



Jersey Financial
Services Commission

Guidance Note

Prudential Reporting of Loans and Deposits Data

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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 JIB’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 bank 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 bank’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 | 30 days past due | 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. |
| A.9.2 | 60 days past due | |
| A.9.3 | 90 days past due | |
| A.9.4 | 120 days past due | |
| A.9.5 | 150 days past due | |
| A.9.6 | 180 days past due | |
| A.10.1 | Satisfactory | 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. Off balance sheet credit substitutes such as guarantees, letters of credit, performance bonds etc should be included in the classifications. Report the value of loans and advances, investments and off-balance sheet credit substitute exposures (collectively " credit exposures ") outstanding under each classification: <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 JIB's loans and advances in relation to the level of security cover provided.

| Item | Completion Notes |
|------------|---|
| A.1.1 | 100% + - Enter the total amount of loans and advances for which the registered person 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 registered person 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 registered person holds security cover of less than 50%. |
| A.1 | TOTAL Secured - Sum of items A.1.1 to A.1.3. |
| A.2 | Unsecured - Amount of loans and advances for which the bank 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 | Total Loans - Sum of items A.1 to A.3. This should equate to the total reported in sheet '2.1 Balance Sheet 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 balance sheet liabilities') taken by the JIB.
- 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 registered person 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 - Deposits from Jersey financial intermediaries (including Jersey banking operations, investment businesses, trust company businesses and funds 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 | 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 Core module in sheet '2.3 Balance Sheet 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 should be completed with a breakdown of the JIB's loans and advances by sector.
- 4.3 Items B.1 and B.2 should be completed with an analysis of the JIB's loans and advances allocated between "Overdrafts" and all "Other Loans & Advances".
- 4.4 Items A and B 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 Balance Sheet Assets' for Item 'D.0: Loans and Advances Total'.

5 '8.5 Large Exposures'

Schedule of Large Exposures, identifying those approved by the JFSC, excluding types for which no specific approval is required.

- 5.1 All JIBs are required to provide a statement of all Large Exposures, being those in excess of 10% of agreed capital resources (**ACR**).
- 5.2 This requirement includes any such exposures in excess of 25% of ACR. Such an exposure is referred to as an **LE25** and Article 11 of the Banking Business (General Provisions) (Jersey) Order 2002 stipulates that a registered person must not enter into an LE25 without the JFSC's approval.
- 5.3 A full description of the JFSC's requirements in respect of Large Exposures, including the relevant definitions, is provided within Section 5.4 and Appendices II and III of the Codes of Practice for Deposit-taking Business (**Code**).
- 5.4 Appendix II provides full definitions. Briefly, Large Exposures include both balance sheet and off-balance sheet items and, to calculate them, it is first necessary to aggregate individual exposures that are connected or associated.
- 5.5 In the case of a Large Exposure approved as a Concession Limit (see Codes for definition), this must include guarantees provided by the counterparty where those guarantees have been used as the basis for the LE25 approval.
- 5.6 LE25s covered by the Money Market Concession (see Codes for definition) are permitted, subject to post event notification requirements, and hence do not require specific approval in advance. These, together with Large Exposures below 25% of ACR to similar counterparties (i.e. those which would fall within the Money Market Concession if they exceeded 25% of ACR), should be reported within the "Exempt Large Exposures" sheet (see Section 6), rather than being reported here.
- 5.7 All other Large Exposures must be reported here, including:
 - 5.7.1 LE25s to counterparties for which a Concession Limit has been approved;
 - 5.7.2 LE25s approved in connection with a parental guarantee;
 - 5.7.3 LE25s approved in connection with a guarantee from a counterparty for which a Concession Limit has been approved;
 - 5.7.4 LE25s approved based on collateral arrangements (cash and near cash only);
 - 5.7.5 LE25s receiving "out-of-policy" approval;
 - 5.7.6 LE25s that have not been approved; and
 - 5.7.7 Large Exposures falling between 10% and 25% of capital for which specific approval is not required (except those referred to in 5.6).
- 5.8 Exposures to group, other than to parent, are treated identically to non-group exposures, save that group exposures should be declared as related exposures by entering "Y" in the "Connected?" column.

Completion Guidance

| Column | Guidance |
|---------------------------|--|
| Client Name | Enter here the full name of the customer, or an identifier. |
| LE Ref | If the loan exceeds 25% of the Bank's capital base, enter the approval reference, which the JFSC will have advised when consent was granted. Report "NONE" if no such approval reference has been obtained. |
| Connected? | State if the customer is connected to the reporting bank 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. Where the JFSC has approved a large exposure, this should correspond with the amount approved. |
| Provision | Enter the total amount of any specific bad debt provision made at the reporting date. |
| Performing? | Confirm loan facility fully performing - Yes/No. |
| Security Type | <p>Enter brief description of the security provided except for exposure to a counterparty for which a Concession Limit has been approved, in which case enter "Concession Limit". Otherwise:</p> <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 similar contract and "CL guarantee" where the facility is covered by a guarantee or similar contract issued by a counterparty for which a Concession Limit has been established. › For other types of security a longer description may be appropriate, such as "Freehold Land", "FTSE 100 equities". |
| Cover % | State the percentage of security held compared to the "Amount of facility" (0 for Concession Limit approvals). |
| Currency | State the currency of the facility. Use the standard ISO 4217 three letter codes – GBP for Pounds Sterling, USD for US Dollars 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'

Schedule of Large Exposures of types where specific approval is not required.

6.1 Large Exposures should be reported here where they are not reportable in the sheet "Large Exposures", as set out in more detail in the guidance to that sheet in Section 5. Briefly, these are those LE25s permitted under the Money Market Concession and those to similar counterparties for which no specific approval is required as they do not exceed 25% of ACR. These include:

6.1.1 For smaller banks, certain exposures to banks and governments; and

6.1.2 Certain short term customer driven Nostro positions.

6.2 Full details on the Money Market Concession are provided in the Code, including the relevant limitations and notification requirements.

| 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. |