

**ELECTRONIC REPORTING OF LARGE EXPOSURES
INSTRUMENT 2003**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the "Act"):
- (1) section 138 (General rule-making powers);
 - (2) section 156 (General supplementary powers); and
 - (3) section 157(1)(Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

Commencement

- C. This instrument comes into force on 1 July 2003.

Amendments to the Supervision manual

- D. The Supervision manual is amended in accordance with Annex A to this instrument.

Amendments to the Interim Prudential sourcebook for banks

- E. The Interim Prudential sourcebook for banks is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Electronic Reporting of Large Exposures Instrument 2003.

By order of the Board
15 May 2003

Annex A

Amendments to the Supervision manual

In this Annex, underlining indicates new text and striking through indicates deleted text.

16.7.8R Table Financial reports from a UK bank (see *SUP* 16.7.7R)

Content of Report	Form (Note 1)	Frequency	Due date
...			
Analysis of large exposures (Unconsolidated, solo consolidated)	LE2_or <u>LE3</u> (Note 7)	Quarterly	10 <i>business days</i> after quarter end (Note 6) (<u>14 business days if LE3 submitted electronically</u>)
Analysis of large exposures (Consolidated)	LE2_or <u>LE3</u> (Note 2) (Note 7)	Quarterly	20 <i>business days</i> after period <u>quarter</u> end (Note 6) (<u>24 business days if LE3 submitted electronically</u>)
...			
<p>Note 1 = When giving the report required, a <i>bank</i> must use the form indicated, if any. The content of the form has the status of <i>guidance</i> on the type of information that should be provided to meet the reporting obligation. A copy of the form is located in <i>SUP</i> 16 Ann 1R.</p> <p style="text-align: center;">...</p>			

Note 7 = For quarter ends between December 2003 and June 2004, a *bank* must use either Form LE2 or Form LE3 except that, once a *bank* has used Form LE3, it must not subsequently use Form LE2. For quarter ends in or after September 2004, a *bank* must use Form LE3.

...

16.7.13R A *bank* must submit the reports described in SUP 16.7.8R, SUP 16.7.10R and SUP 16.7.12R to the following:

- (1) BSD3, LE3, LR, SLR1, B7 and M1 to: The Financial Statistics Division
Domestic Banking Group (HO-4) Bank of England Threadneedle Street
London EC2R 8AH;

...

16.7.15R A *bank* must submit the reports referred to in SUP 16.7.13R(1) either: ~~in the electronic format specified in the Bank of England Reporting System specification as at commencement~~, sent either:

- (1) on paper; or
- (2) in ~~the electronic format specified in~~ using the Bank of England Reporting System ~~specification as at commencement~~ and sent either;

...

...

Insert the new form below in SUP Ann 1R, after the Form LE2 and before the Form LR.

Private and confidential



FORM LE3 - Analysis of Large Exposures

Reporting institution _____
(Unconsolidated/Solo consolidated/ Consolidated - delete as appropriate)

Reporting date

--	--	--

 eg 31 12 2001
FSA Number *

--	--	--	--	--	--

Agreed LE capital base at the reporting date (000s)

--

 Date agreed

--

Lowest LE capital base in period (000s)

--

Please tick if this return is completed in Euros.....

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Knowingly or recklessly giving the FSA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). SUP 15.6.1R and SUP 15.6.3R require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to the FSA and to notify the FSA immediately if materially inaccurate information has been provided. SUP 16.3.10R requires an authorised person to submit reports containing all the information required. Contravention of these requirements may lead to disciplinary sanctions or other enforcement action by the FSA. It should not be assumed that information is known to the FSA merely because it is in the public domain or has previously been disclosed to the FSA or another regulatory body. Any additional information of relevance should be provided by letter direct to the FSA.

I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the Guidance Notes to this form.

Signature of authorised signatory: _____ Date _____

Name: _____ Position held: _____

In the event of a query, the FSA or the Bank of England may, in the first instance, contact (block letters please)

_____ Tel No _____ Ext _____

Notes on Completion

- 1 Complete the return quarterly on an unconsolidated/solo-consolidated basis and consolidated basis as at end of March, June, September and December. Institutions wishing to report as at dates which coincide with the financial year end should apply to the FSA for a waiver (see SUP 8).
- 2 For definitions of items, refer to the Guidance Notes for the form. If you have any difficulty in completing this return, please telephone 020 7676 0660.
- 3 Enter amounts to the nearest thousand omitting 000s.
- 4 The form should be returned within **10 business days (14 business days if submitted electronically)** of the reporting date when completed on an unconsolidated/solo-consolidated basis and within **20 business days (24 business days if submitted electronically)** of the reporting date when completed on a consolidated basis. Please address the form to:

The Financial Services Authority
c/o Monetary and Financial Statistics Division
Domestic Banking Statistics (HO-4)
Bank of England
Threadneedle Street
London EC2R 8AH

- 5 Returns may also be delivered to the Works Gate at the Lothbury entrance of the Bank of England between 9.00am and 5.00pm, Monday to Friday. Envelopes should be clearly addressed as above.

FSA use only	Logged in	Data entered

* For unconsolidated/solo-consolidated entities, this will be the FSA firm reference number. For consolidated reporters, this will be the FSA firm reference number of the institution on whom the obligation to report has been placed. This box must be filled in by all reporters (SUP 16.3.7R).

PART 1

LARGEST EXPOSURES TO INDIVIDUAL NON-BANK COUNTERPARTIES AND GROUPS OF CLOSELY RELATED

Number of exposures reported in this Section

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amount at risk at reporting date	Specific bad debt provisions made against the balance in column B	Eligible collateral held at the reporting date	Exposure at reporting date, after eligible offsets only		Maximum exposure during period	
					Amount	% LECB	Amount	% LECB
					F	G	H	J
A	B	C	D	F	G	H	J	
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TOT1
PC1

Total to Part 7

NON-BANK COUNTERPARTIES

Item no cont'd	Covered by guarantees at the reporting date	Exposure at reporting date, after offsets and concessions		Amount included in the clustering ratio	Amount subject to 'Soft' Limits (also report in Part 8)
		Amount	% LECB		
		R	S		
K				U	V
1					
2					
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TOT1	Total to Part 7	<input type="text"/>
PC1	% LECB	<input type="text"/>

PART 2

LARGEST EXPOSURES TO INDIVIDUAL COUNTERPARTIES AND GROUPS OF CLOSELY RELATED

Number of exposures reported in this Section

Item no	Individual counterparties (but see reporting definitions) for this Part of the report	Amounts at risk at reporting date	Specific bad debt provisions made at reporting date against the balance in column B	Eligible collateral held at the reporting date	Exposure at reporting date, after eligible offsets only		Maximum exposure during period	
					Amount	% LECB	Amount	% LECB
					F	G	H	J
A	B	C	D					
1	Individually <2.5% LECB*							
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TOTAL								

* This line should contain the aggregate of exposures which individually are less than 2.5% of LECB. If no connected exposures are reported in this Part, leave blank; otherwise the line should contain figures, even zeros.

PART 3

LARGEST EXPOSURES TO BANKS, BUILDING SOCIETIES, RECOGNISED INVESTMENT FIRMS, RECOGNISED

Number of exposures reported in this Section

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amount at risk at reporting date	Specific bad debt provisions made against the balance in column B	Eligible collateral held at the reporting date	Exposures to non-bank counterparties closely related to counterparty in Column A (if separately identifiable and reportable in Part 1)	Exposure at reporting date, after eligible offsets and including related exposures		Maximum exposure during period	
						Amount	% LECB	Amount	% LECB
	A	B	C	D	E	F	G	H	J
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TOT1

Total to Part 7

CLEARING HOUSES AND RECOGNISED EXCHANGES - ALL MATURITIES

Item no cont'd	Covered by guarantees at the reporting date	Amount subject to 1- 3 year derivatives concession (80% thereof)	Exposure at reporting date, after offsets and concessions		Amount subject to 'Soft' Limits (also report in Part 8)
			Amount	% LECB	
			R	S	
	K	P			V
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PART 4

LARGEST EXPOSURES TO BANKS, BUILDING SOCIETIES, RECOGNISED INVESTMENT FIRMS, RECOGNISED

Number of exposures reported in this Section

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amounts at risk at reporting date	Specific bad debt provisions made at reporting date against the balance in column B	Eligible collateral held at the reporting date	Exposures to non-bank counterparties closely related to counterparty in Column A (if separately identifiable and reportable in Part 1)	Exposure at reporting date, after eligible offsets and including related exposures	
						Amount	% LECB
	A	B	C	D	E	F	G
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CLEARING HOUSES AND RECOGNISED EXCHANGES WITH A MATURITY OF 1 YEAR OR LESS

Item no cont'd	Covered by guarantees at the reporting date	Exposure at reporting date, after offsets and concessions		Amount subject to 'Soft' Limits (also report in Part 8)
		Amount	% LECB	
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PART 5

LARGEST EXPOSURES TO BANKS, BUILDING SOCIETIES, RECOGNISED INVESTMENT FIRMS, RECOGNISED

Number of exposures reported in this Section

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amounts at risk at reporting date	Specific bad debt provisions made at reporting date against the balance in column B	Eligible collateral held at the reporting date	Exposures to non-bank counterparty closely related to counterparty in Column A (if separately identifiable and reportable in Part 1)	Exposure at reporting date, after offsets and including related exposures	
						Amount	% LECB
	A	B	C	D	E	F	G
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TOT5
PC5

CLEARING HOUSES AND RECOGNISED EXCHANGES WITH A MATURITY OF OVER 1 YEAR

Item no cont'd	Covered by guarantees at the reporting date	Amount subject to 1- 3 year derivatives concession (80% thereof)	Exposure at reporting date, after offsets and concessions		Amount reported in Column U, Part 1, for non- bank counterparty related to counterparty in Column A	Amount included in clustering ratio	Amount subject to 'Soft' Limits (also report in Part 8)
			Amount	% LECB			
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TOT5	Total to Part 7	<input type="text"/>
PC5	% LECB	<input type="text"/>

PART 6

LARGEST EXPOSURES TO ZONE A CENTRAL GOVERNMENTS AND CENTRAL BANKS

Number of exposures reported in this Section

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amounts at risk at reporting date	Specific bad debt provisions made at reporting date against the balance in column B	Exposure at reporting date, after eligible offsets only		Maximum exposure during period		Amount subject to 'Soft' Limits (also report in Part 8)
				Amount	% LECB	Amount	% LECB	
				F	G	H	J	
A	B	C					V	
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TOT6

Total to Part 7

Item no cont'd	Covered by guarantees at the reporting date	Amount denom- inated in local currency and funded by liabilities in the same currency	Exposure at reporting date, after offsets and concessions		Amount included in the clustering ratio	Amount subject to 'Soft' Limits (also report in Part 8)
			Amount	% LECB		
			R	S		
	K	Q			U	V
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TOT7			Total of Part 7			
TOT1			From Part 1			
TOT2			From Part 2			
TOT5			From Part 5			
GT			Grand Total			
PC			% LECB			

PART 8
EXPOSURES SUBJECT TO SOFT LIMITS

Adjusted capital base (from Item B110 in Form BSD3, Section B)

Date agreed

Number of exposures reported in this section

Item no	Issuer by individual exposure					Excess over adjusted capital base		Specific risk charge (To agree with Form BSD3)
	Counterparty A	Total exposure at reporting date B	% of adjusted capital base C	Reported in which Part of Form D	Exposure number in that Part E	Amount F	Agreed liimit (% of adjusted capital base) G	
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TOT

Total Specific Risk Charge

In SUP 16 Ann 2G, amend the supervisory guidance note as follows:

SUP 16: Reporting requirements

Ann 2G Supervisory guidance notes

1 The following guidance notes and the reporting instructions apply specifically to the supervisory returns contained in this folder (Annex 2 of SUP). They do not relate to the completion of the forms contained in the Bank of England's Banking Statistics Definitions folder. There are some common areas, nevertheless, where the definitions in the Bank's statistical folder apply equally to items reported in the supervisory returns. Thus, where no specific guidance is contained within these notes and definitions, reporting institutions should be guided by the Bank of England's Banking Statistics Definitions.

In these Guidance Notes, the term 'bank' is generally used to cover those institutions defined as a UK bank, an EEA bank or a bank established outside the EEA in the Handbook Glossary of Definitions, unless specified otherwise. In the case of identifying counterparties on the capital adequacy (BSD3), liquidity (LR) and large exposures (LE2 or LE3, as appropriate) returns, the term 'bank' also covers building societies as defined in the Handbook Glossary of Definitions.

...

10 For the purposes of determining **large exposures**, separate exposures granted to the same counterparty should be aggregated. Exposures to a number of individual counterparties should be aggregated and considered as a single exposure where those counterparties are financially connected with one another so that the financial soundness of one of them may affect the other or others. Exposures to a number of public sector bodies or local authorities should be reported as separate exposures. Exposures to individual counterparties within a group should be separately identified within their respective aggregates on the Form LE2 or LE3 as appropriate. In the case of the B7, institutions should send these details directly to their supervisor and not include the breakdown on the Form itself.

...

24 Where claims on a counterparty are collateralised by cash (see SGN25) or by securities or bills issued by Zone A central governments, Zone A central banks or multilateral development banks (see Appendix E), a lower risk weight may apply. The risk weight category under which the claim should be reported is

determined by the nature of the collateral, as follows:

...

