

# Guidance Note

## Prudential Reporting of Capital Ratios

Guide on the calculation of the risk-based capital ratios in connection with the Code of Practice for Deposit-taking Business (**Banking Code**), as applicable to persons incorporated in Jersey that are registered under the Banking Business (Jersey) Law 1991 (**JIBs**). In addition, this document establishes detailed requirements relating to the prudential reporting of the Leverage Ratio.

## Glossary

Additional Tier 1 capital	Items eligible for inclusion within <i>Tier 1 capital</i> , other than <i>CET1 capital</i>
AGross	The gross add-on for a set of netted transactions
Anet	The net add-on for a set of netted transactions
AT1 capital	Additional Tier 1 capital
AT1 instrument	An instrument that meets the criteria for inclusion in <i>AT1 capital</i>
Banking Code	Code of Practice for Deposit-taking Business, published by the JFSC and available at: › <a href="http://www.jerseyfsc.org/the-commission/general-information/codes-of-practice/">http://www.jerseyfsc.org/the-commission/general-information/codes-of-practice/</a>
Basel II	“ <i>International Convergence of Capital Measurement and Capital Standards, A Revised Framework, Comprehensive Version</i> ”, issued by the <i>Basel Committee</i> in June 2006 and available at: › <a href="https://www.bis.org/publ/bcbs128.pdf">https://www.bis.org/publ/bcbs128.pdf</a>
Basel Committee	Basel Committee on Banking Supervision
Capital ratios	The three ratios for which minima are established in Section 5 of the <i>Banking Code</i> , being the <i>CET1 capital ratio</i> , the <i>Tier 1 capital ratio</i> and the <i>total capital ratio</i> .
CCP	Central Counterparty
CET1 capital	Common Equity Tier 1 capital, as defined in <b>Section 2</b> by reference to the aggregation and deduction of various defined components
CET1 capital ratio	The ratio of <i>CET1 capital</i> to total <i>RWAs</i>
CET1 instrument	An instrument that meets the criteria for inclusion in <i>CET1 capital</i>
CM	Clearing Member
DTAs	Deferred tax assets
DTLs	Deferred tax liabilities
DVA	Debit valuation adjustment
IRB approaches	Internal Ratings Based approaches (either the Foundation or Advanced versions may be permitted by the <i>JFSC</i> )
Jersey Resolution Authority	As and when appointed under the Bank (Recovery and Resolution) (Jersey) Law 2017
JFSC	Jersey Financial Services Commission

JIB	A Jersey incorporated company that is registered by the <i>JFSC</i> to undertake deposit-taking business
NGR	The ratio of net current <i>RC</i> to gross current <i>RC</i> for a set of netted transactions
QCCP	Qualifying <i>CCP</i> , defined as in Annex 4, Section I, A. General Terms of <i>Basel II</i>
RC	Replacement cost
RWAs	Risk Weighted Assets
SFT	Securities Financing Transaction
Tier 1 capital	defined in <b>Section 3</b> by reference to the aggregation and deduction of various defined components
Tier 1 capital ratio	The ratio of <i>Tier 1 capital</i> to <i>total RWAs</i>
Tier 1 instrument	An instrument that is eligible for inclusion in Tier 1 capital
Tier 2 capital	Defined in <b>Section 4</b> by reference to the aggregation and deduction of various defined components
Total capital	Defined in <b>Section 4</b> as the total of <i>Tier 1 capital</i> and <i>Tier 2 capital</i>
Total capital ratio	The ratio of <i>total capital</i> to <i>total RWAs</i>
Total RWAs	Defined in <b>Section 5</b> by reference to the aggregation of various defined components

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# 1 Overview

## Introduction

- › This document specifies the calculation of the three risk-based **Capital Ratios** – the three capital ratios for which minima are established in Section 5 of the *Banking Code*, being the:
  - 1.1.1 **CET1 capital ratio**: the ratio of **CET1 capital**, as defined in **Section 2**, to total risk weighted assets, as defined in **Section 5 (total RWAs)**;
  - 1.1.2 **Tier 1 capital ratio**: the ratio of **Tier 1 capital**, as defined in **Section 3**, to *total RWAs*; and
  - 1.1.3 **total capital ratio**: the ratio of **total capital**, as defined in **Section 4**, to *total RWAs*.
- 1.2 The *Banking Code* requires *JIBs* to internally monitor *Capital Ratios* daily and notify the *JFSC* if limits are not complied with or Capital Buffers not maintained. This reporting must be consistent with the definitions set out herein.
- 1.3 In a small number of identified cases, items are defined purely for the purpose of the prudential return submission. These items are identified where additional information is considered useful to the *JFSC*, such as a breakdown of the composition of an item.
- 1.4 The requirements regarding the calculation and reporting of *Capital Ratios* are based on the international standards promulgated by the Basel Committee on Banking Supervision (**Basel Committee**).
- 1.5 In particular, item numbers have been aligned to the numbering used in the standards, where applicable. In some cases, items in the standard have been omitted as they relate to transitional provisions that are not applicable. Where additional items have been identified as being necessary, the item numbering has been extended beyond that used in the international standard through the use of higher numbers and the addition of letters to enumerate items that are key components.
- 1.6 The specification sets out both the definitions of the component items and the calculations that must be used to derive the *Capital Ratios*. Where component items are not relevant to a *JIB*, the *JIB's* internal monitoring need not reflect the term.
- 1.7 The *Banking Code* also requires *JIBs* to submit prudential returns to the *JFSC*, consistently with this document, for each prudential period end date. The specific mechanics of this are set out in the “Prudential Reporting Guide for *JIBs*”, issued by the *JFSC* and available at:
  - 1.7.1 <http://www.jerseyfsc.org/banking-business/prudential-reporting/>
- 1.8 For prudential reporting purposes only, this Guide also specifies the reporting of the *Leverage Ratio*.

## Layout of this Guide

- 1.9 **Sections 2 to 8** relate to the computation of the *Capital Ratios*.
- 1.10 **Section 9** relates to the calculation of the *Leverage Ratio*.
- 1.11 **Appendix A** and **Appendix B** list all items defined herein for, respectively, the prudential reporting of *Capital Ratios* and the *Leverage Ratio*.

## 2 CET1 capital – items, deductions and total

### Items 1 to 29

Item	Guidance
1	<p><b>Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus.</b> The total of all common share capital plus related share premium that meet the following qualifying criteria:</p> <ol style="list-style-type: none"> <li>1. Represents the most subordinated claim in liquidation of the <i>JIB</i>.</li> <li>2. Entitled to a claim on the residual assets that is proportional with its share of issued capital, after all senior claims have been repaid in liquidation (i.e. has an unlimited and variable claim, not a fixed or capped claim).</li> <li>3. Principal is perpetual and never repaid outside of liquidation (setting aside discretionary repurchases or other means of effectively reducing capital in a discretionary manner that is allowable under relevant law).</li> <li>4. The <i>JIB</i> does nothing to create an expectation at issuance that the instrument will be bought back, redeemed or cancelled nor do the statutory or contractual terms provide any feature which might give rise to such an expectation.</li> <li>5. Distributions are paid out of distributable items (retained earnings included). The level of distributions is not in any way tied or linked to the amount paid in at issuance and is not subject to a contractual cap (except to the extent that a <i>JIB</i> is unable to pay distributions that exceed the level of distributable items).</li> <li>6. There are no circumstances under which the distributions are obligatory. Non-payment is therefore not an event of default.</li> <li>7. Distributions are paid only after all legal and contractual obligations have been met and payments on more senior capital instruments have been made. This means that there are no preferential distributions, including in respect of other elements classified as the highest quality issued capital.</li> <li>8. It is the issued capital that takes the first and proportionately greatest share of any losses as they occur. Within the highest quality capital, each instrument absorbs losses on a going concern basis proportionately and pari-passu with all the others.</li> <li>9. The paid in amount is recognised as equity capital (i.e. not recognised as a liability) for determining balance sheet insolvency.</li> <li>10. The paid in amount is classified as equity under the relevant accounting standards.</li> <li>11. It is directly issued and paid-in and the <i>JIB</i> has not directly or indirectly funded the purchase of the instrument unless the holding company is itself registered as a bank. This has the following effect: if the equity is held by a non-bank holding company, any lending to the holding company by the <i>JIB</i> (directly or indirectly) will result in an amount equal to that lending becoming ineligible.</li> <li>12. The paid in amount is neither secured nor covered by a guarantee of the issuer or related entity or subject to any other arrangement that legally or economically enhances the seniority of the claim.</li> <li>13. It is only issued with the approval of the owners of the issuing <i>JIB</i>, either given: <ul style="list-style-type: none"> <li>› directly by the owners or, if permitted by applicable law,</li> <li>› given by the Board of Directors or by other persons duly authorised by the owners.</li> </ul> </li> <li>14. It is clearly and separately disclosed on the <i>JIB</i>'s balance sheet.</li> </ol>
2	<p><b>Retained earnings.</b> The total of all retained earnings from prior years, net of any current year losses but only including profits that have been auditor certified.</p>

Item	Guidance
3	<b>Accumulated other comprehensive income (and other reserves).</b> The total of all other reserves that meet the CET1 qualifying criteria set out for Item 1, net of any reduction in the current year but only including increases that are auditor certified.
5	<p><b>Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1).</b> Only relevant where a JIB has one or more subsidiaries that have issued common share capital that is held by third parties, and only then in the case of prudential reporting submitted on a consolidated basis.</p> <p>The amount allowed is limited to the amount required to meet regulatory requirements in respect of CET1 capital.</p>
6	<p><b>Common Equity Tier 1 capital before regulatory adjustments.</b> Must be calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 1: Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus</li> <li>› Item 2: Retained earnings</li> <li>› Item 3: Accumulated other comprehensive income (and other reserves)</li> <li>› Item 5: Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)</li> </ul>
7	<b>Prudential valuation adjustments.</b> Relevant where the JIB holds any assets at fair value that are illiquid. JIBs should consider the guidance contained in section VIII, “Treatment for illiquid positions”, of the Basel Committee paper titled “Revisions to the Basel II market risk framework”, issued July 2009 (available at <a href="https://www.bis.org/publ/bcbs158.htm">https://www.bis.org/publ/bcbs158.htm</a> )
8	<p><b>Goodwill (net of related tax liability).</b> The amount of goodwill held, net of any related deferred tax liability. Calculated as:</p> <ul style="list-style-type: none"> <li>› Item 80: Goodwill minus</li> <li>› Item 80a: Goodwill: related deferred tax liability</li> </ul>
9	<p><b>Other intangibles, other than mortgage-servicing rights (net of related tax liability).</b> The amount of other intangible assets held (except mortgage servicing rights (MSRs): see Item 20 for the treatment of these), net of any related deferred tax liability. Calculated as:</p> <ul style="list-style-type: none"> <li>› Item 81: Other intangibles, other than mortgage-servicing rights minus</li> <li>› Item 81a: Other intangibles, other than mortgage-servicing rights: related deferred tax liability</li> </ul>
10	<p><b>Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability).</b> All deferred tax assets (DTAs) that rely on future profitability of the bank. For this purpose, DTAs may be netted with associated deferred tax liabilities (DTLs) but only if the DTAs and DTLs relate to taxes levied by the same taxation authority and offsetting is permitted by that taxation authority. (See Item 21 for the treatment of DTAs that relate to temporary differences).</p> <p>Calculated as:</p>



