



**Jersey Financial
Services Commission**

Guidance note

Prudential Reporting of Loans and Deposits Data

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Glossary

The following abbreviations are used within the document:

Branch	Jersey operations of an OIB
Code	Code of Practice for Deposit-taking Business
FRN	Floating Rate Note
JFSC	Jersey Financial Services Commission
OIB	Overseas Incorporated Bank

1 '8.1 Asset Quality & Provisions'

Summary of specific and general provisions and of loan quality

- 1.1 This sheet is intended to provide an overview of the Branch's provisions and the underlying credit quality of its loans and advances.
- 1.2 The quality of loans and advances must be segmented by the Branch to provide:
 - 1.2.1 An analysis of non-performing loans according to number of days past due; and
 - 1.2.2 A segmentation based on the Branch's own classification of its loans and advances.
- 1.3 It is expected that the total amount of loans classified as "substandard" or "default" will be consistent with the figure reported for "Gross loans provided against" and that both figures will be correlated with those for past due loans, particularly those relating to loans classified as more than 90 days past due. Where figures appear to be materially inconsistent, an explanation should be provided in the covering letter.

Item	Completion Notes
A.1	Previous Balance. Enter here the balance brought forward from the previous report for both "specific" and "general" provisions for bad and doubtful debts.
A.2	Charge to P&L Account. General provisions: Enter here the expense charged for bad debts to the profit and loss account as a result of a net increase in general provisions. Specific provisions: Enter here the expense charged for bad debts to the profit and loss account as a result of new or increased specific provisions and any net charge from write offs after netting off specific provisions from prior periods already charged to the profit and loss account.
A.3	Release to P&L Account. General provisions: Enter here the income credited for bad debts to the profit and loss account as a result of a net decrease in general provisions. Specific provisions: Enter here the income credited for bad debts to the profit and loss account as a result of the release of or decrease in specific provisions and any net income from write backs.
A.4	Amounts written off. Enter the gross amount written off.
A.5	Recoveries of amounts written off. Enter the gross amounts recovered from loans previously written off.
A.6	Current Balance. The total balance carried forward. Equates to item A.1 plus item A.2 minus item A.3 plus, for specific provisions only, item A.5 minus item A.4.
A.7	Gross Loans provided against. Enter the total book value (before provisions) of loans and advances against which "specific" provisions have been made.
A.8	Other Provisions – Detail. Enter here details of any other provisions made e.g. loss on investments, reorganisation provisions. Appropriate detail must be provided in the

Item	Completion Notes	
	sheet '9.3 Additional Detail' regarding the amount reported in this line if the amount is material.	
A.9.1	Loans and other assets - 30 days past due	<p>Non-performing loans and other assets. Report here all assets past due for more than 30 days, categorised into buckets according to the latest bucket for which an asset would be eligible (e.g. an asset that is 84 days past due should be categorised as "60 days past due"). Past due assets of all categories – loans, investment etc – should be reported here.</p> <p>Assets should be reported according to their carrying value. The amount of assets classified as 90 days or more past due should correspond to the amount reported a past due on the balance sheet (Item F.3, 'BS Assets' sheet).</p>
A.9.2	Loans and other assets - 60 days past due	
A.9.3	Loans and other assets - 90 days past due	
A.9.4	Loans and other assets - 120 days past due	
A.9.5	Loans and other assets - 150 days past due	
A.9.6	Loans and other assets - 180 days past due	
A.10.1	Satisfactory	<p>Classification of assets and loans. This should reflect credit quality and how the bank has classified its financial assets to reflect the likely recoverability of those assets (loans and advances – interbank and customer – and investments). It is recognised that banks might not classify assets precisely in this manner. If so, report the closest approximation to the banks' classifications as defined for each grade.</p> <p>Off balance sheet credit substitutes such as guarantees, letters of credit, performance bonds etc. should be included in the classifications.</p> <p>Report the value of loans and advances, investments and off-balance sheet credit substitute exposures (collectively "credit exposures") outstanding under each classification:</p> <ul style="list-style-type: none"> › Satisfactory: Performing credit exposures. › Watch List: Other performing credit exposures subject to close monitoring following some external development or adverse credit information. › Substandard: Credit exposures where it is unlikely all outstanding interest will be recovered but it is still expected to recover the principal. › Default: Credit exposures where it is unlikely that interest outstanding and at least some of the principal will be recovered.
A.10.2	Watch list	
A.10.3	Substandard	
A.10.4	Default	

2 '8.2 Loan Security'

Loans segmented by percentage secured

- 2.1 The purpose of this sheet is to analyse the Branch's loans and advances in relation to the level of security cover provided.