Where lower risk weights have been applied to reflect collateral, enter the relevant amounts in Form BSD3 Appendix A-III and/or B-IX as appropriate (Exposures Collateralised/Guaranteed/Netted). Collateral on large exposures should also be reported on Forms LE2 or LE3 as appropriate.

...

26 On-balance sheet

...

Note: Back-to-backs allowed to be netted out on returns made to the Bank of England for statistical purposes should not be netted out in calculating the size of an exposure for ~~LE2~~ large exposures purposes (see Definitions for Forms LE2 or LE3, as appropriate, for more guidance generally).

...

Insert the following:

(a) new Guidance note;

(b) new validations; and

(c) new 'Cell code' version of the Form LE3;

in SUP 16 Ann 2G after the Form LE2 Guidance note and before the Form LR Guidance note.

(a) Guidance note

Large Exposures (Form LE3)

Introduction

Form LE3 monitors compliance with Chapter LE (Large exposures) in the Interim Prudential Sourcebook for Banks, which we also refer to as *IPRU (BANK)*. As stated in SUP 16.7.7R, only *UK banks* must complete this form. You should read these notes with all relevant chapters in *IPRU (BANK)* as well as the Supervisory Guidance Notes (SGN) (in SUP 16 Ann 2G) in force on the date to which the form relates.

To monitor compliance with Chapter LE in *IPRU (BANK)*, three significant ratios for monitoring are reported in Parts 1-7 of the form. These important columns are all highlighted in the form and you should use them to monitor your large exposures.

Issue to monitor

Relevant columns of form

Exposures that equal or exceed 10% of the Large Exposures Capital Base (LECB) at the reporting date

F and G

Other exposures that equalled or exceeded 10% of LECB during the period, but are below 10% at the reporting date

H and J

Clustering of large exposures (after eligible offsets and exempt amounts) which equal or exceed 10% of the LECB

R and S, and taking account of T in Part 5

Exposures that exceed 25% of LECB at the reporting date, so should have been pre-notified

For pre-notification, the figures in columns F and G are used; for monitoring, columns R and S are used, also taking account

of column V.

Denomination of reported exposures

You (the reporting *bank*) should report:

- exposures in sterling, unless we (the *FSA*) have agreed in writing that you can report on this and other returns in Euros;
- figures in 000s, unless otherwise indicated; and
- all claims, loans and advances in sterling (or Euros). When figures are denominated in currencies other than sterling, for example, gold and other precious metals or other commodity units, you should translate these into sterling (or Euros) at the closing middle market spot rate for the day of the report. However, where you are reporting the maximum exposure during a reporting period, you should use the closing middle market spot rate for the day of the maximum exposure.

Exposure limits and concessions

You should get our written agreement before entering into an exposure that exceeds 25% of LECB and before entering its details in the relevant column of the LE form. You may get agreement for:

- (1) exempt exposures eg interbank exposures with a maturity of one year or less;
- (2) exposures covered by collateral¹;
- (3) exposures covered by guarantees²;
- (4) exposures within the scope of a connected exposure concession;
- (5) exposures covered by a 1-3 year derivative concession; or
- (6) exposures subject to 'soft' limits.

See also 'Reducing an exposure' below for more information.

¹ Only cash and Zone A central government and central bank securities should be regarded as eligible collateral.

² Either parental or third party guarantees, the latter only where your large exposures policy statement includes a section on guaranteed exposures.

An exposure

See SGN9. You should monitor and report large exposures on an unconsolidated/solo-consolidated basis and, if agreed with us, a consolidated basis. You should measure an exposure as the amount at risk arising from the total of your business to a counterparty, after deducting specific bad debt provisions and eligible collateral. This includes business conducted on or off-balance sheet³, after taking account of netting and syndicated loans and sub-participations. So, the figures reported in column F of the LE3 are your firm's exposure to each counterparty that you measure against the reporting threshold (10% of LECB).

A counterparty

See SGN11 to SGN13 and SGN19 to SGN23.

For the rest of these instructions, references to banks include *banks*, *building societies* and recognised investment firms (as defined in SGN20), as well as *recognised clearing houses* and recognised exchanges (listed in Chapter BC (Credit risk in the banking book), Section 5, of *IPRU (BANK)*). However, references to the reporting bank, the banking book, central banks and state owned banks retain the narrower meaning.

A counterparty will generally be either:

- (i) the borrower (customer);
- (ii) the person guaranteed (where the reporting bank is providing such guarantee);
- (iii) in the case of a security held, the issuer of a security; or
- (iv) in the case of a derivatives contract, the party with whom the contract was made.

In some circumstances, you may be uncertain which of two counterparties is the primary obligor (eg on a bill where there is a claim on both the drawer and the acceptor). When in doubt, you should either report the exposure twice, as an exposure to each counterparty, or ask us for our view. However, in the case of:

- (a) bills held, which a bank (other than the reporting bank) has accepted, you should report the claim as a claim on a bank;
- (b) bills held with per aval endorsements, you should report the claim as a claim of over one year maturity on the avalising bank;

³ NOTE : Exposures entered into by a bank as a trustee are excluded from the scope of the large exposures return.

- (c) an explicit unconditional irrevocable guarantee provided by a third party, you may report the transaction as an exposure to the guarantor. You should seek our agreement before reporting in this way. In agreeing this, we would expect you to include a section on guaranteed exposures in your large exposures policy statement. In particular, we would expect a consistent approach to reporting such exposures. You should show the underlying exposure being guaranteed in the relevant Part of the form, and the amount of the guarantee in column K. You should also report the exposure to the guarantor if it falls within the reporting threshold for the relevant part of the form. We do not expect you to report exposures to guarantors without having approved the credit risk of the guarantor and the type of the exposure under your normal credit approval procedures; and
- (d) contracts (where for example you fund the activities of a company that trades on an exchange, whether for that company's own account or for clients), you should report the full amount of the funding as an exposure to that company. You should take care when identifying the entity with whom you have entered into a contract. However, you may agree an alternative reporting method with us in writing.

Coverage

You should complete Form LE3 both on an unconsolidated/solo-consolidated basis and, where relevant, a consolidated basis.

- (a) You should report exposures arising in all of your *branches* (including overseas *branches*) and any *subsidiaries* that are included for your 'solo' (unconsolidated) capital ratio, in Form LE3 on an unconsolidated/solo-consolidated basis. Where you include *subsidiaries*, you should agree this with us in writing first.
- (b) You should also report in Form LE3, on a consolidated basis, exposures in companies reported under (a) and those arising in *group* companies that are included for your consolidated reporting. If you have to include such *group* companies, you should agree this with us in writing first. Separately, you must send us annually a list of all companies included in your consolidated large exposures reporting, under SUP 16.7.7R.

Important: You should include all companies subject to consolidation in your consolidated large exposures return, regardless of the technique you use to consolidate on Form BSD3. The scope of your solo and consolidated supervisory returns should be determined by the principles in Chapter CS (Consolidated supervision) of *IPRU (BANK)* and you should write to us to agree whether there are such companies to be included first.

Large Exposures Capital Base (LECB)

You should calculate the capital base used as the basis for monitoring and controlling large exposures in the same way as that used for capital adequacy monitoring ie the sum of allowable Tier 1 and Tier 2 capital, less any deductions. You should also agree the LECB with us in writing, and report it on the front of Form LE3, along with the lowest agreed LECB applying

during the reporting period. We may compare some of the exposures reported in column H with the lowest LECB to identify exposures that should have been pre-notified to us.

Where you have agreed holdings of tradeable securities subject to ‘soft’ limits with us, you may use an adjusted capital base incorporating Tier 3 capital to measure these exposures against. However, you should report this adjusted capital base in Part 8.

Netting

The circumstances in which net exposures are appropriate for LE3 purposes are:

1 On balance sheet

- (a) You should not offset credit balances against debit balances unless you meet the provisions in Chapter NE (Collateral and netting) of *IPRU (BANK)*.

Note: Back-to-backs allowed to be netted out on returns made to the Bank of England for statistical purposes should not be netted out in calculating the size of an exposure for LE3 purposes.

- (b) Where a *repo*/reverse *repo* or similar transaction is involved, this should be consistent with Chapter NE (Collateral and netting) of *IPRU (BANK)*. Netting of claims and obligations arising from all *repos*/reverse *repos* held in the trading book will then be acceptable.

However in the banking book, netting of counterparty risk will not generally be acceptable because:

- (i) *repos* should attract issuer risk on the securities ‘repoed’ out; and
- (ii) reverse *repos* where eligible collateral⁴ is reversed in should attract issuer risk on that eligible collateral.

As there is no counterparty risk reportable in these circumstances, it follows that no claims can be netted.

When a reverse *repo* is undertaken, counterparty risk will only arise where the collateral reversed in is ineligible. You should report such reverse *repos* as if an unsecured cash loan had been made to the counterparty to the reverse repo. It is acceptable to report such counterparty risk net of obligations to the same counterparty arising from:

⁴ For these purposes eligible collateral is restricted to Zone A central government and central bank securities.

- (i) other reverse *repo* business where eligible collateral has been taken with the same counterparty and only to the extent that the value of the collateral is in excess of the cash paid away; and
- (ii) on *repos* with the same counterparty and only to the extent that the cash reversed in exceeds the value of the securities repoed.

Reporting banks wishing to net counterparty risk arising from *repo* business in the banking book should first contact us. We would consider it appropriate to report on this basis where your systems are considered suitable.

When they apply, you should report risk cushion factors gross and use the residual maturity of the securities (not the maturity of the *repo* transaction) to calculate them. And, where both legs of the transaction involve securities, use the maturity of the longer dated securities to calculate the risk cushion factor.

2 Off balance sheet netting

You may report net those amounts due for foreign exchange, interest rate, equity and commodity related transactions. However, this is only if you have calculated the net amount as part of an agreement between two counterparties, based on netting by novation (see SGN26).

To benefit from close-out netting, the terms of Chapter NE (Collateral and netting) of *IPRU (BANK)* should be met. If they are met, you should calculate the credit equivalent amount of your portfolio of contracts with each counterparty by adding together:

- (a) the net replacement cost of all nettable contracts with a positive mark to market value, offset by all contracts with a negative mark to market value; and
- (b) for each contract in the portfolio, the amount for the potential future credit exposure (add-on), as described elsewhere.

NOTE: For these purposes, you should take the maturity of the net replacement cost as ≤ 1 year if there is at least one ≤ 1 year obligation under the netting agreement. In such cases, you should report net current exposure to banks in Parts 3 and 4 of the form.

If there are no ≤ 1 year obligations but there are obligations of >1 year but ≤ 3 years, you should take the maturity of the net replacement cost figure to fall between 1 and 3 years too. So, you should report these in Parts 3 and 5 of the form.

The netting of add-ons is acceptable where the terms of Chapter NE (Collateral and netting) of *IPRU (BANK)* have been met (see SGN35). However, where the potential future exposures (add-ons) cannot be netted, you should calculate these and report

according to the residual maturity of the contract. So, you should report add-ons relating to over 1 year contracts gross in Part 3 and either Part 4 or 5.

When dealing with a counterparty incorporated in a 'netting friendly' jurisdiction, but which has *subsidiaries* or *branches* in 'netting unfriendly' jurisdictions, you should still report transactions with those *subsidiaries* and *branches* gross. This means that the total exposure to such a counterparty will be a mixture of net and gross exposures.

The amount at risk

For exposures arising in the banking book, you should report the amount at risk as the book value of your (the reporting bank's) actual or potential claims, contingent liabilities or assets. This is except for certain exposures explained below or advised to you as the reporting bank. You should include accounts that satisfy the netting criteria above, net, and all other accounts gross.

In the case of syndicated loans/sub-participations where you act as manager or co-manager of a loan financed by several institutions, you should report only your share of the loan. The participating institution, however, should have made a deposit with you covering its full share of the loan, and there should be no recourse to you by the participating institution. A participating institution should report its exposure as an exposure to the ultimate borrower.

You should calculate exposures in line with UK generally accepted accounting practice. However, in certain cases you may wish to use an alternative accounting practice. If this is the case, you should talk to us to determine whether reports are acceptable on that basis. The accounting practice you use to report exposures should, unless otherwise stated below, be the same as the one you use to calculate your capital base.

For exposures arising in the trading book, you should mark all positions to market daily. (However, if you do not wish to do this for cash items with a residual maturity of one month or less, you should seek our approval in writing first.) Where a market determined price is not readily available, you may generate your own mark to market valuation. You should also value positions in line with the trading book policy statement agreed with us.

Interest and dividends

If they are reflected in your capital base, you should include interest and dividends due but not yet received, in the value of outstanding claims. However, in recognising the systems difficulties of reporting inclusive of such amounts, we may agree, in writing, for the following treatment to be applied to exposures in the banking book.

- Provided the exposure is well below 25% of LECB, or a pre-agreed limit, there is no need for the bank to include the accrued interest element in the reported figure.

- If an exposure is close to the 25% level, or a pre-agreed limit, you should be able to demonstrate that, including the accrued interest element, the exposure is below the limit, and to guarantee that the limit is not breached.

