



Guernsey Financial
Services Commission

MODULE 8

Guidance to completing the Prudential Information module of BSL/2

Detailed Guidance

A. MEMORANDUM ITEMS

Item	Description	Guidance
A.1	Group Company And Other Connected Deposits	<p>Report deposit liabilities of the bank placed by a “group company” (which is defined as a subsidiary or associated company of the bank, its ultimate parent company and any other subsidiary or associated company of the group (“group” and “subsidiary” have the meaning given to them in section 56 of the Banking Supervision (Bailiwick of Guernsey) Law, 1994)). Include also deposits from “related companies” as defined in section 25(6) of the Banking Supervision (Bailiwick of Guernsey) Law, 1994. This definition may not necessarily concur with those applied by the bank’s auditors under UK, US or International accounting standards. Disclosure in the annual audited financial statements should continue to be guided by those accounting standards (or such other body of generally accepted accounting principles as agreed in writing by the Commission). Exclude deposits from companies which are included in the consolidation of form BSL/2.</p> <p>Also report deposits of directors, controllers and their associates and non-group companies with which the directors and controllers are associated. “Director”, “controller”, “indirect controller” and “shareholder controller” have the meanings given to them in section 56 of the Banking Supervision (Bailiwick of Guernsey) Law, 1994.</p> <p>A pension fund or other trust fund of the group should not necessarily be classified as connected for the purposes of this return. However, it should be treated as a connected counterparty if a director/controller of the reporting bank is both a director of the fund and is involved in decision-making on whether or not an exposure to that fund should be undertaken.</p> <p>For the purpose of this item, also include as a director/controller any employee of the reporting bank who is appointed by the reporting bank to be a director of another company.</p>

Item	Description	Guidance
		<p>Any employee of the reporting bank is deemed to be associated with another company, wherever the company is registered or domiciled, if any of the following conditions are met:</p> <p>he/she holds the office of director (or alternate director) with that company in his/her own right or as a result of:</p> <p>(i) a loan granted by the reporting bank to the company;</p> <p>(ii) a financial interest taken by the reporting bank in the company;</p> <p>(iii) by virtue of a professional interest unconnected with the reporting bank; and</p> <p>(iv) if he/she and/or his/her “associates” (as defined in section 56 of the Banking Supervision (Bailiwick of Guernsey) Law, 1994) together hold 10% or more of the equity share capital of the company.</p>
A.2	Connected Party Loans and Advances	Report loans (including money market placements) and advances which are assets of the reporting bank and are due from the following:
A.3	Due from: group companies	Include loans and advances to those parties defined as “group companies” in the note to line A.1.
A.4	Due from: Directors, Controllers and their Associates	Include loans and advances to those parties defined as “directors”, “controllers” or their “associate” in the note to line A.1 (see “associated” and “associates” in that note).
A.5	Due from: : non-group companies with which directors and controllers are associated	Include loans and advances to non-group companies (see section 56 of the Banking Supervision (Bailiwick of Guernsey) Law, 1994 for the definition of “group”) with which directors and controllers are associated (see note to line A.1 for definition of “director”, “controller” and “associated”).

Item	Description	Guidance
A.6	Encumbered Assets	<p>Include the total of any assets not freely available to meet the claims of the generality of creditors in a liquidation of the reporting bank because they are subject to charge, pledge or other restriction. This will include items given as security in connection with the bank's participation in a payments/settlements system. Assets pledged in excess of the actual liability to individual systems at the reporting date should not be reported. This line will also include assets given as security for the bank's other liabilities (e.g. property which has been mortgaged and hire purchase agreements pledged as collateral). Assets reported should exclude any element of unearned finance charges.</p>
A.7	Ten largest market loans / bank guaranteed loans	<p>TO BE COMPLETED BY BRANCHES ONLY</p> <p>Subsidiary banks should complete Section B2, on the "LEs – Third Party Banks" tab.</p> <p>List by name, amount and expected maturity date the ten largest money market placements or loans fully guaranteed (i.e. those eligible for counting as an exposure to a bank and therefore weighted at 20%) by a bank/building society (or equivalent). Reporting banks do not need to report the names of the borrower, only the name of the bank guarantor. (NB: There is no de minimis provision in this section: banks should report all of their ten largest bank loans/guarantees.) Where more than one transaction is involved with the same bank these should be reported as one market loan and the word "various" should be entered in the "Maturity" column.</p> <p>See "General Guidance to the BSL/2" for definitions of "banks" and "building societies".</p>

Item	Description	Guidance
A.8	Ten largest depositors (non-bank sector)	<p>TEN LARGEST DEPOSITORS (NON-BANK SECTOR)</p> <p>List the ten largest deposit liabilities with the bank. Names need not be provided if an identifying, unique code (e.g. the account number) is used consistently in each and consecutive returns. The Commission reserves the right to have knowledge of actual account holders if that is deemed necessary for prudential supervisory purposes. For the purpose of identifying the ten largest deposits, depositors who hold more than one account or accounts under their control, should be reported as a single deposit with the word “various” entered in the “Maturity” column.</p> <p>For definition of “related company” see section 25(6) of the Banking Supervision (Bailiwick of Guernsey) Law, 1994. If the depositor is a related party enter Y in that column. If not, enter N.</p> <p>Enter the amount (value, including interest) in the “amount” column.</p>
A.9	Complaints received in the last quarter	Complaints received in the last quarter.
A.10	Complaints received in the calendar year to date	Complaints received in the calendar year to date.
A.11	Significant complaints open during the calendar year to date	<p>Significant complaints open during the calendar year to date.</p> <p><i>The Licensees (Conduct of Business) Rules 2014</i> define a significant complaint as a complaint alleging a breach of the law, mala fides, malpractice or impropriety, or repetition or recurrence of a matter previously complained of (whether significant or otherwise).</p>
A.12	Number of PI notifications in the calendar year to date.	Number of PI notifications in the calendar year to date.

