



PUBLIC CONSULTATION REGARDING THE EXPECTATIONS ON VALUATION CAPABILITIES (EoVC): ANALYSIS OF INDUSTRY FEEDBACK

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1. Introduction

The final action plan for the SRB Vision 2028 published in January 2024 includes, as activity with high priority, the development of tools for the operationalisation of resolution strategies. The Expectations for Valuation Capabilities (EoVC) address this strategic activity with the aim to enhance banks' capabilities to support the performance of timely and robust valuations.

The Single Resolution Board (SRB) consulted stakeholders on the EoVC between 2 April and 2 July 2025.

The SRB welcomes the feedback received from the industry. The SRB received 22 responses to the consultation paper from banking associations and individual banks. In parallel, the SRB engaged with various industry associations and other stakeholders (e.g., independent valuers), from whom more than 150 comments were received.

This feedback statement includes a summary of the comments received during the consultation period, the SRB's analysis of the comments, and actions taken, when deemed appropriate, including changes in the EoVC document. Where respondents provided identical or similar comments in multiple sections of the survey, these have been consolidated and presented in the section of this statement considered most appropriate.

2. Summary

The EoVC aims to enhance banks' capabilities to support the performance of timely and robust valuations. It covers the need for permanent, regularly updated data repositories for resolution (DRR), introduces the concept of the valuation data index (VDI), including unstructured data and an enhanced valuation data set (VDS), and outlines the expectations for valuation playbooks.

Feedback from the public consultation centred on proportionality, data burden, costs of implementation, and clarification of technical requirements.

The revised EoVC:

- Applies a proportionate approach to the **VDI**, further simplifying and reducing the VDI documents, clarifying scope and simplifying the cut-off and submission dates. Moreover, the submission of certain VDI documents to the DRR is required only when predefined materiality thresholds are met (e.g., information on DTA/DTCs, trading book information, specific collateral data sets, etc), ensuring that the process is proportionate and appropriately tailored to each entity's business model and risk profile;
- Streamlines the **VDS**, reducing the number of mandatory data fields by roughly 25% of the VDS published during the public consultation and introducing flexibility for all collateral data sets except real estate. Overall, the new VDS constitutes an evolution of the existing data set, with only some additional mandatory data fields compared to the VDS 2020;
- Refines the **DRR** concept, maintaining a permanent but flexibly implemented data repository while removing continuous access requirements and providing banks with greater flexibility in the implementation of their IT setup by removing the 'two-factor' authentication' functionality. The DRR is expected to comply with two groups of functionalities: 'usability', to ensure that data is accurately indexed and organised in the DRR, and 'security', to guarantee access to information in the event of severe cyber incidents;
- Clarifies the purpose of the **Valuation Playbook**, emphasising its role in supporting independent valuers and internal readiness assessments rather than introducing specific modelling requirements for valuations in resolution;
- Clarifies the expectations on **testing**, thus aligning it with the overall SRB testing framework.

Moreover, the industry requested an extension of the implementation timeline beyond 2028. To address this, the SRB will extend the overall implementation deadline by one year, to the end of 2029.

The SRB has incorporated these adjustments in the revised EoVC to ensure proportionality, cost-efficiency, and alignment with existing SRB frameworks, while preserving the core objective of improving valuation readiness in resolution scenarios.

3. Analysis of the public consultation outcome

Valuation Data Index (VDI)

Consideration of the proportionality principle

Respondents highlighted that the SRB should apply the proportionality principle when defining the VDI documents and that the SRB should adopt a more proportionate and risk-based approach to VDI requirements, with differentiation based on the size, complexity, riskiness, business model and systemic importance of entities. Some respondents enquired that readily available information, either publicly or to the supervisor, should not be collected again to avoid double reporting, and that the SRB should leverage available systems and existing capabilities at the bank/group rather than requiring the design and development of new systems and capabilities.

The SRB would like to highlight that it has made significant efforts to ensure that the VDI index and its underlying documents are proportionate to the complexity of banks' business models. Banks with more complex business models are expected to submit more data than those with simpler models.

