



Clarification of procedures for completion of COREP Section C 04.00 (CA4) Row 820: Own funds requirements related to Pillar II adjustments

Text taken from COREP instructions in Commission Implementing Regulation (EU) no 680/2014 Annex I:

Article 104 (2) of CRD

If a competent authority decides that an institution has to calculate additional own funds requirements for Pillar II reasons, those additional own funds requirements shall be reported in this cell.

In order to ensure this information can be consistently handled by the PRA's systems, for Section C 04.00 (CA4) Row 820: Own funds requirements related to Pillar II adjustments firms should enter only the **additional** own funds requirement for Pillar 2A imposed by the PRA under CRD Article 104(2) and should not include:

- Pillar 1 own funds requirements¹.
- PRA Buffers² (which replace the former Capital Planning Buffers to the extent that they are not covered by the CRR buffers referred to below).
- CRD IV Buffers as reported in COR001 Section C 04.00, Rows 740 – 810.
- The Basel 1 floor requirement which is recorded in Section C 04.00 (CA4) Row 890.

All firms are required to apply the requirements to upcoming reporting periods with immediate effect. Any firm that provides data other than as above may be contacted and required to resubmit.

Worked Example

Assumptions

Applicable ICG: A minimum amount of capital of 125% of the Pillar 1 own funds requirement plus £4,000,000 as a static add-on for pension risk. (ICG is now expressed as % of RWAs, but the calculation for C 04.00 Row 820 must be worked as % of the Pillar 1 own funds requirement i.e. 8% of RWAs).

Pillar 1 Total Risk Exposure Amount: £1,250,000,000

Calculations

Pillar 1 own funds requirement: 8% of £1,250,000,000 = £100,000,000

ICG = 125% of £100,000,000 + £4,000,000
= £125,000,000 + £4,000,000
= £129,000,000

Row 820 Own funds requirements related to Pillar II adjustments
= Additional requirements resulting from P2A review and evaluation
= Total ICG – Pillar 1 own funds requirement
= £129,000,000 - £100,000,000
= **£29,000,000** (this is the amount that should be reported in Row 820)

PRA Buffers and CRD IV Buffers are not taken into account in Row 820, so are not included in the above worked example.

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¹ The Pillar 2A requirement PLUS the Pillar 1 own funds requirements (being 8% of CA2 010) should add up to the firm's ICG, which is the guidance given by the PRA to the firm of the amount of capital that the firm should hold at all times.

² The PRA will maintain the data on PRA Buffers internally, and monitor compliance separately.