Instructions for Completing the Application Template for the Reduction of Own Funds Instruments and Share Premium

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1. General instructions

- **Purpose of this template:** This template should be used to submit information supporting applications aimed at reducing own funds, in accordance with Articles 77(1) and 78 of Regulation (EU) No 575/2013 (CRR), and Articles 27 to 32 of Commission Delegated Regulation (EU) No 241/2014 (RTS). This template should be accompanied by a cover letter signed by an authorized manager. This template, together with the cover letter, constitute the official application. A sample cover letter is provided in the TOC Worksheet of the template. To ensure full compliance with the application requirements, we strongly recommend attaching the signed cover letter in CASPER along with the completed template during submission. For detailed guidance on uploading attachments, please refer to the paragraph below.

  Pursuant to Article 31(4) RTS on own funds, the ECB may allow supervised institutions, at their own request, on a case-by-case basis and under exceptional circumstances, to submit applications within a time frame shorter than 4 months (or 3 months in cases of renewals of general prior permissions) before the date the reduction will be announced to the holders of the instruments.

  Any update of the template after the initial official submissions should be submitted by uploading a new, revised version of the template – clearly marked as "Resubmission of an official application" – in CASPER.

- The template can be used to request authorizations to reduce more than one instrument. In these cases, information should be filled in separately for each instrument in a different column/sheet (depending on the type of reduction).

- To ensure uniformity and streamline the assessment process when applying reductions across multiple instruments, this template is specifically designed for scenarios where a single institution is impacted at each level of consolidation.

- **Required data points:** Different data points (DPs) may be required depending on the characteristics of the type of reduction included in the application.

  The template cells are formatted based on the colour code explained in the table below. All cells that are not greyed out must be filled in, even if the appropriate entry is "0" or "N/A". Failure to do so could result in the application being deemed incomplete.

Color codes:
Numeric value or date expected
Drop Down menu
Free text
Prefilled Cell Blocked
Cell not to be filled in

- **Upload of Attachments:** If you need to upload multiple separate files (e.g., a cover letter and additional information not covered in this template), please note that CASPER permits only one file as an attachment, with a maximum size limit of 25 MB. For confirmation, refer to the CASPER web user manual. If necessary, combine multiple documents into a single zip file before uploading.

- **Disclaimer on potential ECB updates to the template:** The notification template and these instructions may be subject to change from time to time as required. Please make sure to use the latest version of the template as available in CASPER when submitting a notification in CASPER.

2. Template worksheet specific instructions

2.1. Worksheet 0_Identification

This worksheet is designed to collect information on the application, including the information related to the applicant (DPs 100 and 200), language framework (DP 300), the rationale behind the request, comprising all reductions included it (DP 400), the purpose of the transaction (DP 0510) and whether the submission is related to any other application or ongoing decision making procedure (DP 500). If the authorization request involves multiple instruments and type of reductions, a comprehensive justification for all of them should be documented in DP 400 of this sheet.

DP 100, Entity Name refers to the Name of applicant Supervised Entity as per the ECB list of supervised institutions: https://www.bankingsupervision.europa.eu/framework/supervised-banks/html/index.en.html.

2.1.1. Fast track criteria

Once the relevant worksheets have been completed, institutions will know immediately whether their application is, in principle, eligible for the fast-track approval process. This is indicated in worksheet 0_Identification. Please note the disclaimer in that tab.[1]

The fast track provides an accelerated decision-making process for transactions with a limited impact on banks' risk profile and resilience. To qualify, transactions must meet the following risk-based criteria:

- the criteria required for a delegated decision[2], including that the impact on capital ratios of the transaction at the highest level of consolidation is below 100 basis points and that the own funds are estimated to continue exceeding the applicable capital requirements and guidance for at least three financial years;
- all applicable regulatory requirements outlined in the Capital Requirements Regulation[3] and the applicable Delegated Regulation[4];
- the applicable EBA Q&A on deductions, including EBA Q&A 2023_6887 and EBA Q&A 2019_4731;
- relevant provisions in the ECB Guide on options and discretions available in Union law, in particular: margins and the scenario design captures both sufficiently severe macroeconomic assumptions and institutions' material risks and, the transparency with which this scenario has been translated into credible capital and financial projections.

1 Disclaimer: Please note that the eligibility to the Fast Track process is determined based on the content of your application. The JST will review the application and, in some cases, may require further information, when needed to complement your submission. Eligibility for the Fast Track process should not be interpreted as any endorsement or pre-approval of your application. The JST can at any time decide to assess the application in accordance with the ordinary approval procedure for delegated decisions.

2 Decision (EU) 2018/546 of the European Central Bank of 15 March 2018 on delegation of the power to adopt own funds decisions (ECB/2018/10) (OJ L 90, 6.4.2018, p. 105).

3 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

4 Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions (OJ L 74, 14.3.2014, p. 8).

For **share buybacks** conducted at the **highest level of consolidation**, the following additional criteria must be met, in addition to those outlined above:

- Meeting the P2G in the adverse scenario, after considering only clearly determined management actions whose reliability is easy to assess, such as cash-generating management actions (e.g. suspension of dividends, realized profits not yet recognized in CET1). For further information on the management actions, please refer to chapter 2.4.
- Having reliable and sufficiently severe internal stress-testing frameworks. An adverse scenario resulting in a minimum depletion of at least 200 basis points from the starting point (after deducting the impact of the share buyback) to the trough, before management actions, will be used as the threshold for assessing compliance with this criterion.
- Having retained at least 20% of their profits.
- Having received a score in the SREP Capital Adequacy assessment of 3 or better.

