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Post-Brexit: banks relocating to the Euro Area

Key supervisory elements for upscaling or creating a new bank in the Euro Area

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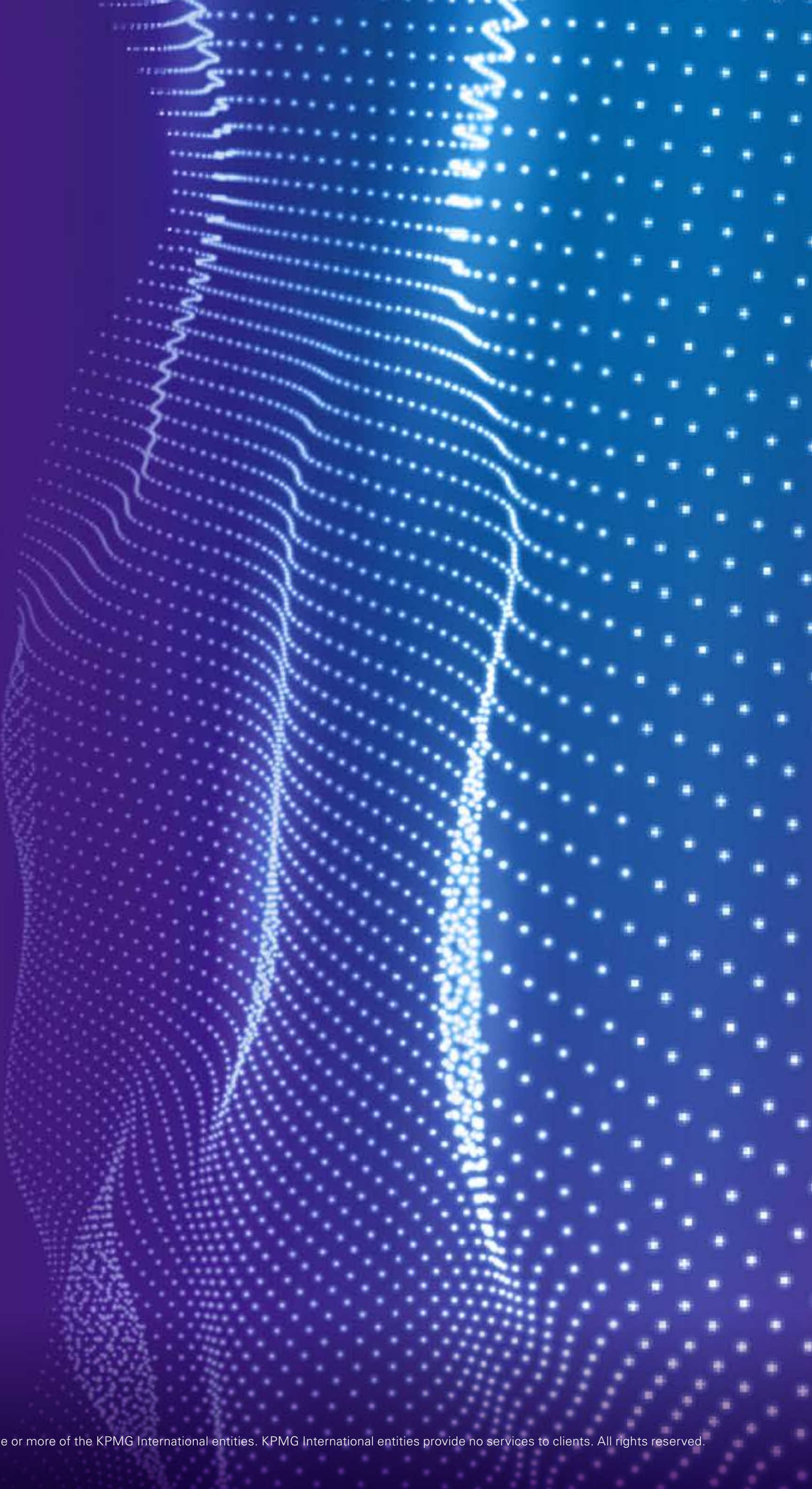
Contents



Introduction

On 31 January 2020, the United Kingdom (UK) and the European Union (EU) began a new era in their relationship, with the UK leaving the EU and becoming a "third country".[1] This was followed by a transition period that lasted until 31 December 2020. The end of the transition period saw UK-based institutions lose their EU passporting rights, but Brexit will not only affect UK-based banks. Over the coming years, it is also likely to lead to substantial structural changes to the EU's financial architecture.

These effects will be particularly significant for investment banking activities, as the provision of such services has often been linked to the EU passporting regime. For investment banks, potential challenges may come not just from the alteration of passporting arrangements, but also from EU subsidiarisation requirements in the context of the Intermediate Parent Undertakings for large non-EU banks.[2] Relocating banking activities from the UK to the EU is likely to have important repercussions on banking capital, liquidity and resources. Profitability could come under pressure and business models will need to be adjusted.

