

<b>Question ID</b>	2022_6371
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - FINREP (incl. FB&NPE)
<b>Article</b>	430
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Not applicable
<b>Article/Paragraph</b>	n.a.
<b>Date of submission</b>	14/02/2022
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	FINREP - Treatment of cash collateral
<b>Question</b>	<p>In an earlier issued answer (Q&amp;A <a href="#">2020_5279</a>), it was advised that cash collaterals on derivatives should be reported as part of 'Financial assets at amortised cost' [F 01.01, r183, c010].</p> <p>Should cash collaterals on other products, for instance reverse repurchase agreements and repurchase agreements (repos &amp; reverse repos) be treated similarly?</p>
<b>Background on the question</b>	<p>Mapping of products sitting in Other assets and liabilities that are inline with IFRS financial statement reporting have a different mapping for FINREP reporting e.g. cash collateral on derivatives. The question is trying to define which other products have a similar mapping deviation to IFRS financial reporting.</p>
<b>Final answer</b>	<p>A repurchase agreement (repo) and a reverse repurchase agreement (reverse repo) are two sides of the same transaction.</p> <p>In a repo the entity is temporarily selling a value and receiving cash instead, however, the entity has the obligation to buy the value in the future and this is why it should reflect a liability (deposit) in its balance sheet. On the other</p>

	<p>hand, in a reverse repo, the entity is temporarily buying a value that must be sold in the future, so the money given to the counterparty must be reflected as an asset (loan) in the balance sheet.</p> <p>The submitter is asking about how to reflect those agreements in the template F 01.01. Since this template refers to assets, it seems that the question refers to the reverse repurchase agreements (reverse repo).</p> <p>Annex V, Part 1.32 of Regulation (EU) 2021/451 indicates the definition of “loans and advances” including items “defined in the Table of Part 2 of Annex II to the ECB BSI Regulation”. Specifically, its point 2.1 k) indicates “claims under reverse repos or securities borrowing against cash collateral”.</p> <p>Under IFRS 9, an entity has to classify its financial assets based on the entity’s business model for managing the asset and the asset’s contractual cash flow characteristics. Therefore, the same instrument (i.e. reverse repo) could be classified in a specific portfolio by a particular reporting entity and in another category by a different reporting entity. For instance, an entity could have classified its reverse repos in the amortised cost portfolio (r0183, c0010 of F 01.01) while others could have them, for example, in the fair value through profit or loss portfolio (r0130, c0010 of F 01.01).</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6371">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6371</a>

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