
Communication elements

Bayerische Landesbank notes the announcements made today by the European Banking Authority and Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) regarding the information of the EU-wide Transparency Exercise 2013 and fulfilment of the EBA Board of Supervisors decision.

Background 2013 EU-wide Transparency Exercise

In May 2013 the EBA adjusted the timeline of the next EU-wide stress test so to conduct the exercise in 2014 once the asset quality reviews are completed. However, to ensure transparency and comparability over the years, the EBA's Board of Supervisors decided to provide, in the second half of 2013, appropriate disclosure on the actual exposures of the EU banking sector. In its October meeting the BoS agreed on the form and scope of the transparency exercise to be conducted in November / December 2013 to assure a sufficient and appropriate level of information for market participants.

The sample of the exercise includes 61 banks and for each of them the following set of information was collected for disclosure:

- I. Composition of capital¹
- II. Composition of RWA by risk type²
- III. Exposures to sovereigns (central, regional and local governments) in EEA³ (direct and indirect exposures by maturity buckets and country)
- IV. Credit risk exposures (defaulted and non-defaulted) and RWAs by country with breakdowns for Institutions, Commercial RE, Retail and Corporate⁴; displayed by regulatory approach (A-IRB, F-IRB, STA)
- V. LTV per portfolio, value adjustments and provisions
- VI. Market risk and securitisation exposures

In addition, banks submitted information on risk parameters (default rates, loss rates, LGD, PDs) by country EAD with breakdowns for Institutions, Commercial RE, Retail and Corporate, (exposures displayed by regulatory approach). This data is not publically disclosed on bank-by-bank basis.

¹Current capital definition augmented by information in accordance with EBA's capital preservation recommendation.

²Credit risk, market risk, securitisation, other credit risk, operational risk, transitional floors and others

³For the Recap, only EEA sovereigns have been considered since the purpose was to compute the sovereign buffer.

⁴Exact breakdown as follows: Central Government, Institutions, Corporates, Retail (of which SMEs, secured by RE property, revolving and others), Equity, Securitisation and other assets.