B. LARGE EXPOSURES

Branches

The Large Exposures worksheet is unchanged.

Subsidiaries

There are four worksheets for subsidiaries to complete

- LEs – Clients
- LEs – Third Party Banks
- LEs – Sovereigns
- Upstreaming – Parent and Group

A copy of the Commission’s Large Exposures Policy that came into effect on 1 July 2014 can be accessed via the following link:-

<http://www.gfsc.gg/The-Commission/Policy%20and%20Legislation/Large-Exposure-Policy.pdf>

FOR BRANCHES ONLY:

Detailed guidance

Item	Description	Guidance
Sheet	Large Exposures	
	TEN LARGEST EXPOSURES (NONBANK)	<p>This section should include the ten largest credit exposures to the nonbank sector.</p> <p>Do not include loans under £50,000. If more than one facility is available to a customer (or group of closely related customers (as defined in the Commission’s Principle 1/1994/24 Principles and guidance to be followed by a locally incorporated licensed deposit taking institution entering into a large exposure)) this should be reported as a single exposure with the word “various” entered in column 5.</p>
Column 1	Customer	Report the name or a unique identifying code (e.g. the account number) which must be used consistently in each and consecutive returns. The Commission reserves the right to have knowledge of actual borrowers if that is deemed necessary for prudential supervisory purposes.
Column 2	State if party related to the bank	<p>If the borrower is a party related to the bank (a party connected to the bank would be a group company, related company, associate or an associated person, director or controller) then report “Y”. If not report “N”.</p> <p>A more detailed definition of related parties is given in Section 3.2 of the Commission’s Large Exposure Policy, which can be found on the Commission’s website.</p>

Item	Description	Guidance
Column 3	Amount of facility	Report the sterling equivalent value of the facility granted. An exposure is defined as the facility in place, not the amount drawn. Exposures include loans and advances, investments, bills, lease arrangements, acceptance credit facilities granted, guarantees and other contingent liabilities (i.e. exposures may be either on or off balance sheet). Connected exposures (i.e. those to the same or related persons) should be treated as a single exposure and reported as such here.
Column 4	Amount of facility taken up	Report the sterling equivalent value of the facility taken up as at the reporting date. This is not the large exposure value (which is deemed to be equal to the entire facility in place).
Column 5	Maturity	Report the next maturity date of the facility in DD/MM/YY format (the “/”s should also be entered). If the facility was rolled over at the last maturity date enter X in the box by clicking the mouse cursor in it. If the facility has no maturity date leave the cell blank. For exposures which consist of more than one facility with differing maturity dates the word “various” should be entered here.
Column 6	Amount of provision made (capital or interest).	If a specific provision has been made against any large exposures reported, enter the value of the provision in sterling equivalent to the nearest thousand pounds (but omitting the 000s).
Column 7	Nature of security	Report the type of security taken (i.e. collateral) against the loan (e.g. cash, securities, property, mutual fund assets, guarantee from parent bank, etc). If no security is taken then enter “none”.
Column 8	Facility expressed as a percentage of capital base	This column will not be completed for branch operations
Column 9	Change from previous quarter	This is calculated by subtracting the value in sterling of each facility at the previous quarter end from that facility’s value as at the reporting date (i.e. column 3). If the value has gone down, a minus figure should be reported (indicated by putting a minus sign before the figure). If the facility was not reported at the last quarter (for whatever reason) the line should be left blank.

FOR SUBSIDIARIES ONLY:

B1. LARGE EXPOSURES - CLIENTS

Detailed guidance

Item	Description	Guidance
Sheet	Large Exposures	<p>The aim of this section is to capture all exposures to clients or groups of connected clients that are either singly, or with other exposures, in excess of 10% of the reporting bank's net capital base.</p> <p><u>On balance sheet and off balance sheet sections:</u></p> <p>The worksheet is divided into on balance sheet and off balance sheet sections.</p> <p>An exposure in excess of 10% of net capital base may be just one item (a loan for example) or it could comprise a number of smaller items that in aggregate reach the more than 10% threshold (a loan and a guarantee for example). On and off balance sheet items comprising an exposure need to be reported in the appropriate section.</p> <p>For example, a client who has (i) a loan facility equivalent to 9% of net capital, and (ii) a guarantee with a credit equivalent amount of 4% of capital has an aggregate exposure in excess of 10% of net capital base. The exposure should be reported as follows:</p> <ul style="list-style-type: none"> • The loan is reported in the on balance sheet section • The guarantee is reported in the off balance sheet section <p>The aim is to keep the reporting as simple as possible; an undrawn portion of a facility is an off balance sheet exposure for accounting purposes, but for the purposes of this BSL/2, there is no need to list any undrawn portion of an on balance sheet facility as a separate off balance sheet exposure.</p> <p>Note that for the off balance sheet items, it is the value in column 4, the credit equivalent amount, rather than the nominal amount that will be used in the calculation of the net capital equivalent. Please see the Guidance Notes for Module 1 for detail on calculating Credit Equivalent Amounts.</p> <p>It would be helpful if clients could be reported in the same order in each section.</p>

