

Press release

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FSB welcomes Implementation Progress Report by the Enhanced Disclosure Task Force

The Financial Stability Board (FSB) welcomes the publication of the progress report by the Enhanced Disclosure Task Force (EDTF) on the level and quality of the implementation of their report 'Enhancing the Risk Disclosures of Banks' in major banks' 2012 annual reports. The EDTF's principles and recommendations for improved bank risk disclosures and leading disclosure practices are designed to provide timely information useful to investors and other users, which can contribute, over time, to improved market confidence in financial institutions. The FSB views the principles and recommendations as a valuable step to improve the quality of risk disclosures.

The survey results demonstrate that the recommendations are beginning to make a positive impact on the reporting practices of global banks. The banks' self-assessment is that they have implemented 50% of the EDTF Recommendations in aggregate in 2012 disclosures, which is a considerable increase from 34% in 2011; and they expect to implement 72% of the Recommendations within their 2013 disclosures. The investors and analysts within the EDTF undertook a further review of the disclosures, which indicated a lower degree of implementation than banks' self-assessment, particularly for recommendations where they expect more granular, quantitative disclosures. Both banks and investors and analysts in the EDTF see the opportunity to engage over the coming year to discuss the recommendations for further enhancing risk disclosures for the 2013 reporting cycle.

The FSB encourages banks to continue to strive to improve risk disclosures, and calls on supervisory authorities to take steps to foster awareness of the EDTF Principles and Recommendations by banks and markets in their national jurisdictions. Investors and analysts in the EDTF noted that the improvements in transparency and comparability of risk disclosures that are being seen as a result of implementation of the EDTF report are fostering greater confidence in banks' reporting by investors and other stakeholders. This both increases banks' ability to access capital when needed, and enhances market discipline. The FSB will ask the EDTF to undertake another survey in 2014 of the level and quality of implementation in 2013 annual reports.

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 – to develop recommendations for enhancing risk disclosure practices by major banks starting with end-year 2012 annual risk disclosures and continuing into 2013 and beyond.

Notes to editors

The EDTF progress report can be found [here](#): It comprises an overall summary, a detailed Progress Report on Implementation of Disclosure Recommendations and an Appendix of Examples of Leading Disclosure Practices. Due to the large size of the computer file for the Appendix (11 megabytes), the report without the Appendix can alternatively be downloaded [here](#) and the Appendix can be found separately [here](#). The original Report Enhancing the Risk Disclosures of Banks, dated 29 October 2012, can be found [here](#). The co-chairs of the EDTF are: Hugo Bänziger, Chairman, Board of Directors, Eurex Group; 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 importance to market confidence of useful disclosures by financial institutions about their risk exposures and risk management practices has been underscored in recent years and, thus, the need for improvement in risk disclosure has been the subject of a number of FSB initiatives.

In December 2011, the FSB organised an international roundtable on risk disclosures that brought together a broad spectrum of interested participants both from the public and private sectors. Taking account of the views expressed at the roundtable and the recommendations set forth in the thematic review report published in March 2011, the FSB agreed to facilitate the formation of the EDTF to (i) to develop principles for enhanced disclosures, based on current market conditions and risks, including ways to enhance the comparability of disclosures, and (ii) to identify leading practice risk disclosures presented in annual reports for end-year 2012. This gave rise to the October 2012 EDTF report.

As requested by the FSB, the EDTF has maintained extensive outreach with regulatory and standard setting bodies and with industry groups at key stages as it developed its report.

The FSB's earlier press releases issued on [20 March 2012](#), [10 May 2012](#) and [29 October 2012](#), provide further background to this risk disclosure initiative.

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. Through the six regional groups, the FSB will be able to develop global financial policy initiatives in a more inclusive process.

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.financialstabilityboard.org.