Follow-up review of banks' transparency in 2008 half year results

Executive summary

In line with a commitment given in the ‘Report on banks’ transparency on activities and products affected by the recent market turmoil’ published on 18 June 2008, CEBS has carried out a follow-up review of banks’ half year disclosures as of 30 June 2008.

The good practices identified in the 18 June report cover disclosures of the impact of the market turmoil on results and on exposures - these areas are in line with the recommendations of the Financial Stability Forum (FSF) - and also information on business models, risk management practices, accounting and valuation practices.

CEBS is of the view that for the 22 large banks - 19 of which originate from the EU - covered by the analysis, the disclosures on the impact of the market turmoil and on exposure levels have improved since the last assessment. In particular improvements have been observed with regard to the levels of details of the information. For these areas, the disclosures are considered to be in line with the good practices identified in the June report.

Differences in disclosures between the banks included in the analysis are considered to be commensurate with the varying levels of their involvement in the activities under consideration.

By contrast, disclosures on business models - and to a lesser extent disclosures on risks and risk management practices - are less detailed and have not improved to the same extent. Some of the institutions analysed have incorporated the CEBS’s good practices for these areas but the majority of institutions included in the sample still have to make efforts to bring their disclosures up to that standard.

CEBS is aware that interim reports typically do not contain the same amount of qualitative discussion about institutions’ business and activities but nevertheless considers that there is a need for enhanced disclosures and for further efforts to align institutions’ disclosures with the CEBS good practices.

However, CEBS realises that the timing of the June report on banks’ transparency may not have allowed all institutions to take the CEBS good practices wholly into account. It is therefore expected that in forthcoming interim and annual reports the CEBS good practices will be adequately reflected. This includes making explicit statements that the exposures and impact of the market turmoil are very small or zero.
Indeed, CEBS still considers the good practices to be particularly relevant and helpful and therefore encourages its members to continue promoting the good practices among their banks and to push for their implementation.

CEBS will consider how the good practices should be applied in the longer run, not only because disclosure practices develop over time, but also since the ‘high risk’ areas which require specific attention change.

The outcome of the present exercise together with the review CEBS envisages undertaking in 2009 of banks’ 2008 year end disclosures (both in their annual reports and in Pillar 3 reports) will help guide any further measures to be taken in this area. Finally, CEBS will put in future work more focus on the quality of disclosures.
**Introduction**

The present report represents the outcome of the follow-up work that CEBS has carried out in line with the commitment given in the ‘Report on banks’ transparency on activities and products affected by the recent market turmoil’ published on 18 June 2008.

In that report CEBS indicated that it will closely monitor the disclosures by institutions in their forthcoming (i.e. half-year) reports and that the outcome of this exercise together with the further review in 2009 of the 2008 year end disclosures (including those relating to Pillar 3) will help to inform any further measures to be taken. With this report CEBS delivers on the first part of its commitment.

Together with the work in the area of valuation – which is the subject of a separate report – this report contributes to the efforts CEBS is making in response to the ECOFIN’s roadmap on the financial markets situation.

The report first briefly refers to the 18 June report before explaining the scope and methodology underlying the exercise. It then discusses the main findings before setting out the way forward.

**Background**

In the assessment leading up to the June report CEBS not only covered disclosures on the impacts of the market turmoil on results and on exposure levels and but also looked at information on business models, risk management practices and accounting and valuation practices.

The main findings of the analysis showed a number of weaknesses in the disclosures that institutions had made, especially in the latter three areas. At the same time the findings allowed CEBS to identify examples of disclosures for these areas which it believes represent good practice and which have been used as a benchmark for the present follow-up review. These good practices - which have been reproduced in Annex 1 - provide examples of:

- comprehensive disclosures on business models and risk management;
- meaningful disclosures on exposures and impacts, with appropriate levels of granularity;
- useful disclosures on accounting policies and valuation issues; and
- improved presentation of the disclosures.