Item	Description	Guidance
Column 1	Customer	Report the name or a unique identifying code (e.g. the account number) which must be used consistently in each and consecutive returns. The Commission reserves the right to have knowledge of actual borrowers if that is deemed necessary for prudential supervisory purposes. Where the Commission has provided a unique LE reference number (for example for exposures over 25% of capital that have been reported to, and acknowledged by, the Commission) this should also be reported.
Column 2	State if party related to the bank	If the borrower is a party related to the bank then report "Y". If not report "N". A definition of related parties is given in Section 3.2 of the Commission's Large Exposure Policy, available on the Commission's website.
Column 3	Amount of facility	Report the sterling equivalent value of the facility granted. An exposure is defined as the facility in place not the amount drawn. Exposures include loans and advances, investments, bills, lease arrangements, acceptance credit facilities granted, guarantees and other contingent liabilities. Connected exposures (i.e. those to the same or related persons) should be treated as a single exposure and reported as such here.
Column 4	Amount of facility taken up	Report the sterling equivalent value of the facility taken up as at the reporting date. This is not the large exposure value (which is deemed to be equal to the entire facility in place). <i>[NB: For the off balance sheet section, column 4 has a different heading. See next page of these notes].</i>
Column 5	Maturity	Report the next maturity date of the facility in DD/MM/YY format (the "/"s should also be entered). If the facility was rolled over at the last maturity date enter X in the box by clicking the mouse cursor in it. If the facility has no maturity date leave the cell blank. For exposures which consist of more than one facility with differing maturity dates the word "various" should be entered here.
Column 6	Amount of provision made (capital or interest).	If a specific provision has been made against any large exposures reported, whether a capital or interest provision, enter the value of the provision in sterling equivalent to the nearest thousand pounds (but omitting the 000s).
Column 7	Nature of security	Report the type of security taken (i.e. collateral) against the loan (e.g. cash, securities, property, mutual fund assets, guarantee from parent bank, etc.). If no security is taken then enter "none".

Item	Description	Guidance
Column 8	Facility expressed as a percentage of capital base	This is calculated by expressing the figures given in column 3 as a percentage of the figure given in line H.1 of Module 7. This will be completed automatically.
Column 9	Change from previous quarter	This is calculated by subtracting the value in sterling of each facility at the previous quarter end from that facility's value as at the reporting date (i.e. column 3). If the value has gone down, a minus figure should be reported (indicated by putting a minus sign before the figure). If the facility was not reported at the last quarter (for whatever reason) the line should be left blank.
Column 10	Grandfathered	Answer Y or N. Exposures already in existence as at 30 June 2014 can be grandfathered through to their expiry date without the need to conform to the requirements of the new large exposure policy that came into force on that date.

Off balance sheet section only

Item	Description	Guidance
		For this section only, the "Amount of Facility Taken Up" heading in column 4 has been replaced by "Credit Equivalent Amount".
Column 4	Credit Equivalent Amount	Please enter the Credit Equivalent Amount of the off balance sheet exposure in this column. See the Guidance Notes for Module 1 in respect of calculating Credit Equivalent Amounts.

B2. LARGE EXPOSURES – THIRD PARTY BANKS

Detailed guidance

Item	Description	Guidance
Sheet	Large Exposures	
	LARGE EXPOSURES TO THIRD PARTY BANKS / TEN LARGEST MARKET LOANS	<p>This aim of this section is (i) to capture all exposures to third party banks that are either singly, or with other exposures, in excess of 10% of the reporting bank's net capital base and (ii) to ensure that the ten largest market loans are captured, even if some of these are equal to or below the 10% level.</p> <p>The worksheet is split into three sections; on balance sheet items, off balance sheet items and ten largest market loans.</p> <p><u>On balance sheet and off balance sheet sections:</u></p> <p>An exposure in excess of 10% of net capital base may be just one item (a market loan for example) or it could comprise a number of smaller items that in aggregate reach the more than 10% threshold, (a market loan and an interest rate hedging contract for example). On and off balance sheet items comprising an exposure need to be reported in the appropriate section.</p> <p>For example, a third party bank that has an exposure comprising (i) a market loan facility equivalent to 9% of net capital, and (ii) an interest rate hedging contract with a credit equivalent amount of 5% of net capital, has an aggregate exposure in excess of 10% of net capital base. This should be reported as follows:</p> <ul style="list-style-type: none"> • The market loan - on balance sheet section. • The interest rate hedging contract - off balance sheet section. <p>The aim is to keep the reporting as simple as possible; there is no need to list any undrawn portion of an item already listed in the on balance sheet section as a separate off balance sheet exposure.</p> <p>Note that for the off balance sheet items it is the value in column 4, the credit equivalent amount, rather than the nominal amount that will be used in the calculation of the net capital equivalent. Please see the Guidance Notes for Module 1 for detail on calculating credit equivalent amounts.</p> <p>It would be helpful if exposure items to third party banks could be reported in the same order in each section.</p>

