

Question ID	2014_1630
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - Asset Encumbrance
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	F32.04
Date of submission	20/11/2014
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Treatment of Financial offsetting of assets and liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements'
Question	How does the assets/liabilities balances subject to netting are reported and how does the associated collateral with it reported are reported in F 32.04 ? How does the assets (on and off) are reported on FR 32.01 and FR 32.02 ?
Background on the question	Under IFRS the financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously ('the offset criteria'). The associated stock and collateral is not netted and reported on a gross basis on the balance sheet. Example : X bank has repo transaction with Y bank for US\$100 and an underlying collateral (say on-balance sheet A) of US\$101 has been pledged. On a later date, X bank entered into a reverse repo transaction with Y bank for US\$50 and a collateral (say B) of US\$51 has been received by Bank X. For financial reporting the net amount due to Y bank in X bank balance sheet is US\$50 (100-50) but the underlying collateral of US\$100 is reported as pledged and US\$50 is reported as received.

<p>EBA answer</p>	<p>Finrep instructions (point 1.3, page 1) provide that “The data points identified in the templates shall be drawn up in accordance with the recognition, offsetting and valuation rules of the relevant accounting framework, as defined in Article 4(1)(77) of the CRR”. Instructions for the asset encumbrance templates also confirm under point 1.2 (3) that “Institutions shall report carrying amounts under the accounting framework they use for the reporting of financial information in accordance with Articles 9 to 11. Institutions that are not required to report financial information shall use their respective accounting framework”.</p> <p>Considering that templates F.32.01 to F32.04 have been designed with reference to other Finrep templates, and that both set of templates share cross-template validation rules, offsetting rules that are recognised by the applicable accounting framework should also apply for the reporting of repos and reverse repos in the template F.32.04.</p>
<p>Link</p>	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_1630</p>

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