In the report CEBS recommends the application of the observed good practices by all banks, albeit in a manner commensurate with an institution’s exposures and involvement in the activities affected by the crisis.

The good practices are consistent with the recommendations made in the report of the Financial Stability Forum (FSF) ‘Enhancing market and institutional resilience’. They are also in line with the ‘Leading practice disclosures for selected exposures’ identified by the Senior Supervisors Group (SSG), although they supplement the latter with good practices on business...
models and risk management as well as accounting policies and valuation issues.

CEBS considers that its good practices promote disclosures that ‘tell a coherent story’ to help understand the background to an activity, its impact and importance, as well as its management.

Taking into account the FSF recommendations, the review first covers disclosures on impacts, exposures, accounting policies and valuation issues before dealing with disclosures on business models, risks and risk management, as well as presentational issues.

**Scope and methodology**

As for the June report CEBS analysed the disclosures made by 22 large banks\(^1\), 19 of which originate from the EU. While for the June report the analysis covered banks’ 2007 4\(^{th}\) quarter preliminary results and 2007 audited annual reports, the recent analysis focused on disclosures made by institutions in their 2008 2\(^{nd}\) quarter results.

The analysis was carried out to meet two objectives. First, CEBS intended to determine how the disclosures by banks compared to the good practices CEBS had identified in its June report. Secondly, CEBS wanted to determine how the disclosures compared to the ones analysed in its previous assessment.

For that purpose banks’ disclosures have been benchmarked against the good practices CEBS identified in the June report. At the same time, the disclosures were compared to those provided in the previous assessment.

**Main findings**

The following paragraphs discuss the disclosures CEBS observed in the 2\(^{nd}\) quarter interim results of the 22 banks covered by the exercise. The discussion first provides an overview of how the different areas have been covered before comparing the findings to the CEBS good practices and to the previous assessments.\(^2\)

It should be pointed out that the follow-up review did not specifically check compliance with the leading disclosure practices put forward by the FSF, even though these are deemed to be in line with the CEBS good practices on the impacts of the market turmoil on results and exposure levels.
**i) Impact of the market turmoil**

As regards the disclosures on the impact of the market turmoil about 77% of the institutions covered in the sample provided detailed information. The remaining institutions provided some, little or no information. However, it is felt that in all cases the disclosures were commensurate with the impact and the firm’s involvement in the respective activities.

It should be noted that in some cases, banks failed explicitly to disclose that they had little or no involvement in the activities affected by the market turmoil. CEBS encourages banks to change their practices and to mention explicitly this fact in order to enhance transparency and thereby restore confidence.

More specifically, around 75% of institutions provide detailed qualitative and quantitative descriptions of the impact of the market turmoil on their results, with a focus on write-downs or, where applicable, losses incurred in the crisis. For these institutions the information was provided with breakdowns of the write-downs and/or losses for all the relevant types of exposures affected by the market turmoil. Often the disclosures were also supplemented with a description of the reasons and factors responsible for the impact incurred and with comparisons of the impact between periods or of income before and after the impact.

Distinctions of write-downs between realised and unrealised amounts, disclosures of maximum loss risks and the effect of possible downturns (or recoveries), disclosure on the impact of credit spreads for own liabilities and related methods or descriptions of the influence the crisis had on share prices.
were less frequent and detailed. About half of the institutions provided little or no information on these aspects.

One institution provided detailed information for all of the impact-related disclosure aspects covered in the CEBS observed good practices.

*Comparison to CEBS good practices*

While not all aspects may have been covered extensively by all banks, it is felt that the large majority of banks covered in the sample met the CEBS good practices. For the 3 institutions where the information provided strictly speaking was not in line with the CEBS good practices, the disclosures were still deemed commensurate with the impact incurred.

*Comparison to previous assessments*

Overall the situation has improved for the disclosures on the impact of the crisis on the banks’ results in comparison with the previous assessment. For just under half (45%) of the institutions included in the sample, the disclosures provided in the interim reports are more detailed than the information published in previous periods.