The EoVC takes into consideration institution-specific aspects such as the complexity or the specificities of the business model. For example, G-SIBs are the only institutions required to submit the 'Trading book risk reports' and the 'sensitivity calculations for the Trading book'; granular information on tangible and intangible assets is required only if these assets represents more than 1% of the group's total assets; certain documents are expected to be submitted only if the respective VDI item is relevant or present in the balance sheet of the respective entity (e.g., litigations, DTA/DTCs, protection schemes). Additionally, the revised EoVC includes a new threshold for the VDI item 'Detailed breakdown DTA/DTL'. Only entities holding DTA (net of DTL) representing more than 10% of the CET1 of the entity will need to submit detailed information on these items.

Moreover, the list of VDI documents is based on documentation that should generally already be available within banks, as these are produced in the normal course of their business. As outlined in section 3.3.1 of the EoVC, banks are expected to rely on existing documents, such as internal policies, reports or other relevant documents, to provide the required VDI information. Importantly, documents already accessible to the IRT, such as resolution deliverables (e.g., bail-in playbooks, solvent wind-down plans) or prudential reporting, are not part of the VDI. In some cases, the VDI documents may refer to documents that are already publicly available or otherwise accessible to the SRB. In such cases, the entity should notify the SRB, which will grant an exemption from submitting that information to the DRR. For example, if an annual report can be found on the entity's website, it does not need to be stored in the DRR. Instead, banks are expected to indicate in the DRR index

of documents (see Chapter 5.2 of the EoVC) either the link to the publicly available source or the link to the respective deliverable submitted to the IRT in IRIS.

Some respondents submitted specific comments on the VDI, arguing that certain documents should not be included, as the information is already accessible to the IRT or can be obtained via the supervisor. SRB has carefully reviewed these comments and reassessed both the accessibility of the VDI documents and their relevance for valuations. As a result, SRB has reviewed the list of VDI documents and further simplified it by removing the following items:

- 2.3 Business strategy
- 2.4 Shareholders
- 3.14 Complex instruments
- 4.1 Tax balance sheet
- 4.7 Reconciliation of current taxes and tax balances
- 7.1 Risk strategy
- 7.5 Stress tests.

Scope of entities

Respondents highlighted that they do not see the rationale to require specific information on the subsidiaries normally being subject to internal MREL. Additionally, a few respondents urged the SRB to review the entities in scope, namely with respect to entities that are EU subsidiaries (under the SRB's remit) of third-country parent undertakings, or that have parent undertakings outside the Banking Union but within the European Union, subject to a Single Point of Entry strategy. They argue that the resolution plan developed by home country authorities is designed to avoid any need for independent SRB-led resolution proceedings.

The SRB would like to highlight that, in a crisis context, the accurate valuation of a banking group requires a clear understanding of the financial condition of its subsidiaries. Losses and risks arising at the subsidiary level directly affect the group's net asset value, even if the subsidiaries themselves are not failing. In a resolution scenario, some subsidiaries may remain viable but face lower profitability due to market pressures, higher funding costs, etc. These changes reduce the present value of expected cash flows and must be reflected in group valuation, even if the entities are not failing. Hence, reliable subsidiary-level data is indispensable for an accurate valuation in resolution. Notwithstanding, as outlined in chapter 3.2 of the EoVC, the general rule is that only resolution entities and relevant legal entities are required to submit the list of documents, excluding non-relevant subsidiaries whose impact on a group-wide valuation is expected to be limited.

With respect to these entities, so called host cases referred to above, the SRB would like to highlight that according to Article 36 of the BRRD, a valuation is required not only before taking resolution actions, but also to exercise the power to write down or convert relevant capital instruments and eligible liabilities, which may be the case in the context of the execution of a resolution strategy based on an SPE. Therefore, the approach with respect to these entities has not changed.

Some respondents highlighted that several VDI documents referenced in Annex 1 of the EoVC are defined at group level and do not exist on a solo basis. The SRB acknowledges that certain documents may not exist at single-entity level (for example, when they are not required by the bank's management board or senior management as part of the regular reporting process). The revised EoVC clarifies that the SRB may waive the submission of certain documents if they are deemed irrelevant in light of the entity's specific business model or reporting processes.

Cut-off and submission dates of the VDI documents

Respondents expressed concerns that cut-off dates remain unclear. Some respondents mentioned that asking data on semi-annual basis represents a disproportionate workload for institutions and that strategic or less time-sensitive elements of the VDI could be submitted on annual basis, rather than semi-annually. Respondents would appreciate a prolongation of the number of days for submitting the documents. The SRB agrees that producing certain data on an annual basis is sufficient to test banks' capabilities to produce the required information. Chapter 3.3.4 of the EoVC has been adjusted accordingly.

