

EBA consultation on IRRBB supervisory reporting

High-level position paper – Executive summary

May 2023

ESBG Transparency Register ID 8765978796-80

The European Savings and Retail Banking Group (ESBG) submitted its response to the consultation launched by the European Banking Authority (EBA) in May 2023 on its draft Implementing Technical Standards (ITS) on supervisory reporting with respect to interest rate risk in the banking book (IRRBB). The consultation paper proposes new, harmonised reporting requirements for the assessment and monitoring of institutions' IRRBB across the EU. This new reporting will provide supervisors the necessary data to monitor IRRBB risks in credit institutions, taking into careful consideration the concept of proportionality.

Proportionality should be better embedded in the proposed templates.

ESBG supports the introduction of more proportionality, however we believe that the design of templates does not properly embrace the idea of proportionality. In our view, the foreseen proportionality applied in practice does not really reduce the complexity of populating the templates, bearing in mind especially banking groups with large number of banking subsidiaries. It should also be noted that differences between simplified and non-simplified templates (e.g. J03 and J 06) do not provide any tangible benefits as the requirements in x axis are the same. For instance the interest repricing gap report for smaller entities should be included with only basic breakdowns and without having it with contractual maturity. Additionally, templates J03 and J04 should be excluded for all institutions regardless of size as all relevant information is contained in J06 and J07.

The level of detail in the requests provides limited additional information.

ESBG believes the level of detail in the data requests provides limited additional information about the IRRBB exposure of a bank, and it doesn't improve the quality of internal management of IRRBB. The rationale and added value of requesting additional calculations besides supervisory outlier test (SOT) on economic value of equity (EVE), net interest income (NII) and standard repricing schedule is not clear. Some examples of additional calculations whose purpose is unclear, especially for small entities, and which need to be provided on a quarterly basis are: i) The repricing schedule with contractual features; ii) PV01 with eliminating optionality; or iii) EVE and NII according to contractual features.

Some metrics should be reported at group level only and with lower frequency.

Having the figures in column 0020 of template J01 calculated quarterly for all entities would create material additional effort by IT infrastructure as it basically stipulates to have two EVE/NII ratios produced regularly. In the case of a banking group, since this has to be reported by small entities as well, the central function would have to provide additional support to prepare numbers for them as well, which is a large impact on operational efforts. This figure should therefore be reported at group level only and annually as it is for monitoring purposes and should be adequate to assess the impact of modelling on the group consolidated view.