German Banking Industry Committee

Die Deutsche Kreditwirtschaft

Comments

EBA Consultation Paper
Draft Implementing Standards on prudential disclosures on ESG risks in accordance with Article 449a CRR
(EBA/CP/2021/06)

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General comments

The EBA announced the green asset ratio as a simple metric for ESG reporting back in 2019. In its current version, however, the level of detail of the information required is very high. The granularity of the templates approaches the level of a comprehensive regulatory reporting template rather than a disclosure template. Against the background of the six-monthly disclosure cycle and in light of cost-benefit aspects, both the granularity and the scope of the EBA templates do not appear to be appropriate. Moreover, we consider the duplicate disclosure of templates in two external reports by the institutions to be superfluous (templates 8 and 9 according to the EBA Pillar 3 ITS and templates 1 and 3 under the COM draft of the delegated act on Article 8 of the Taxonomy Regulation, see answer to question 14).

We think the planned extension of the green asset ratio to all SME loans is problematic. The reason is that many SMEs will not be able to deliver this sort of sustainability data in the coming years. In light of this, minimum thresholds for taxonomy checks should be provided for individual transactions (e.g. EUR 10 million) as well as for portfolios, in particular with regard to small and medium-sized enterprises.

A positive aspect is that estimates and ranges (proxies) can be used in a transitional period. The EBA should clarify that this will also be possible after the phasing in.

In general, it should be considered that the green asset ratio may only be seen as one component of an institution's sustainability activities. An institution may not be limited to the green asset ratio. The entire spectrum of sustainability activities must not be shunted into the background and lose importance. Moreover, the green asset ratio does not reflect regional specificities that significantly impact the business activities of individual institutions.

Additionally, institutions need greater clarity about various issues, such as non-EU exposures and the best effort basis for the corresponding reporting formulated in the draft. In this case, simple guiding principles should be developed that establish a certain level of data comparability.

Questions for consultation

Question 1: *Are the instructions, tables and templates clear to the respondents?*

With regard to risk management, we consider the requirements, tables and underlying templates to be suitable to a limited extent for meeting the requirements of Article 435 of the CRR in conjunction with Article 449a of the CRR. Providing the information would trigger enormous costs, and they do not reflect the different ways in which the business models of significant institutions are affected by ESG risks. In the case of the intended granular scope, there are fears that any information overload will not provide the addressees or market participants with the necessary insights for capital market decisions in line with the original objective of the disclosure. This is the case in particular because of the fears of inconsistencies with various comparable requirements by other standard-setters (e.g. disclosure on the basis of the Taxonomy Regulation, the Disclosure Regulation concerning investment advice, as well as the non-financial statement), all of which are still under development.

The existing implementing regulation on disclosure (EBA/ITS/2020/04), which – among other things – also implements the amendments to CRR II, already includes individual qualitative and quantitative

requirements for each risk category, including credit and liquidity risk, with regard to Article 435 of the CRR on risk management disclosures. The instructions governing the qualitative disclosure tables set out the EBA's expectation that information on the risk management objectives and policies for ESG risks must be disclosed in line with the requirements of Article 435. These comparatively very comprehensive formulations specify in tremendous detail the requirements of the EBA Draft ITS, which – as a Level 2 measure – is in turn intended to define a Level 1 measure in greater detail (in this case: Article 449a of the CRR). They also give the impression that the EBA interprets ESG risks as a separate risk category, rather than as a risk driver affecting the bank's established risks. No clear identification of the relationship between risk category and risk driver is made in the Draft ITS, i.e. in the instructions for the tables.

A direct comparison of the Draft ITS with the ECB's supervisory guide on climate-related and environmental risks (version dated November 2020) also indicates that the Draft ITS is substantially more granular and descriptive in its requirement for the disclosure of risk management data. Although there are various approaches for considering proportionality, we do not believe that these are sufficient. For example, there may be large institutions for which ESG risks are not material. In this case – and this approach would reflect the recommendations in the ECB guide – the scope of the disclosure should be significantly reduced. We are also saying this with a view to any subsequent explicit or implicit expectation of the supervisors that similar information should also be disclosed by less large or complex institutions.

The common understanding between the Draft ITS and the report under Article 98(8) of the CRD to which the EBA refers is not sufficiently clear: neither in the definitions, nor in the differentiations regarding the specific risk drivers to be disclosed.

