|  |  |
| --- | --- |
| 13/03/2024 | EBA |

**Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2021/637 on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013**

The Swedish Bankers’ Association welcomes the opportunity to give input on the consultation of the suggested amendments to the Pillar 3 disclosure framework related to CRR3.

The Swedish Bankers’ Association supports the comments made by EBF, European Banking Federation, to the consultation. We would however like to add the following comments to Question 4 and paragraph 22 in the consultation.

The Swedish Bankers’ Association supports the EBA’s view that the Pillar 3 disclosure framework is important in promoting market discipline in the financial sector by increasing the consistency and comparability of the publicly disclosed information.

In December 2017 the Basel Committee agreed on changes to the Basel standards, ‘Basel III: Finalising post-crisis reforms’. A key objective of the revisions of the Basel Committee was to reduce excessive variability of risk-weighted assets (RWAs). In response to the global financial crisis, the EU embarked on a wide-ranging reform of the prudential framework for institutions aimed at increasing the resilience of the European banking sector. In order to cater for the European specificities, the EU put in place a number of transitional arrangements related to the phase in of the output floor.

The additional comment by the Swedish Bankers’ Association focuses on the implications of the EBA proposals to amend the Pillar 3 disclosure components related to the output floor, to be found in paragraph 22 and Question 4 of the consultation paper. The Swedish Bankers’ Association is of the view that the EBA should seek to align Pillar 3 reporting requirements as closely as possible to the intention of the EU co-legislators and should refrain from going beyond the requirements supported by the level 1 text in the CRR.

The Swedish Bankers’ Association does not agree on the proposal to include impacts of the output floor on the risk-based capital ratios without applying the transitional provisions of Article 465 of the CRR 3 (so called ‘fully loaded output floor capital ratio’) in template EU KM1. The proposal to disclose the fully loaded output floor capital ratio before the transitional arrangements have expired will be contrary to the wording of CRR3 and could be misleading to the market. Disclosing the ‘fully loaded output floor capital ratio’ in 2025 will not give a true picture of expected numbers in 2033, because the balance sheet structures will change during the phase-in period (2025 to 2032). For example, corporates of high quality have incentives to obtain an external rating before 2033.

According to the Swedish Bankers’ Association the EBA proposal would not benefit the comparability of institutions or enhance the clarity of risk profiles or add any information value to the public. Instead, the proposal may even decrease transparency and comparability and may, in a worst-case scenario, increase confusion about the capital position of European banks.

The Swedish Bankers’ Association understands the need for supervisory authorities to understand how the gradual phase-in of the output floor and the transitional arrangements may affect banks under its supervisory remit during the phase-in period. The Swedish Bankers’ Association therefore supports that the supervisory authorities instead, for supervisory purposes, collect the data to include impacts of the output floor on the risk-based capital ratios without applying the transitional provisions of Article 465 of the CRR 3 (so-called ‘fully loaded output floor capital ratio’).

|  |  |
| --- | --- |
| SWEDISH BANKERS' ASSOCIATION |  |
| Johan Hansing | Christian Nilsson |