



RBC EUROPE LIMITED
SEMI-ANNUAL PILLAR 3 DISCLOSURE
FOR THE HALF YEAR ENDED 30 APRIL 2018

To be read in conjunction with
PILLAR 3 DISCLOSURE
FOR THE YEAR ENDED 31 OCTOBER 2017
[\[http://www.rbc.com/aboutus/rbccl-index.html\]](http://www.rbc.com/aboutus/rbccl-index.html)

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1.0 Background

This semi-annual Pillar 3 disclosure is published in line with the EBA guidance EBA/GL/2014/14 (Guidance). As there have been no significant changes to the business of RBC Europe Limited, this disclosure provides only the updated numeric information suggested by the Guidance. The tables below should therefore be read in conjunction with the full annual disclosure which contains the data as of 31 October 2017. Table numbering is in line with the 2017 annual disclosure.

RBC Europe Limited does not consider that it has any items prone to rapid changes and therefore the relevant section is a Nil return.

2.0 Risk Governance

No update required.

3.0 Own Funds

Table 1: Full reconciliation of own funds items to audited financial statements (Table 3 in 2017 Pillar 3)

Per Unaudited Statement of changes in equity	30 April 2018
£'000	
Common shares	497,996
Other equity (Additional Tier 1 Capital)	141,953
Other components of equity:	
<i>Capital reserves</i>	36,619
<i>Share premium</i>	803
<i>Remeasurement of pension assets and liabilities</i>	(5,922)
<i>Available-for-sale reserve</i>	33,713
Total other components of equity	65,213
Retained earnings	
<i>Opening</i>	492,815
<i>Net profit</i>	52,215
<i>less unverified profit</i>	(29,056)
Audited retained earnings at 30 April	515,973
Total equity	1,221,136
Adjustments to CET1 due to prudential filters	
<i>Value adjustments due to the requirements for prudent valuation</i>	(12,021)
Transitional adjustments due to IFRS9	684
Deductions of CET1 Capital	
<i>Other intangible assets</i>	0.00
<i>Deferred tax liabilities associated to other intangible assets</i>	0.00
<i>Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities</i>	
<i>Defined benefit pension assets</i>	(1,511)
<i>Deferred tax liabilities associated to defined benefit pension assets</i>	363
<i>Deduction of holdings Common Equity Tier 1 instruments where an in:</i>	0
Total CET1 deductions	(1,148)
Total Fully Loaded Tier 1 Capital	1,208,651
Tier 2 Capital	
Subordinated loans	217,976
Total Fully Loaded Tier 2 Capital	217,976
Fully Loaded Own Funds	1,426,627

Per Unaudited Statement of changes in equity		
£'000		31 October 2017
Common shares		497,996
Other components of equity:		
<i>Capital reserves</i>	36,619	
<i>Share premium</i>	803	
<i>Remeasurement of pension assets and liabilities</i>	(5,874)	
<i>Available-for-sale reserve</i>	33,713	
Total other components of equity		65,261
Retained earnings		
<i>Opening</i>	413,640	
<i>Net profit</i>	80,072	
Audited retained earnings at 31 October		493,712
Total equity		1,056,969
Adjustments to CET1 due to prudential filters		
<i>Value adjustments due to the requirements for prudent valuation</i>		(10,868)
Deductions of CET1 Capital		
<i>Other intangible assets</i>	(56)	
<i>Deduction of holdings Common Equity Tier 1 instruments where an in:</i>	(15,229)	
Total CET1 deductions		(15,741)
Total Fully Loaded Tier 1 Capital		1,030,359
Tier 2 Capital		
Subordinated loans		248,105
Collective provision gross of tax		0
Deduction of holdings Tier 2 instruments where an intuition does not ha	(36,860)	
Total Tier 2 deductions		(36,860)
Total Fully Loaded Tier 2 Capital		211,245
Fully Loaded Own Funds		1,241,605

Table 2 Transitional own funds disclosure (Table 4 in 2017 Pillar 3)

