

Question ID	2013_446
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	111
Paragraph	1
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 II C 07.00 r010, c010
Date of submission	31/10/2013
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Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Original Exposure pre-conversion Factors
Question	<p>The draft ITS on Supervisory reporting state that the Exposure value (for on-balance sheet exposures) equals to the exposure value without taking into account value adjustments and provisions, conversion factors and the effect of credit risk mitigation techniques. However, article 111(1) states that "The exposure value of an asset item shall be its accounting value remaining after specific credit risk adjustments". Additionally, the accounting value of an exposure is net of certain value adjustments e.g. non-recoverable income, etc. If for example, we have a customer loan with the following data: A. Balance: 100 B. Non-recoverable income -10 (usually from non-accrual status) C. Gross Accounting value (A+B) 90 D. Provisions -20 E. Net Exposure (C+D) 70 What is the Original Exposure pre-conversion Factors, A or C?</p>
Background on the question	Value adjustments are considered any adjustments that decrease the value of an exposure. Additionally, the non-recoverable income are usually not notified to the customer.
Final answer	As set in the instructions of CR SA, CR IRB and CR GB 1 and 2 (Annex II of the Regulation (EU) No 680/2014 13 ITS on supervisory reporting of

~~institutions~~ITS on reporting), the amounts to be reported in the columns titled "Original Exposure pre conversion Factors" shall be gross of value adjustments and provisions referred to in Article 110 of CRR. With regard to the example, the amount of the original exposure pre conversion factors is 100. The exposure value of an asset under the standardised method referred to in Article 111(1) is the exposure value net of value adjustments and provisions. This amount shall be reported in column 040 of the CR SA template.

**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.*

Link

https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_446

European Banking Authority, 25/05/2022
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