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Consultation Paper

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

Contents

1. Responding to this consultation

The EBA invites comments on all proposals put forward in this paper.

Comments are most helpful if they:

- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

Submission of responses

To submit your comments, click on the ‘send your comments’ button on the consultation page by 30 April 2026. Please note that comments submitted after this deadline, or submitted via other means may not be processed.

Publication of responses

Please clearly indicate in the consultation form if you wish your comments to be disclosed or to be treated as confidential. A confidential response may be requested from us in accordance with the EBA’s rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA’s Board of Appeal and the European Ombudsman.

Data protection

The protection of individuals with regard to the processing of personal data by the EBA is based on Regulation (EU) 1725/2018 of the European Parliament and of the Council of 23 October 2018. Further information on data protection can be found under the Legal notice section of the EBA website.

2. Executive Summary

Climate risks –and more broadly, environmental risks- are expected to have a material impact on both individual institutions and the financial system. Climate risks are likely to be of a systemic nature, due to their broad impact across sectors and geographies, second-round effects, their uncertainty and potential to spread across the financial system.

Systemic Risk Buffers (SyRB) can be used if relevant authorities consider that risks related to climate change have the potential to have serious negative consequences for the financial system and the real economy in Member States. This possibility is explicitly reflected in Article 133 of Directive (EU) 2024/1619[1].

EBA/GL/2020/13 on the appropriate subsets of sectoral exposures to which competent or designated authorities may apply a SyRB, published in 2020, were not designed to target exposures subject to climate risk. With the proposed changes put forward in this consultation paper, these Guidelines will be updated to facilitate potential SyRB measures to adequately target climate risks.

The proposed changes aim to allow SyRB measures to address both components of climate risk: transition risk and physical risk[2]. The main dimension to target exposures subject to transition risk is the economic activity of banks' counterparties. As regards physical risk, such as floods, wildfires, desertification and rising sea levels, the main dimension to identify relevant exposures is the geographic location of banks' counterparties and assets used as collateral for bank loans.

In addition to changes aimed at addressing climate risks, some changes are based on lessons learned by national authorities that have already applied SyRB measures in the past. These changes address problems identified by national authorities and aim to improve the design, monitoring and reciprocation of SyRB measures.

Next steps

The Guidelines are expected to be finalised by mid-2026 and are envisaged to apply from 6 months after publication of the final Guidelines.

1 Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (usually referred as CRD VI).

2 As defined in Article 4 (1) points (52f) and (52g) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012.

3. Background and rationale

1. Climate risks impact the financial sector and are expected to give rise to risks to both individual institutions and the financial system. Climate risks can be of a systemic nature, due to their broad impact across sectors and geographies, non-linearity, second-round effects, uncertainty and potential to spread across the financial system.

2. The existing Guidelines EBA/GL/2020/13 on the appropriate subsets of sectoral exposures to which competent or designated authorities may apply a SyRB, published in 2020, were not designed to target exposures subject to climate risk.

3. As highlighted in Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (CRD VI)[3], the SyRB may already be used to address various kinds of systemic risks, including risks related to climate change. While the SyRB is a readily available tool, some targeted amendments to these Guidelines are necessary to enable an appropriate identification of relevant exposures to prevent and mitigate macroprudential or systemic risks arising from climate change. This finding was included in the EBA report on the role of environmental and social risks in the prudential framework[4] and in the report of the joint ECB/ESRB project team on climate risk[5].

4. In addition to changes necessary to address climate risks, some proposed changes to these Guidelines are based on lessons learnt by national authorities that have already applied the EBA GL and activated a SyRB in the past.

3.1 Climate transition risks

5. A key challenge in addressing (systemic) climate risks through macroprudential measures relates to the need to define sufficiently granular risk exposures to minimise, and ideally avoid, possible unintended consequences on transition and adaptation financing.

6. Currently, for relevant authorities wishing to implement a sectoral SyRB for systemic climate risks, the subsets provided for in these Guidelines do not provide the necessary distinctions between climate risk subsets and other subsets that may include climate risks. Indeed, the level of granularity in the Guidelines implies that a sectoral SyRB would need to be applied at a level of aggregation insufficiently granular to distinguish (and target) climate risks within the given sectoral classifications. Relevant authorities would either have to implement the suboptimal degree of granularity currently prescribed by these Guidelines, e.g. penalising exposures to all and every manufacturing

[3] See recital 43 of the CRD VI

[4] EBA report on the role of environmental and social risks in the prudential framework

[5] ECB/ESRB report on climate risk

sub-sectors, even those less impacted by climate risks, or would need to accept a justified divergence from the Guidelines.

