

Question ID	2015_1800
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Asset Encumbrance
Article	Article 99
Paragraph	-
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	Title 1 Part 5
Date of submission	05/02/2015
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Disclose name of institution / entity	No
Type of submitter	Other
Subject matter	Treatment of an asset entitled 'Rent Deposit'
Question	Should an asset of a 'rent deposit' held in the current assets of a company's balance sheet be treated as encumbered or unencumbered? If it is to be included as encumbered should the fair value of the encumbrance be the amount of the entire contract that the rental deposit secures?
Background on the question	The deposit is for the sum of £156,000.
EBA answer	The rental deposit should be treated as encumbered. The fair value of the encumbrance should be the amount of the entire contract that the rental deposit secures. The reason is that it is subject to an arrangement to secure rental property and cannot be easily withdrawn and used for future encumbrance.
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2015_1800

