

# Quarterly Banking Digest

Q3 2011

## HIGHLIGHTS

- **Capitalisation remains high.** The aggregate risk asset ratio of Bermuda banks increased during Q3 2011 to 23.2%, which reflects a steady improvement since Q1 2011.
- **Balance sheets have contracted marginally after stable growth over the last four quarters.** Total assets declined by 0.8% for the quarter resulting from decreases in deposits with other financial institutions (down 8.4%), however this reflected an increase of 8.2% year-on-year.
- **Greater focus on interest income within decreased profitability.** Both return on equity (ROE) and return on assets (ROA) declined to 6.2% and 0.7%, respectively. Interest income amounted to 76.1% (Q2 2011: 57.4%) of total income due to a noticeable decline in other non-banking income.
- **Loan growth continues.** Lending has picked up in Q3 2011, driven by a rise in FX loans and advances (up 12.5%) reflecting the highest increase over the last four quarters.
- **Investment exposure to sovereign debt increased.** Investments held with banks declined to 49.2% (Q2 2011: 56.3%) while sovereign investments increased to 19.0% (Q2 2011: 11.8%).

## Selected Indicators

Table I below is a summary of selected indicators, including capital, earnings and asset quality.

Table I: Selected Indicators

(Ratios in percentages)	2011			2010	
	Sep	Jun	Mar	Dec	Sep
<b>Capital Position</b>					
Risk Asset Ratio (RAR)	23.2	21.8	21.2	25.6	25.0
Asset to regulatory capital multiple	9.6	10.1	9.9	8.2	7.8
Equity to total assets	11.9	12.0	12.3	12.4	13.1
<b>Profitability</b>					
Interest margin to interest income	85.8	86.5*	84.2	83.6	83.5
Return on assets	0.7	1.1	1.1	0.6	0.8
Return on equity	6.2	8.8	8.8	4.5	6.1

\*Restated numbers

Table I: Selected Indicators (continued)

(Ratios in percentages)	2011			2010	
	Sep	Jun	Mar	Dec	Sep
<b>Loan Book</b>					
Provisions to non-performing loans (NPLs)	19.8	19.2	20.8	18.8	36.1
NPLs to total loans	6.8	6.7	5.4	5.7	3.7
NPLs to capital	25.1	24.7*	20.5	17.2	11.1
<b>Other</b>					
BD\$ money supply growth	-1.5	0.2*	-0.8	-1.2	-0.3
Asset growth rate	-0.9	4.4*	-0.3	4.9	-2.2
Customer deposits growth rate	-0.8	4.9*	0.5	5.4	-2.6
FX denominated deposits to total deposits	82.9	82.8*	80.9	81.7	80.4
Loans to deposits	45.1	42.3*	44.9	44.0	45.2

\*Restated numbers

All figures in this report are reported at the consolidated level and simple sector averages unless otherwise stated.

## BALANCE SHEET

### Aggregate Balance Sheet

Table II below provides a balance sheet summary showing recent trends in the sector.

**Table II: Aggregate Balance Sheet Condition**

(BD\$ billions)	2011			2010		Change (%)	
	Sep	Jun	Mar	Dec	Sep	QoQ	YoY
<b>Assets</b>							
Cash	0.1	0.1	0.1	0.1	0.1	-17.1%	-7.3%
Deposits	7.3	8.0	6.7	7.2	6.4	-8.4%	13.6%
Loans & advances	9.3	8.7*	8.9	8.6	8.4	5.9%*	10.0%
Investments	6.6	6.5	6.6	6.4	6.3	0.6%	5.1%
Other assets	0.9	1.0	1.1	1.1	1.1	-13.3%	-18.7%
<b>Total assets</b>	<b>24.1</b>	<b>24.3*</b>	<b>23.3</b>	<b>23.4</b>	<b>22.3</b>	<b>-0.8%*</b>	<b>8.2%</b>
<b>Liabilities</b>							
Savings deposits	5.1	5.3	4.9	4.8	4.8	-3.7%	6.8%
Demand deposits	8.6	8.9	8.1	8.1	7.3	-2.7%	18.8%
Time deposits	6.8	6.5*	6.7	6.7	6.6	4.2%*	3.1%
<b>Total deposits</b>	<b>20.5</b>	<b>20.7*</b>	<b>19.7</b>	<b>19.6</b>	<b>18.6</b>	<b>-0.9%*</b>	<b>10.2%</b>
Other liabilities	0.4	0.4	0.4	0.5	0.4	1.7%	1.4%
<b>Total liabilities</b>	<b>21.0</b>	<b>21.1*</b>	<b>20.1</b>	<b>20.2</b>	<b>19.1</b>	<b>-0.7%*</b>	<b>10.0%</b>
Equity and subordinated debt	3.1	3.2	3.1	3.2	3.2	-2.3%	-2.3%
<b>Total liabilities and equity</b>	<b>24.1</b>	<b>24.3*</b>	<b>23.1</b>	<b>23.4</b>	<b>22.3</b>	<b>-0.8%*</b>	<b>8.2%</b>

