

Consultation Response

EBA Reporting Simplification: Module 4 – Stress Testing

July 2026

Summary

AFME and its members support the objective of integrating stress testing data into supervisory reporting but we strongly oppose embedding it within FINREP templates, arguing this mixes accounting data with model-based risk metrics (e.g. PD, LGD, transitions) and weakens governance and traceability.

We highlight significant operational challenges, including complex data sourcing, reconciliation between risk and finance systems, and tight reporting timelines (D+42), which are incompatible with stress testing processes.

The industry recommends a separate, dedicated reporting module for stress testing, with annual frequency and longer timelines (e.g. D+70), to preserve data quality and feasibility.

Key concerns with the current proposals include unclear definitions (e.g. CCF, adjusted balances), inconsistency between templates, excessive granularity (especially geographic), and impractical requirements such as historical backfills to 2018.

Overall, we call for simplification, clearer methodologies, proportionality, and alignment between accounting, prudential, and stress testing frameworks.

Consultation Questions

Question 1. Do the respondents agree with the integration of stress testing data needs into regular reporting?

We support the EBA objective of a reduction burden in supervisory reporting obligations.

We do agree with the integration of stress testing data needs into regular reporting; however, we do not agree that this integration is to be done through the FINREP templates. We believe it is conceptually mistaken to assume that general FINREP templates can absorb information such as PDs, LGDs, stage transitions, overlays, or market sensitivities. These are not simple financial breakdowns; they are specialized risk metrics, developed under specific methodologies and for particular supervisory purposes. The FINREP instructions themselves isolate them in dedicated stress-testing blocks. Complex reporting requirements combining accounting, risk and management dimensions, partially scenario-driven into tight supervisory reporting timelines (D+42) – particularly F 50.00, F 49.01 and F 49.02, as well as F 16.03 – constrains the ability to integrate such “cross chain” information in the FINREP production process, introducing material feasibility, integration, and governance challenges. Therefore, moving them outside their natural perimeter

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does not improve reporting; it weakens it, because it mixes accounting data with model-based metrics and creates a clear risk of duplication, inconsistency, and loss of traceability.

Since BCBS 239, this approach would directly conflict with the principle of accountability, which requires clear board and senior management responsibility for the governance, quality, and use of risk data. If these metrics are dispersed across templates designed for other purposes, it becomes unclear who is responsible for their definition, controls, and reconciliation. In other words, this is not only a poor design choice, but also a way of weakening data governance by diluting the chain of responsibility over particularly sensitive information.

Moreover, we strongly believe that the implementation timeline proposed for the new reporting templates is inconsistent with the timeline currently envisaged for the next EU-wide Stress Test exercise.

Moreover, under the current proposal, institutions would be required to produce the new stress test-related reporting structures already for the 2026 Stress Test exercise (using December 2026 and December 2025 reference data), while the official first reporting date for the corresponding FINREP/COREP templates would only apply from September 2027 onwards.

This creates a material inconsistency for institutions for several reasons:

- In practice, institutions would be forced to implement the new reporting framework significantly earlier than the formal implementation date established in the ITS.
- Banks would need to design, build, test and govern entirely new data aggregation, reconciliation and control processes before the reporting framework is officially in force.
- The Stress Test exercise would therefore become a de facto accelerated implementation mechanism for the new reporting package.
- This acceleration is particularly problematic given the structural nature of the changes proposed, which require:
 - new data sourcing capabilities,
 - new reconciliations between risk, finance and regulatory reporting layers,
 - granular contract-level mappings,
 - historical data reconstruction,
 - and significant governance adaptations.

This issue is especially relevant for large and complex banking groups where Stress Testing, Risk and FINREP reporting operate under different governance and accountability frameworks.

Additionally, institutions would effectively be required to reconstruct historical information (e.g. December 2025 and December 2026 datasets) using reporting structures and reconciliations that would not yet be officially implemented nor stabilized operationally.

We therefore consider data and metrics related to both standard and climate stress tests should follow the same implementation timeline, as there is an intention to integrate both exercises within a single execution framework:

- *In this context, we consider the **proposed timeline of September 2028 appropriate** to ensure the availability of the starting point for the EBA 2029 stress test exercise (notwithstanding that, due to stress test requirements, data would need to be available with a reference date of December 2027, given the need to capture opening and closing stocks as well as intermediate flows).*

- Accordingly, climate stress test metrics should also be required as of September 2028 in order to enable the full integration of both exercises (or at least, at the same time as the FINREP new reporting framework).
- Consequently, conducting the 2027 stress test exercise based on a reporting framework that is not yet in force and is still in the process of being defined and established by the banks would require a tactical, early-stage data processing exercise ahead of the strategic solution needed to meet the reporting requirements. This could jeopardize both exercises or prevent efforts from being focused on developing a robust strategic solution. Therefore, it **seems more reasonable for the 2027 EBA Stress Test to maintain the approach followed in the 2025 stress test rather than anticipating the change or postponing the exercise after the reporting requirements are implemented.**

Credit Risk:

For credit risk, integrating selected stress testing data into recurrent reporting may be appropriate where it focuses on stable starting-point data and recurrent supervisory monitoring needs. Metrics such as gross carrying amount (GCA), IFRS 9 stage allocation, impairments and selected stage transfers could improve consistency between regular reporting and stress test preparation. By contrast, projected data including projected starting point stress test parameters should remain outside recurrent reporting, as they are inherently scenario-specific.

The parameters demanded by F 49.01 (notably 12-month PD by stage, LGD by stage, long-run LGD, stage transition rates, LTV ratios) are not accounting data: they are outputs of risk-management models. As such, they reside in the risk, modelling and capital systems (for pillar 2), managed by the risk function under a control framework distinct from the FINREP production chain. That is why the industry cannot agree with the EBA when it contends in the consultation paper that FINREP is "best placed" to host starting point data required to compute credit risk losses. On the contrary, FINREP is structurally unsuited, because it is an accounting framework and these parameters do not come from accounting.

