



**Single  
Rulebook  
Q&A**

<b>Question ID</b>	2014_1388
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - COREP (incl. IP Losses)
<b>Article</b>	99
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
<b>Article/Paragraph</b>	Annex II - C13.00 - C05.02
<b>Date of submission</b>	24/07/2014
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Validation rule v3694_s - v0532_m
<b>Question</b>	<p>During the validation of the C13 and C05.02 (Corep own funds and leverage, consolidated on prudential basis we obtained a validation), performed by our regulator, we obtained a validation error that is incorrect, namely: v3694_s Sign C 05.02 (010;020;090) (020;030;040;060) {C 05.02} &gt;= 0 do not run rule The correction in C05.02 does not only reflect the temporary inclusion of subordinated loans which don't fulfill the requirements of CRR / CRD IV, but should also reflect the temporary transfer of old-style hybrids to AT1 in a phased approach. When the old-style hybrid instruments fulfill the conditions</p>

	<p>to be recognized as Tier 2 capital under CRR/CRD IV, these instruments are taken into account in the fully loaded reporting as reflected on line {C01.00,r760,c010}. However in a phased-in calculation, which is reported under the transitional measures, these instruments can temporarily still be recognized as Additional Tier 1 instrument. Therefore, the transitional adjustment related to Tier 2 will imply a decrease of Tier 2 capital and recognition as Additional Tier 1 capital (in 2014 only 20% remain in T2 and 80% will be transferred to AT1, in 2015 40% will stay in T2 and 60% will receive recognition as AT1, ...) and thus the correction to be made to Tier 2 is negative. v0532_m: (c190) = (c200) + (c210) + (c220) + (c230) + (c240) + (c250) + (c260) + (c270) + (c280) + (c290) + (c300) + (c310) + (c320) + (c330) + (c350) + (c370) [[C 13.00 (r010-150;170-540)]] (1 error(s)) We assume that validation check in table C13 on field W51 (Exposure value subject to risk weights) is erroneous. The value in this field should totalize all exposure values in the fields from X51 till AI51 (ratings based method) plus AJ51 (unrated), AK51 (supervisory formula), AM51 (look- through) and AO51 (internal assessment approach). It's however impossible to meet this requirement, since the fields from AK51 till AQ51 are blocked.</p>
<p><b>Background on the question</b></p>	<p>Valiation of the Coreps gives an error which implies that the reporting period can not be closed.</p>
<p><b>EBA answer</b></p>	<p>Own funds instruments and items that qualify for a higher capital class under the transitional provisions of Part Ten of Regulation (EU) No 575/2013 (CRR), for example as AT1, and qualify in a lower capital class under the final provisions (Part Two of the CRR) shall be reported as follows:</p> <ul style="list-style-type: none"> <li>• In accordance with paragraph 13 lit. (a) of Part II of Annex II to Regulation (EU) No 680/2014 (ITS on Supervisory Reporting), template C 01.00 of Annex I to the ITS on Supervisory Reporting shall initially be filled in as if the transitional provisions would not apply, i.e. the instruments / items are presented in the lower capital class (in the example: in Tier 2, consequently the amount has to be reported in {C01.00,r760,c010} and relevant sub-item);</li> <li>• Subsequently, the effect of the grandfathering of the instruments / items in question is presented in template C 05.02 of Annex I; in the example, the instruments / items in question are presented in the section on AT1 instruments (rows 020 - 080) of C05.02) and will consequently increase AT1 in {C01.00,r660,c010};</li> <li>• In the absence of a dedicated row and in order to eliminate the double recognition of the instruments / items in question, the amount that is transitionally recognized in the higher capital class, shall be reported with a negative sign in row 0090 of template C 05.02 to compensate the amount of the grandfathered instrument reported in row 0020.</li> </ul>

	<ul style="list-style-type: none"> <li>• In case Art. 487 (2) b) CRR is applied, the relevant amount, which is reported in {C05.02;r150;c010}, shall be reported with a negative sign in {C05.01;r430;c030}.</li> </ul> <p>Against this background, validation rule v3694_s was deactivated with regard to the presentation of items recognisable in a higher capital class according to the transitional provisions. Equally validation rules v5729_s and v3695_s will be deactivated.</p> <p>The last part of the question, referring to C 13.00 is outdated due to the changes in the templates on securitisation.</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_1388">https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2014_1388</a>

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