Totals may not add due to rounding.

\*Restated numbers

- Total assets decreased by 0.8% during the quarter but increased by 8.2% year-on-year.
- Deposits with other financial institutions declined by 8.4% during the quarter but increased 13.6% year-on-year. Loans and advances rose during the quarter by 5.9%, a continuation of the growth shown over the last four quarters.
- Total customer deposits slightly decreased during the quarter by 0.9% but increased by 10.2% year-on-year. The quarterly change is driven by lower other FX currency demand deposits (down 12.5%) partly offset by higher USD time deposits (up 11.7%).

### Summary of Balance Sheet Ratios

Table III provides a summary of balance sheet ratios measuring asset quality and capital.

**Table III: Summary Balance Sheet Ratios**

(Ratios in percentages)	2011			2010	
	Sep	Jun	Mar	Dec	Sep
<b>Asset allocation</b>					
Investments	27.3	26.9*	28.3	27.3	28.1
Loans	38.4	35.8*	38.0	36.9	37.8
Deposits	30.3	32.8*	28.7	30.8	28.9
<b>Deposits allocation</b>					
Savings	24.9	25.7*	24.8	24.5	25.7
Demand	42.1	42.9*	40.8	41.4	39.1
Time	33.0	31.4*	34.7	34.1	35.2
<b>Capital position</b>					
Risk Asset Ratio	23.2	21.8	21.2	25.6	25.0
Equity to total assets	11.9	12.0	12.3	12.4	13.1
Asset to regulatory capital multiple	9.6	10.1	9.9	8.2	7.8
<b>Loan book</b>					
NPLs to total loans	6.8	6.7	5.4	5.7	3.7
Provisions to NPLs	19.8	19.2	20.8	18.8	36.1
Provisions to total loans	1.4	1.3	1.1	1.1	1.3

Totals may not add due to rounding.

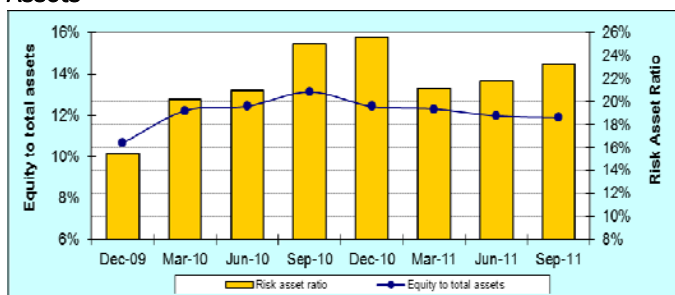
\*Restated numbers

- The proportion of assets allocated to investments increased to 27.3% in Q3 2011 from 26.9% in Q2 2011.
- Provisions rose by 12.5% in Q3 2011 while NPLs increased by 6.8%. As a result, there was a marginal increase in the overall ratio of provisions to NPLs to 19.8% in Q3 2011 from 19.2% in Q2 2011.
- NPLs to total loans remain flat at 6.8%, but have steadily risen over the last two quarters.

## Capital Adequacy

Chart I below shows the movement in the risk asset ratio and the ratio of equity to total assets for the last eight quarters.