Item	Guidance
	<ul style="list-style-type: none"> <li>› Item 82a: Deferred tax assets that rely on future profitability excluding those arising from temporary differences minus</li> <li>› Item 82b: Deferred tax assets that rely on future profitability excluding those arising from temporary differences: related deferred tax liability</li> </ul>
11	<b>Cash-flow hedge reserve.</b> All adjustments to the amount of the cash flow hedge reserve that relate to the hedging of items that are not fair valued on the balance sheet (including projected cash flows) and hence derecognised in the calculation of <i>CET1 capital</i> . This means that positive amounts should be deducted and negative amounts should be added back.
12	<b>Shortfall of provisions to expected losses.</b> Only applicable for <i>JIBs</i> using Internal Ratings Based approaches ( <b>IRB approaches</b> ). The amount (if any) that expected losses, as calculated under the relevant <i>IRB approach</i> , exceed the stock of provisions. No adjustment can be made for any tax effects that could be expected to occur if provisions were to rise to the level of expected losses.
13	<b>Securitisation gain on sale (as set out in paragraph 562 of Basel II available at <a href="https://www.bis.org/publ/bcbs128.htm">https://www.bis.org/publ/bcbs128.htm</a> ).</b> Only applicable for <i>JIBs</i> that issue securitised debt instruments. Report any increase in equity capital resulting from a securitisation transaction, such as that associated with expected future margin income.
14	<b>Gains and losses due to changes in own credit risk on fair valued liabilities.</b> All gains or losses resulting from revaluation of own fair valued liabilities that arise due to own-credit related factors. Gains will be deducted and losses will be added back. This must include the part of a derivative valuation that relates to own-credit risk (referred to as a “debit valuation adjustment, or <b>DVA</b> ), including any <i>DVA</i> that arises on origination (see Item 14a).
14a	<b>- of which: amount relating to DVAs recognised on origination.</b> Defined for prudential reporting purposes only. The amount of all <i>DVAs</i> that arose on origination (and include in the amount reported for Item 14).
15	<p><b>Defined-benefit pension fund net assets.</b> Applicable only for <i>JIBs</i> that have a defined benefit asset on their balance sheets. For each defined benefit pension fund that is an asset on the balance sheet, this is defined as that asset, net of any associated deferred tax liability which would be extinguished if the asset should become impaired or derecognised under the relevant accounting standards.</p> <p>For prudential reporting purposes, the amount must equal the amount entered in the sheet ‘2.1 BS Assets’ for Item F.8: Defined-benefit pension fund net assets.</p>
16	<p><b>Investments in own shares (if not already netted off paid-in capital on reported balance sheet).</b> Applicable only for <i>JIBs</i> that hold treasury shares and only to the extent that the <i>JIB’s</i> accounting treatment does not require such holdings to be deducted from common equity.</p> <p>For prudential reporting purposes, the amounts entered for items 16, 17, 72 and 73 must, in total, equal:</p> <ul style="list-style-type: none"> <li>› the amounts entered in the sheet ‘2.1 BS Assets’ for Items: <ul style="list-style-type: none"> <li>› C.5.6: Marketable Bank equity holdings</li> <li>› D.7: Capital Connected Lending</li> </ul> </li> </ul>

Item	Guidance
	<ul style="list-style-type: none"> <li>› E.10: Capital Investments in Subsidiaries and other associated companies</li> <li>› E.11: Capital Investments in other banks</li> <li>› the amount entered in the sheet '2.4 Off Balance Sheet' for Item A.13: Any of the above, which require capital treatment: Financials</li> </ul>
17	<p><b>Reciprocal cross-holdings in common equity.</b> The total of reciprocal cross holdings in common equity issued by banking, financial and insurance entities.</p> <p>For prudential reporting purposes, the amounts entered for items 16, 17, 72, and 73 must, in total, equal:</p> <ul style="list-style-type: none"> <li>› the amounts entered in the sheet '2.1 BS Assets' for Items: <ul style="list-style-type: none"> <li>› C.5.6: Marketable Bank equity holdings</li> <li>› D.7: Capital Connected Lending</li> <li>› E.10: Capital Investments in Subsidiaries and other associated companies</li> <li>› E.11: Capital Investments in other banks</li> </ul> </li> <li>› the amount entered in the sheet '2.4 Off Balance Sheet' for Item A.13: Any of the above, which require capital treatment: Financials</li> </ul>
17a	<p><b>10% of (Total CET1 capital less deductions for Items 7 to 17).</b> Used as the basis for determining the threshold for certain deductions from capital (Items 18 to 21, 39 and 54). Calculated as 10% of:</p> <ul style="list-style-type: none"> <li>› Item 6: Common Equity Tier 1 capital before regulatory adjustments</li> <li>› less the sum of: <ul style="list-style-type: none"> <li>› Item 7: Prudential valuation adjustments</li> <li>› Item 8: Goodwill (net of related tax liability)</li> <li>› Item 9: Other intangibles, other than mortgage-servicing rights (net of related tax liability)</li> <li>› Item 10: Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)</li> <li>› Item 11: Cash-flow hedge reserve</li> <li>› Item 12: Shortfall of provisions to expected losses</li> <li>› Item 13: Securitisation gain on sale (as set out in paragraph 562 of Basel II)</li> <li>› Item 14: Gains and losses due to changes in own credit risk on fair valued liabilities</li> <li>› Item 15: Defined-benefit pension fund net assets</li> <li>› Item 16: Investments in own shares (if not already netted off paid-in capital on reported balance sheet)</li> <li>› Item 17: Reciprocal cross-holdings in common equity</li> </ul> </li> </ul> <p>A floor of zero applies in the case that the sum calculated is negative.</p>
17b	<p><b>15% of (Total CET1 capital less deductions for Items 7 to 17).</b> Used as the basis for determining the threshold for Item 22.</p> <p>Calculated as 15% of the amounts listed for Item 17a.</p> <p>A floor of zero applies in the case that the sum calculated is negative.</p>
18	<p><b>Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold).</b> Applicable for JIBs that have multiple non-significant (below 10% of the issuing entity's</p>

Item	Guidance
	<p>issued share capital) holdings of capital instruments issued by banking, financial and insurance entities. Include here the total amount by which the total of all such holdings exceeds Item 17a: 10% of (Total CET1 capital less deductions for Items 7 to 17).</p> <p>Where the holding is partly or wholly comprised of <b>Tier 2 or AT1 instruments</b> (those eligible for inclusion in the relevant category of capital), divide the amount by which total holdings exceed Item 17a: 10% of (Total CET1 capital less deductions for Items 7 to 17) in the same proportions as the relevant holdings and include here only the proportion that is comprised of <b>CET1</b> instruments – those eligible for inclusion in <i>CET1 capital</i>.</p> <p>Holdings that are part of the obligor's capital but do not fall within the definitions of <i>AT1 capital</i> or <i>Tier 2 capital</i> should be treated as holdings in <i>CET1 capital</i>.</p> <p>Calculated in the Prudential Return as:</p> <ul style="list-style-type: none"> <li>› Item 72: Non-significant investments in the capital of other financial institution minus (subject to a minimum of zero)</li> <li>› Item 17a: 10% of (Total CET1 capital less deductions for Items 7 to 17) multiplied by</li> <li>› Item 72a: of which, the amount of the holdings that is CET1 capital divided by</li> <li>› Item 72: Non-significant investments in the capital of other financial institution</li> </ul>
19	<p><b>Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold).</b> Applicable where either:</p> <ul style="list-style-type: none"> <li>› a holding (<i>CET1 capital</i>, <i>AT1 capital</i> or <i>Tier 2 capital</i> combined in the case of banks) is significant - above 10% of the issuing entity's issued share capital; or</li> <li>› a holding is in an entity that is an associate, which includes all subsidiaries of the bank.</li> </ul> <p>Calculated in the Prudential Return as:</p> <ul style="list-style-type: none"> <li>› Item 73b: of which, the amount of the holding that is CET1 capital minus (subject to a minimum of zero)</li> <li>› Item 17a: 10% of (Total CET1 capital less deductions for Items 7 to 17)</li> </ul>
20	<p><b>Mortgage servicing rights (amount above 10% threshold).</b> Only applicable where an intangible asset is held that arose in connection with providing mortgage servicing, typically in connection with the mortgage assets transferred to a securitisation vehicle.</p> <p>Calculated in the Prudential Return as:</p> <ul style="list-style-type: none"> <li>› Item 74: Mortgage servicing rights minus (subject to a minimum of zero)</li> <li>› Item 17a: 10% of (Total CET1 capital less deductions for Items 7 to 17)</li> </ul>
21	<p><b>Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability).</b> Applicable where deferred tax assets do not rely on future profitability (and see Item 10).</p> <p>Calculated in the Prudential Return as:</p> <ul style="list-style-type: none"> <li>› Item 75a: Deferred tax assets arising from temporary differences (net of related tax liability) minus (subject to a minimum of zero)</li> <li>› Item 17a: 10% of (Total CET1 capital less deductions for Items 7 to 17)</li> </ul>

Item	Guidance
22	<p><b>Amount exceeding the 15% threshold.</b> With respect to items 19, 20 and 21: Calculated as the aggregate of the underlying items (i.e. items 73b, 74 and 75a), after adjusting for any corresponding deduction (i.e. items 19, 20 and 21), less an allowance of 15% of CET1 capital.</p> <p>Calculated in the Prudential Return as:</p> <ul style="list-style-type: none"> <li>› the sum of A + B + C (each defined below) minus (subject to a minimum of zero)</li> <li>› Item 17b: 15% of (Total CET1 capital less deductions for Items 7 to 17).</li> </ul> <p>Where:</p> <ul style="list-style-type: none"> <li>› A equals the lower of: <ul style="list-style-type: none"> <li>› Item 73b: of which, the amount of the holding that is CET1 capital</li> <li>› Item 17a: Total CET1 capital less deductions for Items 7 to 17</li> </ul> </li> <li>› B equals the lower of: <ul style="list-style-type: none"> <li>› Item 74: Mortgage servicing rights</li> <li>› Item 17a: 10% of (Total CET1 capital less deductions for Items 7 to 17)</li> </ul> </li> <li>› C equals the lower of: <ul style="list-style-type: none"> <li>› Item 75a: Deferred tax assets arising from temporary differences (net of related tax liability)</li> <li>› Item 17a: 10% of (Total CET1 capital less deductions for Items 7 to 17)</li> </ul> </li> </ul> <p>All exposures to items 73b, 74 and 75a that are not deducted (here or in Items 19, 20 and 21) must be risk weighted at 250% (see <b>Section 8</b>, Item 83).</p>
26	<p><b>National specific regulatory adjustments, including Pillar 2 deductions applied to CET1 capital.</b> Any deductions required by the JFSC, including as a result of the Pillar 2 process (in accordance with the <i>Banking Code</i> and relevant Guidance Notes published by the JFSC).</p>
27	<p><b>Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions.</b> Equal to the sum calculated for Item 43a - of which: excess AT1 deductions</p> <p>This corresponds to the amount of any deductions that would ordinarily be eligible to be deducted from lower quality capital (<i>AT1 or Tier 2 capital</i>) but could not be, due to the deduction exceeding the amount of such capital.</p>
28	<p><b>Total regulatory adjustments to Common Equity Tier 1.</b> Equal to the sum of the following items:</p> <ul style="list-style-type: none"> <li>› Item 7: Prudential valuation adjustments</li> <li>› Item 8: Goodwill (net of related tax liability)</li> <li>› Item 9: Other intangibles, other than mortgage-servicing rights (net of related tax liability)</li> <li>› Item 10: Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)</li> <li>› Item 11: Cash-flow hedge reserve</li> <li>› Item 12: Shortfall of provisions to expected losses</li> <li>› Item 13: Securitisation gain on sale (as set out in paragraph 562 of Basel II)</li> <li>› Item 14: Gains and losses due to changes in own credit risk on fair valued liabilities</li> <li>› Item 15: Defined-benefit pension fund net assets</li> </ul>