With regard to the submission deadlines, the revised EoVC introduces a simplified approach and effectively extends the deadline for documents requiring annual updates, as follows:

- Documents requiring resubmission upon update ('Latest version available') should be stored in the DRR as soon as they become available;
- Documents with a year-end cut-off date requiring annual updates ('Year-end for the two precedent years') must be stored in the DRR by 30 April.

Moreover, the revised EoVC clarifies that the SRB may require more frequent updates of the VDS, in the context of crisis preparations or testing exercises.

Cost of the process required to update the VDI documents

Respondents highlighted that maintaining the processes required to collect, organise, and update the extensive range of VDI documents across multiple entities would require significant investment in personnel, in particular considering the extensive scope and frequency of the required submissions.

The SRB considers that implementation costs are expected to be primarily front-loaded and will diminish materially once the framework is fully implemented. The process for uploading documents to the DRR can be organised in one of two main ways: either centrally, with data collection coordinated at a central level, or in a more decentralised manner -for example, by assigning business owners to each VDI document and implementing an alert system to notify the relevant owner when a document is due for submission. In either case, to reduce ongoing resource requirements, banks are expected to automate the process to a large extent.

To further reduce the burden on banks, the SRB has revisited several elements of the EoVC: certain VDI documents have been removed, and the submission frequency for some submissions has been reduced from semi-annual to annual (refer to the comments above).

Valuation Data Set (VDS)

Technical requirements and number of data fields

Most respondents found the description of the technical requirements applicable to the VDS clear in their format and content. However, respondents would appreciate an annex with an Excel showing the changes between the VDS 2020 and the new VDS as it would reduce the risk of misinterpretation and provide comfort on the implementation process. The revised EoVC incorporates a new Annex 6, containing a detailed comparison between the new VDS and the VDS 2020.

Respondents also submitted technical comments concerning a number of data fields. These comments have, for the most part, been addressed, which in many instances has resulted in a reduction in the number of data fields requested.

Additionally, the SRB has revised its approach to collateral data sets. As a result, data sets for shipping, aviation, and renewables will only need to be provided upon SRB request (see comment below); in other words, they will no longer be required on an annual basis.

For real estate collateral, banks should submit the data set annually to the DRR (except for monoliners engaged in lending activities without real estate collateral, such as consumer lenders). However, the revised data set have been streamlined, resulting in a reduction of approximately 40% in the number of data fields.

Overall, the number of mandatory data fields in the revised EoVC - taking into account the new approach to collateral data sets - that banks will have to submit annually has been reduced by 95 data fields, representing approximately 25% of the VDS published during the public consultation (see Annexes 3 and 4 of the EoVC). Compared to the 2020 version of the VDS (298 data fields), the new VDS contains only a few additional mandatory fields, a relatively modest increase, especially considering that many of these data fields are repeated across different data sets.

Some respondents expressed that due to the nature of their business models, namely investment banking activities, the VDS data does not need to be provided for these banks as the majority of positions are marked-to-market and can be sourced from market sources at the time of resolution.

The SRB is of the view that, irrespective of the type or complexity of balance sheet products, a minimum set of data is always necessary to conduct a valuation. This is not only essential for the valuation process itself but also for the identification of instruments that carry heightened risk or valuation uncertainty - such as Level 3 derivatives or securities - which may warrant closer scrutiny by the independent valuer. This issue was previously raised by the industry during the implementation of the VDS 2020. At the time, concerns were expressed regarding the high cost of collecting certain data fields within the derivatives data set - in particular, information on the individual legs of derivative positions. In response, this feedback was taken into consideration, and the proposed derivatives data set has been significantly simplified. It now includes only a limited number of data fields sufficient to capture the key characteristics of the relevant instruments.

Furthermore, the trading book data set has been designed to ensure that a proportionate approach is applied and that the required data aligns with the information typically produced by banks in the ordinary course of business. A similar rationale has been applied to the securities data set. For Level 1 instruments, only a limited set of data fields describing their main characteristics - including the fair value, which is commonly used by independent valuers as a reference point for their assessments - will be collected. For more complex instruments (Levels 2 and 3), additional data necessary to project their cash flows will be required. Accordingly, the principle of proportionality, particularly with respect to the elements of the EoVC applicable to banks holding mark-to-market balance sheet positions and G-SIBs, is already embedded in the EoVC framework.

