

Balance Sheet

Asset



Liab.

700m

S.E.

300m

~~200m~~

650m

~~500m~~

B.S for

A Bank

Assets

Liab.

Low qual. loans

Deposits
Interbank

Equity

(t.i.g.)

$$\text{Cap. Tal ratio} = \frac{\text{Capital}}{\text{RWA}}$$



8c%



Ops Risk

Loss of earnings / capital due to

- people
- systems
- processes
- external events

$$\begin{aligned} \text{Expected Loss} &= \text{PD} \times \text{EAD} \times \text{LGD} \\ &\quad \downarrow \qquad \qquad \downarrow \\ &\quad 0.1 \times 10m \times 0.9 \end{aligned}$$

$$= \text{£} 900k$$

Tesco

Assets

cash
inv.
receivables

current

property, equipment

↳ assets

Assets

Banking Book (Loan Book)
Credit risk

Trading Book (Mkt Book)
market risk

going concern capital -

→ "gone concern" capital

↳ CoCo bonds

Balance Sheet \rightarrow too big
Lev. Ratio

Liquidity Risk \rightarrow mkt
Funding
LCR

Assets

Loan Book

Mortgage

Biz loans

Pers. loans

long
maturities

Liab.

Short
term

{ Deposits
Interbank Loans
Bonds

S. E

try

Pillar 1

Min. Requirements

Pillar 2
RM & supervision

Pillar 3
Market
Discipline

Pillar 1

Quality & level of capital

"gone concern" capital

Cap. conservation buffer

Counterparty buffer 0.2.5%

Securitizations

Trading Book

- Counterparty
credit risk

Bank exposures
to CCPs

Containing total leverage
→ LCR

