

**ANNEX XII- Instructions for leverage ratio disclosures**

**Template UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures.** Fixed format template.

1. Institutions shall apply the instructions provided in this section in order to complete template UK LR1 - LRSum in application of point (b) of Article 451(1) of the *CRR*.

| <b>Legal references and instructions</b> |   |
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| <b>Row number</b>                        | <b>Explanation</b>  |
| 1  | <p><b>Total assets as per published financial statements</b></p> <p>Institutions shall disclose the total assets as published in their financial statements under the applicable accounting framework as defined in point (77) of Article 4(1) of the <i>CRR</i>.</p>   |
| 2  | <p><b>Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation</b></p> <p>Institutions shall disclose the difference in value between the <i>total exposure measure</i> as disclosed in UK LR1 - LRSum;13 and total accounting assets as disclosed in UK LR1 - LRSum;1 that results from differences between the accounting scope of consolidation and the prudential scope of consolidation.</p> <p>If this adjustment leads to an increase in exposure, institutions shall disclose this as a positive amount. If this adjustment leads to a decrease in exposure, institutions shall disclose this as a negative amount.</p> |
| 3  | <p><b>(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)</b></p> <p>Point (m) of Article 429a(1) of the <i>CRR</i>.</p> <p>Institutions shall disclose the amount of the securitised exposures from traditional securitisations that meet the conditions for significant risk transfer set out in Article 244(2) of the <i>CRR</i>.</p> <p>As this adjustment reduces the <i>total exposure measure</i>, institutions shall place the value disclosed in this row between brackets (negative amount).</p>   |
| 4  | <p><b>(Adjustment for exemption of exposures to central bank)</b></p> <p>Paragraph (A1) of Article 429a of the <i>CRR</i>.</p>  |

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|   | <p>Institutions shall disclose the total amount of central bank claims that are excluded from the <i>total exposure measure</i> in accordance with paragraph (A1) of Article 429a of the <i>CRR</i>.</p> <p>As this adjustment reduces the <i>total exposure measure</i>, institutions shall place the value disclosed in this row between brackets (negative amount).</p>  |
| 5 | <p><b>(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the <i>total exposure measure</i> in accordance with point (i) of Article 429a(1) of the <i>CRR</i>)</b></p> <p>Institutions shall disclose the amount of derecognised fiduciary items in accordance with point (i) of Article 429a(1) of the <i>CRR</i>.</p> <p>As this adjustment reduces the <i>total exposure measure</i>, institutions shall place the value disclosed in this row between brackets (negative amount).</p>  |
| 6 | <p><b>Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting</b></p> <p>Article 429g (1) and (2) of the <i>CRR</i>.</p> <p>Institutions shall disclose the adjustment of the accounting value related to regular-way purchases or sales awaiting settlement subject to trade date accounting in accordance with Article 429g (1) and (2) of the <i>CRR</i>. The adjustment is the sum of:</p> <ul style="list-style-type: none"> <li>- The amount offset between cash receivables for regular-way sales awaiting settlement and cash payables for regular-way purchase awaiting settlement allowed under the accounting framework. This is a positive amount.</li> <li>- The amount offset between cash receivables and cash payables where both the related regular-way sales and purchases are settled on a delivery-versus-payment basis in accordance with Article 429g(2) of the <i>CRR</i>. This is a negative value.</li> </ul> <p>Regular-way purchases or sales awaiting settlement subject to settlement date accounting in accordance with Article 429g (3) of the <i>CRR</i> shall be included in UK LR1 - LRSum row 10.</p> <p>If this adjustment leads to an increase in exposure, institutions shall disclose this as a positive amount. If this adjustment leads to a decrease in exposure, institutions shall disclose this as a negative amount.</p> |

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| 7 | <p><b>Adjustment for eligible cash pooling transactions</b></p> <p>Article 429b (2) and (3) of the <i>CRR</i>.</p> <p>Institutions shall disclose the difference between the accounting value and the leverage ratio exposure value of cash pooling arrangements in accordance with the conditions mentioned in Article 429b(2) and (3) of the <i>CRR</i>.</p> <p>If this adjustment leads to an increase in exposure, due to transactions that are represented net under the applicable accounting framework but do not meet the conditions for net presentation under Article 429b (2) and (3) of the <i>CRR</i>, institutions shall disclose this as a positive amount. If this adjustment leads to a decrease in exposure, due to transactions that are not represented net under the applicable accounting framework but do meet the conditions for net presentation under Article 429b (2) and (3) of the <i>CRR</i>, institutions shall disclose this as a negative amount.</p> |
| 8 | <p><b>Adjustment for derivative financial instruments</b></p> <p>For credit derivatives and contracts listed in Annex II of the <i>CRR</i>, institutions shall disclose the difference in value between the accounting value of the derivatives recognised as assets and the leverage ratio exposure value as determined by application of point (b) of Article 429(4), Article 429c, 429d, points (g) and (h) of Article 429a(1), and of Article 429(5) of the <i>CRR</i>.</p> <p>If this adjustment leads to an increase in exposure, institutions shall disclose this as a positive amount. If this adjustment leads to a decrease in exposure, institutions shall place this amount between brackets (a negative amount).</p>  |
| 9 | <p><b>Adjustment for securities financing transactions (SFTs)</b></p> <p>For SFTs institutions shall disclose the difference in value between the accounting value of the SFTs recognised as assets and the leverage ratio exposure value as determined by application of points (a) and (c) of Article 429(4) in conjunction with Article 429e, point (b) of Article 429(7) and with point (b) of Article 429b(1), with Article 429b (4), and with points (g) and (h) of 429a (1) of the <i>CRR</i>.</p> <p>If this adjustment leads to an increase in the exposure, institutions shall disclose this as a positive amount. If this adjustment leads to a decrease in exposure, institutions shall place this amount between brackets (negative amount).</p>  |

