EBA Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2024/3117 regarding Credit Risk and IFRS 9 Benchmarking reporting (EBA/CP/2026/08)

ABBL response

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Introduction

The Luxemburgish Banking associations (ABBL) welcomes the opportunity to comment on the EBA's draft Implementing Technical Standards on credit risk and IFRS 9 benchmarking reporting.

The ABBL supports the EBA's objective of integrating benchmarking reporting into the broader supervisory reporting framework. In principle, this should improve consistency, reduce duplication, and support a more coherent and harmonised reporting structure across institutions. The closer alignment with COREP is also welcome, as it should facilitate comparability and improve the usability of reported data.

At the same time, the ABBL considers that several aspects of the proposal would benefit from further clarification and calibration to ensure that the framework is operationally feasible, proportionate, and implementable in practice. In particular, institutions will need sufficient time to adapt systems, align internal processes, and ensure that the required data can be produced reliably.

The ABBL's comments below reflect consolidated feedback from its members and are intended to support a robust, clear, and workable framework.

General questions:

General 1: Are the instructions and templates clear to the respondents? If not, what should be clarified?

The ABBL considers that the proposed instructions and templates are overall clearer than those used in previous benchmarking exercises. This is mainly due to the simplification of the framework and its closer alignment with COREP reporting. The integration of IFRS 9 benchmarking into the supervisory reporting framework is also a positive development.

That said, several important points still require clarification.

First, the reporting timeline remains unclear. It is not evident whether benchmarking submissions are expected to follow the same deadline as COREP or whether a separate timetable will apply. From a practical perspective, full alignment with COREP would be difficult to operationalise, as benchmarking relies on validated COREP data and requires additional simulations, reconciliations, and quality checks. The ABBL therefore considers that a clear time lag between COREP finalisation and benchmarking submission should be maintained.

Second, the implementation timeline is ambitious, particularly given the expected first reference date of December 2026. Institutions will need sufficient time to adapt their systems, test reporting solutions, and coordinate with software providers. The ABBL therefore encourages the EBA to finalise the requirements as early as possible and to consider transitional arrangements for the first reporting cycle where appropriate.

Third, further clarification is needed on the treatment of Standardised Approach exposures in templates C101.02 and C102.02, as the current wording appears to leave room for different interpretations.

General 2: Do the respondents identify any discrepancies between these templates and instructions and the calculation of the requirements set out in the underlying regulation?

The ABBL does not identify any major discrepancies between the proposed templates and the requirements of the underlying regulatory framework. In substance, the data requested appears broadly consistent with previous benchmarking exercises.

Nevertheless, a few points would benefit from clarification. In particular, the treatment of Portfolio IDs in template C102.01 should be explained more clearly. It should be specified whether Portfolio IDs are expected to be unique on a standalone basis or only when combined with the relevant Model ID. This is important, as a single portfolio may be linked to several internal models, including PD, LGD, or CCF models.

In addition, the continued use of predefined Portfolio IDs that already embed segmentation characteristics such as geography, rating, or sector may create unnecessary complexity. A more flexible structure, based on granular portfolios together with clearly defined segmentation fields, could reduce the risk of inconsistencies and reconciliation issues while preserving the information needed for benchmarking purposes.

General 3: Do the respondents agree that the amended ITS on Supervisory Reporting allows to fulfil the requirements and purpose of the Article 78 of the CRD?

The ABBL agrees that the amended ITS is capable of fulfilling the requirements and purpose of Article 78 of the CRD. The data being collected remains broadly consistent with previous benchmarking exercises, which should allow supervisory authorities to continue assessing risk-weighted asset variability across institutions.

The main advantage of the proposed approach is that it integrates benchmarking into a more unified supervisory reporting framework. This should improve consistency, enhance comparability, and make the reported data more usable for supervisory analysis. From a market perspective, this is a positive development, provided that the implementation remains clear and proportionate.

General 4: what is the information (please refer to single columns) that you see as particularly costly to be provided? Please provide detailed information about the implementation and running costs of the proposed changes, also compared to the current total costs.

The ABBL considers that the most costly information will be that which requires new calculations, greater segmentation, or manual validation of historical data.

In particular, the new loss rate template C104.00 and the detailed breakdowns linked to RWEA add-ons and MoCs are likely to require significant resources, as they involve additional processing after COREP finalisation and depend on data that is not always captured in a standardised form.

From a market perspective, the main cost drivers are not limited to IT development. They also include the need to align internal models, reporting tools, governance arrangements, and data flows across business lines and entities. This is particularly relevant for banking groups that rely on multiple systems or external reporting providers.