7. Against this backdrop and to better reflect the level of granularity at which climate risks become relevant for an economic sector, targeted amendments to these Guidelines seem appropriate. This would allow targeting relevant sectoral aggregates of economic activity, such as e.g. "Mining of coal and lignite", or "Manufacture of coke and refined petroleum products". Identifying relevant exposure based on NACE level 2 (or more granular, where necessary) would have the practical advantage that a significant portion of EU institutions already today collects and reports this level of breakdown for the purpose of internal risk management, the loan-level framework of credit registers (e.g. AnaCredit) and/or their Pillar 3 disclosures on ESG risks.

3.2 Climate physical risks

8. Climate physical risks, such as floods, wildfires, desertification and rising sea levels (to name a few) can disrupt supply chains, damage assets or their value by making them uninsurable and reduce agricultural and other economic productivity. As these events are generally localised, the geographic location is a crucial dimension when identifying exposures at risk.

9. These Guidelines define NUTS level 3, which corresponds to subregions of European countries, as the current level of granularity that national authorities should use in designing sectoral SyRB measures. One issue with the use of NUTS 3 is that the size of this subdivision is heterogenous across countries. Specific guidelines on the determination of NUTS level division are based on population. This implies that while NUTS 3 might be closer to the desired level of granularity to properly identify high risk exposures in densely populated countries, it might fail to do so by far in the less densely populated ones.

10. NUTS level 3 regions are therefore generally too large to adequately identify exposures that are subject to certain physical risks. Local Administrative Units (LAUs), which corresponds to municipalities, provide a more adequate level of granularity.

11. Another aspect of these Guidelines is their use of geographical area only in combination with the dimension ‘type of collateral’. While this combination made sense for exposures secured by residential real estate (the main use case when the Guidelines were developed), use cases related to climate risk could benefit from a combination with other dimensions such as ‘type of debtor or counterparty sector’. Climate risk events can impact obligors themselves and not just the collateral.

3.3 Lessons learned from existing SyRB measures

12. In addition to changes related to climate risks, some changes are based on lessons learned in the past five years. Several authorities have made use of the Guidelines during this period as they have designed, monitored and reciprocated SyRB measures. The changes are limited in scope and aim to improve the Guidelines as follows:

- clarify that one SyRB measure can cover more than one subset of exposures (changes to paragraph 22);
- allow relevant authorities to identify exposures based on the approach used to calculate risk-weighted exposure amounts for credit risk (new paragraph 28a); and

13. strengthen the provisions around sharing of information between authorities to facilitate assessments by reciprocating authorities (changes to paragraphs 36 and 37).

4. Guidelines

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

1. Compliance and reporting obligations

Status of these guidelines

1. This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010[6]. In accordance with Article 16(3) of Regulation (EU) No 1093/2010, competent authorities and financial institutions must make every effort to comply with the guidelines.

2. Guidelines set the EBA view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. Competent authorities as defined in Article 4(2) of Regulation (EU) No 1093/2010 to whom guidelines apply should comply by incorporating them into their practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

Reporting requirements

3. According to Article 16(3) of Regulation (EU) No 1093/2010, competent authorities must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, by [dd.mm.yyyy, 2 MONTHS AFTER PUBLICATION OF ALL THE TRANSLATIONS ON THE EBA WEBSITE]. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form available on the EBA website with the reference 'EBA/GL/2026/xx'. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities. Any change in the status of compliance must also be reported to EBA.

4. Notifications will be published on the EBA website, in line with Article 16(3).

[6] Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC, (OJ L 331, 15.12.2010, p.12).

2. Addresses

5. These guidelines are addressed to competent authorities as defined in Article 4(2), point (i) of Regulation (EU) No 1093/2010 or, where different, designated authorities referred to in Article 133(3) of Directive 2013/36/EU (both referred to as 'relevant authorities').