Item	Description	Guidance
		<p><i>Aggregation</i></p> <p>The report is designed to show exposures to different third party banks. An exposure to ABC Bank Ltd Hong Kong and an exposure to ABC Bank Limited London should be reported separately therefore, even if they are part of the same banking group.</p> <p>However, the aim is to keep the reporting as simple as possible, so separate exposures with the same bank that are the same exposure type can be aggregated together. For example, if the reporting bank has three separate market loans of various maturities to ABC Bank Limited Hong Kong, these can be aggregated into one line in the on balance sheet section.</p> <p><u>Ten largest market loans section.</u></p> <p>A number, if not all, of the ten largest market loans to third party banks may already have been captured in the on balance sheet section. Occasionally however, the ten largest market loans may include some that are equal to or below 10% of net capital base. This section should be used to list any of the ten largest market loans that have not already been captured in the on balance sheet section.</p>
Column 1	Name and location of counterparty	Please give the name of the third party bank and its geographic location; e.g. "Bank ABC Limited, London", or "Bank XYZ Limited, Geneva".
Column 2	Lowest rating of counterparty	Preface by S, F or M (S&P, Fitch or Moody's)
Column 3	Nature of exposure	<p>E.g. for on balance sheet exposures - market loan(s), CD(s), FRN(s), etc.</p> <p>E.g. for off balance sheet exposures – guarantee(s), unfunded risk participation agreement(s), FX contract(s), interest rate contract(s), etc.</p>
Column 4	Amount	<p>Report the sterling equivalent value of the nominal, principal or face amount of the market loan, etc.</p> <p>For debt instruments, please report the carrying value (i.e. either fair value or amortised cost (for hold to maturity securities)) that would normally be reflected on the bank's balance sheet.</p>
Column 5	Credit equivalent amount	Please enter the Credit Equivalent Amount for off balance sheet exposures only. Please see the Guidance Notes for Module 1 for calculation of Credit Equivalent Amounts.

Item	Description	Guidance
Column 6	Maturity	Report the next maturity date of the facility in DD/MM/YY format (the “/”s should also be entered). If the facility was rolled over at the last maturity date enter X in the box by clicking the mouse cursor in it. If the facility has no maturity date leave the cell blank. For exposures which consist of more than one facility with differing maturity dates the word “various” should be entered here.
Column 7	Amount of provision made	If a specific provision has been made against any large exposures reported, whether a capital or interest provision, enter the value of the provision in sterling equivalent to the nearest thousand pounds (but omitting the 000s).
Column 8	Facility expressed as a percentage of capital base	This is calculated by expressing the figures given in column 4 as a percentage of the figure given in line H.1 of Module 7. This will be completed automatically.
Column 9	Change from previous quarter	This is calculated by subtracting the value in sterling of each facility at the previous quarter end from that facility’s value as at the reporting date (i.e. column 4). If the value has gone down, a minus figure should be reported (indicated by putting a minus sign before the figure). If the facility was not reported at the last quarter (for whatever reason) the line should be left blank.
Column 10	Grandfathered	Answer Y or N. Exposures already in existence as at 30 June 2014 can be grandfathered through to their expiry date without the need to conform to the requirements of the new large exposure policy that came into force on that date.

B3. LARGE EXPOSURES – SOVEREIGNS

Detailed guidance

Item	Description	Guidance
Sheet	Large Exposures	
	LARGE EXPOSURES - SOVEREIGNS	<p>The aim of this section is to capture all exposures to sovereigns that are either singly, or with other exposures, in excess of 10% of the reporting bank's net capital base. "Sovereigns" includes sovereign governments, central banks, rated supranational authorities, and government agencies with an unconditional guarantee from a sovereign government. It also includes exposures to the States of Guernsey and other Crown Dependency Governments.</p> <p>[NB: Exposures to sovereign government sponsored enterprises that don't have a guarantee (for example, Freddie Mac or Sallie Mae) may also be included but only after discussion with the Commission].</p> <p><u>On balance sheet and off balance sheet sections:</u></p> <p>The worksheet is divided into on balance sheet and off balance sheet sections.</p> <p>An exposure in excess of 10% of net capital base may be just one item (a holding of debt issued by the sovereign for example) or it could comprise a number of smaller items that in aggregate reach the greater than 10% of net capital threshold, (for example a holding of debt issued by the sovereign and a guarantee issued to the sovereign). On and off balance sheet items need to be reported in the appropriate section.</p> <p>For example, a bank that has an exposure to a sovereign comprising (i) a holding of sovereign issued debt equivalent to 9% of net capital, and (ii) a guarantee issued to the sovereign with a credit equivalent amount of 5% of capital, has an aggregate exposure in excess of 10% of net capital base. This should be reported as follows:</p> <ul style="list-style-type: none"> • The debt is reported in the on balance sheet section • The guarantee is reported in the off balance sheet section

Item	Description	Guidance
		<p>The aim is to keep the reporting as simple as possible; there is no need to list any undrawn portion of an item already listed in the on balance sheet section as a separate off balance sheet exposure.</p> <p>Note that for the off balance sheet items, it is the value in column 4, the credit equivalent amount, rather than the nominal amount that will be used in the calculation of the net capital equivalent. Please see the Guidance Notes for Module 1 for detail on calculating credit equivalent amounts.</p> <p>It would be helpful if exposures to sovereigns could be reported in the same order in each section.</p> <p><i>Aggregation</i> The report is designed to show exposures to different sovereigns. However, the aim is to keep the reporting as simple as possible, so separate exposures to the same sovereign that are the same exposure type can be aggregated together. For example, if the reporting bank has three separate holdings of US Treasury Bills of various maturities, these can be aggregated into one line in the on balance sheet section.</p>
Column 1	Name and location of counterparty	Please give the name and geographical location of the counterparty (e.g. "Government National Mortgage Association (GNMA), Washington DC").
Column 2	Lowest rating of counterparty	Preface by S, F or M (S&P, Fitch or Moody's)
Column 3	Nature of exposure	<p>E.g. for on balance sheet exposures - loan(s), holding(s) of Government issued debt, etc.</p> <p>E.g. for off balance sheet exposures – guarantee(s), etc.</p>
Column 4	Amount	<p>Report the sterling equivalent value of the nominal, principal or face amount of the loan, etc.</p> <p>For debt instruments, please report the carrying value (i.e. either fair value or amortised cost (for hold to maturity securities)) that would normally be reflected on the bank's balance sheet.</p>
Column 5	Credit equivalent amount	Please enter the Credit Equivalent Amount for off balance sheet exposures only. Please see the Guidance Notes for Module 1 for calculation of Credit Equivalent Amounts.