Detailed guidance

Item	Completion Notes
A.1.1	100% + Enter the total amount of loans and advances for which the OIB holds 100%+ security. The following examples show types of loan which should be classified as fully secured: <ul style="list-style-type: none"> › Loans fully covered by a bank guarantee; › Loans fully covered by a cash deposit with right of set off in place; and › Loans secured on property, where the loan is less than the estimated market value of the property.
A.1.2	50 – 100% Enter the total amount of loans and advances for which the OIB holds 50% or more but less than 100% security cover.
A.1.3	0 - 50% Enter the total amount of loans and advances for which the OIB holds security cover of less than 50%.
A.1.0	TOTAL Secured Loans. Sum of items A.1.1 to A.1.3.
A.2	Unsecured. Amount of loans and advances for which the OIB holds no effective security.
A.3	Booked Loans. Where loans and advances have been booked into Jersey from Head Office or any other group source and the nature of the underlying security is not known. Enter these loans under the special heading of "Booked Loans".
A.0	Total Loans. Sum of items A.1.0 to A.3. This should equate to the total reported in sheet '2.1 BS Assets' for Item 'D.0: Loans and Advances Total'.

3 '8.3 Total Deposits'

Deposits by residency and currency

- 3.1 This represents an analysis of deposits (subsection A of Sheet '2.3 BS Liabilities') taken by the Branch.
- 3.2 Residency may be determined according to the address to which the bank corresponds, if no better internal classification is available. Refer cases of difficulty to the JFSC.
- 3.3 The Branch is required to separately report balances for Sterling, Euro, US Dollar, Swiss Franc and Japanese Yen. All other balances should be reported in the column "Currency".

Item	Completion Notes
A.1	Jersey Resident Depositors. This category includes all depositors who are known to be Jersey resident (other than deposits falling within A.2). If residence is uncertain this would include those that have supplied a Jersey address for their correspondence.
A.2	Jersey Financial Intermediaries etc. Deposits from Jersey financial intermediaries (including Jersey banking operations, investment businesses, trust company businesses and collective investment and including both client funds and own funds). Also include any accounts that are known to be beneficially owned by non-Jersey depositors but where the correspondence address supplied is a Jersey address.
A.3	UK, Guernsey & IoM. Depositors with UK, Guernsey or Isle of Man addresses.
A.4	Other EU Members. All European Union members except the UK.
A.5	European non EU Members. Europe, excluding EU members and including Iceland, Turkey and Russia. For the avoidance of doubt, this excludes the nations of the Caucasus (Georgia, Armenia and Azerbaijan) and Kazakhstan.
A.6	Middle East. Covers all those countries that lie between, and include, Egypt and Iran. In the north it is bordered by, but does not include, Turkey (Europe).
A.7	Far East. All countries in Asia, and including the nations of the Caucasus and Kazakhstan, but excluding Russia (Europe), Turkey (Europe) and Iran (Middle East).
A.8	North America. The USA and Canada only. Do not include Caribbean countries or Mexico.
A.9	Detail. All other countries, including all those in Africa (except Egypt), Central and South America, the Caribbean and Australasia. If the balance for any single country exceeds 5% of total deposit liabilities, please provide a breakdown in sheet '9.3 Additional Detail'.
A.0	Total by Currency. Sum of items A.1 to A.9
B	Total All Currencies. Sum of item A across all currencies. This should agree with the amount reported in the sheet '2.3 BS Liabilities' for Item 'A.0 Total Deposits'.

4 '8.4 Lending by Sector'

Lending by sector and type

- 4.1 The sector analysis report requires a breakdown between the columns "Local" and "Non Local". If residence is uncertain, all customers that provide a Jersey address should be classed as "Local" unless either:
- 4.1.1 The address is that of a Jersey financial intermediary and the beneficial owner's residence is unknown; or
 - 4.1.2 The customer is not believed to be resident in Jersey, in which case treat as "Non Local".
- 4.2 Items A.1 to A.10.3 should be completed with a breakdown of the OIB's loans and advances by sector.

- 4.3 Items B.1 and B.2 should be completed with an analysis of the OIB's loans and advances allocated between "Overdrafts" and all "Other Loans & Advances".
- 4.4 Items A.0 and B.0 are the respective sums from the data entered above. As such they should total the same amount, and each should equate to the total reported in sheet '2.1 BS Assets' for Item 'D.0: Loans and Advances Total'.
- 4.5 Item A.0.1 is calculated as the difference between items A.0 and B.0 and should equal "Nil".

