionary

What is the DPM Standard?

The DPM Standard is a key component of the data dictionary used by the EBA and EIOPA to define concepts for the harmonised regulatory data requirements (in the case of the EBA supervisory and resolution reporting) applicable to financial institutions in the EEA. In that sense, the DPM Standard supports experts preparing or using regulatory reporting data by providing a structured representation of the information, identifying all the business concepts and their relations, as well as validation and calculation rules. The EBA and EIOPA have developed the DPM Standard as a public good and as a means to promoting full digital processing of the reporting frameworks. DPM Standard 1.0 has underpinned the reporting frameworks under the remits of both authorities from the beginning and is scalable to further reporting frameworks.

Moving from DPM Standard 1.0 to 2.0

In the last decade, the DPM methodology has successfully supported the EBA and EIOPA in integrating their respective regulatory frameworks. After all these years, DPM Standard 1.0 required enhancements in order to remain fit the purpose in terms of responding to changes and reducing costs. DPM Refit is the joint response to the challenge of the increased volume, granularity and complexity of the data, and aims to reap the benefits of closer collaboration and a higher degree of harmonisation. As such, experts from both European supervisory authorities (ESAs) have been working on the DPM Refit project to upgrade DPM Standard 1.0 to DPM Standard 2.0, which provides common data definition standards and tools.

What is next?

In the longer term, the DPM Standard will play a key role in enabling semantic integration of a single cross-sectoral dictionary for the whole financial sector. As far as the banking sector is concerned, DPM Standard 2.0 should become the single methodology for defining not only the supervisory and resolution reporting already supported by the standard, but also the statistical reporting under the European System of Central Banks statistical integrated reporting framework.



KPIs

	Indicator	Weight	Short description	Target	Achievements
A	Launch of dissemination portal	40%	Project to develop infrastructure for dissemination of data and analysis, including with a view to preparing for the Pillar 3 data hub	100%	100%
B	DPM Refit	30%	Implementation of new improved DPM	100%	100% Developed but implemented in 2024-2025
C	DRR tools	30%	Completion of first phase of new DRR tools to support efficient creation and maintenance of the data dictionary relating to reporting requirements (data modelling, validations and transformations, data exchange format generation)	100%	100%

See Annex I for details. Source of information: KPI A: launch of the portal for use by EBA users and CAs; KPI B: publication of DPM Standard 2.0 in June and publication of implementation plan in October 2023; KPI C: launch of DPM Studio in late 2023.

1.1.4 Delivering on digital finance and MiCAR/DORA mandates

The Digital Operational Resilience Act (DORA) entered into force on 16 January 2023 and it will apply from 17 January 2025. The Markets in Crypto-Assets Regulation (MiCAR) entered into force on 29 June 2023 with the date of application ranging from 12 months from entry into force (in the case of issuers of asset-referenced tokens (ARTs) and electronic money tokens (EMTs)) to 18 months following entry into force for other types of activity under MiCAR.

Both legal acts are part of an EU Digital Finance Strategy that aims to ensure that the current legal framework does not pose obstacles to the use of new technologies and products and, at the same time, ensures that such new technologies and products fall within the scope of EU financial regulation and operational risk management arrangements of financial entities. The key priority for the EBA in 2023 was the development of the related policy mandates to supplement the new legal acts.

In relation to DORA, the three ESAs are mandated to jointly deliver 13 legal products by January 2025. Following the groundwork and public consultations carried out in 2023, in January 2024 they published a first series of policies in the areas of information and communication technology (ICT) risk management, ICT third-party risk management and incident reporting. This took into account feedback received from a public consultation, the European supervisory authorities' (ESAs') stakeholder groups and the ESAs' Advisory Proportionality Committee. The ESAs also delivered an interim report in relation to the upcoming implementation of a pan-European systemic cyber incident coordination framework (EU-SCICF).

Policy development for DORA continued with the launch of a second public consultation on policy products in December 2023 in the areas of incident reporting, digital operational resilience testing, ICT third-party risk management and oversight over critical ICT third-party providers (TPPs) (four sets of draft RTS, one set of draft ITS and two sets of guidelines). Publication of the final documents is scheduled for 17 July 2024.

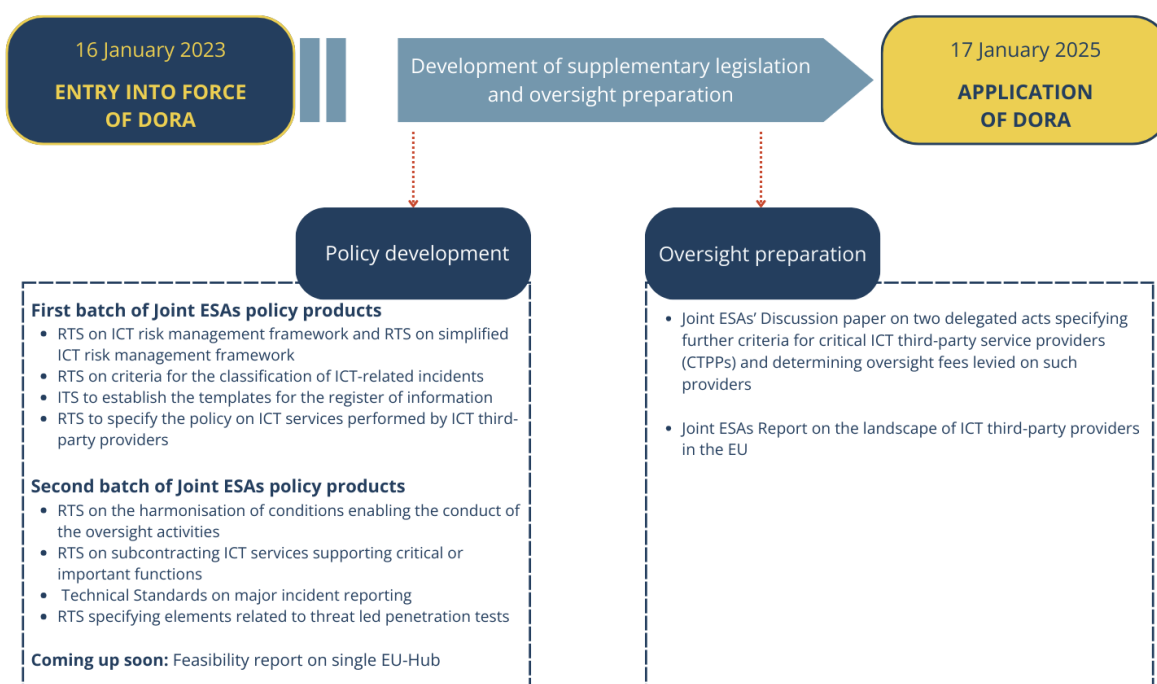
In parallel with policy development, the ESAs also started preparing for the upcoming implementation of the pan-European oversight framework of ICT third-party service providers designated as critical (CTPPs). Among other things this includes:

- ongoing and enhanced engagement with relevant stakeholders carried on throughout the year, such as EU and third-country supervisory and oversight authorities as well as EU financial entities and ICT service providers;

- the establishment of a High-Level Group on DORA Oversight in December 2023 which involves CAs in the design of the oversight framework and the establishment of procedures, methodologies and governance documents;
- data collection on the ICT TPP landscape in the EU – the results of the exercise were published by the ESAs on 27 September 2023;
- the development of necessary IT tools to support the oversight activities as well as the ICT-related incident framework.

In September 2023, the ESAs published technical advice on the criticality criteria for the designation of CTPPs and on the oversight fees as a response to the Commission's CfA.

Figure 4: Regulatory products and reports under the DORA mandate



For MiCAR, the EBA is responsible for delivering 20 technical standards and guidelines in all but one case within 12 months from entry into force (i.e. by the end of June 2024). Two of the mandates are joint with ESMA, and one is joint with ESMA and EIOPA. Again, substantial preparatory steps were taken to meet this challenge and the EBA launched Consultation Papers on the vast majority of its draft technical standards and guidelines in 2023:

- in July, the EBA issued its first consultation package on EU market access for issuers of ARTs and on complaints handling procedures;
- in October, the EBA issued its second consultation package on the procedure for the approval of white papers of ARTs issued by credit institutions, governance

arrangements under the remuneration policy, internal governance arrangements, and on joint EBA-ESMA guidelines on suitability assessments of the management body and holders of qualifying holdings;

- in November and December, the EBA issued its third consultation package on supervisory colleges, reporting of transactions in ARTs and EMTs denominated in a non-EU currency, recovery plans for issuers of ARTs and EMTs, own funds requirements and stress testing of issuers under MiCAR, liquidity requirements and on stress testing of relevant issuers, on the requirements for policies and procedures on conflicts of interest for issuers of ARTs;
- in September 2023, the EBA also responded to the Commission's CfA on significance criteria for ARTs and EMTs and supervisory fees to be charged to issuers.

As required in connection with the preparatory steps for the supervision tasks assigned to the EBA (with respect to significant ARTs and significant EMTs), the EBA started to develop supervisory models, policies and procedures, as well as templates for the exchange of information between all relevant parties (including issuers, national competent authorities (NCAs), the ECB and other relevant central banks). In addition, an EBA Crypto Supervision Coordination Group was established, which brings together high-level representatives from EEA NCAs, the ECB and ESMA to discuss practical issues regarding the supervision of issuers of ARTs/EMTs and to foster convergence of supervisory practices in view of MiCAR applying to ART/EMT issuers from June 2024.

Finally, in view of the fast-approaching application date, and the finalisation of the associated technical standards and guidelines, the EBA stepped up its actions to encourage the industry and supervisors to sharpen their focus on consistent and timely implementation. In particular, in July 2023 the EBA published a statement with 'guiding principles' to which issuers of ARTs and EMTs are encouraged to pay due regard by the application date¹. The principles are intended to facilitate early alignment with the rules established by MiCAR, for instance as regards the fair treatment of potential acquirers and holders of ARTs and EMTs, and sound governance and effective risk management.

The EBA also continued to monitor financial innovation and to identify areas where a further regulatory or supervisory response may be needed. Crypto-assets, tokenisation, decentralised finance, digital identity management and the application of artificial intelligence / machine learning, as well as digital platforms, supervisory and regulatory technologies (SupTech and RegTech) are examples of innovative applications on which

1

https://www.eba.europa.eu/sites/default/files/document_library/Publications/Other%20publications/2023/Statement%20on%20preparatory%20steps%20towards%20application%20of%20MiCAR/1057527/Statement%20on%20time%20preparatory%20steps%20towards%20the%20application%20of%20MiCAR%20to%20asset-referenced%20and%20e-money%20tokens.pdf

the EBA focused during the year. As Chair of the European Forum for Innovation Facilitators (EFIF) in 2023, the EBA coordinated the delivery of the EFIF WP, including thematic publications on innovation facilitators and BigTechs which also contain related recommendations. In particular, the joint ESAs Report on innovation facilitators published in December 2023 recommends steps to improve the activities of innovation facilitators, such as innovation hubs and regulatory sandboxes, while the report on the 2023 stocktake on BigTech direct financial services provision in the EU, published in early February 2024, recommends steps to enhance the monitoring of these activities.

Finally, the EBA, together with ESMA and EIOPA, guided and steered development of the EU Supervisory Digital Finance Academy (SDFA) training curriculum to ensure it is tailored to the CAs' needs and contributes to the SDFA's aim to strengthen supervisory capacity in innovative digital finance.

KPIs

	Indicator	Weight	Short description	Target	Achievements
A	Percentage of mandates under MiCA to be submitted to the Commission in 2024 and to be consulted on in 2023	35%	Under current assumptions, the EBA will be mandated to deliver to the Commission approx. 20 technical standards and guidelines in 2024	100%	95% All but one CPs were delivered in 2023
B	Percentage of mandates under DORA published and submitted to the Commission in 2023	35%	Under current assumptions, DORA will confer 13 joint mandates for technical standards and guidelines on the ESAs, of which 5 are to be delivered in 2023	100%	100% All CPs / final products were delivered as planned
C	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 etc.) effectively and efficiently	EBA is implementing its operational readiness plan	Implementation of operational readiness plan on track
D	Number of thematic publications, incl. opinions or reports, provided to the Commission 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 Commission	Up to two thematic publications (opinions or reports)	Achieved two publications
E	Percentage of reviewed and quality-assured training curriculum of the Digital Finance Academy to ensure it is tailored to the CAs' 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 CAs' needs	100%	100%

See Annex I for further details. Source of information: KPI A, B: and D: EBA WP monitoring tool and publications, KPI C: DORA /MiCAR milestones tracker, KPI E: internal ESA report to DG Reform.

