

<b>Question ID</b>	2022_6552
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - FINREP (incl. FB&NPE)
<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>	Annexes III, IV, V
<b>Date of submission</b>	08/08/2022
<b>Published as Final Q&amp;A</b>	31/03/2023
<b>Disclose name of institution / entity</b>	Yes
<b>Name of institution / submitter</b>	De Nederlandsche Bank NV.
<b>Country of incorporation / residence</b>	Netherlands
<b>Type of submitter</b>	Competent authority
<b>Subject matter</b>	CRE loans versus Loans collateralised by commercial immovable
<b>Question</b>	The question concerns the classification of commercial real estate (CRE) loans and loans collateralised by CRE in template F 18.02 of FINREP. It is not clear whether the two loan categories are mutually exclusive or whether it is possible that a loan can be classified both as a CRE loan and as a loan collateralised by CRE.
<b>Background on the question</b>	The following references from Annex V, Part 2, to Regulation (EU) 2021/451 applies to CRE loans and to loans collateralized by commercial immovable property: 239vii. The following exposures shall be identified in separate rows: commercial real estate (CRE) loans as defined in paragraph 239ix, broken down into CRE loans to SMEs and CRE loans to non-financial corporations other than SMEs; loans collateralised by immovable property as defined in paragraphs 86(a) and 87of this Part; credit for consumption as defined in paragraph 88(a) of this Part. Commercial Real Estate (CRE) loans

	<p>and additional information on loans secured by immovable property (18.2) 239viii. Template 18.2 shall present information on commercial real estate loans to non-financial corporations and on loans collateralised by commercial or residential immovable property to non-financial corporations and households respectively, broken down by loan to value ratio (LTV ratio). Loans and advances classified as held for trading, trading financial assets and debt instruments held for sale shall be excluded. 239ix. ‘Commercial real estate (CRE) loans’ shall comprise exposures as defined in section 2, chapter 1, paragraph 1 of the ESRB Recommendation on closing real estate data gaps[1]. Remarks: reference 239vii refers to a separate statement of CRE loans and loans collateralised by immovable property in Finrep form 18.2 Reference 239ix however refers to ‘Commercial real estate (CRE) loans’ that shall comprise exposures as defined in section 2, chapter 1, paragraph 1 of the ESRB Recommendation on closing real estate data gaps. According to the ESRB Recommendation on closing real estate gaps mentioned in reference 239ix the following applies for the definition of CRE loan: <a href="https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation.190819_ESRB_2019-3~6690e1fbd3.en.pdf">https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation.190819_ESRB_2019-3~6690e1fbd3.en.pdf</a> The definition of CRE loan in point (5) is replaced by the following: “commercial real estate (CRE) loan” means a loan extended to a legal entity aimed at acquiring income-producing real estate (or set of properties defined as income-producing real estate), either existing or under development, or real estate used by the owners of the property for conducting their business, purpose or activity (or set of such properties), either existing or under construction, or secured by a commercial real estate property (or set of commercial real estate properties);’;</p>
<b>Final answer</b>	<p>The definition of “Commercial Real Estate (CRE) loans” referred in Finrep (Paragraph 239ix of Part 2 of Annex V to Regulation (EU) 2021/451 ) includes the possibility for a CRE loan secured by a commercial real estate property to be accounted either in rows 0010 “Commercial real estate (CRE) loans to small and medium-sized enterprises (SMEs)” or 0020 “Commercial real estate (CRE) loans to non-financial corporations other than SMEs” and then in row 0030 “Loans collateralised by commercial immovable property”.</p> <p>In particular, a loan secured by a commercial real estate property shall be reported in row 0030 as well as in row 0010 in case it is a SME or 0020 in case it is not a SME. Furthermore, rows 0010 or 0020 shall include also loans aimed at acquiring income-producing real estate (as stated in ESRB Recommendation on closing real estate gaps).</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6552">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6552</a>