Common Equity Tier 1 capital: instruments and reserves	30 April 2018 £'000	Prescribed residual amount	Final CRD IV
Capital instruments and the related share premium accounts	498,799	-	498,799
of which: Common shares	497,996	-	497,996
Retained earnings	515,973	-	515,973
Accumulated other comprehensive income (and any other reserves)	64,410	-	64,410
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,079,182	-	1,079,182
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
Additional value adjustments	(12,021)	-	(12,021)
Goodwill and Other intangible assets (net of related tax liability)	-	-	-
Empty set in the EU			
Deferred tax assets that rely on future profitability excluding those arising from temporary difference	-	-	-
Defined-benefit pension fund assets (net of related tax liability)	(1,148)	-	(1,148)
Transitional adjustments due to IFRS9	684	(684)	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(12,485)	(684)	(13,169)
Common Equity Tier 1 (CET1) capital	1,066,697	(684)	1,066,014
Additional Tier 1 (AT1) capital	141,953	-	141,953
Tier 1 capital (T1 = CET1 + AT1)	1,208,651	(684)	1,207,967
Tier 2 (T2) capital: instruments and provisions			
Subordinated loans	217,976	-	217,976
Credit risk adjustments	-	-	-
Tier 2 (T2) capital before regulatory adjustment	217,976	-	217,976
Tier 2 (T2) capital: regulatory adjustments			
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	-	-
Total regulatory adjustments to Tier 2 (T2) capital	-	-	-
Tier 2 (T2) capital	217,976	-	217,976
Total capital (TC = T1 + T2)	1,426,627	(684)	1,425,943
Total risk-weighted exposures	7,167,176		7,167,176
Capital ratios and buffers			
Common Equity Tier 1 ratio	14.9%		14.9%
Tier 1 ratio	16.9%		16.9%
Total capital ratio	19.9%		19.9%
Institution specific buffer requirement	135,918		
of which: capital conservation buffer requirement	134,385		
of which: countercyclical buffer requirement	1,533		
of which: systemic risk buffer requirement	-		
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-		
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.9%		
Amounts below the thresholds for deduction (before risk-weighting)			
Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-		
Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-		
Deferred tax assets arising from temporary difference	-		
Applicable caps on the inclusion of provisions in Tier 2			
Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-		
Cap on inclusion of credit risk adjustments in T2 under standardised approach	-		
Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	-		
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-		
Capital instruments subject to phase-out arrangements (applicable between 1 Jan 2014 and 1 Jan 2022)			
- Current cap on CET1 instruments subject to phase-out arrangements	-		
- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		
- Current cap on AT1 instruments subject to phase-out arrangements	-		
- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		
- Current cap on T2 instruments subject to phase-out arrangements	-		
- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		

Common Equity Tier 1 capital: instruments and reserves	31 October 2017 £'000	Prescribed residual amount	Final CRD IV
Capital instruments and the related share premium accounts	498,799	-	498,799
of which: Common shares	497,996	-	497,996
Retained earnings	493,712	-	493,712
Accumulated other comprehensive income (and any other reserves)	64,458	-	64,458
Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,056,969	-	1,056,969
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
Additional value adjustments	(10,868)	-	(10,868)
Goodwill and Other intangible assets (net of related tax liability)	(56)	-	(56)
Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(15,229)	-	(15,229)
Total regulatory adjustments to Common Equity Tier 1 (CET1)	(26,610)	-	(26,610)
Common Equity Tier 1 (CET1) capital	1,030,359	-	1,030,359
Additional Tier 1 (AT1) capital	-	-	-
Tier 1 capital (T1 = CET1 + AT1)	1,030,359	-	1,030,359
Tier 2 (T2) capital: instruments and provisions			
Subordinated loans	248,105	-	248,105
Credit risk adjustments	-	-	-
Tier 2 (T2) capital before regulatory adjustment	248,105	-	248,105
Tier 2 (T2) capital: regulatory adjustments			
Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	(36,860)	-	(36,860)
Of which new holdings not subject to transitional arrangements	(36,860)	-	(36,860)
Total regulatory adjustments to Tier 2 (T2) capital	(36,860)	-	(36,860)
Tier 2 (T2) capital	211,245	-	211,245
Total capital (TC = T1 + T2)	1,241,604	-	1,241,604
Total risk-weighted exposures	7,156,992		
Capital ratios and buffers			
Common Equity Tier 1 ratio	14.4%		
Tier 1 ratio	14.4%		
Total capital ratio	17.3%		
Institution specific buffer requirement	45,508		
of which: capital conservation buffer requirement	44,731		
of which: countercyclical buffer requirement	777		
of which: systemic risk buffer requirement	-		
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-		
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.4%		
Amounts below the thresholds for deduction (before risk-weighting)			
Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-		
Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-		
Deferred tax assets arising from temporary difference	26,610		
Applicable caps on the inclusion of provisions in Tier 2			
Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-		
Cap on inclusion of credit risk adjustments in T2 under standardised approach	-		
Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	-		
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-		
Capital instruments subject to phase-out arrangements (applicable between 1 Jan 2014 and 1 Jan 2022)			
- Current cap on CET1 instruments subject to phase-out arrangements	-		
- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		
- Current cap on AT1 instruments subject to phase-out arrangements	-		
- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		
- Current cap on T2 instruments subject to phase-out arrangements	-		
- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		

