


Single Rulebook Q&A

Question ID	2021_6043
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - FINREP (incl. FB&NPE)
Article	430
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
Article/Paragraph	Table F12.1a
Date of submission	21/06/2021
Published as Final Q&A	04/02/2022
Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Template F 12.1a
Question	<p>F12.1a - Movements in allowance and provisions for credit losses</p> <p>The EBA has introduced a new section for ‘Allowances for purchased or originated credit-impaired financial assets’ (row references r600-r750) with granular sub-sections for ‘Debt Securities’ and ‘Loans and Advances’, broken down by industry classification.</p> <p>This new section has the existing column for ‘Increases due to origination and acquisition’ (column reference c020) greyed out:</p> <p></p> <p>This greying out of column c020 means that no data can go into the column for the Purchased / Originated Credit Impaired Assets. We believe this is an error in the design of the template as a bank, if we were to procure credit impaired financial assets from an outside third party or to write credit impaired facilities to potential new / existing customers, we would expect to report these balances against column c020 ‘Increases due to origination and acquisition’.</p> <p>Can you please share your thoughts in terms of the rationale behind</p>

	blocking c020 for the POCI rows r600-r750 and advise how we should proceed in the event we have to report these balances in future submissions?
Background on the question	As a bank, we are due to go live with FinRep 3.0 and we noticed the template design fault which may cause a problem in future submissions.
Final answer	<p>The general impairment model does not apply to purchased or originated credit impaired assets as defined in IFRS 9 Appendix A given that at initial recognition the credit risk is directly reflected in the effective interest rate [IFRS 9.5.4.1].</p> <p>Indeed, in accordance with IFRS 9 for POCI, only the cumulative changes in lifetime expected credit losses since initial recognition shall be recognised as a loss allowance [IFRS 9.5.5.13].</p> <p>Therefore, the greying out of column c020 in correspondence with the row r600 is correct.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_6043

European Banking Authority, 02/07/2022
www.eba.europa.eu