3. Implementation

Date of application

6. These guidelines apply from dd.mm.yyyy [*6 months after the date of issuance of the guidelines]*

4. Amendments

7. EBA/GL/2020/13 is amended as follows:

(a) In paragraph 9, the following definitions are replaced:

‘‘Commercial immovable property’ means any immovable property that is not a residential property within the meaning of Article 4(1)(75a) of Regulation (EU) 575/2013.

‘Credit for consumption’ means credit for consumption as defined in paragraph 88 of Part 2 of Annex V to Commission Implementing Regulation (EU) 2024/3117[7].

‘Legal person’ means a legal entity as defined in Article 1, point (5), of Regulation (EU) 2016/867 of the European Central Bank[8].

‘Non-performing’ refers to the categorisation of an exposure as non-performing pursuant to paragraphs 213-219 of Part 2 of Annex V to Commission Implementing Regulation (EU) 2024/3117.

‘Residential property’ means a residential property as defined in Article 4(1)(75) of Regulation (EU) No 575/2013.

‘Sectoral exposures’ means the exposures categories identified in Article 133(5)(b) of Directive 2013/36/EU.’

(b) In paragraph 12, point (c) is replaced by the following and point (d) is added:

‘c. geographical area (residence of the debtor for the dimension ‘type of debtor or counterparty sector’; and location of the collateral for the dimension ‘type of collateral’); and

d. approach to calculate risk-weighted exposure amount for credit risk.’

(c) Paragraph 22 is replaced by the following:

‘The dimension ‘type of debtor or counterparty sector’ should include the following elements:

6.1.1. legal person; and

6.1.2. natural person.’

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[7] Commission Implementing Regulation (EU) 2024/3117 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to supervisory reporting of institutions and repealing Commission Implementing Regulation (EU) 2021/451.

[8] Regulation (EU) 2016/867 of the European Central Bank of 18 May 2016 on the collection of granular credit and credit risk data (ECB/2016/13) (OJ L 144, 1.6.2016, p. 44).

(d) Paragraph 24 is replaced by the following:

'The subdimension 'economic activity' should include the economic activities identified by an alphabetical code in the first level (sections) or the second level (divisions) of the common statistical classification of economic activities in the European Community (NACE) as set out in Annex 1 to Regulation (EC) No 1893/2006[14]. To identify exposures to fossil fuel sector entities, this subdimension should include NACE codes at a more granular level, where necessary.'

(e) The following is added after paragraph 24:

6.1.b. Geographical area

24.a. The subdimension 'geographical area' should include the following elements, following the European common classification of territorial units for statistics (NUTS) set out in Regulation (EC) No 1059/2003[15]:

a. Country

b. NUTS level 1[16];

c. NUTS level 2;

d. NUTS level 3; and

e. LAU (local administrative unit).

24.b. As regards specialised lending exposures, the decisive factor is the location of the asset from which the repayment of the loan is expected to be made, in accordance with Commission Delegated Regulation (EU) No. 1152/2014'

(f) The following is added after paragraph 28:

' 6.2.b. Approach to calculate risk-weighted exposure amount

28.a. The subdimension 'approach to calculate risk-weighted exposure amount for credit risk' should include the following elements:

a. Standardised Approach; and

b. Internal Ratings Based Approach.'

[14] Regulation (EC) No 1893/2006, of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1).

[15] Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 154, 21.6.2003, p. 1), as amended.

[16] In the cases of larger Member States, NUTS 1 refers not to the whole Member State but to regions of it. Therefore, this level is kept as an element although for some Member States this level will not be relevant.

(g) In paragraph 29, the introductory wording is replaced by the following: 'The dimension 'type of collateral' should include the following elements:'

(h) Paragraph 31 is replaced by the following:

'The subdimension 'geographical area' should include the elements defined in paragraph 24.a.'

(i) Paragraph 32 is deleted.

(j) Paragraph 36.b. is replaced by the following:

b. 'Data gaps stemming from non-harmonised definitions can exist between jurisdictions, leading to challenges in the reciprocation of the measure and hence in the effectiveness of the measure. To reduce such gaps, relevant authorities should identify the subset of sectoral exposures based on harmonised data sources. Where the subset of sectoral exposures cannot be identified using harmonised data sources, the relevant authority responsible for implementing the original measure should duly justify the use of non-harmonised data sources.'