**Chart I: Risk Asset Ratios and Proportion of Equity to Total Assets**

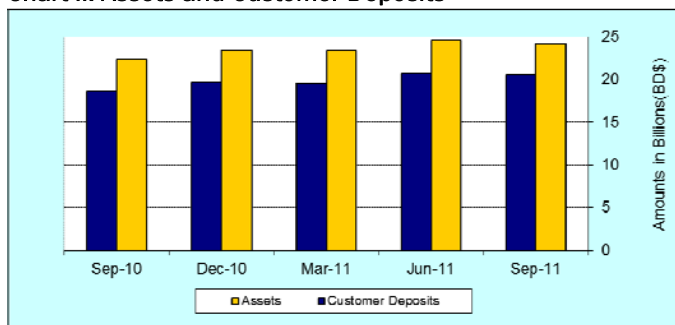


- The aggregate risk asset ratio rose to 23.2% in Q3 2011 from 21.8% from the previous quarter, which continues to steadily increase and remains fairly high when compared to international standards.

## Total Assets and Customer Deposits

Chart II below shows changes in assets and customer deposits over the last five quarters.

**Chart II: Assets and Customer Deposits**



- Total customer deposit liabilities declined from BD\$20.7 billion to BD\$20.5 billion (down 0.9%) in Q3 but up from BD\$18.6 billion a year earlier.
- Total assets slightly decreased during the quarter from BD\$24.3 billion to BD\$24.1 billion.

## Loan Book

Table IV is a summary of ratios measuring the composition and quality of the loan book for the last five quarters

**Table IV: Quality of the Loan Book**

(Ratios in percentages)	2011			2010	
	Sep	Jun	Mar	Dec	Sep
Loans and advances quarter-over-quarter growth rate	5.9	-1.3*	2.7	2.5	-3.5
Mortgages on residential property to total loans	50.5	53.8*	52.4	51.9	53.3
BD\$ denominated loans to total loans	55.3	57.9*	59.3	58.2	59.4
<b>Non-performing loans</b>					
NPLs to total loans	6.8	6.7	5.4	5.7	3.7
NPLs to capital	25.1	24.7	20.5	17.2	11.1
Net charge-offs to loans (annualised)	0.8	0.8	0.3	1.1	0.8
<b>Provisioning practices</b>					
Provisions to NPLs	19.8	19.2	20.8	18.8	36.1
Provisions to total loans	1.4	1.3	1.1	1.1	1.3

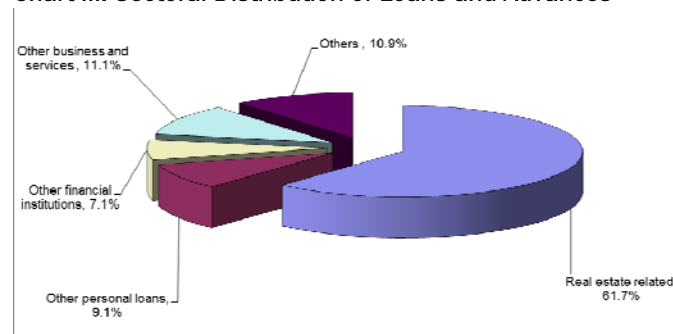
\*Restated numbers

- The proportion of performing loans to total loans declined slightly during the quarter from 93.3% to 93.2%.
- Net charge-offs amounted to 0.8% of total loans which remains flat for the quarter.
- BD\$ denominated loans to total loans decreased from 57.9% to 55.3% in Q3. Since Q1 2011 there has been a gradual shift towards FX lending.

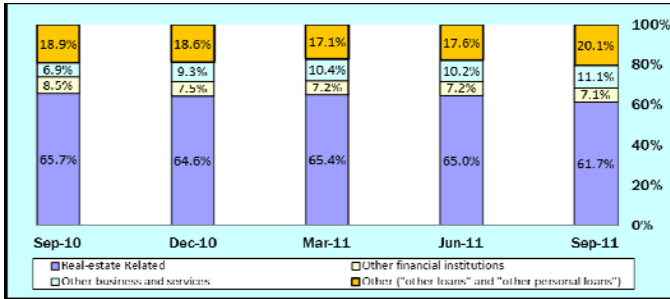
## Sectoral Distribution of Loans

Chart III below shows the sectoral distribution of loans as of end-September 2011.

