Template for comments

ECB Guide to the internal capital adequacy assessment process (ICAAP)

Institution/Company
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General comments

Template for comments

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Please enter all your feedback in this list.
When entering feedback, please make sure that:
    - each comment deals with a single issue only;
    - you indicate the relevant article/chapter/paragraph, where appropriate;
    - you indicate whether your comment is a proposed amendment, clarification or deletion.

Deadline:	4 May 2018

ID	Chapter	Paragraph	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
1	Principle 5	61-62	26	Clarification	As metric for available (internal) capital under the economic perspective, the Guide seems to prescribe a fair value based approach (article 61). This would make available and required capital under this perspective more consistent, but in our past experience with an insurance subsidiary, this led to an available (internal) capital that was highly volatile and very sensitive to assumptions on the forward interest rates. This proved difficult to manage. Partly this was due to the long duration of the Insurance business, but the problem could still be considerable as parts of the Bank's balance sheet also have a long duration. We note that many assumptions are needed to calculate economic value (for example for savings accounts). In addition the ECB asks to take a prudent approach to all underlying assumptions (article 62), which, as there are many uncertainties, may lead to an accumulation of uncertainty add-ons.	We are concerned that this theoretical approach may not work that well in practice.	,	Don't publish
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