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| 10     | <p><b>Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)</b></p> <p>Institutions shall disclose the difference in value between the <i>total exposure measure</i> as disclosed in UK LR1 - LRSum;13 and total accounting assets as disclosed in UK LR1 - LRSum;1 that results from the inclusion of off-balance sheet items in the <i>total exposure measure</i>.</p> <p>This includes the commitments to pay related to regular-way purchases under settlement date accounting as calculated in accordance with Article 429g (3) of the <i>CRR</i>.</p> <p>As this adjustment increases the <i>total exposure measure</i>, it shall be disclosed as a positive amount.</p>   |
| 11     | <p><b>(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))</b></p> <p>Institutions shall disclose the amount of prudent valuation adjustments in accordance with points (a) and (b) of Article 429a(1) of the <i>CRR</i> and amount of specific (if relevant) and general credit risk adjustments to on- and off-balance-sheet items as per the last sentence of Article 429(4) and Article 429f (2) of the <i>CRR</i> that have reduced <i>tier 1 capital (leverage)</i>. Specific provisions shall only be included if in accordance with the applicable accounting framework they are not already deducted from the gross carrying amount values.</p> <p>As this adjustment reduces the <i>total exposure measure</i>, institutions shall place the value disclosed in this row between brackets (negative amount).</p> |
| UK-11a | <p><b>(Adjustment for exposures excluded from the <i>total exposure measure</i> in accordance with point (c) of Article 429a(1) of the <i>CRR</i>)</b></p> <p>Point (c) of Article 429a(1) and Article 113(6) or (7) of the <i>CRR</i>.</p> <p>Institutions shall disclose the on-balance sheet portion of exposures excluded from the <i>total exposure measure</i> in accordance with point (c) of Article 429a(1) of the <i>CRR</i>.</p> <p>As this adjustment reduces the <i>total exposure measure</i>, institutions shall place the value disclosed in this row between brackets (negative amount).</p>   |

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| UK-11b | <p><b>(Adjustment for exposures excluded from the <i>total exposure measure</i> in accordance with point (j) of Article 429a(1) of the <i>CRR</i></b></p> <p>Point (j) of Article 429a(1), Article 116(4) of the <i>CRR</i>.</p> <p>Institutions shall disclose the on balance sheet portion of exposures excluded from the <i>total exposure measure</i> in accordance with point (j) of Article 429a(1) of the <i>CRR</i>.</p> <p>As this adjustment reduces the <i>total exposure measure</i>, institutions shall place the values disclosed in this row between brackets (negative amount).</p>                    |
| 12     | <p><b>Other adjustments</b></p> <p>Institutions shall include any remaining difference in value between the <i>total exposure measure</i> and total accounting assets. Institutions shall consider the exposure adjustments mentioned in Article 429a(1) of the <i>CRR</i>, not disclosed anywhere in the template (points (h), (k), (l)).</p> <p>If these adjustments lead to an increase in the total exposure measure, institutions shall disclose this as a positive amount. If these adjustments lead to a decrease in exposure, the institutions shall place this amount between brackets (negative amount).</p> |
| 13     | <p><b>Total exposure measure</b></p> <p>The <i>total exposure measure</i> (as disclosed in template UK LR2 - LRCom), which is the sum of the previous items.</p>   |

**Template UK LR2 - LRCom: Leverage ratio common disclosure.** Fixed format template

2. Institutions shall apply the instructions provided in this section in order to complete template UK LR2 - LRCom in application of points (a) and (b) of Article 451(1) of the *CRR* and of Article 451(3) of the *CRR*, taking into account, where applicable, point (c) of Article 451(1) and Article 451(2) of the *CRR*.
3. Institutions shall disclose in column a the values of the different rows for the disclosure period and in column b the values of the rows for the previous disclosure period.
- 3a. Institutions shall disclose template UK LR2 – LRCom with the frequency outlined in Articles 433a and 433c of the *CRR*. In particular, *LREQ firms* as defined in paragraph 2.10 of Chapter 2 of the Disclosure (CRR) Part of the PRA Rulebook shall disclose values in UKL2 – LRCom;UK-24b, UKL2 – LRCom;25, UKL2 – LRCom;UK-25a, UKL2 – LRCom;UK-25c, UKL2 – LRCom;27, UKL2 – LRCom;UK-27b, UKL2 – LRCom;UK-33 and UKL2 – LRCom;UK-34 with a quarterly frequency, in line with paragraph (4) of Article 433a and paragraph 1(c) of Article 433c of the *CRR*.
- 4.a In order to reduce the burden of disclosure for institutions not in scope of the UK leverage ratio capital requirement, in template UK LR2 - LRCom only *LREQ firms* shall disclose values in UK LR2 - LRCom;27 to UK LR2 - LRCom;UK-34.

- 4.b Subject to paragraph 4.c, *LREQ firms* which are required to disclose averaged leverage exposures and ratios in UK LR2 - LRCom;UK-31 to UK LR2 - LRCom;UK-34 shall calculate such averaged exposures and ratios in accordance with paragraph (4) of Article 451 of the *CRR*.
- 4.c Until 1 January 2023, *LREQ firms* which are required to disclose averaged leverage exposures and ratios in UK LR2 - LRCom;UK-31 to UK LR2 - LRCom;UK-34 shall calculate such averaged exposures and ratios in accordance with paragraph (5) of Article 451 of the *CRR*.