The EBA itself acknowledges the lesser availability of the credit risk parameters requested in template F 49.01: in paragraph 43 of the Module 4 consultation paper, it justifies the frequency of F 49.02 by indicating that this information is "more readily available than the credit risk parameter data required for the quality assurance of the bottom-up stress test needs", which is an acknowledgement that the F 49.01 parameters are not as available as the accounting data, and that they belong to a different production logic. This lesser availability constitutes an impediment that not only contradicts the simplification objective, but also justifies a tailored treatment, that is a calendar and a control framework appropriate to risk data (annual frequency, D+70) and not those of accounting-based FINREP.

The absence of a reconciliation rule between F 49.01 and C 09.05 will also create structural differences, as the two templates cover common exposures measured on different bases (IFRS 9 on one side, CRR / IRB on the other). Without an explicit consistency rule acknowledging that these differences are normal, the validation checks will flag them as data-quality anomalies, generating each quarter a burden of investigation and justification with no real purpose.

In light of the above, we ask the EBA to: (i) recognise the non-accounting nature of the stress test parameters and house them in a dedicated stress test reporting, distinct from accounting-based FINREP, rather than in F 49.01; (ii) failing that, specify, parameter by parameter and column by column, which basis (IFRS 9 accounting or CRR prudential) governs each data point; (iii) confirm that these prudential data points are not subject to FINREP's accounting reconciliation checks, and publish a reconciliation note between F 49.01 and C 09.05; (iv) provide a remittance timeline

compatible with the production of risk data (of the D+70 type), incompatible with alignment to an accounting close; (v) maintain production at the group level of consolidation only.

That is why the industry proposes to separate stress-testing-related data requirements from FINREP, COREP and ESG into a dedicated module (whether regulated under ITS), to be submitted annually at a later stage (e.g. around day +70) and at group level only. This would alleviate current timing constraints, which are not compatible with the complexity and dependencies of stress-testing data, while improving data quality and operational feasibility. Such an approach would preserve the integrity of FINREP while ensuring that stress test data are produced under appropriate methodologies and governance frameworks.

In addition, the key condition for any integration is timing. The stress test EBA exercise should follow a best-efforts approach, with an explicit supervisory waiver on quality assurance findings linked to first implementation. The EBA should also provide, at least six months in advance, consistency checks & controls it foresees to apply on this new information (being part of a dedicated supervisory reporting set and even more if kept within FINREP & ESG) this a pre-requisite for suitable preparation of next stress test EBA exercise relying on this data.

We agree with the general principle of aligning the frequency with the nature and use of the data, but we do not agree with applying quarterly reporting to F 49.02 as proposed. For credit stress testing data, the default frequency should be annual, covering both F 49.01 and F 49.02. This would better align the reporting cycle with the stress test process, including starting point preparation, parameter calibration, data quality review and reconciliation.

If certain information is considered necessary on a quarterly basis, it should be assessed separately and accommodated through a narrower and specifically justified reporting approach. However, this should not change the general principle that credit stress testing data should be reported annually. Quarterly reporting of the full F 49.02 dataset would create additional production, control and reconciliation effort for data whose primary purpose remains stress test preparation rather than continuous monitoring.

Finally, there are potential scope differences between the parameters reported in the new ITS and those required in the CSV_CR_SCEN template of the EBA stress test. In particular, the new ITS template 49.01 does not require completion of the section related to parameters for off-balance-sheet exposures, which are instead included in the CSV_CR_SCEN template. Conversely, loans underlying synthetic securitizations are included in template 49.01 but excluded from the CSV_CR_SCEN scope, as they are treated as securitizations.

Furthermore, in template 49.01 LGDs must be weighted only by EAD across the different staging categories (LGD S1, LGD S2, LGD S3), and not also by TR as for EBA stress test exercise.

Market Risk:

With regards to the Market Risk Sensitivity template (F50.00), we do not see any benefit or use for validation purposes and suggest removing this from the scope of the consultation. Moreover, there is significant overlap between the proposed F50.00 template and the CRR3 FRTB templates, as both are looking for sensitivities of trading book / fair valued positions. This goes against the intended principle of simplification.

Question 2. Do the respondents agree with the proposed approach to the scope of reporting of the stress testing data?

Credit Risk:

For credit risk, the proposed scope may be acceptable where each data item has a clear supervisory purpose and can be properly reconciled with the accounting reporting framework. FINREP

may provide an appropriate basis for credit starting-point information; however, the scope should remain focused on data that can be produced using stable definitions and with sufficient traceability, rather than attempting to absorb all stress test-specific analytical needs into recurrent reporting.

Our main reservation concerns the alignment between model-based parameters and accounting measures. IFRS 9 and stress testing models frequently rely on concepts such as EAD, PD, LGD, CCF and transition rates, whereas FINREP is structured around accounting balances such as gross carrying amount, impairments and IFRS 9 stages. Applying model parameters over GCA-based structures may therefore require new mappings, aggregation rules and reconciliation controls. For this reason, the scope should be limited to metrics for which the calculation basis, reporting perimeter and reconciliation logic are clearly defined and operationally feasible.

In addition, the 2027 “mimic” exercise should not be carried out before the recurrent reporting framework has been fully implemented and stabilised. It should either be cancelled or postponed until the relevant data are already embedded in regular reporting production. Otherwise, institutions would be required to build temporary mappings, controls and reconciliations for a framework that is not yet operational, creating avoidable implementation effort without delivering the intended simplification benefits.

