



Single Rulebook Q&A

Question ID	2020_5612
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	99
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
Article/Paragraph	Annex II paragraphs 33-34-35
Date of submission	12/11/2020
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Disclose name of institution / entity	Yes
Name of institution / submitter	ACPR
Country of incorporation / residence	France
Type of submitter	Competent authority
Subject matter	Reconciliation between the sum of Total Risk Exposure contributions in {C06.02;c250} and the Total Risk Exposure reported in ({C02.00;r010;c010}).
Question	The sum of Total Risk Exposure contributions in {C06.02;c250} is not expected to differ greatly from the Total Risk Exposure reported in C02

	<p>{C02.00;r010;c010}).</p> <p>However, the amount in the COREP C02 includes the RWA for entities consolidated using the equity method, while the amount in the COREP C06.02 does not, because entities consolidated using the equity method are out of the scope of this COREP.</p> <p>According to the reporting instructions, the entity should allocate the RWAs so that the value for the group is the sum of the values reported for each entity in 'Group Solvency' template. The entity consolidated using the equity method should play no role.</p> <p>I understand that the column 250 (and therefore columns 260 to 290) of the COREP C06.02 should not report actual risk figures, but "contributions". According to the regulation 2014/680 Annex II paragraph 35, "The institutions shall define the most appropriate breakdown method between the entities to take into account the possible diversification effects for market risk and operational risk". I understand that reporting entities has to split the total RWA for credit risk, market risk and operational risk (and other risks) - as reported in the COREP C02 - between entities reported in the COREP C06.02, using a breakdown method. Therefore, I understand that the "real" amount of RWA of entities consolidated using the equity method is in fine allocated to other entities.</p> <p>Hence, could you confirm that indeed, the amount of RWA of entities consolidated using the equity method should be allocated by the reporting entity to other entities using the "most appropriate breakdown method" in the COREP C06.02?</p>
<p>Background on the question</p>	<p>The sum of Total Risk Exposure contributions in {C06.02;c250} is not expected to differ greatly from the Total Risk Exposure reported in C02 ({C02.00;r010;c010}). However, the COREP C02 includes entities consolidated using the equity method in its scope, but entities consolidated using the equity method are out of the scope of the COREP C06.02. How should these two amounts be reconciled?</p>
<p>EBA answer</p>	<p>According to paragraph 36 of Annex II to Regulation (EU) No 680/2014, a direct link between the C02 template and the C06.02 template is not possible when the contribution of some group entities to the total risk exposure amount does not exceed 1 % of the total risk exposure amount of the group or when the contribution of some group entities to the total own funds does not exceed 1% of the total own funds of the group.</p> <p>Against this background, the amount of RWA reported in C.02 stemming from a participation to which the equity method is applied in accordance with Art. 18 (7) and (5) CRR should be also reported in the contributions to group solvency (C.06.02) increasing the exposure of the entity of the group that holds the participation.</p>

Link	https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5612
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European Banking Authority, 30/11/2021

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