BSG Response to EBA/CP/2026/01

28 April 2026

Banking Stakeholder Group's response to the EBA consultation on the draft Guidelines amending EBA/GL/2020/13 on the appropriate subsets of sectoral exposures to which competent or designated authorities may apply a systemic risk buffer in accordance with Article 133(5)(f) of Directive 2013/36/EU

The Banking Stakeholder Group (BSG) welcomes the opportunity to express its views on the consultation on the draft Guidelines amending EBA/GL/2020/13 on the appropriate subsets of sectoral exposures to which competent or designated authorities may apply a systemic risk buffer in accordance with Article 133(5)(f) of Directive 2013/36/EU.

The BSG notes the need for further harmonisation of macroprudential policies and considers the EBA's guidance and opinions to be important components in promoting the convergence of macroprudential approaches.

Please see BSG responses to the questions raised in the consultation below.

Q1. Do you agree that the proposed use of more granular economic activity classifications (including NACE level 2 or more granular levels where necessary) is appropriate and sufficient to enable authorities to effectively target exposures subject to climate transition risk while limiting unintended consequences for transition financing? If not, please explain and suggest alternative approaches or safeguards.

Climate risk is not sector-agnostic, but it is not solely sector-deterministic. NACE Level 2 and more granular classifications can provide a useful basis for targeting exposures to climate-related risks, and their use is well established in supervisory and statistical practice. However, the BSG considers that NACE classification alone is not sufficient to adequately capture exposures subject to climate transition risk, while at the same time limiting unintended consequences for transition financing.

In particular, reliance on a static sectoral classification may lead to misclassification of large and diversified counterparties, as well as insufficient differentiation between entities within the same sector that are at different stages of transition. Therefore, competent authorities should be able to complement NACE-based approaches with additional, risk-relevant metrics.

Enhanced granularity, when supplemented by such metrics, can support a more risk-sensitive calibration of the systemic risk buffer (SyRB), ensuring that capital requirements more accurately reflect actual transition vulnerabilities. This contributes to the protection of depositors and the efficient allocation of capital, while avoiding undue constraints on financing the transition.

Against this background, the BSG recommends that the Guidelines:

1. Allow and encourage the use of **complementary metrics beyond NACE classifications**, including at more granular levels where appropriate, while ensuring consistency, comparability, and data availability across institutions and jurisdictions;
2. Ensure **proportionality and operational feasibility**, in particular for smaller and non-complex institutions, by prioritising the use of data that is already available through existing supervisory or disclosure frameworks;
3. Ensure the absence of **double counting** of climate-related risks across the prudential framework, in particular between SyRB calibration and Pillar II requirements;
4. Incorporate **forward-looking elements**, including the presence and credibility of transition plans, in order to better reflect the dynamic nature of transition risk;
5. Allow for the **use of established metrics**, such as greenhouse gas emission scopes and EU Taxonomy alignment, where available, as these are already reported under Pillar III and can provide a cost-efficient enhancement of risk assessment;
6. Provide guidance on the treatment of **diversified exposures**, including cases where counterparties operate across multiple sectors, to ensure consistent and climate risk-sensitive allocation.

BSG also notes that transition and physical (including geographically specific) climate risks may, to some extent, be already addressed in capital requirements, through the EBA's work on ESG risk management and supervisory expectations on climate and environmental risks. To the extent that such exposures may be already captured at the microprudential (institution-specific) level, the intention of a SyRB targeting these risks may lead to unintended overlap and potential double-counting.

This reflects a broader structural challenge, as climate risks inherently blur the distinction between microprudential and macroprudential frameworks, underscoring the need for careful calibration and a clear delineation of scope.

Therefore, **appropriate safeguards** would be necessary to mitigate any potential overlap, including:

1. Coordination of calibration across authorities, ensuring consistency between microprudential and macroprudential measures, while taking into account specificities of climate change mitigation and adaptation planning in different Member States; and
2. Enhanced transparency, through clear supervisory communication on the respective scope, methodology, and interaction of the different tools.