Please note that this is the current calibration which is updatable and will be reviewed regularly.

Please refer to worksheet 0_Identification, for the fast-track criteria for reductions without replacement (CET1), without replacement (other than CET1), with replacement, general prior permissions, and Article 32 RTS prior permissions in more detail.

To sum up, transactions that are eligible for the fast-track process are a subset of those that have already been delegated for approval within the currently applicable framework. The aforementioned criteria confine the scope of application of the fast-track process to transactions that, owing to their lower level of complexity and risk, do not require in-depth assessments and can be processed quickly. The ECB will regularly review and back-test the eligibility criteria and recalibrate them if necessary.

2.2. Worksheets "1_Reduction without replacement_CET1" to "5_Art. 32 RTS Prior Permission"

2.2.1. General

- **Structure of the Worksheets:**
  - ***Each column*** corresponds to a single, individual instrument for which a permission of reduction is requested.
  - ***The rows*** describe the characteristics of each individual instrument.
- **Characteristics of the instruments/ type of reduction**
  - ***Legal basis for the request:*** *In this block,* applicants need to define the legal basis underlying the request for authorization for each individual reduction (articles 77(1), 78(1), 78(4) CRR and article 32 RTS), as well as the validity period for which the authorization is requested according to Article 28(5) RTS.

    The options for articles 77 and 78(4) are included in a drop-down menu, while the correspondent option for article 78(1) is automatically prefilled. For article 77 the options are, according CRR, as follows:

    (a) Reductions of Common Equity Tier 1 instrument

    (b) Reductions of share premium accounts related to own funds instruments

    (c) Reductions of Additional Tier 1 or Tier 2 instruments

(a) &(b) CET1 instruments and its related share premium account(s)

(c) &(b) AT1 and T2 instruments and its related share premium account(s)

- **Validity Period of the Authorization:** Please indicate the requested validity period of the authorization.

  For **multiple reductions** of the same type within the same application, the validity period must remain **consistent**.

  Important note: new general permissions and renewals are considered **different types of reductions**, even if they are listed within the same worksheet (e.g., ***Worksheet 4: General Prior Permissions***), therefore, for all **new general prior permissions requests** within the same application, the validity period must remain **uniform**. However, this period can differ from the requested validity period applied to renewals. These renewals may be associated with **a single original decision** or **multiple original decisions**, but the requested validity period for all of them must be the same.

  The requested period must adhere to the following guidelines:

  - **A date range** (initial and final dates, format DD month YYYY), or
  - **A single end date or fixed date** ("until and including", format DD month YYYY), or
  - **A fixed duration in months** (counted from the date the authorization is granted).

  In all cases, the validity period **cannot exceed one year**.

  If you provide **concrete start and end dates**, they must be **later than the foreseeable date of the decision** and the total duration must not exceed one year.

  If you provide only an **end date**, it must be **no later than one year after the date of the decision**.

  If you provide a **duration in months**, it must be **12 months or less** from the date of authorization.

- ***About the instruments***: This section provides detailed information on the instrument for which a reduction permission is requested:

  - ***Identification***

    - **Name** (official designation of the instrument) (DP 500) and ISIN (free text to refer to the internal/market identification) (DP 600). To complete with N/A in case there is no ISIN.
    - **Instrument type** (DP 700): closed-ended lists in drop-downs reflecting the relevant type of own funds instruments.
    - **Date of issuance** (DP 800): relevant only for reductions related to specific AT1 and T2 instruments and their correspondent share premium accounts. Format dd/mm/yyyy.
    - **Nominal or notional value per instrument (in units of issuance currency)** (DPs 900 and 1000)**:** These DP refers to the valuation reference amount in EUR. The type of valuation reference (notional or nominal) is limited in a drop-down, while the value is a numerical number with two decimals. For banks whose shares do not have a

nominal amount, The DP 900 and DP 1000 values should be set as “Nominal” and “0”, respectively.

- **Consolidation Level/Level of reduction Impact**
  - This set of DPs (1400 to 2000) reflects the levels of consolidation affected by each reduction, as well as the identification of the entity(ies) for which the permission is requested for each instrument.
  - **Consolidated level** refers to the highest level of consolidation within a group.
  - For individual significant supervised entities that are not part of a broader significant supervised group, their identification data should be reported under the Consolidated Level block - not under the Individual Level block - and the DP 1400 value should be Consolidated level.
- **Name of supervised entity to which permission is granted**
  - **Supervised Entity Name** refers to the name of Supervised Entity for which the permission is requested per the ECB list of supervised institutions: https://www.bankingsupervision.europa.eu/framework/supervised-banks/html/index.en.html.

