

Chapter

Article 34a Minority interests included in consolidated Common Equity Tier 1 capital

(1) For the purpose of specifying the sub-consolidation calculation required in accordance with Articles 84(2), 85(2) and 87(2) of Regulation (EU) No 575/2013, the qualifying minority interests of a subsidiary referred to in Article 81 of that Regulation that is itself a parent undertaking of an entity referred to in Article 81(1) of that Regulation shall be calculated as described in paragraphs 2 to 4 of this Article.

(2) Where a competent authority has exercised the discretion referred to in Article 9(1) of Regulation (EU) No 575/2013, the calculation to be undertaken in accordance with paragraphs 3 and 4 of this Article shall be made on the basis of the situation of the institution as if the discretion had not been exercised.

(3) Where the subsidiary complies with the provisions of Part Three of Regulation (EU) No 575/2013 on the basis of its consolidated situation the following treatment shall apply:

(a) the Common Equity Tier 1 capital of that subsidiary on its consolidated basis referred to in point (a) of Article 84(1) of Regulation (EU) No 575/2013 shall include the eligible minority interests that arise from its own subsidiaries calculated pursuant to Article 84 of Regulation (EU) No 575/2013 and the provisions laid down in this Regulation;

(b) for the purpose of the sub-consolidation calculation, the amount of Common Equity Tier 1 capital required according to point (i) of Article 84(1)(a) of Regulation (EU) No 575/2013 shall be the amount required to meet the Common Equity Tier 1 requirements of that subsidiary at the level of its consolidated situation calculated in accordance with point (a) of Article 84(1) of that Regulation. The specific own funds requirements referred to shall be the ones set by the competent authority of the subsidiary under regulation 34 of the Capital Requirements Regulations 2013;

(c) the amount of consolidated Common Equity Tier 1 capital required, according to point (ii) of Article 84(1)(a) of Regulation (EU) No 575/2013, shall be the contribution of the subsidiary on the basis of its consolidated situation to the Common Equity Tier 1 own funds requirements of the institution for which the eligible minority interests are calculated on a consolidated basis. For the purpose of calculating the contribution, all intra-group transactions between undertakings included in the prudential scope of consolidation of the institution shall be eliminated.

(4) When performing the consolidation referred to in point (c) of paragraph 3, the subsidiary shall not include capital requirements arising from its subsidiaries which are not

included in the prudential scope of consolidation of the institution for which the eligible minority interests are calculated.

(5) Where the waiver referred to in Article 84(3) of Regulation (EU) No 575/2013 applies to a subsidiary, any parent undertaking of the subsidiary benefiting from the waiver may include in its Common Equity Tier 1 capital minority interests arising from subsidiaries of the subsidiary itself benefiting from the waiver, provided that the calculations referred to in Article 84(1) of that Regulation and in this Regulation have been made for each of those subsidiaries. The amount of Common Equity Tier 1 included in the Own Funds at the level of the parent undertaking shall not exceed the amount that would be included if no waiver had been granted to the subsidiary.

(6) Where a parent institution has an intermediate subsidiary which is not referred to in Article 81(1) of Regulation (EU) No 575/2013 and where this intermediate subsidiary itself has subsidiaries which are referred to in Article 81(1) of that Regulation, the parent institution may include in its Common Equity Tier 1 capital the amount of minority interest arising from those subsidiaries calculated according to Article 84(1) of that Regulation. The parent institution cannot, however, include in its Common Equity Tier 1 capital any minority interests arising from an intermediate subsidiary which is not referred to in Article 81(1) of Regulation (EU) No 575/2013.

(7) The methodology set out in paragraphs 2, 3 and 4 shall also apply *mutatis mutandis* for the calculation of the amount of qualifying Tier 1 instruments under Article 85 of Regulation (EU) No 575/2013 and the amount of qualifying own funds under Article 87 of that Regulation, where references to Common Equity Tier 1 shall be read as references to Tier 1 or own funds.