POCI deals

Purchased or originated credit-impaired (POCI) deals are financial assets that are credit impaired at initial recognition.

A POCI deal can be any financial asset: loan, money market asset, credit card, trade receivable, bond.
The information “POCI” is additional information on top of the accounting category.
A POCI deal always stays in stage 3. Due to the specific characteristic of a POCI deal, IFRS 9 does not allow a stage transition to stages 1 or 2.

The solution deals with specific requirements for POCI deals regarding

- Delivery
- Calculation
- Financial Accounting
- Reporting

“Purchased or originated credit impaired deals” (POCI) deals are processed in stage 3 in the solution similar to standard loans.

Differences are related to the following topics:

- For POCI deals, the credit-adjusted EIR (caEIR) is used to discount the recovery cash flows while calculating the recoverable amount.
  There are two options how to deal with the caEIR:
  -The caEIR is delivered instead of the EIR in the same data field for the ratio import for loans.
  - The caEIR is calculated in the solution. In this case the estimated cash flow plan of a POCI deal is used to calculate the caEIR.
- A different accounting logic is applied for POCI deals.
- Specific reporting requirements need to be fulfilled for POCI deals. The solution provides the necessary quantitative measures in a specific data mart. The solution does not support qualitative data for POCI disclosure requirements.

POCI processing is also available as a cloud service. For more details, click here.