| <b>Legal references and instructions</b> |  |
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| <b>Row number</b>                        | <b>Explanation</b>   |
| 1  | <p><b>On-balance sheet items (excluding derivatives, SFTs, but including collateral)</b><br/>Article 429 and 429b of the <i>CRR</i>.</p> <p>Institutions shall disclose all assets other than contracts listed in Annex II of the <i>CRR</i>, credit derivatives, SFTs and fiduciary assets in accordance with point (i) of Article 429a(1) of the <i>CRR</i>. Institutions shall base the valuation of these assets on the principles set out in Article 429(7) and 429b(1) of the <i>CRR</i>.</p> <p>Institutions shall take into account in this calculation, if applicable, points (i), (m) of Article 429a (1) of the <i>CRR</i>, Article 429g and the last paragraph of Article 429 (4) of the <i>CRR</i>.</p> <p>Institutions shall include in this cell cash received or any security that is provided to a counterparty via SFTs and that is retained on the balance sheet (i.e. the accounting criteria for derecognition under the applicable accounting framework are not met).</p> <p>With regard to relevant amounts in accordance with Article 429a (1) of the <i>CRR</i>, institutions shall not reduce the amounts to be disclosed by the exemptions/reductions in points: (a)-(c), (g)-(h), (j) and (k) of the same Article.</p> |
| 2  | <p><b>Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework</b><br/>Article 429c(2) of the <i>CRR</i>.</p> <p>Institutions shall disclose the amount of any derivatives collateral provided where the provision of that collateral reduces the amount of assets under the applicable accounting framework, as set out in Article 429c(2) of the <i>CRR</i>.</p> <p>Institutions shall not include in this cell initial margin for client-cleared derivative transactions with a qualifying CCP (QCCP) or eligible cash variation margin, as defined in Article 429c(3) of the <i>CRR</i>.</p>   |

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| 3 | <p><b>(Deductions of receivables assets for cash variation margin provided in derivatives transactions)</b></p> <p>Article 429c(3) of the <i>CRR</i>.</p> <p>Institutions shall disclose the receivables for variation margin paid in cash to the counterparty in derivatives transactions if the institution is required, under the applicable accounting framework, to recognise these receivables as an asset, provided that the conditions in points (a) to (e) of Article 429c(3) of the <i>CRR</i> are met.</p> <p>As these deductions reduce the <i>total exposure measure</i>, institutions shall place the value in this cell between brackets (negative amount).</p>   |
| 4 | <p><b>(Adjustment for securities received under securities financing transactions that are recognised as an asset)</b></p> <p>Adjustment for securities received under a securities financing transaction where the bank has recognised the securities as an asset on its balance sheet. These amounts are to be excluded from the exposure measure in accordance with Article 429e(6) of the <i>CRR</i>.</p> <p>As the adjustments in this row reduce the <i>total exposure measure</i>, they shall be disclosed as negative figures.</p>   |
| 5 | <p><b>(General credit risk adjustments to on-balance sheet items)</b></p> <p>The amount of general credit risk adjustments corresponding to on-balance sheet items referred to in point (a) of Article 429 (4) of the <i>CRR</i>, which institutions deduct in accordance with the last paragraph of Article 429 (4) of the <i>CRR</i>.</p> <p>As the adjustments in this row reduce the <i>total exposure measure</i>, they shall be disclosed as negative figures.</p>   |
| 6 | <p><b>(Asset amounts deducted in determining tier 1 capital (leverage))</b></p> <p>Points (a) and (b) of Article 429a(1), Article 468, Article 473a and Article 494b of the <i>CRR</i>.</p> <p>Institutions shall disclose the amount of regulatory value adjustments made to tier 1 capital (leverage).</p> <p>More specifically, institutions shall disclose the value of the sum of all the adjustments that target the value of an asset and which are required by:</p> <ul style="list-style-type: none"> <li>– Articles 32 to 35 of the <i>CRR</i>, or</li> <li>– Articles 36 to 47 of the <i>CRR</i>, or</li> <li>– Articles 56 to 60 of the <i>CRR</i>, as applicable.</li> </ul> <p>Institutions shall include in this cell the amount referred to in point (a) of Article 429a(1) of the <i>CRR</i>.</p> |

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|   | <p>Institutions shall take into account exemptions, alternatives and waivers to such deductions laid down in Articles 48, 49 and 79 of the <i>CRR</i>, in addition to taking into account the derogations laid down in Chapters 1, 2 and 4 of Title I of Part Ten of the <i>CRR</i>.</p> <p>To avoid double counting, institutions shall not disclose adjustments already applied pursuant to Article 111 of the <i>CRR</i> when calculating the exposure value nor shall they disclose any adjustment that does not deduct the value of a specific asset.</p> <p>As these deductions reduce the <i>total exposure measure</i>, institutions shall place the value in this cell between brackets (negative amount).</p>   |
| 7 | <p><b>Total on-balance sheet exposures (excluding derivatives and SFTs)</b></p> <p>Sum of lines 1 to 6.</p>   |
| 8 | <p><b>Replacement cost associated with SA-CCR transactions (i.e. net of eligible cash variation margin)</b></p> <p>Articles 274, 275, 295, 296, 297, 298, 429c and 429c(3) of the <i>CRR</i>.</p> <p>Institutions shall disclose the current replacement cost as specified in Article 275(1) of contracts listed in Annex II of the <i>CRR</i> and credit derivatives including those that are off-balance sheet. These replacement costs shall be net of eligible cash variation margin in accordance with Article 429c(3) of the <i>CRR</i> whereas any cash variation margin received on an exempted CCP leg in accordance with points (g) or (h) of Article 429a(1) of the <i>CRR</i> shall not be included.</p> <p>As determined by Article 429c(1) of the <i>CRR</i>, institutions may take into account the effects of contracts for novation and other netting agreements in accordance with Article 295 of the <i>CRR</i>. Cross-product netting shall not apply. However, institutions may net within the product category referred to in point (c) of Article 272(25) of the <i>CRR</i> and credit derivatives when they are subject to a contractual cross-product netting agreement referred to in point (c) of Article 295 of the <i>CRR</i>.</p> <p>Institutions shall not include in this cell contracts measured by application of the approaches in accordance with Articles 429c(6), i.e. the approaches in Section 4 or 5 of Chapter 6 of Title II of Part Three of the <i>CRR</i> (the simplified SA-CCR or <i>original exposure method</i>).</p> <p>When calculating the replacement costs institutions shall include, in accordance with Article 429c(4) of the <i>CRR</i>, the effect of the recognition of collateral on NICA on derivative contracts with clients where those contracts are cleared by a QCCP.</p> <p>The amount shall be disclosed with the alpha factor as specified in Article</p> |