This treatment is not for trading book exposures, as these exposures are marked to market daily. This means that the accrued interest element is included in the mark to market valuation. Unearned finance charges for instalment lending should be excluded.

Securities positions and positions arising from derivative contracts⁵

(i) Issuer risk

If you deal in *securities*, you should calculate the exposure (to the issuer of the *security*) as follows.

- (a) Banking book - the net long position for each instrument issued by the issuer. So, in other words, the sum of the excess (where positive) of the book value of all long positions over all short positions. A long position in one *security* issue should not be offset by a short position in another, made by the same issuer, except for those issued by central governments and central banks.

You may adopt netting of long and short positions for *securities* issued by central governments and central banks, where the criteria in SGN27 are all met.

- (b) Trading book – first, you should calculate the excess of the current market value of all long positions over all short positions, for each instrument issued by the counterparty. You then calculate the exposure as the excess (where positive) of the current market value of all long positions over all short positions in **all** the financial instruments issued by the counterparty. (Positions should not be netted within groups of closely related counterparties.)

Positions should not be netted between banking and trading books.

Forward transactions

For both banking and trading book calculations, you should include commitments to buy *securities* at a future date (including futures contracts) as long positions and forward sales as short positions. Where you have made a commitment to an issuer under a note issuance facility⁶, to buy *securities* at their request that are unsold on the issue date, you should add these to the long positions. A net short position does not give rise to an exposure covered by this return.

⁵ See Chapter LE (Large exposures), Section 7 of *IPRU (BANK)*.

⁶ Includes revolving underwriting facilities, Euronote facilities and any similar arrangements

Options positions

The following treatment should be given to *options*:

- (a) on *securities*:
 - (i) Written Put - long position in the underlying *security*.
 - (ii) Purchased Put - short position in the underlying *security*.
 - (iii) Purchased Call (where the contract has been given a book value in the accounts of the reporting institution) - long position in the underlying *security*.
 - (iv) Written Calls - do not give rise to an exposure covered by this return.
- (b) on an index:
 - (i) Broadly based and cash settled indices – you do not have to break these indices down into their constituent parts. The highly liquid equity indices listed in Chapter LE (Large exposures), Section 12, of *IPRU (BANK)* may be seen as broadly based.
 - (ii) Narrowly based/non-cash settled indices – you should break these indices down into their component stocks to calculate the issuer risk on the underlying stocks.

To calculate the amount to be included in the issuer risk calculation, you should use the notional principal valued at the strike price.

Repos/Reverse repos

- (a) Banking book - For *repos* in the banking book, you should include the *security* sold as a long position. And you should treat reverse *repos* as loans unless eligible collateral is held (ie Zone A government *securities* and cash), in which case you should treat them as collateralised loans and the collateral held as a long position. (Do not include the forward leg as a short position.) Where collateral is ineligible, report the counterparty risk on the cash loan in full.
- (b) Trading book - For both *repos* and reverse *repos* in the trading book include outgoing *security* if you are the ultimate owner. In addition, you should report the counterparty risk on both *repos* and reverse *repos* (see below under “Counterparty risk - Repos/Reverse repos”).

The reporting treatment for *stock lending* transactions is the same as for *repos* and the treatment for stock borrowing is the same as that for reverse *repos*.

Underwriting commitments

This covers discrete issues of *securities* (equities and bonds) only. This means that the treatment for underwriting set out here does not apply to any continuing or revolving commitment, where the exposure should be taken to be the full amount of the sum underwritten.

There are two distinct phases in the reporting of underwriting commitments for *securities* issues: (i) date of initial commitment until Working Day Zero; and (ii) Working Day Zero onwards. (Date of initial commitment and working day zero are defined in Chapter TU (Underwriting in capital adequacy framework) of *IPRU (BANK)*.)

- (i) Date of initial commitment until working day zero - for both non-expert and expert underwriters, notification should be on the basis of a credit equivalent amount (CEA). You should only offset amounts sub-underwritten or sold forward against the underwriting commitment in calculating the CEA when they are agreed before the reporting institution commits to the client. Then, you should calculate the CEA (on the basis of the net amount where applicable) using the credit conversion factors in the following table:

	Implied Conversion Factor	Post-notify (10%) (1)	Pre-notify (25%) (2)	Maximum 'expert' guideline (3)
All debt instruments	18.75%	53%	133%	400%
Preference share, constituents of the FT- SE 100 index, and related convertibles, US S&P 500, Japan Nikkei 225	23%	44%	108%	325%
Constituents of FT All- share index & related convertibles; other major non-UK equities	30%	34%	83%	250%
Other equities with a normal market size and other second tier non- equities	43%	24%	58%	175%
Other UK and non-UK equities and related	75%	14%	33%	100%

convertibles

- (1) The nominal amount (expressed as a percentage of capital) which corresponds to the post-notification threshold when converted into credit equivalent terms.
 - (2) The nominal amount (expressed as a percentage of capital) which corresponds to the post-notification threshold when converted into credit equivalent terms.
 - (3) The lower of 400% nominal or three times the pre-notification trigger. (The latter applies in all cases other than debt underwriting.)
- (ii) Working Day Zero Onwards - post working day zero exposures for both experts and non-experts are calculated on the same basis. The measure of exposure is based on the net underwriting position (= gross underwriting commitment + purchases - sales - sub-underwritings) multiplied by a discount factor. Apply discount factors as:

Working Day 0	100%
Working Day 1	90%
Working Day 2	75%
Working Day 3	75%
Working Day 4	50%
Working Day 5	25%
after Working Day 5	0%

The amount to be reported = the net underwriting position x (100% - discount factor). This net exposure should be added to other exposures to the issuer. Holdings of *securities* as a result of an underwriting commitment are also eligible for 'soft' limits, as set out below in the section on Reportable exposures.

(ii) Counterparty risk

Forward Transactions

Forward sales and purchases of *securities* in both the banking and trading books cause a counterparty exposure. When receiving *securities* in exchange for cash or *securities*, you should report the higher of:

- (i) zero plus an add-on for potential future exposure; or
- (ii) the difference between the market value of the *securities* to be received and the contracted value for forward delivery plus an add-on for potential future exposure.

When receiving cash or *securities* in exchange for *securities*, you should report the higher of:

- (i) zero plus an add-on for potential future exposure; or

- (ii) the difference between the contracted value for forward delivery and the market value of the *securities* to be delivered plus an add-on.

The amounts to be received or given should include all cash flows related to the *securities* and the transactions.

You should calculate the add-on in line with the risk cushion factors in Chapter TC (Counterparty risk in the trading book), Section 3.3.3, of *IPRU (BANK)*.

In addition to these types of exposure, where compensation is due to be paid in the future in exchange for a contract, you should report the current market value of the payment due.

Settlement of transactions

(a) Free Deliveries

An immediate exposure arises where you have settled your side of the transaction but not yet received the countervalue, ie final funds or an undertaking to transfer funds by close of business on the same day. If you have provided the cash, you should report the current market value of the asset being bought for trading book exposures, and the book value for banking book exposures. However, if you have the asset, you should report the cash due for both banking and trading book exposures. (Where the transaction is effected across a national border, there is a window of one working day.)

(b) Unsettled Securities Transactions

Claims on a counterparty arising in the course of settlement of a *securities* transaction where neither you nor the counterparty have settled their side of the transaction should be reported where settlement is 5 days overdue. This is the case for both banking and trading books. You should then calculate the exposure as the difference between the amount due and the current market value of the instrument.

Repos/Reverse repos

For *repos*/reverse *repos* in the trading book, you should calculate the exposure to the counterparty as the mark to market differential between the collateral provided by you and that received from the counterparty. In the case of undocumented *repos*, you should include an add-on for potential future exposure in line with the risk cushion factors in Chapter TC (Counterparty risk in the trading book), Section 3.3.3, of *IPRU (BANK)*.

Interest rate, foreign exchange rate, equity and commodity related contracts

For exposures relating to over-the-counter interest rate (OTC), foreign exchange rate, equity and commodities contracts, the amount at risk for the reporting of large exposures

may be less than the nominal exposure. These exposures should be reported and added to other exposures to the same counterparty.

Category	Coverage
Interest rate related contracts	single currency interest rate swaps, basis swaps, forward rate agreements and products with similar characteristics, interest rate options purchased (including caps, collars and floors purchased as stand-alone contracts) and similar instruments. Contracts of a similar nature concerning bonds should also be included in this category.
Foreign exchange rate related contracts	cross currency swaps, cross currency interest rate swaps, forward foreign exchange contracts, currency options purchased and similar instruments. Contracts of a similar nature concerning gold should also be included in this category.
Equity and Commodities Contracts	Equity options purchased, swaps and similar contracts, commodity options purchased, swaps and similar instruments involving physical commodities.

You should calculate the amount at risk as the CEA of these items, using the replacement cost method. For banking book transactions, this should be consistent with reporting on Form BSD3. For trading book exposures, you should make valuations in line with the valuation procedures outlined in the Trading Book Policy Statement, which should be agreed with us.

Note: You should not report a CEA for either contracts traded on exchanges where they are subject to daily margining requirements or for OTC foreign exchange contracts (except contracts concerning gold) with an original maturity of 14 calendar days or less. When trading on an exchange with daily margining requirements, credit exposure only arises for initial margin and excess variation margin payments. So, you should report these exposures as on-balance sheet exposures to the exchange (or its associated clearing house).

Mark to market amount

You should mark to market in a prudent and consistent way. See SGN34 for more guidance.

Notional principal amount

Category	Calculate the notional principal amount as:
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Exchange rate contracts and bond options.	The amount of principal underlying the contract, for the asset (currency, equity, bond or commodity) being received by you. Translate this into sterling (or Euros, if reporting in that currency) at the spot exchange rate on the reporting date.
An amortising swap, ie one based on a steadily declining notional principal.	The amount outstanding at the reporting date.
A swap based on a fluctuating level of principal.	The maximum notional principal outstanding over the remaining life of the swap.
Amortising interest rate swaps with cash-flow mismatches in payments.	The notional principal may differ between the two sides of the swap. You should take the notional principal amount as the amount of principal underlying the contract for the asset being received by you.
Swaps involving reference assets.	This should relate to the total volume over the whole contract (not simply the volume per settlement period).
Options purchased.	The underlying principal on the option using, for currency options, the received currency at the spot rate on the reporting date.
Contracts with multiple exchanges of principal.	Multiply the potential future exposure by the number of payments still to be made under the contract.

You should not generally enter into contracts at off-market prices. If any contracts are undertaken at off-market prices, you should contact us to discuss the background and to agree a reporting treatment. If you arrange swaps at off-market rates or if options begin deep in the money, contracts may include an element of ‘disguised’ credit exposure. In general, we would consider a disguised credit exposure to be present where the contract either starts with a significantly positive mark to market, or because of an assumption of unchanged interest and exchange rates. In the case of interest rate or cross currency swaps arranged at off-market prices, we will require special treatment for contracts which have been created to disguise a credit exposure to the counterparty. You should discuss such cases with us.

Remaining maturity

You should take the remaining maturity of a swap as the time until the final expiry of the swap. However, for FRAs and similar products, the remaining maturity is the time from the reporting date until the end of the period to which the interest rate underlying the contract relates (see SGN34 for more detail generally).

A contract may be structured to settle outstanding exposures following specified payment dates and the terms reset so that the mark to market value of the contract is zero on those dates. In such cases, the residual maturity should be set as the time until the next reset date. However, in the case of interest rate contracts with a residual maturity of more than one year, the potential future exposure matrix multiplier may have a floor of 0.5%, even if there are reset dates of a shorter duration.

Replacement cost methodology

You should calculate the CEA in line with the reporting instructions in SGN34.

Reportable exposures

Exposures to these categories of counterparties should be reported separately:

- (i) individual non-bank⁷ counterparties, and groups of closely related non-bank counterparties (in Part 1);
- (ii) closely related bank and non-bank counterparties connected to you (in Part 2);
- (iii) *banks, building societies*, recognised investment firms, *recognised clearing houses* and recognised exchanges (in Parts 3, 4 and 5);
- (iv) Zone A central governments and central banks (in Part 6);
- (v) Zone B central governments and central banks (in Part 7); and
- (vi) exposures subject to ‘soft’ limits (in Part 8).

Report exposure to individual, or groups⁸ of closely related, counterparties in column A in each Part of the form, in descending order by size (ranked by column F). But you should report exposures to individual counterparties that are part of a group of closely related counterparties (see SGN12) as one exposure in Parts 1 and 3 to 7 of the form.

Each exposure should appear as a single line of the report, so counterparty names should not straddle lines. If you have no exposures to report in a Part of the form, you should enter 0 in the box for the number of exposures reported in that Part. A form still needs to be submitted if there are no reportable exposures at all.

You should include in the relevant part of the form all exposures that equalled or were greater than 10% of the LECB (in force at the time) at any time during the reporting period, even if

⁷ ie not a bank in the wider definition as set out on Page 2 under the definition of a counterparty.

⁸ Except in Part 2

their current exposure may be less than 10% of the LECB. You may also have to report in column F some exposures that are currently less than 10% of LECB; if the exposure is currently less than £500, or €500 if reporting in Euros, you should enter 0 in columns B to G.

