



**Single
Rulebook
Q&A**

Question ID	2018_3740
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 I and II: paragraph 4.2.2 (C17.01)
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Reporting of template C17.01
Question	<p>1) Should all loss adjustments regardless of the Date of Occurrence of the original loss event be reported?</p> <p>2) For the rows relating to "Loss adjustments relating to previous reporting periods" (rows x40), should the adjustments be subject to materiality thresholds? Can the threshold used for registration of losses be applied also to loss adjustments?</p> <p>3) How should grouped losses split across multiple business lines be</p>

	<p>reported on row 910 "Number of events (new events)"? In case the loss is reported on multiple business lines, the row 910 will be lower than the sum of loss events reported on individual business lines.</p>
<p>Background on the question</p>	<p>1) For example, can loss adjustments relating losses occurred over 10 year from the reporting date be excluded from the reporting?2) For example, if the threshold for registration is 1000e, adjustments to losses with original amounts below 1000e should not be reported?3) The ITS point 127. "Losses caused by a common operational risk event or by multiple events linked to an initial operational risk event generating events or losses ('root-event') are grouped. The grouped events shall be considered and reported as one event, and thus the related gross loss amounts respectively amounts of loss adjustments shall be summed up." For example, a grouped event could relate to both business lines CF and TS, reporting the event as a new event (row 010 and 110) on both lines would count the event twice, but on row 910 only once.</p>
<p>EBA answer</p>	<p>1) According to Annex 2 of Implementing Technical Regulation (EU) 680/2014 (ITS on Reporting), "both for data reported as of June and December, 'previous reporting reference periods' means all reporting reference periods until and including the one ending at the preceding calendar year end". Therefore, there is no limit regarding the date of occurrence of the original event for the inclusion of related losses taking place in the reporting period.</p> <p>2) Also according to the ITS on Reporting, "the number of events shall refer to 'new events', i.e. operational risk events (i) 'accounted for the first time' within the reporting reference period or (ii) 'accounted for the first time' within a previous reporting reference period, if the event had not been included in any previous supervisory report, e.g. because it was identified as operational risk event only in the current reporting reference period or because the accumulated loss attributable to that event (i.e. the original loss plus / minus all loss adjustments made in previous reporting reference periods) exceeded the internal data collection threshold only in the current reporting reference period". In the same way, "for events 'accounted for the first time' within a previous reporting reference period which had not been included in any previous supervisory report, the total loss accumulated until the reporting reference date (i.e. the original loss plus/minus all loss adjustments made in previous reporting reference periods) shall be reported as the gross loss at the reporting reference date". See also Q&A 2014_1694.</p> <p>It also follows that the threshold should only be used to determine whether an event should be reported or not. Once an event is above the threshold considering the original loss (itself below the threshold) plus or minus the adjustments in subsequent periods (independently of whether those are above or below the threshold), any further adjustment should be considered in the period in which it has taken place.</p>

	<p>3) As stated in the ITS on Reporting, the figure reported in row 910 “may be lower than the aggregation of the number of events by business lines since the events with multiple impacts (impacts in different business lines) shall be considered as one. It may be higher, if an institution calculating its own funds requirements according to BIA cannot identify the business line(s) affected by the loss in every case”. Therefore, a new event affecting several business lines shall be reported in all relevant rows (0010, 0110, 0210, etc.), and only once in row 910. For these reasons, the validation v0566_m was deactivated on 16/04/2014.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2018_3740</p>

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