

EN
ANNEX I

Part 2 Model approval		
010	Date of the last update of information in this template	14/06/2023
Description of the approach		
Supervisory approach for the approval of the use of Internal Ratings Based (IRB) Approach to calculate minimum capital requirements for credit risk		
020	Minimum documentation to be provided by the institutions applying for the use of IRB approach	<p><i>At a minimum the following documentation is required:</i></p> <ul style="list-style-type: none"> • Application form requesting approval. • Development, validation and internal audit review documentation of used or planned rating systems. • Control environment of the rating systems, implementation procedures, and IT infrastructure. • Implementation plan (including Roll Out) and details on permanent partial use. • Confirmation that rating systems under scope of application have been approved by the competent bodies and date of approval. • Self-Assessment against the applicable requirements of the Capital Requirements Regulation (EU) No 575/2013 (CRR). • Self-assessment against the ECB Guide to Internal Models • Self-assessment against the EBA GL on the application of the definition of default. • Self-assessment against the EBA GL on PD and LGD estimation. • Self-assessment against the EBA GL on downturn LGD estimation.
030	Description of the assessment process conducted by the competent authority (use of self assessment, reliance on external auditors and on-site-inspections) and main criteria of the assessment	<p><i>The assessment process comprises of a comprehensive review of the internal rating systems, executed via on-site examination, off-site examination, self-assessment and, where relevant, results of the external auditors.</i></p> <p><i>Specifically noting the RTS developed by the EBA on the specification of the assessment methodology for competent authorities the review will assess compliance of an applicant with the requirements to use the IRB Approach in accordance with Articles 144(2), 173(3) and 180(3)(b) of the CRR.</i></p>
040	Form of the decisions taken by the competent authority and communication of the decisions to applicants	<i>The decision shall be communicated to the applicant in writing containing the full reasoned decision. Decisions range from approval, conditional approval, to rejection. In instances of joint decisions, pursuant to CRR Article 20 (5), decisions 'shall take into account the views and reservations of the other competent authorities expressed during the six-month period'.</i>
Supervisory approach for the approval of the use of Internal Model Approach (IMA) to calculate minimum capital requirements for market risk		
050	Minimum documentation to be provided by the institutions applying for the use of IMA approach	<p><i>At a minimum the following documentation is required:</i></p> <ul style="list-style-type: none"> - Application form requesting model approval indicating the scope of application of the model - Implementation plan (including Roll Out) - Development and validation documentation of the models to be used - Internal governance approvals relating to the models - Internal audit and model validation findings relating to the models to be used. - Samples of model-generated risk management reports indicating the use of the model within the firm's business environment (use test) - Model backtesting history - Information of the systems environment relating to the model - Self-assessment against relevant regulations (e.g. CRR) - Self-assessment against the ECB Guide to Internal Models - Samples of model-generated risk management reports indicating the use of the model within the firm's business environment (use test)
060	Description of the assessment process conducted by the competent authority (use of self assessment, reliance on external auditors and on-site-inspections) and main criteria of the assessment	<i>The assessment will consist of a comprehensive review of the IMA model achieved by reviewing documentation, on-site examination, off-site examination, self assessment and validation and audit findings.</i>
070	Form of the decisions taken by the competent authority and communication of the decisions to applicants	<i>The decision shall be communicated to the applicant in writing containing the full reasoned decision. Decisions range from approval, conditional approval, to rejection. In instances of joint decisions, pursuant to CRR Article 20 (5), decisions 'shall take into account the views and reservations of the other competent authorities expressed during the six-month period'.</i>
Supervisory approach for the approval of the use of Internal Model Method (IMM) to calculate minimum capital requirements for counterparty credit risk		
080	Minimum documentation to be provided by the institutions applying for the use of IMM approach	<p><i>At a minimum the following documentation is required:</i></p> <ul style="list-style-type: none"> - Application form requesting model approval indicating the scope of application of the model - Development and validation documentation of the models to be used - Implementation plan (including Roll Out) - Internal governance approvals relating to the models - Internal audit and model validation findings relating to the models to be used. - Samples of model-generated exposure data indicating the use of the model within the firm's business environment (use test) - IMM model backtesting history - Information of the systems environment relating to the model - Self-assessment against relevant regulations (e.g. CRR) - Self-assessment against the ECB Guide to Internal Models
090	Description of the assessment process conducted by the competent authority (use of self assessment, reliance on external auditors and on-site-inspections) and main criteria of the assessment	<i>The assessment will consist of a comprehensive review of the IMM model achieved by reviewing documentation, on-site examination, off-site examination, self assessment and validation and audit findings.</i>
100	Form of the decisions taken by the competent authority and communication of the decisions to applicants	<i>The decision shall be communicated to the applicant in writing containing the full reasoned decision. Decisions range from approval, conditional approval, to rejection. In instances of joint decisions, pursuant to CRR Article 20 (5), decisions 'shall take into account the views and reservations of the other competent authorities expressed during the six-month period'.</i>
Supervisory approach for the approval of the use of Advanced Measurement Approach (AMA) to calculate minimum capital requirements for operational risk		
110	Minimum documentation to be provided by the institutions applying for the use of AMA approach	<p><i>At a minimum the following documentation is required:</i></p> <ul style="list-style-type: none"> • Application form requesting approval. • Development, validation and internal audit review documentation of used or planned operational risk measurement systems. • Control environment of the operational risk measurement system, implementation procedures, and IT infrastructure. • Confirmation that rating systems under scope of application have been approved by the competent bodies and date of approval. • Self-Assessment against the applicable requirements of the Capital Requirements Regulation (EU) No 575/2013 (CRR).
120	Description of the assessment process conducted by the competent authority (use of self assessment, reliance on external auditors and on-site-inspections) and main criteria of the assessment	<p><i>The assessment process comprises of a comprehensive review of the internal rating systems, executed via on-site examination, off-site examination, self-assessment and, where relevant, results of the external auditors.</i></p> <p><i>Specifically noting Regulation (EU) No 2018/959 on the specification of the assessment methodology under which competent authorities permit institutions to use Advanced Measurement Approaches (AMA) for operational risk the review will assess compliance with Article 312 of the CRR.</i></p>
130	Form of the decisions taken by the competent authority and communication of the decisions to applicants	<i>The decision shall be communicated to the applicant in writing containing the full reasoned decision. Decisions range from approval, conditional approval, to rejection. In instances of joint decisions, pursuant to CRR Article 20 (5), decisions 'shall take into account the views and reservations of the other competent authorities expressed during the six-month period'.</i>