Table 3: Transitional arrangements for IFRS9

£'000		30-Apr-18
Quantitative template		
Available capital (amounts)		
1	Common Equity Tier 1 (CET1) capital	1,066,697
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1,066,014
3	Tier 1 capital	1,208,651
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1,207,967
5	Total capital	1,426,627
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	1,425,943
Quantitative template		
7	Total risk-weighted assets	7,167,176
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,166,125
Capital ratios		
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	14.9%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.9%
11	Tier 1 (as a percentage of risk exposure amount)	16.9%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.9%
13	Total capital (as a percentage of risk exposure amount)	19.9%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.9%
Leverage ratio		
15	Leverage ratio total exposure measure	43,110,400
16	Leverage ratio	2.80%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2.80%

3.4 Leverage Ratio

Table 4: Leverage ratio disclosure (Table 7 in 2017 Pillar 3)

As at 30 April 2018		£'000
Summary reconciliation of accounting assets and leverage ratio exposures		
	Applicable Amounts	
Total assets as per financial statements	39,359,199	
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-	
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	-	
Adjustments for derivative financial instruments	(484,761)	
Adjustments for securities financing transactions "SFTs"	711,115	
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	3,518,061	
(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-	
(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-	
Other adjustments	6,786	
Total leverage ratio exposure	43,110,400	
Leverage ratio common disclosure		
	CRR leverage ratio exposure	
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	18,639,633	
(Asset amounts deducted in determining Tier 1 capital)	(1,511)	
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	18,638,122	
Derivative exposures		
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	613,377	
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	932,739	
Exposure determined under Original Exposure Method	-	
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	
(Exempted CCP leg of client-cleared trade exposures)	-	
Adjusted effective notional amount of written credit derivatives	557,654	
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(509,540)	
Total derivative exposures	1,594,230	
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	19,886,243	
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,237,372)	
Counterparty credit risk exposure for SFT assets	711,115	
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-	
Agent transaction exposures	-	
(Exempted CCP leg of client-cleared SFT exposure)	-	
Total securities financing transaction exposures	19,359,987	
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	6,613,158	
(Adjustments for conversion to credit equivalent amounts)	(3,095,097)	
Other off-balance sheet exposures	3,518,061	
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	
Capital and total exposures		
Tier 1 capital	1,208,651	
Total leverage ratio exposures	43,110,400	
Leverage ratio	2.80%	
Choice on transitional arrangements and amount of derecognised fiduciary items		
Choice on transitional arrangements for the definition of the capital measure	-	
Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	-	

Description of the processes used to manage the risk of excessive leverage	Leverage ratio is reported to and monitored by ALCO on a monthly basis. Internal limits have been set up for each business line in accordance with the Company's risk appetite. Finance monitors the leverage usage against the limits on a daily basis.
Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers	As at 30 April 2018, the leverage exposure is mainly driven by securities financing transactions (45%), cash (16%), loans and advances (9%), trading securities (9%) and settlement balances (6%).

As at 31 October 2017

£'000

Summary reconciliation of accounting assets and leverage ratio exposures

	Applicable Amounts
Total assets as per published financial statements	40,034,945
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	-
Adjustments for derivative financial instruments	(923,785)
Adjustments for securities financing transactions "SFTs"	1,480,486
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	3,335,682
(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-
(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-
Other adjustments	(598,833)
Total leverage ratio exposure	43,328,495