**Chart III: Sectoral Distribution of Loans and Advances**



### Trend Chart 1- Sectoral Distribution of Loans and Advances

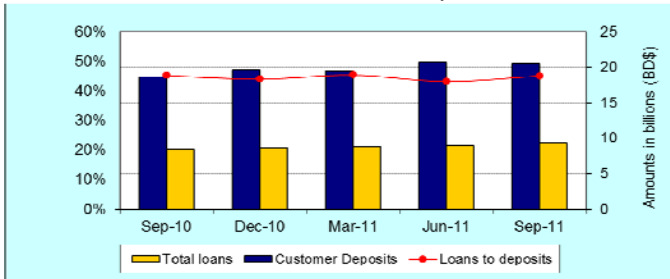


- The loan book continues to be dominated by real estate-related exposure, reported at 61.7% (Q2 2011: 65.0%) of total loans and advances in Q3 2011.
- “Other” loans and advances have increased to 20.1% (Q2 2011: 17.6%) which continues to show noticeable growth for the second consecutive quarter, while other business and services increased from 10.2% to 11.1% during the quarter.

### Loan-to-Deposit Ratios

Chart IV below shows the changes in total loans and customer deposits, and the loan-to-deposit ratio for both BD\$ and FX over the last five quarters.

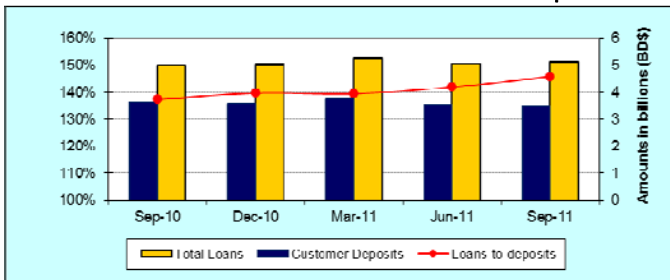
Chart IV: Total Loans and Customer Deposits



- Lending has increased during the quarter, particularly FX currency loans. Overall loans and advances increased by 5.9% during the quarter while total customer deposits decreased by 0.9%. As a result, the loan-to-deposit ratio rose from 42.3% to 45.1%.

Chart V shows the movement in Bermuda dollar-denominated loans and customer deposits, and the ratio of Bermuda dollar-denominated loans to customer deposits for the last five quarters.

Chart V: Bermuda Dollar Loans and Customer Deposits



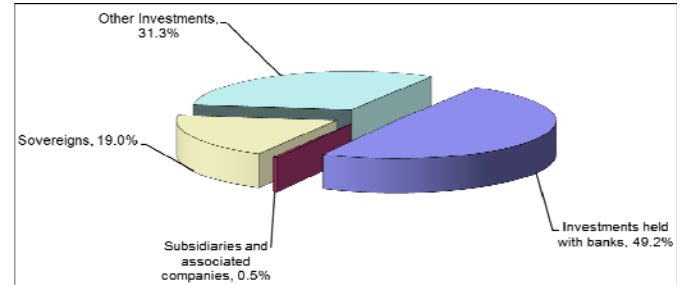
- The Bermuda dollar loans-to-deposits ratio increased to 145.8% as compared to 142.0% in Q2, up from

137.4% a year earlier. This is attributed to the decline in BD\$ customer deposits (down 1.5%) as compared to BD\$ total loans (up 1.1%) in the context of a persistent expansion of the FX denominated depositor base, which funds about one third of BD\$ lending.

### Investment Book

Chart VI below shows the structure of the aggregate investment book as of end-September 2011.

Chart VI: Structure of the Investment Book



- There was a notable shift within the investment portfolio from investments held with banks, which declined from 56.3% in Q2 2011 to 49.2% in Q3 2011, to investments in high-quality sovereign debt (up from 11.8% to 19.0%).

