

Question ID	2022_6629
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - FINREP (incl. FB&NPE)
Article	430
Paragraph	3
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
Article/Paragraph	Annex V.Part 2.48i
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Disclose name of institution / entity	No
Type of submitter	Individual
Subject matter	Liability for contribution to resolution funds and deposit guarantee schemes in the form of a payment commitment
Question	<p>Paragraph 48i of Part 2 of Annex V to Regulation (EU) 2021/451 states: '[...] Where the contribution [to resolution funds and deposit guarantee schemes] is made in the form of a payment commitment, this payment commitment shall be included in 'provisions or (-) reversal of provisions', if the payment commitment gives rise to a liability in accordance with the applicable accounting standard'.</p> <p>It is not clear in which row of template F 01.02 should be accounted the liability. Row '0230. Other provisions' seems the best choice, but row '0220. Commitments and guarantees given' could be another choice.</p>
Background on the question	<p>From the FinRep's instructions is not clear how to account the liability in counterpart of the expense related to "payment commitments to resolution funds and deposit guarantee schemes". F 02.00 r0435 - Payment commitments to resolution funds and deposit guarantee schemes 100 - Debit (DARE) ??? F 01.02 r0230 - Other provisions OR F 01.02 r0220 - Commitments and guarantees given 100 - Credit (AVERE) IFRIC 21 could be apply if the contribution is trated like a levy. In this view row 230</p>

	<p>seems the more appropriate. Furthermore for cell {F 01.02, r0230, c0010} in the EBA DPM, the "Main category that generates the provision (MCP:MC)" consists of provisions "Other than Employee benefits, Restructuring, Pending legal issues and tax litigation, Off-balance sheet exposures subject to credit risk (MC:x893)". On the other hand, if the contribution is treated like a "commitment to pay" row 220 could also be possible. In this case is not clear which columns of template F 09.01.1 should be filled (probably columns 0100 e 0110). However for cell {F 01.02, r0220, c0010} in the EBA DPM the "Main category that generates the provision (MCP:MC)" consists of provisions from "Off-balance sheet exposures subject to credit risk (MC:x251)". In consideration that "contributions to resolution funds and deposit guarantee schemes" are not subject to credit risk, row 220 does not seem to be the right one.</p>
Final answer	<p>A payment commitment to resolution funds and deposit guarantee schemes is a liability which is within the scope of IAS 37 and it is a commitment given, not subject to credit risk.</p> <p>Since this type of payment commitment is not subject to credit risk, it shall be reported in row 0230 "Other provisions", rather than in row 0220 of template F 01.02.</p> <p>Indeed, the row 0220 of template F 01.02 is broken-down in templates F 09, as specified in the column 'Breakdown in table' of template F 01.02. In templates F 09, according to paragraph 102 in Part 2 of Annex V to Regulation (EU) 2021/451, the off-balance sheet items listed in Annex I to CRR shall be reported. These off-balance sheet items are those subject to credit risk, as also specified in DPM.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2022_6629</p>

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