    When a level(s) of reduction impact is selected, the rows related to such level(s) remain green (free text).The rows related to other level(s) of reduction that are not selected will turn into grey colour and do not need to be filled in.
- **About the Reduction**
  - This section aims to provide detailed information for each instrument, the details of the type of the reduction for which the permission is requested.
  - **Type of Reduction** (DPs from 2100 to 3000): each DP in this section includes a **drop-down menu** containing the **same standardized list of reduction types**. This setup allows applicants to:
    - Select one or more reduction types per instrument, as needed.
    - Define the complete scope of reduction applicable to each instrument.

    Additional details about the selected reduction types must be provided in DP 400 of **Worksheet 0_Identification**

    In case of “other” is chosen in the “Type of reduction” drop-down, the cell correspondent to such reduction below the “Type” row will become green (free).
  - **Purpose of the reduction/prior permission:** This field must be completed to clearly distinguish repurchases carried out for employee remuneration purposes from other types of repurchases.
  - **Request for cancellation of instrument(s)** (DP 3100): if permission for cancellation is sought, please select "Yes" in the drop-down referred to this row.
  - **Moment of the deduction** (DP 3500)**:** Prefilled DP Please note that the moment of deduction arises directly from Article 28 RTS, as applied in light of the EBA´s QAs in this regard.
  - **Amount of the reduction:** the amounts to be informed in this block refers to the total reduction amount, expressed in units, they are numeric data with two decimals, except DP

4150 “Maximum impact on capital” that it is in basic point of RWA. The sign of the value for DP 4150 should be aligned with its corresponding impacts (it should be expected to be negative).

For banks whose shares do not have a nominal value, the DP 4000 value must represent the proportional amount of the bank’s share capital, calculated by adjusting the total share capital based on the percentage that the (maximum) number of instruments (DP 3700) represents in relation to the total number of shares of the bank.

- **Aggregate maximum amount that the Supervised Entity will spend on the transaction** (DP 4140)**:** This data point represents the maximum amount payable or repayable by the institution to the holders of the instruments. Expressed in currency in which the instrument was issued.

  It is also applicable in the context of intragroup transactions, where subsidiaries are required to return to their parent entity the amount corresponding to the reduction of own funds instruments or share premium accounts. In such cases, the data point captures the exact amount to be returned.

2.2.2. Specificities

A. Worksheet 1_Reduction without replacement_CET1

- This worksheet is specifically designed for applications concerning prior permissions for reductions without replacement on CET1 instruments and/or its related share premium account. according to Articles 77(1)[(a)/(b)] and 78(1)(b) CRR.
- For reductions where the *Type of reduction* (DPs from 2100 to 2700) refers to *Reclassification of related share premium account(s) as another own funds item*, the deduction of own Funds, DP 2500, would be automatically prefilled as *Other* and as explanation in DP 3000 ‘Reclassification of share premium’.
- Deduction *as a foreseeable dividend/charge in accordance with* EBA Q&A 2023_6887*:*

  In case the instrument has already been fully or partially deducted from CET1, in the context of the permission for inclusion of interim/year-end profits, please,

  - select “Yes” in DP 3600, otherwise, please, select “No”,
  - the type of profits from which the amount have been deducted in DP 3610: interim or year-end
  - with regard the authorisation to deduct, please, include in DP 3620 the reference code of the ECB decision (e.g., ECB-SSM-20XX-YYYY-ZZ) or date in which the procedure under ECB Decision (EU) 2015/656 was completed, as applicable, and
  - the amount(s) both previously deducted and to be deducted,

  In case the amount to be deducted pursuant to this request has already been deducted as a foreseeable dividend/charge in accordance with EBA Q&A 2023_6887 when including interim/year-end profits in own funds, as of the moment in which the decision authorising the deduction takes effect, the Supervised Entity is allowed to increase the amount of interim/year-end profits included in its own funds by the corresponding amount of the share buyback that was already deducted as foreseeable dividends or charges when calculating the amount of interim/year-end profits to be included in own funds.
- *Pay-out ratio at consolidated level of the group*, DP 4180: The payout ratio for these purposes is defined as the ratio of the sum of dividends and SBB (numerator) paid out (or to be paid out) of the profits of a given financial year to the profit of that financial year

(denominator). The given financial year is the year of the profit out of which the SBB for which permission is being requested will be paid.

- Instructions regarding the computation of the numerator:
  - Should include all the remuneration on CET1 instruments with an impact on CET1 capital, including cash dividends and SBB.
  - Dividends and SBB that are paid out of the profit of a given financial year.
  - In case of interim distributions, all foreseeable dividends and SBBs to be paid out of the profit of the financial year should be added.
  - Any dividends or SBB paid out of reserves should also be added.
- Instructions regarding the computation of the profit:
  - The actual full-year profit of the financial year, or, if not yet available in case of interim distribution, its estimate used in the baseline scenario submitted as part of the application should be used.
  - The profit should be adjusted with a deduction of the remuneration on other equity instruments (including AT1, in those cases where it had not already been deducted from profit) corresponding to the year.
  - The profit refers to the profit attributable to owners of the parent (FINREP 2, row 690), based on the CRR applicable accounting framework.
  - The profit should be at consolidated level, or, in those cases where the entity is not part of an EU group, at individual level.
  - No other adjustments should be made.