1.1.5 Enhancing capacity to fight money laundering and terrorist financing in the EU

In 2023, the EBA continued to lead, coordinate and monitor the EU financial sector's fight against money laundering/terrorist financing (ML/TF) in line with its legal mandate, by setting common standards, fostering cooperation and supporting the implementation of robust approaches to tackling financial crime risks across the EU.

The EBA built on its comprehensive regulatory framework to address emerging risks by issuing new guidelines, updating existing guidelines and contributing to a holistic approach to anti-money laundering and countering the financing of terrorism (AML/CFT) to ensure that ML/TF risks are considered across all areas of supervision. In 2023, tackling unwarranted de-risking, ensuring compliance with restrictive measures and building robust approaches to AML/CFT for crypto-asset service providers (CASPs) and their CAs were particular areas of focus.

Tackling ML/TF risk can have unintended consequences. For example, it can make access to financial services difficult for vulnerable customers who are unable to provide standard forms of identification. This is why, in March 2023, the EBA published two guidelines on how institutions can manage ML/TF risk effectively, rather than de-risk, in situations where access by customers to financial products and services should be safeguarded. These guidelines build on the EBA's 2022 [Opinion on de-risking](#), the EBA's 2016 [Opinion on the application of customer due diligence measures to customers who are asylum seekers from higher-risk third countries or territories](#) and on the [statement](#) the EBA issued in April 2022 in the context of the war in Ukraine. The EBA also published a factsheet, together with the Commission, to help not-for-profit organisations understand what information they might have to provide to open an account or to carry out a specific transaction.

The war in Ukraine highlighted the challenges associated with divergent approaches to complying with EU restrictive measures. The EBA found that significant differences exist in relation to the quality of institutions' systems and controls to comply with restrictive measures and supervisors' expectations of those systems and controls. Together, these differences undermine the effectiveness of the EU's restrictive measures or regimes and affect the stability and integrity of the EU's financial system. To address this, the EBA used provisions in Regulation (EU) 2023/1113, the CRD and the PSD to propose two new guidelines. One set of draft guidelines sets common, regulatory expectations regarding the role of senior management, internal governance arrangements and risk management systems in the restrictive measures context. A second set of draft guidelines sets out what

payment service providers (PSPs) and CASPs should do to be able to comply with restrictive measures when performing transfers of funds and crypto-assets and focus on know-your-customer, screening and due diligence measures.

Throughout 2023, the EBA supported the development of common approaches to tackling ML/TF risks associated with CASPs and other entities under the MiCAR framework. This included guidance on the AML/CFT supervision of CASPs; guidance to CASPs and financial institutions that service CASP customers on assessing ML/TF risks and putting in place commensurate and risk-sensitive measures to manage those risks; and setting common expectations on managing ML/TF risks at market entry and throughout a MiCAR institution's life cycle. The EBA also consulted on revisions to its Transfer of Funds ('Travel Rule') Guidelines, which it amended and extended to apply to transfers of crypto-assets going forward. The public consultation on these guidelines closed in February 2024.

The EBA continued to foster supervisory cooperation by supporting information exchange and by continuing to develop the AML/CFT colleges framework.

By December 2023, more than 260 AML/CFT colleges had been set up. The EBA staff actively monitored 18 of these colleges and supported their effective functioning through contributions, feedback and the negotiation of draft terms of participation with key third-country observers. A report summarising the EBA's observations was published in August 2023 and found that CAs had taken important steps to improve the functioning of AML/CFT colleges, although many colleges had not reached full maturity. The report further identified good practices that will be useful for CAs to improve the effectiveness of AML/CFT colleges and consequently, of supervisory outcomes. In December 2023, the EBA staff launched the latest round of thematic college monitoring, focusing on neobanks and payment or electronic money institutions with a similar business model.

In addition to its college work, the EBA brought together CAs to share information and establish cooperation gateways in situations where cross-border ML/TF risks had crystallised but no AML/CFT college existed. This was the case, for example, in relation to a number of CASPs.

Throughout 2023, the EBA continued to support the implementation of robust approaches to tackling financial crime risks across the EU by identifying and disseminating information on ML/TF risks, by monitoring the implementation of its standards by CAs and issuing recommendations for improvements as necessary, and by contributing to the effective design of the EU's new legal and institutional AML/CFT framework.

In July 2023, the EBA published the fourth Opinion on the risks of money laundering and terrorist financing affecting the European Union's financial sector. The EBA issued this

opinion against the background of a changed risk landscape, which had impacted institutions' AML/CFT compliance efforts and CAs' approaches to AML/CFT supervision. The war in Ukraine and the growth in CASP activity stood out in particular. For the first time, the EBA used data from its new central database on anti-money laundering and countering the financing of terrorism (EuReCA) to inform its analysis.

Data from EuReCA also informed the EBA's analysis of ML/TF risks associated with payment institutions. The EBA found that these risks were not assessed or managed effectively in all cases and that AML/CFT internal controls in payment institutions were often insufficient to mitigate inherent ML/TF risks, which were often high. The EBA's findings also suggest that not all CAs were doing enough to supervise the sector effectively. To address this, the EBA hosted discussions and roundtables with industry representatives and supervisors to identify a way forward, and provided technical advice to the Commission and co-legislators to inform the nascent payment services framework.

EuReCA

EuReCA is the EBA's AML/CFT database on serious AML/CFT deficiencies in individual financial institutions in the EU, which was launched in 2022. Between January and December 2023, the majority of reports related to credit institutions, followed by payment institutions. CAs found the largest number of deficiencies in respect of institutions' Customer Due Diligence measures.

Figure 5: areas where material weaknesses occur

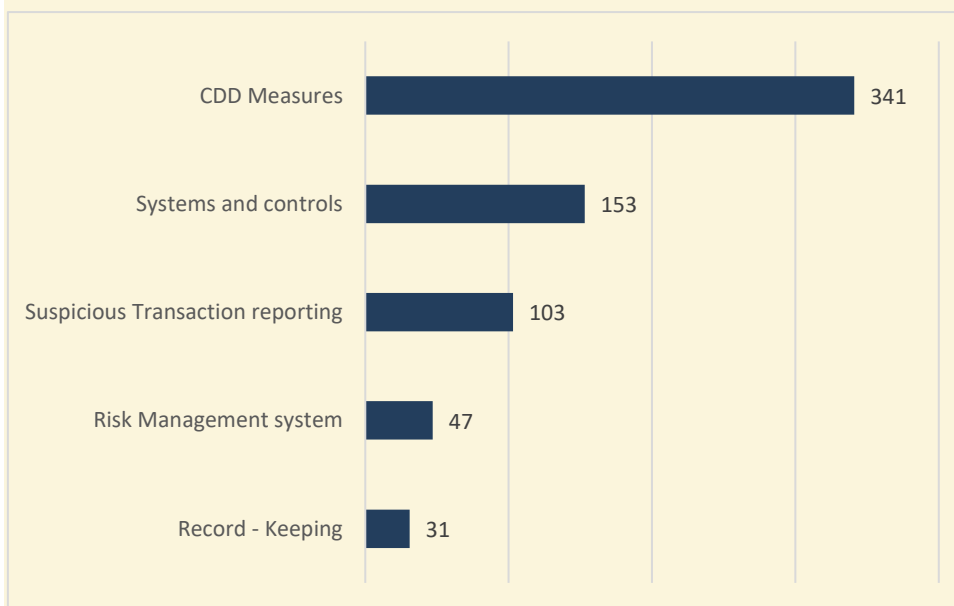
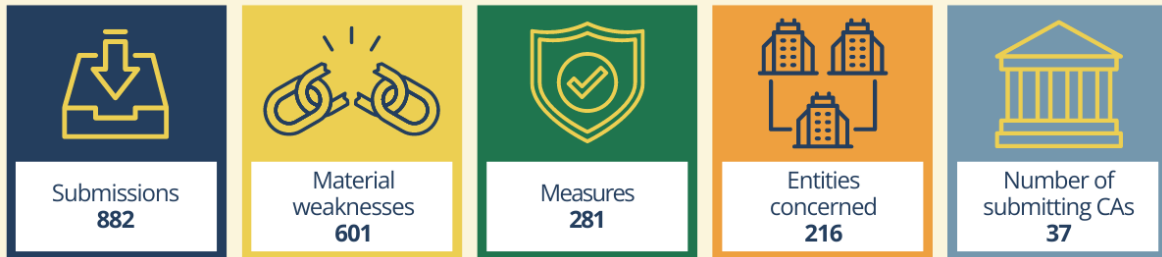


Figure 6: Key EuReCA numbers



The EBA has used EuReCA data to support different AML/CFT work streams, namely the AML/CFT implementation reviews and the monitoring of AML/CFT colleges, to inform different AML/CFT deliverables, including the Opinion on ML/TF risks affecting the EU financial sector and the EBA Report on ML/TF risks associated with payment institutions, and to feed into the EBA's periodical Risk Dashboard and the EBA's Risk Assessment Report.

The EBA staff have also shared information from EuReCA with other CAs, either at their request or at the EBA's initiative; with ESMA and EIOPA, on a monthly basis, where information concerns entities under their scope; and with the lead supervisor of an AML/CFT college, where information concerns entities within the group.

Figure 7: top 5 sectors where material weaknesses are identified

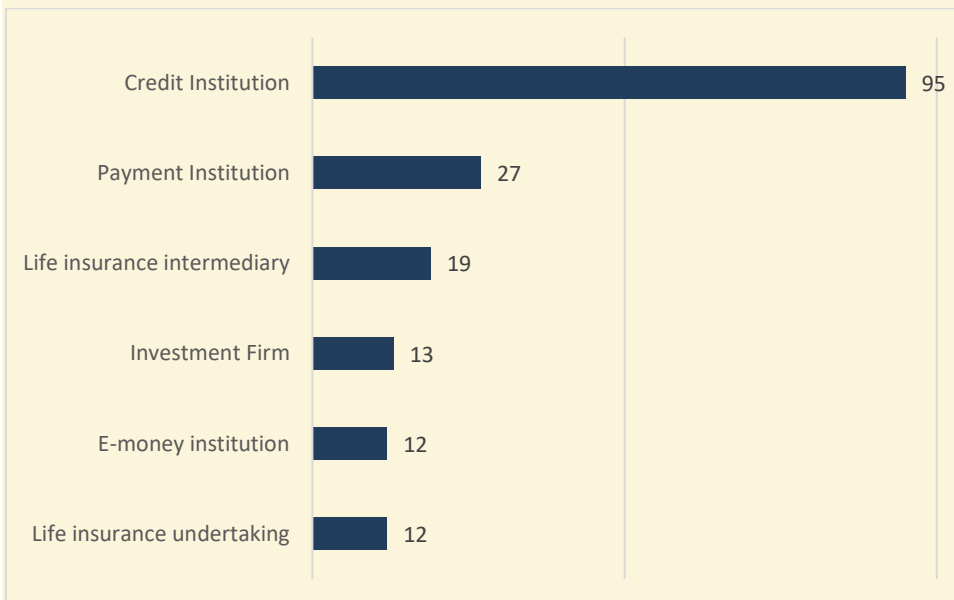
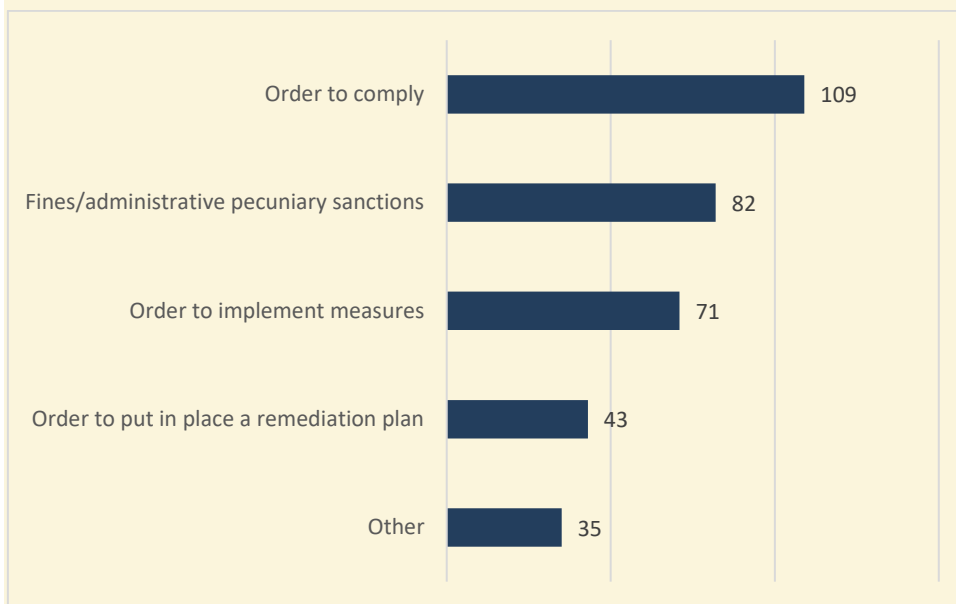


Figure 8: top 5 types of measures



The EBA continued its staff-led, in-depth assessments of CAs' approaches to AML/CFT supervision. It published a report on aggregate findings and a summary of recommendations issued during its third round of reviews in July 2023, and concluded that supervisors were making progress in the fight against money laundering and terrorist financing, but most needed to do more to ensure that their approach was effective and enabled them to tackle ML/TF risks in their sector. The EBA launched its fourth, and final, round of reviews in 2023. Over the course of that year, staff assessed and provided comprehensive feedback to 11 CAs from 5 Member States. By the end of 2024, all CAs that are responsible for tackling ML/TF risk in the EU's banking sector will have been assessed.

