

Single Rulebook Q&A

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| Question ID | 2021_6050 |
| Status | Final Q&A |
| Legal act | Regulation (EU) No 575/2013 (CRR) |
| Topic | Supervisory reporting - FINREP (incl. FB&NPE) |
| Article | 430 |
| Paragraph | - |
| Subparagraph | - |
| COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations | Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions |
| Article/Paragraph | Annex V |
| Date of submission | 23/06/2021 |
| Published as Final Q&A | 04/02/2022 |
| Disclose name of institution / entity | No |
| Type of submitter | Credit institution |
| Subject matter | Calculation of past due days |
| Question | <p>a. Should materiality threshold be used in a Template 7.01?</p> <p>b. If in a Template 7.01 materiality threshold shouldn't be used, can we have for same exposure differently reported past due time buckets in templates 7.01 and 18.00?</p> |
| Background on the question | <p>a. Based on Annex V paragraph 96., related for Template 7.01,: "Financial assets shall qualify as past due where any amount of principal, interest or fee has not been paid at the date it was due. Past due exposures shall be reported for their entire carrying amount. The carrying amounts of such assets shall be reported by impairment stages or impairment status in accordance with the applicable accounting standards and broken down according to the number of days of the oldest past due amount unpaid at the reference date. Under IFRS, the carrying amounts of assets that are not purchased or originated credit-impaired financial assets shall be reported by impairment stages; the carrying amount of purchased or originated credit-impaired financial assets shall be separately reported. Under national GAAP based on BAD, past-due assets shall be reported by impairment status in</p> |

accordance with the applicable accounting standards." Here materiality threshold isn't mentioned as it is in paragraph 222. Does it mean that for Template 7.01 materiality threshold shouldn't be used for calculation of past due days; => if exposure is past due also only for 1 Cent, then whole exposures should be presented in a relevant past due time buckets? Could you please give to us your final opinion?

b. Based on Annex V paragraph 96., related for Template 7.01, "Financial assets shall qualify as past due where any amount of principal, interest or fee has not been paid at the date it was due. Past due exposures shall be reported for their entire carrying amount. The carrying amounts of such assets shall be reported by impairment stages or impairment status in accordance with the applicable accounting standards and broken down according to the number of days of the oldest past due amount unpaid at the reference date. Under IFRS, the carrying amounts of assets that are not purchased or originated credit-impaired financial assets shall be reported by impairment stages; the carrying amount of purchased or originated credit-impaired financial assets shall be separately reported. Under national GAAP based on BAD, past-due assets shall be reported by impairment status in accordance with the applicable accounting standards." This is also supported by EBA Q&A 2013_194: "Assets qualify as past due when counterparties have failed to make a payment when contractually due according to Annex V. Part 2, paragraph 48* of the Regulation (EU) No 680/2014 13 ITS on supervisory reporting of Institutions. The whole amounts of such assets shall be reported and broken down according to the number of days of the oldest past due instalment." * Paragraph 48 can't be found in actual Annex V, it is changed with paragraph 96, but EBA Q&A 2013_194 still can be found in a database; => old paragraph 48: "Assets qualify as past due when counterparties have failed to make a payment when contractually due. The amounts of such assets shall be reported and broken down according to the number of days past due. The past due analysis shall not include any impaired assets. The carrying amount of impaired financial assets shall be reported separately from the past due assets." From the other side, based on Annex V part 2., paragraph 222.: "For the purpose of template 18, an exposure is 'past-due' where it meets the criteria of paragraph 96 of this Part. For the purpose of classification of exposures as non-performing in accordance with Article 47a (3), let. (a) CRR, the counting of 90 days past due commences once the past due amount, being the sum of past due principal, interest and fees, breaches the materiality threshold as defined in paragraph 216 of this Part. If the past due part of exposures continues to be material for 90 consecutive days, the exposure should then be classified as non-performing." This is also supported by EBA Q&A 2019_4504: "... an obligor is materially past due as soon as the sum of past due amounts is material, according to the materiality threshold set by the competent authority in accordance with point (d) of Article 178(2) of Regulation (EU) No 575/2013. Therefore, repaying an amount past due does not affect the number of days past due where the remaining amounts past due owed by the same obligor still exceed the

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| | <p>applicable materiality threshold. In such case, the obligor continues to be materially past due for consecutive days as of the first day when the applicable materiality threshold has been exceeded for the total amounts past due owed by this obligor. Conversely, where the repayment of an amount past due is such that the remaining amounts past due owed by the same obligor do not exceed the applicable materiality threshold, the count of material days past due is set to zero.” If Template 07.01 is without materiality threshold, then repaying condition on materiality base applicable for Template 18.00 isn't applicable for Template 07.01? For better understanding, let's assume one example: Client is from May on delay for one instalment (instalment is due on 1st day of each months). Net carrying amount of exposure is EUR 100.000; monthly instalment is EUR 1.000 and it is material. This means that until the end of year this Client instead 8th paid 7th instalments, and at reporting date 31.12.20XX this Client is classified as Stage 3 exposure with unpaid one instalment. In F 18.00 this exposure should be presented in ({c0090} and {c0180}) because repaying an amount past due does not affect the number of days past due where the remaining amounts past due owed by the same obligor still exceed the applicable materiality threshold (Client is in a materiality delay of 7th months/245 days). From the other side for F 07.01 the oldest past due instalment is only 31 days because only one instalment isn't paid, and Net carrying amount of this exposure should be presented in ({c0080}). Could you please give to us your final opinion?</p> |
| EBA answer | <p>For the purpose of template F 07, the instructions in Annex V, part 2.96 of Implementing Regulation (EU) 2021/451 (ITS on Reporting) specify that financial assets shall qualify as past due where any amount of principal, interest or fee has not been paid at the date it was due. Past due exposures shall be reported for their entire carrying amount and broken down according to the number of days of the oldest past due amount unpaid at the reference date.</p> <p>Pursuant to Annex V, part 2.222 of the ITS on Reporting the definition of exposures “past due” in template F 18 directly refers to the definition in part 2.96. However, in addition it states that for the purpose of classification of exposures as non-performing in accordance with point (a) of Article 47a(3) CRR, the counting of 90 days past due commences once the past due amount, being the sum of past due principal, interest and fees, breaches the materiality threshold as defined in paragraph 216 of this Part Following EBA Q&A 2014_1297, this implies that there are two different assessments of past due days, i.e.:</p> <ol style="list-style-type: none"> 1) of material exposures past due days, whose count starts after the threshold according to Article 178 (2)(d) CRR and Regulation 2018/171 has been breached (relevant for the allocation to ‘Performing’ or ‘Non-performing’ in F 18); and 2) of past due days where any amount has not been paid at the date it was due, whose count starts on the first day after the date the oldest unpaid |

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| | <p>instalment was due, regardless of the materiality threshold (relevant for the classification into past due buckets in both F 07 and F 18).</p> <p>Thus, the allocation into different past due buckets in templates F 07 and F 18 should be generally aligned. An exception exists for exposures that are past due more than 90 days according to definition (2), but still classified as 'Performing' because they haven't breached the materiality threshold of definition (1). Since no bucket exist in F 18 for past due over 90 days within the 'Performing' category, such exposures – following Annex V, para. 2.235 – should be reported in 'Past due > 30 days <= 90 days'.</p> |
| Link | https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_6050 |

European Banking Authority, 08/02/2022
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