For the other banks (55%) the information is similar to the disclosures analysed in previous assessments. It should be borne in mind in this context that for a number banks the disclosures made in previous reports were already rather detailed.

**ii) Exposure levels and types**

The situation described under i) is very similar for the disclosures observed on exposure levels and types. On the whole, a large majority of the institutions (77%) provided detailed information on exposure levels and types. In particular detailed disclosures have been provided for the following aspects covered in the CEBS good practices for this area: amounts of outstanding exposures (nominal amounts, fair values), movement schedules of exposures between reporting periods, discussions of exposures not consolidated (or derecognised) as well as, where applicable, exposures on monoline insurers and asset quality.
The disclosures observed were very granular with appropriate breakdowns providing information on various characteristics of exposures, thus allowing assessment of their quality (e.g. vintages, ratings, et al.). Where limited information has been provided this was generally deemed to be in line with the limited involvement of the institution in question in activities affected by the market turmoil. Information on credit protection (e.g. hedging) and its effect on exposures (i.e. gross and net amounts) was less frequent and detailed.

The remaining institutions provided some, little or no information on exposures. Where this was the case, the size of the exposures was either negligible or zero, even though this was not always made explicit.

Comparison to CEBS good practices
For all the banks, it is felt that the good practices CEBS observed have been met, even though in a few cases (14%) it is felt that this has been achieved implicitly given that the disclosures were commensurate with the exposure levels.

Comparison to previous assessments
For the majority of banks (64%), the disclosures observed in the 2008 2nd quarter interim results constitute an improvement compared to previous periods and assessments. In the other cases (36%), the information is very similar to the disclosures analysed in previous assessments, which for some, as previously observed, were already very detailed.

iii) Accounting policies and valuation issues
Just over two thirds (73%) of the banks covered in the sample provide detailed or some disclosures on these areas. This applies in particular to disclosures on
fair values of financial instruments and modelling techniques (including descriptions of these techniques and valuation processes) but also on information on the consolidation of SPEs and other vehicles.

Disclosures on the classification of transactions and products and their related accounting treatment have not been provided in such detail (and frequency).

The remaining banks provided little or no information on accounting policies and valuation issues as set out in the CEBS good practices. At the same time it should be pointed out that around half of these institutions have included references to the accounting disclosures provided in their 2007 annual reports.

### Level of disclosure on accounting and valuation issues

<table>
<thead>
<tr>
<th>Level of Disclosure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>36%</td>
</tr>
<tr>
<td>Little</td>
<td>9%</td>
</tr>
<tr>
<td>Some</td>
<td>18%</td>
</tr>
<tr>
<td>Detailed</td>
<td>37%</td>
</tr>
</tbody>
</table>

**Comparison to CEBS good practices**

About two thirds of the institutions’ disclosures are considered to be in line with the CEBS observed good practices. As noted before, this has in some cases been achieved by means of a reference to the disclosures included in the 2007 annual reports; a practice which is deemed perfectly acceptable by CEBS.

**Comparison to previous assessments**

As concerns the comparison with the previous assessments the situation changes slightly. For about a quarter (27%) of the banks the disclosures observed in the 2008 2nd quarter interim results constitute an improvement compared to previous periods and assessments. In the other cases the information is either similar to or less detailed than the disclosures analysed in previous assessments.
iv) Business models.

The situation changes again when it comes to the disclosures observed for the areas of business models and risks and risk management.

More than half (54%) of the banks provided on the whole limited or no market turmoil specific information on their business models in their 2008 2nd quarter interim results. This applies more or less across the board to all the different aspects that CEBS has identified as good practices in its June report: description of the business model and changes, description of strategies and objectives, description of the importance of activities (including instruments and functioning) and description of the role and the extent of the involvement of the institution). Most commonly institutions provided disclosures dealing with strategic changes or other amendments to the business model.