Finally, throughout 2023, the EBA contributed to shaping the new AML/CFT framework. As part of this, the EBA provided technical advice to the Commission and the co-legislators as necessary. It also worked to prepare a smooth hand-over of those aspects of its work that relate exclusively to AML/CFT compliance and supervision to the Anti-Money Laundering Authority (AMLA) that has been set up.

The Forum of EU AML/CFT supervisors on the transition to AMLA

Since the establishment of AMLA will bring significant changes to the way CAs approach AML/CFT supervision, the EBA has set up a Forum of EU AML/CFT supervisors to support them in the transition to AMLA and to the new EU AML/CFT framework. The Forum provides a space for discussion and information exchange, focusing on the practical aspects of the transition. Its objective is to contribute to the smooth transition to the new institutional framework, in particular by:

- identifying practical considerations linked to CAs' internal systems and organisation, as well as the changes necessary to prepare for the transfer of supervisory powers and future collaboration with AMLA;
- exchanging information on transition plans;
- fostering a common approach where appropriate.

The first Forum took place in October and has met every six weeks since.

In addition to the Forum, and throughout 2024 and 2025, the EBA will work with CAs to advise the Commission on key aspects of the new regime, including in relation to the methodology supervisors will use to assess ML/TF risks.

KPIs

	Indicator	Weight	Short description	Target	Achievements
C	Capacity to identify, analyse and disseminate information on ML/TF risks	25%	The EBA will identify, assess and disseminate information about ML/TF risks based on, inter alia, information from EuReCA. The EBA will also publish the fourth 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 One opinion	Achieved Two opinions
D	Contributing to the implementation of a holistic approach to tackling financial crime	25%	The 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 four guidelines or amendments to existing guidelines	Achieved
E	Effective AML/CFT supervision – number of implementation and thematic reviews	30%	The EBA will assess CAs' approaches to AML/CFT supervision, with bilateral feedback and action points. It will also monitor AML/CFT colleges.	One thematic review; up to four implementation reviews	Achieved
F	Preparing for the smooth transfer of powers to AMLA	20%	The EBA will prepare to hand over those aspects of its work that relate exclusively to AML/CFT that will fall within AMLA's remit.	Transition plan	Execution of plan on track

See Annex I for further details. Source of information: KPI C, D and E: EBA WP monitoring tool and publications, KPI F: internal project plan.

1.1.6 Implementing the ESG roadmap

As a horizontal priority, the EBA paid particular attention to aspects relating to environmental, social and governance (ESG) matters being reflected in its work in accordance with the roadmap on sustainable finance published in December 2022.²

Figure 9: The roadmap explains the EBA's sequenced and comprehensive approach over the next three years to integrating ESG risk considerations into the banking framework and supporting the EU's efforts to achieve the transition to a more sustainable economy.



In 2023, the Authority continued to deliver on mandates included in the CRD, CRR, IFD, IFR, EBA Founding Regulation and those stemming from the Commission's action plan and Communication Strategy for Financing the Transition to a Sustainable Economy³, and pursued its contributions to European and international work (particularly via the Platform on Sustainable Finance, Basel Committee, Network for Greening the Financial System, European Systemic Risk Board (ESRB)).

² <https://www.eba.europa.eu/publications-and-media/press-releases/eba-publishes-its-roadmap-sustainable-finance>

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021DC0390>

In line with the EBA's ESG roadmap, the Authority continued the investigation and potential review of the current framework for the prudential treatment of exposures to capture environmental and social risks. The EBA follows a sequenced approach, in accordance with its legal mandates. To mark the completion of the first phase of this work the EBA published a report in October 2023 on the role of environmental and social risks in the prudential framework for credit institutions and investment firms. Taking a risk-based approach, the report assesses how the current prudential framework captures environmental and social risks and puts forward targeted enhancements to accelerate the integration of environmental and social risks across Pillar 1. The proposed enhancements aim to support the transition towards a more sustainable economy, while contributing to the stability, resilience and orderly functioning of the financial system.

In the report the EBA also puts forward recommendations for short-term actions to be taken over a three-year horizon as part of the implementation of the revised Capital Requirements Regulation and Capital Requirements Directive (CRR III / CRD VI). Taking a medium-to-long-term perspective, the report also presents possible revisions to the Pillar 1 framework – subject to monitoring and further assessment – reflecting the growing importance of environmental and social risks. Alongside other policy initiatives outside the prudential framework, the EBA continues to consolidate the integration of environmental and social risks across all pillars of the regulatory framework.

With regard to Pillar 2 requirements, the EBA continued its efforts to incorporate ESG considerations into risk management and supervisory guidance in a proportionate and gradual manner.

In January 2024 the EBA published a Consultation Paper on draft guidelines on the management of ESG risks with due consideration of the ACP recommendations. The draft guidelines, which are expected to be finalised in the course of 2024, set out requirements for institutions for the identification, measurement, management and monitoring of ESG risks, including through plans aimed at addressing the risks arising from the transition towards a climate-neutral EU economy.

In terms of disclosures and transparency, the ESAs also embarked on work to review principal adverse impact (PAI) indicators and financial disclosures in the Sustainable Finance Disclosure Regulation (SFDR), in response to a request from the Commission. Overall, the draft RTS proposes the extension of the list of social indicators for principal adverse impacts, refinement of the content of several of the other indicators for adverse impacts and their respective definitions, applicable methodologies, metrics and presentation, and amendments regarding decarbonisation targets. Further proposed changes, based on stakeholder Q&As and observations, cover the Do No Significant Harm disclosure design options and the simplification of the templates, among other technical changes.

Further assistance to the Commission in its next comprehensive assessment of the SFDR was provided in the ESAs' second annual report, published in September 2023, on the extent of voluntary disclosure of principal adverse impacts under the Article 18 of the SFDR. In a similar way to the previous publication in 2022, the report presented the findings from a survey of NCAs in order to assess the state of entity-level and product-level voluntary PAI disclosures under the SFDR. The report also includes a preliminary, indicative and non-exhaustive overview of good practice and of areas offering room for improvement.

Also in the context of disclosures, the set of draft RTS were published by the ESAs in May 2023 on the ESG impact disclosure for simple, transparent and standardised (STS) securitisations under the Securitisation Regulation, which aims to help market participants make informed decisions about the sustainability impact of their investments on sustainability disclosures on STS securitisation.

As a further contribution to the EU's wider objectives in sustainable finance, the EBA, ESMA and EIOPA published separate progress reports in June 2023 on greenwashing in their respective remits in the financial sector. In these reports, the ESAs put forward a common high-level understanding of the greenwashing applicable to market participants across their respective remits – financial markets, banking, and insurance and pensions.

The EBA progress report, more specifically, provides an overview of the greenwashing phenomenon in the banking sector and its impact on credit institutions, investment firms and payment service providers. The outcome of the quantitative analysis of the greenwashing phenomenon shows a clear increase in the total number of potential cases of greenwashing across all sectors, including for EU banks. It also indicates rising climate accountability: increased public attention directed towards climate change has led companies to be held more accountable for their environmental policies, climate impact and disclosures.

These progress reports came as an initial response to the Commission's request for input on the topic.

The final reports are expected to be delivered in May 2024 and will put forward recommendations, possibly along with suggestions for changes to the EU regulatory framework.

As another piece contributing to the ESG roadmap, the EBA responded to the Commission's CfA on green loans and mortgages. The report (and opinion) published in December 2023 advises the Commission to consider introducing a voluntary EU label for green loans based on a common EU definition, as well as the integration of the concept of green mortgages and their key sustainability features into the Mortgage Credit Directive

(MCD). The EBA's response includes an overview of green lending and associated practices in the EU banking sector, and outlines issues identified in the green loans market.

Furthermore, the EBA devoted substantial resources in 2023 to preparing for the one-off Fit-for-55 climate risk scenario analysis, to be conducted jointly by the ESAs, the ECB and the ESRB in accordance with the Commission request of 8 March 2023 and in line with the Commission Communication Strategy for Financing the Transition to a Sustainable Economy. The scenario analysis aims to assess the resilience of the financial sector in line with the Fit-for-55 package, and to gain insights into the capacity of the financial system to support the transition to a lower-carbon economy under conditions of stress.

One milestone to note here, after a public consultation in July 2023 on draft templates, is the launch of a data collection exercise (at the beginning of December) for gathering climate-related data from EU banks for the Fit-for-55 exercise. The data collection exercise seeks to gather climate-related and financial information on credit risk, market risk and real estate risks, at aggregated and counterparty level, as of December 2022. While aggregated data will provide information on the climate-related risks of the banking sector more broadly, counterparty-level data will enable the assessment of concentration risk for large climate exposures, capturing amplification mechanisms and assessing second-round effects.

The EBA is also considering developing a regular climate stress testing framework, with a focus at first on the development of methodologies, data and scenarios. A dedicated subgroup will work on this task.

Similarly, work on a framework to allow for effective monitoring of ESG risks in the banking sector and the green financial market is envisaged, but this had to be deprioritised owing to resource constraints. Ideally, such a framework could benefit from a gradual increase in external ESG risk-relevant data, with a focus on climate change-related risks.

KPIs

	Indicator	Weight	Short description	Target	Achievement
A	Contribution to the renewed Sustainable Finance Strategy	60%	Number of ESG related technical standards, guidelines, reports and responses to CfA stemming from the mandates in the CRD, CRR, IFD, IFR and from the Commission's renewed Sustainable Finance Strategy delivered on time	80%	86% Seven mandates delivered in 2023, one of which was delayed
B	Implementation of climate stress testing, one-off Fit-	40%	Preliminary work on the EU-wide supervisory climate stress testing <u>one-off Fit-for-55 climate risk scenario analysis</u> in accordance	Development of climate stress test <u>one-off Fit-</u>	Data collection launched in December 2023

for-55 climate risk
scenario analysis

with the Commission's renewed
Sustainable Finance Strategy

for-55
climate risk
scenario
analysis

See Annex I for further details. Source of information: KPI A and KPI B: EBA WP monitoring tool and publications.

1.2 Additional achievements in 2023

1.2.1 Risk assessment

Along with the stress tests, the EBA has a responsibility to identify and analyse trends, potential risks and vulnerabilities in the banking sector. This not only helps ensure the orderly functioning and integrity of financial markets, but also contributes to the stability of the financial system in the EU.

Following on from 2022, the EBA continued to pay particular attention to risks stemming from the Russian invasion of Ukraine and the crisis in the Middle East, the jitters in the financial markets in early 2023, mainly in the US banking sector and in Switzerland, high inflation, lacklustre economic growth and increasing interest rates, all of which posed challenges not only for the banking sector, but also for households and corporates. The deterioration in the macroeconomic outlook gave rise to uncertainty, requiring the EBA, in conjunction with CAs and other EU institutions, to adjust its focus for 2023. The Authority addressed topics such as unrealised losses on EU/EEA banks' bond portfolios held at amortised cost, the impact of rising rates on EU/EEA banks and leveraging banks' IRRBB data.

Findings from the above and many other findings were reflected accordingly in various deliverables such as the quarterly risk dashboard and the Joint Committee (JC) spring and autumn risk reports. In December 2023, the EBA published the results of the 2023 EU-wide transparency exercise and its annual RAR.

The RAR highlighted the following:

The EU banking sector proved to be resilient in the aftermath of the US banking turmoil in March.

Capitalisation remained high with an average CET1 ratio at its highest reported point (16%). Underlying profitability supported banks' payouts.

Table 3: Key findings of the 2023 Risk Assessment Report

	CET1 ratio (transitional)	CET1 ratio (fully loaded)	Leverage ratio	LCR	NPL ratio	Share of Stage 2 loans	RoE
Jun-23	16%	15.9%	5.7%	160.9%	1.8%	9.1%	11%
Jun-22	15.2%	15%	5.3%	164.9%	1.8%	9.5%	7.9%

Elevated interest rate levels have so far supported widening interest margins, but this might have reached its turning point.

Asset quality remained robust, yet subdued economic growth and elevated interest rate levels create pockets of risk going forward.

