

Question ID	2013_326
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 12.00
Date of submission	04/10/2013
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Disclose name of institution / entity	Yes
Name of institution / submitter	Swedish Bankers' Association
Country of incorporation / residence	Sweden
Type of submitter	Industry association
Subject matter	Movements in allowances
Question	Assume that we have an opening balance with a collective allowance of 25 (25 % x 100) for an unimpaired loan. The loan becomes impaired and therefore we make a specific allowance of 100 (100 % x 100) during the period. The collective allowance is re-calculated to 0 CU (25% x 0) at end of period. How shall it be reported: · Specific allowance on row 090/column 020 of 100? · Collective allowance on row 320/column ??? of -25? · Giving a net on row 530/column 060 of 75, or ?
Background on the question	Assume that we have an opening balance with a collective allowance of 25 (25 % x 100) for an unimpaired loan. The loan becomes impaired and therefore we make a specific allowance of 100 (100 % x 100) during the period. The collective allowance is re-calculated to 0 CU (25% x 0) at end of period. It is not clear how allowances should be reported in the templates, see question above.

<p>Final answer</p>	<p>According to the sign convention described in paragraph 9 of Annex V of the <u>Regulation (EU) No 680/2014</u> <u>13 ITS on supervisory reporting of institutions</u>ITS, every data point (cell) has a "base item" to which the credit debit attribute is allocated. As all data points in template F 12.00 are described in the DPM as Assets, the opening and closing balance of the allowances (and increases of allowances) should be reported as negative and the decreases of allowances should be reported in positive.</p> <p>Taking into account the above-mentioned criteria, the reporting of the example given shall be as follows:</p> <ul style="list-style-type: none"> • First, concerning the opening balance, it shall be reported the collective allowance (it is understood that the example in the question does not refer to a specific allowance collectively assessed) for -25 in row 320/column 010 • Second, the recognition of the loan as impaired implies that the collective allowance shall have a closing balance of 0 while the specific should have a value of 100. Therefore, row 320/column 070 shall show a value of 0 and row 090/column 070 of -100 • To reach these closing amounts, there is an increase in the specific allowance of 75 (-75 in row 090/column 020) and a transfer between allowances of 25 (-25 in row 090/column 050, and the opposite entry, +25, in row 320/column050). <p><i>*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.</i></p>
<p>Link</p>	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_326</p>