Single Rulebook Q&A

Question ID	2013_199
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - FINREP (incl. FB&NPE)
Article	99
Paragraph	2
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
Article/Paragraph	Annex III - F 04.04 c 040, F 07.00 c 090; Annex V, Part 2, para.37
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	Considering the provisions of para.37 from Part 2 of Annex V to the ITS (FINREP instructions), are there any IFRS provisions allowing entities to perform the computation of the impairment losses at the portfolio level for individually insignificant financial assets found to be impaired on individual basis?
Background on the question	F 04.04 and F 07.00 templates request the reporting of three categories of impairment allowances: specific allowances for individually assessed financial assets, specific allowances for collectively assessed financial assets and collective allowances for incurred but not reported losses. According to the provisions of para.36-38 from Part 2 of FINREP instructions: - the specific allowances for individually assessed financial assets should be determined for individually significant financial assets found to be impaired on individual basis; - the specific allowances for individually assessed

	financial assets may be determined for individually insignificant financial assets found to be impaired on individual basis; - the specific allowances for collectively assessed financial assets may be determined for individually insignificant financial assets found to be impaired on individual basis; - the collective allowances for incurred but not reported losses should be determined for the financial assets which are not impaired on individual basis. IAS 39.64 states that an entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. In other words, the option provided by IAS 39.64 for financial assets that are not individually significant is related to the process of assessing whether objective evidence of impairment exists, individually or collectively, and not to the process of computing the impairment loss, on individual or portfolio basis.
Final answer	On the one hand, the present Q&A tool only covers the Single Rulebook and, thus, IAS 39 is outside its scope. On the other hand, paragraphs 2 and 3 of Part 1 of Annex ~~I~~V of the Regulation (EU) No 680/2014 13 ITS on supervisory reporting of institutions ~~ITS on Supervisory reporting~~ explain that FINREP should be elaborated under applicable accounting framework (in accordance with Regulation (EU) No. 575/2013 (CRR) and that only those parts of the templates related to valuation rules -including methods for estimating credit losses- effectively applied by the institutions should be submitted. Therefore, the Q&A tool should focus on merely clarifying in which parts of the templates should be reported a given type of allowance (that the institution is already applying). Under the premises above, allowances in FINREP are classified depending on: i) whether they cover specific financial assets or a portfolio and, ii) whether the process of estimating their amount is individual (calculation relaying on data referred to an individual asset) or collective (calculation relaying on data referred to groups of assets with similar characteristics). 18Specific allowances for collectively assessed financial assets 19 serves to report allowances estimated by the institution through collective calculations but covering specifically identified financial assets. *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_199

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