

SCHEDULE

SUPPLEMENTARY CAPITAL

PART I

specification of supplementary capital and extent of aggregation

Specification of supplementary capital

1.—(1) Subject to the following subparagraphs of this paragraph supplementary financial resources relating to subordinated long term debt of which a society is the borrower are specified as supplementary capital of that society to be aggregated with its reserves to the extent set out in paragraph 2 below.

(2) Supplementary financial resources relating to subordinated long term debt are not specified as supplementary capital for the purposes of subparagraph (1) above where the issue terms relating to that subordinated long term debt contain any disqualifying term.

(3) Part II to this Schedule lists the terms which are disqualifying terms for the purposes of subparagraph (2) above.

Extent of aggregation of supplementary capital

2.—(1) Subject to article 4 above supplementary capital of a society shall be aggregated with the reserves of the society to the extent represented by the relevant amount of that supplementary capital as identified in accordance with the remainder of this paragraph.

(2) The relevant amount of supplementary capital is identified for the purposes of this paragraph by—

- (a) establishing as the gross amount the supplementary fund relating to (or, as the case may be, the total of the supplementary funds relating to the instalments of principal of) the subordinated debt the supplementary financial resources relating to which comprise that supplementary capital,
- (b) establishing as the net amount the gross amount less each supplementary fund (if any) relating to a relevant debt element the initial maturity period relating to which is less than five years and one day,
- (c) establishing each constituent supplementary fund within that net amount,
- (d) taking the entirety of each such constituent supplementary fund relating to a relevant debt element the residual maturity period relating to which equals or exceeds five years,
- (e) taking the relevant component of each such constituent supplementary fund relating to a relevant debt element the residual maturity period relating to which is less than five years, and
- (f) adding the totals taken in paragraphs (d) and (e) above to each other.

(3) For the purpose of subparagraph (2)(e) above the relevant component of a supplementary fund relating to a relevant debt element the residual maturity period relating to which is less than five years is

$$\frac{A \times B}{C}$$

where—

a A is the supplementary fund,

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- b B is the number of days in the residual maturity period, and
- c C is the number of days in the five years ending on the last day of the residual maturity period.