



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Template for comments

Public consultation on the revised ECB guide to internal models

Institution/Company

Raiffeisen Bank International AG

Contact person

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First name

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General comments

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Please enter all your feedback in this list.

When entering feedback, please make sure that:

- each comment deals with a single issue only;
- you indicate the relevant chapter/section/paragraph, where appropriate
- you indicate whether your comment is a proposed amendment, clarification or deletion.

Deadline: 15 September 2023

ID	Chapter	Section	Paragraph	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be incorporated
1	Credit risk	4.3 Days past due criterion	66	80	Amendment	<p>The statement that a default flag should be activated <u>on the onset of the 91st consecutive day</u> after the materiality threshold was exceeded does not fully comply with CRR and EBA requirement in this respect and also is not in line with the practice of how banks' processing systems operate. Both the CRR and EBA GL on default definition require to recognize default based on DPD criterion if the obligor is more than 90 days past due on any material credit obligation. "More than 90" means at least 91 days. An institution can only conclude whether the obligor was in material past due for 91 days after the closure of the business day and processing of the respective payments for the 91st day. This can be done only at the end of the 91st day, but not on the onset. On the onset of the 91st day only readily processed data for the 90th day is available. If a bank activates a default flag in the morning of 91st day, default would be recognized based on the status as of the 90th day, i.e. exposure, past due, payments etc. will be available as of the 90th day, instead of 91st, whereas "more than 90" is required by the CRR and EBA GL. Furthermore, the processing of payments in the core banking system and default recognition engines usually run in the evening and/or overnight, so that an additional run of these systems on the onset of the day (i.e. in the morning) is usually not possible. We kindly ask to reformulate this sentence in chapter 4.3 and state that: "At the end of the 91st consecutive day after the materiality threshold is exceeded for the first time, the institution should activate the default flag for all affected exposures", or delete this statement in order to avoid misinterpretation.</p>	<p>Recognition of default due to DPD on the onset of the 91st day is not fully in line with CRR and EBA requirements to recognize default if an obligor is materially past due for more than 90 days and is also not feasible operationally / technically.</p>