

## Annex I Part 2

### Model approval

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| 010  | <b>Date of the last update of information in this template</b>   | 30 June 2021   |
| <b>Description of the approach</b>   |  |  |
| <b>Supervisory approach for the approval of the use of Internal Ratings Based (IRB) Approach to calculate minimum capital requirements for credit risk</b> |  |  |
| 020  | Minimum documentation to be provided by the institutions applying for the use of IRB approach  | Minimum documentation needs to be in line with section 2.2.1. of CEBS GL10 and Articles 144 and 175 of Regulation (EU) No 575/2013. Documentation should be sufficiently detailed and accurate to allow an effective assessment of the compliance of the internal rating system with the requirements laid down in Part Three, Title II, Chapter 3 of Regulation (EU) No 575/2013.   |
| 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>Assessment process encompasses a comprehensive analysis of the internal rating systems and relies on on-site examination, off-site examination, self-assessment and, where relevant, results of the external auditors.</p> <p>In the course of the adequacy assessment the following areas are subject to the examination:</p> <p>(i) implementation plan and permanent partial use; (ii) internal governance and validation; (iii) use test and experience test; (iv) assignment of exposures to grades and pools; (v) definition of default; (vi) design, operational details and documentation of the rating systems; (vii) risk quantification; (viii) assignment of exposures to exposure classes; (ix) stress tests used in assessment of capital adequacy; (x) own funds requirements calculation; (xi) data maintenance; (xii) requirement for equity exposures under the internal models approach; (xiii) management of changes to the rating systems.</p> <p>Permission to use the IRB Approach is granted only if the credit institution's systems for management and rating of credit risk exposures are sound, implemented with integrity and consistent with the requirements set out in Regulation (EU) No 575/2013 and accompanying Regulatory Technical Standards and Guidelines in all areas.</p> |
| 040  | Form of the decisions taken by the competent authority and communication of the decisions to applicants  | In line with the process defined in Regulation (EU) No 575/2013.   |
| <b>Supervisory approach for the approval of the use of Internal Model Approach (IMA) to calculate minimum capital requirements for market risk</b>         |  |  |
| 050  | Minimum documentation to be provided by the institutions applying for the use of IMA approach  | Documentation should be sufficiently detailed and accurate to allow an effective assessment of the compliance of the Internal Model Approach to the requirements laid down in Regulation (EU) No 575/2013.   |
| 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 | <p>Assessment process encompasses a comprehensive analysis of the Internal Model Approach and relies on on-site examination, off-site examination, self-assessment and, where relevant, results of the external auditors.</p> <p>Permission to use the Internal Model Approach is granted provided that all qualitative and quantitative standards of Regulation (EU) No 575/2013 are met and provided that institutions meet the general risk management standards set out in Directive 2013/36/EU.</p>   |

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| 070 | Form of the decisions taken by the competent authority and communication of the decisions to applicants | In line with the process defined in Regulation (EU) No 575/2013. |
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**Supervisory approach for the approval of the use of Internal Model Method (IMM) to calculate minimum capital requirements for counterparty credit risk**

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| 080 | Minimum documentation to be provided by the institutions applying for the use of IMM approach | Documentation should be sufficiently detailed and accurate to allow an effective assessment of the compliance of the Internal Model Method with the requirements laid down in Regulation (EU) No 575/2013. |
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| 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 | Assessment process encompasses a comprehensive analysis of the Internal Model Method and relies on on-site examination, off-site examination, self-assessment and, where relevant, results of the external auditors.<br>Permission to use the Internal Model Method is granted provided that all qualitative and quantitative standards of the Regulation (EU) No 575/2013 are met and provided that institutions meet the general risk management standards set out in Directive 2013/36/EU. |
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| 100 | Form of the decisions taken by the competent authority and communication of the decisions to applicants | In line with the process defined in Regulation (EU) No 575/2013. |
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**Supervisory approach for the approval of the use of Advanced Measurement Approach (AMA) to calculate minimum capital requirements for operational risk**

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| 110 | Minimum documentation to be provided by the institutions applying for the use of AMA approach | Minimum documentation needs to be in line with section 2.2.1. of CEBS GL10 and Regulation (EU) No 575/2013. Documentation should be sufficiently detailed and accurate to allow an effective assessment of the general compliance of the operational risk measurement systems with the requirements laid down in Part Three, Title III, Chapter 4 of Regulation (EU) No 575/2013. |
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| 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 | Assessment process encompasses a comprehensive analysis of the Advanced Measurement Approaches based on their own operational risk measurement systems and relies on on-site examination, off-site examination, self-assessment and, where relevant, results of the external auditors.<br>Permission to use Advanced Measurement Approaches, is granted provided that all qualitative and quantitative standards set out in Articles 321 and 322 of the Regulation (EU) No 575/2013 are met and provided that institutions meet the general risk management standards set out in Directive 2013/36/EU. |
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| 130 | Form of the decisions taken by the competent authority and communication of the decisions to applicants | In line with the process defined in Regulation (EU) No 575/2013. |
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