**ANNEX XLII– Credit valuation adjustment risk disclosure tables and templates: Instructions**

EBA Regular Use

1. This annex includes the instructions that institutions shall apply when disclosing the information regarding their exposure to credit valuation adjustment risk as referred to in Title VI of Part Three of Regulation (EU) 575/2013[[1]](#footnote-2) disclosure table and templates as presented in Annex XLI in accordance with Article 445a Regulation (EU) 575/2013.

**Table EU CVAA: Qualitative disclosure requirements related to credit valuation adjustment risk):** Free format text boxes

1. Institutions shall apply the instructions provided below to complete table EU CVAA as presented in Annex XLI, in application of Article 445a (1), points (a) and (b) of Regulation (EU) 575/2013.

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| (a) | When disclosing information required in Article 445a (1), point (a) of Regulation (EU) 575/2013, institutions must provide a description of the processes used to manage credit valuation adjustment risk, including a description of the processes implemented to identify, measure, monitor and control the institution’s credit valuation adjustment risks and a description of their policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges |
| (b) | When disclosing information required in Article 445a (1), point (b) of Regulation (EU) 575/2013, institutions must explain whether the conditions set out in Article 273a (2) of Regulation (EU) 575/2013are met and where those conditions are met, whether the institution has chosen to calculate the own funds requirements for CVA risk using the simplified approach set out in Article 385 of Regulation (EU) 575/2013; where institutions have chosen to calculate the own funds requirements for CVA risk using the simplified approach, the own funds requirements for CVA risk in accordance with that approach. |

**Template EU CVA1 - Credit valuation adjustment risk under the Reduced Basic Approach:** Fixed format

1. Institutions shall apply the instructions provided below in this Annex to complete template EU CVA1 as presented in Annex XLI, in application of Article 445a (3), point (a) of Regulation (EU) 575/2013.

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| 1 | *Aggregation of systematic components of CVA risk*  Article 384(3) of Regulation (EU) No 575/2013. Component of own funds requirements used for the calculation of RWEA under perfect correlation assumption (). The discount factor of 0.65 shall not be applied. |
| 2 | *Aggregation of idiosyncratic components of CVA risk*  Article 384(3) of Regulation (EU) No 575/2013. Component of own funds requirements used for the calculation of RWEA under zero correlation assumption ().The discount factor of 0.65 shall not be applied. |
| 3 | *Total*  Total own funds requirements for CVA risk under the Reduced Basic Approach, multiplied by 12,5. This amount is equal to the amount disclosed in row EU 10c, column (a) of template EU OV1. |
| **Column letter** | **Explanation** |
| a | *Components of own funds requirements*  Components used for the calculation of RWEA in accordance with Article 384(3) of Regulation (EU) No 575/2013 for an institution that meets the condition laid down in Article 384(1), point (b) of Regulation (EU) No 575/2013. |

**Template EU CVA2 - Credit valuation adjustment risk under the Full Basic Approach:** Fixed format

1. Institutions shall apply the instructions provided below in this Annex to complete template EU CVA2 as presented in Annex XLI, in application of Article 445a (3), points (a) and (b) of Regulation (EU) 575/2013.

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| 1 | *BACVA csr-unhedged*  Component of own funds requirements used for the calculation of RWEA in accordance with Article 384(3) for an institution that meets the condition laid down in Article 384(1), point (b) of Regulation (EU) No 575/2013. The amount is multiplied by 12,5. |
| 2 | *BACVA csr-hedged*  Component of own funds requirements used for the calculation of RWEA in accordance with Article 384(2) for an institution that meets the condition laid down in Article 384(1), point (a) of Regulation (EU) No 575/2013. The amount is multiplied by 12.5. |
| 3 | *Total*  Total own funds requirements for transactions subject to the full basic approach as calculated in accordance with Article 384(2), multiplied by 12,5, for an institution that meets the condition laid down in Article 384(1)(a) of Regulation (EU) No 575/2013. This amount is equal to the amount disclosed in row EU 10b, column (a) of template EU OV1. |
| EU 4-EU 6 | *CVA Hedges*  Article 386 of Regulation (EU) No 575/2013. |
| **Column letter** | **Explanation** |
| a | *Risk weighted exposure amount.*  Article 382 of Regulation (EU) No 575/2013. |
| EU b | *Notional of CVA hedges*  Notional of CVA eligible hedges recognised in accordance with Article 386 of Regulation (EU) No 575/2013. |

**Table EU CVAB: Qualitative disclosure requirements related to CVA risk for institutions using the Standardised Approach:** Free format text boxes

1. Institutions shall apply the instructions provided below to complete table EU CVAB as presented in Annex XLI, in application of Article 445a (2), point (a) of Regulation (EU) No 575/2013.