The need to operate inside the EU and retain the business of EU clients is likely to involve the relocation of significant banking activities to the Euro Area (EA). London will of course remain a major banking centre, but the transfer of assets could be substantial.

According to the European Central Bank (ECB), incoming banks are expected to operate with more than €1,600 billion in assets on their balance sheets once they reach their target operating models, an increase of more than €1,200 billion (or over 300%) in their EA footprint compared with 2017.[3] Now that the transition period has ended, it is therefore crucial for banks to move fast to identify and fill any gaps in their target operating models.

In this publication we take a close look into the main challenges and priorities of banking institutions relocating or expanding in the EA. We focus on the supervisory implications of relocation, as well as on the key priorities outlined by the ECB since the Brexit vote. We discuss each challenge in detail, exploring the implications for banks and the steps they can take to meet supervisory expectations.

This paper is not exhaustive, but we hope it will give banks a strong indicator of the areas where they should focus to achieve successful relocation, to prepare for greater supervisory scrutiny, to anticipate on-site and off-site investigations and deep dives. The ultimate aim is to help banks to achieve enhanced and fully compliant operations within the EU that are fit for a post-Brexit world.

> "It is essential that we continue to push banks which have relocated to the euro area to allocate enough staff and assets to their new structures"
>
> **Frank Elderson, Member of the Executive Board, the European Central Bank, January 2021**

[1] A third country is a country which is not a member of the EU.

[2] The CRD5 requires large non-EU banking groups with over €40bn assets with two or more subsidiaries in the EU to restructure their EU entities under an intermediate EU parent undertaking (IPU). This may trigger important changes in the structure of these institutions.

[3] ECB, Implications of Brexit for the EU financial landscape, 2020.

Where are banks relocating to?

The need to continue to serve EU clients after Brexit is leading many institutions to relocate activities from the UK to the EU. Evidence shows that institutions are mainly relocating to the Euro Area and are choosing three main options:

- **Setting up a new subsidiary or new subsidiaries**
- **Setting up new branches**
- **Expanding existing subsidiaries or branches**

According to the ECB, large globally active banks are in many cases using a combination of all three options.

Once they reach their target operating models, incoming institutions plan to operate with more than €1,600bn in total balance sheet assets at the highest level of group consolidation within the EA.[4] Compared with the end of 2017, this would constitute an increase of more than €1,200bn (or more than 300%) in the EA footprint of incoming credit institutions. Most incoming institutions have indicated that Germany, Ireland, the Netherlands or France will be their new main location in the EU[5] (see Figure 1).

Figure 1: Anticipated main location of institutions relocating to the EU

Sources: ECB supervisory information, ECB calculation, 2020

[4] Implications of Brexit for the EU financial landscape, ECB (2020)

[5] Implications of Brexit for the EU financial landscape, ECB (2020)

Who will supervise relocating banks?

Banks relocating to the EA will fall within the Single Supervisory Mechanism (SSM). The SSM divides supervisory roles and responsibilities between the ECB and national supervisors (National Competent Authorities, or NCAs), with the allocation determined by whether banks are deemed to be Significant Institutions (Sis) or Less Significant Institutions (LSIs).

As a result of the relocation of activities from the UK, some new and existing banks will become SIs and therefore subject to direct supervision by the ECB. Ongoing supervision of SIs is conducted by Joint Supervisory Teams (JSTs), which combine ECB staff with staff from the relevant NCA. In contrast, LSIs are supervised by the NCA of the country in which they are located.

A key component of the significance assessment is the measure of a bank's total assets (on a consolidated level). Other criteria considered include banks' economic importance and cross-border activities. The significance assessment is usually conducted from early June until September-October, but the ECB can carry out ad hoc assessments of significance whenever needed. This may be especially relevant for EA banks substantially expanding their activities post-Brexit.

As part of its activities, the ECB also identifies a number of high-level priorities for the SSM each year. These priorities are intended to ensure that directly supervised banks address key risks effectively.

Implications for banks

The ECB wishes to ensure that the relocation of banking activities from the UK to the EU is material and meaningful, and not simply an attempt to establish a shell institution with business continuing to be wholly directed from the UK.

We expect the ECB to require relocating banks to be capable of independently managing all potentially material risks at the local level, and to have full control over their balance sheet and other exposures.

Relocating banks' governance and risk management mechanisms should be commensurate with the nature, scale and complexity of the business and must fully comply with EU legislation. After expressing concern regarding the relocation plans submitted by some institutions, the ECB set out several expectations and priorities for relocating banks. It is now critical for banks to develop strategies that allow them to minimise the required changes to their business models and strategies, while still meeting SSM supervisory expectations.

