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| Question ID | 2013_116 |
| Status | Final Q&A |
| Legal act | Regulation (EU) No 575/2013 (CRR) |
| Topic | Supervisory reporting - COREP (incl. IP Losses) |
| Article | 101 |
| Paragraph | 4 |
| Subparagraph | - |
| COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations | Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended) |
| Article/Paragraph | Annex VI, C 15.00, (c010, 030) |
| Date of submission | 02/08/2013 |
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| Disclose name of institution / entity | No |
| Type of submitter | Credit institution |
| Subject matter | IP Losses: Direct and Indirect costs associated with immovable property losses |
| Question | In relation to direct and indirect costs associated with immovable property losses can the EBA please confirm what costs should be included? |
| Background on the question | Uncertainty around what should be included in columns 010 and 030 of the immovable property CR IP Losses template C15.00. |
| EBA answer | <p>According to Annex VII, paragraph 6 of the Regulation (EU) No 680/2014 ITS on supervisory reporting of institutions Draft ITS on Supervisory reporting, the loss calculation/estimation shall include at least direct and indirect costs.</p> <p>Generally, all costs stemming from the liquidation process triggered by a default of a loan secured by immovable property shall be considered when calculating/estimating the loss for the purpose of Article 101 of Regulation (EU) No 575/2013 (CRR). Direct costs are costs arising - amongst others - from fees or payments for services connected to the liquidation and/or the immovable property itself, triggering an outflow of money to external parties. This might also include costs for maintaining the immovable</p> |

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| | <p>property so that the value of the collateral does not decrease. Indirect costs mainly stem from the allocation of internal resources of an institution to the liquidation process.</p> <p>Due to the fact that there may be differences in approaches within Europe for the liquidation process of immovable properties, it is not constructive to set up a closed list of services/instances which have to be considered when determining the loss for the purpose of Article 101 of the CRR. To reduce the freedom of activity for institutions, the definition of loss for the purpose of Article 101 of the CRR shall be in line with the internal definition / procedures of the institution of determining losses when liquidating immovable property.</p> <p><i>*As of 1/8/2014 the content of this answer was modified to reflect the publication of the final ITS on supervisory reporting of institutions in the Official Journal of the European Union. As a result, the references to the ITS were updated and the disclaimer deleted. For reasons of transparency, revisions are highlighted in track changes.</i></p> |
| Link | https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_116 |

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