Leverage ratio common disclosure

	CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	16,627,981
(Asset amounts deducted in determining Tier 1 capital)	(12,936)
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	16,615,045
Derivative exposures	
Replacement cost associated with <i>all</i> derivatives transactions (ie net of eligible cash variation margin)	312,827
Add-on amounts for PFE associated with <i>all</i> derivatives transactions (mark-to-market method)	951,018
Exposure determined under Original Exposure Method	-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
(Exempted CCP leg of client-cleared trade exposures)	-
Adjusted effective notional amount of written credit derivatives	306,212
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(271,573)
Total derivative exposures	1,298,484
Securities financing transaction exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	21,825,298
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,072,823)
Counterparty credit risk exposure for SFT assets	1,327,687
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-
Agent transaction exposures	-
(Exempted CCP leg of client-cleared SFT exposure)	-
Total securities financing transaction exposures	22,080,162
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amount	6,617,357
(Adjustments for conversion to credit equivalent amounts)	(3,282,553)
Other off-balance sheet exposures	3,334,804
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)	
(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance s	-
Capital and total exposures	
Tier 1 capital	1,030,359
Total leverage ratio exposures	43,328,495
Leverage ratio	
Leverage ratio	2.38%
Choice on transitional arrangements and amount of derecognised fiduciary items	

Description of the processes used to manage the risk of excessive leverage	Leverage ratio is reported to and monitored by ALCO on a monthly basis. Internal limits have been set up for each business line in accordance with the Company's risk appetite. Finance monitors the leverage usage against the limits on a daily basis.
Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers	As at 31 October 2017, the leverage exposure is mainly driven by securities financing transactions (51%), cash (12%), loans and advances (11%), trading securities (8%) and settlement balances (6%)

4.0 Capital Requirements

Table 5: Risk exposure amount by risk type and calculation approach adopted (Table 8 in 2017 Pillar 3)

As at 30 April 2018

	Risk-weighted Exposure	CET1 Capital requirement @ 4.5%	Tier 1 Capital requirement @ 6%	Total Capital requirement @8%
<i>£'000</i>				
Risk-weighted exposure amounts for credit and counterparty credit				
<i>Calculated under the Standardised Approach</i>				
Central governments or central banks	55,718	2,507	3,343	4,457
Public sector entities	88,176	3,968	5,291	7,054
Multilateral Development Banks	-	-	-	-
Institutions	757,292	34,078	45,438	60,583
Corporates	2,874,207	129,339	172,452	229,937
Secured by mortgages on immovable property	227,589	10,242	13,655	18,207
Equity	33,252	1,496	1,995	2,660
Other items	29,071	1,308	1,744	2,326
	<u>4,065,303</u>	<u>182,939</u>	<u>243,918</u>	<u>325,224</u>
Risk exposure amount for contributions to the default fund of a CCP	41,256	1,857	2,475	3,300
	<u>4,106,559</u>	<u>184,795</u>	<u>246,394</u>	<u>328,525</u>
Risk-weighted exposure amount settlement/delivery risk in the Trading book	310	14	19	25
Risk-weighted exposure amount for position, foreign exchange and commodities risks				
<i>Calculated under the Standardised Approach</i>				
Interest Rate	2,055,333	92,490	123,320	164,427
Equity	96,837	4,358	5,810	7,747
Foreign Exchange	200,983	9,044	12,059	16,079
Commodities	6,664	300	400	533
	<u>2,359,816</u>	<u>106,192</u>	<u>141,589</u>	<u>188,785</u>
Risk-weighted exposure amount for operational risk				
<i>Calculated under the Basic Indicator Approach</i>				
	695,680	31,306	41,741	55,654
Risk-weighted exposure amount for credit valuation adjustment				
<i>Calculated under the Standardised Method</i>				
	4,810	216	289	385
Total	7,167,176	322,523	430,031	573,374
Surplus CET1 Capital over the minimum requirement		744,903		
Surplus Tier1 Capital over the minimum requirement			779,349	
Surplus Total Capital over the minimum requirement				853,981