In addition, we are concerned that the regulatory requirement relating to the information to be disclosed does not reflect, or only reflects to a limited extent, the fact that the development of ESG risk management at the various institutions is still very diverse, and that quantitative implementation is often only just at an early stage, primarily because of a lack of standards and data. The EU bodies are continuing the development of standards on ESG risks in parallel to an existing disclosure requirement. This process is provisionally expected to be completed by the end of 2022. However, the EBA's expectation regarding the disclosure of risk management objectives and processes presumes that the institutions have stable concepts and processes, even though these will only be developed in parallel with the EU taxonomy. The same applies to the data resources, which are only now being developed.

The more targeted risk management objectives and procedures can only be defined on this basis. For this reason, it is our view that the indicated transitional periods with estimates are not adequate and that the alternative disclosure of qualitative information is too granular.

In detail, it will not be possible to implement the **disclosure of carbon-intensive risk exposures** (Template 5) because, on the one hand, the smooth identification and correct classification of counterparties is not possible during the transitional period and, on the other, we are of the opinion that this requirement breaches data protection law.

Specifically, we **do not consider the following disclosures to be covered by the requirements of Article 435 of the CRR**:

- **Disclosures on business strategy and processes (Tables 1 and 2, line 2) as well as risk management (Table 1, line 16 and Table 2, line 12)**: Concrete limits can only be defined if the development status of the methodologies used for evaluation is at an advanced stage. This assumes end-to-end quantification of environmental and social risks, which will not be possible at least initially, and will only be partially possible at a later stage. It should therefore be supplemented with regard to limiting, where this is used. Disclosures on international initiatives are expected with regard to the methodologies or benchmarks used. In respect of ESG risks as a risk driver, rather than a risk category, the required granularity of information appears to be far too high and no longer consistent with Article 435 of the CRR.
- **Disclosures on governance (Table 1, line 9 and Table 2, line 7)**: The disclosure requirement relating to the integration of ESG risks into the remuneration systems reveals an expectation with regard to the remuneration systems that is not provided for under Article 435(2) of the CRR.
- **Disclosures on risk management (Table 1, line 14)**: The disclosure requirements in Article 449a of the CRR follow on from Article 98(8) of the CRD and are integrated into Pillar II. The effects on Pillar I ratios such as the capital ratio have not yet been determined and cannot be inferred.

We have concerns about **competitive disadvantages with regard to the disclosure of green funding targets or even the disclosure of data gaps**:

- **Disclosures on business strategy and processes (Table 1 and 2, line 3):** Disclosing planned investment activities in green industries is a sensitive competitive factor. The disclosure requirement breaches the principle set out in subparagraph 2 of Article 432(2) of the CRR, under which proprietary information that undermines the competitive position of the institution concerned does not have to be disclosed.
- **Information on risk management (Table 1, line 15)**: Disclosing data gaps is intended to highlight potential weaknesses, even though the development of systems and methodologies for assessing ESG risks is far from finished. This disclosure is inappropriate and may result in a potential competitive disadvantage that is not consistent with the regulatory objective.

An attempt is being made in respect of social risks or governance risks to transfer the approach taken in the disclosure of climate and environmental risks, although it is almost impossible to make disclosures from today’s perspective in individual cases (e.g. risk appetite, assessment processes and limits for social risks), since corresponding risk management procedures are still at an early stage. In this context, we therefore consider an appropriate transition period for implementation to be necessary.

Question 2: *Do the respondents identify any discrepancies between these tables, templates and instructions and the disclosure requirements set out in the underlying regulation?*

Paragraph 20 of the Draft ITS takes account of the supervisory requirement for proportionality. We do not believe that the defined exemptions are sufficiently far-reaching in proportion to the size and complexity of a credit institution. We note that the underlying draft addresses large credit institutions whose securities are admitted to trading on a regulated market, but see a risk that, with a time lag, the regime will also be applied, with the necessary modifications, to smaller and less complex credit institutions. We therefore believe it is already necessary to spell out the proportionality principle in

granular terms in the ITS and hence also to establish a perspective for smaller and less complex credit institutions.

We also refer to our remarks on Article 435 of the CRR (questions 1 and 3).