However, 3 entities did provide detailed information for all or nearly all aspects identified in CEBS’s June report and a further 5 firms provided some level of information, even though not all CEBS’s good practices were covered.

<table>
<thead>
<tr>
<th>Level of disclosure on business models</th>
</tr>
</thead>
<tbody>
<tr>
<td>No (14%)</td>
</tr>
<tr>
<td>Little (32%)</td>
</tr>
<tr>
<td>Some (9%)</td>
</tr>
<tr>
<td>Detailed (45%)</td>
</tr>
</tbody>
</table>

Comparison to CEBS good practices

Just under half (45%) of the analysed firms’ disclosures are considered to be in line with the CEBS observed good practices. This includes firms that have low or no exposures and that made this fact explicit.

Comparison to previous assessments

Improvements in disclosures regarding business models have been observed for 32% of banks. In most cases (54%) the disclosures were broadly the same as in previous periods. 14% of the firms provided less information than in previous reports, although this is in comparison to the annual reports.
v) **Risks and risk management**

Over half of the firms (54%) provided some specific information on the risks pertaining to exposures and activities affected by the market turmoil and related risk management practices.

Aspects of the CEBS good practices that were most prominently covered included descriptions of risk management practices, related weaknesses and changes. Less often did institutions disclose market turmoil specific information describing the nature and extent of risks incurred and liquidity risk.

One institution provided very detailed disclosures on the aspects identified in the CEBS good practices. The remaining firms provided little (32%) or no (9%) disclosure in this area.

![Level of disclosure on risk management](image)

As regards the discussion of liquidity risk aspects, which CEBS identified as an important area in its good observed practices, just under half the institutions provided some, and in 1 case detailed, information, while the others disclosed little or no information.

**Comparison to CEBS good practices**

About one third (36%) of firms are deemed to be in line with the disclosure practices put forward in the CEBS June report, even though in most cases there is room for improvement especially as concerns the specificity of the information.

A number of institutions refer to the risk management sections in their annual report even though these did not always contain very specific risk management disclosures related to the market turmoil.
Comparison to previous assessments

Improvements in disclosures have been observed in 27% of the cases. In the majority of instances (55%) the disclosures are similar to those provided in earlier periods and in few cases (18%) less detailed.

vi) Other disclosure aspects

Only one bank included information in its interim report on disclosure policies and principles. While the interim results may not be the typical location for this information, it is nevertheless felt that improvements could be made in this area.

As concerns presentational issues, members largely observed improvements. Indeed, while the relevant information about the market turmoil related issues was not always provided in a dedicated section or chapter, institutions nevertheless provided in most cases cross-references that allow the reader to navigate easily between the relevant disclosures. Only in a limited number of cases did members indicate that there is room for improvement in this area. In addition, narratives have in most cases been supplemented with clear and easily readable tables or graphs.

A large number of institutions provided clear explanations for the terminology used or even specific glossaries. Only in a few cases did members note scope for improvements in this area.

Way forward

At this point in time CEBS continues to consider the good practices identified in its June report to be particularly relevant and also still believes that they are contributing to the improvement of disclosures on exposures and activities affected by the market turmoil. CEBS therefore encourages its members to continue promoting the good practices among their banks and to encourage and review their application.

In going forward CEBS will consider how the good practices should be applied in the longer run. Indeed disclosure practices develop over time, as do the ‘high risk’ areas that require specific attention. These developments, the outcome of this exercise and the review CEBS intends to undertake in 2009 of the disclosures provided at year end 2008 - in banks’ annual reports and/or their separate reports prepared to comply with the Pillar 3 requirements - will help to inform any further measures to be taken in this area. More focus will be put in future work on the quality and on the accuracy of disclosures.
Annex 1 – CEBS good practices (excerpt from 18 June report)

