

Regulatory Blog

By PwC Deutschland | 27. März 2024

Webinar: Key observations on the newest supervisory expectations and market trends on IRB's hot topics

On this webinar - we have shared our insights on market trends related to a set of hot topics in the IRB space. Some of the key discussion points you can find below.

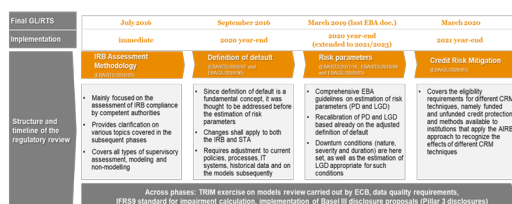
In anticipation of the **adoption of Basel IV** and as reaction of the recurrent ECB's appeal for **model landscape simplification**, several institutions are revising their plans for the future IRB perimeter, which implies a revised combination of reversions to SA, changes of scope of the PPU usage and, for certain portfolios, a step back to F-IRB.

The **growing expectations in terms of integrating climate-related and environmental risks (C&E) considerations** in the credit lending process have been requiring modellers to start testing additional risk drivers related to C&E, when modelling IRB risk parameters, incorporating those that are found to be relevant and material. The challenges are still significant as limited historical data on ESG do not ease the task of meeting the so demanding IRB modelling requirements for the different risk parameters.

The revised version of the ECB guide to internal models, published for consultation in June 2023, clearly set the ambition of banks being **capable of implementing material changes or extensions in a timely manner upon receiving permission**, i.e. in a time frame no longer than three months from the date of the notification. All this requires banks to significantly re-think their current capacity, including dedicated IT resources, to meet such time horizon.

This **Webinar** our international experts were discussing the following points:

- Main drivers of action when defining the optimized IRB perimeter;
- Trends in terms of integration C&E risk drivers in IRB models;
- Main challenges and potential remedy actions to cope with the model changes and extensions implementation expectations;
- Other challenges in light of the revised ECB guide to internal models and EBA developments (e.g. machine learning adoption).



IRB modelling will continue to require reinforced attention from banks. Join our webinar to get the insights on current market experiences:

[Webinar - Navigating the New IRB Landscape \(Part 1\)](#)

[Webinar - Navigating the New IRB Landscape \(Part 2\)](#)



Get ongoing updates on the topic via regulatory horizon scanning in our research application, PwC Plus. Read more about the opportunities and offerings here.

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Schlagwörter

Basel IV, Capital Requirements Regulation (CRR III), ESG, Internal ratings-based approach (IRBA)

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