Question 3: *Do the respondents agree that the new draft ITS fits the purpose of the underlying regulation?*

We welcome the clarification that December 31 2022 is considered the first mandatory reporting date for financial years that coincide with calendar years. In addition, we regard the inclusion of the ESG-related EBA regulations in the overarching Pillar 3 ITS as well as sequential and phase-in approaches including transitional periods as a good idea in principle. In our view, however, the Draft ITS only partially fits the purpose of the underlying regulation. The intended objective could be achieved with considerably less effort.

The relevant subsections of the referenced Article 435 of the CRR require the disclosure of risk management objectives and policies for each individual risk category. In our view, and as the outcome of the debate about the classification of ESG risks, ESG risks are not a separate category of risk, but rather a risk driver. However, the nature and scope of the information to be disclosed suggests the existence of a new and distinct category of risk. Specifically, we are highly critical of the disclosure of data and information available to the institution in order to manage environmental risks, as well as measures taken by the institution to close data gaps and improve data quality and accuracy. In our view, these are internal bank procedures that would reveal a potential competitive advantage or even disadvantage. This is not in conformity with the regulatory framework. In our opinion, investment activities in green industries are a competitive factor, and the requirement to disclose them is not consistent with the authorisation to omit disclosure of information that is proprietary or may lead to a competitive disadvantage.

The required level of detail goes far beyond the level envisaged in any Level 1 regulation. The scope of the data fields to be disclosed should be reduced:

- One option would be to start reporting with the banking book first and only to report the trading book at a later point. From our perspective, it is extremely questionable whether the trading book disclosure is in any way expedient as a relevant indicator. We consider only banking book disclosures to be helpful and relevant in the context of the disclosure of ESG risks because of the long-term nature of the exposures. Template 6 with disclosures on the trading book should be deleted due to the short-term nature of the transactions in the trading book (up to maximum 1 year) and because of the associated high volatility of the exposures it contains, as it would not provide any helpful statements about the credit institutions' long-term climate risks. In addition, duplications or overlaps with the reporting under Article 8 of the Taxonomy Regulation should be avoided (see COM draft of the delegated act, Template 7).

- In addition, only the first level of the NACE code has to be reported to meet the purpose of the CRR requirements (e.g. at the level of "B - Mining and quarrying" instead of sub-levels B05 to B09). This would give market participants sufficient insight into the extent to which the institutions' economic activities qualify as sustainable. In addition, presentation at the first NACE

code level would be consistent with other disclosure requirements, such as the requirements in template EU CQ5 of the overarching ITS on Disclosure.

- Information on Stage 2 exposures, PDs and risk provisions should also not be required, as they only provide limited information on the extent to which the institutions' economic activities can be qualified as sustainable (see also the answer to question 5).

Qualitative disclosures

Question 4: *Do the respondents agree that the tables with qualitative information proposed capture properly the information that institutions should provide?*

As already explained under question 1, we consider the qualitative disclosure requirements to be clearly too far-reaching – compared with the previous requirements under Article 435 of the CRR for the categories of risks actually established as well as the ECB's recommendations in Expectation 13 of the guide on climate-related and environmental risks. In the qualitative disclosure, specifically on the risk management objectives and policies for ESG risks, information should be disclosed in line with the requirements of Article 435 of the CRR. Greater consideration must be given to the link between risk category and risk driver, and the requirements should be elaborated in a clearer form.

We would welcome a decision to postpone the tables/information requirements regarding social and governance risks for the disclosure at least until a corresponding final taxonomy is also available. If not, it will be difficult to obtain any comparability between the institutions. Stakeholders can refer to the non-financial reporting for corresponding disclosures on social and governance aspects. Duplication of the disclosures does not appear to be expedient.

We have the following comments on the qualitative requirements governing environmental risk (Table 1):

- Line 14 "Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile": This information is more quantitative by nature and therefore does not fit the objective of qualitative information. Applying a standard commercial duty of care, it would appear to be virtually impossible to make quality-assured statements about the banks' capital and liquidity risk profile over the planned long analysis period for ESG risks (5–20 years).

- Line 16 "Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits": We are asking for this line to be deleted. Internal limits should not be published as they would offer too detailed an insight into the banks' risk management.