Collateral data sets

Respondents raised concerns regarding the number of new collateral data points and questioned the necessity of such information for valuation purposes. The SRB has decided to introduce a new element of simplification and proportionality by introducing the expectation that all data sets should be submitted to the DRR annually, except for shipping, aviation and renewables data sets, unless otherwise requested by the SRB. If an entity has not been required to submit these data sets, it is not necessary to produce and submit that particular table to the DRR.

The revised EoVC (see Chapter 4.4.3) explicitly states that shipping, aviation and renewables data sets are expected to be submitted only upon request by the SRB, who will take into consideration various factors including the entity's business model, high concentration risks in the specific segments, sectoral crisis affecting those segments, etc.

Respondents further noted that certain collateral data fields are not currently available in banks' internal systems, as such information is not collected under AnaCredit or national credit registers. The SRB would like to highlight that the valuation of collateral is typically a key step in the valuation process for both performing and non-performing exposures. For performing loans, changes in collateral values may lead to recalibration of the loss given default, a crucial parameter in the estimation of the expected credit losses. For non-performing exposures, valuations usually rely directly on collateral values. Independent valuers may require highly granular information for these purposes. To reduce complexity in the data collection process, the revised EoVC specifies (refer to the definitions in Annex 3) that most of the collateral data fields need only be collected at the origination date of the exposure (if the respective collateral data set or data fields are applicable). This makes data collection and submission a one-off process, thereby substantially reducing the burden on front-office staff. The SRB acknowledges that frequent updates to these data fields would impose a significant operational burden on banks, as they would require regular borrower contact. Collection at origination, by contrast, will necessitate only small adjustments to front-office systems.

With respect to unavailable data fields, the SRB agrees that certain data points introduced in the collateral data sets may not yet be captured in banks' systems. As done by banks in previous resolution planning cycles with respect to the VDS 2020, banks will be asked to conduct a gap analysis, report identified data gaps to their IRT, and establish an implementation plan to collect and produce the missing data. Further details will be provided in the priorities letters.

Finally, in response to technical comments received, the revised EoVC incorporates a streamlined collateral data set, in particular for the real estate collateral data set (refer to the comment above).

Reconciliation of the VDS

Some respondents enquired about the establishment of tolerance thresholds for reconciliation purposes. Concerns were also raised regarding the reconciliation of the VDS against FINREP, local GAAP, and COREP at the single-contract level. Respondents noted that performing reconciliations at an aggregated level, together with the introduction of a margin of tolerance for discrepancies, would significantly simplify what is otherwise a complex data process. A few respondents highlighted that, in practice, reconciliation of data fields across different reporting levels and templates is sometimes not feasible due to structural and technical limitations and cannot be guaranteed in every case.

The SRB would like to clarify that reconciliation of the VDS with the trial balance sheet is required only for entities that are exempt from individual FINREP reporting due to a waiver. In such cases, entities are expected to reconcile the carrying amounts submitted in the VDS with the trial balance sheet on an aggregated basis.

Some respondents also suggested that, in order to enable reconciliation against COREP, further clarification would be needed regarding which RWA components should be reflected in the relevant data points, in particular those linked to structural risks for which capital requirements are calculated on a portfolio basis. This, however, would require the definition of highly specific rules that may not be consistent with the prudential framework. The revised EoVC has therefore removed the reconciliation against COREP. As a result, a number of data fields have been deleted from the VDS (the ones referring to risk-weighted assets and capital deductions). In addition, the revised EoVC has removed the VDI document 4.7 'Reconciliation of Current Taxes and Tax Balances', as the SBR assessed it not to be a relevant data source for valuation purposes.

Accordingly, banks are now expected to perform reconciliations only against FINREP (where solo FINREP reporting is available) or, for institutions not subject to solo FINREP reporting, against the accounting ledger. No other types of reconciliation are expected. Furthermore, given that the revised EoVC changes the VDS submission frequency from semi-annual to annual, the reconciliation process is expected to be less burdensome.

