

Single Rulebook Q&A

Question ID	2013_256
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
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 II, Part II, Par. 1.2. (C01.00 - Own funds)
Date of submission	17/09/2013
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Disclose name of institution / entity	No
Type of submitter	Consultancy firm
Subject matter	Does the "Excess of deduction from AT1 items over AT1 Capital" used for the calculation of the 17.65% threshold include the transitional additions for grandfathered instruments and instruments issued by subsidiaries
Question	When calculating the applicable 17.65% threshold, is the "Excess of deduction from Additional Tier 1 (AT1) items over AT1 Capital" (Article 36(1)(j) of Regulation (EU) No 575/2013 (CRR)) supposed to be adjusted for the transitional adjustments made earlier in the process for grandfathered instruments and instruments issued by subsidiaries?
Background on the question	In Art. 48(2)(a) of CRR it is stated that for the calculation of the 17.65% threshold, the adjustments and deductions in Articles 32 to 36 must be applied in full. Hence, the excess as indicated in Art. 36(1j) must also be deducted prior to the calculation of the threshold. However, the instructions on C 01.00 rows 740 "Excess of deduction from AT1 items over AT1 Capital (deducted in Core Equity Tier 1 - CET1)" and 970 "Excess of deduction from Tier 2 items over Tier 2 Capital (deducted in AT1)" indicate that for the calculation of these rows, the transitional amounts for grandfathering (rows 660 and 880) and instruments issued by subsidiaries (rows 680 and 900) must be included.

<p>Final answer</p>	<p>As explained in Annex II. Part 2, paragraph 13(a) of the <u>Regulation (EU) No 680/2014</u> 13 ITS on supervisory reporting of institutionsDraft ITS on Supervisory reporting, the adjustment effects of the transitional provisions are shown only in nine rows in C 01.00 in aggregated terms. Paragraph 13(b) clarifies that transitional provisions may also indirectly affect the AT1 and T2 shortfalls (referred to in Articles 36(1) (j) and 56(e) of Regulation (EU) No 575/2013 (CRR)), reported in rows 740 and 970. As a consequence, the content of those rows cannot directly be considered for the calculation of the threshold in Article 48 of CRR during the transition period. After the transition period, the amounts in rows 740 and 970 will no longer include the effects of transitional adjustments.</p> <p>The 17.65% threshold has to be reported separately in template C 04.00, row 210. Please note that there are no validation rules linking this row with rows of the C 01.00 template.</p> <p><i>*As of 1/8/2014 the content of this answer was modified to reflect the publication of the final ITS on supervisory reporting of institutions in the Official Journal of the European Union. As a result, the references to the ITS were updated and the disclaimer deleted. For reasons of transparency, revisions are highlighted in track changes.</i></p>
<p>Link</p>	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_256</p>

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