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| (a) | When disclosing information required in Article 445a (2), point (a) of Regulation (EU) No 575/2013, institutions must describe the structure and organisation of the internal CVA risk management function and governance; including a description of the bank`s CVA risk management framework and an overview of the governance of the CVA risk management framework (eg documentation, independent control unit, independent review, independence of the data acquisition from the lines of business). |
| (b) | Description of how senior management is involved in the CVA risk management framework. |
| (c) | An overview of the governance of the CVA risk management framework (eg documentation, independent control unit, independent review, independence of the data acquisition from the lines of business) |

**Template EU CVA3 - Credit valuation adjustment risk under the Standardised Approach:** Fixed format

1. Institutions shall apply the instructions provided below in this Annex to complete template EU CVA3 as presented in Annex XLI, in application of Article 445a (1), point (c) and of Article 445a (2), points (b) and (c) of Regulation (EU) No 575/2013

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| 1-6 | *Risk classes*  Components used for the calculation of RWEA under the standardised approach (SA-CVA risk) in accordance with Article 383 of Regulation (EU) No 575/2013, including a breakdown by risk classes as defined in Article 383(2)(a) of Regulation (EU) No 575/2013. |
| 1 | *Interest rate risk*:  Articles 383c, 383i, 383j, 383k, 383l of Regulation (EU) No 575/2013. |
| 2 | *Foreign exchange risk*  Articles 383d, 383i, 383j, 383m, 383n of Regulation (EU) No 575/2013. |
| 3 | *Reference credit spread risk*  Articles 383f, 383i, 383j, 383r, 383s of Regulation (EU) No 575/2013 |
| 4 | *Equity risk*  Articles 383g, 383i, 383j, 383t, 383u of Regulation (EU) No 575/2013. |
| 5 | *Commodity risk*  Articles 383h, 383i, 383j, 383v, 383w of Regulation (EU) No 575/2013. |
| 6 | *Counterparty credit spread risk*  Articles 383e, 383i, 383j, 383o, 383p, 383q of Regulation (EU) No 575/2013. |
| 7 | *Total*  Sum of rows 1 to 6. This amount is equal to the amount disclosed in row EU 10a, column (a) of template EU OV1. |
| EU 8-EU 13 | *Counterparty types of transactions*  The number of counterparties of the transactions broken-down by type in accordance with the instructions in Annex V, Part 1, Section 6, paragraphs 42-44 of the Commission Implementing Regulation (EU) 2021/451. |
| EU 14 | *Total*  The total number of counterparties as sum of rows EU 8 to EU 13. |
| EU 15-EU 17 | *CVA Hedges*  Article 386 of Regulation (EU) No 575/2013. |
| EU 18 | *Total*  Sum of rows EU 15 to EU 17. |
| **Column letter** | **Explanation** |
| a | *Risk weighted exposure amount*  Article 382 of Regulation (EU) No 575/2013. |
| b | *Number of counterparties*  Number of counterparties as defined in Article 383(1) of Regulation (EU) No 575/2013 included in calculation of own funds for SA-CVA risk. |
| EU c | *Notional of CVA hedges*  Notional of CVA eligible hedges recognised in accordance with Article 386 of Regulation (EU) No 575/2013. |

**Template EU CVA4 - RWEA flow statements of credit valuation adjustment risk under the Standardised Approach:** Fixed format

1. Institutions shall apply the instructions provided below to complete template EU CVA4 as presented in Annex XLI, in application of Article 438, points (d) and (h) of Regulation (EU) No 575/2013.
2. Institutions are required to supplement this template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes. Factors behind changes could include movements in risk levels, scope changes (eg movement of netting sets between SA-CVA and BA-CVA), acquisition and disposal of business/product lines or entities or foreign currency translation movements

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| **Legal references and instructions** | |
| **Row number** | **Explanation** |
| 1 | *Risk weighted exposure amount as at the end of the previous reporting period*  This amount is equal to the amount disclosed in row EU 10a, column (b) of the template EU OV1. |
| 2 | *Risk weighted exposure amount as at the end of the current reporting period*  This amount is equal to the amount disclosed in row EU 10a, column (a) of the template EU OV1. |
| **Column letter** | **Explanation** |
| a | *Risk* *weighted exposure amount*  Article 92(7), point (b), of Regulation (EU) No 575/2013.  Own funds requirements multiplied by 12.5. |

1. REGULATION (EU) 2019/876 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150/1, 7.6.2019) [↑](#footnote-ref-2)