

New consultation of the Single Resolution Board

EXPECTATIONS ON VALUATION CAPABILITIES FOR BANKS



On Thursday 2 April 2025, the Single Resolution Board (SRB) launched a public consultation on the draft “Expectations on Valuation Capabilities” (EoVCs). The EoVCs aim to improve banks’ preparedness to produce timely and solid valuations in crisis scenarios.

The SRB (Single Resolution Board), the central European authority of the Single Resolution Mechanism (SRM), is responsible for the orderly management of banking crises in the euro area, with the aim of minimizing the impact on the financial system and the real economy.

In this context, valuations are a crucial component for successful banks resolution, as they form the basis on which authorities make timely decisions at times of crisis. At the same time, the ability of banks to produce comprehensive data to support valuations is essential to effectively manage a resolution case.

The EoVCs define the SRB’s expectations regarding the operational and information capabilities that banks need to develop on various aspects:

- The availability of complete and structured data through the Valuation Data Index
- The preparation of information repositories accessible in the event of resolution (Data Repository for Resolution)



- The drafting of Valuation Playbooks, operational documents that outline how banks intend to respond to the authority's valuation requests.

The SRB emphasises that the expectations are in line with the SRM Vision 2028 strategy's goal of improving the European banking system's preparedness for crisis events.

The consultation lasted three months and ended on 2 July 2025 and represented an opportunity for banks to contribute to the final design process of the regulatory framework. It is part of a broader commitment by the SRB to actively work with the industry to improve preparedness for future crises.



ONE STEP BACK: SRM VISION 2028

In February 2024, the Single Resolution Board launched the new strategy "SRM Vision 2028" that will guide the activities of the Single Resolution Mechanism until 2028.

SRM Vision 2028 marks the transition to a new phase of work to take into account the evolving external environment and related risks, and defines new medium-term objectives for three strategic areas:

1. Core business: The SRB intends to continue developing an efficient and flexible crisis management framework, including by introducing a new approach to crisis preparation. The Board will work on resolution planning with a risk-based approach and will strive to be the global point of reference in the field of bank resolution. In other words, the focus is shifting from resolution planning alone to actual crisis preparation, with a focus on resolvability and operability of resolution plans. Together with other national resolution authorities (NRAs), they will commit to regularly test existing resolution plans to assess their effectiveness in practice.
2. Governance: The SRB intends to strengthen its organizational structure to make it leaner, more efficient and transparent, promoting better integration of NRAs. The aim is also to facilitate the definition of uniform communication policies and strategies across the SRM. Recent banking crises – in particular the one in March 2023 – have highlighted the importance of effectively clear and coordinated communication, both in times of stability and in times of emergency. By implementing this measure, the SRB intends to ensure that everyone across the Banking Union consistently receives clear and concise information on resolution issues, thus promoting trust in the SRM's decisions. The SRB also intends to develop a strong and positive organizational culture and values and ensure that it keeps pace with technological innovation through digital transformation and the use of best practice technologies, so as not only to improve the SRM as an organization as a whole, but also to increase the transparency of the SRB's expectations towards investment banks as a whole, ensuring better data capture and reduced administrative burden for the industry.
3. Human Resources: The SRB will focus on improving recruitment, retention and human resources development practices, focusing on continuous training, enhancing diversity and inclusion and building a motivating and attractive professional environment within the SRB.

The strategy includes nine strategic objectives supported by 20 action plans to be implemented by the end of 2028. Specific activities and performance indicators will be included in the next SRB Multiannual Plan.

