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Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR) as amended
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 V
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Reporting of gains/losses other than dividends for investments in subsidiaries, associates and joint ventures (F 02.00).
Question	Could you please provide further instructions about the reporting of gains/losses other than dividends for investments in unconsolidated (with respect to the regulatory scope of consolidation) subsidiaries, associates and joint ventures in the statement of profit or loss (F 02.00)?
Background on the question	Until the implementation of IFRS 9-FinRep, all gains/losses from subsidiaries, associates and joint ventures which are outside the regulatory scope of consolidation shall be reported within "Share of the profit or loss of investments in subsidiaries, joint ventures and associates". With amendments related to IFRS 9 (EU 1443_2017), a new reporting line within dividend income for "investments in subsidiaries, joint ventures and associates accounted for using other than equity method" was created (F02.00 line 192). Additionally, for differentiation purposes, a new paragraph for line 590 in template F 02.00 ("Share of the profit or loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method") was introduced. In this context ITS 2.54 states that only profit or loss from subsidiaries, associates and joint ventures which are accounted for under the equity method in the regulatory scope

of consolidation should be reported in line 590. With the amended ITS it is not clear where to report gains or losses e.g. for associates which are not accounted for using the equity method nor part of the regulatory scope of consolidation. Example • Associate which is not in the regulatory scope of consolidation and is not accounted for using the equity method (this means fair value measurement) • In the reporting period, the reporting entity receives a dividend 10; furthermore a fair-value adjustment in the amount of 50 is recognized in profit or loss It is clear to us, that dividends have to be reported in line 192 (ITS 2.42). We need clarification where to report e.g. the fair-value adjustment. Dividends are in our point of view not an appropriate reporting line, as dividends are distributions made by the subsidiary, which does not apply for fair-value adjustments. A reporting of gains and losses in the corresponding accounting portfolio (e.g. line 287) is also not possible (ITS 1.13). Also a reporting in line 590 is excluded due to the restriction regarding the equity-method and the regulatory scope of consolidation. With our analysis, we would prefer to report all gains/losses from e.g. subsidiaries excluding dividends in line 590

EBA answer

As far as the “Balance sheet statement” is concerned, Annex V states the following instructions:

1.13
 “Accounting portfolios’ shall mean financial instruments aggregated by valuation rules. These aggregations shall not include investments in subsidiaries, joint ventures and associates, [...]”

1.21:
 “Regardless of their measurement method, investments in subsidiaries, joint ventures and associates that are not fully or proportionally consolidated under the regulatory scope of consolidation are reported in ‘Investments in subsidiaries, joint ventures and associates’, except where they are classified as held for sale in accordance with IFRS 5.”

2.4:
 “Investments in subsidiaries, joint ventures and associates’ shall include the investments in associates, joint ventures and subsidiaries which are not fully or proportionally consolidated under the regulatory scope of consolidation, except where they shall be classified as held for sale in accordance with IFRS 5, irrespectively of how they are measured, including where the accounting standards allow for them to be included in the different accounting portfolios used for financial instruments. [...]”.

Following these instructions, where the investments in subsidiaries, joint ventures and associates are not fully or proportionally consolidated under the regulatory scope of consolidation and they are measured in accordance with IFRS 9, they shall be presented in the line item 260 of F01.01 rather than being included in the different accounting portfolios

	<p>used for financial instruments.</p> <p>In the Statement of profit or loss (F 02.00), there is no a specific row for any gains or losses other than dividends for investments in subsidiaries, associates and joint ventures accounted for using other than the equity method. In the absence of an ad-hoc row, these gains or losses shall be reported in the rows 340 'Other operating income' or 350 'Other operating expense' of F02.00 in accordance with their sign.</p>
Link	https://eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4621

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