The Financial Stability Board (FSB) today published two reports and a statement from the Enhanced Disclosure Task Force (EDTF). The 2015 Progress Report on Implementation of the EDTF Principles and Recommendations is the EDTF’s fourth report and third progress report on implementation of the EDTF recommendations; it covers 40 global or domestic systemically important banks. The FSB also published an EDTF report on the Impact of Expected Credit Loss Approaches on Bank Risk Disclosures which highlights issues with the implementation of new accounting standards on expected credit loss (ECL). Furthermore, the EDTF provided a statement on the treatment of emergency liquidity provision under the EDTF disclosure recommendations.

The EDTF progress report, which provides an update based on 2014 annual reports published in 2015, includes self-assessments by banks, plus assessments by users of financial disclosures, on the extent to which they believe the recommendations have been implemented. Based on results from bank self-assessments 82% of firms say they have fully implemented the recommendations, up from 75% the year before. The report concludes that most progress implementing the 2012 recommendations has been made by Canadian and UK banks. In contrast, where efforts to follow the EDTF recommendations are more recent (e.g. China, Japan), implementation rates are lower and differences between the bank and user assessments are wider. According to the EDTF, most progress in the last year has been made on implementing the recommendations on summarising encumbered and unencumbered assets, outlining plans to meet new regulatory capital ratios and on minimum Pillar 1 capital requirements.

The user group of investors and analysts found “that significant opportunity remains for banks to improve credit risk disclosures even before the transition to the new standards” on ECL. In particular, users found that fewer than half of the banks provided quantitative information about counterparty credit risk from derivatives transactions (Recommendation 29) or details about the composition of collateral held (Recommendation 30). Differences in views between producers and users on the extent to which bank disclosures met the EDTF recommendations for these two issues drove the bulk of the difference between the two groups. Eighteen banks assessed themselves as having fully implemented all credit risk recommendations whilst the user group agreed with five of these banks and assessed a sixth as having fully implemented all credit risk recommendations.
The FSB also published today an EDTF report on the *Impact of Expected Credit Loss Approaches on Bank Risk Disclosures*, to consider changes banks will need to make to their financial disclosures with the implementation of a new ECL. The International Accounting Standards Board issued a new credit impairment approach, International Financial Reporting Standard 9 *Financial Instruments* (IFRS 9), in 2014 to replace International Accounting Standard 39 *Financial Instruments: Recognition and Measurement* (IAS 39). The US Financial Accounting Standards Board has substantially completed re-deliberations on its credit losses standard with the issuance of a new standard expected in the first quarter of 2016. Although the new approaches are expected to differ in some details, both are based on the concept of measurement of ECL. The EDTF report concludes that for many banks significant changes to systems and processes may be required, which will require substantial time and resources to deliver. It also concludes that some banks will need to develop and enhance governance over the recognition and measurement of credit losses, particularly to develop capability to make informed judgements about the use of forward-looking information.

At its meeting in September 2015 the FSB Plenary noted ongoing work to promote consistent and comparable application of the new accounting standards for expected credit loss, including the work by the EDTF on such disclosures and work by the Basel Committee on Banking Supervision to develop guidance to support IFRS 9. It called on the International Auditing and Assurance Standards Board to develop further audit guidance on this standard. The Plenary noted the importance of the International Accounting Standards Board completing its standard for insurance contracts as a high priority. The publication of these reports will make an important contribution to consistent and comparable application of bank financial disclosures.

The FSB also published today the EDTF’s position on the disclosure of emergency liquidity assistance. This accepts that EDTF Recommendation 19 and Figure 5 could be met without differentiating between assets which are being used to obtain central bank funding and assets which, although allocated for such use, are not currently used, including for the provision of emergency liquidity assistance.

**Notes to editors**

The EDTF was formed in 2012 at the initiative of the FSB. The Task Force represents a unique private sector initiative - one that brings together on a global basis senior officials and experts from financial institutions, investors and analysts, and audit firms. The co-chairs of the EDTF are: Ralf Leiber, Managing Director, Head of Group Capital Management, Deutsche Bank; Russell Picot, Group General Manager and Group Chief Accounting Officer, HSBC Holdings plc; and Christian Stracke, Managing Director, Member of Investment Committee, and Global Head of Credit Research Group, PIMCO.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank
experts. The FSB also conducts outreach with 65 other jurisdictions through its six regional consultative groups.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.fsb.org.