

Comments

Regarding EBA Consultation Paper “Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) No 650/2014 laying down implementing technical standards with regard to the format, structure, contents list and annual publication date of the information to be disclosed by competent authorities in accordance with Directive 2013/36/EU of the European Parliament and of the Council”

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Comments regarding EBA Consultation Paper EBA/CP/2023/02

Q01: Are the Annexes clear to the respondents?

Non-Applicable.

Q02: Do the respondents identify any discrepancies between these Annexes and the requirements set out in the underlying regulation?

We suggest to align the general remarks on aggregate statistical data (Annex IV) with the CRR. It should be clarified that each national competent authority shall make the publication with respect to exposures and losses from lending collateralised by immovable property, as set out in Article 430a (3) CRR.

One of the self-declared goals of the draft ITS is to „[...] enhance the quality and comparability of the reported data by supervisors and enhance transparency by providing the market with more information.“

We do support this objective. Therefore, we would like to point out a particular, current failure to achieve this goal in practice.

In accordance with Article 430a (1) CRR, institutions report amounts and losses with regard to exposures secured by immovable property separately for each national immovable property market to their competent authority. The competent authorities are in turn obliged to publish the respective data on an aggregated basis (Art. 430a (3)).

The general remarks on filling in the templates for the aggregate statistical data state that „[...] the ECB shall publish only aggregate statistical data for supervised entities for which it conducts and exercises direct supervision at the reference date of the disclosure, while national competent authorities shall publish aggregate statistical data only for credit institutions not directly supervised by the ECB.“

This section of the general remarks is not in line with Art. 430a (3) CRR. As a result of this disclosure practice, no transparent statistical data are available for individual national immovable property markets. The disclosed data of the national competent authorities only include a part of the losses incurred in that national immovable property market. This is particularly relevant in Member States where a large part of real estate financing is provided by institutions directly supervised by the ECB. The ECB, in turn, publishes data that essentially do not cover only one national immovable property market, but disclose aggregated data for all national immovable property markets within the SSM. However, since national real estate markets develop very differently from each other and there is little correlation between the development of losses, such aggregated disclosure for more than one real estate market is not meaningful. The objective of the supervisory disclosure to improve transparency can thus not be achieved.

This information is also important for institutions in order to better assess the development in the respective national immovable property markets. Higher loss ratios can also be the reason for the national designated authorities to take measures to counter the increased risk. In order for institutions to be able to anticipate such developments in a timely manner and to plan accordingly, an increase in transparency in supervisory disclosure is necessary.

Moreover, it is needless to say that it constitutes an inefficiency as institutions collect and report data that are then not made publicly available – although even legally prescribed.

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Therefore, we suggest the following amendment to the general remarks on filling in the templates for the aggregate statistical data (amendments in bold):

„As a general principle, in order to ensure the coherence and comparability of reported data, the ECB shall publish only aggregate statistical data for supervised entities for which it conducts and exercises direct supervision at the reference date of the disclosure, while national competent authorities shall publish aggregate statistical data only for credit institutions not directly supervised by the ECB.

Notwithstanding this general principle, the data for “Exposures and losses from lending collateralised by immovable property” within Part 2 shall be additionally disclosed separately for each national immovable property market. If there are no material exposures for a national real estate market, disclosure can be omitted.”

Q03: Do the respondents agree that the amended ITS fits the purpose of the underlying regulation?

Non-Applicable.
