

EN
Annex III

Supervisory review and evaluation process (SREP)⁽¹⁾

010	<i>Date of the last update of information in this template</i>		<i>(31/12/2022)</i>
020	Scope of application of SREP (Articles 108 to 110 of CRD)	<p>Description of the approach of the competent authority to the scope of application of SREP including:</p> <ul style="list-style-type: none"> · what types of institutions are covered by/excluded from SREP, especially if the scope is different from those specified in Regulation (EU) No 575/2013 and Directive 2013/36/EU; · a high-level overview of how the competent authority takes into account the principle of proportionality when considering the scope of SREP and frequency of assessment of various SREP elements⁽²⁾. 	<i>Bank of Italy's Circular 285: Part One, Title III, Chapter 1, Section I Bank of Italy's Circular 269: Part One, Section I, Chapters I and II</i>
030	Assessment of SREP elements (Articles 74 to 96 of CRD)	<p>Description of the approach of the competent authority to the assessment of individual SREP elements (as referred to in EBA Guidelines on common procedures and methodologies for SREP- EBA/GL/2022/03) including:</p> <ul style="list-style-type: none"> · a high-level overview of the assessment process and methodologies applied to the assessment of SREP elements, including: (1) business model analysis, (2) assessment of internal governance and institution-wide controls, (3) assessment of risks to capital, and (4) assessment of risks to liquidity and funding; · a high-level overview of how the competent authority takes into account the principle of proportionality when assessing individual SREP elements, including how the categorisation of institutions have been applied⁽³⁾. 	<i>Bank of Italy's Circular 285: Part One, Title III, Chapter 1, Section II Bank of Italy's Circular 269: Part One, Section III, Chapter I</i>
040	Review and evaluation of ICAAP and ILAAP (Articles 73, 86, 97, 98 and 103 of CRD)	<p>Description of the approach of the competent authority to the review and evaluation of the internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP) as part of the SREP, and, in particular, for assessing the reliability of the ICAAP and ILAAP capital and liquidity calculations for the purposes of determining additional own funds and quantitative liquidity requirements including⁽⁴⁾:</p> <ul style="list-style-type: none"> · an overview of the methodology applied by the competent authority to review the ICAAP and ILAAP of institutions; · Information/reference to the competent authority requirements for submission of ICAAP and ILAAP related information, in particular covering what information need to be submitted; · information on whether an independent review of the ICAAP and ILAAP is required from the institution. 	<i>Bank of Italy's Circular 285: Part One, Title III, Chapter 1, Sections II, III and IV Bank of Italy's Circular 269: Part One, Section I, Chapter II, paragraph II.4.1</i>
050	Overall SREP assessment and supervisory measures (Articles 102 and 104 of CRD)	<p>Description of the approach of the competent authority to the overall SREP assessment (summary) and application of supervisory measures on the basis of the overall SREP assessment⁽⁵⁾.</p> <p>Description of how SREP outcomes are linked to the application of early intervention measures according to Article 27 of Directive 2014/59/EU and determination of conditions whether the institution can be considered failing or likely to fail according to Article 32 of that Directive⁽⁶⁾.</p>	<i>Bank of Italy's Circular 285: Part One, Title III, Chapter 1, Section V Bank of Italy's Circular 269, Part One, Section I, Chapter II & Part Two, Section I, Chapter Two</i>

(1) Competent authorities shall disclose the criteria and methodologies used in rows 020 to 040 and in row 050 for the overall assessment. The type of information that shall be disclosed in form of an explanatory note is described in the second column.

(2) The scope of SREP to be considered both at a level of an institution and in respect of its own resources. A competent authority shall explain the approach used to classify institutions into different categories for SREP purposes, describing the use of quantitative and qualitative criteria, and how financial stability or other overall supervisory objectives are affected by such categorisation. A competent authority shall also explain how categorisation is put in practice for the purposes of ensuring at least a minimum engagement in SREP assessments, including the description of the frequencies for the assessment of all SREP elements for different categories of institutions.

(3) Including working tools e.g. on-site inspections and off-site examinations, qualitative and quantitative criteria, statistical data used in the assessments. Hyperlinks to any guidance on the website are recommended.

(4) Competent authorities shall also explain how the assessment of ICAAP and ILAAP is covered by the minimum engagement models applied for proportionality purposes based on SREP categories as well as how proportionality is applied for the purposes of specifying supervisory expectations to ICAAP and ILAAP, and in particular, any guidelines or minimum requirements for the ICAAP and ILAAP the competent authorities have issued.

(5) The approach competent authorities apply to arrive to the overall SREP assessment and its communication to the institutions. The overall assessment by competent authorities is based on a review of all the elements referred to in row 020 to 040, along with any other relevant information about the institution that the competent authority may obtain.

(6) Competent authorities may also disclose the policies that guide their decisions for taking supervisory measures (within the meaning of Articles 102 and 104 of the CRD) and early intervention measures (within the meaning of Article 27 of the Bank Recovery and Resolution Directive (BRRD)) whenever their assessment of an institution identifies weaknesses or inadequacies that call for supervisory intervention. Such disclosures might include the publication of internal guidelines or other documents describing general supervisory practices. However, no disclosure is required regarding decisions on individual institutions, to respect the confidentiality principle. Furthermore, competent authorities may provide information regarding the implications if an institution violates relevant legal provisions or does not comply with the supervisory or early intervention measures imposed based on the SREP outcomes, e.g. it shall list enforcement procedures that are in place (where applicable).