Item	Guidance
	<ul style="list-style-type: none"> <li>› Item 16: Investments in own shares (if not already netted off paid-in capital on reported balance sheet)</li> <li>› Item 17: Reciprocal cross-holdings in common equity</li> <li>› Item 18: Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)</li> <li>› Item 19: Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)</li> <li>› Item 20: Mortgage servicing rights (amount above 10% threshold)</li> <li>› Item 21: Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)</li> <li>› Item 22: Amount exceeding the 15% threshold</li> <li>› Item 26: National specific regulatory adjustments, including Pillar 2 deductions applied to CET1 capital</li> <li>› Item 27: Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions.</li> </ul>
29	<p><b>Common Equity Tier 1 capital (CET1 capital).</b> Must be calculated as:</p> <ul style="list-style-type: none"> <li>› Item 6: Common Equity Tier 1 capital before regulatory adjustments minus (subject to a minimum of zero)</li> <li>› Item 28: Total regulatory adjustments to Common Equity Tier 1</li> </ul>

### 3 Tier 1 capital – AT1 items, deductions and total

#### Items 30 to 45

Item	Guidance
30	<p><b>Directly issued qualifying Additional Tier 1 instruments plus related stock surplus.</b> All amounts of eligible instruments that had been issued by the <i>JIB</i> itself.</p> <p>The eligibility requirements for <i>AT1 capital</i> are:</p> <ol style="list-style-type: none"> <li>1. Issued and paid-in.</li> <li>2. Subordinated to depositors, general creditors and subordinated debt of the <i>JIB</i>.</li> <li>3. Is neither secured nor covered by a guarantee of the issuer or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis <i>JIB</i> creditors.</li> <li>4. Is perpetual, i.e. there is no maturity date and there are no step-ups or other incentives to redeem.</li> <li>5. May be callable at the initiative of the <i>JIB</i>, but only after a minimum of five years, provided: <ul style="list-style-type: none"> <li>› to exercise a call option, the <i>JIB</i> must receive prior <i>JFSC</i> approval;</li> <li>› a <i>JIB</i> must not do anything which creates an expectation that the call will be exercised; and</li> <li>› <i>JIBs</i> must not exercise a call unless: <ul style="list-style-type: none"> <li>› They replace the called instrument with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the <i>JIB</i>; or</li> <li>› The <i>JIB</i> demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised.</li> </ul> </li> </ul> </li> <li>6. Any repayment of principal (e.g. through repurchase or redemption) must be with prior approval from the <i>JFSC</i> and <i>JIBs</i> should not assume or create market expectations that approval will be given.</li> <li>7. Dividend/coupon discretion: <ul style="list-style-type: none"> <li>› the <i>JIB</i> must have full discretion at all times to cancel distributions/payments;</li> <li>› cancellation of discretionary payments must not be an event of default;</li> <li>› <i>JIBs</i> must have full access to cancelled payments to meet obligations as they fall due; and</li> <li>› cancellation of distributions/payments must not impose restrictions on the bank except in relation to distributions to common stockholders.</li> </ul> </li> <li>8. Dividends/coupons must be paid out of distributable items.</li> <li>9. The instrument cannot have a credit sensitive dividend feature, that is a dividend/coupon that is reset periodically based in whole or in part on the banking organisation's credit standing.</li> <li>10. The instrument cannot contribute to liabilities exceeding assets if such a balance sheet test forms part of national insolvency law.</li> <li>11. Instruments classified as liabilities for accounting purposes must have principal loss absorption through either (i) conversion to common shares at an objective pre-specified trigger point or (ii) a write-down mechanism which allocates losses to the instrument at a pre-specified trigger point. The write-down must have the following effects: <ul style="list-style-type: none"> <li>› reduce the claim of the instrument in liquidation;</li> </ul> </li> </ol>

Item	Guidance
	<ul style="list-style-type: none"> <li>› reduce the amount re-paid when a call is exercised; and</li> <li>› partially or fully reduce coupon/dividend payments on the instrument.</li> </ul> <p>In addition:</p> <ul style="list-style-type: none"> <li>› the trigger level for write-down/conversion of loss absorbing instruments classified as liabilities must be at least the minimum for <i>CET1 capital</i> (4.5% of <i>total RWAs</i>);</li> <li>› the write-down/conversion must generate <i>CET1 capital</i> under the relevant accounting standards and the instrument will only receive recognition in <i>AT1 capital</i> up to the minimum level of <i>CET1 capital</i> generated by a full write-down/conversion of the instrument; and</li> <li>› the aggregate amount to be written-down/converted for all such instruments on breaching the trigger level must be at least the amount needed to immediately return the <i>JIB's CET1 capital ratio</i> to the minimum ratio required or, if this is not possible, the full principal value of the instrument.</li> </ul> <p>12. The terms and conditions must have a provision that enables such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of a trigger event, where:</p> <ul style="list-style-type: none"> <li>› any compensation paid to the instrument holders as a result of the write-off must be paid immediately in the form of common stock (or its equivalent in the case of non-joint stock companies);</li> <li>› the prior authorisation necessary to immediately issue the relevant number of shares specified in the instrument's terms and conditions should the trigger event occur; and</li> <li>› the trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority.</li> </ul> <p>13. Neither the <i>JIB</i> nor a related party over which it exercises control or significant influence can have purchased the instrument, nor can it directly or indirectly have funded the purchase of the instrument. For example, if the instrument is held by a holding company, any lending to the holding company by the <i>JIB</i> (directly or indirectly) will result in an amount equal to that lending becoming ineligible (except where the holding company is itself registered as a bank).</p> <p>14. The instrument cannot have any features that hinder recapitalisation, such as provisions that require the issuer to compensate investors if a new instrument is issued at a lower price during a specified time frame.</p> <p>15. If the instrument is not issued by the <i>JIB</i> itself, proceeds must be immediately available without limitation to the <i>JIB</i> in a form which meets or exceeds all of the other criteria for inclusion in <i>AT1 capital</i>.</p>
31 & 32	<p><b>Item 31 - of which: classified as equity under applicable accounting standards and Item 32 - of which: classified as liabilities under applicable accounting standards.</b> Defined for prudential reporting purposes only. Item 31 and 32 should be used to report the breakdown of Item 30 into equity items (Item 31) and liability items (Item 32).</p> <p>In the Prudential Return, Item 32 equals:</p> <ul style="list-style-type: none"> <li>› Item 30: Directly issued qualifying Additional Tier 1 instruments plus related stock surplus</li> </ul>



Item	Guidance
	<p>minus</p> <ul style="list-style-type: none"> <li>› Item 31: of which: classified as equity under applicable accounting standards</li> </ul>
34	<p><b>Additional Tier 1 instruments (and CET1 instruments not included in Item 5) issued by subsidiaries and held by third parties (amount allowed in AT1).</b> Only relevant in the case of consolidated assessment and then only where a <i>JIB</i> owns a subsidiary that is itself a regulated bank that has issued:</p> <ul style="list-style-type: none"> <li>› <i>AT1 instruments</i> that are held by third parties; or</li> <li>› Common share capital that is held by third parties but exceeds the amount eligible in Item 5 (i.e. the amount needed to meet regulatory requirements in respect of <i>CET1 capital</i>).</li> </ul> <p>The amount allowed is limited to the amount required to meet the subsidiary's regulatory requirements in respect of <i>Tier 1 capital</i>.</p>
36	<p><b>Additional Tier 1 capital before regulatory adjustments.</b> Calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 30: Directly issued qualifying Additional Tier 1 instruments plus related stock surplus</li> <li>› Item 34: Additional Tier 1 instruments (and CET1 instruments not included in Item 5) issued by subsidiaries and held by third parties (amount allowed in AT1)</li> </ul>
37	<p><b>Investments in own Additional Tier 1 instruments.</b> Any holdings of instruments issued by the <i>JIB</i>, including any held through consolidated subsidiaries.</p>
38	<p><b>Reciprocal cross-holdings in Additional Tier 1 instruments.</b> The total of any reciprocal cross holdings in <i>AT1 instruments</i> issued by banking, financial and insurance entities.</p>
39	<p><b>Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold).</b> Relevant for <i>JIBs</i> that have holdings of <i>AT1 instruments</i> issued by banking, financial and insurance entities.</p> <p>Non-significant holdings (those below 10% of the issuing entity's issued share capital) that in total are in excess of an allowance equal to Item 17a: 10% of Total CET1 capital less deductions for Items 7 to 17 should be included, net of the allowance.</p> <p>If the investments are a mix of <i>CET1</i>, <i>AT1</i> and <i>Tier 2</i> instruments, divide the amount that is in excess of 10% of Item 17a: Total CET1 capital less deductions for Items 7 to 17 in the same proportions as the relevant holdings and include here only the proportion that is comprised of <i>AT1 instruments</i>.</p> <p>Calculated as:</p> <ul style="list-style-type: none"> <li>› Item 72: Non-significant investments in the capital of other financial institution minus (subject to a minimum of zero)</li> <li>› Item 17a: 10% of (Total CET1 capital less deductions for Items 7 to 17) multiplied by</li> <li>› Item 72b: of which, the amount that of the holdings that is <i>AT1 capital</i> divided by</li> <li>› Item 72: Non-significant investments in the capital of other financial institution</li> </ul>



Item	Guidance
40	<p><b>Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions).</b> The total of any <i>AT1 holdings</i> where:</p> <ul style="list-style-type: none"> <li>› an individual holding (<i>CET1</i>, <i>AT1</i> and <i>Tier 2</i> combined in the case of banks) is significant - above 10% of the issuing entities issued share capital; or</li> <li>› the issuing entity is an associate, which includes all subsidiaries of the <i>JIB</i>.</li> </ul> <p>Equal to Item 73c: of which, the amount of the holding that is <i>AT1</i> capital</p>
41	<p><b>National specific regulatory adjustments, including Pillar 2 deductions applied to Additional Tier 1 capital.</b> Any deductions required by the <i>JFSC</i>, including as a result of the Pillar 2 process.</p>
42	<p><b>Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions.</b> Equal to the sum calculated for Item 57a - of which: excess Tier 2 deductions.</p> <p>This corresponds to the amount of any deductions that would ordinarily be eligible to be deducted from lower quality capital but could not be, due to the deduction exceeding the amount of such capital.</p>
43	<p><b>Total regulatory adjustments to Additional Tier 1 capital.</b> Equal to the sum of the following items:</p> <ul style="list-style-type: none"> <li>› Item 37: Investments in own Additional Tier 1 instruments</li> <li>› Item 38: Reciprocal cross-holdings in Additional Tier 1 instruments</li> <li>› Item 39: Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)</li> <li>› Item 40: Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)</li> <li>› Item 41: National specific regulatory adjustments, including Pillar 2 deductions applied to Additional Tier 1 capital</li> <li>› Item 42: Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions</li> </ul>
43a	<p><b>of which: excess AT1 deductions.</b> Must be calculated as:</p> <ul style="list-style-type: none"> <li>› Item 43: Total regulatory adjustments to Additional Tier 1 capital minus (subject to a minimum of zero)</li> <li>› Item 36: Additional Tier 1 capital before regulatory adjustments</li> </ul>
44	<p><b>Additional Tier 1 capital (AT1).</b> Must be calculated as:</p> <ul style="list-style-type: none"> <li>› Item 36: Additional Tier 1 capital before regulatory adjustments minus (subject to a minimum of zero)</li> <li>› Item 43: Total regulatory adjustments to Additional Tier 1 capital</li> </ul>
45	<p><b>Tier 1 capital (T1 = CET1 + AT1).</b> Must be calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 29: Common Equity Tier 1 capital (<i>CET1</i>)</li> <li>› Item 44: Additional Tier 1 capital (<i>AT1</i>)</li> </ul>