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|       | 274(2) of the <i>CRR</i> .   |
| UK-8a | <p><b><u>Derogation for derivatives: replacement costs contribution under the simplified standardised approach</u></b></p> <p>Articles 429c(6) and 281 of the <i>CRR</i>.</p> <p>This cell provides the exposure measure of contracts listed in points 1 and 2 of Annex II of the <i>CRR</i> calculated in accordance with the simplified standardised approach set out in Article 281 of the <i>CRR</i>, without the effect of collateral on NICA. The amount shall be disclosed with the alpha factor applied as specified in Article 274(2) of the <i>CRR</i>.</p> <p>Institutions that apply the simplified standardised approach shall not reduce the total exposure measure by the amount of margin received in accordance with Article 429c(6) of the <i>CRR</i>. Hence the exception for derivative contracts with clients where those contracts are cleared by a QCCP in Article 429c(4) of the <i>CRR</i> shall not apply.</p> <p>Institutions shall not consider in this cell contracts measured by application of the SA-CCR or the <i>original exposure method</i>.</p>   |
| 9     | <p><b>Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions</b></p> <p>Articles 274, 275, 295, 296, 297, 298, 299 (2) and 429c of the <i>CRR</i>.</p> <p>Institutions shall disclose the add-on for the potential future exposure of contracts listed in Annex II of the <i>CRR</i> and of credit derivatives including those that are off-balance sheet calculated in accordance with the (Article 278 of the <i>CRR</i> for contracts listed in Annex II of the <i>CRR</i> and Article 299(2) of the <i>CRR</i> for credit derivatives) and applying netting rules in accordance with Article 429c(1) of the <i>CRR</i>. In determining the exposure value of those contracts, institutions may take into account the effects of contracts for novation and other netting agreements in accordance with Article 295 of the <i>CRR</i>. Cross-product netting shall not apply. However, institutions may net within the product category referred to in point (c) of Article 272(25) of the <i>CRR</i> and credit derivatives when they are subject to a contractual cross-product netting agreement referred to in point (c) of Article 295 of the <i>CRR</i>.</p> <p>In accordance with Article 429c(5) of the <i>CRR</i>, institutions shall set the value of the multiplier used in the calculation of the potential future exposure in accordance with Article 278(1) of the <i>CRR</i> to one, except in the case of derivative contracts with clients where those contracts are cleared by a QCCP.</p> <p>Institutions shall not include in this cell contracts measured by application of the approaches in accordance with Articles 429c(6), i.e. the approaches in</p> |

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|       | <p>Section 4 or 5 of Chapter 6 of Title II of Part Three of the <i>CRR</i> (the simplified SA-CCR or <i>original exposure method</i>).</p>   |
| UK-9a | <p><b><u>Derogation for derivatives: potential future exposure contribution under the simplified standardised approach</u></b></p> <p>Article 429c(5) of the <i>CRR</i>.</p> <p>The potential future exposure in accordance with the simplified standardised approach set out in Article 281 of the <i>CRR</i>, assuming a multiplier of 1. The amount shall be disclosed with the alpha factor applied as specified in Article 274(2) of the <i>CRR</i>.</p> <p>Institutions that apply the simplified standardised approach shall not reduce the total exposure measure by the amount of margin received in accordance with Article 429c(6) of the <i>CRR</i>. Hence the exception for derivative contracts with clients where those contracts are cleared by a QCCP in Article 429c(5) of the <i>CRR</i> shall not apply.</p> <p>Institutions shall not consider in this cell contracts measured by application of the SA-CCR or the <i>original exposure method</i>.</p> |
| UK-9b | <p><b>Exposure determined under the original exposure method</b></p> <p>Article 429c(6) and Section 4 or 5 of Chapter 6 of Title II of Part Three of the <i>CRR</i>.</p> <p>Institutions shall disclose the exposure measure of contracts listed in points 1 and 2 of Annex II of the <i>CRR</i> calculated in accordance with the Original Exposure Method set out in Section 4 or 5 of Chapter 6 of Title II of Part Three of the <i>CRR</i>.</p> <p>Institutions that apply the <i>original exposure method</i> shall not reduce the exposure measure by the amount of margin they have received in accordance with Article 429c(6) of the <i>CRR</i>.</p> <p>Institutions that do not use the <i>original exposure method</i> shall not disclose this cell.</p>  |

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| 10     | <p><b>(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)</b></p> <p>Points (g) and (h) of Article 429a(1) of the <i>CRR</i>.</p> <p>Institutions shall disclose the exempted trade exposures to a QCCP from client-cleared derivatives transactions (SA-CCR), provided that those items meet the conditions laid down in point (c) Article 306(1) of the <i>CRR</i>.</p> <p>Since it reduces the <i>total exposure measure</i> institutions shall place the value in this cell between brackets (Negative amount).</p> <p>The amount disclosed must also be included in the applicable cells above as if no exemption applied.</p>  |
| UK-10a | <p><b>(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)</b></p> <p>Points (g) and (h) of Article 429a(1) of the <i>CRR</i>.</p> <p>Institutions shall disclose the exempted trade exposures to a QCCP from client-cleared derivatives transactions (simplified standardised approach), provided that those items meet the conditions laid down in point (c) of Article 306(1) of the <i>CRR</i>. The amount shall be disclosed with the alpha factor applied as specified in Article 274(2) of the <i>CRR</i> (negative amount).</p> <p>The amount disclosed must also be included in the applicable cells above as if no exemption applied.</p> |
| UK-10b | <p><b>(Exempted CCP leg of client-cleared trade exposures) (original exposure method)</b></p> <p>Points (g) and (h) of Article 429a(1) of the <i>CRR</i>.</p> <p>Institutions shall disclose the exempted trade exposures to a QCCP from client-cleared derivatives transactions (original exposure method), provided that those items meet the conditions laid down in point (c) of Article 306(1) of the <i>CRR</i>.</p> <p>Since it reduces the <i>total exposure measure</i> institutions shall place the value in this cell between brackets (Negative amount).</p> <p>The amount disclosed must also be included in the applicable cells above as if no exemption applied.</p>   |
| 11     | <p><b>Adjusted effective notional amount of written credit derivatives</b></p> <p>Article 429d of the <i>CRR</i>.</p> <p>Institutions shall disclose the capped notional value of written credit derivatives (i.e. where the institution is providing credit protection to a counterparty) as set out in Article 429d of the <i>CRR</i>.</p>   |

