

## **Chapter 3**

# **Commission Delegated Regulation (EU) No 183/2014**

Article 1 Identification of General and  
Specific Credit Risk Adjustments for the  
purposes of Articles 111, 159, 166, 167,  
168, 178, 246 and 266 of Regulation (EU)  
No 575/2013

(1) For the purposes of this Regulation, the amounts required to be included in the calculation of general and specific credit risk adjustments by an institution shall be equal to all amounts by which an institution's Common Equity Tier 1 capital has been reduced in order to reflect losses exclusively related to credit risk according to the applicable accounting framework and recognised as such in the profit or loss account, irrespective of whether they result from impairments, value adjustments or provisions for off-balance sheet items.

Any amounts resulting pursuant to the first subparagraph which have been recognised during the financial year, may only be included in the calculation of general and specific credit risk adjustments if the respective amounts have been deducted from an institution's Common Equity Tier 1 capital, either in accordance with Article 36(1) of Regulation (EU) No 575/2013, or, in the event of interim profits or year-end profits that have not been approved in accordance with Article 26(2) of that Regulation, by way of a corresponding immediate reduction in Common Equity Tier 1 capital for the determination of own funds.

(2) The amounts referred to in paragraph 1 shall be included in the calculation of general credit risk adjustments by the institution (General Credit Risk Adjustments) where they fulfil both of the following criteria:

(a) they are freely and fully available, as regards to timing and amount, to meet credit risk losses that have not yet materialised;

(b) they reflect credit risk losses for a group of exposures for which the institution has currently no evidence that a loss event has occurred.

(3) All other amounts referred to in paragraph 1 shall be included in the calculation of specific credit risk adjustments (Specific Credit Risk Adjustments).

(4) Subject to meeting the criteria of Paragraph 2, the institution shall include the following losses in the calculation of General Credit Risk Adjustments:

(a) losses recognised to cover higher average portfolio loss experience over the last years although there is currently no evidence of loss events supporting these loss level observed in the past;

(b) losses for which the institution is not aware of a credit deterioration for a group of exposures but where some degree of non-payment is statistically probable based on past experience.

(5) The institution shall always include the following losses in the calculation of Specific Credit Risk Adjustments referred to in Paragraph 3:

(a) losses recognised in the profit or loss account for instruments measured at fair value that represent credit risk impairment under the applicable accounting framework;

(b) losses as a result of current or past events affecting a significant individual exposure or exposures that are not individually significant which are individually or collectively assessed;

(c) losses for which historical experience, adjusted on the basis of current observable data, indicates that the loss has occurred but the institution is not yet aware which individual exposure has suffered these losses.