

Single Rulebook Q&A

Question ID	2013_558
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	180
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	180
Date of submission	25/11/2013
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Disclose name of institution / entity	Yes
Name of institution / submitter	Moody's Analytics
Country of incorporation / residence	France
Type of submitter	Consultancy firm
Subject matter	COREP CR IRB - Calculation of column 10
Question	For calculating the average PD on column 010, on a given exposure, should we consider the PD originally assigned to it or should we consider the PD after the regulatory floor is applied? (floor value being for most cases 0,03%)
Background on the question	Example: on an exposure, a PD of 0,01% has been assigned by the bank. Under Basel rule, PD will become 0,03% for Expected Loss and Capital requirement calculations. Which PD should be considered when computing average PD on column 10: original PD (0,01%) or regulatory PD(0,03%)
Final answer	In column 010 of the CR IRB (C 08.01, C 08.02) template, the PD assigned after applying the regulatory floor (e.g. 0.03 %) shall be reported. This applies to the PD assigned to each obligor grade or pool and, where an aggregation shall be provided (e.g. total exposures), to the exposure weighted average of the PDs. This approach aims at reflecting the value used

	in the calculation of the risk-weighted assets.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_558

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