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| 12 | <p><b>(Adjusted effective notional offsets and add-on deductions for written credit derivatives)</b></p> <p>Article 429d of the <i>CRR</i>.</p> <p>Institutions shall disclose the capped notional value of purchased credit derivatives (i.e. where the institution is buying credit protection from a counterparty) on the same reference names as those credit derivatives written by the institution, where the remaining maturity of the purchased protection is equal to or greater than the remaining maturity of the sold protection. Hence, the value shall not be greater than the value entered in template UK LR2 - LRCom;11 for each reference name.</p> <p>Since it reduces the <i>total exposure measure</i> institutions shall place the value in this cell between brackets (negative amount).</p> <p>The amount disclosed must also be included in the previous cell as if no adjustment applied.</p>   |
| 13 | <p><b>Total derivatives exposures</b></p> <p>Sum of rows 8 to UK-12.</p>  |
| 14 | <p><b>Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions</b></p> <p>Articles 4(1) and (77), 206 and 429e(6) of the <i>CRR</i>.</p> <p>Institutions shall disclose the accounting balance sheet value under the applicable accounting framework of SFTs that are both covered and not covered by a master netting agreement eligible under Article 206 of the <i>CRR</i> where the contracts are recognised as assets on the balance sheet assuming no prudential or accounting netting or risk mitigation effects (i.e. the accounting balance sheet value adjusted for the effects of accounting netting or risk mitigation).</p> <p>Furthermore, where sale accounting is achieved for a SFT under the applicable accounting framework, institutions shall reverse all sales-related accounting entries in accordance with Article 429e(6) of the <i>CRR</i>.</p> <p>Institutions shall not include in this cell cash received or any security that is provided to a counterparty via the aforementioned transactions and is retained on the balance sheet (i.e. the accounting criteria for derecognition are not met).</p> |

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| 15     | <p><b>(Netted amounts of cash payables and cash receivables of gross SFT assets)</b></p> <p>Articles 4(1), (77), 206, point (b) of Article 429b(1), 429b(4) and 429e(6) of the <i>CRR</i>.</p> <p>Institutions shall disclose the cash payables amount of gross SFT assets that have been netted in accordance with Article 429b(4) of the <i>CRR</i>.</p> <p>Since it reduces the <i>total exposure measure</i> institutions shall place the value in this cell between brackets (negative amount).</p>   |
| 16     | <p><b>Counterparty credit risk exposure for SFT assets</b></p> <p>Article 429e(1) of the <i>CRR</i>.</p> <p>Institutions shall disclose the add-on for counterparty credit risk of SFTs including those that are off-balance sheet determined in accordance with Article 429e(2) or (3) of the <i>CRR</i>, as applicable.</p> <p>Institutions shall include in this cell transactions in accordance with point (c) of Article 429e(7) of the <i>CRR</i>.</p> <p>Institutions shall not include in this cell agent SFTs where the institution provides an indemnity or guarantee to a customer or counterparty limited to any difference between the value of the security or cash the customer has lent and the value of collateral the borrower has provided in accordance with point (a) of Article 429e(7) of the <i>CRR</i>.</p> |
| UK-16a | <p><b>Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the <i>CRR</i></b></p> <p>Articles 429e(5) and 222 of the <i>CRR</i>.</p> <p>Institutions shall disclose the add-on for SFTs including those that are off-balance sheet calculated in accordance with Article 222 of the <i>CRR</i>, subject to a 20% floor for the applicable risk weight.</p> <p>Institutions shall include in this cell transactions in accordance with point (c) of Article 429e(7) of the <i>CRR</i>.</p> <p>Institutions shall not include in this cell transactions for which the add-on part of the leverage ratio exposure value is determined in accordance with the method defined in Article 429e(1) of the <i>CRR</i>.</p>  |
| 17     | <p><b>Agent transaction exposures</b></p> <p>Article 429e(2), (3) and point (a) of Article 429e(7) of the <i>CRR</i>.</p> <p>Institutions shall disclose the exposure value for agent SFTs where the institution provides an indemnity or guarantee to a customer or counterparty limited to any difference between the value of the security or cash the customer has lent and the value of collateral the borrower has provided in accordance</p>  |

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|        | <p>with point (a) of Article 429e(7) of the <i>CRR</i>, consists only of the add-on determined in accordance with Article 429e(2) or (3) of the <i>CRR</i>, as applicable.</p> <p>Institutions shall not include in this cell transactions in accordance with point (c) of Article 429e(7) of the <i>CRR</i>.</p>   |
| UK-17a | <p><b>(Exempted CCP leg of client-cleared SFT exposures)</b></p> <p>Points (g) and (h) of Article 429a(1) and point (c) of Article 306(1) of the <i>CRR</i>.</p> <p>Institutions shall disclose the exempted CCP leg of client-cleared trade exposures of SFTs, provided that those items meet the conditions laid down in point (c) of Article 306(1) of the <i>CRR</i>.</p> <p>Where the exempted leg to the CCP is a security it shall not be included in this cell unless it is a repledged security that under the applicable accounting framework (i.e. in accordance with the first sentence of Article 111(1) of the <i>CRR</i>) is included at full value.</p> <p>Since it reduces the <i>total exposure measure</i> institutions shall place the value in this cell between brackets (negative amount).</p> <p>The amount disclosed must also be included in the applicable cells above as if no exemption applied.</p> |
| 18     | <p><b>Total securities financing transactions exposures</b></p> <p>Sum of rows 14 to UK-17a.</p>  |
| 19     | <p><b>Off-balance sheet exposures at gross notional amount</b></p> <p>Article 429f of the <i>CRR</i>.</p> <p>Institutions shall disclose the nominal value of all off-balance sheet items as defined in Article 429f of the <i>CRR</i>, before any adjustment for conversion factors and specific credit risk adjustments</p>   |
| 20     | <p><b>(Adjustments for conversion to credit equivalent amounts)</b></p> <p>Article 429f of the <i>CRR</i>.</p> <p>Reduction in gross amount of off-balance sheet exposures due to the application of CCFs. Since it reduces the <i>total exposure measure</i> the value disclosed in this cell shall contribute negatively to the sum to be disclosed in template UK LR2 - LRCom;22.</p>  |