### Foreign Currency Position

Table V below shows the foreign currency position for the sector for the last five quarters.

Table V: Foreign Currency Position

(Ratios in percentage)	2011			2010	
	Sep	Jun**	Mar	Dec	Sep
FX denominated assets to total assets	76.1	76.5	74.4	75.7	74.6
FX denominated loans to total loans	44.7	42.1	40.7	41.8	40.6
FX denominated deposits to total deposits	82.9	82.8	80.9	81.7	80.4
Changes in FX assets	-1.5	7.3	-2.0	6.5	-1.5
Changes in FX loans and advances	12.5	2.0	0.2	5.4	-2.0
Changes in FX customer deposits*	-0.6	7.3	-0.4	7.0	-3.1

\* The percentage change is based on absolute numbers

\*\* Restated numbers

- Foreign currency lending continues to grow. FX denominated total loans increased by 12.5% during the quarter, which is the largest quarterly increase to date.
- FX denominated deposits to total deposits increased from 82.8% to 82.9%, which has shown steady growth during 2011.

- US dollar assets made up 47.6% (Q2 2011: 47.5%) of total assets for the sector, representing almost two-thirds of foreign currency-denominated exposures.

### Bermuda Dollar-Denominated Balance Sheet

Table VI below shows the Bermuda dollar balance sheet for the sector for the last five quarters.

**Table VI: Bermuda Dollar Balance Sheet Position**

(BD\$ billions)	2011			2010		Change (%)	
	Sep	Jun	Mar	Dec	Sep	QoQ	YoY
Loans and advances	5.1	5.1*	5.3	5.0	5.0	1.1	2.4
Total assets	5.8	5.7*	6.0	5.7	5.7	0.8	2.0
Deposit liabilities	3.5	3.6*	3.8	3.6	3.6	-1.5	-3.6
Equity and subordinated debt	2.1	2.1	2.0	2.1	2.1	0.4	-0.1

\*Restated numbers

- Total Bermuda dollar assets remained flat quarter-on-quarter, while Bermuda dollar deposit liabilities declined by 1.5%. Foreign currency-denominated deposits continued to be a funding source to supplement the shortfall in local currency deposits.

### PROFIT AND LOSS

Table VII below is a summary of profitability ratios for the sector for the last five quarters.

**Table VII: Summary of Profitability Ratios**

(Ratios in percentage)	2011			2010	
	Sep	Jun	Mar	Dec	Sep
Interest margin to interest income	85.8	86.5*	84.2	83.6	83.5
Interest margin to total income	76.1	57.4*	54.6	54.6	52.3
Non-interest expenses to total income	65.5	66.1	69.1	75.6	74.5
Personnel expenses to non-interest expenses	56.0	57.8	56.9	54.3	55.5
Return on assets (ROA)	0.7	1.1	1.1	0.6	0.8
Return on equity (ROE)	6.2	8.8	8.8	4.5	6.1
Interest income to earning assets	2.7	2.9	2.7	2.6	2.6
Interest expenses to customer deposits	0.4	0.4	0.5	0.5	0.5

\*Restated numbers

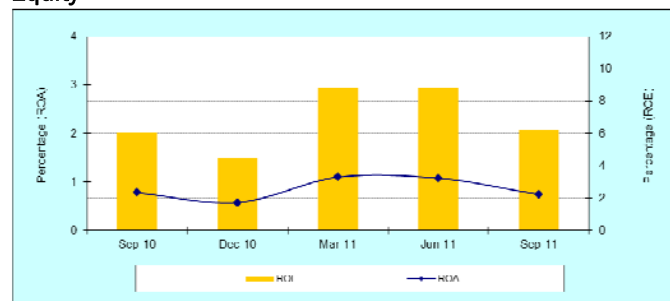
### Margin Analysis

- The interest margin to total income increased to 76.1% in Q3 2011, up from 57.4% in Q2 2011 and 52.3% year-on-year, however, total income in the sector decreased by 27.8% as a result of the reduction in non-banking income.

### Profitability Ratios

Chart VII below shows the trend in both the return on assets and return on equity over the last five quarters.

