Single Rulebook Q&A

Question ID	2013_112
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	99
Paragraph	5
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 05.01, (r133, 136, 138)
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	COREP: CA5.1 Template (Rows 133, 136 and 138)
Question	With the addition of Rows 133, 136 and 138 into the CA 5.1 template we seek clarification on whether or not these are sub-sets of other Rows, or standalone.
Background on the question	Recent addition of Rows 133, 136 and 138 into CA 5.1 Template
EBA answer	Rows 133, 136 and 138 in C 05.01 are not subsets of rows 120 (unrealised gains) and 130 (unrealised losses). Indeed, although the amounts to be reported in these rows are unrealised gains and losses, the applicable percentage of deduction or of inclusion in own funds relating to rows 133, 136 and 138 may differ from the applicable percentage of deduction or of inclusion in own funds relating to rows 120 and 130. As institutions shall report the applicable percentage for each row (column 050), as well as the corresponding adjustments to CET1 (column 010) and the eligible amount without transitional provisions (column 060), rows 133, 136 and 138 are standalone. Rationale :

According to Article 467(1) of the Regulation (EU) No 575/2013 (CRR), by way of derogation from Article 35, during the period from 1 January 2014 to 31 December 2017, institutions shall include in their CET1 only the applicable percentage of unrealised losses determined by competent authorities. The relevant amount and applicable percentage, as well as the eligible amount without transitional provisions shall be reported in row 130.

Article 467(2) of the CRR sets out that competent authorities may, in cases where such treatment was applied before 1 January 2014, allow institutions not to include in own funds unrealised gains or losses on exposures to central governments classified in the "Available for Sale" category of EU-endorsed IAS 39. This treatment shall be applied until the Commission has adopted a regulation endorsing the IFRS replacing IAS 39. The relevant amounts shall be reported in row 133 (unrealised gains) and in row 136 (unrealised losses). Rows 133 and 136 are not subsets of rows 120 and 130 because the applicable percentages can be different. Indeed, if competent authorities allow institutions not to include in own funds unrealised gains or losses on exposures to central governments classified in the "Available for Sale" category of EU-endorsed IAS 39, the whole amount shall not be included. Hence, the applicable percentage for this treatment shall be 100 %. For instance, if in 2014 the amount of unrealised losses is 100 with an applicable percentage of 20 % and the amount of unrealised losses on exposures to central governments classified in the "Available for Sale" category of EU-endorsed IAS 39 is 40, the amount to be reported in row 130 shall be 80 (see para 13 of instructions 13 -100 is included in the C 01.00, hence the adjustment in the template C 05.01 has to be +80 so that the CET1 in total (row 020 of C 01.00) is -20) and the amount to be reported in row 136 shall be either 40, if the competent authority allows institutions not to include in their own funds unrealised gains or losses on exposures to central governments classified in the "Available for Sale" category of EU-endorsed IAS 39, or 32 (-40 is reported in C 01.00, the adjustment in C 05.01 has to be +32 so that the CET1 in total (row 020 of CA1) is -8), if the competent authority does not apply this option. The same principle applies to unrealised gains (rows 120 and 133).

According to article 468(1) of the CRR, by way of derogation from Article 35, during the period from 1 January 2014 to 31 December 2017, institutions shall remove from their CET1 only the applicable percentage of unrealised gains determined by competent authorities. Article 468(4) sets out that by derogation from Article 33(1)(c), during the period from 1 January 2014 to 31 December 2017, institutions shall include in their own funds the applicable percentage, as specified in Article 478, of the fair value gains and losses from derivative liabilities arising from their own credit risk. The relevant amount shall be reported in row 138. Row 138 is standalone because the applicable percentages set out in article 478 differ from the applicable percentages relating to rows 120 and 130.

Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_112

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