## 4 Total capital – Tier 2 items, deductions and total

### Items 46 to 59

Item	Guidance
46	<p><b>Directly issued qualifying Tier 2 instruments plus related stock surplus.</b> Amounts of eligible instruments that had been issued by the <i>JIB</i> itself.</p> <p>The eligibility requirements for issued <i>Tier 2 capital</i> are:</p> <ol style="list-style-type: none"> <li>1. Issued and paid-in.</li> <li>2. Subordinated to depositors and general creditors of the <i>JIB</i>.</li> <li>3. Neither secured nor covered by a guarantee of the issuer or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis depositors and general bank creditors.</li> <li>4. Maturity: <ul style="list-style-type: none"> <li>› minimum original maturity of at least five years;</li> <li>› recognition in regulatory capital in the remaining five years before maturity will be amortised on a straight line basis; and</li> <li>› there are no step-ups or other incentives to redeem.</li> </ul> <p>Where an instrument's maturity date is less than five years away, the adjusted value of the instrument is the value multiplied by the remaining residual maturity (in years) divided by five.</p> </li> <li>5. May be callable at the initiative of the issuer only after a minimum of five years, provided that: <ul style="list-style-type: none"> <li>› To exercise a call option a bank must receive prior approval from the <i>JFSC</i>;</li> <li>› A <i>JIB</i> must not do anything that creates an expectation that the call will be exercised; and</li> <li>› The <i>JFSC</i> will not approve the exercise of a call unless: <ul style="list-style-type: none"> <li>› The <i>JIB</i> replaces the called instrument with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the <i>JIB</i>; or</li> <li>› The <i>JIB</i> demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised.</li> </ul> </li> </ul> </li> <li>6. The investor must have no rights to accelerate the repayment of future scheduled payments (coupon or principal), except in bankruptcy and liquidation.</li> <li>7. The instrument cannot have a credit sensitive dividend feature, that is a dividend/coupon that is reset periodically based in whole or in part on the banking organisation's credit standing.</li> <li>8. Neither the <i>JIB</i> nor a related party over which it exercises control or significant influence can have purchased the instrument, nor can it directly or indirectly have funded the purchase of the instrument. For example, if the instrument is held by a holding company, any lending to the holding company by the <i>JIB</i> (directly or indirectly) will result in an amount equal to that lending becoming ineligible (except where the holding company is itself registered as a bank).</li> <li>9. If the instrument is not issued by the <i>JIB</i> itself, proceeds must be immediately available without limitation to the bank in a form which meets or exceeds all of the other criteria for inclusion in <i>Tier 2 Capital</i>.</li> <li>10. The terms and conditions must have a provision that enables such instruments, at the option of the Jersey Resolution Authority, to either be written off or converted into common equity upon the occurrence of a trigger event, where:</li> </ol>

Item	Guidance
	<ul style="list-style-type: none"> <li>○ Any compensation paid to the instrument holders as a result of the write-off must be paid immediately in the form of common stock (or its equivalent in the case of non-joint stock companies).</li> <li>○ The prior authorisation necessary to immediately issue the relevant number of shares specified in the instrument's terms and conditions should the trigger event occur.</li> </ul> <p>For this purpose, a trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority; or (3) minimum <i>CET1 capital</i> is significantly below the level required in order to continue to operate, which for these purposes is defined as 50% of the minimum level required (2.25% of <i>Total RWAs</i>).</p>
48	<p><b>Tier 2 instruments (and CET1 and AT1 instruments not included in Items 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2).</b> Applies to <i>JIBs</i> that monitor capital adequacy on a consolidated basis and own subsidiaries that have issued:</p> <ul style="list-style-type: none"> <li>› <i>Tier 2 instruments</i> that are held by third parties; or</li> <li>› Common share capital or <i>AT1 instruments</i> that are held by third parties but exceed the amount eligible in Item 5 or 34 (i.e. the amount needed to meet regulatory requirements in respect of <i>CET1 capital/AT1 capital</i>).</li> </ul> <p>The sum of all such amounts, subject to a limit of the amount required to meet those subsidiaries' regulatory requirements in respect of <i>total capital</i>.</p>
50	<p><b>Provisions.</b> The amount of provisions allowed, according to the following rules:</p> <p>For <i>JIBs</i> using the Standardised Approach for credit risk:</p> <ul style="list-style-type: none"> <li>› Provisions or loan-loss reserves held against future, presently unidentified losses, are freely available to meet losses which subsequently materialise qualify for inclusion within Tier 2. Provisions ascribed to identified deterioration of particular assets or known liabilities, whether individual or grouped, should be excluded. Furthermore, general provisions/general loan-loss reserves eligible for inclusion in <i>Tier 2 capital</i> will be limited to a maximum of 1.25 percentage points of credit risk-weighted risk assets (Item 60c) calculated under the standardised approach. Calculated as: <ul style="list-style-type: none"> <li>› If: <ul style="list-style-type: none"> <li>› Item 76: Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap) is less than or equal to</li> <li>› Item 77: Cap on inclusion of provisions in Tier 2 under standardised approach</li> </ul> </li> <li>› then value equals Item 76: Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)</li> <li>› otherwise, value equals Item 77: Cap on inclusion of provisions in Tier 2 under standardised approach</li> </ul> </li> </ul> <p>For <i>JIBs</i> using an Internal Ratings Based (<b>IRB</b>) Approach</p>

Item	Guidance
	<ul style="list-style-type: none"> <li>› Where the total expected loss amount is less than total eligible provisions, as explained in paragraphs 380 to 383 of the <i>Basel II</i>, <i>JIBs</i> may recognise the difference in Tier 2 capital up to a maximum of 0.6% of credit risk-weighted assets calculated under the <i>IRB</i> Approach. Calculated as: <ul style="list-style-type: none"> <li>› If: <ul style="list-style-type: none"> <li>› Item 78: Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) is less than or equal to</li> <li>› Item 79: Cap for inclusion of provisions in Tier 2 under internal ratings-based approach</li> </ul> </li> <li>› then value equals Item 78: Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)</li> <li>› otherwise, value equals Item 79: Cap for inclusion of provisions in Tier 2 under internal ratings-based approach</li> </ul> </li> </ul>
51	<p><b>Tier 2 capital before regulatory adjustments.</b> Calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 46: Directly issued qualifying Tier 2 instruments plus related stock surplus</li> <li>› Item 48: Tier 2 instruments (and CET1 and AT1 instruments not included in Items 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)</li> <li>› Item 50: Provisions</li> </ul>
52	<p><b>Investments in own Tier 2 instruments.</b> Holdings of instruments issued, including any held through consolidated subsidiaries.</p>
53	<p><b>Reciprocal cross-holdings in Tier 2 instruments.</b> Cross holdings in <i>Tier 2 instruments</i> issued by banking, financial and insurance entities.</p>
54	<p><b>Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold).</b> Only applicable to <i>JIBs</i> that have holdings of <i>Tier 2 capital</i> issued by banking, financial and insurance entities.</p> <p>Less significant holdings (those below 10% of the issuing entity's issued share capital) that total in excess of an allowance equal to Item 17a – 10% of (Total CET1 capital less deductions for Items 7 to 17) should be reported here, net of the allowance. If the investments are a mix of <i>CET1</i>, <i>AT1</i> and <i>Tier 2</i> instruments, the amount reported here should be the excess of total holdings above the allowance, divided in the same proportions as the holdings.</p> <p>Calculated as:</p> <ul style="list-style-type: none"> <li>› Item 72: Non-significant investments in the capital of other financial institution minus (subject to a minimum of zero)</li> <li>› Item 17a: 10% of (Total CET1 capital less deductions for Items 7 to 17) multiplied by</li> <li>› Item 72c: of which, the amount that of the holdings that is CET1 capital divided by</li> <li>› Item 72: Non-significant investments in the capital of other financial institution</li> </ul>

Item	Guidance
55	<p><b>Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions).</b> Holdings where:</p> <ul style="list-style-type: none"> <li>› an individual holding (CET1, AT1 and Tier 2 combined in the case of banks) is significant - above 10% of the issuing entities issued share capital; or</li> <li>› the issuing entity is an associate, which includes all subsidiaries of the JIB.</li> </ul> <p>Equal to Item 73d: of which, the amount of the holding that is Tier 2 capital.</p>
56	<p><b>National specific regulatory adjustments, including Pillar 2 deductions applied to Tier 2 capital.</b> Any deductions required by the JFSC, including as a result of the ICAAP/SREP process.</p>
57	<p><b>Total regulatory adjustments to Tier 2 capital.</b> Calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 52: Investments in own Tier 2 instruments</li> <li>› Item 53: Reciprocal cross-holdings in Tier 2 instruments</li> <li>› Item 54: Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)</li> <li>› Item 55: Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)</li> <li>› Item 56: National specific regulatory adjustments, including Pillar 2 deductions applied to Tier 2 capital</li> </ul>
57a	<p><b>of which: excess Tier 2 deductions.</b> Calculated as:</p> <ul style="list-style-type: none"> <li>› Item 57: Total regulatory adjustments to Tier 2 capital minus (subject to a minimum of zero)</li> <li>› Item 51: Tier 2 capital before regulatory adjustments</li> </ul>
58	<p><b>Tier 2 capital (T2).</b> Calculated as:</p> <ul style="list-style-type: none"> <li>› Item 51: Tier 2 capital before regulatory adjustments minus (subject to a minimum of zero)</li> <li>› Item 57: Total regulatory adjustments to Tier 2 capital</li> </ul>
59	<p><b>Total capital (T1 + T2).</b> Calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 45: Tier 1 capital (T1 = CET1 + AT1)</li> <li>› Item 58: Tier 2 capital (T2)</li> </ul>

## 5 Capital ratios – total RWAs and ratio calculation

### Items 60 to 63

Item	Guidance
<b>60</b>	<p><b>Total risk weighted assets.</b> The sum of all risk weighted assets (<b>RWAs</b>), including those arising from credit risk (including counterparty credit risk), operational risk and market risk. Calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 60a: of which: 250% risk weighted items.</li> <li>› Item 60b: of which: 1250% risk weighted items</li> <li>› Item 60c: of which: credit risk</li> <li>› Item 60d: of which: operational risk</li> <li>› Item 60e: of which: market risk</li> <li>› Item 60f: of which: Pillar 2 risks</li> </ul>
<b>60a</b>	<p><b>of which: 250% risk weighted items.</b> Report the amount of <i>RWAs</i> that relates to items that would be deducted from <i>CET 1 capital</i> but where a threshold applies; report here the amount below the threshold multiplied by 250%.</p> <p>Calculated as:</p> <ul style="list-style-type: none"> <li>› 250% multiplied by Item 83: 250% risk weighted items</li> </ul>
<b>60b</b>	<p><b>of which: 1250% risk weighted items.</b> The amount of <i>RWAs</i> that relates to four items afforded a risk weight of 1250% (In all cases report any relevant amount multiplied by 1250%):</p> <ul style="list-style-type: none"> <li>› any increase in equity capital resulting from a securitisation transaction, such as that associated with expected future margin income resulting in a gain-on-sale that is recognised in regulatory capital;</li> <li>› banks using advanced approaches only, for which deduction is mandated in <i>Basel II</i></li> <li>› deductions from capital arising from settlement risk; and</li> <li>› significant (minority and/or majority) investments in commercial entities (those which exceed materiality levels).</li> </ul> <p>Calculated as:</p> <ul style="list-style-type: none"> <li>› 1250% multiplied by Item 84: 1250% risk weighted items</li> </ul>
<b>60c</b>	<p><b>of which: credit risk.</b> The amount of <i>RWAs</i> that relates credit risk, inclusive of counterparty credit risk, across both the banking and any trading book.</p> <p>Calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 85a: Risk weighted assets – credit risk: Standardised Approach</li> <li>› Item 85b: Risk weighted assets – credit risk: Foundation IRB</li> <li>› Item 85c: Risk weighted assets – credit risk: Advanced IRB</li> <li>› Item 85d: Risk weighted assets – credit risk: Trading Book</li> <li>› Item 85e: Risk weighted assets – credit risk: Standardised Approach - settlement risk re Free Deliveries, 4 days or less since delivery</li> </ul>
<b>60d</b>	<p><b>of which: operational risk.</b> The amount of <i>RWAs</i> that relates operational risk.</p> <p>Calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 86a: Risk weighted assets – operational risk: Basic Indicator Approach</li> <li>› Item 86b: Risk weighted assets – operational risk: Standardised Approach</li> </ul>