(k) Paragraph 37 is replaced by the following:

'To make reciprocity as simple as possible for reciprocating authorities, relevant authorities of the activating Member State should aim to provide all the information (including definitions and relevant calculations) they consider relevant and not available to other Member States so that reciprocating authorities can adequately assess whether to reciprocate the SyRB rate. Where the subset of sectoral exposures cannot be identified using harmonised data sources, relevant authorities of the activating Member State should provide references to comparable harmonised data sources giving reciprocating authorities an indication of the size of the relevant exposures held by institutions in the other Member States. In addition, the activating authority should provide information on the magnitude of the difference between the actual subset of exposures and the indication derived from harmonised data sources.'

(l) Annex 1 is replaced by the Annex below.

Annex 1 List of dimensions and subdimensions applicable to each high-level sectoral exposure

(i) Retail exposures to natural persons which are secured by residential property	(ii) Exposures to legal persons which are secured by mortgages on commercial immovable property	(iii) Exposures to legal persons excluding those specified in (ii)	(iv) Exposures to natural persons excluding those specified in (i)
1. Type of debtor or counterparty sector i. Natural persons	**1. Type of debtor or counterparty sector** i. Non-financial corporations ii. Financial corporations iii. General governments	**1. Type of debtor or counterparty sector** i. Non-financial corporations ii. Financial corporations iii. General governments	**1. Type of debtor or counterparty sector** i. Natural persons
	1.a. Economic activity i. NACE codes	**1.a. Economic activity** i. NACE codes	
1.b. Geographical area i. Country ii. NUTS 1 level iii. NUTS 2 level iv. NUTS 3 level v. LAU	**1.b. Geographical area** i. Country ii. NUTS 1 level iii. NUTS 2 level iv. NUTS 3 level v. LAU	**1.b. Geographical area** i. Country ii. NUTS 1 level iii. NUTS 2 level iv. NUTS 3 level v. LAU	**1.b. Geographical area** i. Country ii. NUTS 1 level iii. NUTS 2 level iv. NUTS 3 level v. LAU

(i) Retail exposures to natural persons which are secured by residential property	(ii) Exposures to legal persons which are secured by mortgages on commercial immovable property	(iii) Exposures to legal persons excluding those specified in (ii)	(iv) Exposures to natural persons excluding those specified in (i)
2. Type of exposure i. Retail exposures By instrument i. Equity instruments ii. Debt securities iii. Loans and advances a. FX loans b. Credit for consumption iv. Loan commitments given v. Financial guarantees given vi. Other commitments given	**2. Type of exposure** i. All exposures ii. Retail exposures iii. Other than retail By instrument i. Equity instruments ii. Debt securities iii. Loans and advances a. FX loans iv. Loan commitments given v. Financial guarantees given vi. Other commitments given	**2. Type of exposure** i. All exposures ii. Retail exposures iii. Other than retail By instrument i. Equity instruments ii. Debt securities iii. Loans and advances a. FX loans iv. Loan commitments given v. Financial guarantees given vi. Other commitments given	**2. Type of exposure** i. All exposures ii. Retail exposures iii. Other than retail By instrument i. Equity instruments ii. Debt securities iii. Loans and advances a. FX loans b. Credit for consumption iv. Loan commitments given v. Financial guarantees given vi. Other commitments given
2.a. Risk profile i. Non-performing ii. Risk weight iii. Loan-to-value iv. Loan-to-income v. Debt-to-income vi. Debt service-to-income	**2.a. Risk profile** i. Non-performing ii. Risk weight iii. Loan-to-value iv. Debt-to-EBITDA ratio	**2.a. Risk profile** i. Non-performing ii. Risk weight iii. Loan-to-value iv. Debt-to-EBITDA ratio	**2.a. Risk profile** i. Non-performing ii. Risk weight iii. Loan-to-value iv. Loan-to-income v. Debt-to-income vi. Debt service-to-income

