**CAPITAL ADEQUACY, LEVERAGE AND TLAC**

Instructions relating to the completion of the form BA 700 are furnished with reference to the headings and item descriptions of certain columns and line-item numbers appearing on the form BA 700, as follows:

***Line items relating to the summary information of capital adequacy.***

| **Line-item number** | **Description** |
| --- | --- |
| R0020 | **Non-modelling approaches**  This item shall reflect risk weighted exposure equivalent amount, calculated using only standardised approaches specified in regulation 38(2)(h) of the Regulations. |
| R0030 | **Aggregate risk weighted exposure for purposes of the Output Floor (Output Floor)**  This item shall reflect total risk weighted exposure after applying the relevant phase-in percentage specified in table 1 of regulation 38(2)(h) of the Regulations, to the respective risk weighted exposures calculated using standardised approaches.  The phase-in requirement for the purpose of the output floor apply as follows:  1 July 2025: 60%  1 January 2026: 65%  1 January 2027: 70%  1 January 2028: 72.5%  Output floor may not be binding for banks using only standardised approaches to report aggregate risk weighted exposure equivalent amounts, therefore this item shall be equal to item R0010 of the form BA700 in instances where the output floor is not a binding constraint. |
| R0040 | **Risk weighted exposure equivalent amount in respect of concentration risk**  Based on the relevant requirements specified in regulation 24 of the Regulations and such further requirements as may be specified in writing by the Authority, this item shall reflect the relevant risk equivalent amount related to any capital requirement in respect of the large exposure framework. |
| R0050 | **Risk weighted exposure in respect of threshold items**  When reporting on a solo basis, based on, among other things, the relevant requirements specified in regulation 38 (5)(b) of the Regulations this line item shall reflect the relevant amount reported in item R1950 of the form BA 700, after applying the relevant risk weight of 250%, plus the relevant amount reported in item R1960 of the form BA 700, after applying the relevant risk weight of 1250%. |
| R0070 | **Additional Risk weighted exposure equivalent amounts specified by the Authority**  This item shall reflect the relevant risk exposure equivalent amount related to any additional requirement specified in writing by the Authority that relates to items such as floors and other specified add-ons. |

***Columns relating to the summary information of capital adequacy, items R0010 to R0080***

| **Column number** | **Description** |
| --- | --- |
| C0010 of item R0010 | This item shall reflect the relevant required aggregate amount of risk weighted credit exposure respectively reported in the specified items of the forms specified below:  Item R0410, column C0080, of the form BA 200\_STA; **plus**  Item R0480, column C0130, of the form BA 200\_IRB; **plus**  Item R0010, column C0020, of the form BA 500; **less**  Item R0400, column C0080, of the form BA 200\_STA; **less**  Item R0470, column C0130, of the form BA 200\_IRB **less**  Item R1410 column C0180, of the form BA 200\_STA **less**  Item R1960, column C0180, of the form BA 200\_IRB |
| C0010 of item R0020 | This item shall reflect the relevant required aggregate amount of risk weighted credit exposure that the reporting bank would have been required to hold if only non-modelled approaches where used, that is, the standardised approach for credit risk, the external ratings-based approach (SEC-ERBA) and the standardised approach (SEC-SA) for securitisation.  Accordingly, the item shall reflect the amount that would be reported in the specified items of the forms specified below:  Item R0410, column C0080, of the form BA 200\_STA; **plus**  Item R0030, column C0020 of the form BA 500; **plus**  Item R0040, column C0020 of the form BA 500, **less**  Item R0400, column C0080, of the form BA 200\_STA; **less**  Item R1410 column C0180, of the form BA 200\_STA  and the amount reported in the specified items of the forms specified below will be zero:  Item R0480, column C0130, of the form BA 200\_IRB;  Item R0020, column C0020, of the form BA 500;  Item R0470, column C0130, of the form BA 200\_IRB; and  Item R1960, column C0180, of the form BA 200\_IRB |
| C0020 of item R0020 | This item shall reflect the relevant required aggregate amount of risk weighted counterparty credit exposure that the reporting bank would have been required to hold if only non-modelled approaches were used, that is, the standardised approach for credit risk and the standardised approach for counterparty credit risk (SA-CCR).  Accordingly, this item shall reflect the amount that would be reported in Item R1410, column C0180, of the form BA 200\_STA and the amount reported in Item R1960 column C0180, of the form BA 200\_IRB will be zero. |
| C0020 of item R0010 | This item shall reflect the relevant required aggregate amount of risk weighted counterparty credit exposure reported in the items of the form BA 200 specified below:  Item R1410 column C0180, of the form BA 200\_STA **plus**  Item R1960, column C0180, of the form BA 200\_IRB |