Item	Description	Guidance
Column 6	Maturity	Report the next maturity date of the facility in DD/MM/YY format (the “/”s should also be entered). If the facility was rolled over at the last maturity date enter X in the box by clicking the mouse cursor in it. If the facility has no maturity date leave the cell blank. For exposures which consist of more than one facility with differing maturity dates the word “various” should be entered here.
Column 7	Amount of provision made	If a specific provision has been made against any large exposures reported, whether a capital or interest provision, enter the value of the provision in sterling equivalent to the nearest thousand pounds (but omitting the 000s).
Column 8	Facility expressed as a percentage of capital base	This is calculated by expressing the figures given in column 4 as a percentage of the figure given in line H.1 of Module 7. This will be completed automatically.
Column 9	Change from previous quarter	This is calculated by subtracting the value in sterling of each facility at the previous quarter end from that facility’s value as at the reporting date (i.e. column 4). If the value has gone down, a minus figure should be reported (indicated by putting a minus sign before the figure). If the facility was not reported at the last quarter (for whatever reason) the line should be left blank.
Column 10	Grandfathered	Answer Y or N. Exposures already in existence as at 30 June 2014 can be grandfathered through to their expiry date without the need to conform to the requirements of the new large exposure policy that came into force on that date.

B4. UPSTREAMING – PARENT AND GROUP

Detailed guidance

Item	Description	Guidance
Sheet	Large Exposures	<p>The aim of this section is to capture all exposures to parent and group entities, regardless of the size of those exposures as a % of net capital base.</p> <p><u>On balance sheet and off balance sheet sections:</u></p> <p>The worksheet is divided into on balance sheet and off balance sheet sections.</p> <p>An exposure in excess of 10% of net capital base may be just one item (a market loan for example) or it could comprise a number of smaller items that in aggregate reach the greater than 10% of capital base threshold (for example a market loan and an interest rate hedging contract). On and off balance sheet items need to be reported in the appropriate section.</p> <p>For example, a parent or group entity that has an exposure that comprises (i) a market loan facility equivalent to 9% of net capital, and (ii) an interest rate hedging contract with a credit equivalent amount of 5% of net capital, has an aggregate exposure in excess of 10% of net capital base. This should be reported as follows:</p> <ul style="list-style-type: none"> • The market loan is reported in the on balance sheet section • The interest rate hedging contract is reported in the off balance sheet section <p>The aim is to keep the reporting as simple as possible; there is no need to list any undrawn portion of an item already listed in the on balance sheet section as a separate off balance sheet exposure.</p> <p>Note that for the off balance sheet items, it is the value in column 4, the credit equivalent amount, rather than the nominal amount that will be used in the calculation of the net capital equivalent. Please see the Guidance Notes for Module 1 for detail on calculating credit equivalent amounts.</p> <p>It would be helpful if parent and group banks could be reported in the same order in each section.</p>

Item	Description	Guidance
		<p><i>Aggregation</i></p> <p>The report is designed to show exposures to different parent and group entities. They may be part of the same banking group, but an exposure to Group Bank Limited Hong Kong and an exposure to Group Bank Limited London, should be reported separately.</p> <p>However, the aim is to keep the reporting as simple as possible, so separate exposures with the same parent or group entity that are the same exposure type can be aggregated together. For example, if the reporting bank has three separate market loans of various maturities to Group Bank Limited Hong Kong, these can be aggregated onto one line in the on balance sheet section.</p>
Column 1	Name and location of counterparty	Please give the name and geographical location of the parent or group entity (e.g. "Parent Bank X, Frankfurt" or "Group Entity A, Zurich".
Column 2	Lowest rating of counterparty	Preface by S, F or M (S&P, Fitch or Moody's)
Column 3	Nature of exposure	<p>E.g. for on balance sheet exposures - market loan(s), CD(s), FRN(s), etc.</p> <p>E.g. for off balance sheet exposures – guarantee(s), unfunded risk participation agreement(s), FX contract(s), interest rate contract(s), etc.</p>
Column 4	Amount	<p>Report the sterling equivalent value of the nominal, principal or face amount of the loan, etc.</p> <p>For debt instruments, please report the carrying value (i.e. either fair value or amortised cost (for hold to maturity securities)) that would normally be reflected on the bank's balance sheet.</p>
Column 5	Credit equivalent amount	Please enter the Credit Equivalent Amount for off balance sheet exposures only. Please see the Guidance Notes for Module 1 for calculation of Credit Equivalent Amounts.
Column 6	Maturity	Report the next maturity date of the facility in DD/MM/YY format (the "/"s should also be entered). If the facility was rolled over at the last maturity date enter X in the box by clicking the mouse cursor in it. If the facility has no maturity date leave the cell blank. For exposures which consist of more than one facility with differing maturity dates the word "various" should be entered here.
Column 7	Amount of provision made	If a specific provision has been made against any large exposures reported, whether a capital or interest provision, enter the value of the provision in sterling equivalent to the nearest thousand pounds (but omitting the 000s).