B. Worksheet 2_Reduction without replacement_Rest

- This worksheet is specifically designed for applications concerning prior permissions for reductions without replacement of Additional Tier 1 (AT1) and Tier 2 instruments and their related share premium accounts according to Articles 77(1)[(b)/(c)] and 78(1)(b) CRR.
- ***Carry out a liability management exercise for AT1 or T2 instruments***: this DP (3020) is intended to complement the DPs *Type of Reduction* (from 2100 to 2800).

C. Worksheet 3_Reduction with replacement

- This worksheet is specifically designed for applications concerning prior permissions for reductions with replacement on any type of capital instruments and their related share premium accounts. according to Articles 77(1)(a)(b)/(c)and 78(1)(a) CRR.
- The **first block** of information in this worksheet ((DPs from 100 to 4300) refers to the reduction and instrument for which the permission is requested (replaced instrument).
  - ***Maturity date of the instrument*** (DP 1100): please specify the maturity date of the replaced instrument in the following format dd/mm/yyyy. DP relevant for AT1 and Tier 2 instruments and their respective share accounts.
  - ***Credit spread over mid-swap rate or other benchmark rate in bps*** (DPs 1200) and **In case *of other benchmark rate, please, indicate which benchmark rate*** (DPs 1300): DP 1200 is expected to show the **credit spread**, expressed in **basis points**, over the relevant benchmark rate, which by default is the **mid-swap rate**. If the applicable benchmark rate is **not** the mid-swap rate, please indicate the name of the benchmark used in **DP 1300**.
  - ***Prudential benefits for the transaction*** and ***Exceptional circumstances*** (DP 3300 and 3400) refer to the requirements established in CRR for reductions under its Article 78(4)(d). They

are two free text DPs to be completed by the institution for those applications where the *Years lapsed since the issuance* (DP 3200) of the replaced instrument are below 5 years.

- The **second block** of information in this worksheet refers to the replacing instrument
  - In case of **several replacing instruments**, the institution would use one column for each one, which would need to be connected with the replaced instrument(s)(see below *ISIN of related replaced Instrument(s)*).
  - ***(Tentative) date of issuance*** (DP 4500):

    This drop-down field allows selecting between **"Known date"** and **"Date range"**.

    - **"Known date"** must be selected when the instrument has already been issued, or when it is still pending issuance but the exact issuance date is already known. In both situations, DP 4510 "Known date" must be completed using the dd/mm/yyyy format.
    - If the exact issuance date is not yet determined, the value "Date range" must be selected in DP 4500. In this case, DP 4520 "Initial date" and DP 4530 "End date" must be completed, also using the dd/mm/yyyy format.

    Cells highlighted in grey must not be populated.
  - ***(Projected) Replacing Instrument´s name*** *(DP 4600)*: For instruments not still issued where the projected name is not still decided, please, populate this DP with N/A.
  - ***Replacing instrument ISIN (if available)*** (DP 4900): in case of non-availability because it is not traded in any market or still not got it before issuance, please, input N/A.
  - ***(Draft) Final Terms and Conditions*** (DP 5000): For the review of the application, the JST must have access to the Terms and Conditions (T&C) of the replacing instrument —final if the instrument has already been issued, or draft if it has not yet been issued. In both cases, the document must include tracked changes showing with marks how the provisions governing the replacing instrument differ from those governing the replaced instrument. If the (draft) Final T&C have not been previously provided to the JST, they must be attached to the application.
  - ***ISIN of related replaced Instrument(s)*** (DP 5100): This DP links the replacing instrument(s) to the replaced instrument(s):
    - In the case that a replacing instrument replaces two (or more) instruments, both ISINs of the replaced instruments should be informed in this DP, separated by commas.
    - In case that a replaced instrument is replaced by two or more replacing instruments, the ISIN of the replaced instrument should appear in this DP for each of the replacing instruments.
  - ***Type of the issuer institution*** (DP 5200): information related to Articles 4(1)(3) and 27 CRR.
  - ***Substantiation about the Sustainability of the replacing instruments in relation to the Supervised Entity's income capacity, overall, in the case that credit spread is higher for new instruments*** (DP 6400): explanation about the sustainability of the replacing instrument in accordance with Article 78(1)(a) CRR and article 27 RTS.
  - ***Is the credit spread over the relevant benchmark rate of the replacing instrument known??*** (DP 6050): When the Replacing Instrument has not yet been issued, the bank must indicate whether its **expected credit spread over the relevant benchmark rate is already known**.

- If the spread is known, **DP 6100** and **DP 6200** must be completed, following the same logic described for DPs 1200 and 1300 above.
- If the spread is not yet known, **DP 6150** must be completed instead of DP 6100 (which should remain blank). **DP 6150** should be expressed in basis points.

Greyed out cells should be not populated.

- **Eligibility of replacing instruments** (DPs 6500 to 7100): applicants are required to confirm and provide all necessary information to ensure that the replacing instruments are eligible to be classified as CET1/AT1/T2 instruments, as applicable. In addition, formal ECB pre-approval/authorisation is needed for new CET1 instruments, AT1 and Tier 2 instruments issued by supervised institutions in Croatia, Luxembourg, Portugal, Slovenia.

