



New statistical publication of aggregate regulatory capital data

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This article announces the launch of a new quarterly statistical release of aggregate regulatory capital data, on 16th December 2016. The release will present recent developments in levels of capital and risk-weighted assets since Q1 2014 for the UK banking sector, as well as more detailed breakdowns of the movements in different tiers of capital and risk exposure types. The aggregates will be compiled using data on levels of capital and risk-weighted assets as reported under CRD IV.

Introduction

The European legislative enactment of Basel III, the Capital Requirements Directive (CRD) IV and the Capital Requirements Regulation, sets out the European Union's prudential rules for banks, building societies and some investment firms.¹ The principal aim of the rules is to increase the resilience of the banking sector against crisis by strengthening capital requirements. Article 99 of CRR requires firms to report data on their own funds (capital) adequacy and own funds requirements based on credit, market and operational risks in the precise format and frequency set out in the European Banking Authority's *Implementing Technical Standards on Supervisory Reporting* (ITS).² The ITS is the basis for the European Common Reporting (COREP) framework for CRD IV capital adequacy reporting, on which regulated firms began reporting from Q1 2014.

From December 2016, the Bank of England will publish quarterly statistical releases of capital ratios and aggregates compiled using COREP data. The releases will be accompanied by a

spreadsheet of the data contained in the release, with a time series going back to Q1 2014.

It is anticipated that the content of this release, and the range of releases of aggregated data and indicators, will be expanded over time. Any suggestions and feedback would be welcome at the email address above.

Content of the statistical release

The release will contain sections covering CRD IV capital adequacy ratios, a breakdown of the level and components of capital, and a breakdown of risk-weighted assets into risk types. These statistics will cover firms regulated by the Prudential Regulation Authority (PRA),³ and will be referred to as the 'total UK banking sector'.

The release will also compare the range of capital ratios for the UK banking sector published by different organisations, and will contain a discussion of the drivers of differences between these ratios.

Section 1: Capital ratios for the UK banking sector

This section will present capital ratios in a table as a time series over the five most recent quarters for the Common Equity Tier 1 (CET1), Tier 1 and total capital ratios.

¹ For the full text of CRD IV, please see: eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013L0036.

For the full text of the CRR, please see: eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R0575.

² eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:321:0006:0342:EN:PDF

³ While some entities regulated solely by the Financial Conduct Authority report CRD IV COREP data, these entities are outside the scope of this publication.

The ratios will be presented on a transitional⁴ basis, as is consistent with the capital and risk-weighted asset reporting requirements for headline COREP templates CA1 and CA2.

This section will also contain a chart showing the time series of these ratios since Q1 2014.

Section 2: Levels of capital and risk-weighted assets held by the UK banking sector

This section will present the aggregate quantities of capital (broken down into CET1, Tier 1, and Tier 2 capital) and risk-weighted assets in a table. Again, these aggregates will be presented on a transitional basis.

Section 3: Risk-weighted assets by risk type

This section will present a breakdown of total risk-weighted assets in the UK banking sector into different types of risk exposure. The breakdown of risk type is in line with that in COREP template CA2, in which firms report their risk exposure amounts by exposure type. The release's breakdown contains five types of exposure: credit and counterparty risk, market risk, operational risk, credit valuation adjustment and 'other' risk where 'other' comprises all other exposure types under CRD IV, including settlement risk, fixed overhead, and excess large exposures. Again, these aggregates will be presented on a transitional basis.

Lastly, this section will contain a chart showing the quarter-on-quarter change in the composition of risk-weighted assets by risk type.

Section 4: Comparison of UK capital ratios published by various organisations

Capital adequacy ratios are published by various organisations and this section of the release draws together and compares the ratios

published for the UK by the Bank of England, the European Central Bank, the European Banking Authority and the International Monetary Fund.

The aim of this section is to inform users of the reasons why published capital ratios can differ, and will do so by providing a breakdown of some of the principal methodological differences in calculating capital ratios. These differences include variation in the coverage of firms, in the use of transitional or endpoint definitions of capital, and in the use of mean or median calculation.

⁴ Transitional calculations of capital, as opposed to endpoint, take account of institutions being able to phase in deductions from CET1 over five years, increasing by 20% every year until 2019, and to phase out some instruments that do not meet CRR standards until 2022.