



Single Rulebook Q&A

Question ID	2020_5634
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - FINREP (incl. FB&NPE)
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	Annex V
Date of submission	27/11/2020
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	v3078_m - Maximum Amount of Guarantee Given
Question	Should the maximum amount of guarantee given reported in F_09.02 be capped at the carrying amount or nominal amount after deduction of provisions of the related exposure?
Background on the question	Validation v3078_m compares the values in F_09.02 (r080, c010) with F_18.00.C (c205, c210, r330, r550). The guidelines for F_09.02 (Annex V para 119) require that "for financial guarantees received, the 'maximum amount of the guarantee that can be considered' shall be the maximum

	<p>amount the counterparty could have to pay if the guarantee is called on." In the case of an exposure fully covered by a guarantee, the maximum amount the counterparty would pay if the guarantee is called on would be the gross amount. The guidelines for F_18.00.C (Annex V para 239) require that "the sum of the amounts reported for both collateral and guarantees shall be capped at the carrying amount or nominal amount after deduction of provisions of the related exposure." In practice, a credit institution would still take impairment measures on a guarantee that covers an exposure in full. This impairment would be taken in order to cover the counterparty credit risk of the guarantor. Therefore, the carrying amount of the exposure would be less than the maximum amount the counterparty could have to pay if the guarantee is called on (gross amount). Validation v3078_m would therefore fail.</p>
EBA answer	<p>For reporting the maximum amount of guarantee received (we assume the submitter meant "received" and not "given", otherwise the question is inconsistent) the definition set out in Annex V (paragraph 119) to Regulation (EU) No 680/2014 (ITS on Supervisory Reporting) applies: <i>"for financial guarantees received, the 'maximum amount of the guarantee that can be considered' shall be the maximum amount the counterparty could have to pay if the guarantee is called on."</i></p> <p>The amount of guarantee received reported in template F 09.02 should not be capped at the carrying amount or nominal amount after deduction of provisions of the related exposure.</p> <p>Indeed, in line with validation rule v3078, the capped amount in F18.00 can be inferior to the maximum amount in F09.02 so the 2 amounts do not have to be identical and the validation rule v3078 can be met without a full equality. There is consequently no reason to amend the definition in F09.02 with the introduction of a cap.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2020_5634</p>