

Comments on

EBA/CP/2022/14 Draft ITS on the 2024 Benchmarking
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The German Banking Industry Committee is the joint committee operated by the central associations of the German banking industry. These associations are the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), for the cooperative banks, the Bundesverband deutscher Banken (BdB), for the private commercial banks, the Bundesverband Öffentlicher Banken Deutschlands (VÖB), for the public banks, the Deutscher Sparkassen- und Giroverband (DSGV), for the savings banks finance group, and the Verband deutscher Pfandbriefbanken (vdp), for the Pfandbrief banks. Collectively, they represent approximately 1,700 banks.

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General remarks

No comments.

Questions

IFRS 9 templates

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

No comments.

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 comments.

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?*

Regarding the materiality thresholds we propose to use the criteria according to the EBA stress test, see paragraph 103 to 106 of the "2023 EU-Wide Stress Test Methodological Note".

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?*

No comments.

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?*

Column 0120 "Collateral Value": In our opinion, it is more appropriate to report the liquidation value of the collateral rather than the market value, in line with the ECL calculation under IFRS9 which also uses the liquidation value instead of the market value.

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?*

No comments.

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?*

No comments.

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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*

Column 0120-0150: How is the "reporting period" defined?

Credit risk benchmarking

CR Q1: *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?*

The omission of the reference to COREP for column 0120 in the reporting templates C101, 102 and 103 from Annex III creates a need for adjustments in the reporting. For the F-IRBA portfolios, this change does not appear to be useful, as no LGD models are used in the F-IRBA, but rather LGD values prescribed by supervisory law. According to subsection 3.2.1 of the consultation paper, the change was explicitly suggested to be able to check the quality of LGD models.

We suggest keeping the reference to COREP for the F-IRBA portfolios or even to declare column 0120 for the F-IRBA portfolios as not required to be reported.

If this suggestion is not considered, clarification is required on how to deal with collaterals that collateralize multiple transactions and are assigned to different portfolios. In this case, should the market value of the collateral be reported multiple times or should a split take place?

Example: market value (MV) of the collateral = 1.000.000

portfolio	transaction	collateral	collateralized exposure	MV ???	version 1 (total MV)	version 2 (proportional MV)
ABC	K_123456	C_123456	200.000	??	1.000.000	250.000
DEF	K_456789	C_123456	600.000	??	1.000.000	750.000

CR Q2: *Do you agree that the variability caused by deviating interpretation of eligibility of collateral should be analysed? Do you have concerns on the alignment with the IFRS9 benchmarking portfolios?*

Which exposures should enter in the new portfolios 0214-0219 included in C103, only exposures in the scope of IFRS9 or the corresponding IRBA-HDP exposures? What should be done with exposures that are treated with alternative treatment and explicitly excluded from the CR SBP Exercise?

In addition, we ask for clarification that HGB (German Commercial Code) reporting institutions do not have to record the mentioned portfolios under number 31 of the consultation paper?

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CR Q3: *Do you have any additional suggestions for improving the CR IRB benchmarking?*

We suggest reducing the required information, especially for F-IRBA portfolios, such that only information for which internal models are used must be reported. This applies in particular to information regarding CCF and LGD values for which regulatory parameters are used in the F-IRBA.

Market risk benchmarking

MR Q1: *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?*

No comments.

MR Q2: *Do you agree with the proposed format for the collection of DRC data in templates C120.04 and C120.05?*

No comments.

MR Q3: *Do you agree with the proposed amendments to template C120.06 (former C120.03) to include DRC and RRAO OFR by portfolio? Due to the comparably low complexity of the EBA Benchmarking portfolio, the proposed approach to benchmark RRAO is limited in scope.*

No comments.

MR Q4: *In your view, what approaches would be suited to benchmark banks' implementation of the RRAO requirements more comprehensively?*

No comments.

MR Q5: *Do you agree with the proposed change to the reporting of vega sensitivities?*

No comments.

MR Q6: *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?*

No comments.

MR Q7: *Do you agree with the proposed introduction of individual and aggregated portfolios for purposes of SBM validation?*

No comments.

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MR Q8: *Do you see any issues or lack of clarity with the instructions of Annex 5 defining the SBM validation portfolios?*

No comments.

MR Q9: *Do you propose additional SBM validation portfolios to test other risk classes, components or specific features of the SBM calculation?*

No comments.

MR Q10: *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?*

No comments.

MR Q11: *Does the industry recommend any changes to the design of the existing exercise considering the extension to banks using the ASA?*

No comments.

MR Q12: *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?*

No comments.

MR Q13: *Which types of instruments, specific risks, etc. play a particularly important role in your portfolio but are misrepresented / underrepresented in the EBA portfolio?*

No comments.

MR Q14: *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)?*

No comments.

MR Q15: *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?*

No comments.