



Single Rulebook Q&A

Question ID	2019_4923
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
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 I, C 32.02 and C 32.03
Date of submission	19/09/2019
Published as Final Q&A	30/04/2021
Disclose name of institution / entity	Yes
Name of institution / submitter	Association of German Banks
Country of incorporation / residence	Germany
Type of submitter	Industry association
Subject matter	C 32.02 - Prudent Valuation: Core approach (PRUVAL 2); column 0260 (DAY1 P&L) and C 32.03 - Prudent Valuation: Model Risk AVA (PRUVAL 3); column 150 (DAY1 P&L)
Question	What sign convention is expected for "Day 1 P&L" amounts in templates C32.02 (column 0260) and C32.03 (column 150)?

Background on the question	In the bank, almost all Day 1 P&L deferrals are losses in nature (equivalently asset value reducing). The instructions request institutions to provide “[...], the deferral of day one gains and losses” in column 0260 of template C32.02, however the sign convention is not specified. We would like to clarify the sign convention (i.e. whether these amounts are expected as positive or negative amounts) in order to maximise comparability across institutions.
EBA answer	<p>The instructions in Annex II on column c260 of template C 32.02 of Annex I to Regulation (EU) No 680/2014 (ITS on Supervisory Reporting) stipulate that the deferral of day one gains and losses (IFRS 9.B5.1.2.A) should be reported.</p> <p>IFRS 9.B5.1.2A explains that an entity shall recognise the difference between (1) the fair value at initial recognition and (2) the transaction price as a gain or loss.</p> <p>Since the difference between the fair value at initial recognition and transaction price on day 1 is to be reported, any Day 1 gain should be reported with a positive sign, while any Day 1 loss should be reported with a negative sign.</p> <p>The same sign convention shall also be applied for column 150 of template C 32.03 of Annex I.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4923

European Banking Authority, 26/10/2021
www.eba.europa.eu