Liquidity remained high but it started normalising from its highest levels connected with the pandemic.

Market funding costs have increased in line with interest rates, yet deposit rates have remained comparatively low, though they might rise going forward.

Operational risk – including cyber risk – has continued its rise, not least driven by geopolitical tensions.

Climate-related and broader ESG risks are increasingly in banks' focus.

In June 2023 the EBA published a report assessing the potential impact on LCR and NSFR levels of the upcoming central bank funding repayment, as well as a potential scenario of higher liquidity risk, particularly affecting government bonds, derivatives and repo markets in the context of a higher interest rate environment, inflation and recession risks. The EBA also continued monitoring banks' asset encumbrance and funding plans situation and published two thematic reports in July. The Asset Encumbrance Report highlighted further limited use of central bank funding in 2022 and an overall lower encumbrance ratio (decreased by 3.3 percentage points to 25.8% in December 2022). The Funding Plans Report showed that banks plan to issue more debt instruments to counterbalance an expected further decline in central bank funding.

In January 2024 the EBA published its heat map following scrutiny of the IRRBB. It contains specific short, medium and long-term targets for the EBA in terms of monitoring the impact on institutions from increases in interest rates and developments regarding institutions' ability to manage the risks.

1.2.2 Recovery and resolution

The EBA continued to work on strengthening the effectiveness of the framework by further developing two guidelines: one aiming to ensure that a minimum level of harmonised information is made public by authorities with regard to the mechanics underpinning the execution of the bail-in tool, a second on resolvability testing, amending the existing resolvability guidelines, aiming at a framework which, appropriately embedding proportionality, is able to ensure that resolvability capabilities are fit for purpose and effectively maintained by institutions and resolution authorities.

In early July 2023 the EBA also published the final guidelines on overall recovery capacity (ORC), aimed at establishing a consistent framework for the determination of the ORC by institutions in their recovery plans and the respective assessment by CAs. The main

objective here was to harmonise, with appropriate consideration of proportionality aspects, the observed practices for ORC determination and assessment, to improve the usability of recovery plans and to make crisis preparedness more effective.

In the context of crisis preparedness, the EBA monitored evolving practices in relation to recovery planning, focusing in particular on improving the usability and the operationalisation of plans, which was included as a key priority in the European Supervisory Programme for the year 2024 with an enhanced focus on liquidity recovery options in order to cater for the macroeconomic trends that materialised in 2023.

On the topic of resolution, the EBA continued to monitor convergence in the implementation of identified issues within the resolution framework through the European Resolution Examination Programme (EREP) exercise. Monitoring the build-up of MREL resources in the European banking sector continued following the latest report published in early 2023, and it covered with increased frequency the relevant trends in the context of the quarterly MREL dashboard.

1.2.3 Payment services

In the course of 2023, the EBA continued to help make retail payments across the EU efficient, secure and easy to use, by contributing to the common interpretation, application and supervision of relevant EU directives and EBA technical standards and guidelines.

The peer review published in early 2023 of the authorisation of payment institutions and e-money institutions under the revised Payment Services Directive (PSD2) was a key deliverable in that respect. Following 10 months of analysis, the review concluded that there is increased transparency and consistency of the information required in the authorisation process as a result of the directive and the guidelines that the EBA issued in support. However, the review also identified significant divergences in CAs' assessment and the degree of scrutiny applied to the applications received. The review report therefore set out a series of measures addressed to CAs, to address such divergences, to level out the supervisory playing field, and to mitigate against 'forum shopping'.

Following the delivery of the EBA's response in June 2022 to the Commission's CfA regarding the review of PSD2, the EBA did not publish any additional legal instruments under PSD2, but instead continued to support the Commission in the run-up to the publication in June 2023 of its proposals for a revised Payment Services Directive (PSD3), a new Payment Services Regulation, and a new Regulation on Open Finance (Financial Data Access (FIDA)). The proposals envisage around 35 mandates to be conferred on the EBA for estimated delivery between 2025 and 2027.

As a follow-up to a discussion paper that the EBA published in February 2022, the EBA also continued to assess payment fraud data that more than 6,000 payment service providers initially submitted to their NCAs in compliance with Article 96(6) of PSD2 and the supporting EBA guidelines (EBA/GL/2018/05), which then submitted aggregations of the data to the EBA. Analysis of such data is key to understanding the extent to which the security requirements the EBA developed in previous years, in particular strong customer authentication (SCA), have achieved the envisaged aim of reducing payment fraud. However, the EBA is of the view that the quality of the data remains insufficient for publication and instead established measures to enhance the quality so as to publish an improved set of data in mid-2024.

1.2.4 Consumer and depositor protection

During 2023, the EBA continued its efforts to enhance the supervision of financial institutions' retail conduct across its regulatory and supervisory remit and to apply its depositor protection expertise to topical questions raised by the Commission and legislators.

With regard to the former, the Authority fulfilled for the first time the new ESA mandate to coordinate mystery shopping activities of NCAs; the findings were published in August 2023. The exercise, which focused on personal loans and payment accounts, confirmed that mystery shopping is a tool that adds value to the supervision of financial institutions by NCAs. It is complementary to other more conventional tools or approaches, and delivers first-hand information about, and insights into, the conduct of financial institutions towards consumers.

To allow for a robust identification of causes of potential harm to consumers, the EBA also developed for the first time a set of 'retail risk indicators', which were published in March 2023. The indicators cover a wide variety of different types of products within the EBA's remit (e.g. mortgage credit, consumer credit, deposits, payment accounts and payment services). They aim to show possible risks to consumers arising from the misconduct of financial institutions offering retail banking products in the EU, and from wider economic conditions, and will complement other sources of information that the EBA already uses to decide on its consumer protection priorities.

As part of the Authority's role in promoting transparency, simplicity and fairness in the market for consumer financial products or services across the internal market, the EBA also coordinates financial literacy and education initiatives undertaken by national authorities. To that end, the EBA, in conjunction with the other ESAs, published factsheets on inflation and the rise in interest rates (published in May 2023) and on financial education and sustainable finance (published in November 2023). The factsheets

were developed in easy-to-understand language, translated into all official EU languages, and reproduced by national authorities on their respective websites.

In April 2023, the Authority also published the eighth edition of its biennial Consumer Trends Report (CTR), in which it summarised trends observed for the products and services under the EBA's consumer protection mandate and identified two issues that consumers are currently facing and that will shape the EBA's consumer protection priorities over the subsequent two years: fraud in retail payments, and over-indebtedness and arrears.

As regards the development of regulatory mandates and products, two public consultations in the context of the Credit Servicers Directive (CSD) are noteworthy.

- In July 2023, draft guidelines on the establishment and maintenance of national lists or registers of credit servicers, specifying the types of information that the national lists or registers have to include, in order to enhance transparency for credit purchasers and borrowers and to bring about a level playing field across the Union.
- Also in July 2023, draft RTS on complaints handling procedures for issuers of ARTs under the MiCAR, which the EBA developed in close cooperation with ESMA.
- In November 2023, draft guidelines on complaints handling by credit servicers, which extend to credit servicers the same requirements under the existing Joint Committee guidelines on complaints handling that applied for nearly a decade to tens of thousands of financial institutions in the banking, investment and insurance sectors. The requirements pertain to firms' complaints management policy, their complaints management function, registration, reporting, internal follow-up and the provision of information, and procedures for responding to complaints.
- Finally, in response to the European Commission's proposed amendments to the draft Technical Standards on crowdfunding service providers, the EBA issued an Opinion noting the importance of ensuring that crowdfunding service providers can access historical data to improve the assessment of creditworthiness and the performance of their scoring models.

Within the remit of ensuring the consistency and effectiveness of supervisory actions and outcomes, in 2023 the EBA undertook its first peer review on conduct and consumer protection issues, and more specifically on the supervision of creditors' treatment of mortgage borrowers in arrears under the MCD. The peer review report was developed against the economic conditions and high interest rate environment at the time, published in December 2023, and found that CAs' supervision is effective overall and has been adapted to reflect said interest rate environment.

However, the review also found differences in the level of scrutiny that CAs apply to mortgage creditors, including the identification of risks that borrowers are facing. The report sets out some follow-up measures, both for individual and named CAs and for CAs more generally, to ensure that supervisory measures to mitigate consumer detriment are taken before the detriment materialises. The report also sets out some examples of best practice in this area that will be of benefit for other CAs to adopt.

As part of its responsibilities in the field of depositor protection, the EBA continued to contribute to the enhancement of the rulebook, among other things, by way of the February 2023 revision of its guidelines on methods for calculating contributions to deposit guarantee schemes (DGSs). The revised guidelines further strengthen the link between the riskiness of a credit institution and how much it needs to contribute to the DGS funds that will be used to reimburse depositors in the event that their bank fails.

Furthermore, in order to contribute to the review of the existing DGSD in response to a CfA from the Commission, in December 2023 the EBA published a report on the deposit coverage level and coverage of public authorities' deposits. Based on a quantitative analysis and simulation, the report concludes that a potential change to the current coverage level of EUR 100,000 would have a positive but limited impact on financial stability and depositor protection, while being costly and having a somewhat negative impact on moral hazard. The analysis also revealed that the extension of coverage to public authorities' deposits would have a limited impact on the industry, mainly because there are relatively few public authorities in comparison to the overall number of depositors across the EU.

Acting as a hub for DGS data collection and analysis, the EBA regularly publishes data on DGS across the EEA, and in April 2023 it provided its most recent update. The data covered two key concepts and indicators, namely available financial means and covered deposits, and indicated that, in the period from 2021 to 2022:

- the number of deposits protected by EU DGS increased by 2.5%, while the amount of funds available to protect those deposits in the event of bank failures increased by 7.4%;
- DGS are gradually increasing their available funds raised from the industry with the aim of reaching the harmonised minimum target level of 0.8% of deposits covered by the DGS by July 2024;
- half of the 36 DGS in the EEA have already reached the minimum target level ahead of the deadline.

1.2.5 Equivalence

In the context of its work on third-country equivalence, the EBA is assessing the regulatory and supervisory frameworks of third countries and their equivalence with the EU framework by providing opinions to the Commission.

In line with a roadmap on equivalence work developed in 2022, the EBA established a Network on Equivalence that supports the assessments of individual third countries and furthermore assists in the overhaul of the EBA's monitoring methodology.

At the same time, the Authority, in conjunction with the Commission, monitored the ongoing equivalence of countries covered by the Commission's decisions and reported back to the EU institutions.

1.2.6 Supervisory convergence and independence

a. Mediation between the Spanish and the Belgian deposit guarantee schemes

The EBA was requested to settle a disagreement between two DGS about the contributions to be transferred between the DGS following the cross-border merger of a credit institution. Following a conciliation process which did not lead to the parties agreeing on a solution, the EBA adopted a decision specifying the contributions to be transferred between the DGS and requiring them to review their internal systems in order to explore potential enhancements to their risk management and communication processes in order to reduce the scope for similar future disagreements.

b. Joint ESAs criteria on the independence of CAs

Since 2020, the EBA has had the task of fostering and monitoring supervisory independence and has reported on the independence of prudential, conduct and AML/CFT supervisors, resolution authorities and deposit guarantee scheme designated authorities.

On 25 October 2023, the joint ESAs criteria on the independence of CAs (the Joint Criteria) were [published](#) on the three ESAs' websites.

As different criteria have been adopted at the international level for each sector while the substance of the underlying principles is largely consistent, the aim of the Joint Criteria is to establish a single set of independence criteria for all CAs under the ESAs' remit.

The Joint Criteria will be used by the ESAs for future common assessment work, as well as providing a useful European reference point that can be used as a tool by CAs, including in their interactions with legislators, to support and enhance their independence.

The Joint Criteria are non-binding, principle-based and outcome based, and organised around four areas of CAS' governance: operational independence, financial independence, personal independence, and accountability and transparency.

c. Peer reviews

The EBA has made some changes to how it carries out peer reviews, undertaking more peer reviews – three peer reviews were launched in 2023 plus our first follow-up peer review following the 2020 ESAs review. In addition, the EBA peer review work plan for 2023 to 2024 was designed to support the EBA's priorities and address current risks (e.g. a 2023 peer review looking at the treatment of mortgage borrowers in arrears, reflecting potential consumer detriment arising from the changing interest risk environment). In 2023, the following peer review reports were published:

- peer review report on authorisation under PSD2;
- peer review report on excluding transactions with non-financial counterparties established in a third country from credit valuation adjustment (CVA) risk;
- peer review report on supervision of creditors' treatment of mortgage borrowers in arrears under the MCD.