**Chart VII: Annualised Return on Assets and Return on Equity**

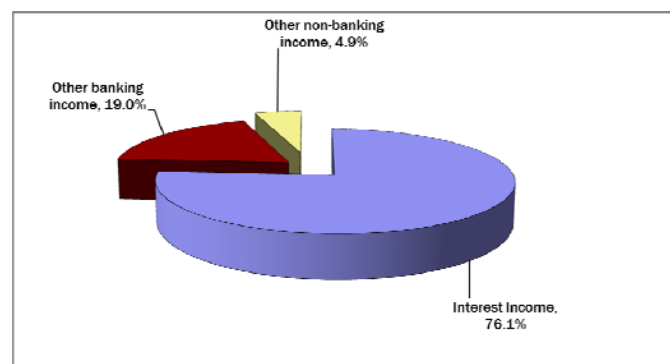


- During the quarter ROE and ROA declined to 6.2% (Q2 2011: 8.8%) and 0.7% (Q2 2011: 1.1%), respectively.

### Distribution of Income Sources

Chart VIII below shows the distribution of income sources as of end-September 2011.

**Chart VIII: Distribution of Income Sources**

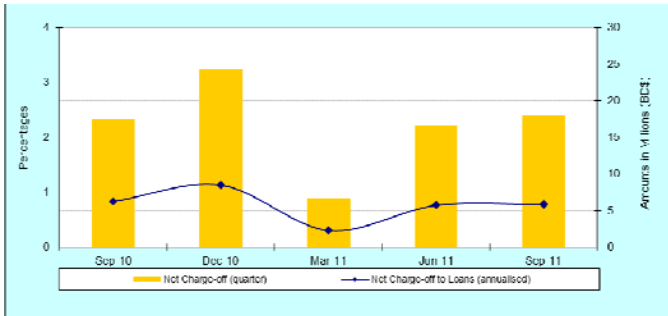


- Interest income contributed 76.1% (Q2 2011: 57.4%) of total income while the share of 'other banking income' increased from 13.9% in Q2 2011 to 19.0% due to a large drop in "other non-banking income," which made up only 4.9% (Q2 2011: 28.7%) of total income during the quarter.

## Net Profit and Loss Charge for Loan Provisions

Chart IX shows the trend in the net charge-offs for bad and doubtful loans and net charge-off as a proportion of total loans over the last five quarters.

**Chart IX: Net Annualised Charge-Offs and Proportion of Charge-Offs To Loans**



- The net profit and loss charge for bad debt (provisions) in Q3 2011 totalled BD\$18.1m, which is \$1.4m more than the previous quarter (BD\$16.7m) and BD\$17.6m year-on-year for the sector.
- The annualised proportion of net charge-off to total loans remains consistent at 0.8% for Q3 2011.

Table VIII shows the trend in the domestic money supply over the last five quarters.

**Table VIII: Bermuda Money Supply (Unconsolidated)**

(BD\$ millions)	2011			2010	
	Sep	Jun	Mar	Dec	Sep
Notes and coins in circulation*	120	121	118	127	127
Deposit liabilities	3,582	3,641	3,637	3,660	3,706
Banks and deposit companies	<b>3,702</b>	<b>3,762</b>	<b>3,755</b>	<b>3,787</b>	<b>3,828</b>
Less: Cash at banks and deposit companies	56	62	62	65	60
Bermuda dollar money supply	<b>3,646</b>	<b>3,700</b>	<b>3,504</b>	<b>3,722</b>	<b>3,768</b>
% Growth on previous period	-1.46	0.18	-0.78	-1.22	-0.32
% Growth year-on-year	-3.25	-2.13	-3.17	-4.73	-3.90

\* The table includes the supply of Bermuda dollars only.

- The BD\$ money supply decreased 1.5% during the quarter and 3.3% year-on-year—the largest drop since Q3 2010, which is driven by the decline in BD\$ customer deposits and rising capitalisation.

## SELECT INTERNATIONAL DEVELOPMENTS

This section lists important publications by international organisations and national authorities during the last quarter, as they contribute to shaping international regulatory and financial trends. This section does not reflect the views of the Bermuda Monetary Authority.