When assessing whether an exposure equals or exceeds 10% of the LECB for clustering purposes, you should calculate the figure as the exposure at the reporting date reported in column R⁹. Please note that you should only deduct third party unconditional irrevocable guarantees in that calculation if your large exposures policy statement includes a section on guaranteed exposures. See the Appendix to these definitions for examples of how to report clustering when you have exposures to related bank and non-bank counterparties.

You may measure the maximum exposure in the period based on the amount at risk (column B), rather than after eligible offsets (ie column F). While that is not ideal, it is acceptable to report the maximum amount at risk in column H, so long as that figure is equal to or greater than the figure reported in column F for the same counterparty. We may also agree, in writing, modified reporting of the maximum exposure if you have an extensive branch network or group structure, when reporting of limits and excesses would be allowed.

We may agree in writing that the use of ‘soft’ limits is appropriate if an exposure to an issuer arises as a result of the inclusion of holdings of tradeable *securities* in the trading book that exceed 25% of LECB. Where we have been told in advance of and agreed your limits for ‘soft’ limited exposures, you do not need to pre-notify us of any more exposures within these limits. However, you should report exposures within these limits in column V of the relevant Part on the form and also list them in Part 8. You will be subject to incremental capital requirements on these exposures.

LECB percentage

The value of each counterparty exposure, which should be monitored against the large exposures framework, is calculated in columns F, H and R. These figures, as a proportion of LECB at the reporting date, are then reported in columns G, J and S. Figures should be shown to two decimal places (and the percentage sign omitted), so 15% will be reported as 15.00

Reducing an Exposure

Syndicated loans/Sub-participations

See under “The amount at risk” above for the reporting treatment.

⁹ In Part 5, any figure reported in column T for that counterparty should be deducted before the amount is reported in Column U.

Bad debt provisions

You should report in column B the book value gross of specific and earmarked general provisions for bad and doubtful debts. Similarly, where an exposure is marked to market, the valuation should be gross of any specific provisions. However, you should report such provisions in column C. You should also report exposures net of write-offs that have occurred since the last reporting date. You should report these write-offs in a letter to your usual supervisory contact.

Exposures secured by Eligible Collateral

Where an exposure is fully secured by cash collateral in line with the terms of Chapter NE (Collateral and netting) of *IPRU (BANK)*, or where Zone A government securities are held as collateral, you should report the value of the collateral held in column D.

Exposures covered by guarantees

You should report unconditional irrevocable third party guarantees in a consistent manner throughout the form.

- Where your parent bank guarantees an exposure, you should report the amount of the exposure that is guaranteed in column K.
- You may have an exposure that is guaranteed unconditionally and irrevocably by a third party. If so, and your large exposures policy statement includes a section on guaranteed exposures, you may also show the amount of the exposure (in other words, the part guaranteed) in column K. But you should also report the exposure to the guarantor in the relevant Part of the form if it exceeds any of the reporting thresholds.
- If the exposure by the guarantor is not being regarded as an exposure in its own right, or your large exposures policy statement does not include a section on guaranteed exposures, you should not report it in column K.
- Where an exposure is reduced by a guarantee, you should also report the total of all exposures to the guarantor in the relevant Part of the form (if the total exposure by the guarantor breaches the reporting threshold for that Part of the form).

1-3 year derivative concession

You may weight derivative exposures with a maturity of over one year but less than three years at 20% for the calculation of exposures against limits in appropriate cases. However, you should agree such cases in writing with us first. For reporting, you should include these exposures unweighted in columns B and F of Parts 3 and 5. And then report the amount exempt under this treatment (ie 80% of derivative exposures of the relevant maturity) in column P.

Connected exposure ‘concessions’

Where a connected exposure ‘concession’ eg a treasury concession has been agreed, you should include amounts covered by the concession in columns L to N of Part 2.

Clustering of large exposures

You should calculate column U in line with the validations for each Part of the form. This should be the exposure at the reporting date less any amounts allowed to be set off, where the resultant figures (in column R) in Parts 1, 2, 5 and 7 are equal to or greater than 10% of LECB¹⁰. In the case of Part 2, the total of exposures after allowable offsets is measured against the LECB. You should report and total all entries in the clustering ratio column U in Parts 1, 2 and 5 in the boxes in Part 7. You should measure this total as a percentage of LECB to monitor compliance with the limit you have agreed with us.

Exposure categories

In Parts 1 to 7, rank exposures in descending order according to column F, then in Part 8 rank them in descending order according to column C.

Then, please remember to note the number of exposures that you have reported in each Part of the form at the top of each page, even if the number is zero.

PART 1

You should report exposures to individual non-bank counterparties and groups of closely related non-bank counterparties in this Part. You should not report an individual counterparty where it is a part of a group of closely related counterparties. Instead, the aggregate figure should be reported for the group. You should also include exposures to international organisations (including multilateral development banks and the Bank for International Settlements (BIS)).

You should report all exposures (ie as calculated in columns F and G) that equalled or exceeded 10% of LECB at the reporting date or during the period. Your report should cover the top 20 exposures at the reporting date, but you can exclude any exposures that are both less than £250mn and 5% of LECB (so, if all your exposures were less than 5% of capital and under £250mn in size, you would report no exposures).

PART 2

This covers all exposures to individual non-bank and bank counterparties that are connected to

¹⁰ In Part 5, you should deduct, from the amount to be included in the clustering ratio, any sums recorded in Part 1, column U, relating to the same exposure; that should also appear in Part 5, column T.

the reporting bank. Unlike some other parts of the form, you should not generally total the exposures, so you should report individually all exposures that equal or exceed 2.5% of LECB (measured in column F).

However, you may total those exposures that are individually less than 2.5% of LECB at the reporting date and report them on the first line in Part 2. So, if you had five exposures each of 2% of LECB and three that were 5%, you would report a total of four exposures in the box (P2N) at the top of Part 2. And if you had no exposures below 2.5% and three that were 5%, you would enter zeros in line 1, and report four exposures in box P2N.

Any amounts exempt under a connected exposure ‘concession’ (ie treasury concession, reverse treasury concession, central risk management concession, or a parental guarantee/capital maintenance agreement), agreed in writing with us, should be reported in columns K to N. The concession reported against each individual exposure should show the amount of the concession used at the reporting date for that exposure, and not the overall limit available.

In the case of the maximum exposure in the period, this should be the total maximum exposure to connected counterparties at a single point in time. It should not be the sum of individual maximums for each counterparty taken at different points in time.

For the clustering ratio, if the total of all exposures after offsets and concessions (column R) equals or exceeds 10% of LECB, then you should show that amount in column U and carry it forward to Part 7.

PART 3

This covers total exposures to banks¹¹ (or groups of closely related banks), irrespective of the original maturity of the exposure(s), where the exposure has equalled or exceeded 10% of the LECB in the reporting period. As such, the maximum exposure during the period is the maximum of all exposures to the counterparty in the period, irrespective of the maturity. Figures for the clustering ratio, taking into account exposures to non-bank counterparties closely related to the counterparties listed in column A, are covered in Part 5.

You may have exposures to a bank that is closely related to a non-bank counterparty to which you are also exposed¹². If this is the case and the exposure to the bank and the non-bank counterparties taken together equals or exceeds 10% of your LECB, the exposure to the bank should be reported in Part 3. In addition, it should be shown in Part 4 if the exposure is 1 year or less in maturity and that part of the exposure greater than one year maturity, if any, should be reported in Part 5. Exposures to non-bank counterparties¹³ that are closely related to the

¹¹ The wider definition as set out on Page 2 under the definition of a counterparty.

¹² If you are unable to identify, separately, related exposures to banks and non-banks in the same group, see the guidance under “Reportable exposures” above.

¹³ You would report these non-bank exposures in Part 1 if they breached the reporting limits for that Part of the

counterparties reported in column A should be reported in column E, irrespective of their size.

PART 4

This covers exposures to banks where the (original) maturity is 1 year or less. You should show exposures to groups of closely related bank counterparties in total.

You should report all exposures (ie as calculated in columns F and G) which equalled or exceeded 10% of LECB at the reporting date or during the period. Your report should cover the top 20 exposures at the reporting date, but you can exclude any exposures that are both less than £250mn and 5% of LECB (so, if all your exposures were less than 5% of capital and under £250mn in size, you would report no exposures). Where a loan is repayable in instalments, you should report the amounts in Parts 4 and 5, in line with their maturity. So, you include the amount to be repaid within one year in Part 4 and the part to be paid in over 1 year in Part 5.

You may have exposures to a bank that is closely related to a non-bank counterparty to which you are also exposed¹². If this is the case and the exposure to the bank and the non-bank counterparties taken together equals or exceeds 10% of your capital base, you should report this exposure in Part 4 if it is 1 year or less in maturity. Exposures to non-bank counterparties closely related to the counterparties reported in column A should be reported in column E.

Classify a *security* with optional redemption dates that are exercisable by the holder according to the first optional redemption date. And report exposures arising from *repos*/reverse *repos* in Parts 4 or 5 according to the maturity of the *repo* contract, not the *security* repoed.

PART 5

This part covers exposures to banks with a maturity of over 1 year. You should show exposures that equalled or exceeded 10% of your LECB during the period here. In the case of groups of closely related institutions, you should show exposures in total.

Where a loan is repayable in instalments, you should report the amounts in Parts 4 and 5, in line with their maturity. So, you include the amount to be repaid in one year or less in Part 4 and the remainder in Part 5.

You may have exposures to a bank that is closely related to a non-bank counterparty to which you are also exposed¹². If this is the case and the exposure to the bank and the non-bank counterparties taken together equals or exceeds 10% of your capital base, you should report this exposure in Part 4 if it is 1 year or less in maturity. You should report exposures with maturity of more than one year in this Part. Exposures to non-bank counterparties closely related to the counterparties reported in column A should be reported in column E. Then,

return. However, they should be included in Part 3 even if they appear in Part 1 as well.

column T should show the amount that was included in column U in Part 1 of the form.

Classify a *security* with optional redemption dates that are exercisable by the holder according to the first optional redemption date. And, report exposures arising from *repos*/reverse *repos* in Parts 4 or 5, according to the maturity of the *repo* contract, not the *security* repoed.

See the earlier section on Reportable exposures for details of how to treat derivative exposures with a maturity of over one year but less than three years.

PART 6

This is where you should include exposures to Zone A central governments and central banks which equalled or exceeded 10% of your LECB during the period. You should also report exposures to local authorities, states, other public sector bodies and state owned banks¹⁴, which it is appropriate to treat as an exposure to a central government, here (and such cases should be agreed with us). Counterparties that you regard as closely related should be shown in total. You should combine holdings of different *securities* issued by the same counterparty, or the same group of related counterparties.

PART 7

You report exposures to Zone B central governments and central banks that equalled or exceeded 10% of the your LECB during the period in this Part. You should also report exposures to local authorities, states, other public sector bodies and state owned banks¹⁴, which it is appropriate to treat as an exposure to a central government, here (and such cases should be agreed with us). Counterparties that you regard as closely related should be shown in total. You should combine holdings of different *securities* issued by the same counterparty, or the same group of related counterparties. However, you may show the amount of any exposure denominated in local currency and funded by liabilities in the same currency in column Q¹⁵, as it is exempt.

PART 8

Finally, this is where you should show holdings of tradeable *securities* in the trading book, which are subject to ‘soft’ limits. You should also have shown them in other parts of the form, and have identified them in column V in those Parts of the form.

They arise if an exposure to an issuer as a result of inclusion of holdings of tradeable *securities* in the trading book exceeds 25% of LECB and we have agreed in writing that the use of ‘soft’ limits is appropriate. Where we have been told in advance of and agreed your limits for ‘soft’

¹⁴ Recognised as a bank by the central government involved.

¹⁵ You may, at your discretion, decide not to identify this but your treatment should be consistent. If it is not identified, the exempt exposure will be included in your clustering ratio.

limited exposures, you do not need to pre-notify us of any more exposures within these limits. However, you should report exposures within these limits in column V of the relevant Part on the form and also in column A in this Part. You will be subject to incremental capital requirements on these exposures. You should carry across the specific risk charges listed in column H to items B120 and B130 in Section B of the Form BSD3 to enable the calculation of any incremental capital charge on that form.

To calculate the relevant entries on this form, see the definitions for items B110-B140 in Section B of the Form BSD3, and Chapter TL (Incremental capital for large exposures), Chapter TI (Interest rate specific risk) and Chapter TE (Equity position risk), of IPRU (BANK). Show entries in column H in 000s, with no decimal points.

APPENDIX

Examples of how clustering is reported

Example 1

A large group is headed up by A plc, which is not a bank. The reporting bank has an LECB of 1000 and has exposures of 120 to the non-banking⁷ subsidiaries of A plc. It also has an over 1 year exposure of 90 to Bank B plc, which is a subsidiary of A plc.