Q2. Do you consider that introducing an additional subdimension related to Energy Performance Certificates (EPCs) or energy consumption buckets within the risk profile would be appropriate to better capture climate-related risks? If so, please comment on its relevance and potential implementation challenges, as well as data availability and possible proxies that relevant authorities could consider.

The BSG supports the inclusion of Energy Performance Certificates (EPCs), or comparable energy consumption indicators, as an additional subdimension of the risk profile for real estate exposures. EPCs can provide a meaningful and **forward-looking differentiation of transition risk** profiles within otherwise homogeneous portfolios, in particular for (i) retail exposures to natural persons secured by residential real estate (RRE), and (ii) exposures to legal persons secured by commercial real estate (CRE). As such, EPC-related information may enhance the risk sensitivity of the framework by distinguishing between assets with materially different transition trajectories and resilience to climate-related risks.

At the same time, the BSG notes that EPCs may have broader implications for borrowers, as they can influence property values, credit conditions, and market liquidity. It has to be considered that the EPC class alone might not adequately reflect risk, as carbon prices likely affect households with fossil fuel dependency disproportionately. While a more risk-sensitive treatment may increase capital requirements for lower-performing assets, it may also create incentives for the financing of renovation and energy-efficiency improvements, thereby supporting the transition and reducing the risk of borrowers being exposed to declining asset values or reduced insurability.

However, the effective use of EPCs for prudential purposes is currently constrained by **operational challenges**. These include significant data availability and quality issues across Member States, the lack of harmonisation of methodologies and classifications, and the prevalence of outdated certificates, particularly in older building stock. In addition, EPC data are often not systematically updated following renovations, and their integration into retail portfolios requires scalable, automated data solutions.

Against this background, the BSG recommends that any incorporation of EPC-related metrics into the SyRB framework should be accompanied by appropriate safeguards. In particular, authorities should:

1. Promote the establishment of minimum harmonised quality and comparability standards across Member States;
2. Allow the use of reliable and transparent proxies where EPC data are unavailable or incomplete;
3. Recognise the role of financing for renovation and energy-efficiency improvements, including by ensuring that forward-looking improvements in asset quality are appropriately reflected in the risk assessment; and
4. Consider alternatives in countries where EPCs are not mandatory and/or market prices do not adequately capture such a dimension.

The BSG considers that data are a key element. However, waiting for perfect data would imply acting only once risks have already materialised. The precautionary principle, central to EU policy, supports action even where data remain incomplete. While no single proxy can replace EPCs, a structured combination—such as building age, heating system, renovation status, energy consumption data (kWh/m²), and statistically modelled EPC estimates—can provide a scalable and

sufficiently accurate substitute, provided it is applied within a harmonised, conservative, and transparent framework.

Q3. Do you consider the proposed extension of geographical granularity (including the use of LAU level) appropriate for identifying exposures subject to climate physical risks? Please comment on the relevance of the proposal and potential implementation challenges, as well as data availability and possible proxies that relevant authorities could consider.

The BSG considers that the use of geographical granularity, including at the Local Administrative Unit (LAU) level, can materially enhance the identification of physical climate risks. Physical hazards such as flooding or wildfires are inherently localised, and risk concentrations may not be visible at higher aggregation levels (e.g. NUTS 3). For example, a mortgage portfolio that appears diversified at the regional level may, in practice, be highly concentrated in specific high-risk areas (e.g. floodplains) within a municipality. In this respect, the use of LAU-level information can support the identification of clustering effects and improve the risk sensitivity of the framework.

At the same time, the BSG notes certain limitations for widespread prudential application. LAU boundaries may not fully capture micro-geographical variations in risk (e.g. differences within a municipality), and access to harmonised, high-quality physical risk data remains uneven across Member States. Retail portfolios involve large volumes of granular exposures, and physical climate risk mapping often relies on spatial resolutions that are more granular than LAU (e.g. grid-based or address-level data), which may not be readily available or sufficiently standardised for prudential purposes.

In addition, LAU is an EU-specific territorial classification framework that does not have a directly comparable global equivalent. This may create operational and comparability challenges for European banks with internationally diversified portfolios, particularly where climate risk assessments rely on differing geographical units and data standards across jurisdictions.