Key supervisory elements for banks relocating to the Euro Area

License application

- Early discussions with supervisors
- Readiness in providing information

Booking models

- Implementation of local-based governance and risk management frameworks
- Internal governance and risk management

Internal governance and risk management

- Implementation of an outsourcing framework compliant with the EBA Guidelines on outsourcing
- Definition of a strong risk appetite framework which, for supervisors, is the first step towards improving internal governance

Comprehensive assessment

- Assessment of banks´ capital and resilience to shocks

Internal models

- Application for internal model approval in the EA

Internal audit

- Identify potential risks associated with Brexit and their importance for banks´ business

How can banks respond?

In our view, banks should:

— Be ready to engage early and proactively with supervisors about their relocation plans, and about how they will ensure appropriate systems and controls are in place to manage the new business.

— Identify needs in terms of resources (including local infrastructure, staff and risk management functions) to manage all material risks locally.

— Plan their structure to achieve local and independent risk management.

— Implement appropriate local governance and risk management frameworks.

— Ensure that adequate resources are allocated to the management of all material risks.

— Develop a BRRD-compliant recovery plan within three to six months of starting operations in the EA.

— Establish permanent local trading capabilities and local risk committees.

— Prepare and submit a new application for permission to use internal models.

— Review banks´ governance arrangements, ensuring their sufficiency to meet the challenges arising from Brexit.

— Identify banks´ business operations that are likely to be most affected by the relocation and ensure the adoption of feasible mitigation strategies.

— Ensure appropriate outsourcing capabilities, including reasonable controls and technical capacities.

Key supervisory elements for upscaling or creating a new bank in the Euro Area

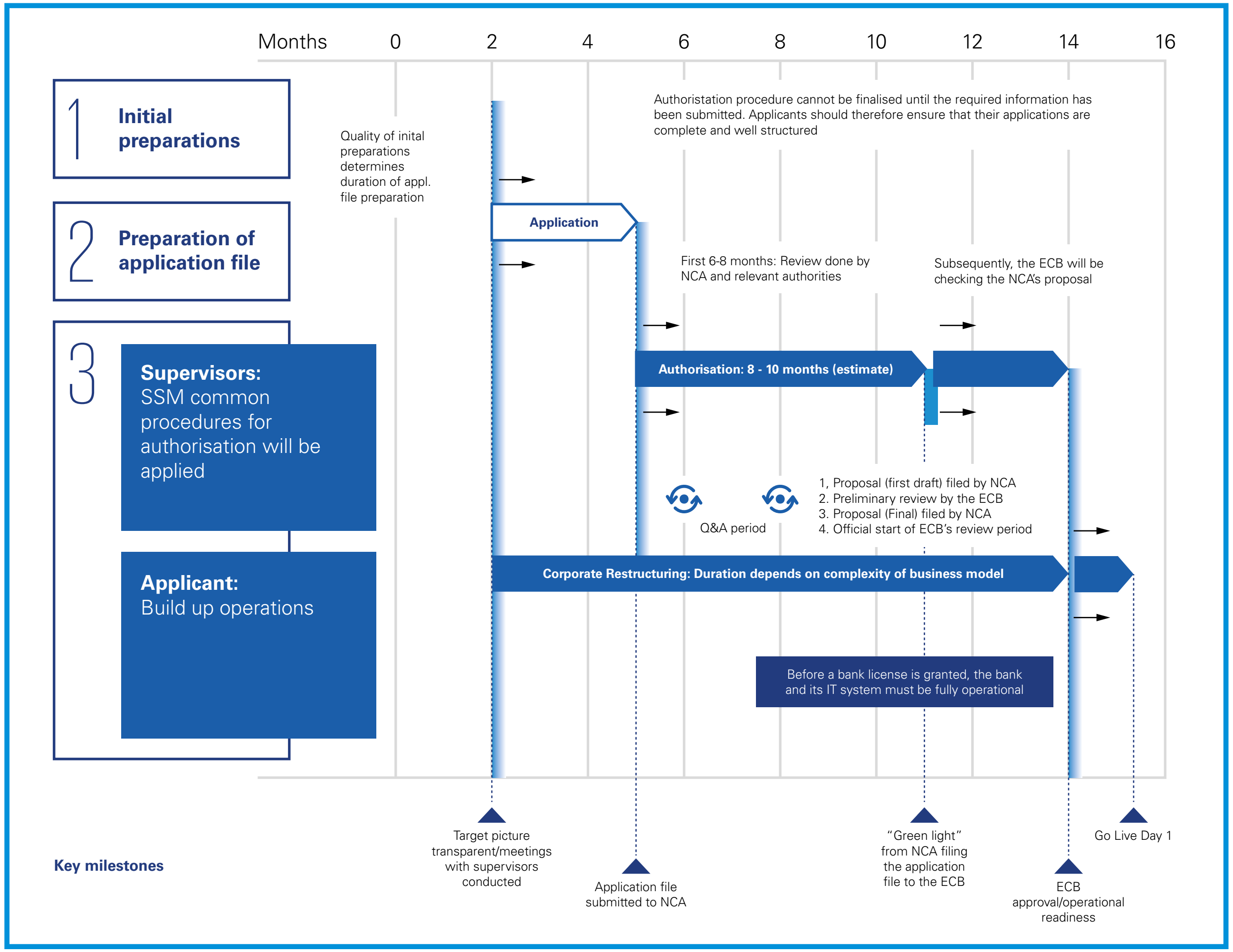
License application

The first step for any bank relocating to the EA is to apply for licences covering its intended activities. Granting licences is a joint effort between the NCA of the country where the banks wishes to establish itself and the ECB, which takes the final decision for SIs and LSIs alike.

