

## Convergence of the Supervisory Review and Evaluation Process (SREP) in the European Single Supervisory Mechanism

### Comparison of SREP across Euro Area National Competent Authorities (from 2020) (Part 1; see below for Part 2)

<b>EBA requirements</b>	<b>Austria</b>	<b>Belgium</b>	<b>Cyprus</b>	<b>Estonia</b>	<b>France</b>	<b>Germany</b>	<b>Ireland</b>	<b>Italy</b>
<b>Assessment of Business Model</b>	yes	yes	yes		yes	yes		yes
<b>Assessment of Internal governance and risk management</b>	yes	yes	yes		yes	yes	yes	
<b>Assessment of Capital risks</b>	yes	yes	yes		yes	yes	yes	yes
<b>Assessment of liquidity risks</b>	yes	yes	yes		yes	yes		yes
<b>Quantitative assessment</b>	yes	yes	yes	yes	yes	Less important		yes
<b>Qualitative process</b>	yes	yes	yes	yes	yes	Yes, categorization in 4x4 matrix according to their quality and impact	yes	
<b>Continuous process</b>	In line with EBA Guidelines, annual updates and, full assessment frequency depending on the categorization of the institution	In line with EBA Guidelines, variable depending on the size and riskiness of the bank	The frequency depending on the size, scale and complexity of the institutions		At least annually, transposed into national legislation	Updates once a year, on-site review every one to three years depending on minimum engagement levels  once a year for larger banks	annually, can be more often for larger banks	annually

Source: EBA supervisory disclosure; thanks to Farida Valieva who collected this data.

### Comparison of SREP across Euro Area National Competent Authorities (from 2020) (Part 2)

<b>EBA requirements</b>	<b>Latvia</b>	<b>Lithuania</b>	<b>Luxembourg</b>	<b>Malta</b>	<b>The Netherlands</b>	<b>Portugal</b>	<b>Slovakia</b>	<b>Slovenia</b>	<b>Spain</b>
<b>Assessment of Business Model</b>	yes	TBC	yes	yes	yes	yes		yes	yes
<b>Assessment of Internal governance and risk management</b>	yes		yes	yes	yes	yes	yes	yes	yes
<b>Assessment of Capital risks</b>	yes		yes	yes	yes	yes	yes	Yes, using its own RAS methodology	yes
<b>Assessment of liquidity risks</b>	yes		yes	yes	yes	yes	yes	Yes, using its own RAS methodology	yes
<b>Quantitative assessment</b>	yes		yes	yes, according to the Risk assessment tool (RAT)	yes		yes		
<b>Qualitative process</b>	yes		yes	yes, according to the Risk assessment tool (RAT)	yes		yes	yes	yes
<b>Continuous process</b>	According to the EBA Guidelines		at least once a year			Frequency depends on the potential impact each institution may have	Depending on the bank risk profile, on - site inspection from 6 to 24 months or continuous monitoring		

Source: EBA supervisory disclosure; thanks to Farida Valieva who collected this data.

**Table: Evolution of SREP in Germany and France**

	Germany in 2014	Germany in 2019	France in 2014	France in 2019
<b>General overview of SREP</b>	Own model, partial reliance on external auditors, assessment based on a four-risk categories matrix but with descriptive criteria	German supervisor implemented the SSM-LSI-SREP methodology 4 grade classification according to the LSI-SREP methodology	ORAP analysis of SURFI Report, the French supervisor already applied a holistic approach combining scoring and expert judgement and used the internal Risk Assessment System (RAS) based on thirteen items. Each item is analyzed either as one of the thirteen individual indicators or as an integral part of these thirteen criteria	converged to SREP methodology for SIs even before the issuance of the methodology for LSIs  four-pillar assessment and analyses the business model, the governance and risk management, the risk to capital and the risk to liquidity and funding
<b>Business Model</b>	yes, main focus	yes	No	new assessment introduced
<b>Internal governance and control arrangements</b>	Yes, main focus (very strong ICAAP under MaRisk)	yes	No, stress test model	yes
<b>Capital adequacy</b>	not prioritized	yes	the level, structure and permanence of regulatory capital	yes
<b>Liquidity risk</b>	not prioritized	yes	yes, based internal metrics	yes, based on Liquidity Coverage Ratio and the Net Stable Funding Ratio
<b>Frequency</b>	at least annual	annual	at least annually or more frequently for more risky institutions	annual
<b>Type of assessment qualitative/quantitative</b>	Qualitative mainly	shift for quantitative analysis	examination of SURFI reporting, with quantitative elements, but less extended	examining COREP and FINREP, with more quantitative elements
<b>Level</b>	group level data only	individual bank and group level requirements	individual and group level	generally at group level but SREP is also conducted at solo level
<b>Use of ICAAP</b>	yes, based on internal guidelines	yes	no ICAAP and ILAAP examination	introduction of ICAAP and ILAAP
<b>On-site inspections</b>	yes	yes	yes	yes but did not achieve the level of 1/10

Source: BaFin (Germany); Banque de France. Thanks to Farida Valieva, who collected this data.