

EXPOSURES ASSOCIATED WITH HIGH RISK

1. The purpose of this Annex is to implement the EBA Guidelines on [specification of types of exposures to be associated with high risk under Article 128\(3\) of Regulation \(EU\) No 575/2013](#) (the 'CRR') (EBA/GL/2019/01), and it is applicable to all credit institutions licensed under the Banking Act. This Annex must be read and shall be applied in conjunction with the aforementioned EBA Guidelines, as well as any reviews and/or updates that may be undertaken to such Guidelines from time to time.
2. In the process of determining the minimum capital requirements, under the standardised approach ("SA"), credit institutions shall assign an exposure class for each exposure to be able to calculate the applicable risk weight. The exposure classes relevant for the SA are laid down in Article 112 of the CRR, with Article 112(k) referring to the exposure class of exposures associated with particularly high risk.
3. Article 128 of the CRR sets out the requirements for classifying an exposure as an item associated with particularly high risk, which results in an assignment of a 150% risk weight for the considered exposure. A high risk exposure that already receives a 150% risk weight in its original exposure class is therefore not affected by Article 128 of the CRR. Credit institutions shall note that Article 128(2) of the CRR also provides a list of exposures which are assigned to this exposure class:
 - a) investments in venture capital firms, except where those investments are treated in accordance with Article 132 of the CRR;
 - b) investments in private equity, except where those investments are treated in accordance with Article 132 of the CRR;
 - c) speculative immovable property financing.
4. Credit institutions shall have regard to the minimum conditions set out in the EBA Guidelines Section 4.1 for investments in both venture capital firms and private equity, referred to in paragraph 3 points (a) and (b) above.
5. In the process of identifying items associated with particularly high risk that are not already covered by Article 128(2) of the CRR, credit institutions shall consider all exposure classes, with a particular emphasis on the exposure classes referred to in Article 112(g), (p) and (q) of the CRR, namely exposures to corporates, equity exposures and other items. In this regard, credit institutions shall be guided and take into consideration, at a minimum, the conditions specified in the EBA Guidelines Section 4.2 to identify the exposures that shall be classified as high risk.

6. Where credit institutions identify any types of exposures carrying a particularly high risk of loss other than those identified in accordance with Section 4.2 of the EBA Guidelines, institutions shall notify the competent authority, together with a brief description of the main characteristics of these exposures.
7. All requirements emanating from this Annex are applicable with immediate effect.