The detailed geographical reporting requirements for F49.01 and F49.02 significantly increase the granularity across asset class breakdowns, resulting in an excessively detailed output. Furthermore, recent revisions to the EU Stress Test materiality conditions have compelled more institutions to report on an expanded number of countries (top10). Consequently, if reporting mandates the top 10 countries, this translates to over 440 rows, in addition to the columns required under F49.01. Such extensive reporting places a substantial burden on institutions, particularly concerning the rigorous data reconciliation checks that must be applied. We strongly recommend that any geographical breakdown requirements be limited to a maximum of the top 3 countries to alleviate this burden.

Market Risk:

As mentioned, with regards to the Market Risk Sensitivity template (F50.00), we do not see any benefit and suggest removing this from the scope of the consultation. The biannual sensitivity reporting via the EBA Stress Test template is sufficient and we see no need for an additional template that is different in granularity and does not provide a means for the EBA to validate the data submitted under MR_REVAL in the ST exercise.

Currently, banks often use sensitivity data as a critical component of their real-time limit monitoring system. This system is structured to provide the most relevant information to our risk takers and market risk managers based on the specific dynamics of their trading operations. The data aggregation methodology outlined in the F50 proposal is inconsistent with this established and effective risk management practice. A transition to the proposed structure would represent a significant operational undertaking and would not, in our view, materially enhance the value of the biannual stress test.

Furthermore, the proposed sensitivity-based reporting would not constitute a reliable basis for estimating stress test impacts. For a number of products with significant non-linear risk profiles, sensitivities provide only a local approximation of risk and fail to adequately capture convexity and higher-order effects under severe market shocks. As a result, stress impacts derived from sensitivities could materially diverge from those produced through a full revaluation approach, which remains the appropriate methodology for assessing risk under stressed market conditions. Consequently, the information reported in F50.00 would not be suitable as a proxy

for a comprehensive stress test exercise and would provide limited supervisory value in this context

Finally, there is significant overlap between the proposed F50.00 template and the CRR3 FRTB templates, as both are looking for sensitivities of trading book / fair valued positions. Implementing the current proposal would lead to redundant reporting obligations and require firms to produce similar data sets in different formats, which is not a prudent allocation of resources. Overall, incorporating this F50.00 template contradicts the EBA's basis of simplification of Regulatory Reporting and Stress Exercise for institutions.

Question 3. Do the respondents agree with the frequency of reporting of the stress test data?

First, we agree with the annual frequency for F 49.01, which reflects the annual reference date logic of the stress test cycle. An annual template capturing credit risk parameters at year-end is consistent with the stress test's use of December year-end data and avoids placing quarterly production obligations on the most granular and operationally demanding data set in the package.

Regarding F 16.03, several sources of complexity have been identified, leading the industry to request an annual frequency. Difficulties arise regarding the scope definition, the data availability and the integration into existing accounting/reporting chains. These challenges notably materialize as to the definition of the revenue components and their scope, in particular with respect to dividends, interest and client contribution. The structural mismatch between analytical data (e.g. client contribution) and the accounting data used in FINREP also raises significant operational complexity due to the lack of industrialised processes, resulting in manual extractions, the use of flat files and ad hoc processing. That is why the industry proposes the introduction of a dedicated supervisory reporting, with an annual frequency, limited to the highest level of consolidation (i.e. not required nor broken down at entity level), and subject to a submission timeline consistent with operational constraints (D+70).

Regarding F 16.08, we request that the frequency changes from quarterly to annual, in order to align with the annual submission of F 44.04, to avoid unnecessary and disproportionate quarterly production overhead for a largely stable data dimension.

Finally, we also request the removal of the new F 50.00 proposal altogether. As mentioned in response to question 1, the EBA announced in the consultation paper that for stress testing purposes, raw sensitivities will still be collected at a more granular level through an ad-hoc template. Therefore, we are concerned that the effort put into the production of F 50.00 will fail to reach its goal since it is admitted that the said template would be complemented with further data collection.

We also have significant concerns regarding the proposed quarterly reporting frequency for template F49.02 and request an alignment with F 49.01 at annual frequency.

In our view, the volume and granularity of information included in this template are excessive for a quarterly reporting process. The template goes beyond a simple supervisory monitoring exercise and requires the production, reconciliation and governance of highly granular risk-related information on a recurring basis.

In particular, template F49.02 includes:

- transition metrics,
- risk parameters,
- overlays,

- and complex calculation components,

which are data produced in the credit risk systems under a different control framework than the FINREP production chain and are operationally challenging to produce and reconcile on a quarterly basis.

The implementation of such a process would require substantial additional operational effort across Risk, Finance and Regulatory Reporting functions, including:

- granular data sourcing,
- repeated reconciliations between accounting and risk frameworks,
- enhanced governance and controls,
- and extensive validation processes.

We do not believe that the supervisory benefit obtained from collecting the full scope of the template quarterly is proportionate to the operational burden imposed on institutions.

Therefore, our preferred option would be:

- to set the reporting frequency of template F49.02 to annual.

However, should the EBA consider that a quarterly supervisory monitoring component remains necessary, we would strongly recommend limiting the quarterly reporting scope exclusively to overlays or other information strictly necessary for short-term supervisory monitoring purposes.

All remaining information currently included in template F49.02 — particularly transition-related metrics, risk parameters and structurally stable calculation components — should instead be incorporated into the annual F49.01 reporting process.

Such an approach would:

- significantly reduce operational complexity,
- improve data quality and consistency,
- facilitate stronger governance and controls,
- and ensure a more proportionate balance between supervisory needs and implementation burden.

