



KPMG Peer Bank

**A benchmarking tool
for the banking sector**

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What is KPMG Peer Bank?

“How does my bank compare to others?” This is one of the more commonly asked questions when KPMG member firms meet with banks to talk about Supervision. Banks across Europe want to know where they stand among their peers. Since the start of the ECB Supervision under the Single Supervisory Mechanism (SSM), bank management have struggled to respond to the ECB as a new supervisor – many wondering how they compared to their peers also under the Supervision of the ECB. To help answer this key question, KPMG’s ECB Office has developed **KPMG Peer Bank**, a benchmarking tool that is designed to go beyond transparency to deliver comparative peer-to-peer insights for banks.

KPMG Peer Bank has been built using data from the recent European Banking Authority (EBA) stress tests and transparency exercises, which provide detailed bank-by-bank data on capital positions, risk exposure amounts and asset quality on over 130 banks from 24 countries of the European Economic Area, yielding over 150,000 different data points.

In its latest version, KPMG PeerBank includes a Basel-IV Calculator which allows banks to proxy for potential Basel-IV effects.

“ European banking supervision does not have a national focus, but takes a European perspective, allowing it to compare and benchmark banks across borders... ”

European Central Bank

The KPMG Peer Bank tool brings banks an opportunity to see where they stand against their peers: regionally, nationally, and by peer groups.

The benefits of benchmarking aren’t just for commercial and competitive analysis. A bank can count on the ECB to use benchmarks to determine its position relative to their peers. For example, a bank’s Preliminary Quantitative Rating is a key input in supervisory decision making and is used in three of the four SREP blocks.

KPMG’s ECB Office has teamed with KPMG’s Data & Analytics team, to offer a benchmarking tool based on the EBA data to answer clients’ burning question:
Where do I stand in comparison to my peers?



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The Basel-IV calculator uses a set of standardized assumptions on risk weights in Credit Risk, Market Risk, Operational Risk and CVA Risk and accounts for the Basel-IV-Floor. This allows to proxy for Basel-IV effects for each bank in the tool and the relevant peer group.



The reactive architecture adapts the interface to data changes without the need of user intervention.



Our analytics platform is capable of real-time analyses enriching business analyses and bringing additional insights to your work.



KPMG Peer Bank offers a number of distinguishing features:

- **Basel IV Calculator:** The tool can be used to calculate high-level Basel IV impacts for credit (internal ratings based approach and standardized approach), market, operational, CVA risks and to compare metrics against other peer banks. The built-in Basel-IV calculator allows users to proxy for potential BIV effects for each bank and their peers. The tool uses a set of assumptions on risk weights on line item level and accounts for the Basel-IV-Floor. Average risk weights can easily be adjusted by the user to account for bank-specific effects.
- **Flexible Peer Grouping:** Users may create their own peer group whenever they use KPMG Peer Bank. A user may define a peer group using his or her own criteria or by using recommendations provided by KPMG, for example by business model.
- **Ratios and indicators benchmarking:** Users have the option to customize their own benchmark settings, in addition to the pre-set country benchmarks or from among nearly 100 ratios that KPMG have defined based on available information. New custom ratios can be defined on the available data. Users can compare information against the EU average, country average, and peer group average; and may also obtain a percentile ranking with respect to their peer group.
- **Data export and delivery:** Benchmark data can be exported to a compatible spreadsheet format (such as to Microsoft ® Excel ®) for further analyses or reuse in reports and databases.¹
- **Advanced analytics and trend analysis:** Advanced analytics capabilities guide the user through Tail Analyses to show where each bank stands among its peers for each financial indicator and Trend Analyses of the financial indicators and ratios' time series.
- **Beyond transparency:** KPMG Peer Bank will be updated with the latest published data from stress testing and transparency exercises to provide the latest information and benchmarks available.²
- **Expandability:** The tool can be expanded with additional models and analyses. KPMG professionals can support banks integrating the tool in their business processes.

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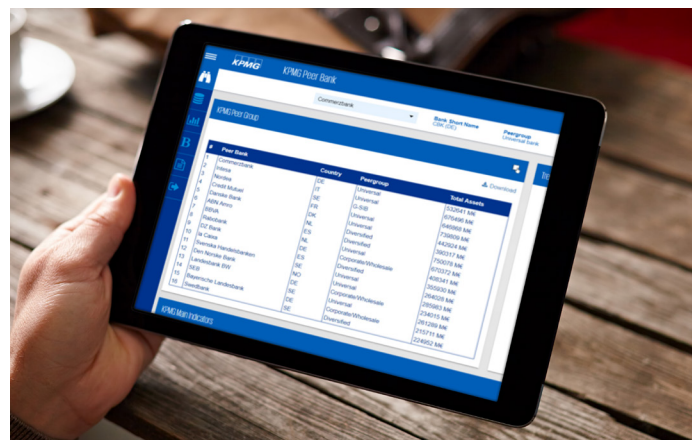
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² KPMG will select data based on relevance to the overall market and EBA and ECB activity.

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