As at 31 October 2017

	Risk-weighted Exposure	CET1 Capital requirement @ 4.5%	Tier 1 Capital requirement @ 6%	Total Capital requirement @8%
<i>£'000</i>				
Risk-weighted exposure amounts for credit and counterparty credit				
<i>Calculated under the Standardised Approach</i>				
Central governments or central banks	45,599	2,052	2,736	3,648
Public sector entities	74,988	3,374	4,499	5,999
Multilateral Development Banks	-	-	-	-
Institutions	714,601	32,157	42,876	57,168
Corporates	3,045,028	137,026	182,702	243,602
Secured by mortgages on immovable property	286,888	12,910	17,213	22,951
Equity	18,848	848	1,131	1,508
Other items	23,945	1,078	1,437	1,916
	<u>4,209,897</u>	<u>189,445</u>	<u>252,594</u>	<u>336,792</u>
Risk exposure amount for contributions to the default fund of a CCP	56,896	2,560	3,414	4,552
	<u>4,266,793</u>	<u>192,006</u>	<u>256,008</u>	<u>341,343</u>
Risk-weighted exposure amount settlement/delivery risk in the Trading book	59	3	4	5
Risk-weighted exposure amount for position, foreign exchange and commodities risks				
<i>Calculated under the Standardised Approach</i>				
Interest Rate	2,036,620	91,648	122,197	162,930
Equity	42,469	1,911	2,548	3,398
Foreign Exchange	89,433	4,024	5,366	7,155
Commodities	19,098	859	1,146	1,528
	<u>2,187,620</u>	<u>98,443</u>	<u>131,257</u>	<u>175,010</u>
Risk-weighted exposure amount for operational risk				
<i>Calculated under the Basic Indicator Approach</i>	695,680	31,306	41,741	55,654
Risk-weighted exposure amount for credit valuation adjustment				
<i>Calculated under the Standardised Method</i>	6,840	308	410	547
Total	7,156,992	322,065	429,419	572,559
Surplus CET1 Capital over the minimum requirement		708,295		
Surplus Tier1 Capital over the minimum requirement			600,940	
Surplus Total Capital over the minimum requirement				669,045

5.0 Credit Risk

Table 6: Risk exposure amounts by banking and trading activities (Table 9 in 2017 Pillar 3)

As at 30 April 2018			
<i>£'000</i>			
	Banking	Trading	Total
Risk-weighted exposure amounts for credit and counterparty credit			
<i>Calculated under the Standardised Approach</i>			
Central governments or central banks	34,066	21,652	55,718
Public sector entities	88,176	-	88,176
Institutions	102,081	655,211	757,292
Corporates	2,151,669	722,537	2,874,207
Secured by mortgages on immovable property	227,589	-	227,589
Equity	33,252	-	33,252
Other items	29,071	-	29,071
	<u>2,665,904</u>	<u>1,399,400</u>	<u>4,065,303</u>
Risk exposure amount for contributions to the default fund of a CCP	-	41,256	41,256
	2,665,904	1,440,655	4,106,559
Risk-weighted exposure amount settlement/delivery risk in the Trading book	-	310	310
Total	2,665,904	1,440,966	4,106,869
As at 31 October 2017			
<i>£'000</i>			
	Banking	Trading	Total
Risk-weighted exposure amounts for credit and counterparty credit			
<i>Calculated under the Standardised Approach</i>			
Central governments or central banks	34,183	11,416	45,599
Public sector entities	71,484	3,504	74,988
Institutions	86,829	627,772	714,601
Corporates	2,134,580	910,448	3,045,028
Secured by mortgages on immovable property	286,888	-	286,888
Equity	18,848	-	18,848
Other items	23,945	-	23,945
	<u>2,656,757</u>	<u>1,553,140</u>	<u>4,209,897</u>
Risk exposure amount for contributions to the default fund of a CCP	-	56,896	56,896
	2,656,757	1,610,036	4,266,793
Risk-weighted exposure amount settlement/delivery risk in the Trading book	-	59	59
Total	2,656,757	1,610,095	4,266,851

Table 7: Gross credit exposures within the banking book (Table 10 in 2016 Pillar 3)**As at 30 April 2018**

£'000

Exposure amounts for credit risk in the banking book

	Gross Exposure	Final Exposure	Risk- weighted Exposure
<u>On balance sheet exposures</u>			
Central governments or central banks	6,722,610	6,722,610	34,066
Public sector entities	176,351	176,351	88,176
Institutions	105,012	105,012	24,334
Corporates	3,564,934	1,496,282	1,269,766
Secured by mortgages on immovable property	591,649	573,690	222,191
Equity	33,252	33,252	33,252
Other items	29,080	29,080	29,071
	<u>11,222,888</u>	<u>9,136,277</u>	<u>1,700,855</u>
<u>Off balance sheet exposures</u>			
Central governments or central banks	106,142	53,071	-
Public sector entities			
Multilateral Development Banks	-	-	-
Institutions	55,606	35,667	77,747
Corporates	6,417,915	1,136,912	881,903
Secured by mortgages on immovable property	33,495	15,424	5,398
Equity	-	-	-
Other items	-	-	-
	<u>6,613,158</u>	<u>1,241,074</u>	<u>965,049</u>
Total	<u>17,836,046</u>	<u>10,377,351</u>	<u>2,665,904</u>
Small and medium enterprises included in Corporates	-	-	-

