Association des Banques et Banquiers, Luxembourg
The Luxembourg Bankers' Association
Luxemburger Bankenvereinigung

ABBL response to EBA CP 2024/05 on the Business Indicator

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Question 4: What are your views with regards to the proposal for the specification of the items to be excluded from the BI? Please explain and provide arguments for your answer.
The proposal (chapter 4 / article 16 – scope of exclusions) needs to be clarified. While art.314 point 5 of the CRR is listing exclusions, chapter 4 article 16 of the draft RTS is specifying items that should not be excluded from the BI. It is understood that this article is specifying what should not be excluded from the items to be excluded, which might create confusion. Alternative would be to make it clearer to avoid any misunderstanding.

Question 5: What are your views with regards to the proposed mapping of the BI items to the FINREP cells? Please explain and provide arguments for your answer.
The mapping with FINREP cells is very detailed compared to the initial proposal made in the policy advice issued by EBA in August 2019. This is adding further complexity in the mapping on one side but on the other sides helps to better treat the different components.
One drawback of this level of detail is that certain FINREP reporting are not produced since thresholds are not always reached (For example F21.00).
We have also pointed out that references to certain FINREP items were not existing in the templates our institution is using for the reporting (eg. F01.01_r0094_c0010, F01.01_r0095_c0010, F01.01_r0092_c0010(only those earning/ bearing interests).
Hence it would be helpful for entities who would not be subject to such reporting obligation to provide alternative mapping options (from other more standard FINREP reports) in order to perform the calculation.

Another aspect is concerning the adjustments in the "service component" with regards to "losses, provisions, and other financial impacts due to operational risk events" accounted for in different items of the P&L". These adjustments are requiring further developments to capture these items rather than a simple mapping like for other items. Moreover, as the criteria for establishing the data set in accordance with CRR3 will only come in a later stage, properly capturing these items would require to have such information, in our view.