Credit Risk:

We agree with the general principle of aligning the frequency with the nature and use of the data, but we do not agree with applying quarterly reporting to F 49.02 as proposed. For credit stress testing data, the default frequency should be annual, covering both F 49.01 and F 49.02. This would better align the reporting cycle with the stress test process, including starting point preparation, parameter calibration, data quality review and reconciliation.

If certain information is considered necessary on a quarterly basis, it should be assessed separately and accommodated through a narrower and specifically justified reporting approach. However, this should not change the general principle that credit stress testing data should be reported annually. Quarterly reporting of the full F 49.02 dataset would create additional production, control and reconciliation effort for data whose primary purpose remains stress test preparation rather than continuous monitoring.

Overall, imposing quarterly frequencies for starting point stress test data goes against the simplification objective: the frequency of submissions would increase from an every-two year basis to

be multiplied by eight, under a FINREP calendar production incompatible with the construction of management data, risk data, not to mention reconciliation issues and governance problems.

Question 4. Do the respondents see any impediment in providing the credit risk parameters? Please elaborate.

Credit Risk:

Yes.

The provision of credit risk parameters may be feasible, but it could require significant implementation effort. The EBA proposal indicates that template F 49.01 would collect credit risk parameters for on-balance sheet amortised cost exposures, broken down by counterparty residence, as well as information on off-balance sheet exposures. However, these data are not necessarily available within accounting or FINREP production systems, as they are often generated in IFRS 9, risk modelling or stress testing environments rather than within the core reporting process.

The main challenge relates to traceability. The reported parameters would need to comply with the required definitions, but existing calculation processes may not retain all intermediate data necessary to evidence and reconcile the final figures. This is particularly relevant for transition-related metrics, which require contract-level tracking over a defined observation window, including stage movements, defaults, cures, repayments, write-offs, derecognitions and portfolio changes. Current reporting processes are typically point-in-time in nature and may not preserve this longitudinal view.

Therefore, while the requirement may be manageable, it would require clear definitions, sufficient implementation time and proportionate expectations regarding data lineage and reconciliation capabilities.

We would note also that the parameters reported would need to have a forward looking perspective. It is not specified whether the parameters consistent with IFRS 9 at the reference date should be reported. In any case, if a single reference scenario is not provided, the starting point parameters could be estimated using different underlying scenarios across different banks.

Question 5. Do the respondents identify any difficulty in providing the notion of nominal amount after the application of the accounting CCF? Please elaborate.

Credit Risk:

Yes. The main difficulty is definitional. The reference to an “accounting CCF” suggests an IFRS 9 / ECL-based measure, while any cross-reference in template F 49.01 to Regulation (EU) No 575/2013 may create ambiguity, given that the CRR relates to prudential exposure value calculations for off-balance sheet items. The EBA should therefore clarify whether the requested amount is intended to be based on accounting ECL assumptions or on prudential CCF logic, as the two approaches may differ materially. Since template F 49.01 includes both off-balance sheet exposure amounts and credit risk parameters, consistency of definitions is essential to ensure comparability across institutions.

There may also be operational challenges in producing and evidencing the requested figures. Accounting systems generally capture nominal commitments and allowances, whereas accounting CCFs are often generated in IFRS 9 or risk modelling engines and may depend on portfolio, product, maturity, scenario or behavioural assumptions. Institutions may therefore need to establish new data lineage between nominal off-balance sheet amounts, IFRS 9 CCF assumptions, ECL models and reporting outputs.

Accordingly, the requirement may be feasible, but only if the EBA clearly confirms the applicable definition and avoids any ambiguity with prudential CCF concepts under the CRR framework.

Question 6. Do the respondents identify any difficulty in reporting the adjusted opening balance? Please elaborate.

Credit risk:

Yes. Reporting the adjusted opening balance will raise major operational challenges if it requires a movement-based reconciliation process that is not currently embedded within FINREP production frameworks. Template F 49.02 is expected to include carrying amounts, IFRS 9 stages, impairments, collateral information and transfers across IFRS 9 stages. Such information is not available in accounting systems. The standard accounting approach consists in carrying forward the previous period's closing balance as the opening balance, without adjustments for exposures that have been written off, matured or repaid during the period. The requested concept therefore has no accounting anchor and is not captured in existing systems. Producing this metric would require reconstructing the opening position exposure by exposure, removing all de-recognised items. This implies complex, largely manual processing across multiple systems, resulting in overly burdensome labor-intensive processes.

In a FINREP context with a D+42 timeline, such a process cannot realistically be integrated under current operating models, except at the cost of significant investments and with a high residual operational risk.

Moreover, reporting institutions may need to reconcile opening balances, current-period movements and closing balances at a much greater level of granularity than today.

The main challenge concerns operational traceability. Existing reporting processes are generally built around point-in-time balances, whereas an adjusted opening balance may require identifying and tracking changes in perimeter, reclassifications, derecognitions, write-offs, repayments, FX effects, stage movements or portfolio transfers before the relevant flows can be calculated.

While the requirement may ultimately be feasible, the EBA should clearly specify which adjustments are expected and avoid creating a reconciliation exercise whose operational complexity exceeds the actual supervisory value of the metric. In addition, if deemed necessary for supervisory purposes (e.g. stress test starting points), this type of information should be collected through dedicated ad hoc reporting exercises, with appropriate timelines (e.g. D+70) and lower frequency (e.g. annual), rather than embedded in recurring FINREP reporting.

Question 7. Do the respondents identify any difficulty in potentially providing the information on F 49.02 historically (i.e. since 2018 when IFRS 9 entered into application)?

Credit Risk:

Yes. Requiring historical information for template F 49.02 back to 2018 would be impracticable and should not be imposed. Such a request would not be proportionate, given that template F 49.02 did not exist as a reporting structure during that period and institutions neither produced nor controlled the relevant information under the definitions, segmentation and granularity now envisaged.