- For Part 1, the non-bank exposures to A plc should be shown in columns B, F, R and U
- For Part 3, the bank exposure should be shown in column B along with the entry in column E of 90. Columns F and R would show the sum (210).
- For Part 5, the bank exposure would be shown in column B along with the entry in column E of 90. Columns F and R would show the sum (210). Column T would show the amount reported in column U in Part 1 ie 120. Because column S exceeds 10%, column U would equal column R less column T ie 90.
- In Part 7, it would pick up 120 from column U Part 1 and 90 from column U Part 5, giving a total of 210

Example 2

As for example 1 except the loan to Bank B plc is under 1 year

- Part 1 would show the non-bank exposures, as above
- Part 3 would show the bank exposures in column B and the non-bank exposure in column E, as above
- Part 4 would show the bank exposure in column B, with any under one year element of the non-bank exposure in column E
- Part 7 only picks up the 120 from Part 1, column U

Example 3

The reporting bank has an exposure of 40 to A plc. It also has exposures to Bank B plc totalling 150, of which 60 is under 1 year and 90 over 1 year.

- In Part 1, nothing would be reported (exposure is less than £250mn/5%)
- In Part 3, the exposure of 150 would be shown, with the non-bank exposure of 40 reported in column E
- In Part 4, the exposure of 60 would be shown if it was one of the top 20 (the exposure of 40 to A plc, or part of it, would be shown in column E if it had a maturity under one year)
- In Part 5, the exposure of 90 would be reported, along with 40 in column E (or that portion over 1 year, as long as it was at least 10) otherwise it would be too small to report in this Part. So long as the figure in column R is greater than 100 ie over 10% of LECB, it would feed into column U (column T being zero in this case).
- Part 7 would pick up the clustering figure from Part 5.

Example 4

As example 3 except the reporting bank cannot segregate the banking exposures from the non-banking exposures to A plc.

- As the majority of the lending is to the banking side, it would be reported in Parts 3-5.
- In Part 3, the exposure to A plc would be shown as 190 in column B, with no entry in column E.
- In Part 4, that portion relating to under one year would be shown, if it was one of the Top 20. No entry would be made in column E.
- In Part 5, that portion relating to over 1 year would be shown, assuming it was 10% of LECB or more. No entry would be made in columns E or T and, if the figure in column R exceeded 10% of LECB, it would feed in to column U.
- Part 7 would pick up any clustering figure from Part 5.

(b) Validations

LARGE EXPOSURES (FORM LE3)

ANALYSIS OF LARGE EXPOSURES

INTERNAL VALIDATIONS

Ref no LE3 column/item

	For each exposure reported	
1	C^n (Parts 1-7)	$\leq B^n$
2	D^n (Parts 1-5, 7)	$\leq B^n$
3	C^n+D^n (Parts 1-5, 7)	$\leq B^n$
4	F^n (Parts 1-7)	$= B^n-C^n-D^n+E^n$
5	G^n (Parts 1, 3-7)	$= F^n/CB1*100$
6	H^n (Parts 1, 3, 6 and 7)	$\geq F^n$
7	J^n (Parts 1, 3, 6 and 7)	$= H^n/CB1*100$
8	K^n (Parts 1-7)	$\leq F^n$
9	L^n (Part 2)	$\leq F^n$
10	K^n+L^n (Part 2)	$\leq F^n$

11	M^n (Part 2)	\leq	F^n
12	$K^n+L^n+M^n$ (Part 2)	\leq	F^n
13	N^n (Part 2)	\leq	F^n
14	$K^n+L^n+M^n+N^n$ (Part 2)	\leq	F^n
15	P^n (Parts 3, 5)	\leq	F^n
16	K^n+P^n (Parts 3, 5)	\leq	F^n
17	Q^n (Part 7)	\leq	F^n
18	K^n+Q^n (Part 7)	\leq	F^n
19	R^n (Parts 1-7)	$=$	$F^n-K^n-L^n-M^n-N^n-P^n-Q^n$
20	S^n (Parts 1-7)	$=$	$R^n/CB1*100$
21	T^n (Part 5)	\leq	E^n
22	U^n (Parts 1, 5 and 7)		If $S^n \geq 10\%$ then $U^n=R^n-T^n$, else 0
23	V^n (Parts 1-7)	\leq	F^n
24	C^n (Part 8)	\leq	$B^n/ACB1*100$
25	D^n (Part 8)	$=$	$1 \diamond 7$
26	F^n (Part 8)	$<$	B^n Part 8

For specific items

1	FSA	≥ 100000
2	CTOT1	$= \sum \text{column C (Part 1)}$
3	UTOT1	$= \sum \text{column U (Part 1)}$
4	UPC1	$= \text{UTOT1}/\text{CB1} * 100$
5	P2BTOT	$= \sum \text{column B (Part 2)}$
6	P2CTOT	$= \sum \text{column C (Part 2)}$
7	P2DTOT	$= \sum \text{column D (Part 2)}$
8	P2FTOT	$= \sum \text{column F (Part 2)}$
9	P2GTOT	$= \text{P2FTOT}/\text{CB1} * 100$
10	P2HTOT	$\geq \text{P2FTOT}$
11	P2JTOT	$= \text{P2HTOT}/\text{CB1} * 100$
12	P2KTOT	$= \sum \text{column K (Part 2)}$
13	P2LTOT	$= \sum \text{column L (Part 2)}$
14	P2MTOT	$= \sum \text{column M (Part 2)}$
15	P2NTOT	$= \sum \text{column N (Part 2)}$
16	P2RTOT	$= \sum \text{column R (Part 2)}$
17	P2STOT	$= \text{P2RTOT}/\text{CB1} * 1000$
18	P2UTOT	$= \text{If } \text{P2STOT} \geq 10\%, \text{ then } \text{P2UTOT} = \text{P2RTOT}, \text{ else}$ 0
19	P2VTOT	$= \sum \text{column V (Part 2)}$
20	CTOT3	$= \sum \text{column C (Part 3)}$
21	UTOT5	$= \sum \text{column U (Part 5)}$
22	UPC5	$= \text{UTOT5}/\text{CB1} * 100$
23	CTOT6	$= \sum \text{column C (Part 6)}$
24	CTOT7	$= \sum \text{column C (Part 7)}$

25	UTOT7	=	\sum column U (Part 7)
26	CP1	=	CTOT1
27	UP1	=	UTOT1
28	CP2	=	P2CTOT
29	UP2	=	P2UTOT
30	CP3	=	CTOT3
31	UP5	=	UTOT5
32	CP6	=	CTOT6
33	CGT	=	CTOT7+CP1+CP2+CP3+CP6
34	UGT	=	UTOT7+UP1+UP2+UP5
35	UPC	=	UGT/CB1*100
36	P8TOT	=	\sum column H (Part 8)
37	CBL	>	0
38	CB1	\geq	CBL

FORM LE3

ANALYSIS OF LARGE EXPOSURES

CROSS FORM VALIDATIONS

LE3 AND BSD3

Ref	LE3 items		BSD3 items
no			
1	CGT	\leq	Appendix A-V 80S
2	P8TOT	=	B120+B130

(c)'Cell code' version of the Form LE3

Private and confidential



FORM LE3 - Analysis of Large Exposures

Reporting institution _____
 (Unconsolidated/Solo consolidated/ Consolidated - delete as appropriate)

Reporting date

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 eg 31 12 2001

FSA Number *

		F	S	A	
--	--	---	---	---	--

Agreed LE capital base at the reporting date (000s)

CB1

Date agreed

--

Lowest LE capital base in period (000s)

CBL

Please tick if this return is completed in Euros.....

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Knowingly or recklessly giving the FSA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). SUP 15.6.1R and SUP 15.6.3R require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to the FSA and to notify the FSA immediately if materially inaccurate information has been provided. SUP 16.3.10R requires an authorised person to submit reports containing all the information required. Contravention of these requirements may lead to disciplinary sanctions or other enforcement action by the FSA. It should not be assumed that information is known to the FSA merely because it is in the public domain or has previously been disclosed to the FSA or another regulatory body. Any additional information of relevance should be provided by letter direct to the FSA.

I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the Guidance Notes to this form.

Signature of authorised signatory: _____ Date _____

Name: _____ Position held: _____

In the event of a query, the FSA or the Bank of England may, in the first instance, contact (block letters please)

_____ Tel No _____ Ext _____

Notes on Completion

- 1 Complete the return quarterly on an unconsolidated/solo-consolidated basis and consolidated basis as at end of March, June, September and December. Institutions wishing to report as at dates which coincide with the financial year end should apply to the FSA for a waiver (see SUP 8).
- 2 For definitions of items, refer to the Guidance Notes for the form. If you have any difficulty in completing this return, please telephone 020 7676 0660.
- 3 Enter amounts to the nearest thousand omitting 000s.
- 4 The form should be returned within **10 business days (14 business days** if submitted electronically) of the reporting date when completed on an unconsolidated/solo-consolidated basis and within **20 business days (24 business days** if submitted electronically) of the reporting date when completed on a consolidated basis. Please address the form to:

The Financial Services Authority
c/o Monetary and Financial Statistics Division
Domestic Banking Statistics (HO-4)
Bank of England
Threadneedle Street
London EC2R 8AH
- 5 Returns may also be delivered to the Works Gate at the Lothbury entrance of the Bank of England between 9.00am and 5.00pm, Monday to Friday. Envelopes should be clearly addressed as above.

FSA use only	Logged in	Data entered

* For unconsolidated/solo-consolidated entities, this will be the FSA firm reference number. For consolidated reporters, this will be the FSA firm reference number of the institution on whom the obligation to report has been placed. This box must be filled in by all reporters (SUP 16.3.7R).

PART 1

LARGEST EXPOSURES TO INDIVIDUAL NON-BANK COUNTERPARTIES AND GROUPS OF CLOSELY RELATED

Number of exposures reported in this Section

P1N

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amount at risk at reporting date	Specific bad debt provisions made against the balance in column B	Eligible collateral held at the reporting date	Exposure at reporting date, after eligible offsets only		Maximum exposure during period	
					Amount	% LECB	Amount	% LECB
					F	G	H	J
1	P1A1	P1B1	P1C1	P1D1	P1F1	P1G1	P1H1	P1J1
2	P1A2	P1B2	P1C2	P1D2	P1F2	P1G2	P1H2	P1J2
3	P1A3	P1B3	P1C3	P1D3	P1F3	P1G3	P1H3	P1J3
4	P1A4	P1B4	P1C4	P1D4	P1F4	P1G4	P1H4	P1J4
5	P1A5	P1B5	P1C5	P1D5	P1F5	P1G5	P1H5	P1J5
6	P1A6	P1B6	P1C6	P1D6	P1F6	P1G6	P1H6	P1J6
7	P1A7	P1B7	P1C7	P1D7	P1F7	P1G7	P1H7	P1J7
8	P1A8	P1B8	P1C8	P1D8	P1F8	P1G8	P1H8	P1J8
9	P1A9	P1B9	P1C9	P1D9	P1F9	P1G9	P1H9	P1J9
10	P1A10	P1B10	P1C10	P1D10	P1F10	P1G10	P1H10	P1J10
11	P1A11	P1B11	P1C11	P1D11	P1F11	P1G11	P1H11	P1J11
12	P1A12	P1B12	P1C12	P1D12	P1F12	P1G12	P1H12	P1J12
13	P1A13	P1B13	P1C13	P1D13	P1F13	P1G13	P1H13	P1J13
14	P1A14	P1B14	P1C14	P1D14	P1F14	P1G14	P1H14	P1J14
15	P1A15	P1B15	P1C15	P1D15	P1F15	P1G15	P1H15	P1J15
16	P1A16	P1B16	P1C16	P1D16	P1F16	P1G16	P1H16	P1J16
17	P1A17	P1B17	P1C17	P1D17	P1F17	P1G17	P1H17	P1J17
18	P1A18	P1B18	P1C18	P1D18	P1F18	P1G18	P1H18	P1J18
19	P1A19	P1B19	P1C19	P1D19	P1F19	P1G19	P1H19	P1J19
20	P1A20	P1B20	P1C20	P1D20	P1F20	P1G20	P1H20	P1J20
21	P1A21	P1B21	P1C21	P1D21	P1F21	P1G21	P1H21	P1J21
22	P1A22	P1B22	P1C22	P1D22	P1F22	P1G22	P1H22	P1J22
23	P1A23	P1B23	P1C23	P1D23	P1F23	P1G23	P1H23	P1J23
24	P1A24	P1B24	P1C24	P1D24	P1F24	P1G24	P1H24	P1J24
25	P1A25	P1B25	P1C25	P1D25	P1F25	P1G25	P1H25	P1J25
...	P1A...	P1B...	P1C...	P1D...	P1F...	P1G...	P1H...	P1J...

TOT1
PC1

Total to Part 7

CTOT1

.....