The first [follow-up peer review](#), on the joint ESAs guidelines on the prudential assessment of qualifying holdings, was started in spring 2023 and was published in early 2024. Work began in 2023 on the peer reviews on the definition of default and the application of proportionality under the SREP. Both are targeted peer reviews, and it is anticipated that the self-assessment questionnaires will be published in the summer of 2024. In addition, work is commencing on the tax integrity and dividend arbitrage trading schemes (Cum-Ex) peer review.

1.3 Engaging with stakeholders

The EBA continued to liaise closely with all relevant EU institutions and bodies, such as the Council of the EU, the European Parliament, the other ESAs and other EU institutions. In its mission, the EBA is accountable to the European Parliament, the Council and the Commission. In addition, we maintain an open institutional and proactive dialogue with our European partners. This dialogue remains a key pillar in the development of our products and in fostering awareness on current and future regulatory and supervisory challenges. In addition, the EBA maintains strong links with the supervisory community internationally. Through its active role at the Basel Committee on Banking Supervision (BCBS), the EBA contributes to discussions on global financial stability and international financial regulatory reforms, if and as appropriate.

The EBA's participation in European and international forums ensures close and continuous collaboration with its counterparts around the world. It benefits from expertise and input from these stakeholders, while also sharing its knowledge with them.

To ensure proactive and effective engagement with all its stakeholders, the EBA made use of all its channels and tools, including seminars, workshops, public hearings, bilateral meetings and similar methods (most of them in hybrid format). In addition, the EBA engaged with industry, consumer associations, academics and students through speaking engagements and visits.

In addition, the EBA also continued answering stakeholders' questions about the single rulebook submitted via the Q&A tool. In 2023, 287 were submitted and 190 were answered.

Figure 10: Stakeholder engagement in figures



1.4 Mapping deliverables by activity against the WP

This mapping of deliverables is based on the tables (Section 2) on the EBA 2023 WP with the main outputs for each activity, and compares planned against actual outcomes.

1.4.1 Policy and convergence

Activity 1: Capital, loss absorbency and accounting Contributing to VP 1 – directorate PRSP, unit LILLAC		Target	Actual
	<i>Capital and loss absorbency</i>		
	<ul style="list-style-type: none"> • Maintain the EBA CET1 list • Finalise and conclude the review on pre-CRR CET1 instruments • Monitor – and report – on CET 1 issuances • Monitor – and report – on AT1 issuances and calls • Maintain AT1 instrument templates • Analyse interactions with loss absorbency requirements • Support Q&As on capital and eligible liabilities instruments • Monitor capital and TLAC/MREL eligible liabilities issuances, including for ESG purposes • Monitor and report on TLAC/MREL eligible liabilities issuances + 		
Ongoing activities	<i>Accounting and audit</i>	-	-
	<ul style="list-style-type: none"> • 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 (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 		
Output as per 2023 WP	<i>Capital and loss absorbency</i>		
	<ul style="list-style-type: none"> • Updated monitoring reports (CET1, AT1, TLAC/MREL+) as far as needed, also depending on market developments* 	TBC	Q3
Postponed / on hold	<i>Accounting and audit</i>		
	<ul style="list-style-type: none"> • Guidelines specifying the activities that are a direct extension of banking, activities ancillary to banking, and similar activities** • Preparation of the report to the Commission on completeness and appropriateness of provisions on consolidation** • Update RTS on methods of consolidation, where needed*** 	TBC	On hold TBC TBC
Additional output	<ul style="list-style-type: none"> • Integration of high default portfolios into IFRS 9 benchmarking – 2nd - EBA report on the monitoring of the implementation of IFRS 9 • Answer to a letter from a law firm on legacy instruments not being compliant with CRR II – EBA opinion requested 	-	Q4 Q4

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

* When updating the AT1 report, the EBA incorporated the TLAC-MREL monitoring report for simplicity in one publication. For CET1 issues no update was deemed necessary in 2023.

** Guidelines and report were postponed given the impact of the revised CRR (CRR III) and the aim now is to cover them as part of phase 2 of the EBA roadmap.

*** Update of the RTS was not deemed necessary at this stage.

Activity 2: Liquidity, leverage, and interest rate risk Contributing to VP 1 – directorate PRSP, unit LILLAC		Target	Actual
Ongoing activities	<i>Liquidity risk</i>		
	• 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 LCR rules and definitions		
	• Continue to report on the monitoring of LCR implementation		
	• Monitor interdependent assets and liabilities in the NSFR under Art. 428f of the CRR		
	• Monitor interdependent inflows and outflows in the LCR under Art 26 of the LCR Delegated Act		
	• 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&As on liquidity risk		
	<i>Leverage ratio</i>		
• Monitor/promote consistent application (incl. notifications and follow-up actions), update requirements as needed			
• Support Q&As on leverage ratio			
<i>Interest rate risk in the banking book</i>			
• Monitor implementation of the RTS and guidelines related to IRRBB and implement the heatmap on IRRBB scrutiny plans			
• Support Q&As on IRRBB			
Output as per 2023 WP	<i>Liquidity risk</i>		
	• Report on the monitoring of interdependent assets and liabilities in the NSFR	Q1/Q2	Q3
Cancelled	<i>Liquidity risk</i>		
	• Report on the monitoring of interdependent assets and liabilities in the LCR*	Q2	-
Additional output	<i>Interest rate risk in the banking book</i>		
	• Opinion to the Commission on significant changes to the RTS on supervisory outlier tests on NII?	-	Q2
	• Elaboration and publication of a heatmap on IRRBB		Q4
+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.			
* It was not deemed necessary to proceed with a report on the cases of interdependent inflows and outflows in the LCR.			
Activity 3: Credit risk (incl. large exposures, loan origination, NPLs, securitisation) Contributing to VP 1 – directorate PRSP, unit RBM		Target	Actual
Ongoing activities	• Support the implementation of the Basel III credit risk framework in the EU	-	-
	• Deliver Basel III-related and other CRR/CRD mandates		

**Activity 3: Credit risk (incl. large exposures, loan origination, NPLs, securitisation)
Contributing to VP 1 – directorate PRSP, unit RBM**
Target Actual

		Target	Actual
<i>Credit risk</i>			
<ul style="list-style-type: none"> • 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 internal ratings based (IRB) approach roadmap 			
<i>Loan origination</i>			
<ul style="list-style-type: none"> • Monitor the implementation of the EBA's loan origination guidelines 			
<i>Non-performing loans (NPLs)</i>			
<ul style="list-style-type: none"> • Follow up on the work and mandates in the NPL directive + • Follow up on the EU action plan for tackling NPLs in Europe 			
<i>Securitisation</i>			
<ul style="list-style-type: none"> • Monitor market development and promote the consistent application of frameworks on securitisation and covered bonds • Deliver mandates under the Securitisation Regulation • Implement the Covered Bonds Directive, including possible monitoring reports • Support Q&As on credit risk, large exposures and securitisation 			
Output as per 2023 WP	<i>Credit risk</i>		
	<ul style="list-style-type: none"> • 2022 benchmarking report on IRB models 	Q1	Q1
Delayed delivery	<i>Credit risk</i>		
	<ul style="list-style-type: none"> • Preparation of 2023 2024 benchmarking portfolios – update of ITS (including aspects related to IFRS 9) * 	Q4 2022	Q2
	<ul style="list-style-type: none"> • RTS on homogeneity for STS synthetic (homogeneity criteria for on-balance-sheet securitisation) – originally for Q2 2022 ** 	Q3 2023	Q1 2023
	<ul style="list-style-type: none"> • RTS on exposure value of synthetic excess spread – originally for Q1 2022 ** 	Q1	Q1
	<ul style="list-style-type: none"> • Guidelines on the harmonised interpretation and application of the requirements set out in Articles 26b and 26e (STS synthetic) *** 	Q2	Q1 2024
Postponed /on hold	<i>Securitisation</i>		
	<ul style="list-style-type: none"> • Guidelines on calculation of K IRB for dilution and credit risk (CP) **** 	Q2 Q4	On hold On hold
	<ul style="list-style-type: none"> • Monitoring report on capital treatment of NPE securitisation ***** 		
Additional output	<i>Credit risk</i>		
	<ul style="list-style-type: none"> • Amendments to ITS ECAI mapping under Art. 136 of the CRR (2023) 	-	Q4
	<ul style="list-style-type: none"> • Amendments to ITS ECAI mapping under Art. 109a(1) of Solvency II 		Q4
	<ul style="list-style-type: none"> • Handbook on IRB validation practices 		Q3
	<ul style="list-style-type: none"> • Follow-up report on the discussion paper on machine learning and IRB 		Q3
	<ul style="list-style-type: none"> • Roadmap on banking package (CRR III / CRD VI) 		Q4

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

- * The ITS update was delivered in Q2 2023 (and in the WP should have referred to 2024 portfolios).
- ** Later delivery due to challenging legal deadline and resource constraints. The EBA requested delay to March 2023 (by letter to Commission of 2 February 2022) but then was able to close this in Q1.
- *** Work not subject to legal deadline. Original planned delivery target had to be updated from Q2 to Q4.
- **** Work not subject to legal deadline and had to be deprioritised.
- ***** There are limited market issuances, which does not allow for a sufficient sample of transactions to have a meaningful report.

Activity 4: Market, investment firms and services, and operational risk		Target	Actual
Contributing to VP 1 – directorate PRSP, unit RBM			
Ongoing activities	<ul style="list-style-type: none"> 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 the FRTB in the EU Support the implementation of the Basel III market risk, CVA and counterparty credit risk (CCR) framework in the EU Delivery of Basel III-related and CRR/CRD mandates as regards the FRTB, CVAs, CCR and securities financing transactions Monitor and promote the consistent application of operational risk and investment firms' requirements Support Q&As on operational risk, investment firms, market risk, market infrastructure and CCR 	-	-
Output as per 2023 WP	<i>Market risk</i>	Q1	Q1
	<ul style="list-style-type: none"> 2022 benchmarking report on market risk models 		
	<i>Market risk</i>	Q2	Q2
	<ul style="list-style-type: none"> Report on the impact and relative calibration of the SA-CCR; simplified SA-CCR and OEM 		
Delayed delivery	<i>Market risk</i>		Q4
	<ul style="list-style-type: none"> RTS on the assessment methodology for the FRTB-IMA (CP) 		Q3
	<ul style="list-style-type: none"> RTS on extraordinary circumstances for being permitted to continue using the IMA (CP) 	Q4	Q3
	<ul style="list-style-type: none"> RTS on extraordinary circumstances for being permitted to limit the backtesting add-on (CP) 		Q4
Postponed /on hold	<i>Market risk</i>	Q4	TBC
	<ul style="list-style-type: none"> Guidelines on the meaning of exceptional circumstances for the reclassification of a position *** 		
Additional output	<i>Market risk</i>		Q4
	<ul style="list-style-type: none"> RTS on foreign exchange and commodity risk in the BB – CP 		Q4
	<ul style="list-style-type: none"> RTS on assessment of risk factor modellability under the IMA (Risk Factor Eligibility Test) – CP 	-	Q4
	<ul style="list-style-type: none"> RTS on backtesting and PLA – CP 		Q4
	<ul style="list-style-type: none"> RTS on SA-CCR - CP 		Q4
	<i>Investment firms</i>		Q2
<ul style="list-style-type: none"> RTS on prudential consolidation for investment firm groups 		Q3	
<ul style="list-style-type: none"> Guidelines on group capital test – CP 			

* The ITS update was delivered in Q2 2023 (and in the WP should have referred to 2024 portfolios).

** Work not subject to legal deadline. Original planned delivery target had to be updated from Q2 to Q4.

*** Product was postponed due to no-action letter published by EBA on the FRTB boundary framework. The mandate has consequently been postponed as past of the CRR 3 legislative process.

