

Question ID	2013_588
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Own funds
Article	481
Paragraph	1
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	-
Date of submission	29/11/2013
Published as Final Q&A	08/05/2014
Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Application of specific national filters and deductions when computing threshold deductions
Question	<p>When applying the transitional provisions calculation of Common Equity Tier 1, the threshold deductions exist: (a) associated with non-significant holdings in financial sector entities (FSE) which are covered by Articles 36(1)(h) and 46 of Regulation (EU) No 575/2013 (CRR); and, (b) the ones associated with the significant holdings in FSE and Deferred Tax Assets that arise from temporary differences that are covered in article 470 of CRR. Both take into account theoretical values for a “relevant Common Equity Tier 1” (or “aggregate amount of Common Equity Tier 1” in the wording of 46(1)(a) of CRR which serves as a base for the calculation of the threshold that determines the deductions arising from these assets. Assuming there are specific national deductions and filters subject to transitional provisions to be applied at the Common Equity Tier 1 level pursuant Article 481, how should these be incorporated when determining the “relevant CET1” for the thresholds calculations in both cases?</p>
Background on the question	This issue influences the computation of the capital ratios according to transitional measures.

Final answer	<p>Article 481(1) of Regulation (EU) No 575/2013 (CRR) provides for a general derogation from Articles 32 to 36 of the CRR (Prudential Filters and Deductions) from Common Equity Tier 1 (CET 1) capital until 31 December 2017.</p> <p>The calculation of the "aggregate amount of Common Equity Tier 1" according to Article 46(1)(a) of the CRR and the "relevant Common Equity Tier 1 items" according to Article 470(1) of the CRR both include a reference to Articles 32 to 35 and certain elements mentioned in Article 36. Therefore, where institutions are required to make additional adjustments to CET 1 items according to Article 481(1), these shall also be taken into account for the purposes of calculating the "aggregate amount of Common Equity Tier 1" according to Article 46(1)(a) of the CRR and the "relevant Common Equity Tier 1 items" according to Article 470(1) of the CRR.</p>
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_588

European Banking Authority, 29/05/2023
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