SRB CONSULTATION ON “EXPECTATIONS ON VALUATION CAPABILITIES”

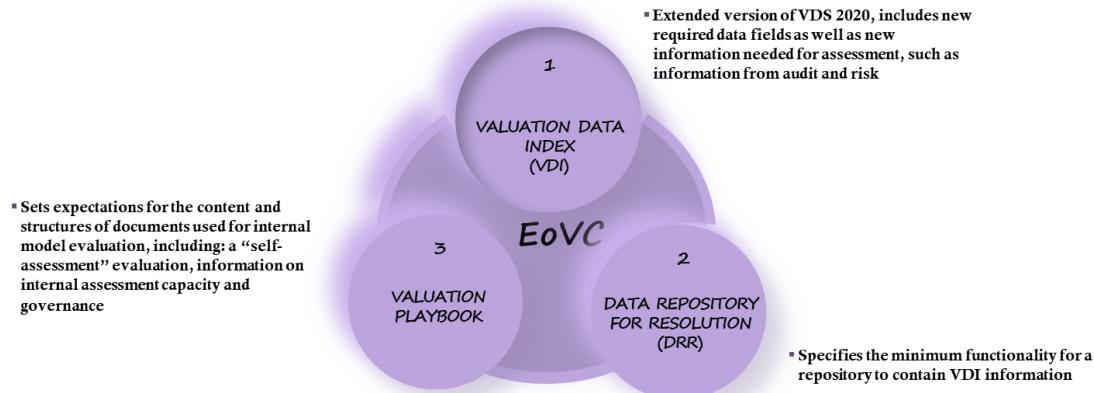
The Single Resolution Board has launched a public consultation on the draft “Expectations on Valuation Capabilities” (EoVC), with the aim of improving banks’ preparation to produce timely and robust valuations during resolution events.

The EoVC builds on the foundations laid by Principle 5.2 of the Expectations for Banks (EfB) and the Valuation Data Set (VDS) published in December 2020, integrating market feedback and lessons learned from practical experience.

The new guidelines introduce a substantially more demanding and operational approach to valuation capabilities.

The EoVC guidance consolidates and expands the current approach, specifying the SRB’s expectations for: data needed to support assessments during resolution, systems for storing, managing and sharing information with the SRB, and technical and operational documentation to understand banks’ assessment models. The SRB highlights that these expectations are in line with the objective of the SRM Vision 2028 to improve banks’ preparedness to respond to crisis situations. The guidance seeks to leverage existing data and solutions where possible, while ensuring that banks develop robust and actionable assessment capabilities for resolution scenarios.

According to the Single Resolution Board’s consultation guidance, the EoVC comprises three key pillars.



The new operational guide introduces a more integrated and operational approach to assessment capabilities. The main innovations are divided into three fundamental pillars:

1. **Validation Data Index - VDI**: introduced as a new concept, the VDI requires the preparation of an extended index that includes both the structured and improved Valuation Data Set (VDS) and a large set of unstructured documents, divided into 9 thematic areas detailed in Annex 1 of the consultation.



Arete tematiche - documenti non-structured
<input type="checkbox"/> General Information
<input type="checkbox"/> Financial Information
<input type="checkbox"/> Taxes
<input type="checkbox"/> Personnel
<input type="checkbox"/> IT
<input type="checkbox"/> Regulatory
<input type="checkbox"/> Risk Management
<input type="checkbox"/> Legal and compliance
<input type="checkbox"/> Information on internal models for valuation purposes

While the aim is to exploit “as much as possible” the data already available at banks, mapping internal sources onto the standardized VDI structure will represent a considerable challenge in terms of data governance. A key innovation is the explicit aim to build the VDI on the basis of documents already available within banks, avoiding duplication with public or supervisory information already accessible by the SRB.

