

# Single Rulebook Q&A

<b>Question ID</b>	2019_4525
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - Large Exposures
<b>Article</b>	Article 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>	Annex 9
<b>Date of submission</b>	07/02/2019
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Other
<b>Subject matter</b>	Include all entities which belong to a group of connected clients in Large exposure templates
<b>Question</b>	Should credit institution report all entities which belong to a group of connected clients in their C 29.00 template, including those which do not have any direct or indirect exposure with this credit institution?
<b>Background on the question</b>	- If a group of connected clients has an exposure (qualified as large exposure) with a credit institution, so it should be reported in large exposure template. The question is: Should ALL of their entities should be also reported in C 29.00, including those who don't have any direct or indirect exposure with this credit institution? Example for explanation: A is the group of connected clients of B, C and D. A have an exposures to Credit Institution, qualified as large exposure; B have an exposure to Credit Institution; C and D don't have any exposure (contract) with Credit Institution => Question: Should this credit institution report B and C in C 29.00 template? - If some entities of a group of connected clients have exposure with credit institution then the sum of these exposures make that this group of connected clients is considered as large exposure. The question is: Should ALL of their entities should be also reported in C 29.00, including those who don't have any direct or indirect exposure with this credit institution? Example for explanation: A

is the group of connected clients of B, C and D. A don't have any direct/indirect exposure to Credit Institution, B has exposure to Credit Institution and it is qualified as large exposure; C and D don't have any exposure (contract) with Credit Institution => Question: Should this credit institution report B and C in C 29.00 template? Same scenario but now B have also their entities M, N who don't have any exposure with this credit institution => Question: Should this credit institution report B and C but also M and N in C 29.00 template?

**EBA answer**

According to Article 394 of Regulation (EU) No 575/2013 (CRR), an institution shall report certain information about its large exposures.

Article 389 CRR clearly defines “exposures” for the purposes of Part IV (Large Exposures) as any asset or off-balance sheet item referred to in Part Three, Title II, Chapter 2, without applying the risk weights or degrees of risk. Paragraph 8 point 1 of Part II of Annex IX of Regulation (EU) No 2021/451 states that institutions “shall report in the LE3 template data regarding the exposures to individual clients belonging to the groups of connected clients, which are reported in the LE2 template”. At the same time, in the instructions concerning the specific columns, column 010 specifies that “The code of the individual counterparty belonging to the groups of connected clients shall be reported.”

This said, an institution has to report its large exposures to individual clients and to groups of connected clients. However, this requires that the institution currently has an exposure to the individual client which itself is a large exposure or which becomes a large exposure by adding together all the exposures to individual clients in a group of connected clients. Members of a group of connected clients to whom the institution does not have any current exposures are not to be reported. In cases where an institution has only a large exposure to a single client being part of a group of connected clients and the institution is aware of this connection, the institution should also report the group of connected clients in C 28.00 template as well the one single client in template C 29.00 (as described in Q&A 2014\_1562).

This leads, with regard to the first example given in the question, where an institution has exposures to A (holding of the group of connected clients) and to B (subsidiary of A), but not to C and D (both subsidiaries of A) to the following solution:

- the exposures towards the group of connected clients named A have to be reported in LE2 template
- the exposures towards the group member A have to be reported in LE3 template
- the exposures towards the group member B have to be reported in LE3 template.
- But no reporting of group members C and D.

<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4525">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4525</a>
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