***Columns relating to the summary information of capital adequacy, items R0010 to R0080***

| **Column number** | **Description** |
| --- | --- |
| C0030 of Item R0010 | This item shall reflect the relevant required aggregate amount of risk weighted credit valuation adjustment (CVA) exposure reported in the items of the CVA return:  Item R0210, column C0010 of the form CVA return. |
| C0040 of item R0010 | This item shall reflect the relevant required risk weighted exposure equivalent amount related to operational risk reported in item R050, column C0100, of the form BA 400. |
| C0050 of item R0010 | This item shall reflect the relevant required risk weighted exposure amount related to market risk calculated in the manner specified below.  Item R0010 Column C0030 of the FRTB\_SSA, ***plus***  Item R0010 column C0040 of the FRTB\_SA\_TD, ***plus***  Item R0010 column C0010 of the IMA\_CR,  the aggregate sum determined above shall be multiplied by 12.5 or such imputed variable may be applicable from time to time. |
| C0060 of item R0010 | This item shall reflect the relevant required aggregate amount of risk weighted credit exposure related to equity instruments held in the bank’s banking book, as reported in the relevant items of the form BA 340 specified below:  Item R0010, column C0020, of the form BA 340; **plus**  Item R0020, column C0020, of the form BA 340; **plus**  Item R0021, column C0020, of the form BA 340; **plus**  Item R0030, column C0020, of the form BA 340; **plus**  Item R0600, column C0030, of the form BA 340; **plus**  Item R0360, column C0040, of the form BA 340; **plus**  Item R0370, column C0020, of the form BA 340; **plus**  Item R0380, column C0020, of the form BA 340; **plus**  Item R0390, column C0020, of the form BA 340. |
| C0070 of item R0010 | This item shall reflect the relevant required risk weighted exposure equivalent amount in respect of assets or risks other than credit risk, counterparty credit risk, operational risk, market risk, risk related to equity instruments held in the bank’s banking book, or the relevant risk weighted exposure amount related to threshold items including any relevant amount of risk weighted exposure related to items reported in-  Item R1240, column C0030, of the form BA 200\_STA;  Item R1100, column C0030, of the form BA 200\_IRB; and  any other relevant amount of risk weighted exposure related to an asset or exposure specified in writing by the Authority. |

***Line items relating to required capital adequacy ratios and amounts***

| **Line-item number** | **Description** |
| --- | --- |
| R0140 | **Idiosyncratic capital requirement specified by the Authority**  This item shall reflect any relevant additional capital requirement in respect of idiosyncratic risk specified in writing by the Authority as envisaged in regulation 38(8)(e)(iii) of the Regulations which capital add-on shall be allocated to the respective specified categories of required capital in accordance with such requirements as may be specified in writing by the Authority from time to time. |
| R0220 | **Additional capital requirement specified by the Authority**  This item shall reflect any additional capital requirement specified in writing by the Authority. |

***Line items relating to Common Equity Tier 1 capital and reserve funds***

| **Line-item number** | **Description** |
| --- | --- |
| R0300 | **Paid in capital**  This item shall reflect the relevant aggregate amount of any issued common stock, including any related premium, and other instruments that comply with the relevant criteria specified in regulation 38 of the Regulations, net of any shares or instruments derecognised in terms of relevant Financial Reporting Standards issued from time to time, but shall exclude any relevant amount related to minority interests. |
| R0310 | **Retained earnings.**  This item shall reflect the relevant aggregate amount of retained earnings prior to the application of any regulatory adjustment, provided that any negative amount due to accumulated losses shall be reported in line item R1980, as part of regulatory adjustments or deductions, and not in this line item R0310. |
| R0420 | **Minority interest**  This item shall reflect the relevant aggregate amount of minority interests in shares or instruments qualifying as Common Equity Tier 1 capital, which shall be the same amount as the amount included in the form BA 600 in respect of subsidiaries that issued capital to third parties. |

***Line items relating to Common Equity Tier 1 capital and reserve funds***

| **Line-item number** | **Description** |
| --- | --- |
| R0470 | **Deferred tax assets (excluding temporary differences)**  This item shall reflect the relevant aggregate amount of deferred tax assets that rely on the future profitability of the bank to be realised, provided that-   * the relevant amount may be netted with any associated deferred tax liabilities if such amount relates to taxes levied by the same taxation authority and offsetting is permitted by that authority; * any relevant amount related to an over-instalment of tax, giving rise to a claim or receivable amount from the government or local tax authority, which amount is typically classified as part of current tax assets, shall be reported in the form BA 200, and assigned the relevant risk weight. |
| R0540 | **Securitisation gain on sale (expected future margin income)**  This item shall reflect the relevant aggregate amount related to any relevant securitisation gain on sale, which amount shall be equal to line item R0050 column C0030 of the form BA 500. |