2. **Data Repository for Resolution - DRR:** EoVCs provide for a permanent and functionally defined Data Repository – capable of meeting a significant infrastructure requirement. This requires compliance with rigorous standards for accessibility (including continuous access by the Internal Resolution Team – IRT – and rapid access by external parties in the event of a crisis), usability (with data easily searchable and stored according to predefined folder structures) and security (to protect the integrity of the information). Banks retain some flexibility in the choice of technical solutions (internal or from suppliers), provided that they comply with their Management Information Systems (MIS) and the minimum standards established. The DRR will have to be updated with information from the VDI according to predefined frequencies. This requires strategic decisions regarding the IT infrastructure and potential investments.
3. **Valuation Playbook:** This new formal document requires banks to describe their valuation capabilities in detail. In addition to the description of valuation models, the playbook includes a self-assessment of processes with segmentation of the entire balance sheet into homogeneous (sub)clusters linked to VDS data, demonstration of the flexibility of the internal model (in particular the ability to quickly re-run the analysis with inputs from the valuer), and the delineation of detailed and robust governance arrangements, including the collection and management of VDI or senior management oversight and approval.

Although EoVCs include three components, VDI is the most innovative element.

First, EoVCs specify which entities are responsible for producing the different sections of the VDI. In particular:

- The scope of the VDI varies depending on whether it is a Resolution Entity (RE) or a Relevant Legal Entity (RLE). REs must provide the full-scope VDI, while for RLEs the scope depends on the nature of the entity (e.g. whether it is a credit institution), its location (inside or outside the Banking Union), as well as whether it is designated as an intermediate holding company
- The VDI full-scope includes both structured information (tabular data, typically quantitative, organized according to a predefined data model, i.e. the VDS) and other unstructured information that includes documents without a standard format (such as business plans, audit reports, risk reports and management information, which are typically in PDF



or editable format). Reduced-scope VDI, on the other hand, is limited to unstructured information only and does not require the inclusion of VDS or other structured data.

Secondly, the information perimeter of the VDI and the methods of transmission are specified:

- The VDI is organized into 9 main thematic areas, which include:
 - Structured data, such as the VDS and the Minimum Bail-in Data Template (MBDT), necessary for the valuation of assets and liabilities
 - Non structured information, relating to financial data, risk profiles, legal and compliance aspects, as well as information on internal models used for the valuation of the company
- Documents already available to the Internal Resolution Team (e.g. bail-in playbooks, good liquidation plans) are excluded, as well as publicly available information (e.g. annual reports) are excluded from the VDI
- Banks are required to constantly update the documents contained in the VDI and to transmit them promptly to the DRR, in compliance with the deadlines and reporting frequencies required. Furthermore, they must provide additional documents upon request in a timely manner.

Finally, EoVCs introduce a set of data validation rules and clearly define quality expectations. To this end, a standardized validation report template is adopted, aimed at aligning banks' internal controls with SRB checks.

MAIN IMPACTS

This consultation introduces a comprehensive and operational framework aimed at improving and strengthening banks' assessment capabilities in crisis management and resolution processes.

The main expected impacts are:

- ✓ **Improved VDS:** Simplified but more extensive structure with a strong focus on data quality and mandatory reporting (Data Quality Report - documenting compliance with Validation Rules)
- ✓ **Integrated Data (VDI):** Combines improved structured data (based on the new VDS) and defined unstructured information (e.g., audit reports, business plans)
- ✓ **Formalized DRR:** Establishment of permanent repositories, accessible and structured according to common standards, to facilitate data consultation by third parties, including independent valuers
- ✓ **Standardized Playbook:** Mandatory documentation of the use of internal models (including flexibility), self-assessment of assets and liabilities (clustering) and governance of data and valuation processes
- ✓ **Harmonization:** Definition of common standards of valuation capabilities for all banks subject to the SRB's jurisdiction

