PH on CR/IFRS 9 BM reporting

SGSB Meeting 11 June

PUBLIC HEARING PRESENTATION

Credit Risk and IFRS 9 Benchmarking Reporting

Review of reporting templates and integration into the
EBA ITS on Supervisory Reporting

Template Structure Summary

Code	Name	Benchmarking Type
C 100.00	Definition of LDP Counterparties	IRB / IFRS 9
C 101.01/.02	Details on LDP Counterparties (nominal level)	IRB / IFRS 9
C 102.01/.02	Exposures in LDP and HDP (portfolio level)	IRB / IFRS 9
C 104.00	Observed Loss Rates	IRB
C 105.01	Definition of Internal Models	IRB

Reporting Integration

Rationale for Integration

Migration from a standalone ITS to the global ITS on Supervisory Reporting framework (EBA ITS 2024/3117).

- Enhanced efficiency through a unified modular reporting system.
- Full consistency between Benchmarking and regular Supervisory Reporting (COREP).
- Reusability of standard asset class definitions.

Strategic Objective

Alignment with the EBA's reporting simplification agenda, targeting a significant reduction in the administrative burden for financial institutions.

Streamlining of Framework

14 → 6

Template Reduction

Key Simplifications

- Consolidation of Credit Risk and IFRS 9 requirements.
- Significant reduction in the number of required columns.
- Material reduction in the total number of benchmarking portfolios.
- Transition to stable templates to avoid frequent annual revisions.

IFRS 9 Reporting Optimization

The IFRS 9 specific templates (formerly C 111-118) have been removed and integrated into the main CR templates to eliminate redundancy.

- **Removal of Facility Level:** No longer requiring granular data at the individual facility level.
- **Scenario Simplification:** Elimination of detailed estimates per scenario and relative macroeconomic scenario data.
- **Proportionality:** Scope for Standardised Approach (SA) banks limited to "Large Institutions" subject to IFRS 9.

"The goal is to maintain informational value while drastically reducing the operational reporting cost for credit institutions."

It is proposed to define as relevant SA, those SA institutions falling in the definition of Large institutions according to Article 4 (1) (146) of the Regulation (EU) 575/13 (CRR) and provided that they are subject to IFRS 9 requirements.

The updated list of largest credit institutions or banking groups is available here: https://www.eba.europa.eu/risk-and-data-analysis/data/registers-and-other-list-institutions/other-list-institutions

Portfolio Definition Rules

Old Method

Rigid list of all possible combinations of risk drivers.

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New Method

Rule-based composition for defining portfolios.

Benefits

- Greater flexibility in defining risk-homogeneous subsets.
- Simplified maintenance and update process.
- Easier implementation for reporting systems.

LDP Counterparty Management

Dynamic Update System

Moving beyond a static annual list to a more representative sample.

- Updated initial list of common European obligors.
- Integration with **Large Exposures reporting** (C 27.00).
- Institutions must report large exposures not already in the Annex.

Impact

Ensures the benchmarking sample remains relevant over time and reflects the actual concentrations in bank portfolios across the EU.

LDP list

C 100.00 - Definition of Low Default Portfolio counterparties					
Counterparty code	LEI compiled	Bloomberg ticker	Name	Geographical area	Portfolio name
0010	0020	0030	0040	0050	0060
GG_0001709		1310Z AR Equity	Argentina	AR	Sovereign sample
GG_0001710		1525Z AU Equity	Australia	AU	Sovereign sample
GG_0001711		1480Z AV Equity	Austria	AT	Sovereign sample
GG_0001712		43886Z BD Equity	Bangladesh	BD	Sovereign sample
GG_0001713		111136Z BB Equity	Belgium	BE	Sovereign sample
GG_0001714		1323Z BZ Equity	Brazil	BR	Sovereign sample
GG_0001715		129225Z BU Equity	Bulgaria	BG	Sovereign sample
GG_0001716		80710Z CN Equity	Canada	CA	Sovereign sample
GG_0001717		45793Z CI Equity	Chile	CL	Sovereign sample
GG_0001718		PRCH CH Equity	China	CN	Sovereign sample
GG_0001719		1153Z CB Equity	Colombia	CO	Sovereign sample
GG_0001720		1040Z CP Equity	Czech Republic	CZ	Sovereign sample
GG_0001721		1271Z DC Equity	Denmark	DK	Sovereign sample
GG_0001722		1083Z EY Equity	Egypt	EG	Sovereign sample
GG_0001723		1000Z ET Equity	Estonia	EE	Sovereign sample
GG_0001724		1306Z FH Equity	Finland	FI	Sovereign sample
GG_0001725		223727Z FP Equity	France	FR	Sovereign sample
GG_0001726		3413Z GR Equity	Germany	DE	Sovereign sample
GG_0001727		1004Z GA Equity	Greece	GR	Sovereign sample
GG_0001728		1182Z HB Equity	Hungary	HU	Sovereign sample
GG_0001729		1504Z IN Equity	India	IN	Sovereign sample
GG_0001730		1133Z IJ Equity	Indonesia	ID	Sovereign sample
GG_0001731		1266Z ID Equity	Ireland	IE	Sovereign sample
GG_0001732		3343943Z IT Equity	Israel	IL	Sovereign sample
GG_0001733		2103Z IM Equity	Italy	IT	Sovereign sample
GG_0001734		JAPZ JP Equity	Japan	JP	Sovereign sample

CR 1: Do you foresee any issues with supplementing the sample of counterparties listed in C 100.00 by the Large Exposures counterparties reported in the Template C 27.00 at the same reference date in order to expand the sample of low default counterparties for the reporting for template C 101.01/.02?

CR 2: Do you identify any errors in the list of counterparties in C 100.00? If so, please report it to us.

