

Question ID	2013_198
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - FINREP (incl. FB&NPE)
Article	99
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (repealed)
Article/Paragraph	Annex III, F 04.04, c 020
Date of submission	02/09/2013
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Disclose name of institution / entity	Yes
Name of institution / submitter	National Bank of Romania
Country of incorporation / residence	Romania
Type of submitter	Competent authority
Subject matter	Financial assets impairment
Question	Do impaired financial assets also include the ones that are found to be impaired at the group level or only those individually impaired? More specific, in the financial reporting form F 04.04, the column 020 "Impaired assets [gross carrying amount]" includes only the financial assets impaired on individual basis (with specific allowances for individually assessed financial assets or specific allowances for collectively assessed financial assets)?
Background on the question	The column 020 of F 04.04 includes, inter alia, references to IFRS 7.37 (b) provisions, according to which an entity shall disclose by class of financial asset an analysis of financial assets that are individually determined to be impaired as at the reporting date.
Final answer	Column 020 in F 04.04 "Impaired assets [gross carrying amount]" should be

filled with individually impaired financial assets (i.e. financial assets for which specific allowances for individually assessed financial assets were built and insignificant financial assets for which specific allowances for collectively assessed financial assets were built), in line with IFRS 7.37 (b) disclosure criteria. Collectively impaired financial assets (i.e. financial assets for which collective allowances for incurred but not reported losses were built) shall be included in c010 of F 04.04 "Unimpaired assets [gross carrying amount]".

Paragraph 39 in Part 2 of Annex V of the Regulation (EU) No 680/2014 13 ITS on supervisory reporting of institutions~~Draft ITS on Supervisory reporting~~ referred in F04.04 c060 states that the "sum of unimpaired assets and impaired assets net of all the allowances shall be equal to the carrying amount". This sentence is also reflected in the validation rules v0809_m in Annex XV of the ITS which states that column 060 in F 04.04 is the addition of the previous five columns ($\{c060\} = \{c010\} + \{c020\} + \{c030\} + \{c040\} + \{c050\}$).

Since specific allowances for individually and collectively assessed financial assets are included in columns 030 and 040 respectively, then it follows that the carrying amount for impaired assets reported in c020 should not be netted by the amount of these allowances (reported in columns 030 and 040 in the template) but should be net of write-offs (see Paragraph 50. Part 2 Annex V of the Draft ITS for its definition).

**As of 1/8/2014 the content of this answer was modified to reflect the publication of the final ITS on supervisory reporting of institutions in the Official Journal of the European Union. As a result, the references to the ITS were updated and the disclaimer deleted. For reasons of transparency, revisions are highlighted in track changes.*

Link

https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_198