Activity 5: Market, governance, supervisory review and convergence

Contributing to VP 1 – directorate PRSP, unit Supervisory Review, Recovery and Resolution

Target Actual

		Target	Actual
Ongoing activities	<i>Market access</i>		
	<ul style="list-style-type: none"> Cooperation agreements with third-country authorities on supervision, resolution, conduct and AML/CFT Monitor regulatory perimeter and new financial activities across the EU Monitor current application of prudential waivers 		
Ongoing activities	<i>Internal governance and remuneration</i>		
	<ul style="list-style-type: none"> Support the Basel and Financial Stability Board work Monitor and promote consistent application of internal governance and remuneration requirements under the CRD and IFD (including the application of gender-neutral remuneration policies) Support Q&As on internal governance and remuneration Together with the other European Supervisory Authorities, establish a system for exchange of information regarding fit & proper assessments (Article 31a of the ESAs Regulation) Regular benchmarking reports (including diversity), remuneration trends, high earners and higher approved ratios + 	-	-
Output as per 2023 WP	<i>SREP and supervisory convergence</i>		
	<ul style="list-style-type: none"> Report on convergence of supervisory practice in 2022 + 	Q2	Q2
Delayed delivery	<i>SREP and supervisory convergence</i>		
	<ul style="list-style-type: none"> 2024 European Supervisory Examination Programme 	Q4	Q4
Delayed delivery	<i>SREP and supervisory convergence</i>		
	<ul style="list-style-type: none"> Update of RTS and ITS on the functioning of supervisory colleges * 	Q2	Q4
Delayed delivery	<i>Internal governance and remuneration</i>		
	<ul style="list-style-type: none"> Guidelines on diversity benchmarking under the CRD and IFD ** 	Q2	Q4
Postponed / on hold	<i>Internal governance and remuneration</i>		
	<ul style="list-style-type: none"> Report on the application of waivers for remuneration requirements (CRD) + *** 	Q2	Q2 2024
	<ul style="list-style-type: none"> Report on high earners (annual, CRD and IFD) + **** 	Q3	Q1 2024
Additional output	<i>Internal governance and remuneration</i>		
	<ul style="list-style-type: none"> Report on the diversity benchmarking exercise (every three years, CRD and IFD) 		Q1
	<ul style="list-style-type: none"> Joint ESMA-EBA report on the implementation of the Shareholder Rights Directive 2 (SRD2) provisions on proxy advisors and investment chains 	-	Q3
Additional output	<i>Internal governance and remuneration</i>		
	<ul style="list-style-type: none"> Guidelines on the assessment of adequate knowledge and experience of the management or administrative organ of credit servicers under the CSD 		Q4

Activity 5: Market, governance, supervisory review and convergence**Contributing to VP 1 – directorate PRSP, unit Supervisory Review, Recovery and Resolution**

	Target	Actual
<ul style="list-style-type: none"> Guidelines on fit and proper exchange of information – CP 		Q4

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

* Work not subject to legal deadline. Original planned delivery target had to be updated from Q2 to Q4.

** Work not subject to legal deadline. Timeline had to be reviewed to give priority to other work. Original planned delivery target had to be updated from Q2 to Q4.

*** Timeline had to be reconsidered with the Commission, due to the fact that data availability did not allow the original delivery target to be met.

**** Timeline had to be reviewed due to reprioritisation and data quality issues.

***** Timeline had to be reviewed to group the release of IFD and CRD reports, while giving priority to other work.

Activity 6: Recovery and resolution**Contributing to VP 1 and 2 – directorate PRSP, unit Supervisory Review Recovery and Resolution**

	Target	Actual
Output as per 2023 WP	<ul style="list-style-type: none"> Report on convergence in the area of resolution (EREPA report) 	Q3
	<ul style="list-style-type: none"> Guidelines on resolvability (chapter on testing) 	Q2
	<ul style="list-style-type: none"> Guidelines on ORC 	Q3
Postponed /on hold	<ul style="list-style-type: none"> Quantitative report monitoring the build-up of MREL resources in the EU (published with MREL impact assessment report) 	Q1 2023
	<ul style="list-style-type: none"> 2024 EREP 	Q3
Additional output	<ul style="list-style-type: none"> RTS on independent valuers – to be issued as a handbook * 	Q3
	<ul style="list-style-type: none"> ITS on resolution reporting ** 	Q4 2024 2024
Additional output	<ul style="list-style-type: none"> Guidelines on resolvability (chapter on publication of bail-in approach) 	Q1
	<ul style="list-style-type: none"> Report on the amounts and distributions of holdings of eligible liabilities instruments among institutions identified as G-SIIs or O-SIIs, potential impediments to resolution and the risk of contagion in relation to those holdings 	Q2

* Decision to deliver handbook instead of initially envisaged RTS. Deadline had to be reconsidered in view of the new scope of the work.

** Timeline had to be reviewed owing to expanded scope of work coupled with resource constraints.

Activity 7: ESG in supervision and regulation**Contributing to HP 1 – lead directorate ERA, lead unit ESG Risks**

	Target	Actual
Ongoing activities	<ul style="list-style-type: none"> 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) Responses to the Commission's requests to provide reports and advice on sustainable finance-related topics (in particular reports on greenwashing and on green retail and mortgage loans in Q2) Building up ESG risk assessment and monitoring tools Contributing to European and international activities in this area (including Platform on Sustainable Finance, BCBS Taskforce on Climate Related Risks, NGFS) 	-

Activity 7: ESG in supervision and regulation		Target	Actual
Contributing to HP 1 – lead directorate ERA, lead unit ESG Risks			
Output as per 2023 WP	<ul style="list-style-type: none"> 2023 annual report under Article 18 of the SFDR (on the extent of voluntary disclosure of principal adverse impacts under the SFDR) 	Q3	Q3
Delayed delivery	<ul style="list-style-type: none"> Joint RTS on sustainability disclosures on STS securitisation 	Q2 2022	Q2
Additional output	<ul style="list-style-type: none"> CfA on green loans and mortgages 		Q4
	<ul style="list-style-type: none"> Request for input from the Commission on greenwashing risks and supervision of sustainable finance policies – progress report 		Q2
	<ul style="list-style-type: none"> Report on the role of environmental and social risks in the prudential treatment – first step 	-	Q4
	<ul style="list-style-type: none"> Review of the joint RTS on ESG disclosures under the SFDR – PAI indicators (or E and S indicators) 		Q4
	<ul style="list-style-type: none"> Guidelines on ESG risk management – CP ** 		Q1 2024

* Joint ESAs work with ESMA in the lead. Timeline had to be reviewed to Q1 2023 (from Q3 2022) due to discussions (including with the Commission) on concerns around the scope of the mandate.

** Timeline had to be reviewed given later-than-anticipated finalisation of CRD VI, but the work is being carried out in advance of the proposed legal deadline. CP was published in January 2024.

Activity 8: Innovation and FinTech		Target	Actual
Contributing to VP 4 – lead directorate ICC, lead unit DF			
Ongoing activities	<ul style="list-style-type: none"> Contribute to and foster common regulatory/supervisory approaches in digital finance topics (e.g. AI, supervisory technologies (SupTech), crypto-assets, distributed ledger technology) through knowledge sharing and awareness raising activities with EU and NCAs via the EBA FinTech Knowledge Hub (workshops, roundtables, seminars) and the European Forum for Innovation Facilitators Thematic publications related to financial innovation Chair and coordinate the 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 SDFA's training curriculum to ensure it is tailored to the CAs' needs 	-	-
Additional / other output	<ul style="list-style-type: none"> Updated joint ESAs report on innovation facilitators (EFIF)* Report on 2023 stocktake of BigTech direct financial services provision in the EU (EFIF) * 	-	Q4 Q1 2024

* Output related to ongoing activities around EFIF and thematic publications related to financial innovation.

Activity 8 continued – DORA		Target	Actual
Contributing to VP 4 – lead directorate ICC, lead unit DF			
Ongoing activities	<ul style="list-style-type: none"> Monitor ICT and cyber landscape across the EU financial sector Preparation for performance of oversight and other (non-regulatory) tasks under DORA 	-	-

Activity 8 continued – DORA		Target	Actual
Contributing to VP 4 – lead directorate ICC, lead unit DF			
Output as per 2023 WP	• Joint ESAs high-level exercise on the landscape of ICT TPPs in the EU financial sector		Q3
	• CfA from the Commission on the upcoming delegated acts for criticality criteria (Article 28) and oversight fees (Article 38) (TBC)		Q3
	• ESRB recommendation on a pan-European systemic cyber incident coordination framework for relevant authorities (recommendation A(1) and B)	Q3	Q2
	• RTS to specify elements when subcontracting critical or important functions (Article 30 (5)27) – CP		Q4
	• RTS on specifying the elements and components of the ICT risk management framework – CP in Q2, RTS in Q1 2024*		
	• RTS on simplified ICT risk management framework– CP in Q2, RTS in Q1 2024*		
	• RTS on criteria for the classification of major ICT-related incidents – CP in Q2, RTS in Q1 2024*	Q4	Q1 2024
	• RTS to specify the policy on ICT services – CP in Q2, RTS in Q1 2024		
	• Guidelines on the estimation of aggregated annual costs and losses caused by major ICT incidents – CP in Q4 *		
	Additional output		
• RTS to specify threat-led penetration testing aspects – CP in Q4			
• RTS on specifying the reporting content and timelines for major ICT-related incident reporting – CP in Q4			
• Guidelines on cooperation between ESAs and the CAs regarding the structure of the oversight framework – CP in Q4	-	Q4	
• RTS on harmonisation of the conditions for the conduct of oversight – CP in Q4			

* Target quarters in the WP 2023 were for CPs, which were delivered on or ahead of time. In most cases it was also possible to publish final deliverables in early Q1 2024.

Activity 8 continued – MiCAR		Target	Actual
Contributing to VP 4 – lead directorate ICC, lead unit DF			
Ongoing activities	• Monitor crypto-asset activities including the Network on Crypto-assets	-	-
	• Preparation for performance of supervision and other (non-regulatory) tasks under the MiCA		
Output as per 2023 WP	• RTS on the approval process for white papers for ARTs issued by credit institutions – CP		Q4
	• RTS on information to be submitted in an application for authorisation to issue ARTs and ITS – CP		Q3
	• Guidelines on suitability of members of the management body and shareholders or members of qualifying holdings in issuers of ARTs or CASPs – CP		Q4
	• RTS on use of ARTs and EMTs denominated in a non-EU currency as a means of exchange – CP	Q3*	Q4
	• RTS to further specify the requirements, templates and procedures for handling complaints by issuers of ARTs – CP (final RTS was delivered in Q1 2024)		Q3
	• RTS on the identification, prevention, management and disclosure of conflicts of interest – CP		Q4
	• RTS on minimum content of governance arrangements on the remuneration policy for issuers of significant ARTs – CP		Q4

Activity 8 continued – MiCAR**Contributing to VP 4 – lead directorate ICC, lead unit DF**

	Target	Actual
<ul style="list-style-type: none"> • RTS on own funds requirements and stress testing – CP 		Q4
<ul style="list-style-type: none"> • RTS further specifying the liquidity requirements of the reserve of assets (ARTs) – CP 		Q4
<ul style="list-style-type: none"> • RTS to specify highly liquid financial instruments in the reserve of assets – CP 		Q4
<ul style="list-style-type: none"> • RTS to specify the minimum contents of the liquidity management policy and procedures - CP 		Q3
<ul style="list-style-type: none"> • RTS on detailed content of the information that is necessary to carry out the assessment for acquisitions of qualifying holdings in ART issuers – CP 		Q3
<ul style="list-style-type: none"> • RTS supplemental requirements for issuers of significant ARTs – CP 		Q4
<ul style="list-style-type: none"> • Guidelines on stress testing – CP 		Q4
<ul style="list-style-type: none"> • Guidelines on recovery plans – CP 		Q1 2024
<ul style="list-style-type: none"> • Guidelines on redemption plans – CP ** 		Q4
<ul style="list-style-type: none"> • RTS on supervisory colleges – CP 		
Postponed / on hold <ul style="list-style-type: none"> • Guidelines on classification of crypto-assets (joint ESA mandate) – CP *** 	Q3	Q2 2024
Additional output <ul style="list-style-type: none"> • Guidelines on the minimum content of governance arrangements for issuers of ARTs – CP 		Q3
<ul style="list-style-type: none"> • Technical advice in response to the Commission’s 2022 CfA on two delegated acts under MiCAR on the classification of ARTs and EMTs as significant and the fees to be charged to issuers of significant ARTs and EMTs 		Q3
<ul style="list-style-type: none"> • EBA statement on timely preparatory steps towards the application of MiCAR to asset-referenced and e-money tokens 		Q3

* Delivery of work from mandates was revised compared to original planned delivery target to reflect later finalisation of MiCAR.

** Work not subject to legal deadline. Original planned delivery target was revised and CP published in Q1 2024.

*** Joint ESAs work. Timeline given in WP 2023 was indicative (as MiCAR had not yet been finalised) and had to be reviewed and agreed between the ESAs. CP expected to be published in Q2 2024.