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| 21     | <p><b>(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures)</b></p> <p>Article 429(4) and 429f (1) and (2) of the <i>CRR</i>.</p> <p>Institutions may reduce the credit exposure equivalent amount of an off-balance-sheet item by the corresponding amount of general credit risk adjustments that are deducted from Tier 1 capital. The calculation shall be subject to a floor of zero. The absolute value of these specific risk adjustments shall not exceed the sum of rows 19 and 20. As these adjustments reduce the exposure measure, they shall be disclosed as negative figures.</p> <p>The amount disclosed shall also be included in the applicable cells above as if this reduction did not apply.</p> |
| 22     | <p><b>Off-balance sheet exposures (sum of lines 19 to 21)</b></p> <p>Articles 429f, 111(1) and 166(9) of the <i>CRR</i>.</p> <p>Institutions shall disclose the leverage ratio exposure values for off-balance sheet items determined in accordance with Article 429f of the <i>CRR</i> taking into account the relevant conversion factors.</p> <p>Institutions shall take into account that template UK LR2 - LRCom;20 and template UK LR2 - LRCom;21 contribute negatively to this sum.</p>  |
| UK-22a | <p><b>(Exposures excluded from the <i>total exposure measure</i> in accordance with point (c) of Article 429a(1) of the <i>CRR</i>)</b></p> <p>Point (c) of Article 429a(1) and Article 113(6) and (7) of the <i>CRR</i>.</p> <p>Institutions shall disclose the exposures that can benefit from the treatment laid down in Article 113(6) or (7) of the <i>CRR</i>.</p> <p>The amount disclosed shall also be included in the applicable cells above as if no exemption applied.</p> <p>Since it reduces the <i>total exposure measure</i> institutions shall place the value in this cell between brackets (negative amount).</p>   |
| UK-22b | <p><b>(Exposures exempted in accordance with point (j) of Article 429a(1) of the <i>CRR</i> (on- and off- balance sheet))</b></p> <p>Point (j) of Article 429a(1) of the <i>CRR</i>.</p> <p>Institutions shall disclose the exposures exempted in accordance with point (j) of Article 429a(1) of the <i>CRR</i> subject to the therein stated conditions being met.</p> <p>The amount disclosed must also be included in the applicable cells above as if no exemption applied.</p> <p>Since it reduces the <i>total exposure measure</i> institutions shall place the value in this cell between brackets (negative amount).</p>  |

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| UK-22g | <p><b>(-) Excluded excess collateral deposited at triparty agents</b></p> <p>Point (k) of Article 429a(1) of the <i>CRR</i>.</p> <p>The excess collateral deposited at triparty agents that has not been lent out, which can be excluded in accordance with point (k) of Article 429a(1) of the <i>CRR</i>.</p>   |
| UK-22k | <p><b>(-) Total excluded exposures</b></p> <p>Sum of rows UK-22a, UK-22b, UK-22g.</p>   |
| 23     | <p><b>Tier 1 capital (leverage)</b></p> <p>Articles 429(3) and Article 468, Article 473a and Article 494b of the <i>CRR</i>.</p> <p>Institutions shall disclose the amount of Tier 1 capital calculated in accordance with Article 25 of the <i>CRR</i>, after taking into account the derogations laid down in Chapters 1, 2 and 4 of Title I of Part Ten of the <i>CRR</i>.</p> |
| 24     | <p><b>Total exposure measure including claims on central banks</b></p> <p>Sum of rows 7, 13, 18, 22, and UK 22k.</p>  |
| UK-24a | <p><b>(-) Claims on central banks excluded</b></p> <p>Institutions shall disclose the total amount of central bank claims that are excluded from the <i>total exposure measure</i> in accordance with paragraph (A1) of Article 429a of the <i>CRR</i>.</p>   |
| UK-24b | <p><b>Total exposure measure excluding claims on central banks</b></p> <p>Sum of rows 7, 13, 18, 22, UK 22k and UK 24a.</p>   |



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| 25     | <p><b>Leverage ratio excluding claims on central banks (%)</b></p> <p>Institutions shall disclose template UK LR2 - LRCom;23 divided by template UK LR2 - LRCom;UK-24b expressed as a percentage.</p>   |
| UK-25a | <p><b>Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)</b></p> <p>Article 473a of the <i>CRR</i>.</p> <p>Institutions shall disclose the value as in template UK LR2 - LRCom;25 but as if ECL transitional arrangements or analogous IFRS9 transitional provisions were not applied.</p>  |
| UK-25b | <p><b>Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)</b></p> <p>Article 468 of the <i>CRR</i>.</p> <p>Institutions shall disclose the value as in template UK LR2 - LRCom;25 but as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied.</p> |
| UK-25c | <p><b>Leverage ratio including claims on central banks (%)</b></p> <p>Institutions shall disclose template UK LR2 - LRCom;23 divided by template UK LR2 - LRCom;24 expressed as a percentage.</p>   |
| 26     | <p><b>Regulatory minimum leverage ratio requirement (%)</b></p> <p><i>LREQ firms</i> shall disclose the required minimum <i>leverage ratio</i> in accordance with rule 3.1 of the Leverage Ratio – Capital Requirements and Buffers Part of the PRA Rulebook.</p>   |
| 27     | <p><b>Leverage ratio buffer (%)</b></p> <p><i>LREQ firms</i> shall report the sum of Template UK-LR2-LRCom;UK-27a and UK-27b.</p> <p>This row shall be disclosed by <i>LREQ firms</i> only.</p>   |