The ECB and NCAs are involved at different stages of the process. In a typical procedure, the entry point for all applications is the NCA of the country where the bank will be located, irrespective of whether it meets the criteria for a Significant Institution. NCAs and the ECB cooperate closely throughout the application process, which ends with the ECB taking the decision. Depending on the country, other stakeholders may be involved. For instance, in addition to BaFin (the NCA in Germany), Deutsche Bundesbank and the national deposit protection scheme play a major role in the application review process in Germany.

From the moment a bank submits a complete licence application the process usually takes around twelve months to be completed, although the COVID-19 pandemic could affect this slightly (see Figure 2). The timeline depends on several factors, including the quality of the application and the bank´s preparedness.

Figure 2: Illustrative process of a complete banking licence application



Implications for banks

The license application procedure means that banks need to be swift in taking the necessary steps, if they are to obtain authorisations in a timely manner and ensure proper continuity in their business models and strategies. Banks should therefore be ready to provide complete information on:

— Their programme of operations, including intended activities, business model and the associated risk profile;

— Their structure, including their IT organisation;

— Their financial position, including balance sheet and profit & loss account projections and the adequacy of internal capital and liquidity;

— The suitability of shareholders; and

— The suitability of the management board, key function holders and the supervisory board.

How can banks prepare?

We recommend relocating banks to approach the ECB and NCAs as early as possible. Transparent and trustful communication is one key success factor.

Institutions need to show that they are robust and comply with national and EU legal requirements. Institutions should focus on their capital levels, their programme of operations, structural organisation and the suitability of their managers and relevant shareholders.

Another key success factor is managing the complexity of the restructuring in line with intended targets and regulatory requirements, in order to achieve a high level of operational readiness in a timely manner.

How KPMG member firms can help

— Strategic benchmarking advice on outsourcing arrangements for the risk function and on outsourcing risk management;

— Perform a gap analysis against key European regulation and supervisory expectations on risk management (such as ECB guidance for SIs;

— Advise on building ICAAP and ILAAP frameworks and their respective integration into institutions risk management processes to meet ECB and NCA expectations;

— For SIs, advise on the impact of a typical SREP cycle on the risk function and the associated resource demands, and gap analyse existing capabilities;

— Review of the policies and procedures framework of the European entity's risk function and governance framework, and identify any gaps with regard to the localisation of group policies and overall coverage of documentation.

Booking models

The SSM takes a localised, conservative approach to banks' booking models. The establishment of "empty shells" characterised by back-to-back trades with an entity outside the EA and without local capabilities is not acceptable to the ECB. The ECB's expectation is very clear: all activities related to European products or European customers should, as a general principle, be managed and controlled from entities located in the EU. EU supervisors therefore expect banks in the EA to be able to manage all potentially material risks independently at the local level, and to have full control over their balance sheets and all exposures.

Implications for banks

The relocation of activities to the EA will require banks to adapt their operations to the new framework created by the UK becoming a 'third country'. Banks in the EA must be able to respond quickly, directly, fully and independently to any enquiries from the ECB and NCAs relating to their activities.

The ECB will expect EA banks´ reliance on intragroup hedging to be limited, and to have a proven ability to hedge their material risks with a diversified set of external (third party) counterparties. Banks need to implement a clear, consistent booking model policy. This should identify booking and hedging strategies, procedures, controls and governance for each product class and type of business. The ECB will also expect risks arising from all material product lines to be managed and controlled locally.

How can banks prepare?

The ECB and NCAs assess booking practices when a licence application is submitted, and in the course of their ongoing supervision. In particular, supervisors consider whether banks have implemented (or plan to implement) appropriate local governance and risk management frameworks, and whether they employ sufficient staff to identify and manage risks originating locally.

Increased scrutiny can be therefore expected over banks' local governance framework, staffing and risk management capabilities. We expect supervisors to pay particular attention to the following key areas, with large banks likely to face higher supervisory expectations:

— Whether these structures are appropriate to banks' trading activities, hedging strategies and ability to hedge risk with a diversified set of counterparties;

— The planned level of access to financial market infrastructures;

— The level and internal arrangement of intragroup transactions and exposures; and

— Counterparty concentrations and other large exposures.