Activity 9: Payment services, consumer and depositor protection**Contributing to VP 5 – directorate ICC, unit Conduct, Payment and Consumers**

	Target	Actual
<i>Payment services</i> <ul style="list-style-type: none"> • Monitor the application of RTS on strong consumer authentication and common and secure communication (SCA&CSC), including the amended 90-day SCA exemption + • Monitor the consistent implementation of the EBA guidelines on limited network exemptions (to apply from June 2022) + • Monitor the consistent and accurate implementation by CAs and financial institutions of the EBA guidelines 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 their objectives • Assess the NCA reports on security and operational incidents received under the revised EBA guidelines under PSD2, including reporting on the fulfilment of the corresponding incident reporting mandates under DORA • Continue to support the Commission in its review of PSD2 • Support Q&As on PSD2 + 	-	-
Ongoing activities		

Activity 9: Payment services, consumer and depositor protection**Contributing to VP 5 – directorate ICC, unit Conduct, Payment and Consumers****Target****Actual**

		Target	Actual
	<i>Consumer protection</i>		
	• Coordination of mystery shopping activities of NCAs		
	<i>Depositor protection</i>		
	• 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&As 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 +		
Outputs as per 2023 WP	<i>Payment services</i>		
	• Peer review of the EBA guidelines on authorisations under PSD2	Q1	Q1
	<i>Consumer protection</i>		
	• CTR 2022/23		Q2
	<i>Depositor protection</i>		
	• Revised guidelines on methods for calculating contributions to deposit guarantee schemes	Q2	Q1
	<i>Consumer protection</i>		
	• JC work on financial education with a focus on inflation, interest rates and sustainability – two factsheets	Q4	Q2 and Q4
Additional outputs	<i>Consumer protection</i>		
	• Developing EBA retail risk indicators – two sets		Q1 / Q4
	• EBA report on its mystery shopping exercise into personal loans and payment accounts		Q3
	• Guidelines on the establishment and maintenance of national lists or registers of credit servicers under the CSD – CP (final GL issued in Q1 2024)		Q3
	• Peer review on treatment of mortgage borrowers in arrears – policy component	-	Q4
	• Guidelines on complaints handling of credit servicers under the CSD – own initiative at request of NCAs – CP		Q4
	<i>Depositor protection</i>		
• Report on deposit coverage in response to Commission's CfA		Q4	

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

Activity 10: Anti-money laundering and countering the financing of terrorism**Contributing to VP 5 – directorate ICC, unit AML/CFT****Target****Actual**

Ongoing activities	<ul style="list-style-type: none"> • Identification and assessment of ML/FT risks, and information about ML/TF risks based on, inter alia, information from EuReCA • Monitor AML/CFT colleges. Publication of report on their functioning + 	-	-
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**Activity 10: Anti-money laundering and countering the financing of terrorism
Contributing to VP 5 – directorate ICC, unit AML/CFT**

	Target	Actual
<ul style="list-style-type: none"> • Staff-led assessments of CAs' approaches to AML/CFT supervision, with bilateral feedback and action points. Publication of report on CAs' 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 style="list-style-type: none"> • Fourth Opinion on ML/TF risks in the EU's financial sector 	Q1/Q2	Q3
<ul style="list-style-type: none"> • Guidelines on effective ML/TF risk management and access to financial services (incl. guidelines on customers that are not-for-profit organisations) – de-risking 	Q2	Q1
Output as per 2023 WP <ul style="list-style-type: none"> • Guidelines on policies, procedures and controls to support the implementation of restrictive measures (in two sets) – CP (delivery of final guidelines adjusted to Q3 2024) • Revised guidelines on ML/TF risk factors – CP in Q2, final guidelines in Q1 2024 (delivery of final guidelines adjusted) • Revised guidelines on transfers of funds – CP (delivery of final guidelines adjusted to Q4 2024) • Revised guidelines on risk-based supervision – CP in Q2, final guidelines in Q4 	Q4*	Q4 Q1 24 Q4 Q4
Additional / other output <ul style="list-style-type: none"> • Staff-led assessments of CAs' approaches to AML/CFT supervision (implementation reviews) – third report • AML/CFT colleges – third report on functioning of colleges • Article 9a risk assessment (Pis) – EBA report on ML/TF risks associated with payment institutions 	-	Q3 Q3 Q2

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

* Q4 target for delivery was indicative and revised after later-than-planned finalisation of the source regulation.

1.4.2 Risk assessment and data

Activity 11: Reporting and transparency
Contributing to VPs 3, 1, HP 1 – directorate Data Analysis Reporting and Technology, Reporting and Transparency Unit

	Target	Actual
Ongoing activities <ul style="list-style-type: none"> • 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 CRR III / CRD VI, with major amendments expected in credit risk and operational risk • Preparatory work to implement new reporting under CRR III / CRD VI on third-country branches and ESG risks • Follow-up actions on recommendations from the cost of compliance study • Maintain validation rules, the DPM 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 DPM (DPM Refit) 	-	-

Activity 11: Reporting and transparency**Contributing to VPs 3, 1, HP 1 – directorate Data Analysis Reporting and Technology, Reporting and Transparency Unit****Target****Actual**

		Target	Actual
	<ul style="list-style-type: none"> Data integration work following on from the feasibility study on integrated reporting Contribute to implementation of EU Supervisory Data Strategy across financial sectors Maintain mapping tool between reporting and Pillar 3 Opinions on sustainability reporting standards under the 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 + (own initiative project – deprioritised in 2023; may be carried out in 2024 resources permitting) Support Q&As on reporting and transparency framework Continue our involvement in EU and international organisations, including European Financial Reporting Advisory Group non-financial reporting body, BCBS Disclosure Expert Group and BCBS Task Force on Climate-Related Financial Risks – workstream on disclosures 		
	<ul style="list-style-type: none"> ITS on IRRBB reporting ITS on supervisory disclosure 	Q2	Q3 Q2
Output as per 2023 WP	<ul style="list-style-type: none"> ITS on reporting details for major ICT-related incidents – CP ITS to establish the templates for the register of information – CP in Q2, full ITS in Q1 2024 ITS on reporting of ARTs and EMTs denominated in a non-EU currency as a means of payment – CP 	Q4	Q4 Q1 24 Q4
Delayed delivery	<ul style="list-style-type: none"> ITS on FRTB reporting * Roadmap for implementation of cost of compliance report recommendations: guidelines on resubmission policy – CP** 	Q1 Q2	Q1 24 Q2
Additional output	<ul style="list-style-type: none"> Draft ITS on amendments to supervisory reporting (daisy chains and MREL deductions) (v3.3) with technical packages Pillar 3 data hub and ESAP – discussion paper Draft ITS to implement CRR III / CRD VI changes in supervisory reporting framework (step 1) – CP Draft ITS to implement CRR III / CRD VI changes in Pillar 3 framework (step 1) – CP 	-	Q4 Q4 Q4 Q4

+ Tasks marked with a + were possible candidates to be postponed, cancelled or undertaken with less intensive resource input.

* Timeline had to be updated from Q1 to Q4 due to resource constraints. Final draft RTS was delivered in early January 2024.

** Timeline had to be updated from Q2 to 2024 due to resource constraints. Draft CP was delivered in early Q2 2023.

Activity 12: Risk analysis		Target	Actual
Contributing to VP 2 – directorate ERA, unit RAST			
Ongoing activities	<ul style="list-style-type: none"> Quarterly EU risk dashboards Risk assessment questionnaires – two per year Internal updates on liquidity and market developments for the Board of Supervisors and the Banking Stakeholder Group Work on macroprudential matters (including buffers) Opinions on macroprudential measures Thematic notes on various risk areas 	-	-
Output as per 2023 WP	<ul style="list-style-type: none"> JC spring risk report Funding plans report Asset encumbrance report JC autumn risk report 	Q1 Q2**	Q1* Q3
Additional output	<ul style="list-style-type: none"> Annual risk assessment report on the European banking system Amendments to guidelines on disclosure of GSII's indicators 	Q3**	Q4

* Even though the JC spring risk report was published in early Q2 2023, it had been submitted to the EFC-FST by the end of Q1.

** Delivery targets indicated in WP should have corresponded to actual delivery.

Activity 13: Stress testing		Target	Actual
Contributing to VP 2 – directorate ERA, unit RAST			
Ongoing activities	<ul style="list-style-type: none"> Ongoing work on the improvement of the stress test methodology Work on the incorporation of climate risk into the stress test framework Design and implementation of internal top-down stress test capacity 	Ongoing	-
Output as per 2023 WP	<ul style="list-style-type: none"> 2023 EU-wide stress test exercise 	Q3	Q3
Additional output	<ul style="list-style-type: none"> Development of one-off Fit-for-55 climate risk scenario analysis – launch of the data collection for the banking sector module 	-	Q3

Activity 14: Regulatory impact assessment		Target	Actual
Contributing to all priorities – directorate ERA, unit EAIA			
Ongoing activities	<ul style="list-style-type: none"> Impact assessment reports that accompany the EBA's regulatory proposals and policy recommendations Analysis and research to support and enhance ongoing regular EBA economic and statistical methodology and analysis Maintenance and development of quantitative impact studies and the regular mandatory data collections for these, contacts with BCBS QIS TF and research TF Publication of EBA staff papers Work on ESG factors, financial innovation, payments, digital finance and AML/CFT Contribution to enhancing the stress test methodology 	Ongoing	-

Activity 14: Regulatory impact assessment**Contributing to all priorities – directorate ERA, unit EAIA****Target****Actual**

	<ul style="list-style-type: none"> • Work for the Task Force of Impact Studies and Advisory Committee on Proportionality • Specific Calls for Advice and other relatively large regulatory initiatives • Organisation of academic seminars and research workshops which benefit the quality of work in EBA products 		
Output as per 2023 WP	• CRD V / CRR II Basel III monitoring report (annual report)	Q3	Q3
	• Annual report on the impact and phase-in of the LCR		Q4
	• Annual report on the impact and phase-in of the NSFR	Q4	Q1 24
	• Policy research workshop		Q4

Activity 15: Data infrastructure and services, statistical tools**Contributing to VP 3 – directorate DART, unit STAT****Target****Actual**

	<ul style="list-style-type: none"> • 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) • Implementation of multi-year data strategy, building on EUCLID to improve data processing and analytical capabilities and to provide access to stakeholders, via a dissemination portal, to high-quality data and insights 	Ongoing	-
Output as per 2023 WP	• Risk dashboards and other tools for internal and external data users	Quarterly	Quarterly
	• Update macro and bank-specific risk dashboards	Q4	Q2
	• 2023 EU-wide transparency exercise		Q3

1.4.3 Coordination and support**Activity 16: EBA governance, international affairs, communication****Unit Governance and External Affairs****Target****Actual**

	<ul style="list-style-type: none"> • Support the EBA's governing bodies • Support the EBA's contribution to EU and international forums • 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 ESAs Regulation 	-	-
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Activity 16: EBA governance, international affairs, communication**Unit Governance and External Affairs**

	Target	Actual
<ul style="list-style-type: none"> • Execution of the Union Strategic Supervisory Priorities 2022-2023 plan • Training for EU CAs 		
<ul style="list-style-type: none"> • Multi-annual WP (2024-2026 horizon) 	Q1	Q1
Output as per 2023 WP <ul style="list-style-type: none"> • Consolidated annual activity report 2022 • Annual report 2022 	Q2	Q2
<ul style="list-style-type: none"> • 2024 annual WP 	Q3	Q3
Additional output <ul style="list-style-type: none"> • Opinion on EP 2021 discharge report • Joint Committee annual report 2022 • Joint Committee work programme 2024 	-	Q3 Q2 Q3

Activity 17: Legal and compliance**Unit Legal and Compliance**

	Target	Actual
<ul style="list-style-type: none"> • Legal advice to EBA staff and governing bodies • 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 		
Ongoing activities <ul style="list-style-type: none"> • Identify potential breaches of EU law, investigate and act as appropriate • Settle CA disputes through mediation and binding decisions • 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 	Ongoing	-
Output as per 2023 WP <ul style="list-style-type: none"> • Peer review on exclusion from CVA risk of transactions with non-EU non-financial counterparties • Peer review of the EBA guidelines on authorisations under PSD2 	Q1	Q2 Q1
<ul style="list-style-type: none"> • Follow-up on peer review on qualified financial holdings 	Q3	Q1 24
Cancelled <ul style="list-style-type: none"> • Peer review on methods of prudential consolidation (was flagged to be confirmed in WP 2023) * 	Q1	-
Additional output <ul style="list-style-type: none"> • Peer review on treatment of mortgage borrowers in arrears – policy component • Joint ESAs' criteria on the independence of supervisory authorities 	-	Q4 Q3

* When updating the EBA's peer review work plan it was decided not to carry out this peer review – which had until then been subject to confirmation. [TO BE CHECKED]

Activity 18: Resources (HR and finance)**Unit HR and FP**

	Target	Actual
<i>Human resources</i> <ul style="list-style-type: none"> • Fulfilment of the establishment plan (at least 95%) • Development of skills and expertise (HR strategy matrix) • Adoption of Staff Regulations implementing rules [Art.110(2)] • Digitalisation of HR services 	Ongoing	-

