

Single Rulebook Q&A

Question ID	2022_6521
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Transparency and Pillar 3
Article	449a
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	n/a
Date of submission	21/07/2022
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Disclose name of institution / entity	No
Type of submitter	Other
Subject matter	Use of Turnover taxonomy eligibility/alignment or Capex taxonomy eligibility/alignment for Pillar 3 Risks ESG disclosures
Question	<p>Question 1:</p> <p>We interpret that the wording "general purpose lending part" excludes "specialised lending" and it leaves the door open to derive that Capex may be used for specialised lending and/or when the use of proceeds is known. Could you please indicate if for some of the Pillar 3 reports the Capex taxonomy eligibility/alignment should be used instead of the turnover taxonomy eligibility/alignment. If yes, may you please precise under which conditions Capex taxonomy eligibility/alignment should be used and to which report it applies and potentially to which columns/rows if relevant.</p> <p>Question 2:</p> <p>Is there any intentional distinction between the wording "use of proceeds is known" versus the wording "specialised lending"? If yes, could you explain the difference?</p>
Background on the question	Background question 1: institutions shall only disclose the GAR once in their Pillar 3 reports, based only on the turnover alignment of the counterparty for

	<p>the general-purpose lending part. Background question 2: When the use of proceeds is known (specialised lending, e.g. project finance loans, as defined in ANNEX V to Implementing Regulation (EU) 2021/451), ... In the case of specialised lending the assessment shall be based on the extent and proportion to which the specific project funded</p>
Final answer	<p>Question 1:</p> <p>Consistently with the definition of specialised lending in Article 147 of CRR. Specialized lending occurs whenever the final use of proceeds is known and contractualized. In case of specialized lending, since the bank knows the proceeds, the assessment of the exposure alignment should be based on the final use of proceeds, that is on the alignment of the specific activity/project that the bank is funding. Level of alignment of the overall capex of the corporate can never be used. The EBA encourages the reporters to comply with the instructions of the specific templates.</p> <p>Question 2:</p> <p>The use of the two different wordings does not create any distinction in the substance of the regulatory treatment in the context of specialised lending. The rationale is always to assess the final activity that is being financed.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6521</p>

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