



**Single  
Rulebook  
Q&A**

<b>Question ID</b>	2017_3318
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - FINREP (incl. FB&NPE)
<b>Article</b>	99
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
<b>Article/Paragraph</b>	Annex V, PART 1, paragraph 5.2., point 34.
<b>Date of submission</b>	01/06/2017
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Gross carrying amount of financial instruments measured at FV through other comprehensive income
<b>Question</b>	Clarification of gross carrying amount of financial instruments measured at FV through other comprehensive income defined in Annex V in Final draft ITS amendments due to IFRS 9.
<b>Background on the question</b>	The table F 4.3.1. Financial assets measured at fair value through other comprehensive income (FVOCI) requires the disclosure of gross carrying amount, which is described in: - Finrep Annex 5 Reporting on financial

	<p>information, point 5.2 / 34 b) as: »Under IFRS for debt instruments at amortised costs 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 requirements, Appendix A as: “The amortised cost of a financial asset, before adjusting for any loss allowance” According to the IFRS9 5.5.2 loss allowance for financial instruments, measured at FVOCI does not adjust the carrying amount of the assets. In terms of reporting of Finrep table F 4.3.1. this would mean, according to Finrep definition, that the gross carrying amount of financial assets FVOCI equals the carrying amount. Example: Nominal value = 1.000 Fair value adjustment = -80 (adjusting carrying amount) Loss allowance = -120 (not adjusting carrying amount) Carrying amount = 920 Gross carrying amount = 920 Alternatively, if we strictly follow the definition in IFRS 9, gross carrying amount could be 1.000 (nominal value before any adjustments). We are asking for a clarification due to statements in the document “Final Report” EBA/ITS/2016/07; 30 November 2016 2.2.1 saying: The gross carrying amount of exposures subject to impairment is their carrying amount before adjusting for (i.e. adding back) accumulated impairment. This could be understood that the gross carrying amount is the carrying amount plus loss allowance which could theoretically mean, the that the gross carrying amount would exceed the nominal/contractual amount (1.040 in the described example).</p>
<p><b>EBA answer</b></p>	<p>Under IFRS, the gross carrying amount of financial instruments measured at fair value through other comprehensive income shall be reported as described in IFRS 9. Appendix A: 'The amortised cost of a financial asset, before adjusting for any loss allowance.'</p> <p>According to the example provided in the background to the question, the gross carrying amount of financial instruments measured at fair value through other comprehensive income shall be the following:</p> <ul style="list-style-type: none"> <li>- Nominal value = 1.000</li> <li>- Carrying amount = 920 (fair value in compliance w ith IFRS 9)</li> <li>- Loss allow ance = -120</li> <li>- Amortised cost = 880</li> <li>- Fair value adjustment in OCI = 40</li> <li>- Gross Carrying amount = 1.000</li> </ul>
<p><b>Link</b></p>	<p><a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2017_3318">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2017_3318</a></p>