### Bank for International Settlements (BIS)

**In November, the Basel Committee on Banking Supervision (BCBS) issued its final rules for global systemically important banks (G-SIBs).** The publication, “Global systemically important banks: Assessment methodology and the additional loss absorbency requirement”, sets out the Basel Committee's framework to identify G-SIBs, the magnitude of additional loss absorbency that G-SIBs should have, and the arrangements by which the requirement will be phased in.

<http://www.bis.org/publ/bcbs207.pdf>

**BIS issued its working paper (WP), “Rescue packages and bank lending.”** The WP examines whether the rescue measures adopted during the global financial crisis helped to sustain the supply of bank lending.

<http://www.bis.org/publ/work357.pdf>

**In October, the BCBS released its responses to the second set of frequently asked questions (FAQs) that relate to the definition of capital sections of the Basel III rules text to the first set published in July 2011.** To help ensure a consistent global implementation of Basel III, the Committee will continue to review frequently asked questions and to periodically publish answers along with any technical elaboration of the rules text and interpretative guidance that may be necessary.

<http://www.bis.org/publ/bcbs204.pdf>

**The BCBS released its latest report, “Progress report on Basel III implementation,”** which provides a high-level view of its members' progress in adopting Basel II, Basel 2.5 and Basel III, as of end-September 2011. It focuses on the status of domestic rule-making processes to ensure that the Committee's capital standards are transformed into national law or regulation according to the internationally agreed timeframes.

<http://www.bis.org/publ/bcbs203.pdf>

**BIS issued its Quarterly Review for September 2011, entitled, “International Banking and Financial Market Developments.”** The report discusses key points such as market drivers like global growth and sovereign debt. There is also a special feature that discusses the global credit and domestic credit booms, increases in sovereign credit risk and the implications on the financial stability.

[http://www.bis.org/publ/qtrpdf/r\\_qt1109.pdf](http://www.bis.org/publ/qtrpdf/r_qt1109.pdf)

### Financial Stability Board (FSB)

**In October, the FSB released a progress report entitled, “Macroprudential Policy Tools and Frameworks - Progress Report to G20,”** which discusses the implementation of the macroprudential policy framework. This report responds to the call of G20 Leaders on the FSB, IMF and BIS to do further work on macroprudential policy. It traces the progress in implementing macroprudential policy frameworks along three broad lines: (i) advances in the identification and monitoring of systemic financial risk; (ii) the designation and calibration of instruments for macroprudential purposes; and (iii) building institutional and governance arrangements in the domestic and regional context.

<http://www.bis.org/publ/othp17.pdf>

**The FSB and BCBS released a report, entitled, “Assessment of the macroeconomic impact of higher loss absorbency for globally systemic important banks.”** The report provides a set of recommendations and proposals that are aimed at improving the loss absorbency of the balance sheets of such institutions and facilitating the orderly resolution of troubled institutions.

<http://www.bis.org/publ/bcbs202.pdf>

**The FSB released a report, “Shadow Banking: Strengthening Oversight and Regulation.”** The report outlines the FSB recommendations on: the overall approach being taken to strengthen the oversight and regulation of the shadow banking system, and set out the details of the proposed recommendations for intensifying monitoring and enhancing regulation.

[http://www.financialstabilityboard.org/publications/r\\_111027a.pdf](http://www.financialstabilityboard.org/publications/r_111027a.pdf)

**The FSB published a consultation paper (CP) entitled, “FSB Principles for Sound Residential Mortgage Underwriting Practices.”** The paper discusses the principles which will help to strengthen residential mortgage underwriting practices and help supervisors to more effectively monitor and detect the erosion of underwriting practices, particularly when the housing market is booming.

### Other Developments

**In November, the Committee on the Global Financial System (CGFS) issued a report, “Global Liquidity – concept, measurement and policy implications.”** The report provides input into international initiatives related to global liquidity and the international monetary system.