The ABBL therefore considers that the EBA should ensure that the final requirements remain proportionate and allow sufficient implementation time, especially for the first reporting cycle. This is particularly important where institutions will need to develop new controls, mappings, and reconciliation processes to support the reporting.

General 5: what is the reporting level for banking groups that you deem more appropriate?

The ABBL considers that reporting should take place at the highest level of consolidation within the EU for banking groups. This approach is preferable from both a supervisory and an operational perspective.

It avoids duplication, reduces reporting burden, and is consistent with existing supervisory reporting practices. It also better reflects how banking groups manage their internal reporting and consolidation processes. The ABBL therefore supports reporting at the highest EU level of consolidation.

Credit Risk Benchmarking (CR)

CR 1: Do you foresee any issues with supplementing the sample of counterparties listed in C100.00 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?

The ABBL does not object in principle to supplementing the sample of counterparties listed in C100.00 with counterparties reported in C27.00. From a market perspective, this may help broaden the low-default sample and improve the robustness of benchmarking analysis while reusing information already collected under supervisory reporting.

However, the practical usefulness of this approach depends on how consistently it can be implemented. If the two templates are not technically aligned, institutions may face manual interventions, reconciliation challenges, and a higher risk of inconsistency. In addition, combining counterparties identified through different relevance criteria may make the reporting logic less transparent.

The ABBL therefore considers that the EBA should clarify the relevance methodology and ensure that the approach can be implemented in a stable, automated, and proportionate manner across institutions.

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

The ABBL considers the list of counterparties in C100.00 to be broadly appropriate and does not identify any material conceptual issues.

That said, technical inaccuracies should be corrected where identified, as even minor formatting issues in LEIs can create avoidable problems in matching and validation processes.

The ABBL would also welcome clarification on whether any materiality threshold, such as the EUR 12.5 million threshold used in the Large Exposures framework, should apply in this context. Clarifying this point would support a more consistent and proportionate approach.

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?

The ABBL supports the proposal to integrate the portfolio/model split into templates C101.01 and C102.01 rather than creating a separate template.

From a market perspective, this is the preferable solution, as it maintains a single reporting logic, avoids duplication, and reduces the operational burden associated with parallel structures for the same underlying information.

At the same time, the ABBL notes that the benefits of simplification will only be fully realised if the instructions are sufficiently precise. In particular, it should be clearly stated whether Portfolio IDs must be unique in themselves or only in combination with the relevant Model ID. This is especially important where multiple models apply to the same portfolio.

The ABBL would also welcome the publication of the full list of expected portfolios under the new framework. This would help institutions assess the implementation effort, evaluate the impact of the proposed changes, and ensure that the increased granularity remains proportionate to the supervisory benefit.

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?

The ABBL considers that it should be technically possible to provide the requested details on the impacts of RWEA add-ons and MoCs at the required segmentation level. However, this would entail a materially more complex reporting process.

In practice, institutions would need to perform recalculations across the relevant portfolios and models, and ensure that base RWA, add-ons, and MoCs are consistently separated and allocated. This is not merely a technical extraction exercise, but a modelling and governance exercise that depends on the sequence in which COREP data are validated and benchmarking data are produced.

For this reason, the feasibility of the requirement is closely linked to the reporting timetable. If benchmarking deadlines are too compressed, the quality and reliability of the figures may be adversely affected.

The ABBL therefore supports the objective of transparency, but recommends that sufficient time be allowed between COREP completion and benchmarking submission.

CR 5: Do you agree with the proposed simplification in the reporting for column 0202 (RWEA Standardised) of the template C 102.01? Do you deem the segmentation level for which the information is requested sufficient to highlight the key differences between the IRB approach and the Standardised Approach?

The ABBL supports the proposed simplification for column 0202. The suggested approach reduces unnecessary complexity while remaining sufficient to highlight the key differences between the IRB and Standardised Approaches.

From a market perspective, the proposed level of segmentation appears appropriate. It should allow the necessary information to be reported without creating avoidable additional burdens or undermining comparability.

CR 6: The split by collateral type (column 0061 of new template C 102.01) differs from the split used in the current Benchmarking portfolios. Do you foresee any issues or disadvantages with the new definition and instructions as compared to the ones currently in use?

The ABBL does not foresee any significant issues with the proposed split by collateral type. The revised definition appears clearer and more harmonised than the current one.

Its practical implementation will, however, depend on how effectively reporting software providers can incorporate the new logic into their tools and allocation processes. Subject to satisfactory implementation, the ABBL does not expect any material disadvantages compared with the current framework.

