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

POCI deals are processed in stage 3 in the solution similar to standard loans.

IFRS 9 sets out a specific approach for purchased or originated credit-impaired financial assets (so called ‘POCI’ assets). The solution ensures, that for these assets only the cumulative changes in lifetime ECL since initial recognition are recognised. It supports the calculation of the credit-adjusted EIR, considers for customer impairment POCI specific requirements during stage assignment and supports specific reporting requirements.

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.