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Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR) as amended
Topic	Own funds
Article	26
Paragraph	2
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	26(2)
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Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	Calculation of foreseeable dividend to be deducted from interim profits when interim dividend has been paid
Question	How exactly is the amount of interim profit to be included in Common Equity Tier 1 calculated according to Article 2(2) to (4) of the Regulation (EU) 241/2014 when the interim dividend has already been paid out and yet no final dividend has been formally decided or proposed to the institution's relevant body?
Background on the question	Please see document attached
EBA answer	Article 2(3) of the Regulation (EU) 241/2014 stipulates that any foreseeable dividend which can be expected to be paid out from the interim profit has to be deducted from the amount of interim profits included in Common Equity Tier 1. Where no formal decision or proposal for the distribution of dividends has been taken by the management body, the amount of foreseeable dividends to be deducted according to Article 2(4) of this Regulation corresponds to the interim profit multiplied by the payout ratio.

In the case where the interim dividend has already been paid, if the interim dividend amount represents less than the result of the interim profit multiplied by the payout ratio, the difference should be considered as foreseeable dividend in the sense of Article 2(3) of the Regulation (EU) 241/2014.

Therefore, the correct calculation is Option B, i.e. **Foreseeable dividend B**
= MAX[Interim profit × Payout ratio - Interim dividend paid;0]
Foreseeable dividend B = MAX[Interim profit × Payout ratio - Interim dividend paid;0]

Link

https://eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4477

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