Against this background, the BSG recommends that the Guidelines adopt a proportionate and pragmatic approach. In particular, authorities should:

1. Promote the development of harmonised European physical risk datasets, including enhanced accessibility and comparability across jurisdictions;
2. Allow for transitional periods to enable institutions to collect, integrate, and validate the necessary data; and
3. Permit the use of recognised public, scientific, or insurance-based risk maps as proxies where direct data are not available.

The BSG also notes that requiring highly granular geographical data may entail implementation costs and increase reliance on external data providers. To mitigate these risks, authorities could encourage the use of standardised, publicly available datasets (e.g. Copernicus-based products), promote common methodologies, and avoid fragmentation of data sources. At the same time, it should be noted that banks already collect detailed information on the location of collateral (e.g. property addresses) as part of their underwriting processes. Leveraging such existing data, combined with scientifically robust hazard information, can therefore be considered a natural extension of prudent risk management rather than an undue burden, provided that implementation is proportionate and is supported by appropriate data infrastructure.

Q4. Do you agree with the proposed flexibility to combine different dimensions (e.g. type of counterparty, economic activity, geographic area, type of collateral) when defining subsets of sectoral exposures for SyRB purposes? In your view, does this flexibility sufficiently support risk sensitivity while preserving transparency and comparability across jurisdictions?

The BSG sees benefit in competent authorities combining relevant dimensions (e.g. economic activity, geography, and risk type) when identifying exposures subject to systemic risk. There are also some concerns regarding **excessive granularity**, which the existing Guidelines seek to avoid, and the BSG notes that these reservations should be duly taken into account. Combining dimensions can **enhance risk sensitivity** and better reflect the underlying drivers of climate risks. In particular, it provides a more accurate representation of risk profiles by capturing the interaction between sectoral, geographical, and physical or transition risk factors, thereby avoiding overly broad or insufficiently risk-based measures.

From an investor protection perspective, a multi-dimensional approach may improve transparency and support market discipline by enabling a more granular understanding of banks' risk exposures. For example, it may allow investors to distinguish between exposures to the same economic sector under different geographical and risk conditions, which may imply materially different risk profiles. Such flexibility can also **reduce the risk of regulatory arbitrage**, as it reduces the ability of institutions to structure exposures in a way that circumvents narrowly defined or overly rigid buffer criteria.

At the same time, the BSG emphasises that the application of multiple dimensions should remain proportionate and operationally feasible. In particular, for retail portfolios, certain dimensions—such as the economic activity classification of natural persons—may have limited relevance for climate risk assessment. Excessive combinatorial granularity may increase the operational burden without delivering commensurate improvements in risk differentiation.

Against this background, the BSG considers that flexibility in combining dimensions can be effective when exercised within a clear and harmonised framework, supported by appropriate safeguards. In particular:

1. The rationale and methodology for combining dimensions should be clearly defined and communicated, and be based on robust and well-documented risk evidence;
2. The level of granularity should remain proportionate to the materiality of the risk;
3. The combination of dimensions should not lead to excessive granularity, and the reciprocating authorities should continue to make their own assessment of undue complexity in their decision-making, and
4. Narrowly defined exposure subsets based on weak or proxy-driven indicators should be avoided to the extent possible.

The role of the EBA is central in ensuring **consistency and comparability** across jurisdictions. While competent authorities should retain an appropriate degree of flexibility, the framework should ensure that similar risk profiles lead to broadly comparable outcomes across Member States. Where materially divergent outcomes arise for comparable exposures, this would point to issues of supervisory consistency rather than shortcomings in the underlying framework.

Therefore, the BSG emphasises that transparency towards institutions and markets is essential, including clear communication of how different dimensions interact within the risk assessment. Cross-border transparency and comparability must be preserved.

Q5. Do you consider the strengthened provisions on information sharing and the use of harmonised data sources adequate to facilitate the assessment and reciprocation of SyRB measures across Member States? Please indicate any remaining obstacles to effective reciprocity and how they could be addressed.

