

# Single Rulebook Q&A

<b>Question ID</b>	2014_847
<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>	128
<b>Paragraph</b>	2
<b>Subparagraph</b>	(d)
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (repealed)
<b>Article/Paragraph</b>	Annex II, Part 3.2.3 par. 62-64
<b>Date of submission</b>	14/02/2014
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Competent authority
<b>Subject matter</b>	Classification of in default exposures that are at the same time is an Item Associated with Particular High Risk
<b>Question</b>	<p>Following the decision tree, it is clear that "Items Associated with Particular High Risk" take precedence over "Exposures in Default". However, if for example we have a case of speculative immovable property financing that is in default where do we classify it? If we include the exposure in the Associated with Particular High Risk class, then during COREP review or other regulatory review exercises, it might not give the correct picture for the level of in default exposures that an institution has in its portfolio. Shall the in default items with particular high risk be classified in the "In default" exposure class?</p>
<b>Background on the question</b>	During the AQR the in default references to the "in default exposure class" alone and it would mean incorrect classification of exposures.
<b>Final answer</b>	<p>The sequential process to assign the original exposure pre conversion factors to the exposure classes of the standardised approach according to CRR described in paragraph 3.2.3 of the instructions (Annex II of Regulation (EU) No 680/2014 13 ITS on Supervisory Reporting of institutions (ITS)) shall be applied. As such, if an exposure is either listed in Article 128 (2) or meets the</p>

	criteria set in Article 128 (3) of CRR, it shall be assigned to the exposure class "Items associated with particular high risk". Consequently, there should be no other allocation, even if the exposure is defaulted.
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_847">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_847</a>

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