

POSITION PAPER



ESBG response to the EBA consultation to amend the data collection for the benchmarking exercise in 2024

ESBG (European Savings and Retail Banking Group)

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Questions for consultation

IFRS Q1: Do you see any issues or lack of clarity in the definition of the scope of the exercise?

No issue.

IFRS Q2: Do you agree with the proposed list of benchmarking portfolios relevant for IFRS9? Do you believe that other dimensions should be used in the level 2 split? Do you have concerns on the alignment with the IRB benchmarking portfolios?

No concerns.

IFRS Q3: Do you agree with the proportionate approach taken for the geographical area envisaged by the exercise? How should the materiality thresholds be defined?

Threshold should not focus on exposure only, but on allocated provisions as well.

IFRS Q4: For the sake of allowing meaningful benchmarking observations, do you see any issue in not considering any combination of split at this stage? Or do you see merits in combining some dimension? If yes, which combination of split should be considered?

We believe that the current proposal of the split should be implemented. If there are any requirements to split/merge, this can be implemented later.

IFRS Q5: Do you see any issues or lack of clarity in the definition of the data points of template 115.00? Is the definition of IFRS 9 PD TTC/unconditional sufficiently clear?

0100 PD - 12 months IFRS 9, in the description, there is written that 'This shall be the PD used to compute the 12-month expected credit loss (ECL amount - 12 months IFRS 9) and associated with the economic scenario 0 in template C.116.00.' Does it mean that the General Instructions, point 7 (Annex 8) shall be applied as well for the PDs reported in C.115.00? It means as it is for the purpose of template C.116.00, where the facility expires before the year considered for a specific data point, the facility's PD shall not be included in the exposure weighted average PD.

IFRS 9 PD TTC/unconditional is defined sufficiently.

IFRS Q6: Do you see any issues or lack of clarity in the definition of the data points of template 116.00 and 118.00?

Table C.116.00 contains the request to provide ECL amounts for stage 1, stage 2 and stage 3. Moreover, in Annex 8, there is written that 'The ECL amount associated with the economic scenario 0 shall be the weighted average of the ECL reported for the economic scenario 1 to 5, ...'. Considering that SICR assessment is done based on weighted average PDs, we expect material differences between booked ECL amount



(SICR assessment based on probability weighted PD) and amount calculated as the weighted average of the ECL reported for the economic scenario 1 to 5 (SICR assessment based on scenario PD).

IFRS Q7: Do you agree to the envisaged approach to collect the whole set of information only to limited subset of portfolios (L2 geographical split and aggregated asset classes)? Do you see any issue in reporting the PD curves?

We do not see any issue in PD curves reporting.

IFRS Q8: Do you see any issues or lack of clarity in the definition of the data points of template 117.00? Would you see merits in collecting information on more granular quantitative triggers and relevant thresholds used for SICR assessment? If yes, in which ways?

In the description of the columns 0120 and 0130 letter a), we would propose to replace column 0050 and column 0051 by column 0053. We suppose that the nominator should contain the exposure value of stage 3 facilities as of reporting date (only those which were in stage 1 or 2 at the beginning of the period).

Regarding the column 0140, is it expected that it is the sum of exposures considered in columns 0120 and 0130?

CR 1: Does the removal of the reference to COREP for the data field 0120 of templates C101, 102 and 103 of Annex III as explained in paragraph 3 create the need to change your data submission?

CR 2: Do you agree that analysing the variability caused by deviating interpretation of eligibility of collateral should be analysed?

CR 3: Do you have any additional suggestions for improving the CR IRB benchmarking?

MR 1: Do you see any issues or lack of clarity in the definition of the data points of templates C120.04 and C120.05? Do you foresee any issues in terms of compatibility of template C120.04 and data standards used by the industry?



MR 2: Do you agree with the proposed format for the collection of DRC data in templates C120.04 and C120.05?

MR 3: Do you agree with the proposed amendments to template C120.06 (former C120.03) to include DRC and RRAO OFR by portfolio?

MR 4: In your view, what approaches would be suited to benchmark banks' implementation of the RRAO requirements more comprehensively?

MR 5: Do you agree with the proposed change to the reporting of vega sensitivities?

MR 6: Do you agree with the proposed clarification with regards to taking the reporting currency view for the consideration of FX risk? Do you agree with the proposed clarification with regards to converting reporting currency results to the EBA portfolio currency using the applicable ECB spot exchange rate?

MR 7: Do you agree with the proposed introduction of individual and aggregated portfolios for purposes of SBM validation?

MR 8: Do you see any issues or lack of clarity with the instructions of Annex 5 defining the SBM validation portfolios?

MR 9: Do you propose additional SBM validation portfolios to test other risk classes, components or specific features of the SBM calculation?

MR 10: Acknowledging the expected extension of the scope of the market risk exercise to banks using the alternative standardised approach starting from the 2026 exercise, would the industry appreciate the possibility of voluntary participation of such institutions starting from the 2024 exercise?



MR 11: Does the industry recommend any changes to the design of the existing exercise considering the extension to banks using the ASA?

MR 12: Do you see any issues or lack of clarity in the definition in the changes and updates introduced in the list of instruments and portfolio of Annex 5?

MR 13: Which types of instruments, specific risks, etc. play a particularly important role in your portfolio but are misrepresented / underrepresented in the EBA portfolio?

MR 14: Which instruments, risk factors and portfolio constellations are considered particularly relevant for benchmarking the ASA and should be included in the benchmarking portfolio (distinguishing by SBM, DRC and RRAO)?

MR 15: Concerning the IMV part of the exercise, EBA is striving to more clearly specify the treatment of accrued interest and align to market practice in this regard. In your view, for which types of interest rate instruments included in the exercise should accrued interest be included in the IMV?



About ESBG (European Savings and Retail Banking Group)

ESBG represents the locally focused European banking sector, helping savings and retail banks in European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. ESBG members have total assets of €6,38 trillion, provide 313 billion euros in loans to SMEs and serve 163 million Europeans seeking retail banking services. ESBG unites at EU level some 871 savings and retail banks, which together employ 610.000 people driven to innovate at more than 41.000 branches.



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