NON-BANK COUNTERPARTIES

Item no cont'd	Covered by guarantees at the reporting date	Exposure at reporting date, after offsets and concessions		Amount included in the clustering ratio	Amount subject to 'Soft' Limits (also report in Part 8)
		Amount	% LECB		
		R	S		
K				U	V
1	P1K1	P1R1	P1S1	P1U1	P1V1
2	P1K2	P1R2	P1S2	P1U2	P1V2
3	P1K3	P1R3	P1S3	P1U3	P1V3
4	P1K4	P1R4	P1S4	P1U4	P1V4
5	P1K5	P1R5	P1S5	P1U5	P1V5
6	P1K6	P1R6	P1S6	P1U6	P1V6
7	P1K7	P1R7	P1S7	P1U7	P1V7
8	P1K8	P1R8	P1S8	P1U8	P1V8
9	P1K9	P1R9	P1S9	P1U9	P1V9
10	P1K10	P1R10	P1S10	P1U10	P1V10
11	P1K11	P1R11	P1S11	P1U11	P1V11
12	P1K12	P1R12	P1S12	P1U12	P1V12
13	P1K13	P1R13	P1S13	P1U13	P1V13
14	P1K14	P1R14	P1S14	P1U14	P1V14
15	P1K15	P1R15	P1S15	P1U15	P1V15
16	P1K16	P1R16	P1S16	P1U16	P1V16
17	P1K17	P1R17	P1S17	P1U17	P1V17
18	P1K18	P1R18	P1S18	P1U18	P1V18
19	P1K19	P1R19	P1S19	P1U19	P1V19
20	P1K20	P1R20	P1S20	P1U20	P1V20
21	P1K21	P1R21	P1S21	P1U21	P1V21
22	P1K22	P1R22	P1S22	P1U22	P1V22
23	P1K23	P1R23	P1S23	P1U23	P1V23
24	P1K24	P1R24	P1S24	P1U24	P1V24
25	P1K25	P1R25	P1S25	P1U25	P1V25
...	P1K...	P1R...	P1S...	P1U...	P1V...

TOT1	.....	Total to Part 7	UTOT1
PC1	.....	% LECB	UPC1

PART 2

LARGEST EXPOSURES TO INDIVIDUAL COUNTERPARTIES AND GROUPS OF CLOSELY RELATED

Number of exposures reported in this Section

P2N

Item no	Individual counterparties (but see reporting definitions) for this Part of the report	Amounts at risk at reporting date	Specific bad debt provisions made at reporting date against the balance in column B	Eligible collateral held at the reporting date	Exposure at reporting date, after eligible offsets only		Maximum exposure during period	
					Amount	% LECB	Amount	% LECB
	A	B	C	D	F	G	H	J
1	P2A1*	P2B1	P2C1	P2D1	P2F1			
2	P2A2	P2B2	P2C2	P2D2	P2F2			
3	P2A3	P2B3	P2C3	P2D3	P2F3			
4	P2A4	P2B4	P2C4	P2D4	P2F4			
5	P2A5	P2B5	P2C5	P2D5	P2F5			
6	P2A6	P2B6	P2C6	P2D6	P2F6			
7	P2A7	P2B7	P2C7	P2D7	P2F7			
8	P2A8	P2B8	P2C8	P2D8	P2F8			
9	P2A9	P2B9	P2C9	P2D9	P2F9			
10	P2A10	P2B10	P2C10	P2D10	P2F10			
11	P2A11	P2B11	P2C11	P2D11	P2F11			
12	P2A12	P2B12	P2C12	P2D12	P2F12			
13	P2A13	P2B13	P2C13	P2D13	P2F13			
14	P2A14	P2B14	P2C14	P2D14	P2F14			
15	P2A15	P2B15	P2C15	P2D15	P2F15			
16	P2A16	P2B16	P2C16	P2D16	P2F16			
17	P2A17	P2B17	P2C17	P2D17	P2F17			
18	P2A18	P2B18	P2C18	P2D18	P2F18			
19	P2A19	P2B19	P2C19	P2D19	P2F19			
20	P2A20	P2B20	P2C20	P2D20	P2F20			
TOTAL		P2BTOT	P2CTOT	P2DTOT	P2FTOT	P2GTOT	P2HTOT	P2JTOT

* This line should contain the aggregate of exposures which individually are less than 2.5% of LECB. If no connected exposures are reported in this Part, leave blank; otherwise the line should contain figures, even zeros.

COUNTERPARTIES CONNECTED TO THE REPORTING INSTITUTION

Item no cont'd	Covered by guarantees at the reporting date	Amount exempted under a group Treasury Concession	Amount exempted under a Reverse Treasury Concession	Amount exempted under a Central Risk Management Concession	Exposure at reporting date, after offsets and concessions		Amount included in the clustering ratio	Amount subject to 'Soft' Limits (also report in Part 8)
					Amount	% LECB		
					R	S		
K	L	M	N			U	V	
1	P2K1	P2L1	P2M1	P2N1	P2R1			P2V1
2	P2K2	P2L2	P2M2	P2N2	P2R2			P2V2
3	P2K3	P2L3	P2M3	P2N3	P2R3			P2V3
4	P2K4	P2L4	P2M4	P2N4	P2R4			P2V4
5	P2K5	P2L5	P2M5	P2N5	P2R5			P2V5
6	P2K6	P2L6	P2M6	P2N6	P2R6			P2V6
7	P2K7	P2L7	P2M7	P2N7	P2R7			P2V7
8	P2K8	P2L8	P2M8	P2N8	P2R8			P2V8
9	P2K9	P2L9	P2M9	P2N9	P2R9			P2V9
10	P2K10	P2L10	P2M10	P2N10	P2R10			P2V10
11	P2K11	P2L11	P2M11	P2N11	P2R11			P2V11
12	P2K12	P2L12	P2M12	P2N12	P2R12			P2V12
13	P2K13	P2L13	P2M13	P2N13	P2R13			P2V13
14	P2K14	P2L14	P2M14	P2N14	P2R14			P2V14
15	P2K15	P2L15	P2M15	P2N15	P2R15			P2V15
16	P2K16	P2L16	P2M16	P2N16	P2R16			P2V16
17	P2K17	P2L17	P2M17	P2N17	P2R17			P2V17
18	P2K18	P2L18	P2M18	P2N18	P2R18			P2V18
19	P2K19	P2L19	P2M19	P2N19	P2R19			P2V19
20	P2K20	P2L20	P2M20	P2N20	P2R20			P2V20
TOTAL	P2KTOT	P2LTOT	P2MTOT	P2NTOT	P2RTOT	P2STOT	P2UTOT	P2VTOT

PART 3

LARGEST EXPOSURES TO BANKS, BUILDING SOCIETIES, RECOGNISED INVESTMENT FIRMS, RECOGNISED

Number of exposures reported in this Section P3N

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amount at risk at reporting date	Specific bad debt provisions made against the balance in column B	Eligible collateral held at the reporting date	Exposures to non-bank counterparties closely related to counterparty in Column A (if separately identifiable and reportable in Part 1)	Exposure at reporting date, after eligible offsets and including related exposures		Maximum exposure during period	
						Amount	% LECB	Amount	% LECB
	A	B	C	D	E	F	G	H	J
1	P3A1	P3B1	P3C1	P3D1	P3E1	P3F1	P3G1	P3H1	P3J1
2	P3A2	P3B2	P3C2	P3D2	P3E2	P3F2	P3G2	P3H2	P3J2
3	P3A3	P3B3	P3C3	P3D3	P3E3	P3F3	P3G3	P3H3	P3J3
4	P3A4	P3B4	P3C4	P3D4	P3E4	P3F4	P3G4	P3H4	P3J4
5	P3A5	P3B5	P3C5	P3D5	P3E5	P3F5	P3G5	P3H5	P3J5
6	P3A6	P3B6	P3C6	P3D6	P3E6	P3F6	P3G6	P3H6	P3J6
7	P3A7	P3B7	P3C7	P3D7	P3E7	P3F7	P3G7	P3H7	P3J7
8	P3A8	P3B8	P3C8	P3D8	P3E8	P3F8	P3G8	P3H8	P3J8
9	P3A9	P3B9	P3C9	P3D9	P3E9	P3F9	P3G9	P3H9	P3J9
10	P3A10	P3B10	P3C10	P3D10	P3E10	P3F10	P3G10	P3H10	P3J10
11	P3A11	P3B11	P3C11	P3D11	P3E11	P3F11	P3G11	P3H11	P3J11
12	P3A12	P3B12	P3C12	P3D12	P3E12	P3F12	P3G12	P3H12	P3J12
13	P3A13	P3B13	P3C13	P3D13	P3E13	P3F13	P3G13	P3H13	P3J13
14	P3A14	P3B14	P3C14	P3D14	P3E14	P3F14	P3G14	P3H14	P3J14
15	P3A15	P3B15	P3C15	P3D15	P3E15	P3F15	P3G15	P3H15	P3J15
16	P3A16	P3B16	P3C16	P3D16	P3E16	P3F16	P3G16	P3H16	P3J16
17	P3A17	P3B17	P3C17	P3D17	P3E17	P3F17	P3G17	P3H17	P3J17
18	P3A18	P3B18	P3C18	P3D18	P3E18	P3F18	P3G18	P3H18	P3J18
19	P3A19	P3B19	P3C19	P3D19	P3E19	P3F19	P3G19	P3H19	P3J19
20	P3A20	P3B20	P3C20	P3D20	P3E20	P3F20	P3G20	P3H20	P3J20
21	P3A21	P3B21	P3C21	P3D21	P3E21	P3F21	P3G21	P3H21	P3J21
22	P3A22	P3B22	P3C22	P3D22	P3E22	P3F22	P3G22	P3H22	P3J22
23	P3A23	P3B23	P3C23	P3D23	P3E23	P3F23	P3G23	P3H23	P3J23
24	P3A24	P3B24	P3C24	P3D24	P3E24	P3F24	P3G24	P3H24	P3J24
25	P3A25	P3B25	P3C25	P3D25	P3E25	P3F25	P3G25	P3H25	P3J25
...	P3A...	P3B...	P3C...	P3D...	P3E...	P3F...	P3G...	P3H...	P3J...

TOT1

Total to Part 7 CTOT3

CLEARING HOUSES AND RECOGNISED EXCHANGES - ALL MATURITIES

Item no cont'd	Covered by guarantees at the reporting date	Amount subject to 1- 3 year derivatives concession (80% thereof)	Exposure at reporting date, after offsets and concessions		Amount subject to 'Soft' Limits (also report in Part 8)	
	K		P	Amount		% LECB
				R		S	V
1	P3K1	P3P1	P3R1	P3S1	P3V1	
2	P3K2	P3P2	P3R2	P3S2	P3V2	
3	P3K3	P3P3	P3R3	P3S3	P3V3	
4	P3K4	P3P4	P3R4	P3S4	P3V4	
5	P3K5	P3P5	P3R5	P3S5	P3V5	
6	P3K6	P3P6	P3R6	P3S6	P3V6	
7	P3K7	P3P7	P3R7	P3S7	P3V7	
8	P3K8	P3P8	P3R8	P3S8	P3V8	
9	P3K9	P3P9	P3R9	P3S9	P3V9	
10	P3K10	P3P10	P3R10	P3S10	P3V10	
11	P3K11	P3P11	P3R11	P3S11	P3V11	
12	P3K12	P3P12	P3R12	P3S12	P3V12	
13	P3K13	P3P13	P3R13	P3S13	P3V13	
14	P3K14	P3P14	P3R14	P3S14	P3V14	
15	P3K15	P3P15	P3R15	P3S15	P3V15	
16	P3K16	P3P16	P3R16	P3S16	P3V16	
17	P3K17	P3P17	P3R17	P3S17	P3V17	
18	P3K18	P3P18	P3R18	P3S18	P3V18	
19	P3K19	P3P19	P3R19	P3S19	P3V19	
20	P3K20	P3P20	P3R20	P3S20	P3V20	
21	P3K21	P3P21	P3R21	P3S21	P3V21	
22	P3K22	P3P22	P3R22	P3S22	P3V22	
23	P3K23	P3P23	P3R23	P3S23	P3V23	
24	P3K24	P3P24	P3R24	P3S24	P3V24	
25	P3K25	P3P25	P3R25	P3S25	P3V25	
...	P3K...	P3P...	P3R...	P3S...	P3V...	

PART 4

LARGEST EXPOSURES TO BANKS, BUILDING SOCIETIES, RECOGNISED INVESTMENT FIRMS, RECOGNISED

Number of exposures reported in this Section P4N

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amounts at risk at reporting date	Specific bad debt provisions made at reporting date against the balance in column B	Eligible collateral held at the reporting date	Exposures to non-bank counterparties closely related to counterparty in Column A (if separately identifiable and reportable in Part 1)	Exposure at reporting date, after eligible offsets and including related exposures	
						Amount	% LECB
	A	B	C	D	E	F	G
1	P4A1	P4B1	P4C1	P4D1	P4E1	P4F1	P4G1
2	P4A2	P4B2	P4C2	P4D2	P4E2	P4F2	P4G2
3	P4A3	P4B3	P4C3	P4D3	P4E3	P4F3	P4G3
4	P4A4	P4B4	P4C4	P4D4	P4E4	P4F4	P4G4
5	P4A5	P4B5	P4C5	P4D5	P4E5	P4F5	P4G5
6	P4A6	P4B6	P4C6	P4D6	P4E6	P4F6	P4G6
7	P4A7	P4B7	P4C7	P4D7	P4E7	P4F7	P4G7
8	P4A8	P4B8	P4C8	P4D8	P4E8	P4F8	P4G8
9	P4A9	P4B9	P4C9	P4D9	P4E9	P4F9	P4G9
10	P4A10	P4B10	P4C10	P4D10	P4E10	P4F10	P4G10
11	P4A11	P4B11	P4C11	P4D11	P4E11	P4F11	P4G11
12	P4A12	P4B12	P4C12	P4D12	P4E12	P4F12	P4G12
13	P4A13	P4B13	P4C13	P4D13	P4E13	P4F13	P4G13
14	P4A14	P4B14	P4C14	P4D14	P4E14	P4F14	P4G14
15	P4A15	P4B15	P4C15	P4D15	P4E15	P4F15	P4G15
16	P4A16	P4B16	P4C16	P4D16	P4E16	P4F16	P4G16
17	P4A17	P4B17	P4C17	P4D17	P4E17	P4F17	P4G17
18	P4A18	P4B18	P4C18	P4D18	P4E18	P4F18	P4G18
19	P4A19	P4B19	P4C19	P4D19	P4E19	P4F19	P4G19
20	P4A20	P4B20	P4C20	P4D20	P4E20	P4F20	P4G20
21	P4A21	P4B21	P4C21	P4D21	P4E21	P4F21	P4G21
22	P4A22	P4B22	P4C22	P4D22	P4E22	P4F22	P4G22
23	P4A23	P4B23	P4C23	P4D23	P4E23	P4F23	P4G23
24	P4A24	P4B24	P4C24	P4D24	P4E24	P4F24	P4G24
25	P4A25	P4B25	P4C25	P4D25	P4E25	P4F25	P4G25
...	P4A...	P4B...	P4C...	P4D...	P4E...	P4F...	P4G...

