EBA consultation on ITS amending Commission Implementation Regulation (EU) 2021/451 regarding supervisory reporting

High-level position paper – Executive summary

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On 14 December, the European Banking Authority (EBA) initiated a public consultation on draft Implementing Technical Standards (ITS) to amend Pillar 3 disclosures and supervisory reporting requirements, aligning them with the latest Basel III reforms outlined in the Banking Package. These amendments aim to ensure data availability for supervisors and stakeholders, fostering consistent supervision and market discipline. The consultation seeks clarity and support for institutions in meeting their reporting obligations, with a focus on changes related to the output floor, credit risk, market risk, and leverage ratio. The EBA emphasizes the importance of alignment between disclosure and reporting frameworks to facilitate compliance. Once finalized, the draft ITS will be submitted to the European Commission by June 2023, in line with Regulation (EU) No 575/2013.

Cost of compliance

The European Savings and Retail Banking Group (ESBG) anticipates high compliance costs, especially due to increased granularity and complexity in reporting requirements. We propose prioritizing essential information for regulators to mitigate disproportionate compliance costs. Additionally, we suggest eliminating less relevant data points and providing waivers for certain templates to streamline reporting efforts.

Clarity of instructions and templates

ESBG raises concerns about the clarity of instructions and templates due to missing information, such as the z-axis of exposure classes. We request more details on new exposure classes and columns within templates. Additionally, we highlight discrepancies between different reporting requirements, such as the inconsistency in exposure class listings between reports. ESBG also seeks clarification on reporting transitional provisions and missing columns in certain templates.

Implementation date

ESBG advocates for a postponement of at least six months for the first reference date of the EBA's supervisory reporting, suggesting an end date of September 2025. We stress that banks require adequate time for implementation, especially concerning new rules like the Output Floor, which entail significant efforts. We propose focusing initially on specific changes to own funds and credit risk templates and suggest extending submission deadlines and increasing error margin allowances for validation rules for the first two reporting dates.

Template specific issues

ESBG provides feedback on specific templates, such as C10.00, highlighting concerns about integration complexity and inconsistency between SA and IRB asset classes. We prefer a separate template for reporting transitional provisions for the output floor to enhance transparency. Additionally, we flag additional reporting efforts related to local floor adjustments in group solvency reporting.

Introduction of new subset of exposure classes

The introduction of a new subset of exposure classes for exposures secured by mortgages on immovable property and ADC exposures raises several concerns. Firstly, the lack of clarity regarding missing exposure information in the z-axis (dimension) hinders effective consultation. This ambiguity complicates the understanding of the proposal's scope across all reporting templates, impacting the implementation of CRR III concerning sub-exposure classes. Moreover, any delay in clarifying these issues poses a risk to the timely adoption of Basel IV regulations. To address this, providing comprehensive scope of application details in all templates could enhance clarity and facilitate implementation efforts.

Reporting CIUs under the SA approach

Questions arise regarding the reporting of Collective Investment Undertakings (CIUs) under the Standardized Approach (SA). Unclear instructions and discrepancies between templates and consultation papers complicate reporting, especially concerning underlying exposures and CIU classifications. The proposed examples lack clarity and fail to differentiate between different scenarios adequately. Integration of CIU reporting into a single template, separate from other credit risk templates, could enhance clarity and reduce reporting burdens in the long run.

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