



**Single  
Rulebook  
Q&A**

<b>Question ID</b>	2021_5734
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - Large Exposures
<b>Article</b>	99
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Draft ITS on Supervisory Reporting of Institutions
<b>Article/Paragraph</b>	ANNEX IV, Part II, C28.00, r010, c190
<b>Date of submission</b>	11/02/2021
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Clarification of Value Adjustments according to Art. 111 of CRR2
<b>Question</b>	Should we include in the (C28.00, r010, c190) cell the amount of the valuation adjustment which will be deducted from the original exposure in C28.00 (r010, C110) according to calculations performed under article 111?
<b>Background on the question</b>	In the Annex C28.00 (r010, c110) we should report all other Off-BS commitments that do not fall in previous categories. Accordingly, in C28.00 (r010, c190) it is stated that the applicable articles for calculating Valuation Adjustments are Articles 34, 24, 110 and 111 of CRR. In Article 111 is

	<p>specified that the exposure value of an off-balance sheet item listed in Annex I shall be a percentage of its nominal value after reduction of specific credit risk adjustments and amounts deducted in accordance with point (m) Article 36(1).</p>
<p><b>EBA answer</b></p>	<p>According to the template instructions of Annex IX of Regulation (EU) No 680/2014 (ITS on Reporting), LE2 provides information on exposures in the non-trading and trading book. Under the block “Original Exposures” institutions shall report the original exposures of direct exposures, indirect exposures and additional exposures arising from transactions where there is an exposure to underlying assets. These columns shall contain the original exposure, without taking into account value adjustments and provisions, which shall be deducted in column 190. Specifically, according to paragraph 14 of Part II of Annex IX to the ITS on Reporting, in line with Article 389 of Regulation (EU) 575/2013 (CRR) on the definition of an “exposure”, credit conversion factors shall not be applied to off balance sheet items.</p> <p>Column 190 provides information of the value adjustments and provisions. At this point, instructions make reference to Articles 24 (Valuation of assets and off-balance sheet items in accordance with the applicable accounting framework), 34 (deduction from CET1 of additional value adjustments), 110 (Credit risk adjustments) and 111 (Calculation of exposure value) in accordance with Article 110 CRR.</p> <p>Specifically, Article 111 CRR, paragraph 1, establishes that the exposure value of an asset item shall be its accounting value remaining after specific credit risk adjustments, additional value adjustments with Article 110 in accordance with Articles 34 and 105 and other own funds reductions related to the asset item have been applied. The exposure value of an off-balance sheet item listed in Annex I shall be a percentage of its nominal value (after reduction of specific credit risk adjustments), depending on the risk category assigned to the item (risk categories are established in Annex I of CRR). This last sentence is not applicable for large exposures. Indeed, according to Article 389 CRR, “exposures” means any asset or off-balance sheet item referred to Part Three, Title II, Chapter 2, without applying the risk weights or degrees of risk.</p> <p>Therefore, under column 190, the total value adjustments and provisions that Article 111 mentions and that the institution has applied to the respective exposures should be reported.</p>
<p><b>Link</b></p>	<p><a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_5734">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_5734</a></p>