Given the operational challenges posed by COVID-19, the ECB has further stressed the importance of contingency planning. The goal is to ensure banks' readiness for any stressed funding or trading situations that could arise from the transition to post-Brexit risk management. We expect the relocation of banks to the EA to lead to significant needs to relocate staff and adjust organisational structures.

How KPMG member firms can help

— Strategic benchmark advice on fully back-to-back booking models versus alternative approaches;

— Support in deriving strategic, regulatory and organisational implications;

— Support in providing relevant documentation for regulatory purposes.

Internal governance and risk management

Internal governance and risk management are key areas of focus for SSM supervisors. Internal governance has a fundamental role in maintaining the stability and reliability of individual institutions and ultimately the whole banking system. In this area banks should expect SSM supervisors to devote particular attention to roles and responsibilities, the delegation of powers, and the need for effective Board oversight and accountability.

In addition, the ECB expects institutions´ risk management framework to be clearly defined and fully compatible with the nature and complexity of their activities. Institutions must have a risk management function that is independent of operational units and that has sufficient authority, stature, resources and board access. It is also crucial that banks' operational independence is not compromised by outsourcing, and we expect significant supervisory focus on banks' outsourcing arrangements.

Implications for banks

The SSM´s approach to internal governance and risk management means that banks need to ensure a balance between their boards' ability to provide 'strategic steering' and the need for a detailed understanding of the activities for which they are responsible.

This makes it essential for banks to ensure that their three lines of defence work effectively. It's particularly vital that core internal control functions such as risk, compliance and internal audit are sufficiently independent from business units and from each other. Each function needs well defined responsibilities, clear reporting lines and adequate staffing and support for the bank's IT framework. SSM supervisors will want to see that banks have independent local functions in place, reporting to local boards.

Another priority for the ECB is for management bodies to ensure that adequate resources are allocated to the management of all material risks, as well as to the valuation of assets, the use of external credit ratings and the internal modelling of risks. Banks will be expected to have an adequate supervisory management body, with the knowledge, skills, experience and independence to provide effective oversight of the entity's activities and booking practices. Where new banking licences are sought, we would expect supervisors to assess the personal skills, knowledge and experience of senior managers and directors.

How can banks prepare?

In our view, effective prioritisation is essential to addressing the expectations of SSM supervisors. Areas for banks to focus on include the effective monitoring of risk and compliance functions, the quality and clarity of risk data, and the management of outsourced activities.

Banks also need to prepare for the annual Supervisory Review and Evaluation Process (SREP), prioritise SREP findings and remediate outstanding issues. In addition, banks should focus on:

— Developing and implementing an outsourcing framework compliant with the **EBA Guidelines on outsourcing**;

— Specifying a strong risk appetite framework which, for supervisors, is the first step towards improving internal governance;

— Using technology to strengthen all three lines of defence, with a particular aim of defending against digital risks; and

— Achieving high quality data, as a prerequisite for effective controls and the basis of all sound decision-making.

How KPMG member firms can help

— Strategic benchmarking advice on outsourcing arrangements for the risk function and on outsourcing risk management;

— Perform a gap analysis against key European regulation and supervisory expectations on risk management (such as ECB guidance for SIs;

— Advise on building ICAAP and ILAAP frameworks and their respective integration into institutions risk management processes to meet ECB and NCA expectations;

— For SIs, advise on the impact of a typical SREP cycle on the risk function and the associated resource demands, and gap analyse existing capabilities;

— Review of the policies and procedures framework of the European entity's risk function and governance framework, and identify any gaps with regard to the localisation of group policies and overall coverage of documentation.

Comprehensive assessment

Banks that are classified as Significant Institutions (SIs) come under the direct supervision of the ECB, and face the so-called comprehensive assessment (CA) as a mandatory first step. This financial health check aims to ensure that banks are adequately capitalised and can withstand potential financial shocks.

The CA is comprised of two main elements:

— An asset quality review (AQR); and

— A stress test.

The AQR contains ten work blocks. These cover a wide range of topics including reviews of banks' processes, policies and accounting practices, a credit file review and a review of fair values. As a result of this work, supervisors determine an AQR-adjusted CET1 ratio and a set of remedial actions for each bank.

The stress test is mostly conducted in parallel to the AQR and is based on the methodology for EU-wide stress tests **published by the European Banking Authority**. The purpose is to test the resilience of banks' balance sheets under adverse conditions. We believe that the 2021's stress test is going to yield particularly high capital depletion ratios in the adverse scenario given the severity. Thus, we recommend that the methodology is well understood, implemented and interpreted. As a final step of the comprehensive assessment, the stress test results are combined with the outcome of the AQR.

Implications for banks

Joint Supervisory Teams will be closely following banks' implementation of their Brexit plans, including the extent to which relocating banks meet the supervisory expectations of the ECB and NCAs.