CLEARING HOUSES AND RECOGNISED EXCHANGES WITH A MATURITY OF 1 YEAR OR LESS

Item no cont'd	Covered by guarantees at the reporting date	Exposure at reporting date, after offsets and concessions		Amount subject to 'Soft' Limits (also report in Part 8)
		Amount	% LECB	
		R	S	
	K			V
1	P4K1	P4R1	P4S1	P4V1
2	P4K2	P4R2	P4S2	P4V2
3	P4K3	P4R3	P4S3	P4V3
4	P4K4	P4R4	P4S4	P4V4
5	P4K5	P4R5	P4S5	P4V5
6	P4K6	P4R6	P4S6	P4V6
7	P4K7	P4R7	P4S7	P4V7
8	P4K8	P4R8	P4S8	P4V8
9	P4K9	P4R9	P4S9	P4V9
10	P4K10	P4R10	P4S10	P4V10
11	P4K11	P4R11	P4S11	P4V11
12	P4K12	P4R12	P4S12	P4V12
13	P4K13	P4R13	P4S13	P4V13
14	P4K14	P4R14	P4S14	P4V14
15	P4K15	P4R15	P4S15	P4V15
16	P4K16	P4R16	P4S16	P4V16
17	P4K17	P4R17	P4S17	P4V17
18	P4K18	P4R18	P4S18	P4V18
19	P4K19	P4R19	P4S19	P4V19
20	P4K20	P4R20	P4S20	P4V20
21	P4K21	P4R21	P4S21	P4V21
22	P4K22	P4R22	P4S22	P4V22
23	P4K23	P4R23	P4S23	P4V23
24	P4K24	P4R24	P4S24	P4V24
25	P4K25	P4R25	P4S25	P4V25
...	P4K...	P4R...	P4S...	P4V...

PART 5

LARGEST EXPOSURES TO BANKS, BUILDING SOCIETIES, RECOGNISED INVESTMENT FIRMS, RECOGNISED

Number of exposures reported in this Section P5N

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amounts at risk at reporting date	Specific bad debt provisions made at reporting date against the balance in column B	Eligible collateral held at the reporting date	Exposures to non-bank counterparty closely related to counterparty in Column A (if separately identifiable and reportable in Part 1)	Exposure at reporting date, after offsets and including related exposures	
						Amount	% LECB
	A	B	C	D	E	F	G
1	P5A1	P5B1	P5C1	P5D1	P5E1	P5F1	P5G1
2	P5A2	P5B2	P5C2	P5D2	P5E2	P5F2	P5G2
3	P5A3	P5B3	P5C3	P5D3	P5E3	P5F3	P5G3
4	P5A4	P5B4	P5C4	P5D4	P5E4	P5F4	P5G4
5	P5A5	P5B5	P5C5	P5D5	P5E5	P5F5	P5G5
6	P5A6	P5B6	P5C6	P5D6	P5E6	P5F6	P5G6
7	P5A7	P5B7	P5C7	P5D7	P5E7	P5F7	P5G7
8	P5A8	P5B8	P5C8	P5D8	P5E8	P5F8	P5G8
9	P5A9	P5B9	P5C9	P5D9	P5E9	P5F9	P5G9
10	P5A10	P5B10	P5C10	P5D10	P5E10	P5F10	P5G10
11	P5A11	P5B11	P5C11	P5D11	P5E11	P5F11	P5G11
12	P5A12	P5B12	P5C12	P5D12	P5E12	P5F12	P5G12
13	P5A13	P5B13	P5C13	P5D13	P5E13	P5F13	P5G13
14	P5A14	P5B14	P5C14	P5D14	P5E14	P5F14	P5G14
15	P5A15	P5B15	P5C15	P5D15	P5E15	P5F15	P5G15
16	P5A16	P5B16	P5C16	P5D16	P5E16	P5F16	P5G16
17	P5A17	P5B17	P5C17	P5D17	P5E17	P5F17	P5G17
18	P5A18	P5B18	P5C18	P5D18	P5E18	P5F18	P5G18
19	P5A19	P5B19	P5C19	P5D19	P5E19	P5F19	P5G19
20	P5A20	P5B20	P5C20	P5D20	P5E20	P5F20	P5G20
21	P5A21	P5B21	P5C21	P5D21	P5E21	P5F21	P5G21
22	P5A22	P5B22	P5C22	P5D22	P5E22	P5F22	P5G22
23	P5A23	P5B23	P5C23	P5D23	P5E23	P5F23	P5G23
24	P5A24	P5B24	P5C24	P5D24	P5E24	P5F24	P5G24
25	P5A25	P5B25	P5C25	P5D25	P5E25	P5F25	P5G25
...	P5A...	P5B...	P5C...	P5D...	P5E...	P5F...	P5G...

TOT5	.....
PC5	.....

CLEARING HOUSES AND RECOGNISED EXCHANGES WITH A MATURITY OF OVER 1 YEAR

Item no cont'd	Covered by guarantees at the reporting date	Amount subject to 1- 3 year derivatives concession (80% thereof)	Exposure at reporting date, after offsets and concessions		Amount reported in Column U, Part 1, for non- bank counterparty related to counterparty in Column A	Amount included in clustering ratio	Amount subject to 'Soft' Limits (also report in Part 8)
			Amount	% LECB			
			R	S				T	U	V
1	P5K1	P5P1	P5R1	P5S1	P5T1	P5U1	P5V1
2	P5K2	P5P2	P5R2	P5S2	P5T2	P5U2	P5V2
3	P5K3	P5P3	P5R3	P5S3	P5T3	P5U3	P5V3
4	P5K4	P5P4	P5R4	P5S4	P5T4	P5U4	P5V4
5	P5K5	P5P5	P5R5	P5S5	P5T5	P5U5	P5V5
6	P5K6	P5P6	P5R6	P5S6	P5T6	P5U6	P5V6
7	P5K7	P5P7	P5R7	P5S7	P5T7	P5U7	P5V7
8	P5K8	P5P8	P5R8	P5S8	P5T8	P5U8	P5V8
9	P5K9	P5P9	P5R9	P5S9	P5T9	P5U9	P5V9
10	P5K10	P5P10	P5R10	P5S10	P5T10	P5U10	P5V10
11	P5K11	P5P11	P5R11	P5S11	P5T11	P5U11	P5V11
12	P5K12	P5P12	P5R12	P5S12	P5T12	P5U12	P5V12
13	P5K13	P5P13	P5R13	P5S13	P5T13	P5U13	P5V13
14	P5K14	P5P14	P5R14	P5S14	P5T14	P5U14	P5V14
15	P5K15	P5P15	P5R15	P5S15	P5T15	P5U15	P5V15
16	P5K16	P5P16	P5R16	P5S16	P5T16	P5U16	P5V16
17	P5K17	P5P17	P5R17	P5S17	P5T17	P5U17	P5V17
18	P5K18	P5P18	P5R18	P5S18	P5T18	P5U18	P5V18
19	P5K19	P5P19	P5R19	P5S19	P5T19	P5U19	P5V19
20	P5K20	P5P20	P5R20	P5S20	P5T20	P5U20	P5V20
21	P5K21	P5P21	P5R21	P5S21	P5T21	P5U21	P5V21
22	P5K22	P5P22	P5R22	P5S22	P5T22	P5U22	P5V22
23	P5K23	P5P23	P5R23	P5S23	P5T23	P5U23	P5V23
24	P5K24	P5P24	P5R24	P5S24	P5T24	P5U24	P5V24
25	P5K25	P5P25	P5R25	P5S25	P5T25	P5U25	P5V25
...	P5K...	P5P...	P5R...	P5S...	P5T...	P5U...	P5V...

TOT5	.....	Total to Part 7	UTOT5
PC5	.....	% LECB	UPC5

PART 6

LARGEST EXPOSURES TO ZONE A CENTRAL GOVERNMENTS AND CENTRAL BANKS

Number of exposures reported in this Section P6N

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amounts at risk at reporting date	Specific bad debt provisions made at reporting date against the balance in column B	Exposure at reporting date, after eligible offsets only		Maximum exposure during period		Amount subject to 'Soft' Limits (also report in Part 8)
				Amount	% LECB	Amount	% LECB	
				F	G	H	J	
	A	B	C					V
1	P6A1	P6B1	P6C1	P6F1	P6G1	P6H1	P6J1	P6K1
2	P6A2	P6B2	P6C2	P6F2	P6G2	P6H2	P6J2	P6K2
3	P6A3	P6B3	P6C3	P6F3	P6G3	P6H3	P6J3	P6K3
4	P6A4	P6B4	P6C4	P6F4	P6G4	P6H4	P6J4	P6K4
5	P6A5	P6B5	P6C5	P6F5	P6G5	P6H5	P6J5	P6K5
6	P6A6	P6B6	P6C6	P6F6	P6G6	P6H6	P6J6	P6K6
7	P6A7	P6B7	P6C7	P6F7	P6G7	P6H7	P6J7	P6K7
8	P6A8	P6B8	P6C8	P6F8	P6G8	P6H8	P6J8	P6K8
9	P6A9	P6B9	P6C9	P6F9	P6G9	P6H9	P6J9	P6K9
10	P6A10	P6B10	P6C10	P6F10	P6G10	P6H10	P6J10	P6K10
11	P6A11	P6B11	P6C11	P6F11	P6G11	P6H11	P6J11	P6K11
12	P6A12	P6B12	P6C12	P6F12	P6G12	P6H12	P6J12	P6K12
13	P6A13	P6B13	P6C13	P6F13	P6G13	P6H13	P6J13	P6K13
14	P6A14	P6B14	P6C14	P6F14	P6G14	P6H14	P6J14	P6K14
15	P6A15	P6B15	P6C15	P6F15	P6G15	P6H15	P6J15	P6K15
16	P6A16	P6B16	P6C16	P6F16	P6G16	P6H16	P6J16	P6K16
17	P6A17	P6B17	P6C17	P6F17	P6G17	P6H17	P6J17	P6K17
18	P6A18	P6B18	P6C18	P6F18	P6G18	P6H18	P6J18	P6K18
19	P6A19	P6B19	P6C19	P6F19	P6G19	P6H19	P6J19	P6K19
20	P6A20	P6B20	P6C20	P6F20	P6G20	P6H20	P6J20	P6K20
21	P6A21	P6B21	P6C21	P6F21	P6G21	P6H21	P6J21	P6K21
22	P6A22	P6B22	P6C22	P6F22	P6G22	P6H22	P6J22	P6K22
23	P6A23	P6B23	P6C23	P6F23	P6G23	P6H23	P6J23	P6K23
24	P6A24	P6B24	P6C24	P6F24	P6G24	P6H24	P6J24	P6K24
25	P6A25	P6B25	P6C25	P6F25	P6G25	P6H25	P6J25	P6K25
...	P6A...	P6B...	P6C...	P6F...	P6G...	P6H...	P6J...	P6K...