The BSG considers that effective reciprocity of SyRB measures is essential to ensure financial stability across the Union. Systemic risks are inherently cross-border, and insufficiently coordinated application of the SyRB may lead to risk migration across jurisdictions, thereby undermining its effectiveness. From a depositor protection perspective, it is immaterial where exposures are booked; what matters is that adequate capital is held against underlying risks on a consolidated basis.

However, differences in methodologies, data quality, and reporting frameworks across Member States pose challenges to the consistent identification and treatment of sectoral and geographical exposures. In particular, climate-related data (e.g. physical risk mapping, EPC frameworks, transition indicators) remain non-harmonised across Member States, which may lead to divergent supervisory assessments of similar exposures.

To support effective reciprocity, the BSG recommends that authorities:

1. Promote interoperable and harmonised data sources;
2. Standardise templates for defining exposure subsets;
3. Ensure transparency of methodological assumptions where non-harmonised data are used; and
4. Provide practical guidance to ensure operational feasibility.

The BSG considers that a clear ESRB methodology should be established to mitigate the risk of double-counting of exposures already subject to local capital measures and to ensure that reciprocity is applied in line with materiality thresholds.

The BSG welcomes the EBA's emphasis on harmonised data sources, as common definitions and standards reduce administrative burden and enhance consistency. Any residual costs should be considered as a necessary investment in a resilient and integrated Banking Union. Finally, information sharing between competent authorities should not be unduly constrained by commercial confidentiality concerns, as such exchanges are subject to established professional secrecy frameworks.

Q6. Do you have any additional comments on these draft Guidelines amending EBA/GL/2020/13 on the appropriate subsets of sectoral exposures to which competent or designated authorities may apply a systemic risk buffer?

The BSG considers that recent developments in other jurisdictions provide relevant lessons for the EU framework. In particular, the increasing politicisation of climate risk—evidenced, for example, by the withdrawal of climate risk principles in the United States—demonstrates that arguments

questioning the materiality of climate risk are likely to emerge in the EU context as well. Such arguments should be carefully assessed against the growing body of evidence confirming that climate-related risks are financially material, forward-looking, and systemic in nature.

At the same time, the BSG emphasises the importance of carefully assessing potential unintended consequences of SyRB measures from a social and cohesion perspective. Authorities should take into account possible regressive effects and ensure that the calibration of the SyRB does not contribute to financial exclusion, in particular for vulnerable households and communities, as well as companies in need of transition. Sectoral or concentration-based measures may disproportionately affect sectors where access to financing is essential to support the transition, and where constraints on credit could hinder necessary real economy adjustments. Similarly, geographically targeted measures at granular levels (including LAU) may affect access to finance in disadvantaged areas, with implications for local communities that may have limited capacity to adapt or relocate. In this context, maintaining access to long-term, affordable financing, while supporting cohesion across regions and population groups, should remain a key consideration. Authorities should therefore ensure that the scope and calibration of measures are proportionate, clearly justified, and consistent with existing prudential frameworks and wider cohesion goals across the EU.

The BSG is of the view that the application of sectoral systemic risk buffers carries a risk of overlaps with other risk mitigants applied by banks and their supervisors as part of microprudential supervision. This is in particular the case with commercial real estate, which is cyclical by nature. The BSG sees a risk that macroprudential authorities independently set additional requirements for these risks without full consideration of the extent to which these risks are already covered, which may result in overlaps in the capital requirements.

The BSG further notes that while the overall definition of systemic risk remains appropriate, the assessment of “riskiness” in the context of climate risk requires adaptation. Climate risk is inherently **forward-looking and subject to significant uncertainty**, and cannot be adequately assessed based solely on historical and largely linear data. While climate stress testing remains an important tool, its current limitations should be acknowledged, as climate impacts are non-linear in nature. In this context, the BSG considers that competent authorities should be explicitly permitted to incorporate evidence-based insights from climate science and other relevant disciplines (e.g. system dynamics) when assessing the riskiness of exposures subject to climate-related risk drivers.