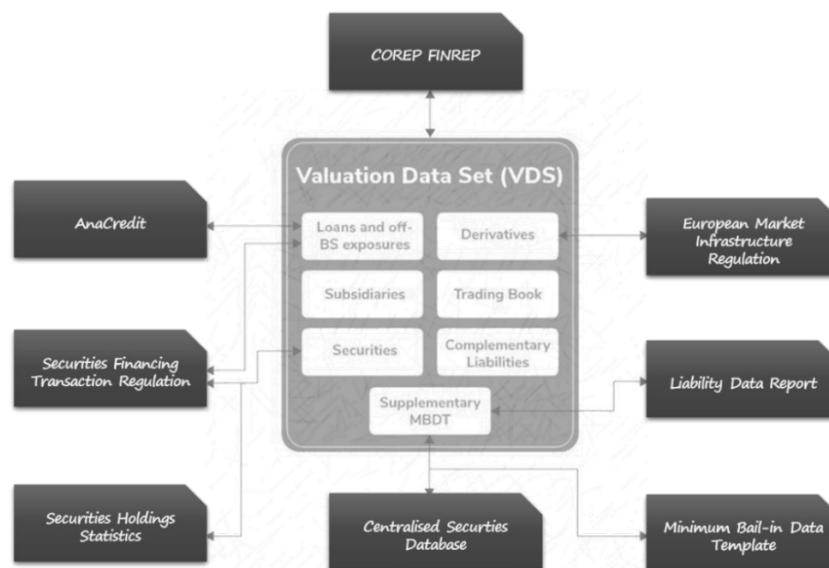
	EFFECT	IMPACT
VDS IMPROVEMENT	<ul style="list-style-type: none"> □ Banks must collect and provide more detailed data on financial instruments, liabilities, derivatives, and guarantees □ Obligation to ensure that VDS data can be reconciled with regulatory data (FinRep, EMIR, AnaCredit, MBDT) □ Data Quality Report certifying the quality, completeness and integrity of data □ Obligation to produce and deliver datasets updated semi-annually with loading within T+60 and ability to generate data on demand (e.g., end-of-month cut-off) 	 HIGH
INTEGRATED DATA VDI	<ul style="list-style-type: none"> □ Ability of banks to collect and catalog quantitative datasets and qualitative documentation □ Coordination of heterogeneous information sources □ Mandatory semi-annual update with upload by T+45 and on demand 	 HIGH
FORMALISED DRR	<ul style="list-style-type: none"> □ Designing and implementing new IT architectures □ Ensuring timely access to data and documents □ Meeting high security standards 	 HIGH
STANDARDISED PLAYBOOK	<ul style="list-style-type: none"> □ Need to formalise operational procedures and decision-making roles □ Definition of criteria for classifying instruments 	 MEDIUM
HARMONISATION	<ul style="list-style-type: none"> □ Adapting systems and processes to common standards □ Standardisation of data, documents, and assessment models to easily make comparisons between different institutions 	 MEDIUM

The revised evaluation dataset contained in the EoVC replaces the current SRB evaluation dataset. In particular, the major changes introduced are as follows:

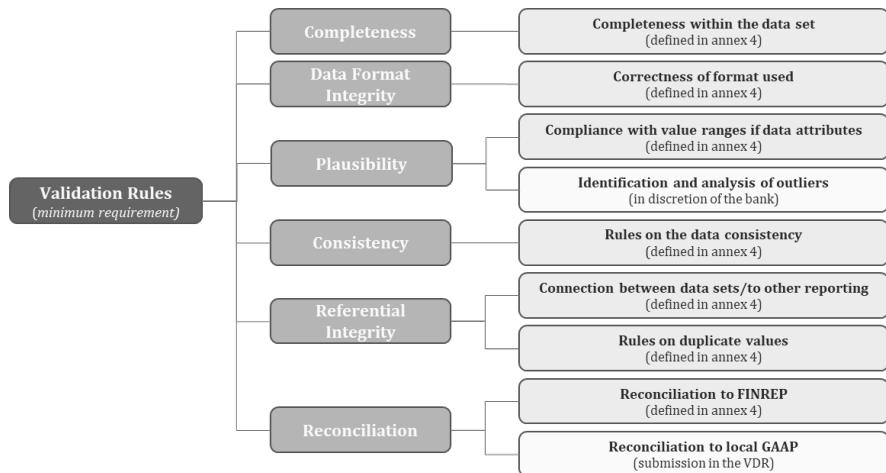
- ✓ **Review of the structure of the data model:** the layout of the individual datasets has been radically revised. Banks will have to: analyze the requirements of the new VDI (detailed in the chapters and annexes of the EoVCs) and compare them with the data currently available in their own systems (which are based on the 2020 framework), carrying out gap analyses and mapping exercises to bridge the differences. In future, loans will be provided in a standardized format, which no longer distinguishes between legal entities and natural persons. Specific datasets for securities (both debt and equity) and equity investments have been introduced. The datasets for intangible assets and DTAs, on the other hand, have been deleted.
- ✓ **Completeness and reconciliation:** the VDS aims at completeness and reconciliation with FinRep and the