(i) Retail exposures to natural persons which are secured by residential property	(ii) Exposures to legal persons which are secured by mortgages on commercial immovable property	(iii) Exposures to legal persons excluding those specified in (ii)	(iv) Exposures to natural persons excluding those specified in (i)
2.b. Approach to calculate risk-weighted exposure amount for credit risk i. Standardised Approach; ii. Internal Ratings Based Approach.	**2.b. Approach to calculate risk-weighted exposure amount for credit risk** i. Standardised Approach; ii. Internal Ratings Based Approach.	**2.b. Approach to calculate risk-weighted exposure amount for credit risk** i. Standardised Approach; i. Internal Ratings Based Approach.	**2.b. Approach to calculate risk-weighted exposure amount for credit risk** i. Standardised Approach; ii. Internal Ratings Based Approach.
3. Type of collateral i. Secured by RRE	**3. Type of collateral** i. Secured by CRE	**3. Type of collateral** i. All types of collateral ii. Secured by RRE iii. Secured by other than immovable property iv. Unsecured	**3. Type of collateral** i. All types of collateral ii. Secured by RRE iii. Secured by CRE iv. Secured by other than immovable property v. Unsecured
3.a. Geographical area i. Country ii. NUTS 1 level iii. NUTS 2 level iv. NUTS 3 level v. LAU	**3.a. Geographical area** i. Country ii. NUTS 1 level iii. NUTS 2 level iv. NUTS 3 level v. LAU	**3.a. Geographical area** i. Country ii. NUTS 1 level iii. NUTS 2 level iv. NUTS 3 level v. LAU	**3.a. Geographical area** i. Country ii. NUTS 1 level iii. NUTS 2 level iv. NUTS 3 level v. LAU

5. Accompanying documents

5.1 Draft cost-benefit analysis / impact assessment

The inclusion of a cost-benefit analysis in EBA Guidelines depends on the level of applicability and anticipated impact on the measures provisioned therein. Likewise, the conduct of a cost-benefit, or impact assessment analysis, shall be proportionate to the anticipated impact.

To this end, EBA staff carried out a high-level qualitative impact assessment to figure out whether there is need for a more thorough quantitative impact assessment which would address the precise impact if and where this is applicable or non-negligible.

A. Problem identification

The present Guidelines aim to address the lack of inadequate signposting of the climate-risk-relevant exposures in a way to avoid the unintended consequences / capital charges, via the SyRB, on sectors of the economy that do not carry climate risk. In addition, the current framework does not encompass the accumulated experience of the national authorities that have already implemented the original EBA GL and activated the SyRB.

While the SyRB is a readily available tool, there is need for targeted amendments to the current version of the EBA Guidelines to enable an appropriate identification of relevant exposures.

B. Policy objectives

A key challenge in addressing (systemic) climate risks through macroprudential measures relates to the need to define sufficiently granular risk exposures to minimise, and ideally eliminate, potential unintended consequences on the transition and adaptation of financing corporate operations.

C. Baseline scenario

Given that the current level of granularity in the EBA GL implies insufficient distinction and granularity to target exposures subject to climate risks, within the existing classifications regarding economic sectors and geographic areas, national authorities would need to implement sectoral SyRB measures that are either (i) not adequately targeting climate risks or (ii) not compliant with the EBA GL.

The status quo (i.e. no changes to the EBA GL) is considered the baseline scenario of the high-level impact assessment for the present amendment of the EBA GL.

D. Alternative options considered

The alternative to the baseline (or “status quo” or “do-nothing”) option, would be to implement an enhanced level of granularity in the EBA GL so that climate risks can be adequately targeted based on already existing definitions of economic sectors and of geographic areas. This option would allow targeting relevant sectoral aggregates and geographic areas that are more at risk of climate events. For example, an identification of relevant exposures based on NACE level 2 (instead of NACE level 1) would allow authorities to target sectors such as "Mining of coal and lignite", or "Manufacture of coke and refined petroleum products" instead of the whole manufacturing sector. Making use of NACE level 2 (or more granular, where necessary) has the practical advantage that a significant portion of EU institutions already today collects and reports this level of breakdown for the purpose of their Pillar 3 disclosures on ESG risks.

E. Cost-Benefit Analysis

Due to the nature of the proposed amendments, i.e. low-level technical amendments, there is no need for an in-depth quantitative impact assessment. Instead, the high-level qualitative impact assessment showed that the proposed changes imply a negligible-to-zero cost for the involved parties (national authorities and banks alike). If we compare this cost to the benefits implied by the market confidence and transparency that the enhanced Guidelines would provide, not only to the banking sector market but also to the wider economy, the EBA promotes the application of the alternative option.

5.2 Questions for consultation

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.

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.

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.

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?

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.

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?