

Chapter 2

Commission Delegated Regulation (EU) No 529/2014

Article 5 Changes to the IRB approach not considered material

(1) Changes to the IRB approach, which are not material but are to be notified to competent authorities according to Article 143(4) of Regulation (EU) No 575/2013, shall be notified in the following manner:

(a) changes which fulfil any of the following conditions shall be notified to competent authorities at least two months before their implementation:

(i) changes described in Annex I, Part I, Section 2;

(ii) changes described in Annex I, Part II, Section 2;

(iii) changes which result in a decrease of at least 5 % of the risk-weighted exposure amounts for credit and dilution risk associated with the range of application of the internal rating system or internal models approach to equity exposures.

(b) all other changes shall be notified to the competent authorities after their implementation at least on an annual basis.

(2) For the purposes of paragraph (1)(a)(iii) of this Article, and in accordance with Article 3(2), the impact of the change shall be assessed as a ratio calculated as follows:

(a) in the numerator, the difference in the risk-weighted exposure amounts for credit and dilution risk associated with the range of application of the internal rating system or the internal models approach to equity exposures before and after the change;

(b) in the denominator, the risk-weighted exposure amounts for credit and dilution risk before the change associated with the range of application of the rating system or the internal models approach to equity exposures.

The calculation shall refer to the same point in time.

The determination of the impact on risk-weighted exposure amounts shall refer only to impact of the change to the IRB approach, and the set of exposures shall be assumed to remain constant.