balance sheet. For each financial instrument, FinRep mapping information is required to enable reconciliation. Completeness is a fundamental requirement for the data set to ensure reliable evaluation and robustness of independent assessments.

- ✓ **Update of data points in the individual data sets:** data points within the data sets were reviewed and optimised to improve information quality and independent evaluation. As part of this process, new data points considered essential for accurate evaluation were added and existing data points removed. In addition, specific data points were introduced for the most relevant collateral classes (e.g. real estate, shipping), which must be completed by banks with significant exposures in these categories.
- ✓ **Mapping with existing reporting frameworks:** The datasets were linked with the main existing regulatory reporting frameworks, including AnaCredit, EMIR, SHS, LDR and MBDT. Through the use of IDs (e.g., LEI code, ISIN, etc.), the duplication of reporting burdens is reduced, the data acquisition process is simplified and consistency between information sources is increased. All key data needed to support the evaluation were included directly in the datasets to enable the development of a harmonized data infrastructure.



- ✓ **Quality assurance and validation rules:** Validation rules have been defined that contain several drivers for data quality, including: completeness, data format integrity, plausibility, consistency, reconciliation and referential integrity. Banks must provide, together with the dataset, a data quality report that transparently documents compliance with validation rules. Referential integrity plays a central role in ensuring consistency between related datasets (e.g. instruments, counterparties, protections) and is essential not only for the faithful representation of exposures, but also to ensure alignment between the VDS and other regulatory reporting requirements (AnaCredit, EMIR, FINREP, COREP, etc.). Although a minimum set of validation rules is set out in Annex 4 of the consultation paper, the SRB reserves the right to extend this list in the future. Furthermore, the respective Internal Resolution Teams (IRTs) will be able to impose additional rules on a case-by-case basis, thus reinforcing the principle of proportionality and adaptation to the specificities of individual entities.



- ✓ **Technical specifications and file naming conventions:** The Valuation Data Set contains new binding technical instructions for data transmission. Compared to the past, the flexibility previously granted regarding file format and structure is eliminated in favor of standardization. For example, documents are to be transmitted in CSV format with specific formatting conventions (e.g. column separator ";") and uniform naming conventions.

In addition, the EoVC includes a series of Technical Annexes (1 to 5), which provide detailed descriptions of the information required in the VDI (Annex 1), technical instructions for the DRR (Annex 2) and data fields and definitions for the Valuation Data Set (Annex 3).

Annex 4 presents a detailed set of technical and validation rules, while Annex 5 provides a standardized template for drafting the Data Quality Report. Both Annexes 4 and 5 are available in Excel format and can be downloaded directly from the official SRB consultation page.

Given the complexity and operational impact of the changes introduced, the SRB envisages a gradual transition period to allow banks to adapt their information and infrastructure capabilities. During this phase, the measures currently in place for the production of the SRB VDS 2020 on an ad hoc basis will continue to be accepted as a benchmark.

The SRB emphasizes that expectations on assessment capabilities will serve as a model for further crisis resolution planning activities, including the operation of transfer strategies, collateral mobilization and crisis liquidity analysis.