As at 31 October 2017

£'000

Exposure amounts for credit risk in the banking book

	Gross Exposure	Final Exposure	Risk- weighted Exposure
<u>On balance sheet exposures</u>			
Central governments or central banks	5,357,321	5,357,321	34,183
Public sector entities	142,969	142,969	71,484
Institutions	43,596	43,596	34,657
Corporates	3,550,517	1,554,664	1,249,851
Secured by mortgages on immovable property	671,763	652,466	278,258
Equity	18,848	18,848	18,848
Other items	23,945	23,945	23,945
	<u>9,808,959</u>	<u>7,793,809</u>	<u>1,711,226</u>
<u>Off balance sheet exposures</u>			
Central governments or central banks	106,184	53,092	-
Public sector entities			
Multilateral Development Banks	-	-	-
Institutions	90,286	58,397	52,172
Corporates	6,379,867	1,154,519	884,729
Secured by mortgages on immovable property	41,020	17,840	8,630
Equity	-	-	-
Other items	-	-	-
	<u>6,617,357</u>	<u>1,283,848</u>	<u>945,531</u>
Total	<u>16,426,315</u>	<u>9,077,656</u>	<u>2,656,757</u>
Small and medium enterprises included in Corporates	-	-	-

Table 8: Reconciliation of provision for credit losses (Table 19 in 2017 Pillar 3)

	30 April 2018 (Under IFRS 9)	31 October 2017 (Under IAS 39)
	<u>£'000</u>	<u>£'000</u>
Provisions brought forward	5,084	3,814
Provisions raised during the period	<u>2,046</u>	<u>88</u>
Provisions as at period end	<u>7,130</u>	<u>3,902</u>

No specific adjustments were proposed as at 30 April 2018 (2017: nil).

Table 9: Trading credit risk (Table 20 in 2017 Pillar 3)

As at 30 April 2018

£'000

Counterparty credit risk exposure by products	Gross Exposure	Final Exposure	Risk- weighted Exposure
<i>Calculated under the Standardised Approach</i>			
Exchange traded derivatives	1,119,856	762,410	138,812
OTC derivatives	395,114	19,150	4,480
SFTs	<u>2,887,587</u>	<u>2,887,587</u>	<u>1,256,107</u>
Total	<u>4,402,558</u>	<u>3,669,147</u>	<u>1,399,400</u>

As at 31 October 2017

£'000

Counterparty credit risk exposure by products	Gross Exposure	Final Exposure	Risk- weighted Exposure
<i>Calculated under the Standardised Approach</i>			
Exchange traded derivatives	1,341,192	1,077,345	194,209
OTC derivatives	289,021	29,422	6,289
SFTs	<u>2,760,542</u>	<u>2,760,542</u>	<u>1,352,642</u>
Total	<u>4,390,754</u>	<u>3,867,309</u>	<u>1,553,140</u>

Table 10: Counterparty credit risk by exposure class (Table 21 in 2016 Pillar 3)

As at 30 April 2018

£'000

Exposure amounts for counterparty credit risk in trading book	Gross Exposure	Final Exposure	Risk- weighted Exposure
<i>Calculated under the Standardised Approach</i>			
Central governments or central banks	416,669	416,669	21,652
Public sector entities	-	-	-
Institutions	3,078,798	2,394,215	655,211
Corporates	<u>907,091</u>	<u>858,263</u>	<u>722,537</u>
Total	<u>4,402,558</u>	<u>3,669,147</u>	<u>1,399,400</u>
Small and medium enterprises, included in Corporates	-	-	-

As at 31 October 2017

£'000

Exposure amounts for counterparty credit risk in trading book

	Gross Exposure	Final Exposure	Risk- weighted Exposure
<i>Calculated under the Standardised Approach</i>			
Central governments or central banks	210,058	210,058	11,416
Public sector entities	4,864	4,864	3,504
Institutions	3,083,913	2,580,677	627,772
Corporates	1,091,919	1,071,709	910,448
Total	4,390,754	3,867,309	1,553,140
Small and medium enterprises, included in Corporates	-	-	-

