

<b>Question ID</b>	2020_5339
<b>Status</b>	Final Q&A
<b>Legal act</b>	Directive 2013/36/EU as amended by Directive (EU) 2019/878 (CRD5)
<b>Topic</b>	Supervisory reporting - Supervisory Benchmarking
<b>Article</b>	78
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) 2016/2070 - ITS on Supervisory Reporting (for benchmarking the internal approaches) (as amended)
<b>Article/Paragraph</b>	Annex 4, C 103, c0260 - c0280
<b>Date of submission</b>	30/06/2020
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Competent authority
<b>Subject matter</b>	PD-/PD+ for RWA-/RWA+
<b>Question</b>	Are PD-/PD+ calculated separately for each of the (sub)portfolios listed in Annex 4, or are the PD-/PD+ values obtained for a client/exposure to be used consistently and unchanged for all (sub)portfolios?
<b>Background on the question</b>	Annex 4 of the ITS on the Benchmarking of Internal Models requires the reporting of RWA- (c0250) for portfolio IDs of template C 103 of the form CORP_ALL_0086_CT_****_**_***_ALL and the analogous portfolios for the remaining exposure classes SMEC, MORT, SMOT, RSMS, RETO, RQRR. In particular, RWA- needs to be reported for the geographical breakdown portfolios CORP_ALL_0086_CT_****_XX_***_ALL (where XX represents any of the specific country codes) as well as for CORP_ALL_0086_CT_****_x0_***_ALL (which are the overall portfolios). For each exposure in the portfolios CORP_ALL_0086_CT_****_XX_Ryy_ALL and CORP_ALL_0086_CT_****_x0_Ryy_ALL (where yy represents a specific rating grade) a value for PD- is needed to obtain RWA- for the portfolio under consideration. Since each exposure is assigned to two portfolios, the question arises whether two separate values for PD- should be derived or whether one stressed PD value (obtained from CORP_ALL_0086_CT_****_x0_Ryy_ALL) should be used consistently and

	independently of the portfolio ID. The question is analogous for RWA+ (c0260), RWA—(c0270) and RWA++ (c0280).
<b>EBA answer</b>	<p>According to column c250 (RWA-) of template C 103, Annex 4 of Regulation (EU) 2016/2070 (ITS on Supervisory Benchmarking), institutions shall calculate and report RWA- for the listed portfolio IDs in accordance with the specified instructions.</p> <p>This calculation shall be performed separately for each listed portfolio. In particular, RWA- shall be calculated separately for the portfolios of a specified geographical area, and also for the portfolios where the geographical area is unspecified (“not applicable”).</p> <p>For each portfolio, for which RWA- shall be calculated and reported, the number of obligors and the case weighted default rates used for the calculation shall be those applicable to the specific portfolio. Consequently, an exposure is not necessarily assigned a unique PDvalue, but rather receives separate PD- values depending on the portfolio for which the calculation is performed.</p> <p>This answer applies analogously for the calculation of RWA+ (c260), RWA- (c270) and RWA++ (c280).</p>
<b>Link</b>	<a href="https://eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5339">https://eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5339</a>

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