The ECB usually assumes direct supervision of SIs on January 1st, following the regular assessment of significance. In the case of ad hoc significance decisions, it takes over supervision shortly afterwards. Banks receive information on their change of supervisor at least one month in advance. Banks may be required to address any capital shortfalls in a timely manner, either by issuing capital instruments or by undertaking other eligible measures to restore their capital positions to the required levels.

How can banks prepare?

Banks should engage with supervisors at an early stage to facilitate dialogue. Given the short timelines involved, banks need to prepare for every element of the CA as soon as possible - including project management, client files and data - and certainly before the CA begins. This will increase operational efficiency and avoid communication bottlenecks. It should also help position banks to respond to any requests from supervisors.

The definition of processes, communication principles, templates and infrastructure is crucial, as is the establishment of a strong project management function. Good methodological knowledge of the assessment is also key to achieving a successful outcome.

How KPMG member firms can help

— Teach-In sessions on the scope, content and regulatory focus points of the CA at management and operational levels;

— Lessons learned from conducting CA activities in the past;

— Readiness-checks and dry-runs across across the stress test and work blocks of the AQR;

— Experience in setting up project governance specifically for the CA;

— Extensive tool suite for preparing and quality assuring relevant data.

Internal models

Under the current legal framework, it is not possible to grandfather existing internal model permissions as part of a banking relocation from the UK to the EU. According to the Capital Requirements Regulation, the continued use of internal models by (i) a newly established bank in the EA or (ii) an existing bank intending to change the portfolios covered by the internal model, requires banks to submit model applications to the SSM supervisor.

There will be a limited period, ending in June 2022, in which EU banks expanding or migrating from the UK will be allowed to use internal models not yet approved by the ECB. This would require the ECB´s agreement and would be subject to strict conditions.

Implications for banks

To be permitted, existing internal models need to have been approved by the UK supervisory authority, and the scope and content of this approval at the consolidated level must match the portfolios that the model will cover in the new or expanded entity. Banks must also have applied for internal model approval within the EA.

If the ECB takes over direct supervision of a bank, any measures already adopted by the NCA will remain in force. This aims to ensure that any deficiencies in internal models identified and addressed by the NCA when assessing the bank's migration or expansion in the EA remain controlled. In addition, an application to use an internal model will trigger a model assessment process by the ECB, including an internal model inspection (IMI).

How can banks prepare?

Banks must be prepared for checks and action by the ECB, especially with regard to:

- The materiality of the assets within the scope of the model;
- The time elapsed since the model was approved; and
- The findings of internal validation and audit activities.

Banks should also expect to be asked to return to the standardised approach to determine their Pillar I own funds requirements, at least until the ECB notifies the bank of its final decision on the internal model application.

Banks can use internal models that are not yet ECB-approved until 30 June 2022 at the latest, or until the bank's model application has been approved or rejected.

How KPMG member firms can help

- Mitigate findings relating to internal models raised by the previous regulator (e.g. the PRA);
- Prepare for an internal investigation by sharing lessons learned, performing dry-runs or similar;
- Coordinate an IMI as SMEs and IMI PMOs;
- Remediate IMI findings.

Internal audit

With the UK's departure from the EU, banks need to act to avoid disruption to their internal audit (IA) functions. Banks should assess their plans to ensure both that Brexit-related risks are properly identified and audited.

First, banks' IA functions should be prepared to identify any potential risks arising from Brexit, and to gauge their importance for business activities. Banks should use their established local approach and ensure that risks are documented, assessed and properly reflected within IA planning.

Second, banks need to ensure their IA functions meet supervisory expectations. In particular, entities relocating to the EU or expanding their activities must adjust and apply IA policies that are compliant with the ECB's requirements. In recent years, many banks under direct ECB supervision have needed to adjust their governance models to derive appropriate value from their internal controls. IA functions have played a key role in this process. High quality IA is also a key supervisory priority, as well as being an important element of the annual SREP.

Implications for banks

Banks should identify relevant gaps between the ECB and previous local expectations. The ECB expects banks relocating to the EA to have established an effective, independent IA function, with sufficient authority, stature and resources. In particular, banks need to ensure their IA staff have appropriate qualifications given the size and complexity of the risks arising from the institution's business model, activities, risk culture and risk appetite.

How can banks prepare?

IA functions should identify the business operations that are likely to be most affected by relocation, and ensure the adoption of appropriate audit plans. This includes updating local IA risk assessments to decide the cycle, scope and timing for internal audits and their performance. It's critical for banks to perform risk assessments and gap analyses as soon as possible. Otherwise there is a material risk of failing to meet supervisory expectations and the internal goals of boards and audit committees.

Furthermore, banks should review IA governance structures to ensure these are sufficient to meet the challenges arising from Brexit. In particular, IA functions' target operating models - including the use of intra-group and external outsourcing - need to be challenged to ensure compliance with the ECB's requirements. Senior managers and boards should work together closely to ensure banks´ IA functions are suitable for the post-Brexit world.