The SRB intends to refine the operational guidelines on the basis of feedback received from stakeholders during the consultation period, with the final version expected to be published after 2 July 2025. The publication will be accompanied by a summary document explaining how stakeholder input influenced the development of the final text.

Finally, in light of the changes introduced, it will be necessary to substantially strengthen banks' preparation capabilities in relation to two key tools: the Valuation Data Index and the Valuation Playbook. In particular, to fully meet the operational expectations outlined by the SRB, the following key topics and components will need to be prepared in a structured approach:



VALIDATION DATA INDEX

- ✓ SRB VALUATION DATA SET & OTHER STRUCTURED DATA
- ✓ GENERAL INFORMATION
- ✓ FINANCIAL INFORMATION
- ✓ TAXES
- ✓ PERSONNEL
- ✓ IT
- ✓ RISK MANAGEMENT
- ✓ REGULATORY
- ✓ LEGAL & COMPLIANCE
- ✓ INFORMATION ON INTERNAL MODELS FOR VALUATION PURPOSES

VALUATION PLAYBOOK

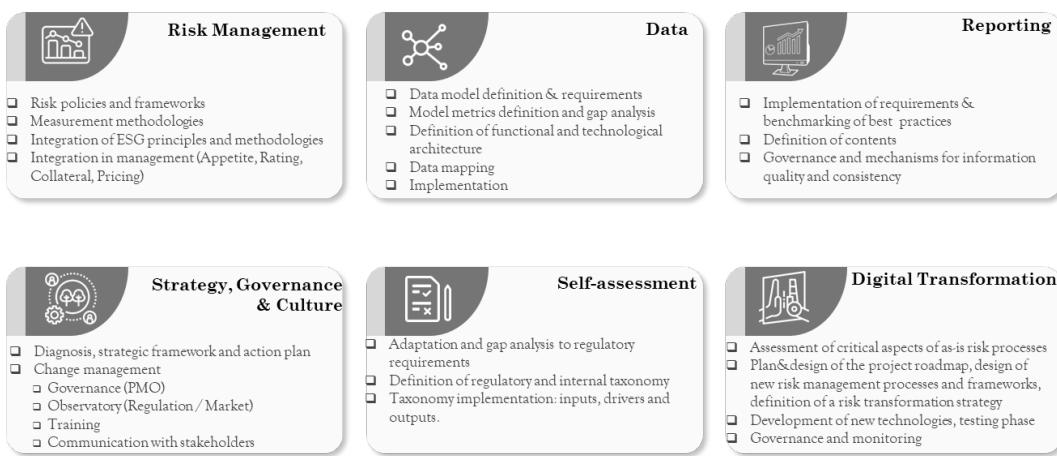
- ✓ EXECUTIVE SUMMARY
- ✓ GENERAL ASPECTS FOR UPDATES, VERSION HISTORY & SIGN-OFF
- ✓ VALUATION SELF-ASSESSMENT
- ✓ USE OF INTERNAL VALUATION CAPABILITIES
- ✓ FLEXIBILITY OF INTERNAL VALUATION MODELS
- ✓ GOVERNANCE ARRANGEMENTS FOR VALUATION



WHY AVANTAGE

Avantage has extensive experience in all dimensions associated with and impacted by the current consultation and has the capabilities to support institutions in the necessary steps to adapt to this new requirement in its different phases.

In addition, Avantage has in-depth knowledge of the resolution areas (applicable regulations, guidelines and best practices), developed in collaboration with leading national and international institutions, based on our expertise and leadership in the areas that constitute our core business (strategic definition and transformation of business, operational, technology, financial and risk processes).

