


# POSITION PAPER



**ESBG response to the EBA consultation on draft templates and template guidance for collecting climate related data from EU banks.**

ESBG (European Savings and Retail Banking Group)

Rue Marie-Thérèse, 11 - B-1000 Brussels

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Question 1: Do you have any comments on the contents of the draft templates and template guidance?

First of all, ESBG welcomes the opportunity to answer to the EBA's consultation on the draft templates for collecting climate related data from EU banks, as part of the one-off Fit-for-55 climate risk scenario analysis, which the EBA will carry out together with the other European Supervisory Authorities (ESAs) and with the support of the European Central Bank (ECB) and the European Systemic Risk Board (ESRB).

Therefore, ESBG would like to stress the following remarks:

## 2.2 Credit Risk

### ➤ **Thresholds on country level data. Section: 2.2.2 CR\_Aggregated\_Data**

As requested in paragraph 54 of the template guidance, in "CR\_Aggregated\_Data" template participating banks are required to report credit risk and climate-related information for the top 5 countries, in terms of exposure, and to split their corporate exposures between 22 climate-relevant NACE 2 sectors. In this case, in contrast to "RE\_Transition\_Risk" and "RE\_Physical\_Risk" templates, the methodology does not set any thresholds below which banks are not required to report information on selected country-NACE sectors clusters.

According to proportionality criteria, as many financial entities concentrate their activities in one or two countries and in order to avoid the reporting of residual exposures in the remaining countries, paragraph 55 of the template guidance could be amended as follows:

*"55. Please notice that if a bank's exposure to **an industry (i.e., NACE 2 or NACE 3 sector) a country-sector cluster** constitutes less than 0.05% of the bank's total assets reported in FINREP (F01.1), the bank is not required to report the information related to this **sector country-sector cluster**."*

Moreover, ESBG would also like to know whether, regarding the DQ 5 constellations, is it possible to use the Nace2 specific PCAF revenue factors instead of calculating 'client emissions/revenues'? Also, is the application of the PCAF revenue factors (instead of 'client emissions/revenue') in line with your guidance in the paragraphs 116-118 where 'the scope x emissions used in the computation of the emission intensity should be consistent with the definition in paragraph 34/37/40'?

On top of that, for the calculation of the "weighted average GHG emissions intensity", the formula assumes a revenue value for the total portfolio. Nevertheless, deals calculated acc. to DQ 5 PCAF Standard do not require a revenue value.

## 2.5 Real Estate Risk

### ➤ **EPC Buckets. Section: 2.5.1 RE\_Transition\_Risk**

As requested in paragraph 122 of the template guidance, in "RE\_Transition\_Risk" template, participating banks are required to report real estate risk and climate-related information for the top 5 countries, in terms of exposure, and to split their exposures between asset class (i.e., RRE and CRE) and EPC bucket. The template includes the following EPC buckets, A, B, C, D, E, F, G, and Unknown, but it does not include a bucket in which banks could report exposures related to real estate collaterals that do not require an EPC, as it may occur, for example, in the case of garages, land or industrial warehouses. In this sense, the



template could include an additional EPC bucket “*not required*”. Otherwise, should this column be omitted?

### **Worksheet: CR\_Top\_C**

In the benefit of time, it would be beneficial if some of the common details in this sheet (in row 1 to 39) would be provided for all obligors on the Euro STOXX. In particular, the GHG emissions and energy consumption from *oil / gas / electricity / renewables*, the net zero reduction target and the financial information.

It is very difficult to get the *Energy consumption from oil / gas / electricity / renewables* in kWh/year for the Bank’s local portfolio, especially with the short deadline. Hence, it might be of interest for the bank if there is a general obligation by banks to collect that kind of information.

Finally, ESBG would also like to make some general comments regarding the templates:

- Is the “fit for 55 data collection” seen as a centralized, top-down stress test performed by EBA, accompanied by Q&As and post analyses similar to stress test?
- If there are more precise ESG data available after YE 2022, is it possible to use another reference date than 31.12.2022?



### **About ESBG (European Savings and Retail Banking Group)**

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European Savings and Retail Banking Group – aisbl  
Rue Marie-Thérèse, 11 ■ B-1000 Brussels ■ Tel: +32 2 211 11 11 ■ Fax : +32 2 211 11 99  
Info@wsbi-esbg.org ■ [www.wsbi-esbg.org](http://www.wsbi-esbg.org)

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