Item	Guidance
60e	<p><b>of which: market risk.</b> The amount of <i>RWAs</i> that relates market risk, across both the banking and any trading book.</p> <p>Calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 87a: Risk weighted assets – market risk - Standardised Approach: FX &amp; Gold</li> <li>› Item 87b: Risk weighted assets – market risk - Standardised Approach: Commodities</li> <li>› Item 87c: Risk weighted assets – TB market risk - Standardised Approach: FX &amp; Gold</li> <li>› Item 87d: Risk weighted assets – TB market risk - Standardised Approach: Interest Rate</li> <li>› Item 87e: Risk weighted assets – TB market risk - Standardised Approach: Equities</li> <li>› Item 87f: Risk weighted assets – TB market risk - Standardised Approach: Commodities</li> <li>› Item 87g: Risk weighted assets – market risk - IMA: General</li> <li>› Item 87h: Risk weighted assets – market risk - IMA: Specific</li> </ul>
60f	<p><b>of which: Pillar 2 risks.</b> The amount of <i>RWAs</i> that relate to risks identified through the Pillar 2 process (ICAAP and SREP).</p>
61	<p><b>Common Equity Tier 1 (as a percentage of risk weighted assets).</b> Calculated as:</p> <ul style="list-style-type: none"> <li>› Item 29: Common Equity Tier 1 capital (CET1) divided by</li> <li>› Item 60: Total risk weighted assets</li> </ul>
62	<p><b>Tier 1 (as a percentage of risk weighted assets).</b> Calculated as:</p> <ul style="list-style-type: none"> <li>› Item 45: Tier 1 capital (T1 = CET1 + AT1) divided by</li> <li>› Item 60: Total risk weighted assets</li> </ul>
63	<p><b>Total capital (as a percentage of risk weighted assets).</b> Calculated as:</p> <ul style="list-style-type: none"> <li>› Item 59: Total capital (T1 + T2) divided by</li> <li>› Item 60: Total risk weighted assets</li> </ul>

## 6 Minima and Buffers

### Items 64 to 68

Item	Guidance
64	<b>Institution specific CET 1 minimum ratio.</b> The minimum <i>CET1 capital</i> ratio set by the <i>JFSC</i> as a result of the Pillar 2 process (ICAAP plus SREP). This will always be set equal to or higher than Item 69 - National Common Equity Tier 1 minimum ratio.
65	<b>Institution specific Tier 1 minimum ratio.</b> The minimum set by the <i>JFSC</i> as a result of the Pillar 2 process (ICAAP plus SREP). This will always be set equal to or higher than Item 70 - National Tier 1 minimum ratio.
66	<b>Institution specific total capital minimum ratio.</b> The minimum set by the <i>JFSC</i> as a result of the Pillar 2 process (ICAAP plus SREP). This will always be set equal to or higher than Item 71 - National total capital minimum ratio.
67	<b>Institution specific buffer.</b> The Capital Buffer required as a result of the Pillar 2 process (ICAAP plus SREP), being the sum of the Capital Conservation Buffer and any Pillar 2 buffer set by us.
68	<b>Capital available to meet the required buffer (as a percentage of risk weighted assets).</b> Calculated as the lowest of the following: <ul style="list-style-type: none"> <li>› Item 61: Common Equity Tier 1 (as a percentage of risk weighted assets) minus Item 64: Institution specific CET 1 minimum ratio</li> <li>› Item 62: Tier 1 (as a percentage of risk weighted assets) minus Item 65 -Institution specific Tier 1 minimum ratio</li> <li>› Item 63: Total capital (as a percentage of risk weighted assets) minus Item 66- Institution specific total capital minimum ratio</li> </ul>



## 7 Memoranda Items

### Introduction

- 7.1 The Memoranda items are items that are relevant to the calculation of the items specified as being necessary to determine capital adequacy, focussing on the determination of the amount of capital and the ratios, rather than the amount of capital required (see **Section 8** for those items).

### Items 69 to 82b

Item	Guidance
69	<b>Item 69 - National Common Equity Tier 1 minimum ratio.</b> As established by the <i>JFSC</i> in Section 5 of the <i>Banking Code</i> , 4.5% at the time of this publication (January 2025). The individual ratio established (Item 64) will equal or exceed this.
70	<b>National Tier 1 minimum ratio.</b> As established by the <i>JFSC</i> in Section 5 of the <i>Banking Code</i> , 6% at the time of this publication (January 2025). The individual ratio established (Item 65) will equal or exceed this.
71	<b>National total capital minimum ratio.</b> As established by the <i>JFSC</i> in Section 5 of the <i>Banking Code</i> , 8% at the time of this publication (January 2025). The individual ratio established (Item 66) will equal or exceed this.
72	<p><b>Non-significant investments in the capital of other financial institutions.</b> The total amounts of all such investments, as relevant to Items 18, 40 and 54. Calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 72a: of which, the amount of the holdings that is CET1 capital</li> <li>› Item 72b: of which, the amount of the holdings that is AT1 capital</li> <li>› Item 72c: of which, the amount of the holdings that is Tier 2 capital</li> </ul> <p>For prudential reporting purposes, the amounts entered for items 16, 17, 72 and 73 must, in total, equal:</p> <ul style="list-style-type: none"> <li>› the amounts entered in the sheet '2.1 BS Assets' for Items: <ul style="list-style-type: none"> <li>› C.5.6: Marketable Bank equity holdings</li> <li>› D.7: Capital Connected Lending</li> <li>› E.10: Capital Investments in Subsidiaries and other associated companies</li> <li>› E.11: Capital Investments in other banks</li> </ul> </li> <li>› the amount entered in the sheet '2.4 Off Balance Sheet' for Item A.13: Any of the above, which require capital treatment: Financials.</li> </ul>
72a	<b>of which, the amount of the holdings that is CET1 capital.</b> Of the amount reported in Item 72, the total holdings of <i>CET1 capital</i> . Holdings that are part of the obligor's capital but do not fall within the definitions of <i>AT1 capital</i> or <i>Tier 2 capital</i> should be treated as holdings in <i>CET1 capital</i> .
72b	<b>of which, the amount of the holdings that is AT1 capital.</b> Of the amount reported in Item 72, the total holdings of <i>AT1 capital</i> .
72c	<b>of which, the amount of the holdings that is Tier 2 capital.</b> Of the amount reported in Item 72, the total holdings of <i>Tier 2 capital</i> .

Item	Guidance
<b>73</b>	<p><b>Significant investments in the common stock of financials.</b> Used in the computation of Items 19 and 22.</p> <p>Applicable where either:</p> <ul style="list-style-type: none"> <li>› an individual holding (<i>CET1 capital</i>, <i>AT1 capital</i> and <i>Tier 2 capital</i> combined in the case of banks) is significant - above 10% of the issuing entity's issued share capital; or</li> <li>› the holding is in the entity that is an associate, which includes all subsidiaries of the <i>JIB</i>.</li> </ul> <p>The full amount of all such holdings must be included here.</p> <p>For prudential reporting purposes, the amounts entered for items 16, 17, 72 and 73 must, in total, equal:</p> <ul style="list-style-type: none"> <li>› the amounts entered in the sheet '2.1 BS Assets' for Items: <ul style="list-style-type: none"> <li>› C.5.6: Marketable Bank equity holdings</li> <li>› D.7: Capital Connected Lending</li> <li>› E.10: Capital Investments in Subsidiaries and other associated companies</li> <li>› E.11: Capital Investments in other banks</li> </ul> </li> <li>› the amount entered in the sheet '2.4 Off Balance Sheet' for Item A.13: Any of the above, which require capital treatment: Financials.</li> </ul>
<b>73a</b>	<p><b>Significant investments in the common stock of financials, net of relevant eligible short positions.</b> Used in the computation of Items 19 and 22.</p> <p>The amount falling within Item 73, less relevant eligible short positions.</p>
<b>73b</b>	<p><b>of which, the amount of the holdings that is CET1 capital.</b> The total of all holdings reported in Item 73 that are part of the obligor's capital less any that fall within the definitions of <i>AT1 capital</i> or <i>Tier 2 capital</i>.</p> <p>Calculated as Item 73a: Significant investments in the common stock of financials, net of relevant eligible short positions less the sum of:</p> <ul style="list-style-type: none"> <li>› Item 73c: of which, the amount of the holdings that is <i>AT1 capital</i></li> <li>› Item 73d: of which, the amount of the holdings that is <i>Tier 2 capital</i></li> </ul>
<b>73c</b>	<p><b>of which, the amount of the holdings that is AT1 capital.</b> The total of any <i>AT1</i> holdings reported in Item 73, i.e. the relevant holdings of <i>AT1 capital</i> net of eligible short positions.</p>
<b>73d</b>	<p><b>of which, the amount of the holdings that is Tier 2 capital.</b> The total of any <i>Tier 2</i> holdings reported in Item 73, i.e. the total relevant of <i>Tier 2 capital</i> net of eligible short positions.</p>
<b>74</b>	<p><b>Mortgage servicing rights.</b> Applicable where an intangible asset is held that arose in connection with providing mortgage servicing, typically in connection with the mortgage assets transferred to a securitisation vehicle.</p> <p>Calculated in the Prudential Return as the amount entered in the sheet '2.1 BS Assets' for Item F.6: Mortgage Servicing Rights.</p>
<b>75 and 75a</b>	<p><b>Deferred tax assets arising from temporary differences and Deferred tax assets arising from temporary differences (net of related tax liability).</b> Report the full amount of DTAs</p>

Item	Guidance
	arising from temporary differences in Item 75 and the amount net of any related tax liability in Item 75a, which is then used in the computation of Items 21 and 22.
76	<b>Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap).</b> For <i>JIBs</i> applying the standardised approach only: total eligible provisions, before applying the applicable maximum for inclusion (as relevant to Item 50).
77	<b>Cap on inclusion of provisions in Tier 2 under standardised approach.</b> Equal to 1.25% of Item 60c.
78	<b>Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap).</b> For <i>JIBs</i> applying an <i>IRB</i> Approach only: total eligible provisions less total expected losses (as relevant to Item 50).
79	<b>Cap for inclusion of provisions in Tier 2 under internal ratings-based approach.</b> Equal to 0.6% of Item 60c.
80	<b>Goodwill.</b> The amount of goodwill held, as recorded in the <i>JIB's</i> balance sheet. For prudential reporting purposes, the amount must equal the amount entered in the sheet '2.1 BS Assets' for Item G.4: Goodwill, before deductions.
80a	<b>Goodwill: related deferred tax liability.</b> Any deferred tax liability related to the assets in Item 80.
81	<b>Other intangibles, other than mortgage-servicing rights.</b> The amount of other intangibles held, other than mortgage-servicing rights, as reported in the <i>JIB's</i> balance sheet. For prudential reporting purposes, the amount must equal the amount entered in the sheet '2.1 BS Assets' for Item G.5: Intangible assets, other than Goodwill (and excluding mortgage servicing rights).
81a	<b>Other intangibles, other than mortgage-servicing rights: related deferred tax liability.</b> Any deferred tax liability related to the assets in Item 81.
82	<b>Deferred tax assets.</b> The amount of deferred tax assets, as reported in the <i>JIB's</i> balance sheet. For prudential reporting purposes, the amount must equal the amount entered in the sheet '2.1 BS Assets' for Item F.7: Deferred Tax Assets.
82a	<b>Deferred tax assets that rely on future profitability excluding those arising from temporary differences.</b> Calculated as: <ul style="list-style-type: none"> <li>› Item 82 – Deferred tax assets minus</li> <li>› Item 75 - Deferred tax assets arising from temporary differences</li> </ul>
82b	<b>Deferred tax assets that rely on future profitability excluding those arising from temporary differences: related deferred tax liability.</b> Any deferred tax liability related to the assets in Item 82a.