D. Worksheet 4_General Prior Permissions

- This worksheet is specifically designed for applications concerning general prior permissions (GPP) for reductions without replacement on all types of instruments and their related share premium account. according to Articles 77(1)[(a)/(b)/(c)], 78(1)(b) and 78(1) second subparagraph CRR. It also covers the possible renewals. The application for the GPP based on the reductions with replacement (Article 78(1)(a) CRR) is to be done outside of this template.
- ***Instruments for which the permission is requested*** (DP 450): applicants are expected to define whether the application refers to one or several specific instruments already issued, to one or several specific instruments already issued and to be issued or to whole tiers of a type of instrument.
- For reductions involving a single specific instrument, the options to be chosen would be either ***for one specific CET1/AT1/T2 instruments already issued*** or ***for one specific CET1/AT1/T2 instruments already issued and to be issued***. If the request concerns multiple specific instruments the options applying are ***for several specific CET1/AT1/T2 instruments already issued*** and ***for several specific CET1/AT1/T2 instruments already issued and to be issued***. Finally, if the request pertains to any instrument within an entire Tier category, then the option to select is ***whole tiers of CET1/AT1/T2 instruments of current and still to be issued should be selected***.
- It is expected that **only one option** is selected in each application for a given **instrument type** (DP 700) and **level of reduction impact** (DP 1400).

  Applications should **avoid overlapping or duplicative requests**. In particular, where a request for general prior permission relates to one specific CET1, AT1, or T2 instrument (issued or to be issued) at a given level of consolidation, the same application should not also include a request for: general prior permission for the entire tier of that instrument type, or general prior permission for several instruments of the same type at the same level of consolidation. This is because requests covering **a whole tier**, or **several instruments** are understood to already include any individual instruments within that scope.

  Similarly, a request for general prior permission covering the **entire tier of instruments** is assumed to include all subordinate options, such as individual instruments or multiple instruments within that tier.

  Where general prior permission is sought for **more than one instrument of the same type,** the option covering **several instruments** should be used, as this provides a simpler and more efficient application process.

- For the purpose of **capturing detailed information** on all specific instruments covered by the requested General Prior Permission(s) – whether the request relates to a single instrument or to several instruments or a whole tier – worksheet **"4b_GPP Instrument(s) details"** must be completed for each individual issuance to which the reduction applies (see instructions in section E).
- ***Reference code of the original ECB decision whose renewal is requested (e.g., ECB-SSM-20XX-YYYY-ZZ of date DD-Month-YYYY)*** *(DP 2080): in case that the request is for renewal of a previous granted authorisation, applicants are expected to provide information about the original ECB decision granting permission for the first time (reference and date) in the following format:* ***ECB-SSM-20XX-YYYY-ZZ of date DD Month YYYY.***

  A renewal means a renewal within the meaning of Article 30b(1) of RTS, i.e. the institution does not request an increase in the predetermined amount set when the general prior permission was granted and does not change the rationale as referred to in Article 30(1), point (a) RTS, when the original general prior permission was requested. In case of a renewal only the unused amount of a previously granted general prior permission under Article 78(1) CRR is renewed.
- ***Thresholds under Article 78, second subparagraph*** (DPs 3210 to 3260)***:***
  - [CET1 instruments] ***% of the reduction over the amount by which Common Equity Tier 1 capital exceeds the sum of the Common Equity Tier 1 capital requirements laid down in the CRR, CRD and BRRD added to the margin that the competent authority considers necessary*** (DPs 3210, 3220 and 3230, depending on the level of reduction impact). The predetermined amounts of CET1 shall not exceed 10 % of the amount by which Common Equity Tier 1 capital exceeds the sum of the Common Equity Tier 1 capital requirements laid down in CRR, CRD and BRRD and a margin that the competent authority considers necessary:
    - For capital and leverage ratio requirements, in accordance with the O&D guide, the margin that the competent authority considers necessary are, respectively P2G and P2G to address the risk of excessive leverage (REL).
    - For MREL requirements, the O&D guide refers to the margin determined by the SRB, in agreement with the ECB.
      1. the margin set by the SRB in its decision granting a GPP for Eligible liabilities (EL);
      2. in case there is no GPP, then the margin set by the SRB for an Ad-hoc reduction that is still outstanding on the day of the OF redemption.
      3. where there is no available margin from either EL GPPs or EL Ad -hoc reductions still outstanding, then the field for the applicable margin can be left blank. If the headroom is positive, the transaction can usually be fast tracked unless the JST, in consultation with the IRT, decides otherwise.
    - In case the institution uses part of its CET1 capital to meet any non-CET1 capital requirement, the CET1 capital used to meet any non-CET1 requirement should increase the margin considered necessary by the competent authority. The 10% threshold should be calculated as follows: 10%* [CET1 capital – (CET1 requirements + margin)], where margin is the higher of:

1. P2G + CET1 held to meet the portion of risk-based P1 and P2 Tier 1 requirements that could have been met with AT1 capital + CET1 held to meet the portion of P1 and P2 total capital requirements that could have been met with Tier 2 or AT1 capital;

2. CET1 held to meet the portion of leverage ratio requirements + P2G-REL (or, if not available, the case-by-case margin set by the JST) that could have been met with AT1 capital – the CET1 held to meet the risk-based requirements;

3. CET1 held to meet the portion of risk based MREL requirements+ MREL margin as explained above that could have been met with AT1 capital, Tier 2 capital or eligible liabilities.