<http://www.bis.org/publ/cgfs45.pdf>

## Glossary

**Adjusted return on assets** is the return on assets computed using net income excluding extraordinary items.

**Adjusted return on equity** is the return on equity computed using net income excluding extraordinary items.

**Annualised** is expressing (a quantity such as an interest rate, profit, expenditure etc.) as if it applied or were measured over one year.

**Earning assets** includes deposits with other financial institutions, loans, advances and leases, and investments.

**Equity** refers to the shareholders' equity.

**Fees and commissions** consist of net income from banking fees, charges and commissions, investment management fees, trust and company administration fees, trustee and custodian fees, and fund management fees.

**Foreign currency** is any currency other than the Bermuda dollar.

**General provisions** are provisions not attributed to specific assets but to the amount of losses that experience suggests may be in a portfolio of loans.

**Interest expenses to customer deposits** is computed by dividing the annualised interest paid and payable by the average total customer deposit liabilities.

**Interest income to earning assets** is computed by dividing the annualised interest received and receivable by the average total earning assets.

**Interest income** includes interest received and receivable, and consists of interest from deposits with financial institutions, government securities, loans and other interest earning assets.

**Interest margin** is calculated as interest received or receivable less interest paid or payable.

**Leverage** is calculated as shareholders equity divided by total assets.

**Mortgages** refer to financing for land and buildings for purchasing real estate estate/residential property.

**Net charge-offs for bad and doubtful loans** is the sum of general and specific profit and loss charge for doubtful debts and transfers made to suspended interest account (net of recoveries).

**Net income** is derived by netting off provision for taxation from gross profit, and takes into account extraordinary items.

**Non-interest income** includes all other income received by the bank. Included are fees and commissions from provision of services, gains and losses on financial instruments, and other income.

**Non-interest expenses** cover all expenses other than interest expenses, including fees and commissions.

**Non-Performing Loans (NPLs)** consist of those loans classified as substandard, doubtful and loss as per the BMA guidance on completion of the prudential information return for banks. A loan is classified as substandard when the delay in repayment is between 31 and 90 days, as doubtful when the delay is between 91 and 180 days and as loss when the delay exceeds 180 days.

**Other income** consists of increase or decrease in book value of investments, other non-banking services income, profit or loss on fixed assets and any other income that cannot be classified into any other specific income line item.

**Other operating expenses** consist of services by external service providers and other operating expenses.

**Provisions** include both specific and general provisions.

**Real estate** is used to refer to lending to real estate operators, and owners and lessors of real property, as well as buyers, sellers, developers, agents and brokers.

**Regulatory capital** is the total (net) capital as provided by the banks in their quarterly prudential information returns. It is the sum of Tier 1 and Tier 2 capital less total capital deductions.

**Regulatory capital to total assets** is derived by dividing the regulatory capital by the total assets as provided in the prudential information returns.

**Return on assets** is calculated by dividing the net income by the average value of total assets over the same period. The average assets are obtained by averaging the total assets at the beginning and at the end of the quarter.

**Return on equity** is calculated by dividing net income by the average value of shareholders' equity over the same period. The average shareholders' equity is obtained by averaging the shareholders' equity at the beginning and at the end of the quarter.

**Risk Asset Ratio** is calculated as total (net) regulatory capital divided by total risk-weighted assets.

**Risk-weighted assets (RWAs)** refer to a concept developed by the Basel Committee on Banking Supervision (BCBS) for the capital adequacy ratio. Assets are weighted by factors representing their riskiness and potential for default.

**Specific provisions** are the outstanding amount of provisions made against the value of individual loans, collectively assessed groups of loans and loans to other deposit takers.

**Tier 1 capital** consists of ordinary shares, perpetual non-cumulative preference shares, reserves verified by the auditors, current year's losses and minority interest (in Tier 1) adjusted for goodwill and other intangibles, and securitisation but before capital deductions.

**Total income** is the sum of net interest income and non-interest income.

**Total loans** include loans, advances, bills and finance leases.

**Total risk weighted assets (TRWA)** is the sum of total credit risk weighted assets, total operational risk adjusted RWA and the total market risk adjusted RWA.

**Note:** Refer to the Guidance on Completion of the Prudential Information Return for Banks for a detailed description of the individual components of specific line items.