

<b>Question ID</b>	2019_4474
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR) as amended
<b>Topic</b>	Other topics
<b>Article</b>	99
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
<b>Article/Paragraph</b>	Annex II Paragraph 3.4.3
<b>Date of submission</b>	22/01/2019
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<b>Disclose name of institution / entity</b>	Yes
<b>Name of institution / submitter</b>	Banco de España
<b>Country of incorporation / residence</b>	Spain
<b>Type of submitter</b>	Competent authority
<b>Subject matter</b>	2% threshold in template C.09.04
<b>Question</b>	Which is the correct way to calculate the 2% threshold for general credit exposures in the context of the institution specific counter-cyclical capital buffer (CCB)?
<b>Background on the question</b>	The ITS on supervisory reporting of institutions points out that row 150 in template C.09.04 is regulated in accordance with Article 2(5)(b) of Commission Delegated Regulation (EU) No 1152/2014, where states that the foreign general credit risk exposures, whose aggregate does not exceed 2% of the aggregate of the general credit, trading book and securitisation exposures of that institution, may be allocated to the institutions' home member state. When calculating the 2%, it is unclear whether the institution should aggregate all the exposures abroad and if the aggregated amount does not exceed the 2% of the total, whether the exposures can be allocated in the institutions' member state.

<b>EBA answer</b>	<p>According to Article 1 of Commission Delegated Regulation (EU) No 1152/2014, a 'general credit exposure' means the risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 of an exposure referred to in Article 140(4)(a) of Directive 2013/36/EU. In the same article, a 'foreign exposure' is defined as a general credit exposure whose obligor is not located in the institution's home Member State.</p> <p>Pursuant to Article 2(5)(b) of Commission Delegated Regulation (EU) No 1152/2014 foreign exposures, whose aggregate does not exceed 2% of the aggregate of the general credit, trading book and securitisation exposures of that institution excluding the general credit exposures located in accordance with point (a) of Article 2(5) and with paragraph 4 of Article 2 of Commission Delegated Regulation (EU) No 1152/2014, may be allocated to an institution's home Member State.</p> <p>For this purpose:</p> <ul style="list-style-type: none"> <li>- the numerator refers to the sum of all foreign exposures, independent of the geographical location of these exposures;</li> <li>- the denominator refers to the sum (i.e. aggregate) of the general credit, trading book and securitisation exposures of the institution, excluding general credit exposures located in accordance with point (a) of Article 2(5) of Commission Delegated Regulation (EU) No 1152/2014 and general credit exposures in accordance with Article 2(4) of Commission Delegated Regulation (EU) No 1152/2014.</li> </ul> <p>If the sum of all foreign exposures is higher than the threshold, each individual of the institution's sum of all foreign exposures must be allocated to the respective location of the obligor.</p> <p>For trading book exposures, according to Article 3(3) of Commission Delegated Regulation (EU) No 1152/2014, institutions may allocate them to the home member State only if the total trading book exposures does not exceed 2% of the aggregate of the general credit, trading book and securitisation exposures.</p> <p>According to Article 1(2) of Commission Delegated Regulation (EU) No 1152/2014, 'trading book exposure' means the risk exposure amount calculated in accordance with Article 92(3) of Regulation (EU) No 575/2013 of an exposure referred to in Article 140(4)(b) of Directive 2013/36/EU.</p>
<b>Link</b>	<a href="https://eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4474">https://eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4474</a>

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