

Capital

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The GALCO targets Tier 1 and total capital ratios of 7-9 per cent and 12-14 per cent respectively.

| | 2006 \$million | 2005 \$million |
|---|-------------------|-------------------|
| Tier 1 capital: | | |
| Called up ordinary share capital and preference shares | 7,771 | 5,982 |
| Eligible reserves | 8,937 | 6,151 |
| Minority interests | 211 | 115 |
| Innovative Tier 1 securities | 2,262 | 1,542 |
| Less: Restriction on innovative Tier 1 securities | (337) | (83) |
| Goodwill and other intangible assets | (6,146) | (4,321) |
| Unconsolidated associated companies | 229 | 186 |
| Other regulatory adjustments | (94) | 153 |
| Total Tier 1 capital | 12,833 | 9,725 |
| Tier 2 capital: | | |
| Eligible revaluation reserves | 509 | 195 |
| Portfolio impairment provision | 610 | 368 |
| Qualifying subordinated liabilities: | | |
| Perpetual subordinated debt | 3,368 | 3,128 |
| Other eligible subordinated debt | 5,387 | 4,169 |
| Less: Amortisation of qualifying subordinated liabilities | (518) | (229) |
| Restricted innovative Tier 1 securities | 337 | 83 |
| Total Tier 2 capital | 9,693 | 7,714 |
| Investments in other banks | (211) | (148) |
| Other deductions | (320) | (173) |
| Total capital base | 21,995 | 17,118 |
| Banking book: | | |
| Risk weighted assets | 120,028 | 99,378 |
| Risk weighted contingents | 21,106 | 16,274 |
| | 141,134 | 115,652 |
| Trading book: | | |
| Market risks | 5,834 | 6,701 |
| Counterparty/settlement risks | 6,475 | 3,571 |
| Total risk weighted assets and contingents | 153,443 | 125,924 |
| Capital ratios | | |
| Tier 1 capital | 8.4% | 7.7% |
| Total capital | 14.3% | 13.6% |