Item	Description	Guidance
Column 8	Facility expressed as a percentage of capital base	This is calculated by expressing the figures given in column 4 as a percentage of the figure given in line H.1 of Module 7. This will be completed automatically.
Column 9	Change from previous quarter	This is calculated by subtracting the value in sterling of each facility at the previous quarter end from that facility's value as at the reporting date (i.e. column 4). If the value has gone down, a minus figure should be reported (indicated by putting a minus sign before the figure). If the facility was not reported at the last quarter (for whatever reason) the line should be left blank.

C. PROFIT AND LOSS

Overview

Report amounts from the reporting bank's current management accounts for the year up to the date reported in this line (which should be the most recent amounts available). Figures reported may be unaudited and subject to revision. The date should be entered in dd/mm/yy format (the "/"s should also be entered). Banks should report following the categories provided in lines 34.1 to 34.29. Banks having difficulty in categorising their income and expenditure items may contact the banking division at the commission for guidance.

Detailed guidance

Item	Nature of Item	Guidance
C		
	Income	
	Banking Income	
C.1	Interest Income	Include under these headings both interest actually received and paid and interest receivable and payable that has accrued but has not yet been received or paid. Amounts accrued should be based on the latest date to which these calculations were made; thus for a bank which accrues profits on a daily basis, accruals should include amounts up to and including the reporting date. Also include under this heading income accrued in respect of the amortisation of discounts (and premiums) on the purchase of fixed maturity investments which are not held for dealing (eg Treasury Bills).
C.2	Interest Expense (enter absolute value)	
C.3	Net Interest Income	Automatically completed as interest income minus interest expense.
C.4	Profit/loss on foreign exchange dealing and currency positions	Report the net income derived from revaluations of foreign exchange positions and, if identifiable, fees and commissions relating to foreign exchange business.
C.5	Profit/loss on investments held for dealing	Report the net income derived from investments (excluding revaluation profits or losses) other than those arising from the sale of investments in subsidiary or associated companies, trade investments or the amortisation of premiums or discounts on the purchase of fixed maturity investments that are not held for dealing.

Item	Nature of Item	Guidance
C.6	Net Income from banking fees, charges and commissions	Income from banking fees and commissions. Include charges made for services provided by the bank, e.g. for the provision of current account facilities, corporate advice, investment management services, guarantees and indemnities, commission on the sale of insurance or travellers cheques etc, but not those disclosed separately in C.4 or Non Banking Income.
C.7	Increase / decrease in book value of investments	Report the net gains derived from the revaluation of investments other than those arising from the revaluation of investments in subsidiary or associated companies, trade investments or the amortisation of premiums or discounts on the purchase of fixed maturity investments that are not held for dealing.
C.8	Total Banking Income	Automatically completed as the sum of items C.3 to C.7.
	Non Banking Income	
C.9	Investment management fees	Enter here all fees/commissions received by the reporting institution for portfolio management services, (both for discretionary and non-discretionary portfolios). Include only fees/commissions agreed with the customer for the management of portfolios.
C.10	Trust and company administration fees	Enter here all fees received by the reporting institution for administering companies/trusts on behalf of clients, including those charged for the provision of registered office, directors, company secretary, etc.
C.11	Trustee/Custodian fees	Enter here all fees received by the reporting institution for acting as a Trustee or Custodian to open or closed ended funds.
C.12	Fund management fees	Enter here all fees received by the reporting institution for acting in any role in relation to the management of an open or closed ended fund.

Item	Nature of Item	Guidance
C.13	Investment dealing profits and commissions	Enter here all commissions and profits received/earned in investment transactions with, or on behalf of, clients. Include commission/profits from investment dealing transactions undertaken by the reporting institution where it acts as principal but buys/sells on a matched (or virtually matched) basis to clients. (For example, where the reporting institution purchases a block of shares/investments from a broker and then sells these on to its own investment clients).
C.14	Administered Bank/Trust Company fees	Report fees (annual, flat rate, ad valorem or transaction based) earned by the bank from administered banks and/or trust companies. Include also fees for providing outsourced services to non-administered banks and trust companies (such as directorships, treasury functions, company secretarial duties etc).
C.15	Other	Report here any other income from customers.
C.16	Total Non Banking Income	Automatically completed as the sum of items C.9 to C.15.
Dividends and other income		
C.17	Dividends/share of profits (or losses) from subsidiaries and associated companies (report a loss as a negative)	Companies reporting on an unconsolidated basis should include only the dividends received from other group companies. Those reporting on a consolidated basis should include the share of profits from associated companies where equity accounting is used.
C.18	Profit (loss) on fixed assets (inc revaluation of fixed assets)	Include the profit or loss on the sale of non-trading assets of the reporting bank, e.g. premises, equipment, subsidiary and associated companies and trade investments. In respect of revaluation surpluses/deficits, reporting banks should follow UK, US or International Accounting Standards or such other body of generally accepted accounting principles as agreed in writing by the Commission. Amounts in respect of surpluses/deficits normally taken to the profit and loss account (e.g. movements in provisions against trade investments) should be included in this item. Amounts normally taken direct to reserves should not be included here.
C.19	Other Income	Report here all other income.
C.20	Dividends and other income	Automatically completed as the sum of items C.17 to C.19.