Quantitative disclosures on climate change transition risk

Question 5: *Regarding template 1 – 'Banking book - Climate change transition risk: Quality of exposures by sector', do the respondents agree with the proposals in terms of sector and subsector classification included in the rows of the template and the identification of the most exposed sectors in columns f to k and p to u?*

The required data is based largely on FINREP. At the same time, the average probability of default is expected to be disclosed, even though this risk parameter is not reported in FINREP. Merging data from different data regimes is extremely time-consuming. In addition, the added value of presenting the **average probability of default** (PD) is not clear to us. PD usually refers to a one-year horizon and is based on a variety of parameters, which could include information on ESG factors in future. Green assets are neither inherently low-risk nor inherently high-risk, and it all depends on the individual case and the general conditions. Since PD is based on the credit quality of the borrower or counterparty and relates to a short-term risk horizon, its informative value in a reporting system on sustainability issues is very limited. We therefore advocate **eliminating the disclosure of average PD.**

The benefit of the division into "live" and defaulted exposures is also unclear. For the interested reader, there are not likely to be any significant gains in knowledge in the area of sustainability. On the contrary, there is a risk of overloading the Pillar III report and reporting insignificant information. That is why we support only reporting on "live" claims in this template and **eliminating the disclosure of information on defaulted exposures**.

We are surprised that exposures that do not qualify for inclusion in a sustainability benchmark in accordance with the **Benchmark Regulation** are also supposed be reported. We think that this requirement is excessive. The Benchmark Regulation does not apply to all institutions. However, the requirement to report in Pillar III those assets that are not taken into account means that institutions will be forced to implement an additional validation routine and flag exposures accordingly. However, Pillar III is not supposed to create new requirements, but rather to report on what institutions are already obliged to do. In our view, it is sufficient for institutions to report the proportion of sustainable exposures (CCM) and the proportion of other risk exposures (as a residual without any further breakdown) under Pillar III. A subdivision into sustainable exposures and exposures that are exempted from the Benchmark Regulation does not increase the value of the reporting, but only the complexity of the disclosure. **The corresponding reporting requirement** ("Of which exposures towards companies excluded from EU Paris-aligned benchmarks in accordance with points (b) to (g) of Article 12.1 and with Article 12.2 of Climate Benchmark Standards Regulation") **should therefore be deleted**.

We believe that measures to offset carbon emissions that save carbon emissions elsewhere will become increasingly important in the future. This will be the case in particular if no other options for reducing direct carbon emissions can be considered. In the first instance, voluntary offsets, e.g. under the Verified Carbon Standard, or offsets under the Clean Development Mechanism, should be considered. This applies to both borrowers and institutions. The template should therefore include offsets that lead to a reduction in net carbon emissions. It should be clarified in the instructions that, as far as borrowers' exposure is concerned, carbon emissions must be reported net of carbon offsets. Another conceivable solution, albeit one that would be more complicated to implement, would be to disclose gross and net carbon emissions. However, this would require these disclosures to be part of the digital financial report in future. In addition, information should also be provided for the institutions' corresponding carbon offsets, in particular if they serve to offset the financed scope 3 emissions.

Finally, we refer to our remarks on question 3 regarding the reporting level for NACE codes.

Question 6: *Do the respondents agree with the proposal included in templates 1 and 3 to disclose information on scope 3 emissions and with the transitional period proposed?*

The transitional provisions should not be placed in Annex II, but in the main text of the ITS (e.g. in Article 18a). We are also requesting deferral of the initial disclosure of scope 3 information by one year, from June 2024 to at least June 2025, because the IT data process needed to do this must first be established on a sufficiently broad basis, and the focus is currently on implementing other comprehensive new sustainability-related EU requirements.

Question 7: *Do respondents agree that information in terms of maturity buckets by sector proposed in template 2 is relevant to understand the time horizon of when the institution maybe more exposed to climate change transition risk?*

We refer to our remarks on question 3 regarding reporting level for NACE codes.

Question 8: *Do respondents agree that information in terms of alignment metrics and relative scope 3 emissions proposed in template 4 is relevant to understand and compare the transition risk phased by institutions? What are the respondents' considerations with regard to the alignment metrics proposed and the sectors that should be covered by this disclosure? Do respondents agree with the transitional period proposed?*

The transitional provisions should not be placed in Annex II, but in the main text of the ITS (e.g. in Article 18a).In this case, too, we refer to our remarks on question 3 regarding reporting level for NACE codes.

In addition, we are convinced that obtaining the information about the NACE codes referred to cannot be fully assured in the short or medium term, especially for existing clients in the portfolios. Transitional solutions and, where appropriate, thresholds for disclosures, should be identified here.