<table>
<thead>
<tr>
<th>CEBS good practices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business model</strong></td>
</tr>
<tr>
<td>• Description of the business model (i.e. of the reasons for engaging in activities and of the contribution to value creation process) and, if applicable of any changes made (e.g. as a result of the crisis).</td>
</tr>
<tr>
<td>• Description of strategies and objectives.</td>
</tr>
<tr>
<td>• Description of importance of activities and contribution to business (including a discussion in quantitative terms).</td>
</tr>
<tr>
<td>• Description of the type of activities including a description of the instruments as well as their functioning and the qualifying criteria that products/ investments have to meet.</td>
</tr>
<tr>
<td>• Description of the role and the extent of involvement of the institution, i.e. commitments and obligations.</td>
</tr>
<tr>
<td><strong>Risks and risk management</strong></td>
</tr>
<tr>
<td>• Description of the nature and extent of risks incurred in relation to the activities and instruments.</td>
</tr>
<tr>
<td>• Description of risk management practices of relevance to the activities, of any identified weaknesses and of any corrective measures that have been taken to address these.</td>
</tr>
<tr>
<td>• In the current crisis, particular attention should be given to liquidity risk.</td>
</tr>
<tr>
<td><strong>Impact of the crisis on results</strong></td>
</tr>
<tr>
<td>• Qualitative and quantitative description of results, with a focus on losses (where applicable) and write-downs impacting the results.</td>
</tr>
<tr>
<td>• Breakdown of the write-downs/losses by types of products and instruments affected by the crisis (CMBS, RMBS, CDO, ABS and LBO further broken down by different criteria).</td>
</tr>
<tr>
<td>• Description of the reasons and factors responsible for the impact incurred.</td>
</tr>
<tr>
<td>• Comparison of i) impacts between (relevant) periods and of ii) income statement balances before and after the impact of the crisis.</td>
</tr>
<tr>
<td>• Distinction of write-downs between realised and unrealised amounts.</td>
</tr>
<tr>
<td>• Description of the influence the crisis had on the firm’s share price.</td>
</tr>
<tr>
<td>• Disclosure of maximum loss risk and description how the institution’s situation could be affected by a further downturn or by a market recovery.</td>
</tr>
<tr>
<td>• Disclosure of impact of credit spread movements for own liabilities on results and on the methods used to determine this.</td>
</tr>
<tr>
<td><strong>Exposure levels and types</strong></td>
</tr>
<tr>
<td>• Nominal amount (or amortised cost) and fair values of outstanding exposures.</td>
</tr>
<tr>
<td>• Information on credit protection (e.g. through credit default swaps) and its effect on exposures.</td>
</tr>
<tr>
<td>• Information on the number of products</td>
</tr>
<tr>
<td>• Granular disclosures of exposures with breakdowns provided by;</td>
</tr>
<tr>
<td>• level of seniority of tranches;</td>
</tr>
<tr>
<td>• level of credit quality (e.g. ratings, investment grade, vintages);</td>
</tr>
<tr>
<td>• geographic origin;</td>
</tr>
<tr>
<td>• whether exposures have been originated, retained, warehoused or purchased;</td>
</tr>
<tr>
<td>• product characteristics: e.g. ratings, share of sub-prime mortgages, discount rates, attachment points, spreads, funding;</td>
</tr>
<tr>
<td>• characteristics of the underlying assets: e.g. vintages, loan-to-value ratios, information on liens, weighted average life of the underlying, prepayment speed assumptions, expected credit losses.</td>
</tr>
<tr>
<td>• Movement schedules of exposures between relevant reporting periods and the underlying reasons (sales, disposals, purchases etc.).</td>
</tr>
<tr>
<td>• Discussion of exposures that have not been consolidated (or that have been recognised in the course of the crisis) and the related reasons.</td>
</tr>
<tr>
<td>• Exposure to monoline insurers and quality of insured assets:</td>
</tr>
<tr>
<td>• nominal amounts (or amortized cost) of insured exposures as well as of the amount of credit protection bought;</td>
</tr>
<tr>
<td>• fair values of the outstanding exposures as well as of the related credit protection;</td>
</tr>
<tr>
<td>• amount of write-downs and losses, differentiated into realised and unrealised amounts;</td>
</tr>
<tr>
<td>• breakdowns of exposures by ratings or counterparty.</td>
</tr>
</tbody>
</table>
### Accounting policies and valuation issues