The issue is not merely a matter of data extraction, but a structural limitation. Since 2018, systems, IFRS 9 models, staging criteria, overlays, portfolio segmentations, collateral data and reporting processes have evolved significantly. In many cases, the necessary calculation traces, contract-level histories, re-segmentations and movement data were not retained in a manner that would allow a reliable reconstruction of the requested information.

Reconstructing historical data would be excessively burdensome, both due to the presence of significant past corporate actions (e.g., mergers, disposals, etc.), which would require rebuilding integrated historical databases, and due to the volume and granularity of the data to be retrieved.

As a consequence, any historical submission would necessarily rely on manual approximations and assumptions, thereby undermining comparability, consistency and auditability. For this reason, historical reporting should not be requested beyond a recent reference date for which the new framework has already been implemented, stabilised and properly controlled.

We identify fundamental difficulties with a mandatory historical backfill of F 49.02 data since 2018 and strongly request that the EBA confirm in the final ITS that no such requirement will be imposed.

First, template F 49.02 did not exist, so the data was never produced on its basis. Difficulties are particularly acute since the template merges a combination of accounting and prudential dimensions that is new to FINREP. Even where the underlying elements existed in both the accounting and risk systems, they were never assembled and reconciled. As such, a historical backfill would not be built on the extraction of an archived report yet would call for the construction of a report that was never specified for the past eight years. Producing it means going back to the source data of each period and re-deriving the template as if the requirement had existed, which could only be possible to the extent that the granular source data of each period still exists, in the required dimensions and quality. As the geographic and stage dimensions were not maintained at this granularity throughout the period, that condition is obviously not met across which renders the historical backfill impracticable.

Second, another obstacle concerns the risk-management content of F 49.02 — the impairments with and without management overlays, and the stage classifications that drive the flows. As stated above, these are not static accounting facts but are outputs of IFRS 9 models and of management judgement, as they existed at each historical date. In this regard, the industry would like to underline that since 2018 IFRS 9 models have been recalibrated, redeveloped and replaced repeatedly, so that the reconstruction, e.g., of the 2019 stage allocation and impairment with today's models would not reproduce what would have been reported in 2019 had the requirement existed at the time, not to mention that management overlays also evolve over time. Reconstructing now the 2019 data would require that the models, their parameters and their input data still be runnable, and that the management overlay point-in-time governance decisions, that are specific to a given risk concern, had been stored as a structured, country-by-stage data series that can be replayed.

That is obviously not the case and renders the EBA historical backfill expectation impossible to fulfill.

To sum up, a historical backfill of F 49.02 since 2018 is not a matter of additional effort that could be overcome with sufficient resources; it would require reconstructing data that, for a substantial part of the period and a substantial part of the template, either was never produced in the required form, no longer exists in retrievable form, or cannot be recreated without introducing retrospective assumptions that would deprive the resulting figures of any reliability.

For these reasons, we ask the EBA not to impose any obligation to provide F 49.02 information historically, whether through the ITS itself or through a parallel ad hoc data collection. A mandatory backfill since 2018 would, for the reasons above, either be impossible for material parts of the template and the period or be satisfiable only by producing retrospectively constructed figures whose reliability and comparability could not be assured, which again appears contrary to the simplification and quality assurance objectives.

Question 8. Do respondents have any comments on the proposed introduction of the new COREP C 09.05 template?

Based on our inquiry the current C 09.02 template already provides a breakdown of exposures under the IRB (Internal Ratings Based) approach by the country of residence of the obligor. This includes the need for information on defaulted and non-defaulted exposures, which aligns with the new requirements outlined in the C 09.05 template.

It has been specified that for Stress Testing there is a need for a split of the defaulted and non-defaulted columns, as well as for an additional column for 'Best estimate of expected loss - ELBE for defaulted exposures (%)' and a column to report the PD% without defaulted exposures. Moreover, complementary details concerning the subclass Corporate/Other are requested.

The contextual relationship to existing templates demonstrates that data requested in the new C 09.05 template on geographical breakdown is indeed complementary to the current COREP requirements.

Therefore the merge of the two templates into a single template with annually additional columns dedicated to institutions participating in supervisory stress tests appears to be a balanced approach to streamline the reporting process.

Furthermore, the balanced combination of the criteria to be applied for this merged template includes a materiality threshold for non-domestic exposures exceeding 10% of total exposure, along with specific static aggregation criteria, as previously outlined (refer to question 4 in the CP Module 6 - COREP own funds.pdf).

On a more detailed point, we believe that further clarification should be provided regarding the definition and scope of the rows "Secured by immovable property" and "Not secured by immovable property". More precise guidance would help ensure consistent interpretation and homogeneous reporting across institutions, thereby enhancing comparability and overall data quality.

Question 9. Do respondents see as an efficient reduction of reporting cost the implementation of a materiality threshold on the geographical dimension in C09.05 (i.e. no data would be requested for countries representing less than 1% of total exposures), compared to reporting all countries irrespective of materiality? If not, please explain.

From an operational perspective, the introduction of a materiality threshold on the geographical dimension in template C 09.05 does not appear to generate significantly different implementation or reporting costs compared to reporting all countries irrespective of materiality.

However, the main benefit of introducing such a threshold is that it would avoid the reporting of geographies with immaterial exposure amounts and limited supervisory relevance. As a result, review and control processes could be streamlined, since institutions would not be required to provide a fully granular geographical breakdown for immaterial countries.

In addition, from both supervisory and stress testing perspectives, we understand that excluding these immaterial geographies would not have a meaningful impact on the overall results or on the robustness of the exercise.