Table 11: Exposures amounts subjected to the use of the ECAIs (Table 31 in 2017 Pillar 3)**As at 30 April 2018**

<i>£'000</i>	Gross Exposure	Final Exposure	Risk- weighted Exposures
Exposure amounts subject to the use of the ECAIs			
Central governments or central banks	169,304	116,233	-
Public sector entities	176,351	176,351	88,176
Multilateral Development Banks	-	-	-
Institutions	1,775,840	1,155,436	342,801
Corporates	<u>5,272,657</u>	<u>1,210,151</u>	<u>721,213</u>
Total	<u>7,394,152</u>	<u>2,658,171</u>	<u>1,152,190</u>

As at 31 October 2017

<i>£'000</i>	Gross Exposure	Final Exposure	Risk- weighted Exposures
Exposure amounts subject to the use of the ECAIs			
Central governments or central banks	264,038	210,946	-
Public sector entities	142,969	142,969	71,484
Multilateral Development Banks	-	-	-
Institutions	1,079,902	643,659	276,129
Corporates	<u>4,958,532</u>	<u>1,302,404</u>	<u>726,055</u>
Total	<u>6,445,441</u>	<u>2,299,979</u>	<u>1,073,668</u>

6.0 Market Risk

Table 12: Market risk by risk type (Table 33 in 2017 Pillar 3)

As at 30 April 2018	Risk- weighted Exposure	Capital Requirement
<i>£'000</i>		
Interest rate risk	2,055,333	164,427
<i>of which: Securitisation position risk</i>	<i>1</i>	
Equity risk	96,837	7,747
Foreign-exchange risk	200,983	16,079
Settlement risk	-	-
Commodities risk	<u>6,664</u>	<u>533</u>
	<u>2,359,816</u>	<u>188,785</u>

As at 31 October 2017	Risk-weighted Exposure	Capital Requirement
<i>£'000</i>		
Interest rate risk	2,036,620	162,930
<i>of which: Securitisation position risk</i>	9,620	770
Equity risk	42,469	3,398
Foreign-exchange risk	89,433	7,155
Settlement risk	-	-
Commodities risk	19,098	1,528
	2,187,620	175,010

6.1 Securitisations

Table 13: Exposures by underlying exposure type (Table 34 in 2017 Pillar 3)

As at 30 April 2018

£'000

Exposure Type	Exposure	Risk-weighted Exposure	Capital Requirement
<u><i>Traditional securitisation</i></u>			
Residential mortgages	-	-	-
Credit card receivables	-	-	-
Consumer loans	-	-	-
Other assets	5	1	-
	5	1	-

As at 31 October 2017

£'000

Exposure Type	Exposure	Risk-weighted Exposure	Capital Requirement
<u><i>Traditional securitisation</i></u>			
Residential mortgages	-	-	-
Credit card receivables	4,408	882	71
Consumer loans	2,106	8,732	699
Other assets	30	6	.5
	6,543	9,620	770

Table 14: Securitisation exposures by seniority (Table 35 in 2017 Pillar 3)**As at 30 April 2018**

£'000

Tranche	Exposure	Risk-weighted Exposure	Capital Requirement
Senior	-	-	-
Mezzanine	5	1	-
First loss	-	-	-
	5	1	-

As at 31 October 2017

£'000

Tranche	Exposure	Risk-weighted Exposure	Capital Requirement
Senior	5,867	1,173	94
Mezzanine	-	-	-
First loss	676	8,446	676
	6,543	9,620	770

7.0 Operational Risk

No update required.

8.0 Non-trading Book Equity Exposures

Table 15: Non-trading book equity exposures (Table 37 in 2017 Pillar 3)

<i>£'000</i>	30 April 2018 Unlisted	31 October 2017 Unlisted
Cost	925	925
Accumulated unrealised gains	44,532	27,106
	45,457	28,031
Realised gains/(losses)	-	-
Unrealised gains/(losses)	133	17,426
Total	45,590	45,457
Accumulated unrealised gains	44,665	44,532
<i>Less: Deferred tax</i>	(10,945)	(10,878)
AFS reserve	33,720	33,654

9.0 Interest Rate Risk in the Banking Book

No update required.