



**Single
Rulebook
Q&A**

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Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - FINREP (incl. FB&NPE)
Article	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	Annex III
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	FINREP Taxonomy 2.7 Treatment of ECLs on FVOCI Assets
Question	ECLs on FVOCI assets are recognised in equity, as per IFRS 9.5.5.2. How should these be treated on FINREP template 4.3.1?
Background on the question	In taxonomy 2.7, template 4.3.1 discloses the gross carrying amount and associated impairments/ECLs on financial assets held at fair value through OCI. Column 010 is the net of these, to give the net carrying amount. Validations v5582_i to v_5585_i require this net carrying amount to equal the carrying amount on template 01.01 (balance sheet assets). Gross carrying

amount per Annex V Part 1.34 states: “under IFRS for debt instruments at amortised cost or at fair value through other comprehensive income, the gross carrying amount shall be the carrying amount before adjusting for any loss allowance”. IFRS 9 paragraph 5.5.2 states: “An entity shall apply the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A. However, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position”. Under IFRS 9, all loss allowances/ECLs for FVOCI assets are recognised in the OCI reserve in equity, rather than against the asset. On template 4.3.1, the gross carrying amount is the fair value of these assets, as no loss allowances have been applied. If ECLs are disclosed on template 4.3.1, it would give a carrying amount inconsistent with template 01.01. The validation rules require a consistent treatment of ECLs on FVOCI assets across all templates, in particular 4.3.1, 18.0, 19.0. Similarly, template 12.1 includes disclosure of the closing ECLs on FVOCI assets (as per paragraph 156 of Annex V), which should be consistent.

EBA answer

In accordance with IFRS 9.5.7.10, a gain or loss on debt instruments measured at fair value through other comprehensive income shall be recognised in other comprehensive income except for impairment gains and losses for these instruments. According to IFRS 9.5.5.8 such impairment gains and losses shall be recognised in the P&L.

In accordance with the accounting rules changes in fair value related to debt instruments classified in other comprehensive income shall reported as following:

- in template F.1.1 (row 141; col. 010) ‘Financial assets at fair value through other comprehensive income’ shall be reported the carrying amount (par.1.27 of Part 1) which is the fair value at the reporting date;
- in template F.2 (row 460; col 010) ‘(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)’ shall be reported the impairment/reversal of impairment on the debt instruments (par. 51 of Part 2);
- in template F.3 (row 241; col 010) ‘Debt instruments at fair value through other comprehensive income’ shall be reported the gains or losses on debt instruments measured at fair value through other comprehensive income other than impairment (par. 62 of Part 2);

Consistently, in template F.4.3.1 shall be reported:

o the ‘Gross carrying amount’ w hich is the amortised cost before adjusting for any loss allow ance (IFRS 9.Appendix A;

	<p>o the 'Accumulated impairment' which is the sum of expected credit losses and their variations recognised as a reduction of fair value on a given instrument since initial recognition (par. 70 of Part 2);</p> <p>o the Carrying amount aligned to template F1.1.</p>
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