## 8 Capital Requirements

### Introduction

- 8.1 The capital requirement items are items that are relevant to the calculation of the items specified as being necessary to determine capital adequacy, focussing on the requirements as opposed to the amount of capital or the ratio (see **Section 7** for those items).

### Items 83 to 87h

Item	Guidance
<b>83</b>	<p><b>250% risk weighted items.</b> The sum of the items relevant to items 19 to 21 less the amounts deducted from <i>CET1 capital</i>.</p> <p>Calculated as the sum of the relevant items:</p> <ul style="list-style-type: none"> <li>› Item 73b: of which, the amount of the holding that is CET1 capital</li> <li>› Item 74: Mortgage servicing rights</li> <li>› Item 75a: Deferred tax assets arising from temporary differences (net of related tax liability) minus the amounts deducted from <i>CET1 capital</i>:</li> <li>› Item 19: Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)</li> <li>› Item 20: Mortgage servicing rights (amount above 10% threshold)</li> <li>› Item 21: Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)</li> <li>› Item 22: Amount exceeding the 15% threshold</li> </ul> <p>This has the effect that all exposures of these natures that are not deducted in one of items 19, 20, 21 or 22 must be disclosed here and risk weighted at 250% (see <b>Section 7</b>).</p>
<b>84</b>	<p><b>1250% risk weighted items.</b> The amount of <i>RWAs</i> that relate to four items afforded a risk weight of 1250%.</p> <p>Calculated as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 84a: 1250% risk weighted items: securitisations – equity tranches</li> <li>› Item 84b: 1250% risk weighted items: IRB – deductions required</li> <li>› Item 84c: 1250% risk weighted items: settlement risk</li> <li>› Item 84d: 1250% risk weighted items: significant investments</li> </ul>
<b>84a</b>	<p><b>1250% risk weighted items: securitisations – equity tranches.</b> Excepting only any amount that is deducted from <i>CET1 capital</i> due to it falling within Item 13 - Securitisation gain on sale (as set out in paragraph 562 of <i>Basel II</i>), any other increase in equity capital resulting from a securitisation transaction, such as that associated with expected future margin income resulting in a gain-on-sale that is recognised in regulatory capital.</p> <p>For prudential reporting purposes, the amount must equal the sum of:</p> <ul style="list-style-type: none"> <li>› any amount entered in the sheet '2.1 BS Assets' for items: <ul style="list-style-type: none"> <li>› C.5.8: Marketable Securitisation exposures - equity tranche holdings</li> <li>› E.13: Securitisation exposures - equity tranches</li> </ul> </li> <li>› any amount entered in the sheet '2.4 Off Balance Sheet' for item A.12: Any of the above, which require capital treatment: Securitisation</li> </ul>

Item	Guidance
84b	<p><b>1250% risk weighted items: IRB – deductions required.</b> Relevant to <i>JIBs</i> that use using <i>IRB approaches</i> only. The total of all deductions from capital required, excepting only any amount that is deducted from capital due to it falling within Item 12 - Shortfall of provisions to expected losses.</p>
84c	<p><b>1250% risk weighted items: settlement risk.</b> Deductions from capital arising from failed delivery vs payment transactions, calculated in accordance with:</p> <ul style="list-style-type: none"> <li>› Market Risk Guide, Section “Settlement Risk”</li> <li>› Trading Book Guide, Section “Settlement Risk”</li> </ul> <p>For <i>JIBs</i> without a Trading Book, the amount reported must equal the amount entered in the sheet ‘5.4 Settlement Risk – Capital’ for Item D.0: Total Capital Risk.</p>
84d	<p><b>1250% risk weighted items: significant investments (non-financial).</b> Materiality levels are:</p> <ul style="list-style-type: none"> <li>› 15% of the <i>JIB</i>’s total capital for individual investments in commercial entities; and</li> <li>› 60% of the <i>JIB</i>’s total capital for the aggregate of such investments,</li> </ul> <p>where the amount subject to this reporting will be that portion of the investment(s) that exceeds the materiality level.</p> <p>In the event that both the above apply, compute both excess amounts and only reflect the higher.</p> <p>Example 1: if a <i>JIB</i> held three investments each representing 25% of its capital (total 75%), it would determine the excess as being the higher of:</p> <ul style="list-style-type: none"> <li>› <math>3 \times (25\% - 15\%) = 3 \times 10\% = 30\%</math></li> <li>› <math>(3 \times 25\%) - 60\% = 75\% - 60\% = 15\%</math></li> </ul> <p>and hence the relevant amount would be 30% of capital.</p> <p>Example 2: If it had six such investments, the results would be:</p> <ul style="list-style-type: none"> <li>› <math>6 \times (25\% - 15\%) = 6 \times 10\% = 60\%</math></li> <li>› <math>(6 \times 25\%) - 60\% = 150\% - 60\% = 90\%</math></li> </ul> <p>and hence the relevant amount would be 90% of capital.</p> <p>The amount should equal the total of:</p> <ul style="list-style-type: none"> <li>› any amount entered in the sheet ‘2.1 BS Assets’ for item E.9: Significant investments in Non-financial Companies</li> <li>› any amount entered in the sheet ‘2.4 Off Balance Sheet’ for item A.14: Any of the above, which require capital treatment: Significant (Non-financial)</li> </ul>
85a	<p><b>Risk weighted assets – credit risk: Standardised Approach.</b> If the <i>JIB</i> uses the Standardised Approach for credit risk then record the total RWA reported for the <i>JIB</i>, calculated in accordance with the Standardised Approach to Credit Risk Guide.</p> <p>For prudential reporting purposes, the amount must equal the amount derived in the sheet ‘3.9 SAC Summary’ for item Q: Standardised Approach to Credit Risk – Total.</p>
85b	<p><b>Risk weighted assets – credit risk: Foundation IRB.</b> If the <i>JIB</i> uses Foundation IRB for credit risk then record the total RWA calculated for the <i>JIB</i> using that approach.</p> <p>For prudential reporting purposes, the amount must equal the total of all amounts recorded in the sheet ‘9.6 FIRB- Detail’ in the column headed RWA (FIRB).</p>

Item	Guidance
85c	<p><b>Risk weighted assets – credit risk: Advanced IRB.</b> If the <i>JIB</i> uses Advanced IRB for credit risk then record the total RWA calculated for the <i>JIB</i> using that approach.</p> <p>For prudential reporting purposes, the amount must equal the total of all amounts recorded in the sheet '9.7 AIRB Detail' in the column headed RWA (AIRB).</p>
85d	<p><b>Risk weighted assets – credit risk: Trading Book.</b> If the <i>JIB</i> has a Trading Book, then record the total RWA calculated for the <i>JIB</i>, calculated in accordance with the following:</p> <ul style="list-style-type: none"> <li>› Trading Book Guide, Section "Settlement Risk, free deliveries"</li> <li>› Trading Book Guide, Section "OTC"</li> <li>› Trading Book Guide, Section "Margins/Fees"</li> <li>› Trading Book Guide, Section "Repos"</li> <li>› Trading Book Guide, Section "Reverse repos"</li> <li>› Trading Book Guide, Section "Other Counterparty Risk"</li> </ul>
85e	<p><b>Risk weighted assets – credit risk: Standardised Approach - settlement risk re Free Deliveries, 4 days or less since delivery.</b> Enter the total RWA reported for the <i>JIB</i> for settlement risk relating to free deliveries, calculated in accordance with the Standardised Approach to Market Risk Guide.</p> <p>For prudential reporting purposes, the amount must equal the amount derived in the sheet '5.3 Settlement Risk–Credit Risk' for Item C.1: Total Counterparty Credit Risk.</p>
86a	<p><b>Risk weighted assets – operational risk: Basic Indicator Approach.</b> If the <i>JIB</i> uses the Basic Indicator Approach for operational risk then record the total RWA for the <i>JIB</i>, calculated in accordance with the Standardised Approach to Operational Risk Guide.</p> <p>For prudential reporting purposes, the amount must equal the amount derived in the sheet '4.1 BIA' for Last Year for Item D.0: BIA Requirement.</p>
86b	<p><b>Risk weighted assets – operational risk: Standardised Approach.</b> If the <i>JIB</i> uses the Standardised Approach for operational risk then record the total RWA for the <i>JIB</i>, calculated in accordance with the Standardised Approach to Operational Risk Guide.</p> <p>For prudential reporting purposes, the amount must equal the amount derived in the sheet '4.2 SAO' for Last Year for Item D.0: SAO Requirement.</p>
87a	<p><b>Risk weighted assets – market risk - Standardised Approach: FX &amp; Gold.</b> If the <i>JIB</i> uses the Standardised Approach for market risk then record the total RWA for the <i>JIB</i>, calculated in accordance with the Standardised Approach to Market Risk Guide, Section "FX &amp; Gold".</p> <p>For prudential reporting purposes, the amount must equal the amount derived in the sheet '5.1 FX &amp; Gold' for Item D.0: Risk Weighted Asset Equivalent.</p>
87b	<p><b>Risk weighted assets – market risk - Standardised Approach: Commodities.</b> If the <i>JIB</i> uses the Standardised Approach for market risk then record the total RWA for the <i>JIB</i>, calculated in accordance with the Standardised Approach to Market Risk Guide, Section "Commodities".</p> <p>For prudential reporting purposes, the amount must equal the amount derived in the sheet '5.2 Commodities' for Item B.0: Risk Weighted Asset Equivalent.</p>
87c	<p><b>Risk weighted assets – TB market risk - Standardised Approach: FX &amp; Gold.</b> If the <i>JIB</i> uses the Standardised Approach for market risk and has a Trading Book then record the total</p>

Item	Guidance
	<i>RWA</i> for the <i>JIB</i> , calculated in accordance with the Trading Book Guide, Section “FX & Gold”.
87d	<b>Risk weighted assets – TB market risk - Standardised Approach: Interest Rate.</b> If the <i>JIB</i> uses the Standardised Approach for market risk and has a Trading Book then record the total <i>RWA</i> for the <i>JIB</i> , calculated in accordance with the Trading Book Guide, Section “Interest Rate”.
87e	<b>Item 87e - Risk weighted assets – TB market risk - Standardised Approach: Equities.</b> If the <i>JIB</i> uses the Standardised Approach for market risk and has a Trading Book then record the total <i>RWA</i> for the <i>JIB</i> , calculated in accordance with the Trading Book Guide, Section “Equities”.
87f	<b>Risk weighted assets – TB market risk - Standardised Approach: Commodities.</b> If the <i>JIB</i> uses the Standardised Approach for market risk and has a Trading Book then record the total <i>RWA</i> for the <i>JIB</i> , calculated in accordance with the Trading Book Guide, Section “Commodities”.
87g	<b>Risk weighted assets – TB market risk - TB market risk – IMA: General.</b> If the <i>JIB</i> uses the Internal Modelling Approach for market risk then record the total <i>RWA</i> for General market risk in accordance with that approach.
87h	<b>Risk weighted assets – TB market risk – IMA: Specific.</b> If the <i>JIB</i> uses the Internal Modelling Approach for market risk then record the total <i>RWA</i> for Specific market risk in accordance with that approach.



