

Question ID	2018_3876
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	Annex XV
Date of submission	14/05/2018
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	F 04.04.1, v5662_s.
Question	ERROR : v5662_s: [F 04.04.1 (All rows, c050;060;070;080;090)] (F 04.04.1) <= 0 The validation rule is not correct. It shouldn't include the row 150 (of which : purchased credit-impaired financial assets) for which it is possible to have a positive value. It is possible to have a positive impairment for the purchase credit-impaired financial assets.
Background on the question	It is possible to have a positive impairment for the purchase credit-impaired financial assets. So could you then modify the validation rule and exclude the row 150?
EBA answer	Annex V to Regulation (EU) No 680/2014 (ITS on Supervisory Reporting) stipulates that accumulated impairments should be the cumulative amount of impairment losses. These losses to be reported with a negative sign may be reduced by the use and reversals of impairment (see Part 2 -paragraphs 70 and 71- of Annex V to Regulation (EU) 680/2014 (ITS on supervisory reporting)). Reversals of impairments may reduce the accumulated position up to the amount of the impairment calculated but may not exceed any impairment

	<p>recognized. Therefore the respective reporting cells may not exceed zero and the validation rule v5662_s holds in this respect.</p> <p>However, in the particular case of purchased or originated credit-impaired financial assets, impairment gains are possible following IFRS9 5.5.14. As long as there is no clear consensus on the most appropriate approach from an accounting and reporting perspective, positive impairments for POCI assets should be allowed. In this respect, the status “warning” is kept for v5662_s (same for v5660_s) to consider the possibility of having ‘positive’ impairment for purchased or originated credit-impaired financial assets.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2018_3876

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