

<b>Question ID</b>	2014_810
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Credit risk
<b>Article</b>	148
<b>Paragraph</b>	5
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Not applicable
<b>Article/Paragraph</b>	Not applicable
<b>Date of submission</b>	04/02/2014
<b>Published as Final Q&amp;A</b>	12/09/2014
<b>Disclose name of institution / entity</b>	Yes
<b>Name of institution / submitter</b>	Co-operative Bank
<b>Country of incorporation / residence</b>	United Kingdom
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Non Credit Obligation Assets
<b>Question</b>	<p>Paragraph 5 of article 148 of CRR, states "An institution that is permitted to use the IRB Approach for any exposure class shall use the IRB Approach for the equity exposure class laid down in point (e) of Article 147(2), except where that institution is permitted to apply the Standardised Approach for equity exposures pursuant to Article 150 and for the other non credit-obligation assets exposure class laid down in point (g) of Article 147(2)." It is not clear whether an institution with an IRB Approach permission should treat "non customer assets" e.g. fixed assets, cash etc under the IRB approach (reported as Non Credit Obligation) or under the standardised approach (reported as Other Assets)</p>
<b>Background on the question</b>	<p>The wording in paragraph 5 of article 148 of CRR could be read as reported under the IRB approach, but can also be read as reported under the standardised approach, as there potentially is a missing comma.</p>

<b>Final answer</b>	<p>An institution that is permitted to use the IRB Approach for any exposure class shall use the IRB Approach for the other non-credit-obligation assets exposure class laid down in point (g) of Article 147(2) of Regulation (EU) No 575/2013 (CRR).</p> <p><u>DISCLAIMER:</u></p> <p>This question goes beyond matters of consistent and effective application of the regulatory framework. A Directorate General of the Commission (Directorate General for Internal Market and Services) has prepared the answer, albeit that only the Court of Justice of the European Union can provide definitive interpretations of EU legislation. This is an unofficial opinion of that Directorate General, which the European Banking Authority publishes on its behalf. The answers are not binding on the European Commission as an institution. You should be aware that the European Commission could adopt a position different from the one expressed in such Q&amp;As, for instance in infringement proceedings or after a detailed examination of a specific case or on the basis of any new legal or factual elements that may have been brought to its attention.</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_810">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_810</a>

European Banking Authority, 29/05/2023

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