***Line items relating to additional Tier 1 capital and reserve funds***

| **Line-item number** | **Description** |
| --- | --- |
| R0680 | **Additional Tier 1 instruments issued**  This item shall reflect the relevant aggregate amount related to instruments issued that comply with the criteria specified in regulation 38 of the Regulations to qualify as additional Tier 1 capital. Provided that the bank shall report any relevant premium received in line item R0720. |

***Line items relating to additional Tier 1 capital and reserve funds***

| **Line-item number** | **Description** |
| --- | --- |
| R0710 | **Minority interest**  This item shall reflect the relevant aggregate amount of minority interests in shares or instruments qualifying as additional tier 1 capital and reserve funds, prior to the deduction of any relevant surplus amount, which shall be the same amount as the amount included in the form BA 600 in respect of subsidiaries that issued capital instruments to third parties, provided that any minority interest in respect of common or ordinary shares of non-banking entities shall be included in this line item R0710 and not in line item R0420. |

***Line items relating to Tier 2 capital and reserve funds***

| **Line-item number** | **Description** |
| --- | --- |
| R0790 | **Tier 2 instruments issued**  This item shall reflect the relevant aggregate amount related to instruments issued that comply with the criteria specified in regulation 38 of the Regulations to qualify as Tier 2 capital, including any relevant premium received. |
| R080 | **Minority interest**  This item shall reflect the relevant aggregate amount of minority interests in shares or instruments qualifying as Tier 2 capital, which shall be the same amount as the amount included in the form BA 600 in respect of subsidiaries that issued capital instruments to third parties. |

***Line items relating to reconciliation in respect of unappropriated profits***

| **Line-item number** | **Description** |
| --- | --- |
| R0940 | **Unappropriated profits**  This item shall reflect the relevant aggregate amount in respect of unappropriated profits, provided that any negative amount due to accumulated losses shall be reported in line item R1980, as part of regulatory adjustments or deductions. |

***Line items relating to capital adequacy***

| **Line-item number** | **Description** |
| --- | --- |
| R0950 columns C0010 to C0030 | **Capital adequacy ratio, including unappropriated profits after the application the transitional arrangements in respect of the output floor.**  This item shall reflect the relevant adjusted capital adequacy ratio after the transitional arrangements in respect of the output floor. |
| R0 960 columns C0040 to C0060 | **Capital adequacy ratio: percentages excluding the output floor**  These items shall reflect the relevant capital adequacy ratio excluding the impact of the output floor. |

***Line items relating to specified regulatory adjustments and deductions***

| **Line-item number** | **Description** |
| --- | --- |
| R1580 to R1640 | **Risk weighted assets of amounts below the threshold, not deducted**  These items shall reflect the relevant aggregate amounts in respect of assets or instruments held in the bank’s banking book or trading book respectively, and which assets or instruments-   * are risk weighted and reported in accordance with the relevant requirements respectively specified in regulations 23 and 28 of the Regulations; * shall not be included in line item R0050, column C0070, of the form BA 700. |
| R1840 | **Net deferred tax assets due to temporary differences**  This item shall reflect the relevant aggregate amount of deferred tax assets relating to temporary differences such as allowance for credit impairment, provided that the relevant amount may be netted with any associated deferred tax liabilities if such amount relates to taxes levied by the same taxation authority and offsetting is permitted by that authority. |

***Line items relating to capital distribution and income***

| **Line-item number** | **Description** |
| --- | --- |
| R2070 to R2170 | **Income and distributions**  These items shall only be completed by banks that have utilised part of their specified capital buffers and that have reported a percentage lower than 100 per cent in line item R2240 of the form BA 700, provided that, when required to be completed, the items shall be completed based on six-month rolling balances. |
| R2100 to R2160 | **Distributions**  All relevant specified distributions shall be reported in the period in which they are recognised in the relevant accounting records of the bank in accordance with the relevant Financial Reporting Standards, provided that the bank shall reverse or derecognise any relevant tax implication or impact of making such payments. |

***Line items relating to leverage***

| **Line-item number** | **Description** |
| --- | --- |
| R2280 | **Leverage exposure measure**  A bank’s total leverage ratio exposure measure is the sum of the on-balance sheet exposures (excluding on-balance sheet derivatives and security financing transaction exposures) and adjusted derivative exposures, securities financing transaction exposures, and off-balance sheet items. |
| R2540 | **Securities financing transaction exposures**  Banks must report the amounts of gross securities financing transaction (SFT) assets based on either monthly or quarterly average values, depending on whether the reporting period coincides with the end of a quarter, using average of daily values over such period when reporting this line item. This is intended to smooth out the heightened volatility in SFT markets around quarter-end dates. |