CR 7: Do you see material obstacles in providing the information required by the column 0302 of the template C 102.01 (Long-run average realized loss rate of assigned facility grades)?

The ABBL does not foresee material obstacles in providing the information required by column 0302. Based on the current assessment, the requested metric should be producible using available data and existing methodologies.

That said, some institutions may need to make additional internal coordination efforts to ensure consistency of the underlying data. While this should not prevent reporting, it should be taken into account in any implementation planning.

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?

The ABBL has significant concerns regarding the new loss rate template C104.00, mainly because of the operational burden it is likely to create and the limited availability of certain historical recovery data.

From a market perspective, the proposed structure appears highly granular and may result in a very large number of reporting combinations. This increases the risk of inconsistent interpretation across institutions. The ABBL therefore strongly recommends that the EBA provide detailed examples and further guidance to ensure a common understanding of the reporting logic.

In addition, some of the requested recovery-related data points, such as repossessions and disposals, are not always systematically captured in market systems or may not be readily retrievable for benchmarking purposes.

The ABBL therefore considers that the EBA should assess whether alternative or proxy measures could be accepted where historical data are incomplete. Prior to implementation of a new loss template, particular emphasis should be placed on:

- providing additional guidance and practical examples
- assessing the proportionality of the proposed level of granularity;
- considering alternative measures where data are not consistently available.

CR 9.1: The split by facility type (column 0062 of template C 102.01) is designed to collect information on the functioning of the CCF models. The classification into buckets (facility types) of off-balance-sheet items is based on Annex I of Regulation (EU) No 575/2013. Do you think there exist other classifications (for example product types) of off-balance-sheet items that would be more useful for representing the CCF models?

The ABBL supports the use of the facility type classification based on Annex I of the CRR. This approach is preferable from a market perspective because it relies on existing regulatory categories, promotes consistency across institutions, and enhances comparability of reported CCF data.

While product-based classifications might, in some cases, reflect internal business views more closely, they would also introduce greater interpretative risk and reduce comparability due to differences in product naming, booking practices, and internal definitions. The ABBL therefore sees no strong case for departing from the CRR-based classification and considers that the proposed approach strikes the right balance between analytical relevance and harmonisation.

CR 9.2: Template C 101.01 and C 102.01 propose two alternatives to collect the information on the CCF, either by one column (column 0110 in C 101.01 and column 0120 in C 102.01) or by two separate columns (columns 0111/0112 in C 101.01 and columns 0121/0122 in C 102.01). Which of these reporting alternatives do you prefer?

The ABBL expresses a preference for a **single CCF column**. This option is preferable because it maintains consistency with the treatment of other risk parameters, such as PD and LGD, avoids unnecessary complexity, and is sufficient for benchmarking purposes. By contrast, splitting the information into separate columns would add detail without a clear corresponding supervisory benefit and would increase implementation effort.

CR 10: Do you support the use and the proposed granularity of the common master scale to limit the number of reported rating grades? What alternative would you propose.

The ABBL supports the proposed common master scale. In market terms, the proposed granularity appears appropriate and should facilitate consistency with COREP reporting.

The approach also supports comparability across institutions by limiting the number of reported rating grades and ensuring a more standardised structure for benchmarking purposes. The ABBL therefore does not identify a more suitable alternative at this stage.

IFRS 9 Benchmarking

IFRS9 1: Do you agree with the proposed definition of SA institutions as relevant for the benchmarking reporting?

The ABBL notes that the IFRS 9 benchmarking proposals are generally not applicable to IRB institutions within its membership.

Where relevant, the use of Standardised Approach exposure classes appears conceptually sound, and the ABBL does not identify any major concerns with that approach.

IFRS9 2: Do you agree with the proposal to refer to SA exposure classes in defining the portfolios for SA institutions?

Please refer to the response to IFRS 9.1

Conclusion

The ABBL supports the overall direction of the proposal and recognises the benefits of integrating benchmarking reporting into the ITS on supervisory reporting. At the same time, several points require further clarification to ensure that the framework is proportionate, implementable, and workable in practice.

In particular, the ABBL considers that the final framework should provide clarity on scope and definitions, allow sufficient time for implementation, and avoid overly complex or data-intensive requirements where the underlying information is not systematically available. This is especially relevant for benchmarking timelines, Portfolio ID logic, RWEA add-ons and MoCs, and the new loss rate template C104.00.

The ABBL remains of the view that a balanced approach is essential: one that preserves the supervisory usefulness of the exercise while reflecting the practical realities faced by institutions. With the right clarifications and calibration, the amended ITS can provide a robust and workable basis for benchmarking reporting across the market.