

Question ID	2019_4746
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR) as amended
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	Art 92 CRR
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Disclose name of institution / entity	Yes
Name of institution / submitter	De Volksbank N.V./Jolanda den Hartog-van sterkenburg
Country of incorporation / residence	Netherlands
Type of submitter	Credit institution
Subject matter	Are Validation rules v6263_m & v6264_m correct?
Question	"In taxonomy 2.8 validation rules v6263_m & v6264_m are introduced for template C03. Validation rule v6263_m expects that the Overall Capital Requirement is equal to the following calculation. The Combined Buffer Requirement of the C 04.00 template divided by the total REA on the C 02.00 template plus the Total SREP capital requirement ratio. Validation rule v6264_m expects that the Overall Capital Requirement: To be made up of CET1 capital, is equal to the following calculation. The Combined Buffer Requirement of the C 04.00 template divided by the total REA on the C 02.00 template plus the Total SREP capital requirement ratio: To be made up of CET1 capital. How can these validation rules apply when the percentage of the calculation can differ from the SREP percentage imposed by the ECB?"
Background on the	"In taxonomy 2.8 validation rules v6263_m & v6264_m are introduced for template C03. Validation rule v6263_m expects that the Overall Capital

<p>question</p>	<p>Requirement is equal to the following calculation. The Combined Buffer Requirement of the C 04.00 template divided by the total REA on the C 02.00 template plus the Total SREP capital requirement ratio. Validation rule v6264_m expects that the Overall Capital Requirement: To be made up of CET1 capital, is equal to the following calculation. The Combined Buffer Requirement of the C 04.00 template divided by the total REA on the C 02.00 template plus the Total SREP capital requirement ratio: To be made up of CET1 capital. According to Article 16(1) of Council Regulation (EU) No 1024/2013 any credit institution, financial holding company or mixed financial holding company in participating Member States is required to take the necessary measures at an early stage to address relevant problems. Pursuant with the powers of the ECB, Article 16(2)(a), the imposed SREP percentage should be used and reported. How can validation rules v6263_m and v6264_m apply?"</p>
<p>EBA answer</p>	<p>According to the instructions of row 160 (Overall capital requirement (OCR) ratio) of template C 03.00 as laid down in Annex II to Regulation (EU) No 680/2014 (ITS on Supervisory Reporting), the value reported has to be calculated as the sum of the Total SREP capital requirement ratio (TSCR) and the combined buffer requirement ratio. The combined buffer requirement ratio can be obtained by dividing the amount of own funds needed to comply with the buffer requirement, as reported in row 740 of template C.04.00 of Annex II, by the total risk weighted exposure amount as reported in row 010 of template C 02.00. Validation rule v6263_m verifies exactly this relationship.</p> <p>The instructions clearly state that the TSCR has to be reported in row 160 of C 03.00 in those cases where there is no buffer requirement applicable. Similarly, the instructions on row 130 (TSCR) explain that only the total capital ratio as specified in point (c) of Article 92(1) of Regulation (EU) No 575/2013 (CRR) would have to be reported in row 130, if no additional own funds requirements were communicated by the competent authority.</p> <p>Following these instructions, the sum of the total capital ratio as specified in point (c) of Article 92(1) CRR and the buffer requirement ratio should be reported in row 160, where no additional own funds requirements were communicated by the competent authority, but a buffer requirement applies. Validation rule v6263_m is compatible with this approach. The same rationale applies for v6264_m referring to row 170 (OCR: to be made up of CET1 capital), taking into consideration the TSCR ratio to be made up of CET1 capital reported in row 140. Thus, both validation rules v6264 and v6263 are correct.</p>
<p>Link</p>	<p>https://eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4746</p>