With respect to the margin of tolerance, the SRB reiterates that reconciliation is an important element of the overall data quality assurance process. However, neither the EoVC nor the 'Operational Guidance for Banks on Resolvability Self-Assessment' establishes formal expectations for data quality, as the SRB considers it premature in light of the results of the 2024 valuation testing exercise. Under the EoVC, banks are expected to report reconciliation differences to their IRT and provide explanations. These results will be used to assess data quality and to establish appropriate benchmarks, ensuring that data quality is monitored even in the absence of predefined reconciliation thresholds. Annex 5 of the EoVC contains the data quality report, including a specific reconciliation report against FINREP, where banks are required to report aggregated figures. Entities required to reconcile the VDS against the accounting ledger must also report any differences to the DRR.

No further templates have been provided for reconciliation against the accounting ledger, given that each ledger has its own structure (e.g., differing account labels).

Trading book data set

Respondents highlighted that, for groups with worldwide trading activities and no regulatory capital requirements at the individual level for the resolution entity, the 'Trading book' data set may be available at the trading desk level (aggregating different locations/entities), but not at the entity level. They also noted that where most of the market risk is concentrated in the resolution entity, the trading book data set at group level should be deemed acceptable.

The SRB acknowledges that certain information may not be available for different reasons, for example where a subsidiary does not produce a business plan because it is fully integrated into the business of another entity, or where information is only available at the resolution group level rather than at the single-entity level, as noted by respondents. The revised EoVC clarifies that the SRB may grant a waiver in such circumstances or allow an alternative approach (e.g., submission of the trading book data set at group level).

Respondents also requested greater clarity regarding which entities with material trading books should submit the 'Trading book' data set. The EoVC introduces a trading book data set for entities subject to solvent wind-down requirements and for other entities with material trading books. The SRB would like to clarify that the latter refers to large entities that are not subject to solvent wind-down requirements but whose trading books are sufficiently material to justify inclusion in the scope. The entities falling within the scope of the 'Trading book' data set will be identified and notified accordingly by the responsible IRTs.

One respondent further noted that it is unclear whether there is any dependency between the derivatives data set and the trading book data set. The SRB wishes to emphasise that, as outlined in the EoVC, the VDS contains a 'mapping category' providing data fields to align various data sets. This is the case for the derivatives data set, which includes a data field to connect the positions in the trading book with the Trading book data set. Similarly, the securities data set includes a data field to connect it with the trading book data set.

Liabilities data sets

Respondents emphasised that maintaining two separate approaches for the MBDT - one for bail-in purposes and another for valuation purposes - is not feasible.

The SRB wishes to reiterate that, as set out in the legislation, valuation in resolution covers both asset and liability valuations. The MBDT was originally designed to support the operationalisation of the bail-in tool. However, data collected through the MBDT can also be leveraged on to perform liability valuations in resolution, provided it is supplemented with additional data fields (e.g., cash flow information) gathered through the Supplementary MBDT and Complementary Liabilities data sets.

Therefore, to maximise synergies in crisis-related data collection, the MBDT will be used as the primary means to collect data on liabilities. However, the SRB would like

to note that only three tabs of the MBDT will be requested and not the entire MBDT, namely B99.00 - Identification of the report, B02.00 - Main Liabilities and B90.00 – Counterparties (Submission A and B). The revised EoVC clarifies this further.

Data Repositories for Resolution (DRR)

Need and cost of permanent DRR

Several respondents found the proposal to permanently maintain a data room, regularly populate it with updated information and continually maintain support as disproportionate and claimed that these requirements tie up considerable resources and generate costs that are disproportionate to the benefits. The main challenge that respondents highlight are costs and resource concerns stating that this would require significant investment in IT, staffing and data management infrastructure. Some respondents proposed an ad hoc DRR set up to address proportionality as well as a SRB-hosted central DRR to address apparent cost concerns.

The SRB acknowledges that the most innovative aspect of the EoVC is that the DRR will be maintained on a permanent basis, ensuring that the information stored is always accessible to the SRB or external valuers in case of need. The SRB considers that maintaining a DRR on a permanent basis provides the most effective means of ensuring compliance with Principle 5.2 of the Expectations for Banks¹. Past crisis case experience has shown that on demand/ad hoc set up of a DRR when a crisis occurs is not sufficient. It is not simply about the technical solution of setting up a DRR in a short period of time; the challenge is ensuring the volume of data needed is available at the time of crisis, which cannot be guaranteed with on demand capabilities. Hence, the permanent DRR addresses one of the key challenges identified in previous crisis cases, namely the unavailability of data. A permanent DRR enhances the process by providing a more organised and efficient approach, as opposed to relying on ad hoc requests to the bank. To carry out a precise and accurate valuation of assets and liabilities of an institution in resolution, a significant amount of information is required (e.g., balance sheet reconciliation, the assessment of tax and regulatory implications, derivation of company values via provided business plans, risk reports). Collecting all this data is a lengthy process which requires intense dialogue with banks as it involves gathering, verifying and organising large amounts of detailed information. Frontloading this activity during the resolution planning phase ensures that a minimum set of information is timely available to carry out valuations in resolution and is a key element of the EoVC.