Internal Model Details

Reporting at Model Level

Proposal to integrate the split by IRB models directly into the portfolio level reporting.

- Facilitates deeper analysis of individual model performance.
- Aids in investigating significant divergences among institutions.

Margins of Conservatism (MoC)

Expanded information on MoCs and Supervisory Measures.

- Dedicated columns for risk parameters without MoCs.
- Visibility on self-imposed conservatism vs. regulatory add-ons.

Model level

C 102.01 - Details on exposures in Low Default and high default Portfolios: Internal Models

Portfolio ID	PD model ID	LGD model ID	CCF model ID	SLSC model ID	Exposure Class	Geographical area	Rating
0005	0006	0007	0008	009	0010	0020	0030

CR 3: Do you foresee any issues with the transfer of the portfolio/model split from the former template C 105.02 to the template C 101.01 and the new template C 102.01? Do you agree with the EBA's assessment that the portfolio/model split in the new template C 102.01 is the preferred option compared to designing a separate template increasing the reporting details of the former templates C 105.01 and C 105.02?

Observed Loss Rates (C 104.00)

Introduction of a specific template for actual loss rates, following the logic of the **ECB Guide to Internal Model Validation**.

- Focuses on recovery processes concluded (cured, write-off, disposal).
- Enables "Actual vs. Estimated" comparison for LGD.
- Historical data covers the last 15 years.

Consistency

Aligned with the economic definition of loss (including direct/indirect costs and time value discounting).

Loss Rate template

C 104.00 - Loss rate template																
Exposure class	Geographical area	Year of Default	LGD model ID	LGD bucket	Number of facilities	Number of facilities whose recovery process was concluded as cured	Number of facilities whose recovery process was concluded with repossession	Number of facilities whose recovery process was concluded with a write-off	Number of facilities whose recovery process was concluded with disposals	Ead at the migration to default	Average (EAD-weighted) realised LGDs	Average (Number-weighted) realised LGDs	Average (Number-weighted) realised LGDs for facilities whose recovery process was concluded as cured	Average (Number-weighted) realised LGDs for facilities whose recovery process was concluded with repossession	Average (Number-weighted) realised LGDs for facilities whose recovery process was concluded with a write-off	Average (Number-weighted) realised LGDs for facilities whose recovery process was concluded with disposals
0010	0015	0020	0030	0031	0040	0041	0042	0043	0044	0050	0060	0070	0071	0072	0073	0074

- **C 8.9.2 – New defaults of the year → provisions**
- **C 15 (IP Losses) – New defaults of the year → estimated loss**
- **Benchmarking – New defaults of the year → recoveries in the same year**

- "Banks' credit loss forecasts: lessons from supervisory data“, *BIS Working Papers* (No 1125).

CR 8: Do you see material obstacles in providing the information required by the new loss rate template (C 104.00)? Would alternative measures of loss rates be more appropriate?

Loss Rate template

Loss rate latest year	Loss rate past 5 years	Long-run average realised loss rate of assigned facility grades
0300	0301	0302

0302	Long-run average realised loss rate of assigned facility grades	Article 181(1)(a) of Regulation (EU) No 575/2013 Section 6.3.1 and 6.3.2 of the EBA/GL/2017/16 (GLs on PD estimation, LGD estimation and the treatment of defaulted exposures)	This information shall be provided only for the Exposure Classes (col 0010) from A10 to A47 and: - for all the values of the column 0020 (geographical area) and of the value 99 for the columns 0040 to 0062 and for the values 'R95' of the column 0030; - for all the value 'YY' of the column 0020 (geographical area) and of the value 99 for the columns 0040 to 0060 and 0062 and for the values 'R95' of the column 0030 and for all the values of the column 0061 (collateral type) In all the other cases the column should not be provided. For each facility, retrieve the long-run average LGD of the grade or pool to which the facility is assigned to at the reference date. The EAD weighted average long-run average LGD of all facilities shall be reported. The grade's or pool's last available realised LRA LGD should be the latest available for the model used to estimate the LGD of the facility, i.e. from the most recent validation, review of estimates, calibration, and calculated in line with Section 6.3.2.2 of the PD/LGD GL. In case of continuous LGD models, refer to reasonable grades, e.g. those used in the recent validation or review of estimates. The number-weighted average of the loss rates as defined above and observed in the calibration period shall be reported for portfolio IDs relating to 'non-defaulted' exposures only.

Consultation Focus Areas

The EBA specifically seeks feedback on the following elements:

Drill-downs

- **Collateral Type:** Cost and feasibility of the new segmentation.
- **Facility Type:** Informational value of the CCF model breakdown.

Impact Analysis

- **MoCs & Add-ons:** Feasibility of reporting these at RWA level.
- **Loss Rate Template:** Running costs vs. regulatory benefit.

C 102.01

Collateral type	Facility Type
0061	0062

European Banking Authority

RWA add-ons

RWA	RWA before SME SF	RWA Standardised	RWA without MoC and without supervisory measures at parameter level	RWA without MoC, supervisory measures at parameter level and add-ons applied at portfolio level	RWA add-ons	of
0200	0201	0202	0203	0204	0205	

CR 4: Do you think it is possible to provide the details of the impacts of the RWEA add-ons and MoCs (columns 0203, 0204, 0205 of Template C 102.01) at the required segmentation level?

Implementation Timeline

- **Consultation Period:** Open until 10 July 2026.
- **ITS Finalisation:** Final draft submission to the EU Commission following consultation.
- **First Reporting:** Target reference date 31 December 2026 (Reporting in 2027).
- **Alternative:** Reversion to 2026 framework as a fallback if implementation delays occur.

Questions?

We welcome your feedback on the proposed reporting framework.

Consultation closing date: 10 July 2026

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