Under Annex I, information is required at gross book values, but at fair value in accordance with Annex II. We do not believe this is consistent and, in light of differences in accounting principles, we consider gross book values are appropriate.

Question 9: *Regarding the same template 4, what are the respondents' considerations with respect to the choice of the 2 degrees reference scenario, would respondents opt for a different scenario?*

The requirements should be derived from the Pillar 2 requirements and only established if they also exist in Pillar 2.

Question 10: *Do respondents agree that information proposed in template 5 is relevant to understand the level of climate change transition risk and that information on exposures towards the most polluting companies is a good complement to the sectorial information included in other templates? Specific feedback is sought on possible alternative formats for the presentation of the information required in template 5. In particular, the EBA seeks feedback on whether aggregate information on exposures towards the top 20 polluting companies in the world, at EU level or at member state level, instead of company-by-company information, would be sufficient to understand how climate-change transition risk may exacerbate the exposition of institutions to credit risk. Feedback is also sought on the specific information that a template on aggregate exposures should include to be meaningful, including possible "buckets" of information on exposures (e.g. exposures towards top 5 polluting firms, next top 5 and so on, or other alternative presentations).*

Based on our understanding, we believe is that it is questionable how the disclosure requirements in template 5 can be reconciled with banking secrecy and national data protection requirements. If many credit institutions use the confidentiality option that can be exercised under the ITS, the value of the information from this table will be obsolete. As an alternative, we are proposing a condensed and anonymised disclosure without columns a and b.

Question 11: *What are respondents view on the way template 6 reflects how the trading book of institutions may be impacted by climate change transition risk? Do respondents agree that the threshold proposed to determine which institutions have to disclose this template is the appropriate threshold? Feedback on whether there are alternative ways to present information on the trading book that may allow for a better understanding of how climate change transition risk may impact the trading portfolio.*

Our comments on question 5 regarding the Benchmark Regulation also apply to the information in template 6.

In general, we urge deleting template 6 (see our comments on question 3/trading book). Template 6 with disclosures on the trading book should be deleted due to the short-term nature of the transactions in the trading book (up to maximum 1 year) and because of the associated high volatility of the exposures it contains, as it would not provide any helpful statements about the credit institutions’ long-term climate risks.

Quantitative disclosures on climate change physical risk

Question 12: *Do respondents agree that the information included in template 7 is appropriate to understand how and to what extent the institution may be exposed to climate change physical risk and that the differentiation between a simplified and an extended template is necessary in the short/medium term?*

The information to be provided about geographic areas prone to specific climate-related hazards is not clearly specified: is the template supposed to be completed by country or only once for all relevant countries?

We think that the simplified template is also sufficient in the medium term, and the extended template should be deleted in this respect. In addition, information on Stage 2 exposures, PDs and risk provisions should also be deleted, as they provide very little additional information about the extent to which the economic activities of the institutions can be qualified as sustainable.

At present, it is not possible to reliably estimate whether or from when the granularity of the extended template 7.2 can be implemented. We therefore suggest only finalising template 7.1 in the first version of the P3 ESG ITS. In the course of the further development of the taxonomy, and depending on the requirements in Pillar 2, template 7.2 could again be issued for consultation in the course of the future revision or supplement of the ITS already announced.

Question 13: *Regarding template 7, specific feedback is asked regarding the methodologies and data sources that institutions may use to identify the relevant geographies. Feedback is also required on the content and disclosures proposed in the extended version of the template and on the transitional period proposed.*

See above (question 12).

Quantitative information on mitigation actions

Question 14: *Regarding templates 8 and 9, do respondents consider that this template should be enriched including information not only on assets aligned with the taxonomy but also in the interest income generated by those assets? Do respondents agree with the timeline proposed and transitional period proposed for the disclosure of these templates?*

As a general rule, institutions should be given more time to familiarise themselves with the GAR, as the new metric has many implications for existing processes. It should be made very clear that the Pillar 3 reports in the 1st quarter of a year can only process data from NFRD reports of clients from the same year with great difficulty, or practically not at all. In the ITS on Pillar 3 or in future EBA papers on managing ESG risks in Pillar 2, it could therefore be clarified that the last available client report may also be used in the same way as the evaluation of financial information. SMEs should be included one year later than previously shown (i.e. deferral from June 2024 to June 2025). We also support the idea of not analysing all SMEs, but only SMEs from energy-intensive sectors in the first instance.