Regarding cost apprehensions, the SRB believes these costs will not be disproportionate as many SRB banks (circa 90%)² already have a DRR in place for different purposes. Additionally, the DRR will be used for separability supporting long-term strategic objectives by fostering sustainable cost synergies, while also delivering operational efficiencies through optimised resource allocation, streamlined processes, and improved flexibility across business functions. Furthermore, the EoVC incorporates a key element of flexibility by allowing banks to choose whatever IT solutions for the DRR. Banks can freely choose to host the

¹ MIS capabilities to produce the necessary information for executing a fair, prudent, and realistic valuation.

² Valuation testing 2024 - Benchmarking exercise.

data in repositories within their own systems or, alternatively, use a third-party vendor, provided that the chosen solution complies with the functionalities outlined in the EoVC.

Access to permanent DRR and testing

Respondents expressed concerns that creating a permanently accessible DRR containing highly sensitive and strategic information could increase the risk of unauthorised access, particularly through cyberattacks. They suggested that access to the DRR by third parties, including the SRB, should be granted only on demand.

The SRB acknowledges these concerns. The initial rationale for granting permanent access was to avoid signalling risk when accessing the DRR in preparation for a crisis and to facilitate post-VDI implementation tasks, such as reviewing VDI documentation.

Considering the comments received, the SRB has revised this approach while still ensuring the original objectives of data availability and quality to enable a sound valuation. In particular, the proposal is that the SRB would have access to the permanent DRR only in the context of crisis preparations or testing activities. Regular access through structured testing should be sufficient to mitigate signalling risks, making permanent access unnecessary.

Alignment with the overall SRB testing framework

Respondents highlighted that the proposed approach represents a significant change, moving from the testing of capabilities to the regular submission of data that is to be made permanently available to the SRB and its potential third-party contractors. Respondents considered that the most pragmatic approach and without losing any efficiency in the banks' resolvability is testing the capacity of the banks to report a VDI on demand.

The SRB would like to highlight that maintaining a permanent DRR is the most effective way to ensure compliance with Principle 5.2 of the Expectations for banks and address the challenges identified in past crisis cases (refer to the comment above), particularly when accompanied by targeted testing exercises across other areas of the EoVC.

The revised EoVC outlines other capabilities that banks are expected to test following the full implementation of the EoVC, thereby aligning the EoVC more closely with the SRB's broader approach to testing, including but not limited to testing:

- access rights to the DRR;
- transmission of VDI documents to the SRB via FTP;
- production of the VDS with an end-of-month cut-off date upon request; and
- use of internal models for valuation.

DRR functionalities

Most respondents found the description of the DRR functionalities clear and several agreed with the minimum set of functionalities defined in the EoVC. No additional functionalities were explicitly proposed by any respondents. A few respondents mentioned that there could be system compatibility issues stating the inflexibility of external VDR systems to implement SRB-mandated features.

The SRB acknowledges that the functionalities of the DRR are generally clear and have not been the focus of the respondents' feedback. Regarding the system compatibility, the SRB would like to reiterate that for the DRR, the EoVC provides banks with flexibility to choose either internal or external solutions as long as the minimum requirements regarding the functionalities as defined in the EoVC are complied with. In any case respondents were more concerned with the wider approach and the operational issues detailed in the previous sections.

The revised EoVC introduces additional flexibility regarding IT solutions. Specifically, the 'two-factor authentication' functionality has been removed to allow banks greater flexibility in the implementation of their IT setups. An 'audit trail' functionality has been added to enable the monitoring of user activity and the timing of document access. However, this is a fairly standard functionality in IT repository solutions used by banks.

Valuation Playbook

Objectives of the valuation self-assessment

Several respondents found the expectations clear and understandable. However, some of them raised concerns that the requested valuation self-assessment and description of valuation capabilities do not align with the playbook's purpose and provide limited value for valuation in resolution. These respondents suggested that the deliverable should focus on relevant information based on existing capabilities and documentation, linked to the Preferred Resolution Strategy (PRS).

