

Question ID	2013_209
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 1, C07.00, r90-210
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Specifying default fund contribution or risk weights in C07.00 and connection to C02.00.
Question	<p>First, according to column 020, default fund contributions is included in column 010 (original exposure) since it is a "of which". To get row 090 - 210 to sum up to the total exposure at row 010, the default fund contribution must then also be specified on row 090-210. Since the default fund contribution not is calculated with those fixed risk weights, on which row should the amount then be inserted? Secondly, should the amount in C07.00, c220, r010 be splitted on C02.00, row 460 and 050?</p>
Background on the question	<p>It is understood that the default fund contribution should be included in the original exposure. Since the breakdown of total exposures by risk weights should equal the total exposures, the default fund contribution must be included among the risk weights as well. In C07.00, c220, r010 it is stated that this cell should be linked to CA. However, in C02.00 the default fund contribution should be reported in row 460, while C07.00, c220, r010 logically should be linked to row 050. This requires the amount in C07.00, c220, r 010 to be split between the two rows and a "direct link" from C07.00 to C02.00 is then not possible.</p>

<p>Final answer</p>	<p>As the question relates to the credit risk templates on the one hand and to the capital adequacy template C 02.00 on the other, these two aspects should be separated:</p> <ul style="list-style-type: none"> • C 07.00 (CR SA) and C 08.01 (CR IRB). Default fund contributions should neither be accounted for in the CR SA nor in the CR IRB template. The corresponding "of which" positions in CR SA column 020 should be left blank. <p>The capital requirements for default fund contributions are completely separate from SA and IRBA rules. Default fund contributions do not fit in any of the corresponding asset classes and the articles 307-311 of Regulation (EU) No 575/2013 (CRR) directly compute a capital requirement instead of a risk weight. Therefore default fund contributions can be assigned neither to the SA nor to the IRBA. Besides the CR IRB template does not mention default fund contributions at all.</p> <ul style="list-style-type: none"> • C 02.00 (CA 2). The RWA stemming from default fund contribution should be reported separately in row 460. As they do not appear in the credit risk templates CR SA and CR IRB anymore it is unnecessary to include the RWA stemming from default fund contributions in row 050 or row 240.
<p>Link</p>	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_209</p>

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