Key challenges from an IA perspective

Adoption of internal audit plans

IA need to identify and assess the risks associated with Brexit plans to reflect the changed circumstances within the audit universe and in annual audit plans.

Review of internal audit governance

The parent company and subsidiaries will have to meet the expectations of group leaders and a variety of regulators. It is crucial to perform governance reviews to assess the preparedness of IA functions' operating models.

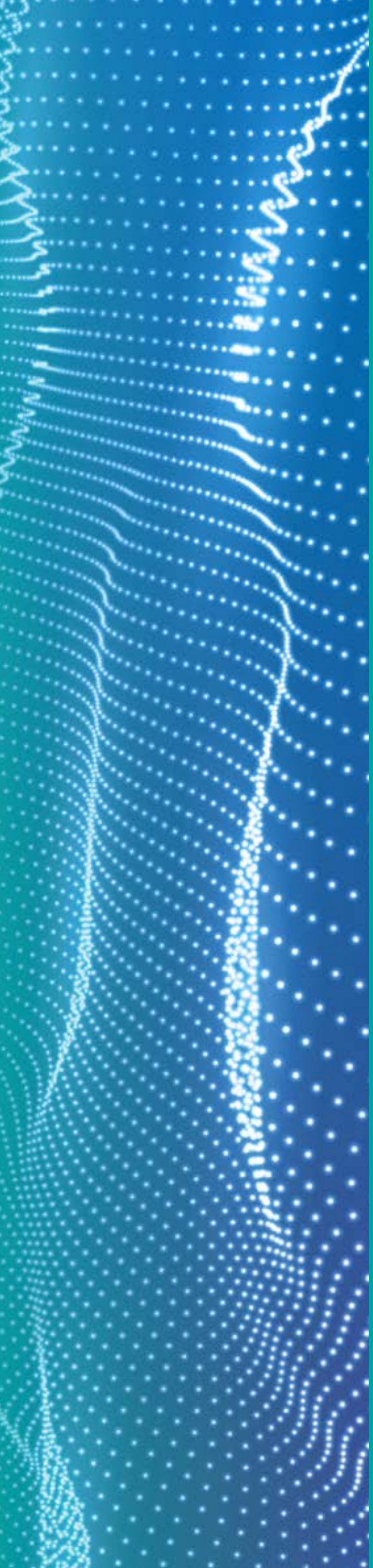


Figure 3: Preparing to relocate banks' IA functions

Assignment of business processes

On the audit areas and audit fields to ensure that the key processes and value chains are covered in the audit universe

Assignment of the organisational structure
(functional & operational areas)

To the audit areas and the audit fields to ensure that the functional and operational areas are included in the audit universe

Assignment of IT applications including IDVs

To the audit areas using the application map to ensure that the IT landscape is fully integrated into the audit universe

Assignment of all insourcing and outsourcing

Assignment of all insourcing and outsourcing to the audit areas to ensure that the insourcing and outsourcing are taken into account

Assignment of key legal and regulatory requirements

To the audit areas to ensure that legal and regulatory requirements are taken into account

How KPMG member firms can help

- Support in the identification and assessment of risks associated with Brexit plans;
- Support in ensuring compliance with EU regulatory and supervisory requirements and expectations;
- Support in performing internal audit procedures through co-sourcing activities
- Support in training your internal audit staff to ensure proper technical know-how and audit techniques;
- Support in the assessment of the completeness of the Audit universe.