As outlined in Module 6, Question 4, implementing this materiality threshold necessitates adding a dynamic test to categorize, on a quarterly basis, the countries where the original exposure is equal to or exceeds 1% within current operational processes. Excluding certain countries from quarterly reporting to assign them to the z-axis 'Other Countries' does not significantly reduce

reporting burdens. Additionally, given the proposal to merge the C09.05 and C09.02 templates and the absence of this new materiality threshold in the C09.02 template, the anticipated cost reduction is not material in practice.

Question 10. What are respondents' views on the proposed approach to applying the 0.5% materiality threshold to sectoral exposures? Please provide reasons and, where relevant, suggest alternative approaches.

Credit risk:

We do not consider that applying a 0.5% materiality threshold to sectoral exposures would materially reduce the reporting burden. Once institutions are required to identify the full NFC perimeter, assign sector classifications, calculate exposures and reconcile the complete population, most of the operational effort has already been incurred. Excluding immaterial sectors only at the final reporting stage does not eliminate the need to perform the underlying data preparation, classification and reconciliation work across the full dataset.

While the threshold may have some analytical value in limiting the number of reported rows, it should not be presented as a genuine simplification measure. The main operational burden stems from data sourcing, NACE and sector classification, re-segmentations, controls and reconciliation of the overall NFC portfolio, rather than from the final inclusion or exclusion of a limited number of immaterial sectors.

If the EBA decides to maintain a materiality threshold, its purpose should therefore be clearly framed as reducing reporting output, rather than reducing production effort. More effective simplification measures would include defining a stable sector perimeter, avoiding frequent reclassifications and limiting additional breakdowns where they do not provide clear supervisory value.

Separately, although a materiality threshold is defined at the overall EAD level by NACE and country, at the individual staging level there may be cases of immaterial or even missing EADs. It is not clear if Banks should nevertheless proceed with completing the starting points for all staging categories, even in cases where EADs are immaterial or absent, as required for the EBA stress test.

Question 11. Do respondents have any comments on the proposed introduction of the limited geographical breakdown in F 16.08 and F 44.04? On template F 16.08, we would like to question again the relevance of the quarterly frequency, especially where template F 44.04 is annual. Given that administrative expense breakdowns by country are unlikely to change materially between quarters, as stated above, we request that the EBA consider aligning both templates to annual frequency for the geographic dimension, consistent with the frequency proposed for F 49.01 and F 50.00.

Providing this geographical breakdown of other administrative expenses on a quarterly basis is process intensive for institutions and it is unclear why the EBA requires the granularity on a quarterly basis. We would propose that it is collected annually and not quarterly.

Question 12. Do the respondents identify any difficulty in reporting client revenues on items not held with a trading intent as defined in template F 16.03? Do you generate client revenues also on items not held with a trading intent?

Several sources of complexity have been identified. These challenges notably materialise as follows: (i) difficulties in precisely defining the revenue components and their scope, in particular with respect to dividends, interest and client contribution; (ii) a structural mismatch between analytical data (e.g. client contribution) and the accounting data used in FINREP; (iii) significant operational complexity due to the lack of an industrialised processes, resulting in manual extractions, the use of flat files and ad hoc processing; (iv) limitations of existing systems (e.g. front-office tools), which do not allow for a reliable and fully automated daily production, as well as (v)

granularity issues and risks of double counting, depending on the allocation dimension retained (e.g. sales vs originator view).

Again, we would like to emphasise the fact that the data in question is of a non-accounting nature, raising data definition challenges and operational difficulties due to the timeline inherent to accounting statements, that is D+42. Risks of inconsistencies across institutions would also contradict the simplification objective.

Therefore, the industry again requests that the stress starting point data are not integrated into FINREP but be subject to dedicated supervisory reporting with an annual frequency, limited to the highest level of consolidation (i.e. not required nor broken down at entity level), and subject to a submission timeline consistent with operational complexities (that is at least D+70).

Additional clarifications/concerns:

Scope of the credit risk starting point and use of F 49.01, F 49.02 and D 01.00 data points

EBA CP Module 4 - Stress Testing, paragraphs 8 to 14, states that the integration of stress testing data into regular supervisory reporting is intended to cover starting point information, while scenario-dependent projections remain outside regular reporting in ad hoc stress test templates. Paragraph 9 refers to the inclusion of sectoral information in ESG template D 01.00, including transition risk information needed for climate stress testing purposes, and paragraph 13 describes the proposed FINREP templates F 49.01 and F 49.02.

It remains unclear whether F 49.01, F 49.02 and D 01.00 are intended to provide the complete credit risk starting point for stress testing purposes, or only a partial reporting layer to be complemented by ad hoc templates, internal data or methodological bridges. It is also unclear which reported data points are intended to be used as direct projection inputs, and which are intended only as exposure measures, impairment or provision stock measures, segmentation variables, climate risk indicators, supervisory quality assurance inputs or challenger model inputs.

Could the EBA clarify whether F 49.01, F 49.02 and D 01.00 are intended to provide the complete credit risk starting point for stress testing purposes? In particular, could the EBA classify the relevant data points according to their intended use, distinguishing between exposure measures, such as gross carrying amount and off-balance sheet amounts, impairment or provision stock measures, direct projection inputs, segmentation variables, climate risk indicators and supervisory quality assurance variables? Could the EBA also clarify which elements, if any, are expected to remain outside regular supervisory reporting and continue to be collected through ad hoc stress test templates or other mechanisms?

