



**Single  
Rulebook  
Q&A**

<b>Question ID</b>	2020_5434
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - COREP (incl. IP Losses)
<b>Article</b>	99
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
<b>Article/Paragraph</b>	Annex II
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	COREP C17.01 - Consistency of the EBA Taxonomy control v5839_m
<b>Question</b>	Does the Control v5839_m take into consideration the possibility to report a correlated incident?
<b>Background on the question</b>	The EBA taxonomy consistency control in place for 17.01 line 0950 (column 0050) cannot be applied when reporting a correlated incident. ITS document of the EBA (Draft Implementation Standards Annex 2 - Solvency, point 127) states that: "Losses caused by a common operational risk event or by multiple events linked to an initial operational risk event generating events

or losses ('root-event') are grouped. The grouped events shall be considered and reported as one event, and thus the related gross loss amounts respectively amounts of loss adjustments summed up" - this is the specific case of correlated incident reported in C17.02 statement.

**EBA answer**

In accordance with Annex II, Instructions to Regulation (EU) No 680/2104 (ITS on Supervisory Reporting), in template C 17.01, entities shall distribute the losses and recoveries above internal thresholds amongst business lines and loss event types. At this point, instructions specify that it is possible that the losses corresponding to one loss event are distributed amongst several business lines.

Under rows 0050, 0150, 0250, 0350, 0450, 0550, 0650, 0750 and 0850, entities should report the maximum single loss by business line as the larger of:

(i) the largest gross loss amount related to a loss event reported for the first time within the reporting reference period; and

(ii) the largest positive loss adjustment amount (as referred to in rows 0040, 0140, ..., 0840 above) related to a loss event reported for the first time within a previous reporting reference period (...).

Hence, the different losses to be reported in rows 0050, 0150...0850 need not (but can) be "correlated" in such a way that they are related to the same loss event. All single losses may be related to different loss events. The allocation of a gross loss related a specific loss event among business lines has to be made in C 17.02.

For example: An entity has one loss of 50 euros, classified under the type of event "External fraud", that is distributed under two business lines: 30 euros in "Corporate Finance" and 20 euros in "Trading and sales". The maximum single loss on each business line would be reported this way: under row 20 (30 euros) and under row 120 (20 euros).

On the other hand, entities should report under row 950 the total maximum single loss along a type of event and, provided that the institution has assigned all its losses to a business line, this amount shall be the maximum loss over the internal threshold for each loss event type and amongst all business lines. Instructions specify that this maximum single loss may be

	<p>higher than the highest single loss recorded in each business line where a loss event impacts different business lines.</p> <p>In this example, the total maximum single loss that should be reported under row 950 would be 50 euros (and not 30 euros), as this is the amount of the maximum total loss related to this event. As it is assumed that the entity has only one loss, any maximum single loss reported in 0050, 0150,...,850 is related to the same loss event. However, this needs not be the case when more than one loss events are considered.</p> <p>This way, the validation rule shall be restored to its previous version (<math>\geq</math> instead of <math>=</math>) to take this into account and accept amounts higher than the maximum single loss reported amongst business lines.</p>
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