Activity 18: Resources (HR and finance)**Unit HR and FP****Target Actual***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)**Units: IT and CSU****Target Actual***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 Commission – delivered in Q4
- Master and reporting data collection via the EUCLID platform (including committed information rate, peak information rate, supervisory, resolution, investment firms, COVID-19 reporting, Pillar III disclosures)
- Enhance EUCLID solution with data validation and dissemination capabilities. Enhance data dissemination solution in light of preparing for the Pillar II data hub.
- Enhance and support tools for the support of the EBA reporting framework
- Support and enhance AML solution (EuReCA platform)
- Support and further enhance collaboration tools within EBA and external stakeholders
- Replace legacy systems with cloud native solutions
- Support and tools for the Single Rulebook/signposting/ Q&As
- Access management and security enhancements
- Implementation of solutions for the EBA's operational readiness to take up new tasks in relation to MiCAR and DORA
- Support the organisation of internal and external meetings

Ongoing activities

Ongoing -

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 Eco-Management and Audit Scheme registration
- Contribute to the improvement and monitoring of an internal control system
- Contribute to the annual risk assessment exercise

Output as per the 2023 WP

- Support the annual business continuity exercise Q1 Q2

Additional output

- Establish EBA collaboration platform as the primary channel for collaboration between the EBA and its counterparties, enabling secure information exchange - Q3

Activity 19: Infrastructures (Information technology and corporate support)**Units: IT and CSU****Target****Actual**

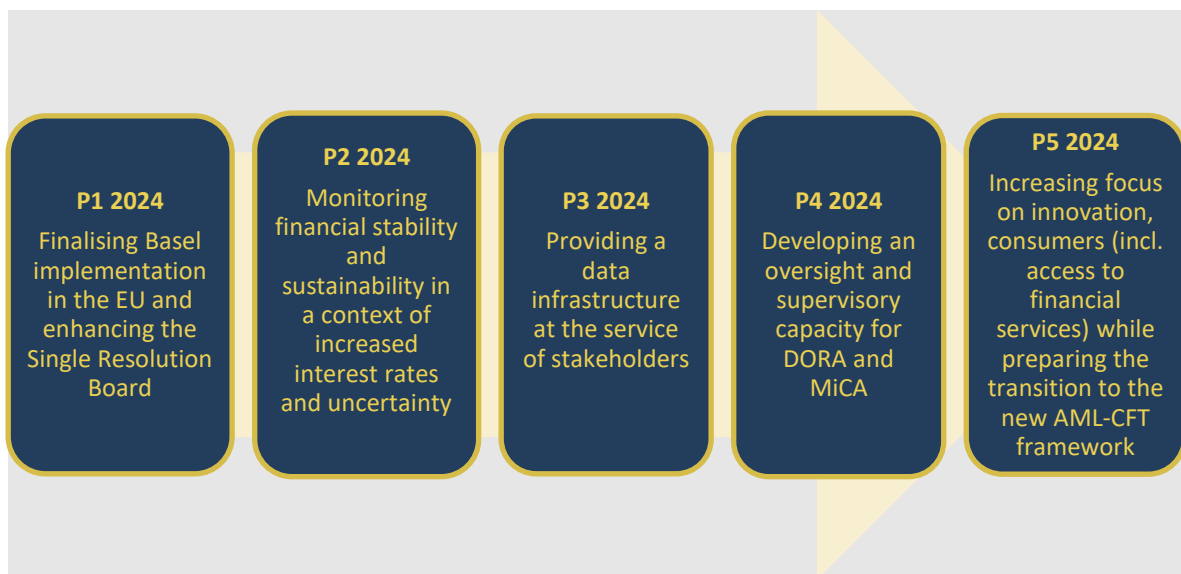
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- Develop the first ever EBA data portal, EBA dissemination platform and dissemination of master data properties
 - Develop tools for the support of the EBA reporting framework (DPM Studio)
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Q4

1.5 Setting key priorities for 2024

In a spirit of continuity the EBA has only slightly adjusted the strategic priorities for its WP for 2024:



1.5.1 Finalising the implementation of Basel III in the EU and enhancing the Single Rulebook

The EBA will prioritise its contribution to the timely and faithful implementation of the outstanding Basel III reforms in the EU to ensure banks can withstand future crises and to safeguard the 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. At the same time, this will contribute to completing the Single Rulebook in banking.

The negotiations on the CRR III / CRD VI package were completed in 2023, and the revised framework includes just over 140 mandates for the EBA to develop regulatory standards and guidelines, many of which will be prepared in 2024, either in the form of CPs or possibly even as final (draft) deliverables. Following the finalisation of the negotiations and ahead of the formal adoption of the final legislative framework, the EBA’s Roadmap – the full list of mandates can be found in Annex III – sets out the sequencing of the mandates in line with the deadlines set out by the co-legislators and explains the EBA’s approach to the mandates as per major areas.

In the context of the CRR/CRD package the EBA will take into consideration the recommendation of the ACP so as to ensure that the regulatory products and guidance it

delivers are drafted in a way that is consistent with and uphold the principle of proportionality, and reduce compliance costs without jeopardising the prudential objectives. The ACP is of the view that the development of RTS, ITS, guidelines and Q&As could reflect proportionality by (i) setting different scopes; (ii) aiming for less complex regulation; (iii) using simple language; and (iv) bearing in mind the impact of implementation for small and medium-sized banks. In particular the ACP recommended that the EBA further addresses proportionality in the credit risk framework given its relevance for banks' balance sheets regardless of size, range of activity and level of complexity.

The Commission's renewed Sustainable Finance Strategy, announced in July 2021 as part of the European Green Deal, and the banking package confer a number of regulatory ESG-related mandates on the EBA: ESG risk management and supervision, prudential treatment of exposures, disclosures, supervisory reporting, stress testing, standards and labels, including sustainable bonds, loans and securitisations, as well as development of a framework for systemic monitoring of ESG risks. For 2024 the work on prudential treatment of exposures and ESG risk management will remain the main focal points.

As noted, the EBA is expected to collaborate with the Commission on reports on the performance of the covered bond framework, which are mandated in Article 31 of the Covered Bonds Directive to be submitted by 2024/2025. Also in that context, the EBA will deliver its responses on two Calls for Advice: one to support the revision of the Covered Bond Directive, and another on insolvency benchmarking.

For the development of the Single Rulebook, in all areas, the ACP also recommended that the EBA ensure that proportionality considerations remain at the core of impact assessments that accompany the regulatory products and guidance.

1.5.2 Monitoring financial stability and sustainability in a context of increased interest rates and uncertainty

Within the context of this priority, an increased focus has been put on the impact of higher interest rates on the real economy in general and the banking sector in particular. Although inflation in most jurisdictions has retreated considerably, on average it still remains above target levels. Although the European economy has not fallen into recession, economic activity remains subdued. In view of this macroeconomic uncertainty banks have tightened their credit standards. With the current unstable geopolitical and economic circumstances, heightened efforts to track developments in and challenges to the financial sector (which also include cyber-resilience) may need to be sustained for the foreseeable future.

Based on the EU-wide stress test run in 2023, the EBA will continue to monitor risks in order to inform supervisory priorities. Following the 2023 exercise and the lessons learned, including from the introduction of top-down elements for NFCI, the EBA will assess the need for changes to its methodology for the 2025 exercise. The ACP recommended in this context that the EBA consider introducing supplementary proportionality considerations in its stress test work. The EBA will also start developing a regular climate stress test framework through a dedicated subgroup, and will run a one-off system-wide climate scenario analysis in conjunction with other ESAs and the ECB.

Work on building the EBA's ESG risk monitoring framework in order to be able to efficiently monitor ESG risks – transition and physical risks – in the financial sector as well as the development of the green financial market had to be postponed, but is now expected to resume (and to be completed in 2025). This envisages the gradual increase in the use of external ESG risk-relevant data with a focus on environmental risks.

The Authority will also 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, and to pursue its contributions to European and international work.

1.5.3 Putting data infrastructure at the service of stakeholders

The implementation of the EBA's Data Strategy will improve the way regulatory data is acquired, compiled, used and disseminated to relevant stakeholders, and will strengthen the Authority's analytical capabilities. The EBA will continue to leverage its EUCLID platform to enable data flows between diverse endpoints and provide internal and external stakeholders with access to high-quality, curated data and insights by employing more advanced technical capabilities; to foster the accessibility and dissemination of critical data assets, insights and analytics policies; and to implement the Pillar 3 data hub requested by the Level 1 legislation.

In 2024 the EBA will also finalise implementation of an improved DPM and methodology (the DPM Refit) to ensure the EBA data dictionary is fit for the future challenges in reporting and digital processing. The EBA will start producing reporting frameworks, including the DPM releases, the full validation rules lifecycle, support for data calculations and the creation of XBRL taxonomy packages through the DRR tools. Both the DPM Standard 2.0 and DRR tools were developed jointly with EIOPA. 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 reducing the reporting burden.

1.5.4 Developing oversight and supervisory capacity for DORA and MiCAR

Regarding DORA, given its cross-sectoral nature the ESAs will focus significant attention and effort on the set-up of the oversight function over critical TPPs. Therefore, in 2024 the EBA, ESMA and EIOPA, together with the supervisory community, will be focusing on the operational set-up of the oversight framework in order, in their capacity as lead overseers, to be ready to oversee these critical ICT TPPs from 2025 onwards. This includes several preparatory steps, such as i) the process for designation as critical ICT third-party providers; ii) the design of the relevant processes, methodologies and governance structures envisaged by DORA to conduct oversight activities; and iii) capacity building to equip the cross-ESAs oversight team. New IT tools will also need to be implemented to support the new oversight function in terms of CTPP designation and oversight collaboration, as well as with respect to ICT-related incidents. During 2024, with a view to building operational and ICT risk capacities internally during the execution phase of the implementation plan, the EBA will also offer in-house training sessions and leverage the EU SDFA and other available training provision in order to build skills for managing DORA-related activities for ESAs and CAs.

For MiCAR, the EBA is responsible for delivering 20 technical standards and guidelines in 2024 (two of which are joint with ESMA, and one is joint with ESMA and EIOPA). The policy mandates under MiCAR will expand on the single rulebook for crypto-asset issuance and service provision in the EU established by MiCAR, for example by further specifying capital requirements for issuers of ARTs. Importantly, the EBA will need to be ready from the end of Q4 2024 to supervise issuers of significant ARTs and EMTs, for which the EBA will need in 2023 and 2024 to develop supervisory and enforcement policies and procedures, forms and templates for the exchange of information between all relevant parties (including supervised issuers, NCAs, the ECB and other relevant central banks). IT capabilities will need to be developed to support the EBA's supervisory function and a new Crypto-Assets Standing Committee will need to be established to facilitate the EBA in the performance of its supervision tasks. In 2024 the EBA will also place special emphasis on promoting supervisory convergence in the area of crypto and MiCAR authorisation and supervision across the authorities through a dedicated Coordination Group, and also on strengthening supervisory capacity building, in particular by further extending training for staff and by organising workshops with NCAs on techniques for the supervision of issuers of ARTs and EMTs.

More generally, the recruitment of fee-funded resources is linked to uncertainties around the number of entities subject to being charged fees and a related risk that the funds will be insufficient to cover all staff costs.

1.5.5 Increasing focus on innovation and consumers while preparing the transition to the new AML-CFT framework

In 2024, the EBA will further enhance the supervision of financial institutions' conduct and strengthen CAs' ability to tackle financial crime across their regulatory and supervisory remit. It will also contribute to ensuring that citizens have access to financial and banking services and focus on consumer protection mandates assigned by MiCAR and the Credit Servicers and Credit Purchasers Directive. The EBA will continue to monitor and assess market developments, including financial innovation, to achieve a coordinated approach to the regulatory and supervisory treatment of new or innovative financial activities, and to provide advice to the co-legislators where needed. In particular in 2024/2025 the EBA will focus on priority areas encompassing:

- crypto-assets;
- tokenisation in relation to new financial products, services and decentralised finance;
- application of artificial intelligence / machine learning in the financial sector;
- value chain evolution (incl. monitoring mixed activity groups and white labelling).

In addition, the EBA will continue with its broader horizontal innovation-related work, including but not limited to knowledge sharing on supervisory and regulatory technologies (SupTech and RegTech) and open finance, will contribute to work priorities envisaged by the EFIF in 2024, and will leverage dialogue with industry, CAs and other EU and international organisations to identify emerging risks and opportunities.

In 2024, the EBA together with ESMA, EIOPA and the Commission, will continue to support the activities of the EU SDFA, to strengthen supervisory capacity in innovative digital finance, and to support the objectives of the EU Digital Finance Strategy.

Throughout 2024, the EBA will work closely with CAs and the Commission to facilitate the transition to the EU's new legal and institutional AML/CFT framework.

At the same time, the EBA will continue to foster the implementation of robust approaches to tackling ML/TF, sanctions and other financial crime risk across the EU, in line with its legal mandate and until AMLA begins fully to exercise its mandate and powers. AMLA is currently expected to be legally established in 2024, and fully operational in 2025. The EBA will adjust its WP as necessary, which may mean that planned deliverables will be re-prioritised.



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