

Risk-based capital requirements part

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1 Application and definitions

1.1 This Part applies to a JIB.

1.2 The following definitions apply in this part

Capital Buffer

As defined in section 4.

Capital Conservation Buffer

As defined in section 4, equal to 2.5%.

Pillar 2 Buffer

As defined in section 4, as set by the JFSC following a review of a JIB's capital adequacy assessment.

Highly Systemic

As defined in section 4

Systemic Buffer

As defined in Section 4

Transactional account

Accounts from which withdrawals have been made nine or more times within a three-month period.

2 Level of application

2.1 A JIB must comply with this Part on the basis of its consolidated position, unless the JFSC has agreed a variance in accordance with this part.

3 Capital requirements

3.1 A JIB shall at all times satisfy the following own funds requirements:

- › a Common Equity Tier 1 capital ratio of 4.5%
- › a Tier 1 capital ratio of 6%
- › a total capital ratio of 8%

or such other ratio as agreed with us and established by application of a registration condition in accordance with Article 11 of the Banking Law.

4 Capital Buffers, including the Systemic Buffer

4.1 We will establish a **Capital Buffer** for each JIB and communicate this and update it following each ICAAP submission.

4.2 This will be a minimum of 2.5% (being the **Capital Conservation Buffer**) and may be increased to reflect the outcome of our review of a JIB's assessment of its capital adequacy (**Pillar 2 Buffer**).

4.3 JIBs must determine if they are **Highly Systemic**. This is defined as a bank that provides one or more transactional accounts to more than 9,000 Jersey individuals or SMEs. This is to be determined at the end of each calendar year, starting with 2026.

4.4 A systemic buffer of 1.5% will be added to the Capital Buffer for the following year (until the next determination is made) for any JIB that determines that it is Highly Systemic, so that the Capital Buffer in this case would be 4% plus any Pillar 2 buffer.

5 Consolidation

- 5.1 Consolidation is required, for the determination of capital requirements and capital, unless a variance has been granted by the JFSC. Variances may be granted where (1) there are no material subsidiaries, (2) where some subsidiaries are immaterial, or (3) where consolidation does not best reflect the risks.
- 5.2 If (1) applies, a JIB may be provided a variance permitting it to report on a solo basis.
- 5.3 If (2) applies, a JIB may be provided a variance permitting it to report on a solo-consolidated basis (i.e. not consolidating immaterial subsidiaries).
- 5.4 For (3), any variance would be determined on a case-by-case basis.
- 5.5 For these purposes, an indicator that a subsidiary is immaterial would be if all of the following apply:
- › exposures to the subsidiary are less than 5% of Tier 1 capital of the JIB
 - › the equity invested in the subsidiary by the JIB is less than 5% of the JIB's CET1 capital
 - › the income of the subsidiary is less than 5% of the total income of the JIB.

6 Output floor variance

- 6.1 A JIB that has been granted a variance permitting it to use an IRB Approach, in accordance with the Internal ratings based approach (CRR) part may be granted a variance by the JFSC permitting it to not apply the output floor when calculating capital ratios if it can demonstrate to the satisfaction of the JFSC that all the following apply:
- › the JIB is part of a third country banking and investment group
 - › the third country banking and investment group (including the JIB) is subject to consolidated supervision
 - › the central government, central bank, competent authority or other appropriate authority, in the jurisdiction undertaking the consolidated supervision, has made specific and public proposals to implement (or has already implemented) the output floor as it is described in the document issued by the Basel Committee on Banking Supervision's titled '[Basel III: Finalising post-crisis reforms](#)'. For the avoidance of doubt, this includes the PRA.