

<b>Question ID</b>	2022_6373
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - COREP (incl. IP Losses)
<b>Article</b>	430
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
<b>Article/Paragraph</b>	n.a.
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Competent authority
<b>Subject matter</b>	Indication of use of derogation of Article 2(5)(b) of Regulation (EU) No 1152/2014
<b>Question</b>	It is not clear from the instructions which value should be reported to indicate in a harmonised way whether an institution makes use of the derogation stated in Article 2(5), point (b) of Regulation (EU) 1152/2014.
<b>Background on the question</b>	According to the instructions for row 0150 of C 09.04 in Annex II to Regulation (EU) 2021/451 (ITS on Reporting), "if the institution makes use of this derogation, it shall indicate 'y' (or "1") in the template for the jurisdiction corresponding to its home Member State and for the 'Total' of all countries. If an institution does not make use of this derogation, it shall indicate 'n' (or "0") in the respective cell." The DPM also allows the choice to leave the data point blank. Is there a circumstance where it should be left blank?
<b>Final answer</b>	In accordance with Article 2(5), point (b) and Article 3(3) of Regulation (EU) 1152/2014, the derogation of this provision is only applicable if an institution has foreign exposures. Bearing in mind the possibilities that an institution may have no foreign exposures or has a higher amount of foreign exposures,

four different cases exist which could have to be represented by an entity in the reported information of template C 09.04 of Annex II to Regulation (EU) 2021/451 (ITS on Supervisory Reporting, ITS) :

1. No foreign exposures exist
2. Foreign exposures exist, the aggregate of which does not exceed 2 % of the aggregate of the general credit, trading book and securitisation exposures of that institution, but the derogation is not used
3. Foreign exposures exist, the aggregate of which does not exceed 2 % of the aggregate of the general credit, trading book and securitisation exposures of that institution and the derogation is used
4. Foreign exposures exist, the aggregate of which exceeds 2 % of the aggregate of the general credit, trading book and securitisation exposures of that institution.

The instructions on rows 0150 and 0160 of template C 09.04 focus on the use of the 2 % threshold in accordance with Article 2(5), point (b) and Article 3(3) of Regulation (EU) 1152/2014. When information is reported in these rows, it is assumed that foreign exposures exist, the aggregate of which does not exceed 2 % of the aggregate of the general credit, trading book and securitisation exposures of that institution:

- Institutions, which have foreign exposures and fulfil the threshold but do not use the derogation (case 2), report a 'n' in the sheet for the jurisdiction corresponding to its home Member State and for the 'Total' of all countries. In this case, the institution is expected to report in template C 09.04, the sheets of the countries where it has foreign exposures in addition to the 'Total' and the sheet for the jurisdiction corresponding to its home Member State. The sheet for the jurisdiction corresponding to its home Member State only contains values that correspond to exposures in that country.
- Institutions, which have foreign exposures, fulfil the threshold and use the derogation (case 3) report a 'y' in the sheet for the jurisdiction corresponding to its home Member State and for the 'Total' of all countries. In this case, the institution is expected to report the values corresponding to the exposures in that country and in the other countries where it has foreign exposures in the sheet for the jurisdiction corresponding to its home Member State.

If an institution does not fulfil the requirements of the derogation (either because foreign exposures do not exist or because the aggregate of foreign exposures exceeds 2 % of the aggregate of the general credit, trading book and securitisation exposures of that institution - cases 1 and 4), it does not report rows 150 and 160. In addition to the sheet 'Total' of all countries the institution reports as follows:

- An institution, which does not have foreign exposures, is expected to report only the sheet for the jurisdiction corresponding to their home

	<p>Member State.</p> <ul style="list-style-type: none"><li>• An institution, where the amount of foreign exposures exceeds the 2% threshold is expected to report the sheet for the jurisdiction corresponding to its home Member State and the sheets of the countries where it has foreign exposures.</li></ul>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6373">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6373</a>

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