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| UK-27a | <p><b>Of which: G-SII or O-SII additional leverage ratio buffer rate (%)</b></p> <p><i>LREQ firms</i> that are subject to a requirement to do so may report the buffer rate expressed as a percentage of firms' G-SII or O-SII additional leverage ratio buffer (ALRB) as applicable to total exposure measure. If both G-SII buffer and O-SII are applicable, then the firm should use the higher buffer rate.</p> <p>This row shall be disclosed by <i>LREQ firms</i> only.</p>                   |
| UK-27b | <p><b>Of which: countercyclical leverage ratio buffer (%)</b></p> <p><i>LREQ firms</i> to disclose the buffer rate expressed as a percentage of firms' <i>countercyclical leverage ratio buffer</i> to total exposure measure.</p> <p>This row shall be disclosed by <i>LREQ firms</i> only.</p>  |
| 28     | <p><b>Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable</b></p> <p>Mean of the sums of rows 14 and 15, based on the sums calculated as of each day of the disclosure quarter.</p> <p>This row shall be disclosed by <i>LREQ firms</i> only.</p>   |
| 29     | <p><b>Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables</b></p> <p>If rows 14 and 15 are based on quarter-end values, this amount is the sum of rows 14 and 15.</p> <p>If rows 14 and 15 are based on averaged values, this amount is the sum of quarter-end values corresponding to the content of rows 14 and 15.</p> <p>This row shall be disclosed by <i>LREQ firms</i> only.</p> |
| UK-31  | <p><b>Average total exposure measure excluding claims on central banks</b></p> <p><i>LREQ firms</i> that are subject to a requirement to do so shall disclose the average of Template UK-LR2-LRCom;UK-24b according to the methodology described in paragraphs (4b) and (4c) of this Annex.</p> <p>This row shall be disclosed by <i>LREQ firms</i> only.</p>   |

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| UK-32 | <p><b>Average total exposure measure including claims on central banks</b></p> <p><i>LREQ firms</i> that are subject to a requirement to do so shall disclose the average of Template UK-LR2-LRCom;24 according to the methodology described in paragraphs (4b) and (4c) of this Annex.</p> <p>This row shall be disclosed by <i>LREQ firms</i> only.</p> |
| UK-33 | <p><b>Average leverage ratio excluding claims on central banks</b></p> <p><i>LREQ firms</i> to report daily or monthly average of Template UK-LR2-LRCom;UK-25 according to the methodology described in paragraphs (4b) and (4c) of this Annex.</p> <p>This row shall be disclosed by <i>LREQ firms</i> only.</p>   |
| UK-34 | <p><b>Average leverage ratio including claims on central banks</b></p> <p><i>LREQ firms</i> to report daily or monthly average of Template UK-LR2-LRCom;UK-25b according to the methodology described in paragraphs (4b) and (4c) of this Annex.</p> <p>This row shall be disclosed by <i>LREQ firms</i> only.</p>  |

**Template UK-LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures). Fixed format**

4. Institutions shall apply the instructions provided in this section in order to complete template LRSpl in application of point (b) Article 451(1) of the *CRR*.

| <b>Legal references and instructions</b> |  |
|--|--|
| <b>Row number</b>                        | <b>Explanation</b>   |
| UK-1                                     | <p><b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b></p> <p>Institutions shall disclose the sum of Template UK-LR3 - LRSpl;UK-2 and Template UK-LR3 - LRSpl;UK-3.</p> |

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| UK-2 | <p><b>Trading book exposures</b></p> <p>Institutions shall disclose the exposures which are part of the total exposure value of assets belonging to the trading book excluding derivatives, SFTs and exempted exposures.</p>  |
| UK-3 | <p><b>Banking book exposures, of which:</b></p> <p>Institutions shall disclose the sum of Template UK-LR3-LRSpl;UK-4, UK-5, UK-6, UK-7, UK-8, UK-9, UK-10, UK-11 and UK-12.</p>   |
| UK-4 | <p><b>Covered bonds</b></p> <p>Institutions shall disclose the sum of exposures, which is the total exposure value of assets that are in the form of covered bonds as defined in Article 129 and in point (d) of Article 161(1) of the <i>CRR</i>.</p> <p>Institutions shall disclose net of defaulted exposures.</p>   |
| UK-5 | <p><b>Exposures treated as sovereigns</b></p> <p>Institutions shall disclose the sum of exposures, which is the total exposure value towards entities that are treated as sovereigns under <i>CRR</i>. (central governments and central banks (Article 114, and point (a) of Article 147(2) of the <i>CRR</i>); regional governments and local authorities treated as sovereigns (Article 115(2) and (4), and point (a) of Article 147(3) of the <i>CRR</i>), multilateral development banks and international organisations treated as sovereigns (Articles 117(2) and 118, and points (b) and (c) of Article 147(3) of the <i>CRR</i>), public sector entities (Article 116(4) and point (a) of Article 147(3) of the <i>CRR</i>).</p> <p>Institutions shall disclose net of defaulted exposures.</p> |
| UK-6 | <p><b>Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns</b></p> <p>Institutions shall disclose the sum of exposures, which is the total exposure value towards regional governments and local authorities as defined in Article 115(1), (3) and (5) of the <i>CRR</i> for SA exposures and in point (a) of Article 147(4) of the <i>CRR</i> for IRB exposures; multilateral development banks as defined in Article 117(1) and (3) of the <i>CRR</i> for SA exposures and in point (c) of Article 147(4) of the <i>CRR</i> for IRB exposures; international organisations and public sector entities as defined in Article 116(1), (2), (3) and (5) of the</p>  |