## 9 Leverage Ratio

### Items 101 to 122

Item	Guidance
101	<b>On-balance sheet items (exclude derivatives and SFTs; include collateral).</b> The total of all on-balance sheet assets, including on-balance sheet derivative collateral and collateral for securities financing transactions (SFTs), but excluding on-balance sheet derivative and SFT assets that are covered by Items 104 to 115.
102	<p><b>Assets deducted in determining Basel III Tier 1 capital.</b> The total of all on-balance sheet assets deducted from <i>Tier 1 capital (CET1 Capital or AT1 Capital)</i>. Calculated as the sum of the following items in the '6.1 Capital Adequacy' sheet:</p> <ul style="list-style-type: none"> <li>› Item 7: Prudential valuation adjustments</li> <li>› Item 8: Goodwill (net of related tax liability)</li> <li>› Item 9: Other intangibles, other than mortgage-servicing rights (net of related tax liability)</li> <li>› Item 10: Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)</li> <li>› Item 15: Defined-benefit pension fund net assets</li> <li>› Item 16: Investments in own shares (if not already netted off paid-in capital on reported balance sheet)</li> <li>› Item 17: Reciprocal cross-holdings in common equity</li> <li>› Item 18: Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)</li> <li>› Item 19: Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)</li> <li>› Item 20: Mortgage servicing rights (amount above 10% threshold)</li> <li>› Item 21: Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)</li> <li>› Item 22: Amount exceeding the 15% threshold</li> <li>› Item 37: Investments in own Additional Tier 1 instruments</li> <li>› Item 38: Reciprocal cross-holdings in Additional Tier 1 instruments</li> <li>› Item 39: Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)</li> <li>› Item 40: Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)</li> </ul>
103	<p><b>Total on-balance sheet exposures.</b> Computed as:</p> <ul style="list-style-type: none"> <li>› Item 101: On-balance sheet assets minus</li> <li>› Item 102: Assets deducted in determining Basel III Tier 1 capital</li> </ul>



Item	Guidance
104 and 105	<p><b>Replacement cost (net of eligible cash variation margin) and Add-on amount.</b> The <i>JIB</i>'s replacement cost (<b>RC</b>) for all of its derivatives exposures, including where credit derivatives. This should be equivalent to the "Positive Mark-to-Market" element of the Credit Equivalent Amount calculated under the Standardised Approach to Credit Risk.</p> <p>Collateral received may not be netted against derivatives exposures whether or not netting is permitted under its accounting framework. When calculating the exposure amount a <i>JIB</i> must not reduce the exposure amount by any collateral received from the counterparty. Furthermore, the <i>RC</i> must be grossed up by any collateral amount used to reduce its value, including when collateral received has reduced the derivatives assets reported on-balance sheet under its accounting framework.</p> <p>The add-on amount must be equivalent to the sum of all "Add-on Amount" elements of the Credit Equivalent Amount calculated under the Standardised Approach to Credit Risk.</p> <p>When an eligible bilateral netting contract is in place the Credit Equivalent Amount calculated under the Standardised Approach to Credit Risk, the <i>RC</i> for the set of derivative exposures covered by the contract will be the net replacement cost for all contracts governed by it.</p> <p>The add-on for a set of netted transactions (<b>ANet</b>) must equal the weighted average of the gross add-on for the set (<b>AGross</b>) and the gross add-on adjusted by the ratio of net current <i>RC</i> for the set to the gross current <i>RC</i> for the set (<b>NGR</b>).</p> <p>This is expressed through the following formula:</p> $ANet = 0.4 \times AGross + 0.6 \times NGR \times AGross$ <p>where:</p> <ul style="list-style-type: none"> <li>› <i>NGR</i> = level of net replacement cost/level of gross replacement cost for transactions subject to legally enforceable netting agreements with the counterparty; and</li> <li>› <i>AGross</i> = sum of individual add-on amounts (calculated by multiplying the notional principal amount by the appropriate add-on factors) of all transactions subject to legally enforceable netting agreements with the counterparty.</li> </ul>
106	<p><b>Gross up for derivatives collateral provided.</b> Report the amount of any derivatives collateral provided where the provision of that collateral has reduced the value of balance sheet assets under the <i>JIB</i>'s accounting framework.</p>
107	<p><b>Deductions of receivables assets for cash variation margin provided in derivatives transactions.</b> Report adjustments permitted regarding the treatment of cash variation margin. In the treatment of derivative exposures for the purpose of the leverage ratio, the cash portion of variation margin exchanged between counterparties may be viewed as a form of pre-settlement payment (and hence not as collateral), if the following conditions are met:</p> <ul style="list-style-type: none"> <li>› For trades not cleared through a qualifying central counterparty (QCCP), the cash received by the recipient counterparty is not segregated.</li> <li>› Variation margin is calculated and exchanged on a daily basis based on mark-to-market valuation of derivatives positions.</li> <li>› The cash variation margin is received in the same currency as the currency of settlement of the derivative contract.</li> </ul>

Item	Guidance
107 cont.	<ul style="list-style-type: none"> <li>› Variation margin exchanged is the full amount that would be necessary to fully extinguish the mark-to-market exposure of the derivative subject to the threshold and minimum transfer amounts applicable to the counterparty.</li> <li>› Derivatives transactions and variation margins are covered by a single master netting agreement (“MNA”) between the legal entities that are the counterparties in the derivatives transaction. The MNA must explicitly stipulate that the counterparties agree to settle net any payment obligations covered by such a netting agreement, taking into account any variation margin received or provided if a credit event occurs involving either counterparty. The MNA must be legally enforceable and effective in all relevant jurisdictions, including in the event of default and bankruptcy or insolvency.</li> </ul> <p>If these conditions are met, the cash portion of variation margin received may be used to reduce the RC reported in Item 104, and the receivables assets from cash variation margin provided may be deducted from the leverage ratio exposure measure using Item 107 (entering as a negative value), as follows:</p> <ul style="list-style-type: none"> <li>› In the case of cash variation margin received, the receiving bank may reduce the RC (but not the add-on reported) of the exposure amount of the derivative asset by the amount of cash received if the RC of the derivative contract(s) has not already been reduced by the same amount of cash variation margin received under the bank’s operative accounting standard.</li> <li>› In the case of cash variation margin provided to a counterparty by the <i>JIB</i>, the posting bank may deduct the resulting receivable from its leverage ratio exposure measure, where the cash variation margin has been recognised as an asset under the bank’s operative accounting framework.</li> </ul> <p>For the avoidance of doubt, cash variation margin may not be used to reduce the Add-on amount.</p>
108	<p><b>Exempted CCP leg of client-cleared trade exposures.</b> Report certain deductions relating to the treatment of clearing services. Where a bank acting as clearing member (<b>CM</b>) offers clearing services to clients, the clearing member’s trade exposures to the Central Counterparty (<b>CCP</b>) that arise when the clearing member is obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event that the <i>CCP</i> defaults, must be captured by applying the same treatment that applies to any other type of derivatives transactions. However, if the clearing member, based on the contractual arrangements with the client, is not obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event that a <i>QCCP</i> defaults, the clearing member need not recognise the resulting trade exposures to the <i>QCCP</i> in the leverage ratio exposure measure. Hence it should include the exposure in Items 104 and 105 but enter an offsetting negative amount in Item 108.</p> <p>Where a client enters directly into a derivatives transaction with the <i>CCP</i> and the <i>CM</i> guarantees the performance of its clients’ derivative trade exposures to the <i>CCP</i>, the bank acting as the clearing member for the client to the <i>CCP</i> must calculate its related leverage ratio exposure resulting from the guarantee as a derivative exposure, as if it had entered directly into the transaction with the client, including with regard to the receipt or provision of cash variation margin, and include the amounts within Items 104 to 107.</p>
109	<p><b>Gross notional credit derivatives sold.</b> Report the full effective notional value referenced by a written credit derivative. This amount is in addition to any exposure amount reported</p>

Item	Guidance
109 cont.	in relation to the same derivative in Items 104, 105 and 106 and represents the credit exposure arising from the credit worthiness of the reference entity.
110	<p><b>Notional offsets and add-on deductions for written credit derivatives.</b> A deduction is allowed (i.e. a negative amount entered in the Prudential Return) for the amount determined as the sum of:</p> <ul style="list-style-type: none"> <li>› the effective notional amounts which may be reduced by purchased credit protection (The effective notional amount of a written credit derivative may be reduced by the effective notional amount of a purchased credit derivative on the same reference name provided: <ul style="list-style-type: none"> <li>› the credit protection purchased is on a reference obligation which ranks pari-passu with or is junior to the underlying reference obligation of the written credit derivative in the case of single name credit derivatives; and</li> <li>› the remaining maturity of the credit protection purchased is equal to or greater than the remaining maturity of the written credit derivative;</li> </ul> </li> <li>› the effective notional amounts, which may be reduced by any negative change in fair value amount that has been incorporated into the calculation of <i>Tier 1 capital</i> with respect to the written credit derivative; and</li> <li>› the individual add-on amount relating to a written credit derivative (not offset by eligible purchased credit protection) reported under Item 105.</li> </ul>
111	<p><b>Total derivative exposures.</b> Computed as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 104: Replacement cost (net of eligible cash variation margin)</li> <li>› Item 105: Add-on amount</li> <li>› Item 106: Gross up for derivatives collateral provided</li> <li>› Item 107: Deductions of receivables assets for cash variation margin provided in derivatives transactions</li> <li>› Item 108: Exempted CCP leg of client-cleared trade exposures</li> <li>› Item 109:- Gross notional credit derivatives sold</li> <li>› Item 110: Notional offsets and add-on deductions for written credit derivatives</li> </ul>
112	<p><b>Gross SFT assets (with no recognition of accounting netting), after adjusting for sale accounting transactions.</b> Report gross SFT assets recognised for accounting purposes (i.e. with no recognition of accounting netting) adjusted to exclude the value of securities received in an SFT where the <i>JIB</i> has recognised the securities as an asset on its balance sheet (e.g. under IFRS US GAAP).</p> <p>Where sales accounting is achieved for an SFT under the bank's operative accounting framework, the <i>JIB</i> must first reverse all sales-related accounting entries, and then calculate its exposure as if the SFT had been treated as a financing transaction under the accounting framework (i.e. in this last step, the bank must include the sum of exposure amounts here, calculated using the same methodology as that for such a SFT) for the purposes of determining its Exposure Measure.</p>
113	<p><b>Netted amounts of cash payables and cash receivables of gross SFT assets.</b> Report as a negative amount the amount that may be deducted from Item 112 in order that the gross SFTs cash payables and cash receivables with the same counterparty in effect measured on a net basis, where all the following criteria are met:</p> <ul style="list-style-type: none"> <li>› Transactions have the same explicit final settlement date;</li> </ul>