- Classification of the transactions and structured products for accounting purposes and the related accounting treatment.
- Consolidation of SPEs and other vehicles (such as VIEs) and a reconciliation of these to the structured products affected by the sub-prime crisis.
- Detailed disclosures on fair values of financial instruments:
  - financial instruments to which fair values are applied;
  - fair value hierarchy (a breakdown of all exposures measured at fair value by different levels of the fair value hierarchy and a breakdown between cash and derivative instruments as well as disclosures on migrations between the different levels);
  - treatment of day 1 profits (including quantitative information);
  - use of the fair value option (including its conditions for use) and related amounts (with appropriate breakdowns).
- Disclosures on the modelling techniques used for the valuation of financial instruments, including discussions of the following:
  - description of modelling techniques and of the instruments to which they are applied;
  - description of valuation processes (including in particular discussions of assumptions and input factors the models rely on);
  - type of adjustments applied to reflect model risk and other valuation uncertainties;
  - sensitivity of fair values; and
  - stress scenarios.

### Other disclosure aspects

- Description of disclosure policies and of the principles that are used for disclosures and financial reporting.

### Presentation issues

- Relevant disclosures for the understanding of an institution’s involvement in a certain activity should as far as possible be provided in one place.
- Where information is spread between different parts or sources clear cross-references should be provided to allow the interested reader to navigate between the parts.
- Narrative disclosures should to the largest extent possible be supplemented with illustrative tables and overviews to improve the clarity.
- Institutions should ensure that the terminology used to describe complex financial instruments and transactions is accompanied by clear and adequate explanations.
Annex 2 - Banks covered by the survey

Banco Santander
Barclays
Citi
Commerzbank
Credit Agricole
Credit Suisse
Deutsche Bank
Dexia
Dresdner Bank
Erste Bank
Fortis
HSBC
ING
Intesa SanPaolo
Nordea
Rabobank International
Raiffeisen Zentralbank
RBS
SEB
Société Générale
UBS
Unicredit Group
Annex 3 - Detailed illustrations of main findings

1) Level of disclosures

i) Impact of market turmoil on results

- **Quantitative and qualitative description of results, focus on losses / write-downs**
  - No: 72%
  - Little: 5%
  - Some: 9%
  - Detailed: 14%

- **Breakdown of losses / write-downs**
  - No: 77%
  - Little: 9%
  - Some: 5%
  - Detailed: 14%

- **Description of reasons and factors responsible for the impact incurred**
  - No: 50%
  - Little: 27%
  - Some: 14%
  - Detailed: 9%

- **Comparison of impacts between periods and of income before/after impact**
  - No: 36%
  - Little: 41%
  - Some: 23%
  - Detailed: 0%

- **Distinction of write-downs between realised and unrealised amounts**
  - No: 18%
  - Little: 18%
  - Some: 18%
  - Detailed: 41%

- **Description of the influence of the crisis on the entity's share prices**
  - No: 68%
  - Little: 23%
  - Some: 9%
  - Detailed: 0%

- **Disclosure of maximum loss risk and of the effect of possible downturn / recovery**
  - No: 68%
  - Little: 18%
  - Some: 14%
  - Detailed: 0%

- **Disclosure of impact of credit spread for own liabilities and related methods**
  - No: 50%
  - Little: 23%
  - Some: 18%
  - Detailed: 9%

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3 Readers are advised to read the charts in this annex 3 in conjunction with the respective parts of the main findings of the report.
ii) Exposure levels