Expected reconciliation between FINREP F 49 and ESG D 01.00, including geographical breakdowns

EBA CP Module 4 - Stress Testing, paragraphs 9 and 13, refers to the inclusion of sectoral information in ESG template D 01.00 and to the proposed FINREP templates F 49.01 and F 49.02. F 49.01 and F 49.02 appear to be based on a FINREP credit risk perimeter, mainly linked to amortised cost exposures, gross carrying amount, impairments, collateral information and transfers across IFRS 9 stages. D 01.00 appears to provide a broader ESG and climate transition risk view, including sectoral/NACE information for NFC exposures, household exposures, emissions and residual maturity.

This creates a potential perimeter and reconciliation issue between the FINREP credit risk templates and the ESG sectoral template. The geographical treatment may also differ. Annex V, Part 2, paragraph 397 of the proposed FINREP instructions provides that F 49.01 and F 49.02 are reported at total level, with a geographical breakdown required only where the institution exceeds the threshold in Article 5(2) of Commission Implementing Regulation (EU) 2024/3117. It also

states that foreign-country exposures below 1% of total domestic and non-domestic exposures are allocated to “Other countries”, that a specific treatment applies where domestic exposure exceeds 90%, and that the geographical breakdown does not apply to off-balance sheet exposures in F 49.

Could the EBA clarify the expected reconciliation between FINREP F 49.01/F 49.02 and ESG D 01.00 for stress test starting point purposes? In particular, should D 01.00 reconcile to F 49.01 and F 49.02 at total level only, or also by geography, counterparty type, sector/NACE, accounting category or other dimensions? Could the EBA also clarify whether D 01.00 should follow the same geographical selection logic as F 49, whether a single common set of geographies is expected across NFC and household exposures, and how institutions should reconcile D 01.00 with F 49 where off-balance sheet exposures are explicitly excluded from the F 49 geographical breakdown?

Consistency between F 49.01 credit risk parameters and F 49.02 accumulated impairment

EBA CP Module 4 - Stress Testing, paragraphs 8 to 14, states that the integration of stress testing data into regular supervisory reporting is intended to cover starting point information, while scenario-dependent projections remain outside regular reporting in ad hoc stress test templates. Paragraph 13 describes F 49.01 as providing credit risk parameters for on-balance sheet amortised cost exposures and information on off-balance sheet exposures, and F 49.02 as providing gross carrying amount, impairments, collateral information and transfers across IFRS 9 stages.

It remains unclear how the credit risk parameters reported in F 49.01 are expected to relate to the accounting stock of accumulated impairment reported in F 49.02. This is particularly relevant where a 12-month PD, where applicable, or an equivalent probability or transition parameter is used to support both stage transition analysis and the calculation, validation or projection of provision stocks. These concepts are related, but they are not mechanically equivalent.

At contract level, accumulated impairment may reflect not only probability of default, loss given default and exposure, but also discounting, expected cash flow timing, amortisation profile, prepayments, collateral recoveries, cure assumptions, contractual maturity and other IFRS 9 modelling effects. Therefore, a risk parameter used to support transition logic may not, by itself, reproduce the final accounting stock of accumulated impairment.

Could the EBA clarify whether the credit risk parameters reported in F 49.01 are expected to reconcile mechanically with the accumulated impairment reported in F 49.02, or whether F 49.01 should be understood as a parameter layer supporting stress test projection and supervisory quality assurance without directly reproducing the accounting provision stock? In particular, where a 12-month PD or equivalent probability or transition parameter is used for stage transition analysis, should the reported parameter be calibrated to align with the final IFRS 9 accumulated impairment stock, including discounting, amortisation and contract-level cash flow effects, or should those effects be applied separately outside the parameter reported in F 49.01?

Definition, estimation and exposure denominator of transition rates in F 49.01

The 2025 EU-wide Stress Test Methodological Note defines transition rates as 12-month probabilities of moving between IFRS 9 stages. It distinguishes transitions from S1 or S2 to S3, which capture exposures transitioning to S3 at any point during the year, from transitions such as S1-S2 and S2-S1, which are defined by the stage at year-end. The Methodological Note also states that transition rates are exposure-weighted averages and that starting point parameters are model-based estimates derived from the relevant line-by-line portfolio decomposition.

F 49.01 appears to include transition rate-type information as part of the credit risk parameter layer for on-balance sheet amortised cost exposures. However, it is not fully clear whether the F 49.01 transition rates should follow the same definitions and estimation principles as the 2025

stress test transition rates, or whether a different FINREP-based approach is expected. It is also unclear which exposure measure should be used as denominator when estimating, validating or reporting historical transition rates, especially where gross carrying amount, outstanding principal, internal IFRS 9 EAD and COREP exposure value may differ.

Could the EBA clarify whether the transition rates reported in F 49.01 should follow the same definitions as the 2025 EU-wide Stress Test Methodological Note, including event-based measurement for S1/S2 to S3 transitions, year-end stage measurement for S1-S2 and S2-S1 transitions, exposure-weighted aggregation and model-based point-in-time estimation? Could the EBA also specify which exposure measure should be used as denominator for historical estimation, validation and reporting of F 49.01 transition rates, and whether gross carrying amount at the beginning of the period should be used as the primary FINREP-consistent basis or whether another exposure measure is expected?

Perimeter and denominator consistency for F 49.01 parameters, F 49.02 impairment, off-balance sheet exposures and D 01.00 FVOCI exposures

EBA CP Module 4 - Stress Testing, paragraph 13, describes F 49.01 as providing credit risk parameters for on-balance sheet amortised cost exposures and information on off-balance sheet exposures, and F 49.02 as providing gross carrying amount, impairments, collateral information and transfers across IFRS 9 stages. D 01.00, by contrast, provides a broader ESG and climate transition risk view, which may include exposure measures covering both amortised cost and FVOCI portfolios.