Item	Nature of Item	Guidance
C.21	Total Income	Automatically completed as the sum of items C.8, C.16 and C.20.
	Expenses	
	Operating Expenses	
C.22	All Operating Expenses except:	Report all ordinary business expenses not falling under any category below.
C.23	Group Management/ Administration Charge	Report general management charges paid to the Parent or Group that are not specifically allocated under any other heading.
C.24	Staff costs	Report salary costs, employer's social security contributions, the employer's contribution to any pension scheme and the costs of staff benefits paid on a per capita basis such as private medical insurance, staff travel concessions etc. General staff benefits, such as subsidised restaurants, would fall outside this category and be included in C.22.
C.25	Systems Expenses	Report the current year's expenditure on computer systems software, hardware and maintenance and staff costs where these are analysed separately by the bank.
C.26	Premises & Equipment	Report rates, rent, buildings' insurance, lighting, heating and maintenance costs.
C.27	Audit & Legal fees	Report audit and legal fee expenses on this line.
C.28	Total Operating Expenses	Automatically completed as the sum of items C.22 to C.27.
	Profit before Extraordinary Items	
C.29	Bad Debt Provisions (Capital and Interest)	Enter here the net charge for specific and general bad debt provisions including provisions for both capital and interest.
C.30	Profit before Extraordinary Items and Tax	Automatically completed as the product of Total Income minus Total Operating Expenses and minus item C.29.
C.31	Extraordinary Items	Extraordinary items should be reported net of attributable taxation. Enter net extraordinary income as a negative figure, and net extraordinary costs as a positive figure.
C.32	Taxation	For returns covering less than a year, the taxation charge should be estimated by applying a reasonable estimate of the reporting bank's effective tax rate applicable for the year in question.

Item	Nature of Item	Guidance
C.33	Profits before dividends	Automatically completed as C.30 minus items C.31 and C.32
C.34	Dividends	Report only dividends declared that have been paid out of current year profits. All other dividends should be deducted directly from disclosed reserves.
C.35	Profit retained	Automatically completed as C.33 minus item C.34.

D. PROVISIONS ETC.**Detailed guidance**

Item	Description	Guidance
	Provisions Against Bad and Doubtful Debts	
D.1	Previous balance as at:	Report the date at which the previous balance was reached in DD/MM/YY format (the “/”s should be entered). Show the balance outstanding on the specific and general provisions account at the end of the previous financial year-end relating to debts considered bad or doubtful. Do not include provisions made against the value of investments.
D.2	Adjustments for acquisitions/ disposals	Enter any adjustments made as a result of an acquisition or disposal of a subsidiary company the balance sheet of which includes specific or general provisions which are included in the consolidation for the particular return. Where the net adjustment is negative, report the amount with a minus sign.
D.3	Adjustments for exchange rate movements	Enter any adjustments made for exchange rate movements in respect of provisions denominated in currencies other than sterling. Where the adjustment is negative, report the amount with a minus sign.
D.4	Charge/credit to profit & loss	Enter the net charge or credit to the profit and loss account in respect of provisions. A negative amount should be shown with a minus sign. The gross charge for new provisions should be offset by other items including any provisions made in earlier years but now released in the current year’s profit and loss account. The charge or credit for specific provisions should include the charge or credit for provisions in respect of suspended interest where it is the practice of the reporting bank to show suspended interest as interest receivable in the profit and loss account.
D.5	Amounts written off (gross)	Enter the gross amount written off (before recoveries which should be reported in line D.8).
D.6	Other	Enter any other items, including exceptional provisions and transfers between general and specific provisions.
D.7	Current balance	The current balance will be the sum of lines D.1 to D.6 and will be calculated automatically.
D.8	Recoveries of amounts previously written off	Enter the total amount of loans recovered which have previously been written off.

Item	Description	Guidance
D.9	Gross values of loans against which specific provisions have been made	<p>Enter the total gross value, before the deduction of provisions, of loans against which specific provisions have been made.</p> <p>Where specific provisions have been made against credit card lending, the aggregate value of these provisions should be reported here, and the Commission informed as to the amount relating to such provisions.</p>
D.10	Total provisions against investments	Where the reporting bank carries provisions in its books for the diminution in value of investments, the total value of such provision against investments should be shown here.
D.11	Non-performing assets and loans	<p>Report the value of loans and other assets (e.g. bonds and securities) on which the interest due has not been received at the reporting date and which fall into one or other of the two time bands.</p> <p>Note: This item is not concerned with the recoverability of those loans and assets – just whether interest is overdue or outstanding on those loans after the elapse of the time period.</p>
D.12	Loans and other assets - 60 days past due	Report loans/assets overdue for more than 60 days up to those overdue for 89 days.
D.13	Loans and other assets - 90 days past due	Report loans/assets overdue for 90 days or more.

