

Question ID	2013_512
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 (as amended)
Article/Paragraph	Various
Date of submission	07/11/2013
Published as Final Q&A	21/03/2014
Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Validations
Question	<p>There are several validations that do not appear to work given the contents of the cells referenced. Can you please advise as to the appropriate treatment for these items? 1. v1074_m This validation requires the sum of the counterparty split of mortgage loans [Loans collateralized by immovable property] on Table 5 to equal the sum of Row 10 columns 10 and 20 on Table 13, which represents residential and commercial Mortgage loans [Loans collateralized by immovable property]. $\text{sum}\{\{F\ 13.01, r010, (c010-020)\}\} = \text{sum}\{\{F\ 05.00, r090, (c020-060)\}\}$ However, the instructions to Table 5 indicate that the loan balances should be reported in this table. In Template 13.1, the “maximum amount of the collateral or guarantee that can be considered” shall be reported. The sum of the amounts of a financial guarantee and/or collateral shown in the related columns of template 13.1 shall not exceed the carrying amount of the related loan. Therefore, the validation does not seem to be appropriate given the loan balance may not be equal to the amount of the guarantee/collateral. 2. v1235_m This validation requires that the opening balance of Profit/loss Attributable to owners of the parent equal the closing balance from the prior year. $\{F\ 46.00, r010, c100\} = \{F\ 46.00, r210, c100\}$ t-1 However, as this is a p&l column, the opening balance should always be 0 as the p&l is rolled into retained</p>

	<p>earnings every year. 3. v1350_m This validation formula references Table 2 row 320, however this row does not exist. $\text{sum}(\{F 20.03, r120, (c010-020)\}) = \{F 02.00, r320, c010\}$ 4. v1324_m This validation states the opening balance of Profit/loss Attributable to owners of the parent per the Statement of Changes in Equity should equal Profit/loss Attributable to owners of the parent on the balance sheet from the prior period. The FAQ's released by the EBA in March stated "Templates referring to a period shall be reported cumulatively from the first day of the accounting year to the reference date." $\{F 46.00, r010, c100\} = \{F 01.03, r250, c010\} t-1$. We do not understand the reference to IAS 27.28. The validation v0786_m states that Profit/loss Attributable to owners of the parent is an income statement measure as it validates to the Statement of Profit or Loss. As a p&l measure would get closed out into retained earnings at the end of each year, this validation does not appear to work. Is the EBA intending Table 1.3 row 250 to represent p&l for the year? The reference to IAS1.83(a)(ii) is invalid as it has been removed from the standard. Is the EBA intending Table 1.3 row 250 to represent p&l for the year? The reference to IAS1.83(a)(ii) is invalid as it has been removed from the standard. 5. v1236_m This validation requires that the opening balance of Interim Dividends equal the closing balance from the prior year $\{F 46.00, r010, c110\} = \{F 46.00, r210, c110\} t-1$ Is this supposed to represent the balance sheet value of accrued but not paid dividends? 6. v1325_m This validation states the opening balance of Interim Dividends per the Statement of Changes in Equity should equal Interim Dividends on the balance sheet from the prior year. Is this supposed to represent cumulative distributions or distributions for the year? If the latter, the validation does not work. $\{F 46.00, r010, c110\} = \{F 01.03, r260, c010\} t-1$</p>
<p>Background on the question</p>	<p>These validations do not appear to be valid, and the forms will not be able to be submitted if they are not corrected.</p>
<p>Final answer</p>	<p>1. v1074_m $\text{sum}(\{F 13.01, r010, (c010-020)\}) = \text{sum}(\{F 05.00, r090, (c020-060)\})$</p> <p>We agree that the amounts to be reported in templates F05.00 and F13.01 diverge. Within F 05.00, the outstanding amount of the loans shall be reported, while in F 13.01, it is the amount of the collateral that shall be declared capped by the amount of the loan. Nonetheless, paragraph 2.81 of Annex V of the ITS states that "The sum of the amounts of a financial guarantee and/or collateral shown in the related columns of template 13.1 shall not exceed the carrying amount of the related loan. ". That means that the validation rule v1074_m shall be expressed with the sign "<= ", that is, $\text{sum}(\{F 13.01, r010, (c010-020)\}) \leq \text{sum}(\{F 05.00, r090, (c020-060)\})$.</p> <p>1. v1235_m $\{F 46.00, r010, c100\} = \{F 46.00, r210, c100\} t-1$</p>

The validation rule is correct and shall not be changed.

1. **v1350_m** $\text{sum}(\{F\ 20.03, r120, (c010-020)\}) = \{F\ 02.00, r320, c010\}$

The cell {F 02.00, r320, c010} exists in Annex IV for institutions reporting according to national GAAP and does not exist in Annex III for IFRS institutions. It must be noted that some validation rules apply only to Annex IV set of templates. Therefore, the validation rule is correct and shall not be changed.

v1324_m $\{F\ 46.00, r010, c100\} = \{F\ 01.03, r250, c010\} t-1$.

These two templates have different reporting frequencies: F01.03, quarterly; F46.00, annual. Therefore, the validation rule works only if the amount included in the template 46 is compared to the template F 01.03 prepared at the previous financial year-end. The reference to IAS 27.28 is justified in that it concerns the allocation of net income and comprehensive income.

1. **V0786_m**

These two templates are quarterly and have the same reporting date. Therefore, we confirm that the amount of " Profit or loss attributable to owners of the parent" should be the same in the two statements. Additionally, the reference to IAS 1.83 (a)(ii) in {F 01.03, r250, c010} and {F 02.00, r690, c010} shall be replaced with a reference to IAS 81B (b) (ii) in next available version of the ITS

1. **v1236_m** $\{F\ 46.00, r010, c110\} = \{F\ 46.00, r210, c110\} t-1$

This validation rule shall not be amended. Interim dividends represent those dividends already paid to shareholders before the Annual General Meeting of the reporting institution has discussed and approved the financial statements and the distribution of the profit of the year.

1. **v1325_m** $\{F\ 46.00, r010, c110\} = \{F\ 01.03, r260, c010\} t-1$

The amount recognized in template F01.03 prepared at the previous financial year for interim dividends shall be equal to the amount recognized as opening balance in the statement of changes in equity (F46.00). Therefore, this validation rule is, from a certain point of view,

	<p>equivalent to v1236_m.</p> <p>Example of reporting interim dividends at the end of the year and the distribution of previous year earnings in F 46.00 (see attached file)</p> <ul style="list-style-type: none">• An institution with 100 ac Profit and loss in year (n-1) with interim dividends of 20 ac should register 100 ac in {F 46.00, r010, c100} and -20 ac in {F 46.00, r010, c110}.• When this institution agrees in year n a total dividend of 50 ac (20 ac already paid in year n-1 and 30 additional dividends to be paid in year n), retaining the remaining earnings, it should be reported in F 46.00 in the following way:
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_512

European Banking Authority, 16/05/2022

www.eba.europa.eu