We consider the **duplicate disclosure of** the templates (8 and 9 under the EBA Pillar 3 ITS and 1 and 3 under the COM draft of the delegated act on Article 8 of the Taxonomy Regulation) in two external reports by the institutions to be superfluous. A reference in the Pillar 3 report to the non-financial statement would be a practicable way of presenting the required disclosures transparently. However, as the use of cross-references is severely restricted by Article 434 of the CRR, templates 8 and 9 should be deleted from the Pillar 3 disclosure in their entirety. In our opinion, multiple disclosure of identical information does not produce any value for the stakeholders, as addressees who are interested in sustainability will certainly not ignore the non-financial statement. We also believe that including information on interest income generated by the assets in Pillar 3 reports is not expedient. The disclosures should concentrate on prudential information on ESG risks that enables an assessment of the institutions' risk profile, see paragraph 14 of the consultation paper.

In addition, any changes to the requirements under Article 8 of the Taxonomy Regulation would have to result in changes to the ITS templates for the Pillar 3 report, which would lead to **higher expenses for the supervisory authorities**. If the changes were not reflected in Pillar 3 and hence the disclosures differed for no good reason, this would create uncertainty at institutions and stakeholders.

We also advocate **splitting the GAR into two KPIs** to ensure comparability: a **GAR 1 (full taxonomy compliance/ alignment)** and a **GAR 2 (significant contribution only)**. GAR 2 should be limited to compliance with the substantial contribution criteria. The do no significant harm (DNSH) criteria and the minimum social safeguards (MSS) significantly reduce the comparability of GAR 1 (full taxonomy compliance) because of their (often) qualitative nature. Since the GARs will probably also be increasingly used for other supervisory measures in future (e.g. in the context of the CRR), the aim should be to ensure optimal comparability in the KPI both within the bank's own loan portfolio and between financial market participants. This would be in the interests of all stakeholders, since comparability is mentioned as one of the most important aspects in the transparency-related public consultations. To achieve this, we also believe that the measurement methods for calculating carbon emissions for an economic activity must be clearly defined, with no options allowed. We are in favour of using the GAR 2 now being proposed as a KPI for further supervisory measures.

In support of the new GAR 2, we would also like to emphasise that the clear majority of loans granted in the EU remain inside the EU and are subject to EU environmental and social legislation. This means that an estimated 70 per cent of the DNSH criteria as well as the MSS would already be governed by the legal framework. It is not reasonable to expect credit institutions to examine the DNSH criteria individually in the context of retail banking business (private customers, SMEs) and uncommitted lending business.

Especially when it comes to small and medium-sized enterprises, our view is that there is an urgent need to introduce optional minimum thresholds for taxonomy checks for individual transactions as well as for portfolios (e.g. EUR 10 million with regard to the granularity of the retail business). In addition, if a threshold is not applied, the underlying verification effort and administrative costs are viewed as being extremely disproportionate.

Moreover, grandfathering should be ensured, including renewals where appropriate. Financial products that have been contractually agreed before the binding entry into force of the Taxonomy Regulation and the individual delegated acts must be omitted from the scope.

Question 15: *Specific feedback is required from respondents on the way template 10 is defined, and on whether there is additional information that should be added. Feedback is sought on alternative disclosure formats that may contribute to a more standardised and comparable disclosure.*

Question 16: *Finally, respondents feedback on whether the draft ITS should include a specific template on forward looking information and scenario analysis, beyond the qualitative information currently captured in the tables and templates under consultation and the information required in template 4.*

We believe that the disclosure should not be overloaded. It is important to take account of the fact that the risk management procedures are still in the development phase. Any immature disclosure requirement will lead to uncertainty or inconsistency in the information to be disclosed.

At present, institutions are concentrating on implementing the requirements of the Taxonomy Regulation to ensure that the data required by the ITS is correctly captured and disclosed. The first stress test is not planned until 2022. Internal scenario analyses are still at an early stage of development and will be tailored highly individually to the institutions' risk profiles. The objective of information comparability would not be ensured in this respect. More detailed specifications for scenario analyses should only be implemented at a later stage on the basis of reliable data, and the findings should also only be disclosed subsequently.