ABI COMMENTS ON EUROPEAN BANKING AUTHORITY “CONSULTATION ON ITS AMENDING IMPLEMENTING REGULATION (EU) NO 680/2014 WITH REGARD TO OPERATIONAL RISK AND SOVEREIGN EXPOSURES (EBA-CP-2016-20)”

January 2017
**Foreword**

ABI welcomes the opportunity to comment on European Banking Authority consultative document on “Implementing Technical Standards amending Regulation (EU) NO 680/2014 with regard to operational risk and sovereign exposures”.

This Position Paper deals only the proposed solution for Operational Risk reporting and is based on comments received from our members.
Specific comments

Find below the amendments proposed and the concerning specific comments.

ANNEX II
REPORTING ON OWN FUNDS AND OWN FUNDS REQUIREMENTS

4.2. Operational Risk: Detailed information on losses in the last year (OPR DETAILS)

...
The same issues should be addressed by amending the instructions relating to the number of loss events subject to loss adjustments, as follows:

<table>
<thead>
<tr>
<th>930 - 934</th>
<th><strong>Number of loss events subject to loss adjustments</strong></th>
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<tbody>
<tr>
<td></td>
<td>The number of loss events subject to loss adjustments shall represent the number of loss events related to previous reporting periods for which loss adjustments were made in the current reporting period. If more than one loss adjustment was made for an event within the reporting period, the sum of those loss adjustments shall be counted as one adjustment in the period.</td>
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<td>With regard to the determination of the number of loss events subject to loss adjustments for certain ranges of gross loss amounts (rows 931 – 934), the following shall apply:</td>
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<td>(a) In any case, the applicable range is identified based on the overall loss amount related to an operational risk event and not by the amount of the loss adjustment.</td>
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<td>(b) If both the loss amount before the adjustment (original loss amount) and the adjusted loss amount of an event belong to the same range, i.e. the loss adjustment does not entail a change in the range, institutions shall report this as one event in the row dedicated to this range.</td>
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<td>(c) If the loss adjustment entails a change in the range, institutions shall report this as one event in the row dedicated to the range applicable before the adjustment and as one event in the row dedicated to the range applicable after the adjustment.</td>
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<td>(d) If, due to a negative loss adjustment, the adjusted loss amount of an event falls below 10,000 €, the internal data collection threshold of the institution, as long as the adjusted loss amount still exceeds the internal data collection threshold of the institution, the institution shall report this as one event in the row dedicated to the range applicable before the adjustment.</td>
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<td>(e) The same approach as presented in (d) shall be applied if the loss amount falls below 10,000 € due to a negative loss adjustment.</td>
</tr>
</tbody>
</table>

Based on the rules for the determination of the number of loss events subject to loss adjustments per range, the total number of loss events subject to loss adjustments (row 930) may be lower than the sum of the numbers of loss events subject to loss adjustments per range (rows 931 – 934).