Capital Management Plan

Capital Management Plan | Global

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Contents

1. Purpose

This Capital Management Plan (the Plan) is the operational companion to the Company's Capital Management Policy. Where the Policy sets the principles, governance and risk appetite for capital management, this Plan records how those principles are applied in practice: the Company's current capital position and composition, its Board-approved target capital ranges and trigger framework, its [3]-year capital projections under base and stress conditions, its planned capital actions, and the menu of contingent actions available if capital comes under pressure.

The Plan is a primary output of the Company's Internal Capital Adequacy Assessment Process (ICAAP) under Pillar 2 of the Basel Framework. It demonstrates that the Board and management assess and maintain capital that is adequate for the Company's risk profile, strategy and growth plans, and that capital adequacy is managed on a forward-looking basis rather than by reference to the current position alone. It also supports the supervisory review process, providing the Company's prudential regulator with a documented, evidenced view of how capital adequacy is assessed, planned and defended.

This Plan is approved by the Board of Directors on the recommendation of the Chief Financial Officer and is refreshed at least annually as part of the ICAAP cycle, and more frequently where a trigger event, a material change in strategy or balance sheet composition, or a regulatory change makes the current version unreliable.

2. Scope

This Plan applies to the Company on a solo basis and, where the Company's prudential regulator requires consolidated supervision, to the regulatory consolidation group on a consolidated basis. It covers all components of regulatory capital (CET1, Additional Tier 1 and Tier 2), all sources of RWA (credit, operational, market and any other risk charges applicable to the Company), the leverage ratio, and all business lines, portfolios and entities whose activities consume capital.

The Plan governs the actions of the Board, Board committees, the Chief Financial Officer, the Chief Risk Officer, the Asset and Liability Committee (ALCO), Treasury and Finance staff, and any other staff whose decisions materially affect the capital position, including those setting growth targets, pricing, provisioning and dividend recommendations.

Liquidity and funding management are addressed in the Liquidity Risk Policy and related documents implementing the Basel LCR and NSFR standards and are outside the scope of this Plan, except where a contingent capital action also has liquidity consequences, in which case the two frameworks must be applied together. Recovery planning is documented in the Recovery and Exit Plan; this Plan is subordinate to the Recovery and Exit Plan once the Recovery and Exit Plan is activated.

Jurisdictional application: this document states international best practice anchored to the Basel Framework as issued by the Basel Committee on Banking Supervision. The Company must map the requirements of this Plan to the law and prudential rules of each jurisdiction in which it operates, including the local implementation of the Basel standards and any institution-specific requirements set by its prudential regulator, and where local law or regulation imposes a stricter requirement, the local requirement prevails.

3. Definitions

Term	Definition
Additional Tier 1 Capital (AT1)	Capital instruments that meet the Basel Framework eligibility criteria for inclusion in Tier 1 Capital other than as Common Equity Tier 1 Capital, being perpetual, subordinated instruments with fully discretionary distributions and going-concern loss absorption through conversion or write-down, as implemented by the Company's prudential regulator.
Capital Conservation Buffer (CCB)	The buffer of Common Equity Tier 1 Capital, set at 2.5% of risk-weighted assets under the Basel Framework, that the Company must hold above its minimum capital requirements, and within which operation results in graduated constraints on capital distributions.
Common Equity Tier 1 Capital (CET1)	The highest-quality component of regulatory capital, comprising paid-up ordinary shares, retained earnings and eligible disclosed reserves that satisfy the Common Equity Tier 1 criteria, less the regulatory adjustments and deductions prescribed by the Basel Framework definition of capital as implemented by the Company's prudential regulator.
Contingent Capital Action	A pre-identified management action, documented in this Plan, that can be executed to restore or preserve the Company's capital position when a trigger level is reached.
Countercyclical Capital Buffer (CCyB)	The additional Common Equity Tier 1 buffer of between 0% and 2.5% of risk-weighted assets that national authorities may activate when systemic risk is building, applied to the Company as the weighted average of the buffer rates in the jurisdictions where it holds relevant credit exposures.
Internal Capital Adequacy Assessment	The Company's documented process,

Process (ICAAP)	contemplated by Pillar 2 of the Basel Framework, for identifying and measuring all material risks, determining the capital needed to support them, and assessing, managing and maintaining capital commensurate with its risk profile and strategy, including under stress.
ICAAP Report	The annual report on the operation and outcomes of the ICAAP, approved by the Board and provided to the Company's prudential regulator in the form and at the frequency the regulator requires.
Leverage Ratio	Tier 1 Capital divided by the Basel Framework leverage ratio exposure measure, comprising on-balance sheet, derivative, securities financing transaction and off-balance sheet exposures, subject to a minimum of 3% or such higher requirement or buffer as the Company's prudential regulator sets.
Management Buffer	The margin of capital the Board requires the Company to hold above the sum of all minimum regulatory requirements, regulatory buffers and any supervisory add-on, sized so that the Company can absorb earnings volatility and a severe but plausible stress without breaching a regulatory requirement.
Pillar 2	The supervisory review process of the Basel Framework, under which the Company assesses risks not fully captured by Pillar 1 minimum requirements and its prudential regulator reviews that assessment and may impose additional capital requirements or other supervisory measures.
Recovery and Exit Plan	The plan maintained by the Company, consistent with the Financial Stability Board Key Attributes, Basel Committee recovery-planning guidance and the requirements of its prudential regulator, setting out the recovery triggers and the credible actions by which the Company would restore its financial resilience, including capital and liquidity, in severe stress.
Risk Weighted Assets (RWA)	The Company's on- and off-balance sheet exposures weighted for credit, operational, market and other risks in accordance with the Basel Framework approaches the Company applies or is

	approved to apply, forming the denominator of the risk-based capital ratios.
Stress Testing	Forward-looking analysis that estimates the impact of severe but plausible adverse scenarios on the Company's financial position, earnings, risk-weighted assets, capital and liquidity ratios and operational resilience over a defined projection horizon, including scenario analysis, sensitivity analysis and reverse stress testing.
Supervisory Capital Requirement	Any institution-specific capital requirement, add-on or guidance imposed on the Company by its prudential regulator under Pillar 2 or equivalent local powers, in addition to the Basel minimum ratios and buffers.
Target Capital Range	The Board-approved operating range for each capital ratio within which the Company plans to operate in the ordinary course of business (the green zone).
Tier 2 Capital	Subordinated capital instruments that meet the Basel Framework eligibility criteria for gone-concern loss absorption, including subordination to depositors and general creditors, a minimum original maturity of five years and amortisation of recognition over the final five years to maturity.
Total Capital	The sum of Tier 1 Capital (Common Equity Tier 1 Capital plus Additional Tier 1 Capital) and Tier 2 Capital, measured in accordance with the Basel Framework's definition of capital as implemented in the Company's operating jurisdiction(s).
Trigger	A pre-set capital ratio level or event which, when reached, obliges defined management actions, escalation and reporting under the trigger framework in this Plan.

4. Regulatory Framework

The key legislation, regulations and standards relevant to this document include (as amended from time to time):

Instrument / Standard	Relevance
Basel Framework — Risk-based capital	Sets the minimum CET1, Tier 1 and Total

End of preview

This is a preview extract. The complete document continues beyond the pages shown here.

The full document is supplied as a single, fully editable Microsoft Word (.docx) file immediately after purchase — including every remaining section, the definitions, the regulatory framework references and all appendices and templates.

Bracketed prompts such as [30 days] mark the points where your own thresholds, committee names and local regulatory references are inserted.

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