TOT6

Total to Part 7 CTOT6

PART 7

LARGEST EXPOSURES TO ZONE B CENTRAL GOVERNMENTS AND CENTRAL BANKS

Number of exposures reported in this Section

P7N

Item no	Counterparty (principal counterparty in the case of groups of closely related institutions)	Amounts at risk at reporting date	Specific bad debt provisions made at reporting date against the balance in column B	Eligible collateral held at the reporting date	Exposure at reporting date, after eligible offsets only		Maximum exposure during period	
					Amount	% LECB	Amount	% LECB
	A	B	C	D	F	G	H	J
1	P7A1	P7B1	P7C1	P7D1	P7F1	P7G1	P7H1	P7J1
2	P7A2	P7B2	P7C2	P7D2	P7F2	P7G2	P7H2	P7J2
3	P7A3	P7B3	P7C3	P7D3	P7F3	P7G3	P7H3	P7J3
4	P7A4	P7B4	P7C4	P7D4	P7F4	P7G4	P7H4	P7J4
5	P7A5	P7B5	P7C5	P7D5	P7F5	P7G5	P7H5	P7J5
6	P7A6	P7B6	P7C6	P7D6	P7F6	P7G6	P7H6	P7J6
7	P7A7	P7B7	P7C7	P7D7	P7F7	P7G7	P7H7	P7J7
8	P7A8	P7B8	P7C8	P7D8	P7F8	P7G8	P7H8	P7J8
9	P7A9	P7B9	P7C9	P7D9	P7F9	P7G9	P7H9	P7J9
10	P7A10	P7B10	P7C10	P7D10	P7F10	P7G10	P7H10	P7J10
11	P7A11	P7B11	P7C11	P7D11	P7F11	P7G11	P7H11	P7J11
12	P7A12	P7B12	P7C12	P7D12	P7F12	P7G12	P7H12	P7J12
13	P7A13	P7B13	P7C13	P7D13	P7F13	P7G13	P7H13	P7J13
14	P7A14	P7B14	P7C14	P7D14	P7F14	P7G14	P7H14	P7J14
15	P7A15	P7B15	P7C15	P7D15	P7F15	P7G15	P7H15	P7J15
16	P7A16	P7B16	P7C16	P7D16	P7F16	P7G16	P7H16	P7J16
17	P7A17	P7B17	P7C17	P7D17	P7F17	P7G17	P7H17	P7J17
18	P7A18	P7B18	P7C18	P7D18	P7F18	P7G18	P7H18	P7J18
19	P7A19	P7B19	P7C19	P7D19	P7F19	P7G19	P7H19	P7J19
20	P7A20	P7B20	P7C20	P7D20	P7F20	P7G20	P7H20	P7J20
21	P7A21	P7B21	P7C21	P7D21	P7F21	P7G21	P7H21	P7J21
22	P7A22	P7B22	P7C22	P7D22	P7F22	P7G22	P7H22	P7J22
23	P7A23	P7B23	P7C23	P7D23	P7F23	P7G23	P7H23	P7J23
24	P7A24	P7B24	P7C24	P7D24	P7F24	P7G24	P7H24	P7J24
25	P7A25	P7B25	P7C25	P7D25	P7F25	P7G25	P7H25	P7J25
...	P7A...	P7B...	P7C...	P7D...	P7F...	P7G...	P7H...	P7J...
TOT7	Total of Part 7			CTOT7				
TOT1	From Part 1			CP1				
TOT2	From Part 2			CP2				
TOT3	From Part 3			CP3				
TOT5								
TOT6	From Part 6			CP6				
GT	Grand Total			CGT				
PC								

Item no cont'd	Covered by guarantees at the reporting date	Amount denom- inated in local currency and funded by liabilities in the same currency	Exposure at reporting date, after offsets and concessions		Amount included in the clustering ratio	Amount subject to 'Soft' Limits (also report in Part 8)
			Amount	% LECB		
	K	Q	R	S	U	V
1	P7K1	P7Q1	P7R1	P7S1	P7U1	P7V1
2	P7K2	P7Q2	P7R2	P7S2	P7U2	P7V2
3	P7K3	P7Q3	P7R3	P7S3	P7U3	P7V3
4	P7K4	P7Q4	P7R4	P7S4	P7U4	P7V4
5	P7K5	P7Q5	P7R5	P7S5	P7U5	P7V5
6	P7K6	P7Q6	P7R6	P7S6	P7U6	P7V6
7	P7K7	P7Q7	P7R7	P7S7	P7U7	P7V7
8	P7K8	P7Q8	P7R8	P7S8	P7U8	P7V8
9	P7K9	P7Q9	P7R9	P7S9	P7U9	P7V9
10	P7K10	P7Q10	P7R10	P7S10	P7U10	P7V10
11	P7K11	P7Q11	P7R11	P7S11	P7U11	P7V11
12	P7K12	P7Q12	P7R12	P7S12	P7U12	P7V12
13	P7K13	P7Q13	P7R13	P7S13	P7U13	P7V13
14	P7K14	P7Q14	P7R14	P7S14	P7U14	P7V14
15	P7K15	P7Q15	P7R15	P7S15	P7U15	P7V15
16	P7K16	P7Q16	P7R16	P7S16	P7U16	P7V16
17	P7K17	P7Q17	P7R17	P7S17	P7U17	P7V17
18	P7K18	P7Q18	P7R18	P7S18	P7U18	P7V18
19	P7K19	P7Q19	P7R19	P7S19	P7U19	P7V19
20	P7K20	P7Q20	P7R20	P7S20	P7U20	P7V20
21	P7K21	P7Q21	P7R21	P7S21	P7U21	P7V21
22	P7K22	P7Q22	P7R22	P7S22	P7U22	P7V22
23	P7K23	P7Q23	P7R23	P7S23	P7U23	P7V23
24	P7K24	P7Q24	P7R24	P7S24	P7U24	P7V24
25	P7K25	P7Q25	P7R25	P7S25	P7U25	P7V25
...	P7K...	P7Q...	P7R...	P7S...	P7U...	P7V...

TOT7	Total of Part 7	UTOT7
TOT1	From Part 1	UP1
TOT2	From Part 2	UP2

TOT5	From Part 5	UP5
------	-------------	-----

GT	Grand Total	UGT
PC	% LECB	UPC

PART 8
EXPOSURES SUBJECT TO SOFT LIMITS

Adjusted capital base (from Item B110 in Form BSD3, Section B)

ACB1

Date agreed

Number of exposures reported in this section

P8N

Item no	Issuer by individual exposure					Excess over adjusted capital base		Specific risk charge
	Counterparty	Total exposure at reporting date	% of adjusted capital base	Reported in which Part of Form	Exposure number in that Part	Amount	Agreed limit (% of adjusted capital base)	
	A	B	C	D	E	F	G	H
1	P8A1	P8B1	P8C1	P8D1	P8E1	P8F1	P8G1	P8H1
2	P8A2	P8B2	P8C2	P8D2	P8E2	P8F2	P8G2	P8H2
3	P8A3	P8B3	P8C3	P8D3	P8E3	P8F3	P8G3	P8H3
4	P8A4	P8B4	P8C4	P8D4	P8E4	P8F4	P8G4	P8H4
5	P8A5	P8B5	P8C5	P8D5	P8E5	P8F5	P8G5	P8H5
6	P8A6	P8B6	P8C6	P8D6	P8E6	P8F6	P8G6	P8H6
7	P8A7	P8B7	P8C7	P8D7	P8E7	P8F7	P8G7	P8H7
8	P8A8	P8B8	P8C8	P8D8	P8E8	P8F8	P8G8	P8H8
9	P8A9	P8B9	P8C9	P8D9	P8E9	P8F9	P8G9	P8H9
10	P8A10	P8B10	P8C10	P8D10	P8E10	P8F10	P8G10	P8H10
11	P8A11	P8B11	P8C11	P8D11	P8E11	P8F11	P8G11	P8H11
12	P8A12	P8B12	P8C12	P8D12	P8E12	P8F12	P8G12	P8H12
13	P8A13	P8B13	P8C13	P8D13	P8E13	P8F13	P8G13	P8H13
14	P8A14	P8B14	P8C14	P8D14	P8E14	P8F14	P8G14	P8H14
15	P8A15	P8B15	P8C15	P8D15	P8E15	P8F15	P8G15	P8H15
16	P8A16	P8B16	P8C16	P8D16	P8E16	P8F16	P8G16	P8H16
17	P8A17	P8B17	P8C17	P8D17	P8E17	P8F17	P8G17	P8H17
18	P8A18	P8B18	P8C18	P8D18	P8E18	P8F18	P8G18	P8H18
19	P8A19	P8B19	P8C19	P8D19	P8E19	P8F19	P8G19	P8H19
20	P8A20	P8B20	P8C20	P8D20	P8E20	P8F20	P8G20	P8H20
21	P8A21	P8B21	P8C21	P8D21	P8E21	P8F21	P8G21	P8H21
22	P8A22	P8B22	P8C22	P8D22	P8E22	P8F22	P8G22	P8H22
23	P8A23	P8B23	P8C23	P8D23	P8E23	P8F23	P8G23	P8H23
24	P8A24	P8B24	P8C24	P8D24	P8E24	P8F24	P8G24	P8H24
25	P8A25	P8B25	P8C25	P8D25	P8E25	P8F25	P8G25	P8H25
...	P8A...	P8B...	P8C...	P8D...	P8E...	P8F...	P8G...	P8H...

TOT

Total Specific Risk Charge

P8TOT

Schedule 2

Notification requirements

...

2 Table

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...				
<i>SUP 16.7.7 R to SUP 16.7.15 R</i>	Reporting - financial reports - <i>UK bank</i>	Analysis of large exposures (Unconsolidated, solo consolidated) LE2 <u>or</u> <u>LE3</u>	Quarterly....	10 <i>business days</i> after quarter end (<u>14 <i>business days</i> if LE3 submitted electronically</u>)
<i>SUP 16.7.7 R to SUP 16.7.15 R</i>	Reporting - financial reports - <i>UK bank</i>	Analysis of large exposures (Consolidated) LE2 <u>or</u> <u>LE3</u> ...	Quarterly....	20 <i>business days</i> after quarter end (<u>24 <i>business days</i> if LE3 submitted electronically</u>)
...				

Annex B

Amendments to the Interim Prudential sourcebook for banks

In this Annex, underlining indicates new text and striking through indicates deleted text.

LE: Section1: Page 1

LARGE EXPOSURES

1 INTRODUCTION

1.1 Legal sources

1 This chapter which sets out the FSA's policy on a bank's large exposures ...

In summary these require:

...

iii) a UK bank to notify the FSA in cases where it:

a) has entered into an exposure which equals or exceeds 10% of its capital

...

2 The Banking Consolidation Directive (formerly The Large Exposures Directive, 'LED' – 92/121/EEC), applying to deposit-taking credit institutions (that is "full credit institutions" within the meaning of the Glossary) places an explicit ('hard') limit of 25% of capital on exposures to an individual counterparty (or a group of related counterparties) and an explicit limit of 800% of capital on the aggregate of non-exempt exposures which equal or exceed 10% of capital. Certain exposures are exempt from these limits.

...

...

3.1 Main features of the policy

3.1.1 *Limits and notification requirements*

...

4 A bank should post-notify the FSA of all exposures ~~over~~ which equal or exceed 10% of its large exposures capital base on a quarterly basis using either the LE2_ or LE3 return.

5 A bank should limit the total of its exposures, other than its exempt exposures, to individual counterparties or groups of closely related counterparties equalling or exceeding 10% of its large exposures capital base to a maximum of 800% of its large exposures capital base. Should a bank wish to exceed 300% of its large exposures capital base, it should obtain the FSA's written approval.

...

...

3.2 Reporting

8 A bank must submit the large exposures reporting form LE2 or LE3, as appropriate, on a solo (or solo-consolidated) and consolidated basis, at least quarterly (see ~~Supervision Manual, chapter 3~~ SUP 16.7.8R). The basis of reporting should be agreed with the FSA.

...

7.1 General

2 For the purposes of form LE2 (and LE3), where a bank deals in securities, the exposure to the issuer of the security should be calculated as follows ~~(see Supervision Manual, chapter 16)~~:

(a) ...

...

7.4 Repos and reverse repos: stock lending and borrowing

9. For repos in the banking book, the security sold to a counterparty should be included as a long position in form LE2 (and LE3), unless the security sold was itself received as ineligible collateral and did not give rise to issuer risk ~~(see Supervision Manual, chapter 16)~~.

...

7.6 'Soft' limits on issuer risk

...

26 Where the FSA has been pre-notified of and agreed soft limits with a bank, exposures within these agreed limits need not be further pre-notified. However, they are subject to the incremental capital policy and should be post-notified.

- a) Inclusion on the form LE2 or LE3 is sufficient for post-reporting of exposures. The form BSD3 is used for reporting the incremental capital charges.

...

8.1 Large exposures policy statements

...

3 ...

(g) the bank's approach to top slicing;

- a) The FSA still does not condone the practice of top slicing. Top slicing is the practice by which a bank systematically collateralises only the element of its exposure that exceeds the 25% limit to bring it within the limit or collateralises ~~only~~ just more than the element of an exposure that equals or exceeds 10% of the bank's large exposures capital base in order to bring the sum below the clustering limit. The FSA takes such activity into account when assessing a bank's individual capital ratio(s) accordingly.

...

10.1 General

1 A bank should limit the total of its exposures, other than its exempt exposures, to individual counterparties or groups of closely related counterparties equalling or exceeding 10% of its LECB to a maximum of 800% of its LECB. This applies whether the exposures arise in the banking or the trading book.

2 A bank must report all exposures equalling or exceeding 10% of capital on a quarterly basis. The LECB should be adopted for determining which exposures need to be reported. The more an exposure exceeds 10%, the more rigorous the FSA is in requiring a bank's management to justify that exposure. A bank should adopt policies which will not lead to 10% being exceeded as a matter of course.

a) ...

...

c) The quarterly LE2 return (or LE3 as appropriate) must be used for reporting large exposures ~~over~~ of 10% or more of capital (see ~~the rule in the Supervision Manual relating to the LE2 reporting form~~ SUP 16.7.8R).

...

13.2.5 *Arrangements to comply with the large exposures policy*

9 A bank should receive sufficient information from a fund manager to ensure that it is in daily compliance with the large exposure policy. In particular, it should focus on:

...

(e) the requirement to post-notify large exposures ~~over~~ equal to or greater than 10% of capital to include both end-period and maximum within the reporting period.