- [AT1/ Tier 2 instruments] ***% of the reduction over the total amount of outstanding AT1/Tier 2 instruments, as applicable*** (DPs from 3240 to 3260, depending on the level of reduction impact). The predetermined amount of AT1/ Tier 2 shall not exceed 3% of total amount of outstanding AT1/ Tier 2, as applicable.

E. Worksheet 4b_Instrument(s) details

- This worksheet is **mandatory for all General Prior Permission requests** and aims to provide detailed information on the specific instrument(s) to which the General Prior Permission request refer.

  It may occur that a single request affects two or more consolidation levels even if the instrument does not appear in all of them. In such cases, all consolidation levels reported in Worksheet 4_General Prior Permissions Requests must also be detailed in Worksheet 4b_Instrument(s) Details. Levels may be grouped in Worksheet 4b only when they share both the same ISIN and the same amount of relevant outstanding issues. Whenever either the ISIN or the amount of relevant outstanding issues differs across levels, each level must be reported separately.

  For example, in the repurchase of shares by a subsidiary that is not fully owned by the parent, the relevant ISIN and outstanding amount for the subsidiary would refer to the instrument for which the permission is requested. For the parent entity—where the subsidiary's instrument does not appear—the relevant ISIN and outstanding amount would correspond to its own shares. Since the ISIN and the amounts differ, the two levels cannot be grouped and must be reported separately.

  Data points in column L, DP 0110 refer to the value of DP 3110 in *Worksheet 4_General Prior Permissions* of the request:

  - When an institution requests separate predetermined amounts for each instrument (issuance) under the context of a general prior permission, these individual amounts must be reported in EUR in DP 0110 (column L) of Worksheet 4b_GPP Instrument(s) details, "Predetermined amount for which the permission is granted", together with the rest of information per instrument of that Worksheet.

    The request for specific predetermined amounts for each instrument is expected to occur only when the value of DP 0450 in Worksheet 4_General Prior Permissions falls under the following categories:

    - one specific CET1/AT1/T2 instruments already issued (and to be issued)", or

- for several specific CET1/AT1/T2 instruments already issued (and to be issued)"

The **sum of all predetermined amounts** (reported in column L (DP 0110) of Worksheet 4b_Instrument(s) details) for each tier of capital—CET1, AT1, and T2—must equal the amount reported in DP 3110 within Worksheet 4_General Prior Permissions of the correspondent tier of capital.

These individual amounts per instrument will be the amounts on which the assessment and further authorisation will be based.

- In cases where permissions are requested at an aggregate predetermined amount, considering the instruments collectively in the case "for several specific CET1/AT1/T2 instruments already issued (and to be issued)" or at the tier level for each of the three possible tiers of capital (CET1, AT1, and T2), these aggregate predetermined amounts must be reported in DP 3110 of Worksheet 4_General Prior Permission.

  The reported aggregate amounts will serve as the basis for assessment and further authorization, while ensuring compliance, at all times, with the thresholds established in ***Article 78(1), second subparagraph of CRR****.*
  In such cases, ***Worksheet 4b_GPP Instrument(s) details*** *must also be completed,* ***except for the following columns****:*
  - **Column K** (DP 0100): "Amount of each relevant outstanding issue subject to the request at reference date"
  - **Column L** (DP 0110): "Predetermined amount for which the permission is granted"

  Both columns, along with ***Column M (DP 0120)****, which automatically calculates the percentage of the reduction over the relevant issue, will remain empty.*

In those cases of instruments not issued yet for which the bank may not have yet, at the time of the application, information on the ISIN and notional amounts, the related fields can be left empty.

- ***% of the reduction over the relevant issue*** (DP 0120)***:***
  - For CET1 instruments: the predetermined amounts of CET1 shall not exceed the 3% of the amount of the relevant issue of CET1 instruments.
  - For AT1/ Tier 2 instruments: the predetermined amounts of AT1/Tier 2 shall not exceed the 10% of the amount of the relevant issue of AT1/ Tier 2 instruments.
  - The **amount of the relevant issuance** should be the sum of the nominal amount of the instruments plus the share premium accounts related to those instruments. In line with the EBA QA 2015_2095, for the purposes of setting the predetermined amount referred to in Article 78(1), second subparagraph, CRR, one shall use the outstanding notional amount of the instrument as of the date of the application.

F. Worksheet 5_Art. 32 RTS Prior Permission/Worksheet ***5b_Art. 32 RTS PP_Individual***

- These worksheets are designed for applications related to redemptions, reductions and repurchases by mutuals, cooperative societies, savings institutions or similar institutions under Article 32 RTS 241/2014.

- Level of reduction impact (DP 1400 of ***Worksheet 5_Art. 32 RTS Prior Permission)***: should reflect all the levels of consolidation to which the request refers, considering ***Worksheet 5_Art. 32 RTS Prior Permission and*** Worksheet ***5b_Art. 32 RTS PP_Individual***.

  Consolidated level (DPs 1900 and 2000 of ***Worksheet 5_Art. 32 RTS Prior Permission),*** for this type of request, ***Worksheet 5_Art. 32 RTS Prior Permission*** just reflects the identification of the institution at the highest level of consolidation in the request for each respective column in the sense specified in section 2.2.1 General, with the following specificities:

  The identification and impact level (individual/sub-consolidated levels) for the rest of institutions in the request (included the highest level of consolidation institution if on top of the highest level, it is impacted at lower consolidation levels) should be detailed in DPs 0010,0020 and 0025 in ***5b_Art. 32 RTS PP_Individual***.