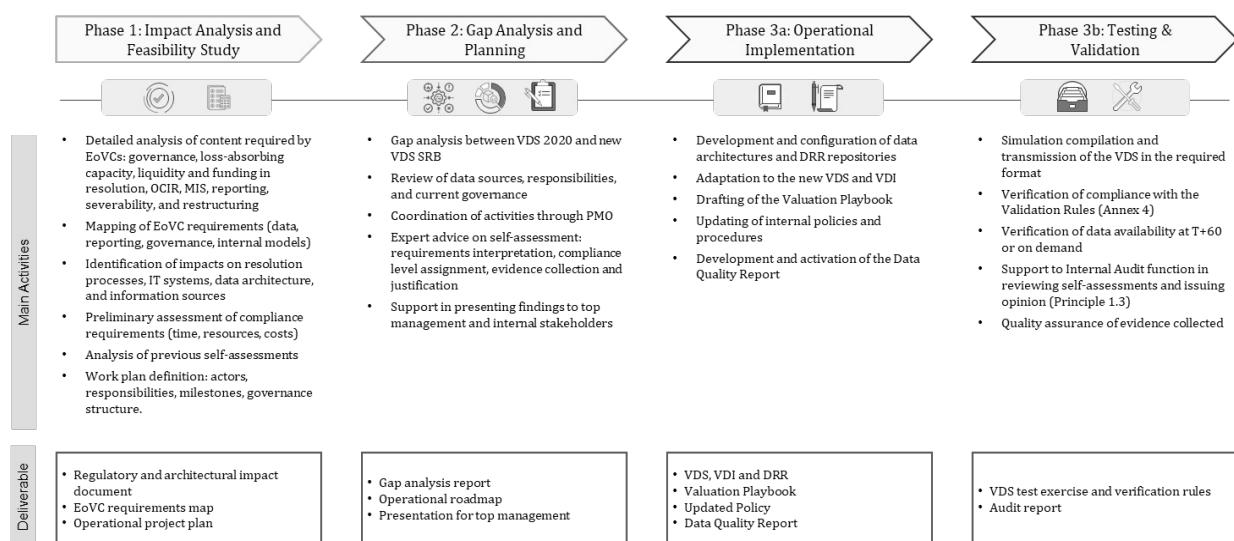


Added to this is practical experience in leading programs related to the resolution framework in compliance with applicable regulations and authorities' expectations (especially in Europe: SRB and EBA).

APPROACH

The SRB has provided for a phased implementation period to allow banks to fully adapt to EoVC compliance. However, a proactive approach is advisable at an early stage. Institutions should promptly initiate a structured plan that includes analyzing existing gaps, reviewing internal processes and developing the necessary infrastructure to implement the new version of the VDS.

The proposed approach is divided into three macro-phases aimed at ensuring a thorough understanding of the regulatory and operational impacts of EoVC. Each phase is designed to start the implementation project with a higher level of confidence even in economic estimates: **“Phase 1 - Impact Analysis and Feasibility Study”** (and on IT architecture), **“Gap Analysis and Planning”**, **“Phase 3 – Implementation & Testing”** - divided into two sub-phases - **3a Operational Implementation** and **3b – Testing & Validation**.



Our team is available to accompany you along the entire path, depending on your specific needs: from conducting a preliminary study to defining the adaptation plan, from drafting the evaluation playbook to the technical implementation of the new VDS, guaranteeing support in governance activities.

AUTHOR

	<p>Carmine Lombardi Senior Manager ca.lombardi@reply.it</p>	<p>Carmine is a senior manager with extensive experience in risk management, particularly focusing on financial risks, business model transformation and innovation projects, strategic projects, and regulatory and management projects. He has a deep understanding of international banking regulations, an understanding of managing relationships with regulatory authorities, and excellent management and communication skills. Carmine is responsible for establishing and managing relationships with key clients and supports C-level and senior management of financial institutions in strategic decision-making.</p>
<p>Avantage Reply (Milan) Via Castellanza, 11 20151 Milano, Italy Tel: +39 02 535761</p>		<p>Carmine is also a member of AIFIRM (Italian Association of Financial Industry Risk Managers) and is a faculty member of several MBAs in Risk Management and Finance.</p>