Item	Guidance
	<ul style="list-style-type: none"> <li>› The right to set off the amount owed to the counterparty with the amount owed by the counterparty is legally enforceable both currently in the normal course of business and in the event of: (i) default; (ii) insolvency; and (iii) bankruptcy; and</li> <li>› The counterparties intend to settle net, settle simultaneously, or the transactions are subject to a settlement mechanism that results in the functional equivalent of net settlement, that is, the cash flows of the transactions are equivalent, in effect, to a single net amount on the settlement date. To achieve such equivalence, both transactions are settled through the same settlement system and the settlement arrangements are supported by cash and/or intraday credit facilities intended to ensure that settlement of both transactions will occur by the end of the business day and the linkages to collateral flows do not result in the unwinding of net cash settlement.</li> </ul>
114	<p><b>SFT counterparty exposure.</b> Report a measure of counterparty credit risk as current exposure, to be calculated as follows:</p> <ul style="list-style-type: none"> <li>› Where no qualifying MNA is in place, the current exposure (<math>E^*</math>) for transactions with a counterparty must be calculated on a transaction by transaction basis: that is, each transaction is treated as its own netting set, as shown in the following formula: <ul style="list-style-type: none"> <li>› <math>E^* = \max \{0, [(E) - (C)]\}</math></li> </ul> <p>where E is the total fair value of securities and cash lent and C is the total fair value of cash and securities received under the transaction.</p> </li> <li>› Where a qualifying MNA is in place, the current exposure (<math>E^*</math>) is the greater of zero and the total fair value of securities and cash lent to a counterparty for all transactions included in the qualifying MNA (<math>\Sigma(E)</math>) less the total fair value of cash and securities received from the counterparty for those transactions (<math>\Sigma(C)</math>). This is illustrated in the following formula: <ul style="list-style-type: none"> <li>› <math>E^* = \max \{0, [\Sigma(E) - \Sigma(C)]\}</math></li> </ul> </li> </ul>
115	<p><b>Agent transaction exposures.</b> Report exposures arising where a JIB acts as an agent in an SFT and provides a guarantee to a customer or counterparty for any difference between the value of the security or cash the customer has lent and the value of collateral the borrower has provided. This exposure should be calculated using the same methodology as that used for Item 114.</p>
116	<p><b>Total securities financing transaction exposures.</b> Computed as the sum of:</p> <ul style="list-style-type: none"> <li>› Item 112: Gross SFT assets (with no recognition of accounting netting), after adjusting for sale accounting transactions</li> <li>› Item 113: Netted amounts of cash payables and cash receivables of gross SFT assets</li> <li>› Item 114: SFT counterparty exposure</li> <li>› Item 115: Agent transaction exposures</li> </ul>
117	<p><b>Off-balance sheet exposure at gross notional amount.</b> Report total off-balance sheet exposure on a gross notional basis, before any adjustment for credit conversation factors.</p>
118	<p><b>Adjustments for conversion to credit equivalent amount.</b> Report a negative amount representing the reduction in gross amount of '2.4 Off Balance Sheet' exposures due to the application of credit conversion factors. The credit conversion factors are those that apply</p>

Item	Guidance
	under the Standardised Approach to Credit Risk, except that they are subject to a floor of 10%.
<b>119</b>	<b>Other off-balance sheet exposures.</b> Computed as the sum of:
<b>119</b> cont.	<ul style="list-style-type: none"> <li>› Item 117: Off-balance sheet exposure at gross notional amount</li> <li>› Item 118: Adjustments for conversion to credit equivalent amount</li> </ul>
<b>120</b>	<b>Tier 1 capital.</b> Computed, equal to Item 45: Tier 1 Capital on the sheet '6.1 Capital Adequacy', calculated as per <b>Section 3</b> .
<b>121</b>	<b>Total Exposures.</b> Computed as the sum of: <ul style="list-style-type: none"> <li>› Item 103: Total on-balance sheet exposures</li> <li>› Item 111: Total derivative exposures</li> <li>› Item 116: Total securities financing transaction exposures</li> <li>› Item 119: Other off-balance sheet exposures</li> </ul>
<b>122</b>	<b>Basel III leverage ratio.</b> Computed as: <ul style="list-style-type: none"> <li>› Item 120: Tier 1 capital divided by</li> <li>› Item 121: Total Exposures</li> </ul>

## Appendix A List of Items – Capital Ratios

### A.1 List of all Items specified in this document relating to capital ratios

Item	Description
<b>Section 2: CET capital – items, deductions and total</b>	
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus
2	Retained earnings
3	Accumulated other comprehensive income (and other reserves)
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)
6	Common Equity Tier 1 capital before regulatory adjustments
7	Prudential valuation adjustments
8	Goodwill (net of related tax liability)
9	Other intangibles, other than mortgage-servicing rights (net of related tax liability)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)
11	Cash-flow hedge reserve
12	Shortfall of provisions to expected losses
13	Securitisation gain on sale (as set out in paragraph 562 of <i>Basel II</i> )
14	Gains and losses due to changes in own credit risk on fair valued liabilities
14a	of which: amount relating to DVAs recognised on origination
15	Defined-benefit pension fund net assets
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)
17	Reciprocal cross-holdings in common equity
17a	Item 17a – 10% of (Total CET1 capital less deductions for Items 7 to 17)
17b	Item 17a – 15% of (Total CET1 capital less deductions for Items 7 to 17)
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)
20	Mortgage servicing rights (amount above 10% threshold)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)
22	Amount exceeding the 15% threshold

Item	Description
26	National specific regulatory adjustments, including Pillar 2 deductions applied to CET1 capital
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions
28	Total regulatory adjustments to Common equity Tier 1
29	Common Equity Tier 1 capital (CET1 capital)
<b>Section 3: Tier 1 capital – AT1 capital items, deductions and total</b>	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus
31	of which: classified as equity under applicable accounting standards
32	of which: classified as liabilities under applicable accounting standards
34	Additional Tier 1 instruments (and CET1 instruments not eligible for inclusion in Item 5) issued by subsidiaries and held by third parties (amount allowed in AT1)
36	Additional Tier 1 capital before regulatory adjustments
37	Investments in own Additional Tier 1 instruments
38	Reciprocal cross-holdings in Additional Tier 1 instruments
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)
41	National specific regulatory adjustments, including Pillar 2 deductions applied to Additional Tier 1 capital
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions
43	Total regulatory adjustments to Additional Tier 1 capital
43a	of which: excess AT1 deductions
44	Additional Tier 1 capital (AT1)
45	Tier 1 capital (T1 = CET1 + AT1)
<b>Section 4: Total capital – Tier 2 capital items, deductions and total</b>	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus
48	Tier 2 instruments (and CET1 and AT1 instruments not included in Items 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)
50	Provisions
51	Tier 2 capital before regulatory adjustments
52	Investments in own Tier 2 instruments
53	Reciprocal cross-holdings in Tier 2 instruments

Item	Description
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)
56	National specific regulatory adjustments, including Pillar 2 deductions applied to Tier 2 capital
57	Total regulatory adjustments to Tier 2 capital
57a	of which: excess Tier 2 deductions
58	Tier 2 capital (T2)
59	Total capital (T1 + T2)
<b>Section 5: Capital ratios – total RWAs and ratio calculation</b>	
60	Total risk weighted assets
60a	of which: 250% risk weighted items
60b	of which: 1250% risk weighted items
60c	of which: credit risk
60d	of which: operational risk
60e	of which: market risk
60f	of which: Pillar 2 risks
61	Common Equity Tier 1 (as a percentage of risk weighted assets)
62	Tier 1 (as a percentage of risk weighted assets)
63	Total capital (as a percentage of risk weighted assets)
<b>Section 6: Minima and Buffers</b>	
64	Institution specific CET 1 minimum ratio
65	Institution specific Tier 1 minimum ratio
66	Institution specific total capital minimum ratio
67	Institution specific buffer
68	Capital available to meet the required buffer as a percentage of risk weighted assets
<b>Section 7: Memoranda items</b>	
69	National Common Equity Tier 1 minimum ratio
70	National Tier 1 minimum ratio
71	National total capital minimum ratio
72	Non-significant investments in the capital of other financial institutions



Item	Description
72a	of which, the amount of the holdings that is CET1 capital
72b	of which, the amount of the holdings that is AT1 capital
72c	of which, the amount of the holdings that is Tier 2 capital
73	Significant investments in the common stock of financials
73a	Significant investments in the common stock of financials, net of relevant eligible short positions
73b	of which, the amount of the holding that is CET1 capital
73c	of which, the amount of the holding that is AT1 capital
73d	of which, the amount of the holding that is Tier 2 capital
74	Mortgage servicing rights (net of related tax liability)
75	Deferred tax assets arising from temporary differences
75a	Deferred tax assets arising from temporary differences (net of related tax liability)
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)
77	Cap on inclusion of provisions in Tier 2 under standardised approach
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach
80	Goodwill
80a	Goodwill: related deferred tax liability
81	Other intangibles, other than mortgage-servicing rights
81a	Other intangibles, other than mortgage-servicing rights: related deferred tax liability
82	Deferred tax assets
82a	Deferred tax assets that rely on future profitability excluding those arising from temporary differences
82b	Deferred tax assets that rely on future profitability excluding those arising from temporary differences: related deferred tax liability
<b>Section 8: Capital requirements</b>	
83	250% risk weighted items
84	1250% risk weighted items
84a	1250% risk weighted items: securitisations – equity tranches
84b	1250% risk weighted items: IRB – deductions required
84c	1250% risk weighted items: settlement risk
84d	1250% risk weighted items: significant investments

Item	Description
85a	Risk weighted assets – credit risk: Standardised Approach
85b	Risk weighted assets – credit risk: Foundation IRB
85c	Risk weighted assets – credit risk: Advanced IRB
85d	Risk weighted assets – credit risk: Trading Book
85e	Risk weighted assets – credit risk: Standardised Approach - settlement risk re Free Deliveries, 4 days or less since delivery
86a	Risk weighted assets – operational risk: Basic Indicator Approach
86b	Risk weighted assets – operational risk: Standardised Approach
87a	Risk weighted assets – market risk - Standardised Approach: FX & Gold
87b	Risk weighted assets – market risk - Standardised Approach: Commodities
87c	Risk weighted assets – TB market risk - Standardised Approach: FX & Gold
87d	Risk weighted assets – TB market risk - Standardised Approach: Interest Rate
87e	Risk weighted assets – TB market risk - Standardised Approach: Equities
87f	Risk weighted assets – TB market risk - Standardised Approach: Commodities
87g	Risk weighted assets – market risk - IMA: General
87h	Risk weighted assets – market risk - IMA: Specific

## Appendix B List of Items – Leverage Ratio

### B.1 List of all Items specified in this document relating to the Leverage Ratio

Item	Description
101	On-balance sheet items (exclude derivatives and SFTs; include collateral)
102	Assets deducted in determining Basel III Tier 1 capital
103	<b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs)
104	Replacement cost (net of eligible cash variation margin)
105	Add-on amount
106	Gross up for derivatives collateral provided
107	Deductions of receivables assets for cash variation margin provided in derivatives transactions
108	Exempted CCP leg of client-cleared trade exposures
109	Gross notional credit derivatives sold
110	Notional offsets and add-on deductions for written credit derivatives
111	<b>Total derivative exposures</b>
112	Gross SFT assets (with no recognition of accounting netting), after adjusting for sale accounting transactions
113	Netted amounts of cash payables and cash receivables of gross SFT assets
114	SFT counterparty exposure
115	Agent transaction exposures
116	<b>Total securities financing transaction exposures</b>
117	Off-balance sheet exposure at gross notional amount
118	Adjustments for conversion to credit equivalent amount
119	<b>Other off-balance sheet exposures</b>
120	<b>Tier 1 capital</b> (end of reporting period value)
121	<b>Total Exposures</b> (end of reporting period value)
122	<b>Basel III leverage ratio (%)</b>