- Amount of the reduction (DP 3110, 3125, 3135 and 3140 of Worksheet 5_Art. 32 RTS Prior Permission): refers to the amount at the highest level of consolidation under the assumptions considered in the previous paragraph. For individual and sub-consolidated levels, the same concepts correspond with DP 0030, 0040, 0050 and 0060 Worksheet ***5b_Art. 32 RTS PP_Individual*** per each institution declared in rows.

  The sum of values in DP 0030 of Worksheet ***5b_Art. 32 RTS PP_Individual, should be equal to the value of DP 3110 of tab 5_Art. 32 RTS Prior Permission.***

- Own Fund and eligible liabilities information for the highest level of consolidation institution (Worksheet 5_Art. 32 RTS Prior Permission) should be reported in 7a_Summary table OF&EL_Cons, while for the rest of institutions (in Worksheet ***5b_Art. 32 RTS PP_Individual***), these values should be reported only in Worksheet ***5b_Art. 32 RTS PP_Individual*** in columns ***from DP 0065 to DP 0540***. *No need to complete Worksheets* ***7b/c_Summary table own funds****.*

- In the block related to capital ratios after reduction in Worksheet 5b_Art. 32 RTS PP_Individual columns from I to BJ), please replace Actual, T0, T+1, T+2, and T+3 with the corresponding calendar years based on the application date, using the format DD/MM/YYYY:
  - **Actual** should correspond to the latest available quarter-end date COREP data.
  - If the application is submitted between 1 January and 30 June of year T0, projections under both the baseline and adverse scenarios should be provided for year-end T0, T+1 and T+2 (T+3 can be left empty).
  - If the application is submitted between 1 July and 31 December of year T0, projections should be provided for year-end T0, T+1, T+2, and TX+3.

2.3. Worksheet 6_Formal requirements

This worksheet encompasses all reductions included in the application and intends to display the required compliance with Articles 30 and 30b RTS 241/2014. Applicants are required to provide justification in column D, explaining how their submission includes all necessary information as stipulated by the RTS. Depending on the chosen type of application some DPs might not be applicable and therefore automatically greyed out, hence not applicable.

2.4. Worksheet 7a/b/c_Summary table own funds

- This worksheet provides an overview of the institution's own funds and eligible liabilities, the combined impact of all own funds reduction requests included in this application, and the resulting Capital and MREL ratios after reductions and the application of management actions to mitigate the adverse scenario. The submitted data should refer both to the most recent

quarter-end and to a forward-looking three-year horizon (under baseline and adverse scenarios). The adverse scenario should be consistent with ICAAP principles and take into account any JST instructions.

- Please, ensure that the **quality standards of the forward-looking information** are fully met, as reflected in the ECB Guide on options and discretions available in Union law (OND Guide). This includes particular attention to the **severity of the stress tests**. Compliance with these standards is essential to enable a **smooth and effective process**.
- **As the consolidated level (7a), capital and leverage figures and requirements should reflect the prudential group scope, while eligible liabilities ratios and requirements should reflect the resolution group perimeter**. This distinction is particularly relevant for institutions applying a **Multiple Point of Entry (MPE)** resolution strategy, where prudential and resolution perimeters may differ.
- **Management actions should only be excluded from the initial projections at consolidated level.** Accordingly, the deduction of management actions and their disclosure in **Tab 7d** apply exclusively at consolidated level.
- The institution must complete this information for all impacted levels: consolidated level, sub-consolidated level, and individual level. A dedicated worksheet is available for each relevant level (***7a _Summary table own funds for consolidated level***), (***7b _Summary table own funds for sub-consolidated level***) and (***7c _Summary table own funds for individual level***).

  Exceptions to this rule are:

  - Mutuals: only the SI requesting at the highest level of consolidation must complete 7a _Summary table own funds for consolidated level. For the rest institutions in the application, only data in Worksheet 5b_Art. 32 RTS PP_Individual is required. No need to complete Worksheets **7b/c_Summary table own funds**.
  - Institutions at the lowest levels of consolidation (sub-consolidated or individual, as applicable), when the upper level of consolidation (consolidated or sub-consolidated, as applicable respectively) is provided and data does not significantly diverge among the different levels of consolidation (overall, in relationship with the outcome for delegation and fast rack criteria). Theymay choose, in agreement with the JST, not to submit certain data upfront. The JST reserves the right to request this information at a later stage:
    - **For reductions with replacement**
    - **For all other cases,** data for the columns corresponding to DP 0030, DP 0050, DP 0070, and DP 0090 of the 7b/c_Summary table own funds, as applicable.
- For significant institutions that are not part of a broader significant supervised group, the corresponding data should be reported in **7a _Summary table of own funds for consolidated level.**
- Actual data (column DP 0010 should correspond to the latest available COREP data (Format dd/mm/yyyy)).
- Please replace Dec(T0), Dec(T+1), Dec(T+2), Dec(T+3) with the actual calendar years based on the application date, using the format Dec-YY:

- If the application is submitted between 1 January and 30 June T0, projections under both the baseline and adverse scenarios should be provided for year-end T0, T+1, and T+2 (T+3 can be left empty).
- If the application is submitted between 1 July and 31 December of year T0, projections should be provided for year-end T0, T+1, T+2, and T+3.