<table>
<thead>
<tr>
<th>Category</th>
<th>No</th>
<th>Little</th>
<th>Some</th>
<th>Detailed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal amount and fair value of outstanding exposures</td>
<td>9%</td>
<td>0%</td>
<td>18%</td>
<td>73%</td>
</tr>
<tr>
<td>Information on credit protection and its effect on exposures</td>
<td>27%</td>
<td>14%</td>
<td>5%</td>
<td>54%</td>
</tr>
<tr>
<td>Information on number of products</td>
<td>36%</td>
<td>5%</td>
<td>0%</td>
<td>59%</td>
</tr>
<tr>
<td>Granular disclosures of exposures with appropriate breakdowns provided</td>
<td>77%</td>
<td>9%</td>
<td>0%</td>
<td>14%</td>
</tr>
<tr>
<td>Movement schedules of exposures between reporting periods and related exposures</td>
<td>45%</td>
<td>14%</td>
<td>5%</td>
<td>36%</td>
</tr>
<tr>
<td>Discussion of exposures not consolidated (or derecognised) and related reasons</td>
<td>50%</td>
<td>14%</td>
<td>0%</td>
<td>36%</td>
</tr>
<tr>
<td>Exposure to monoline insurers and underlying asset quality</td>
<td>68%</td>
<td>9%</td>
<td>23%</td>
<td>0%</td>
</tr>
</tbody>
</table>
iii) Accounting policies and valuation issues

Classification of transactions and products and related treatment

- 23% No
- 40% Little
- 32% Some
- 5% Detailed

Consolidation of SPEs and other vehicles (such as VIEs) and reconciliation

- 23% No
- 23% Little
- 36% Some
- 18% Detailed

Detailed disclosures on fair values of financial instruments

- 36% No
- 27% Little
- 32% Some
- 5% Detailed

Disclosures on modelling techniques with valuation processes, adjustments etc.

- 40% No
- 23% Little
- 23% Some
- 14% Detailed
iv) Business models

**Business model and changes**
- 47% No
- 29% Little
- 14% Some
- 10% Detailed

**Description of strategies and objectives**
- 50% No
- 36% Little
- 5% Some
- 9% Detailed

**Description of importance of activities and contribution to business**
- 50% No
- 32% Little
- 9% Some
- 9% Detailed

**Description of type of activities incl. instruments and their functioning**
- 58% No
- 14% Little
- 14% Some
- 14% Detailed

**Description of the role and extent of involvement of the institution**
- 59% No
- 18% Little
- 9% Some
- 14% Detailed
v) Risk management

**Description of nature and extent of risks incurred**

- No: 27%
- Little: 41%
- Some: 27%
- Detailed: 5%

**Description of Risk management practices, weaknesses and changes**

- No: 50%
- Little: 27%
- Some: 18%
- Detailed: 5%

**Discussion of liquidity risk**

- No: 23%
- Little: 36%
- Some: 36%
- Detailed: 5%
Annex 3 (continued) - Detailed illustration of findings

2) Comparison with CEBS good practices

Comparison with CEBS good practices: Impact of market turmoil on results

- 14% Not in line
- 86% In line

Comparison with CEBS good practices: Exposure levels

- 14% Not in line
- 86% In line

Comparison with CEBS good practices: Accounting and valuation issues

- 36% Not in line
- 64% In line

Comparison with CEBS good practices: Business models

- 55% Not in line
- 45% In line

Comparison with CEBS good practices: Risks and risk management

- 36% Not in line
- 64% In line
Annex 3 (continued) - Detailed illustration of findings

3) Comparison with previous assessments

Comparison with previous assessment:
Impact of market turmoil on results

- Less: 0%
- Similar: 45%
- Improved: 55%

Comparison with previous assessment:
Exposure levels

- Less: 0%
- Similar: 36%
- Improved: 64%

Comparison with previous assessment:
Accounting and valuation issues

- Less: 23%
- Similar: 18%
- Improved: 59%

Comparison with previous assessment:
Business models

- Less: 32%
- Similar: 14%
- Improved: 54%

Comparison with previous assessment:
Risks and risk management

- Less: 27%
- Similar: 18%
- Improved: 55%