Item	Description	Guidance
D.14	Classification of loans and advances	<p>This refers to loan quality and how the bank has classified its loan book to reflect the likely recoverability of those loans and advances. A total of value impaired loans at line D.14.5 will be calculated automatically by the software. It is recognised that banks may not classify their loans precisely in this manner. If not, report the closest approximation to the bank's classifications as defined for each Grade. Off balance sheet credit substitutes such as guarantees, letters of credit, performance bonds etc should be included in the classifications.</p> <p>Report the value of loans and advances and off-balance sheet credit substitute exposures outstanding under each classification. The Commission is not seeking to include market loans in this classification.</p> <p>An exposure which has previously been classified as non-performing (i.e. Grade C or lower) may not be reclassified as performing unless:</p> <ul style="list-style-type: none"> • all arrears have been cleared and the loan has been brought fully current; • repayments have been made in a timely manner over a continuous repayment period; and • continued collection, in accordance with the contractual terms, is expected.
D.14.1	Grade A – Satisfactory.	Performing loans, advances and credit substitutes assessed as satisfactory.
D.14.2	Grade B – Watch List.	Other performing loans, advances etc subject to close monitoring following some external development or adverse credit information.
D.14.3	Grade C – Substandard	Those loans, advances etc assessed where it is unlikely all outstanding interest will be recovered but it is still expected to recover the principal.
D.14.4	Grade D – Loss	Loans, advances etc assessed as being unlikely to recover interest outstanding and the principal in full.
D.14.5	Value Impaired Loans (VIL)	This is the total of value impaired loans, advances etc as total of D.14.3 and D.14.4 and is calculated automatically.

E. STAFF.**Detailed guidance**

Item	Description	Guidance
E	Staff numbers	<p>Report here only staff employed by the bank on the business of the bank itself. For example, do not include staff numbers for staff seconded to group fund management or trust companies or staff employed by administered banks or trust companies.</p> <p>Administered banks should report the nominal number (or an estimate of the full-time equivalent) of staff employed by that bank. These staff should not be reported in the staff numbers of the administering bank.</p>
E.1	Full time	Report the number of staff employed full-time by the reporting bank.
E.2	Part time	Report in the first cell (Number), the number of staff employed part-time by the reporting bank. In the second cell (F.T.E.), report (to one decimal place) the full-time equivalent number of staff represented by the bank's part-time staff.
E.3	Total staff (F.T.E.)	This is the sum of column (B) for E.1 and E.2 and is calculated automatically.
E.4	of which number with essential housing licences	Report the number of staff (full or part-time) who are employed by the reporting bank under an essential housing licence (of whatever term).

Item	Description	Guidance
F	Estimated currencies of deposit liabilities	<p>For each of the currencies shown, banks should estimate the values as at the quarter-end. Banks should not merely estimate their largest currency values and report the rest in “other” as this will overstate the true value of the “other” line and artificially reduce the value of another.</p> <p>Only estimates of the currency breakdowns are required in this section although the total value of deposits should equal the figure given in line F.7 of Module 6.</p>

FOR BRANCH OPERATIONS ONLY ON MODULE 6 TO 9:

OFF-BALANCE SHEET EXPOSURES - EXCLUDING OTC DERIVATIVES

- 1.1 The bank should categorise off-balance sheet exposures into the following standard items and report :
- The Total amount only for each item.

Item	Description of Item	Guidance	
M.1	Direct credit substitutes	Direct credit substitutes almost always relate to the financial wellbeing of a third party. In this case the risk of loss to the bank from the transaction is equivalent to a direct claim on that party, i.e. the risk of loss depends on the creditworthiness of the third party.	
M.2	Transaction related contingencies	Transaction related contingents relate to the ongoing trading activities of a counterparty where the risk of loss to the bank depends on the likelihood of a future event that is independent of the creditworthiness of the counterparty. They are essentially guarantees that support particular financial obligations rather than supporting customers’ general financial obligations.	
M.3	Trade-related contingencies	These comprise short-term, self liquidating trade-related items, such as documentary letters of credit issued by the bank, which are, or are to be, collateralised by the underlying shipment, i.e. where the credit provides for the bank to retain title to the underlying	

Item	Description of Item	Guidance	
		shipment.	
M.4	Asset sales with recourse	Asset sales with recourse (where the credit risk remains with the bank). Put options written where the holder of the asset is entitled to put the asset back to the bank, e.g. if the credit quality deteriorates, should be reported here, as should put options written by the bank attached to marketable instruments or other physical assets.	
M.5	Forward asset purchases	Include commitments for loans and other balance sheet items with committed drawdown. Exclude foreign currency spot deposits with value dates one or two working days after trade date.	
M.6	Partly paid-up shares and securities	The unpaid part should only be included if there is a specific date for the call on that part of the shares and securities held.	
M.7	Forward deposits placed	These include a commitment to place a forward deposit. Where the bank has instead contracted to receive the deposit, failure to deliver by the counterparty will result in an unanticipated change in its interest rate exposure and may involve a replacement cost. Its exposure should therefore be treated as an interest rate contract (see Section 6).	
M.8	Note issuance and revolving underwriting facilities	Note issuance facilities and revolving underwriting facilities should include the total amounts of the bank's underwriting obligations of any maturity. Where the facility has been drawn down by the borrower and the notes are held by anyone other than the bank, the underwriting obligation should continue to be reported at the full nominal amount.	

Item	Description of Item	Guidance	
M.9a	Other commitments with original maturity of less than 1 year	The bank is regarded as having a commitment from the date the customer is advised of the facility (e.g. the date of the letter advising the customer), regardless of whether the commitment is revocable or irrevocable, conditional or unconditional and in particular whether or not the facility contains a “material adverse change” clause. Facilities subject to annual review should only be classified within M.9a if the bank is confident there is no client expectation of automatic renewal/continuation.	
M.9b	Other commitments with original maturity of 1 year and over		