- **Capital data Before Management Actions and Before Reduction (EUR) (worksheet 7a):** Applicants should repost the levels of own funds, risk-weighted assets, and leverage exposure measure at the *latest available quarter-end data along with the most updated forward-looking projections (under both baseline and adverse scenarios) as approved by the relevant management body, e.g. under the ICAAP. These projections must exclude the impact of the proposed reduction.*
- **Capital data Before reduction *EUR*** *(DPs 100 to 500 of Worksheets 7b and 7c):* Applicants should repost the levels of own funds, risk-weighted assets, and leverage exposure measure at the *latest available quarter-end data along with the most updated forward-looking projections (under both baseline and adverse scenarios) as approved by the relevant management body, e.g. under the ICAAP. These projections must include the impact of the proposed reduction.*
- *Consolidated level (7a), projections must also exclude the impact of any management actions intended to mitigate or offset the depletion of the* ***resulting ratios under the adverse scenario****. If the bank's adverse scenario projections, as approved by the relevant management body, include management actions, these actions must be clearly separated from the projections in* ***tab 7a.*** *Measures that must not be considered when filling-in this section of the template include:*
  - Actions clearly determined and to be reliable cash-generating measures. Management actions in this category include stopping or reducing distributions and/or realize profits not recognized in CET1.
  - Other actions that result on an increase of Own Funds.
  - Actions that result in a reduction of RWAs.

  The detail of management action at consolidated level should be separately provided in worksheet ***7d_ManagementActions_Cons.*** *Measure 1* is expressly reserved to detail the impact of those management actions clearly determined and to be reliable cash-generating measures (dividends suspension and/or realized profits not yet recognized in CET1) (while the type, DP row 100, column 20 is blocked the rest of DP in the row are free text, date and impacts). If the bank's adverse scenario projections – as internally approved by the relevant management body – do not foresee any management actions (e.g., because the P2G is complied with), the bank is not required to include them in the template.
- ***Impact of the reduction*** (rows 1000, 1200, and 1300) must reflect, in columns 0010 to 0090, the combined effect of all transactions included in the application, as well as those from other applications submitted in parallel.
- ***Requirements*** **(%)**:
  - ***Combined Buffer Requirement***: The capital buffers used for each of the years should take into account changes that have already been formally approved and announced and whose entry into force will take place in the future. This includes certain systemic buffers still being

phased-in and the future countercyclical buffers in accordance with the information provided in the ESRB website.

- ***MREL, Subordinated MREL and TLAC Requirements***: The institution should include the most recent requirement communicated by the SRB at resolution group level. In case the datapoint covers also the CBR applicable on top of MREL/TLAC, the CBR used should follow the rules explained above.
- ***Margin over MREL*** should be:
    1) the margin set by the SRB in its decision granting a GPP for Eligible liabilities (EL);
    2) in case there is no GPP, then the margin set by SRB for any Ad-hoc reduction that is outstanding on the day of the OF redemption;
    3) the lower value of either the margin agreed between SRB and ECB for EL GPP predetermined amount or the institution's P2G;
    4) in case there is not available margin for EL GPP predetermined amount, then the lower value of either the margin agreed between SRB and ECB for the last EL Ad-hoc reduction or the institution's P2G;
    5) where there is no available margin from either EL GPPs or EL Ad -hoc reductions still outstanding, then the field for the applicable margin **can be left blank.** If the headroom is positive, the transaction can usually be fast tracked unless the JST, in consultation with the IRT, decides otherwise.

- **MREL, Subordinated MREL and TLAC ratio:**
    - For resolution entities, the institution should include the requested ratios **at resolution group level.**
    - For non-resolution entities subject to internal MREL requirements the ratios should reflect the **scope at which given internal MREL requirement is set.**
    - **TLAC ratio data points** should only be completed by institutions explicitly required by regulation to comply with TLAC standards.
    - For institutions **without a specific MREL requirement**, MREL data points should be populated using information that corresponds to the minimum absorbency capacity.
- **DP 5000 – Interim/Year-end Profit Already Included in Actual CET1 (DP c 0010 r 0100)**
    - Banks that have already incorporated interim or year-end profits into their actual CET1 capital (column 10) should select **"Yes"** in this data point. When "Yes" is selected, **DP 5100 remains greyed out and must not be populated**.
    - Banks that **have not** included interim or year-end profits in actual CET1 (column 10) should select **"No"**. In this case, **DP 5100 becomes active and must be completed**.
- **DP 5100 – Amount of Interim/Year-end Profit Not Included in Actual CET1 (as per Article 26(2) CRR and Decision ECB/2015/4)**

  Banks that have **not** included interim or year-end profits in actual CET1 (column 10) must report in DP 5100 the amount of such profits that **could have been included** in CET1 **had they requested and obtained authorisation**, calculated in accordance with Article 26(2) CRR and Decision ECB/2015/4.
  This amount is used **solely for the purpose of calculating the depletion**.