Summary

Now is the time to act

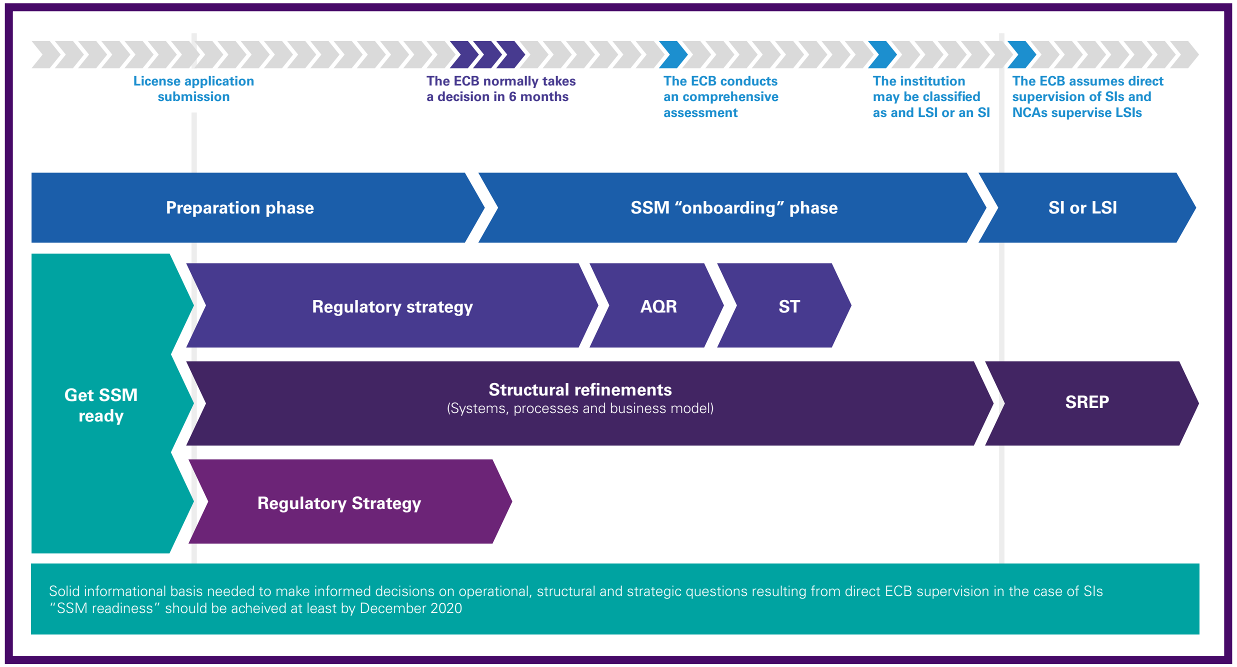
EU law ceased to apply to the UK at the end of 2020. Following intense negotiations, December 2020 saw the EU and the UK reach an agreement that will broadly shape their future relationship in many areas, including financial services. Initially however this agreement will only apply until the end of February 2021, subject to a decision from the European Parliament on its unlimited application. In consequence, UK-based banks lost their EU passport for financial services on 1 January 2021 and UK banks are no longer able to provide services in the EU.

Banks must therefore now accelerate and complete the implementation of their post-Brexit target operating models as agreed with supervisors and – in some cases – as set out in their SREP decisions. While some banks have made considerable progress, others still need to make substantial changes in order to trade, book and manage risk in the EU and to adequately adjust their governance in line with the ECB's supervisory expectations. Importantly, banks also need to adhere to agreed timelines in order to continue their activities within the EU.

Banks need to get 'SSM-ready'

It is critical for banks relocating to the EA to perform a gap analysis regarding the key elements of the SREP, AQR and stress testing. This should put banks in a good position to elaborate a solid relocation strategy, including the identification of priorities and deliverables. Some banks are still deciding whether to relocate to the EU or to expand their activities there. As they make their decisions, they should be aware that implementing the structures required by the SSM is likely to take between 6 to 12 months (see Figure 4).

Figure 4: Indicative relocation timeline of a transfer to SSM supervision



The main priority for banks over the past few months has been tackling the multi-faceted consequences of the COVID-19 pandemic. It is now crucial for banks to develop a strategy regarding their operations in the EA, which may require important structural refinements. Banks also need to prepare for important regulatory changes within in the EU. With the end of the Brexit transition period increasing the pressure on banks relocating to the EU, an effective strategy is crucial to ensuring a smooth transition to the new environment and to creating new commercial opportunities.

In short, banks relocating or expanding within the EU need to act swiftly if they are to provide their clients with seamless service. That not only applies to institutions still making decisions about their post-Brexit positioning, but also those already well advanced with design and implementation. Planning and preparation are key to success, and it's never too late to get started.

Annex

Abbreviations	Meaning
AQR	Asset Quality Review
BAFIN	The Federal Financial Supervisory Authority
BRRD	Bank Recovery and Resolution Directive
CA	Comprehensive Assessment
CET1	Common Equity Tier 1
EA	Euro Area
EBA	European Banking Authority
ECB	European Central Bank
EU	European Union
IA	Internal Audit
ICAAP	The Internal Capital Adequacy Assessment Process
ILAAP	The Internal Liquidity Adequacy Assessment Process
IMI	Internal Model Inspection
JST	Joint Supervisory Team
LSI	Less Significant Institution
NCA	National Competent Authority
SI	Significant Institution
ST	Stress Test
SREP	Supervisory Review and Evaluation Process
SSM	Single Supervisory Mechanism

Contacts

To discuss the issues raised in this report, please contact:

Francisco Uria Fernandez
EMA Head of Financial Services and Banking & Capital Markets, Partner
KPMG in Spain

T: +34 9145 13067
E: furia@kpmg.es

Dr. Henning Dankenbring
Partner, Co-Head KPMG ECB Office
EMA Region
T: +49 69 9587 3535
E: hdankenbring@kpmg.com

Sylvie Miet
Partner
KPMG in France

T: +33 1556 87449
E: smiet@kpmg.fr

Stéphane Salabert
Partner
KPMG in France

T: +33 1556 87339
E: ssalabert@kpmg.fr

Ana Sofia Melo
Senior Manager
KPMG ECB Office, EMA region

T: +49 69 9587 4961
E: anasofiamelo@kpmg.com

Fabian Borchers
Senior Manager
KPMG in Germany

T: +49 69 9587 4982
E: fborchers@kpmg.com

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