5 '8.5 Large Exposures'

Introduction

- 5.1 All [Branches](#) are required to provide a statement of the 10 largest credit exposures in excess of £10 million that fall within the guidelines provided below.
- 5.2 Exposures include off balance sheet items and placements, as defined within Appendix II to the Code, "Large Exposures: definitions". Reporters should be familiar with this part of the Code. In particular, it is necessary to determine whether individual borrowers are connected or associated in any way so as to ensure appropriate aggregation.
- 5.3 Some exposures should instead be reported within the "Exempt Large Exposures" sheet (see Section 6). These are:
 - 5.3.1 Direct exposures to a central government or central bank that is rated BBB- or higher;
 - 5.3.2 Placements to head office and other branches of the parent;
 - 5.3.3 Placements to banks within the same group as the reporting branch; and
 - 5.3.4 Placements to third party banks that are rated BBB- or higher.
- 5.4 The rating used for this purpose must be a rating provided by one of either Fitch, Moody's or Standard and Poor's. Where an exposure is rated by more than one of these agencies:
 - 5.4.1 For an exposure rated by three agencies: rank the three ratings and select the middle rating; and
 - 5.4.2 For an exposure rated by two agencies: The lower of the two ratings must be selected.
- 5.5 "Placements" include loans and certificates of deposits and similar short term debt. It does not extend to other exposures such as holdings of bank FRNs, which should be reported on this sheet.
- 5.6 Exposures to group non-banking entities, should be aggregated and reported here (if all other criteria are met – top 10 and in excess of £10 million) – and indicated by entering "Y" in the "Connected?" column.

Detailed Guidance

Column	Guidance
Client Name	Enter here the full name of the customer, or an identifier.
Connected to Bank?	State if the customer is connected to the OIB by entering "Y".
Outstanding Amount	The total drawn amount at the reporting date.
Facility Amount	The total of all facilities relating to the customer should be stated in this column.
Provision	Enter the total amount of any specific bad debt provision made at the reporting date.
Performing?	Confirm loan facility fully performing - Yes/No.
Parental Guarantee or Loan Take-Over Agreement	Enter "Y" if a parental guarantee or loan takeover agreement is in place from the ultimate parent of the Branch (i.e. not head-office). Enter "N" otherwise, including all cases where the Branch is part of the bank at the top of the group.
Collateral (Cash/Govt or Other)	Enter brief description of the security provided: <ul style="list-style-type: none"> › Enter "Cash" or "Government" for all exposures that are fully secured by cash or appropriate government issued securities as per the Codes. › Use "Parent" where the facility is covered by a parental guarantee or loan takeover agreement from the reporting parent of the OIB (i.e. not head-office). › For other types of security a longer description may be appropriate, such as "Freehold Land", "FTSE 100 equities".
Collateral Cover %	State the percentage of security held compared to the "Amount of facility".
Currency	State the currency of the facility. Use the standard ISO 4217 three letter codes – GBP for Pound Sterling, USD for US Dollar, EUR for Euro, CHF for Swiss Franc, JPY for Japanese Yen etc. Use "MULTI" for multi-currency exposures.
Maturity Date	The date that the exposure is due to be fully repaid. If call, then enter the reporting date.

6 '8.6 Exempt Large Exposures'

Introduction

6.1 Exposures that should be reported here are:

- 6.1.1 Direct exposures to a central government or central bank that is rated BBB- or higher;
- 6.1.2 Placements to head office and other branches of the parent;

- 6.1.3 Placements to banks within the same group as the Branch; and
- 6.1.4 Placements to third party banks that are rated BBB- or higher.
- 6.2 Exposures to head office and other branches of the parent, should be aggregated and reported here (if all other criteria are met – top 10 and in excess of £10 million) – and indicated by entering “Parent Company” in the “Text” column.
- 6.3 Exposures to other group banking entities, should be aggregated and reported here (if all other criteria are met – top 10 and in excess of £10 million) – and indicated by entering “Group Banks” in the “Text” column.

Detailed Guidance

Column	Guidance
Text	Name the group of connected parties; where not practical, use an easily identifiable abbreviation.
Amount	The total drawn amount from all facilities relating to the group of counterparties at the reporting date.
Limit	The total of all facilities relating to the group of counterparties should be stated in this column.
Maturity	Enter maturity date. If there are many exposures, enter the maturity date of the largest exposure. If this maturity is call; enter the reporting date.