

Question ID	2022_6512
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	430
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
Article/Paragraph	ANNEX II - INSTRUCTIONS FOR REPORTING ON OWN FUNDS AND OWN FUNDS REQUIREMENTS, part. 3.3.6
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Scope of the C 08.07 template
Question	<p>Where a group as defined in Article 4 of CRR has both SA and IRB exposures, what should be the scope of the total exposure value subject to SA and IRB as defined on column 0020 of template C 08.07 - Credit risk and free deliveries: IRB approach to Capital Requirements (Scope of use of IRB and SA approaches)? Should the scope only include entities consolidated within the group with permission to use the IRB approach, or should it include all entities consolidated within the Group, even those with no permission to use IRB approach and no IRB exposures?</p>
Background on the question	<p>The question stems from the reporting of column 0030 of template C 08.07 of Annex 1 to the Regulation (EU) 2021/451 (ITS on Supervisory Reporting) “percentage of total exposure value subject to permanent partial use of SA (%)”, this definition refers to the permission for permanent partial use of the Standardised approach received from a competent authority in accordance with Article 150 of Regulation (EU) No 575/2013. This implies the institution has received the prior permission of the competent authorities to use the IRB Approach, therefore the scope are these entities and out of</p>

	<p>the scope are the entities with SA approach only. The exclusion of the SA Approach entities of the scope of the Group’s total exposure in this template is supported by the sum of the percentages on columns 0030, 0040 and 0050 of template C 08.07, which must be equal to 1 as per EBA validation rule v09796_m. These columns are referring to: 0030: Entities with permission for permanent partial use of the Standardised approach received from a competent authority. 0040: Entities implementing IRB Approach. 0050: Entities using IRB Approach already From a Pillar 3 disclosure perspective, as per Regulation (EU) 2021/637, Table EU CR6-A replicates the structure and uses the data reported in the C 08.07 template. Therefore, it makes sense to conclude that the scope of both templates should be defined in exactly the same way.</p>
Final answer	<p>According to Article 8 of Regulation (EU) 2021/451 (ITS on Supervisory Reporting), template C 08.07 should be reported by those entities subject to disclosure information referred to in Article 452, point (b), of Regulation (EU) No 575/2013, on an individual basis in accordance with Article 6 or on a consolidated basis in accordance with Article 13, as applicable, of that Regulation.</p> <p>Article 452, point (b), of Regulation (EU) No 575/2013 states that entities using the IRB approach to calculate risk-weighted exposures to credit risk, should disclose, for each exposure class mentioned in Article 147 of that Regulation, the percentage of exposures subject to the Standardised Approach. In line with this Article, instructions for column 0020 of template C 08.07 included in Annex 2 of the ITS on Supervisory Reporting specify, that both, the exposures under Standardised Approach and the exposures under IRB approach should be reported.</p> <p>Taking into account Article 148 of Regulation (EU) No 575/2013, Article 7(1)(b) of the RTS (EU) 2022/439, and that an EU parent institution has to report C 08.07 on consolidated basis, all the exposures subject to credit risk resulting from consolidation should be included in columns 0030 to 0050 of this template, depending on the authorisation given by the competent authority. If the parent institution has permission to use the IRB approach then all entities of the group's exposures should be subject to either IRB, permanent partial use of SA or a roll-out plan.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6512</p>