The SRB acknowledges the feedback from respondents who found the expectations clear and understandable, while also raising concerns about the alignment of the Valuation Self-assessment and description of valuation capabilities with the playbook's purpose. The SRB would like to clarify that a valuation playbook is deemed to provide added value to both independent valuers, when tasked with preparing a valuation report, and to the IRTs, in assessing the resolvability of the bank and setting up processes to comply with principle 5.2 of the Expectations for banks. Once tasked with preparing a valuation report, such as a Valuation 2 report, the valuer is expected to rely on the work done in the valuation playbook as a key input. The Valuation 2 report should be based on the economic values of the assets and liabilities. In this context, the fair values determined by the banks in their business-as-usual operations, along with a description of the models used to determine such values, can serve as a starting point to inform the valuer's assessment. The valuer can use the content of the valuation playbook to challenge or identify key areas to focus on when performing the valuation, ensuring a robust and reliable valuation outcome. The revised EoVC clarifies that by assessing the valuation playbooks the

SRB and independent valuers can gain insight into the bank's valuation processes and, in case of a crisis, rely on the information provided as a starting point.

The SRB would like to highlight that in the context of resolution, while the valuation approach may depend on the resolution strategy adopted (e.g., considering hold or disposal values), the requirements included in the valuation self-assessment and requests for valuation model capabilities represent a foundational starting point for a valuation in resolution. As such, these requirements should consider the entire balance sheet, providing a comprehensive basis for valuation in resolution. The SRB believes that this approach will facilitate a more effective and efficient valuation process, ultimately supporting the resolvability of banks.

Regarding the valuation self-assessment, the SRB notes that respondents had differing views on the level of guidance and flexibility required. Some requested additional guidance beyond the examples provided in Annex 7, while others preferred a flexible bank-specific approach to clustering analysis, rather than following standardised examples. The examples provided in Annex 7 are intended to offer guidance on the level of detail expected, while not being considered binding. This approach aims to strike a balance between providing sufficient guidance and allowing for a flexible, bank-specific approach to clustering analysis. SRB acknowledges that banks may have different needs and approaches, and the examples in Annex 7 should be used as a reference point rather than a rigid framework. Furthermore, the clustering analysis outcome is not required to be officially agreed upon with the IRT, but as with any other resolution-related deliverable, it is expected to be discussed during workshops.

Internal valuation models related capabilities

A few respondents sought clarification on the scope of internal valuation models to be described in the playbook. The SRB would like to clarify that the focus is on all models that contribute to deriving any disclosed IFRS 13 fair values (Level 1 to 3) or IFRS 7.25-7.26 (fair value of financial instruments at amortised cost), which are usually not the primary focus of supervisory activities.

Several respondents expressed concerns about the expectations related to internal model flexibility, citing potential significant organisational, process, and IT impacts for banks under the SRB's remit, particularly with regards to re-running valuation models on short notice.

The revised EoVC clarifies that the SRB expects the playbook to include an assessment of the bank's flexibility and readiness to incorporate different valuation inputs within a short timeframe, without necessitating changes to the current model infrastructure. Instead, the valuation playbook should outline the steps and timeline required to perform such actions when inputs are provided at short notice, allowing the SRB and ultimately the valuer (in case of a crisis) to evaluate the appropriateness of the valuation outcomes for ex-ante valuation or an ex-post definitive valuation process. The description of valuation capabilities to be included in the playbook should rely on existing capabilities and documentation, and does not require the development of new valuation models specifically related to resolution. Therefore, banks can prepare the playbook by leveraging readily available existing documentation. This approach also applies to the requirements related to the assessment of the flexibility of internal models.

Single Point of Contact (SPOC)

A few respondents requested to clarify the expectations of the Single Point of Contact (SPOC), specifically whether the SPOC's role is limited to the resolution phase or if they are also expected to serve as the main contact point for the IRT during the resolution planning process.

The SPOC is indeed expected to play a key role in the event of resolution, and it is not necessarily required to be the main contact point for the IRT during the resolution planning phase. However, it is essential that the designated SPOC is aware of their role and responsibilities in the event of a crisis, and that they are involved in the validation of information produced during business-as-usual operations.