This creates a potential perimeter mismatch between the data used to calculate or calibrate credit risk parameters and the exposures to which those parameters are expected to be applied. In practice, IFRS 9 ECL models may calculate and weight parameters using an EAD concept that includes both on-balance and off-balance components, especially for products with material undrawn commitments such as credit cards, overdrafts and credit lines. However, if F 49.01 parameters are calibrated on a broader IFRS 9 EAD basis but applied only to on-balance amortised cost exposures, the resulting provision projection may differ from the actual accumulated impairment, particularly where the off-balance component is material.

A similar issue may arise for D 01.00 if its gross carrying amount includes both amortised cost and FVOCI exposures, while the credit risk parameters are aligned with the amortised cost perimeter of F 49.01. Applying amortised-cost parameters to an AC+FVOCI exposure base could generate inconsistent credit loss estimates. Conversely, excluding FVOCI exposures without a clear methodology could limit the usefulness of D 01.00 as a sectoral and climate-related starting point.

Could the EBA clarify the perimeter that institutions should use when calculating, weighting and applying the credit risk parameters reported in F 49.01? In particular, should those parameters be calibrated and exposure-weighted using only on-balance amortised cost gross carrying amount, or should they reflect the broader IFRS 9 EAD used internally for ECL calculation, including off-balance components where relevant? Could the EBA also clarify how institutions should reconcile F 49.01 parameters with F 49.02 accumulated impairment where the underlying IFRS 9 provision stock includes off-balance sheet effects that are not separately visible in F 49.02? Finally, could the EBA clarify whether FVOCI exposures reported in D 01.00 should be excluded from the denominator of credit risk parameters aligned with F 49.01, treated through a separate FVOCI-specific methodology, or incorporated in another way within the stress test starting point?

Definition and application of the Credit Conversion Factor in F 49.01

F 49.01 includes, for off-balance sheet exposures, the metric “Nominal amount after the application of the credit conversion factor”. The definition of the off-balance sheet segments refers to CRR Annex I and to Annex V, Part 1.44(g), Part 2.102-105, 113 and 116. Annex V, Part 2.102-105 defines off-balance sheet exposures by reference to the items listed in CRR Annex I and classifies them into loan commitments, financial guarantees and other commitments. Annex V, Part 2.113 defines loan commitments as firm commitments to provide credit under pre-specified terms and conditions.

It is not clear whether the Credit Conversion Factor to be applied in F 49.01 should follow the prudential CRR/COREP framework, an IFRS 9 expected drawdown or EAD concept, or a specific stress-testing definition. This distinction is relevant because the converted amount may differ depending on the CRR Annex I bucket, regulatory approach, product type, internal model status, contractual cancelability and credit risk mitigation treatment. It is also relevant for stress testing purposes because the metric provides a converted exposure amount, but does not by itself provide the risk parameters or provision stock needed to project off-balance sheet credit losses.

Could the EBA clarify the definition of the Credit Conversion Factor to be applied in F 49.01 for off-balance sheet exposures? In particular, should institutions apply the relevant prudential CRR/COREP CCF, an IFRS 9 expected drawdown or EAD factor, or a specific stress-testing CCF definition? Could the EBA also clarify whether the CCF should differ by CRR Annex I bucket, regulatory approach, product type, internal model approval status, contractual cancelability or credit risk mitigation treatment, and how the resulting “Nominal amount after the application of the credit conversion factor” should reconcile with COREP exposure value, FINREP off-balance sheet reporting and any stress test credit risk projection methodology?

Comparison between the 2025 credit risk stress test methodology and the proposed 2027 FINREP, ESG and COREP/REA-based framework

The 2025 EU-wide stress test framework used dedicated credit risk templates, including CSV_CR_SCEN, CSV_CR_SECTOR, CSV_CR_REA, CSV_CR_SEC and related sections. CSV_CR_SCEN calculated projected exposures and provisions from starting point exposures, starting point provisions and stressed credit risk parameters, for all credit risk segments subject to the stress test except securitisations. The 2025 Template Guidance also included provision stock information by stage, including Prov Stock S1, Prov Stock S2, Prov Stock S3, Prov old S3-S3 and Prov SX-S3, and required provisions at end-2024 and beginning-2025 to include management overlays, including in-model or post-model adjustments where relevant.

The 2025 Methodological Note treated securitisation exposures separately from the ordinary credit risk methodology. In particular, securitisation exposures subject to Chapter 5 of the CRR, retained originator positions for which significant risk transfer has been achieved, investor positions, underlying exposures where no significant risk transfer has taken place, and securitisation exposures subject to mark-to-market valuation were subject to specific treatment under the securitisation or market risk sections.

Under the proposed 2027 framework, relevant information appears to be distributed across FINREP F 49.01 and F 49.02, ESG D 01.00 and COREP/REA-related templates. This creates potential non-equivalences between the 2025 stress test concepts and the proposed 2027 reporting-based framework, including provision stock definitions, overlay taxonomy, old/new S3 treatment, off-balance sheet exposures, FVOCI exposures, securitisation/SRT treatment, exposure value, EAD, RWEA, geographical breakdowns and transition rates.

Could the EBA provide a consolidated methodological mapping between the 2025 credit risk stress test framework and the proposed 2027 FINREP, ESG and COREP/REA-based framework? In particular, could the EBA identify, for each material 2025 concept, whether it is directly replaced by a new reporting data point, partially covered by a new reporting data point, expected to

remain in ad hoc stress test templates, or no longer required? Could the EBA also clarify how accumulated impairment in F 49.02 should be mapped to the 2025 provision stock fields, how the 2025 concept of management overlays should be mapped to the proposed overlay, in-model and post-model adjustment fields, whether the 2025 restrictions on accumulated S3 provisions and overlays are expected to apply under the 2027 methodology, and how securitisation and significant risk transfer exposures should be treated in the new framework?