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|       | <p><i>CRR</i> for SA exposures and in point (b) of Article 147(4) of the <i>CRR</i> for IRB exposures that are not treated as sovereigns under <i>CRR</i>.</p> <p>Institutions shall disclose net of defaulted exposures.</p>  |
| UK-7  | <p><b>Institutions</b></p> <p>Institutions shall disclose the sum of exposures, which is the exposure value of exposures towards institutions that fall under Articles 119 to 121 of the <i>CRR</i> for SA exposures and for IRB exposures - that fall under point (b) of Article 147(2) of the <i>CRR</i> and are not exposures in the form of covered bonds under point (d) of Article 161 (1) of the <i>CRR</i> and do not fall under points (a) to (c) of Article 147(4) of the <i>CRR</i>.</p> <p>Institutions shall disclose net of defaulted exposures.</p>   |
| UK-8  | <p><b>Secured by mortgages of immovable properties</b></p> <p>Institutions shall disclose the sum of exposures, which is the exposure value of assets that are exposures secured by mortgages on immovable properties that fall under Article 124 of the <i>CRR</i> in case of SA exposures and that are exposures to corporate under point (c) of Article 147(2) of the <i>CRR</i> or retail exposures under point (d) of Article 147(2) of the <i>CRR</i> if these exposures are secured by mortgages on immovable property in accordance with point (a) of Article 199(1) of the <i>CRR</i> for IRB exposures.</p> <p>Institutions shall disclose net of defaulted exposures.</p> |
| UK-9  | <p><b>Retail exposures</b></p> <p>Institutions shall disclose the sum of exposures, which is the total exposure value of assets that are retail exposures under Article 123 of the <i>CRR</i>. In case of SA exposures and that are exposures under point (d) of Article 147(2) of the <i>CRR</i> if these exposures are <b>not</b> secured by mortgages on immovable property in accordance with point (a) of Article 199(1) of the <i>CRR</i> – for IRB exposures.</p> <p>Institutions shall disclose net of defaulted exposures.</p>  |
| UK-10 | <p><b>Corporate</b></p> <p>Institutions shall disclose the sum of exposures, which is the total exposure value of assets that are corporate exposure (i.e. financial and non-financial). For SA exposures these are exposures to corporates that fall under Article 122 of the <i>CRR</i> and for IRB exposures - that are exposures to corporates under point (c) of Article 147(2) of the <i>CRR</i> if these exposures are <b>not</b> secured by mortgages on immovable property in accordance with point (a) of Article</p>  |

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|       | <p>199(1) of the <i>CRR</i>.</p> <p>Financial corporates shall mean regulated and unregulated undertakings other than institutions referred to in UK-7, the principal activity of which is to acquire holdings or to pursue one or more of the activities listed in Annex I CRD, as well as undertakings as defined in point (27) of Article 4(1) of the <i>CRR</i> other than institutions referred to in UK-7.</p> <p>For the purpose of this cell, the term 'small and medium enterprise' is defined in accordance with point (b) of Article 501(2) of the <i>CRR</i>.</p> <p>Institutions shall disclose net of defaulted exposures.</p>   |
| UK-11 | <p><b>Exposures in default</b></p> <p>Institutions shall disclose the sum of exposures, which is the total exposure value of assets that are in default and – for SA exposures - fall under Article 127 of the <i>CRR</i> or, in case of IRB exposures, are categorised in the exposures classes listed in Article 147(2) of the <i>CRR</i> if a default in accordance with Article 178 of the <i>CRR</i> has occurred.</p>  |
| UK-12 | <p><b>Other exposures (e.g. equity, securitisations, and other non-credit obligations assets)</b></p> <p>Institutions shall disclose the sum of exposures, which is the total exposure value of other non-trading book exposures (e.g. equity, securitisations and non-credit obligation assets; in case of SA exposures these are assets categorised in the exposures classes listed in points (k), (m), (n), (o), (p) and (q) of Article 112 of the <i>CRR</i> and in case of IRB exposures – in points (e), (f) and (g) of Article 147(2) of the <i>CRR</i>) under <i>CRR</i>. Institutions shall include assets that are deducted in determining Tier 1 capital and therefore are disclosed in template UK LR2-LRCom;2 unless these assets are included in template UK LR3- LRSpl;UK-2; ; template UK LR3-LRSpl;UK-4 to UK-11.</p> |

**Table UK LRA - Disclosure of LR qualitative information.** Free format text boxes for disclosure of qualitative information

5. Institutions shall complete table UK LRA by applying the following instructions, in application of points (d) and (e) of Article 451(1) of the *CRR*.

| Legal references and instructions |  |
|-----------------------------------|--|
| Row number                        | Explanation  |
| (a)                               | <p><b>Description of the processes used to manage the risk of excessive leverage</b></p> <p>Point (d) of Article 451(1) of the <i>CRR</i>.</p> |

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|     | <p>‘Description of the processes used to manage the risk of excessive leverage’ shall include any relevant information on:</p> <ul style="list-style-type: none"> <li>(a) procedures and resources used to assess the risk of excessive leverage;</li> <li>(b) quantitative tools, if any, used to assess the risk of excessive leverage including details on potential internal targets and whether other indicators than the <i>leverage ratio</i> of <i>CRR</i> are being used;</li> <li>(c) ways of how maturity mismatches and asset encumbrance are taken into account in managing the risk of excessive leverage;</li> <li>(d) processes for reacting to <i>leverage ratio</i> changes, including processes and timelines for potential increase of Tier 1 capital to manage the risk of excessive leverage; or processes and timelines for adjusting the <i>leverage ratio</i> denominator (<i>total exposure measure</i>) to manage the risk of excessive leverage.</li> </ul>   |
| (b) | <p><b>Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers</b></p> <p>Point (e) of Article 451(1) of the <i>CRR</i>.</p> <p>‘Description of the factors that had an impact on the <i>leverage ratio</i> during the period to which the disclosed <i>leverage ratio</i> refers’ shall include any material information on:</p> <ul style="list-style-type: none"> <li>(a) quantification of the change in the <i>leverage ratio</i> since the previous disclosure reference date;</li> <li>(b) the main drivers of the <i>leverage ratio</i> since the previous disclosure reference date with explanatory comments on: <ul style="list-style-type: none"> <li>(1) the nature of the change and whether it was a change in the numerator of the ratio, in the denominator of the ratio or in both;</li> <li>(2) whether it resulted from an internal strategic decision and, where so, whether that strategic decision was aimed directly at the <i>leverage ratio</i> or whether it impacted the <i>leverage ratio</i> only indirectly;</li> <li>(3) the most significant external factors related to the economic and financial environments that had an impact on the <i>leverage ratio</i>.</li> </ul> </li> </ul> |