Interplay with VDI and VDS

Some respondents sought clarification on the distinction between the information on internal valuation models required in the VDI and the corresponding section in the Valuation Playbook. They suggested that institutions could provide a brief introduction to their internal models in the playbook, along with references to supporting documentation, such as model inventories and validation reports, which could be made available to IRTs. Additionally, some respondents noted that gathering all models and linking them to the VDS would require significant coordination efforts.

While Section 9.1 of the VDI serves as a comprehensive repository for detailed model documentation, the Valuation Playbook is expected to provide a more concise overview of the methodology and key aspects of these models. This means that instead of duplicating extensive technical details within the playbook, banks can include a general introduction to the internal models in line with the guidelines included in the EoVC and provide cross-references to relevant documents that are available to IRTs or in the DRR under Section 9.1 of the VDI. The revised EoVC clarifies this point.

In addition, the SRB would like to stress that the process of gathering all models used to disclose fair value should already be in place to comply with IFRS principles. The EoVC does not require a direct link between the internal models and the VDS, but it simply requests to map the outcome of the cluster analysis to the assets and liabilities reported in the VDS.

Testing of the use of internal valuation models

Several respondents highlighted that internal models are already subject to a very strict approval process by ECB and there is limited added value in designing a further test and validation model by SRB.

Respondents provided diverse views on the testing of the use of internal valuation models. Some stakeholders requested clarification on how a dry-run could be carried out to calculate fair values and what benefits it would bring. They suggested that demonstrating the functionality of internal models to the SRB, potentially through the JSTs, would be sufficient. In addition, they expressed concerns that designing a further test and validation model by the SRB could lead to inconsistencies with the ECB's assessment and approval. Some respondents suggested that the testing

approach should be tailored to the specific scope or topic, with a dry-run exercise being more suitable for risk management and a walkthrough being more practical for legal and compliance matters.

A few respondents believed that existing model testing and validation procedures are sufficient, and that testing should focus on the bank's ability to deliver documentation and mobilise key employees.

Some respondents suggested that a valuation test with an independent evaluator provided by the SRB could be beneficial, particularly if conducted on a limited range of products to avoid complexities. Others recommended that the self-assessment reported in the valuation playbook should be concluded before conducting a dry-run exercise or walkthrough, and that potential IRT comments and suggestions should be incorporated to support enhancements.

The SRB would like to thank the industry for providing feedback on testing of the use of internal valuation models and it will take into consideration the comments received in case of a need to envisage a test on the internal models. The intention is not for the SRB to validate banks' internal models, but rather to simulate the process of re-running a selected model on a limited range of products through a walkthrough or dry-run exercise. This would allow the SRB to assess processes developed in the valuation playbook for suitable models.

The SRB agrees with the industry that testing should focus on areas that have already been implemented, and that the attention of the resolution authorities should be primarily focused on the ability to provide the relevant information.

Implementation timeline

Extension of the proposed timeline

Respondents generally requested an extension of the implementation timeline beyond 2028. A three-year implementation period is considered challenging, given the IT developments required to implement the VDS. A few respondents also queried the phasing out of the VDS 2020 as the new EoVC become effective.

The SRB acknowledges that the proposed implementation timeline may present challenges for banks, particularly in light of the IT developments required to meet the new expectations. To address this, the SRB will extend the overall implementation deadline by one year, to the end of 2029.

Specifically, the expectations outlined in Chapter 5 (DRR) should be met by the end of 2027, those in Chapter 3 (VDI) by 2028, and those in Chapter 4 (VDS) by 2029.

This means that, for VDI documents with a 'year-end' cut-off date, banks should submit the first set of data by 30 April 2029, except for the VDS (VDI item 1.1) and VDI items 1.2, 1.3, and 1.4, which are expected by 30 April 2030.

VDI documents with cut-off dates indicated as 'Latest version available' should be submitted for the first time starting from 1 January 2029.

Intermediate milestones regarding Valuation playbooks will be communicated through the annual priorities letters.

Notwithstanding the extension, banks are expected to begin planning for the implementation of the EoVC upon its publication.

Regarding the VDS 2020, the capabilities developed in recent years to produce the VDS 2020 on an ad-hoc basis should be maintained until the EoVC is fully phased in. For example, in a crisis situation, the SRB may still require banks generate the VDS 2020. However, the SRB concurs with the industry that efforts and resources should now shift towards the development of capabilities needed to implement the EoVC. Accordingly, banks are no longer expected to further invest in testing capabilities related to the VDS 2020.

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