



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.
- Capital Planning Buffers².
- 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.

In addition, any firms whose Q1 and Q2 2014 submissions did not meet these instructions will need to resubmit. All resubmissions will be required to meet the Q3 2014 quarterly submission date of 11 November 2014.

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
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)

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 Capital Planning Buffers internally, and monitor compliance separately.

Capital Planning Buffers are not taken into account in Row 820, so are not included in the above worked example.

30 September 2014