



ANNEX VI – Instructions for disclosure of information on the scope of application of the regulatory framework

Template UK LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories. Flexible format.

1. Institutions shall apply the instructions provided below in this Annex in order to complete template UK LI1 as presented in Annex V to this Implementing Regulation, in application of point (c) of Article 436 of Regulation (EU) 575/2013¹ ("CRR").

Legal references and instructions	
Row number	Explanation
1 to XXX	<p>Total Assets</p> <p>The row structure shall be the same as the row structure of the balance sheet used in the latest available financial reporting of the institution.</p> <p>'Financial reporting' refers to the annual individual or consolidated financial statements defined in Articles 4 and 24 of Directive (EU) 2013/34², as well as (when applicable) to the financial statements in the meaning of the international accounting standards as endorsed in the EU in the application of Regulation (EC) 1606/2002³.</p>
1 to XXX	<p>Total Liabilities</p> <p>The row structure shall be the same as the row structure of the balance sheet used in the latest available financial reporting of the institution.</p> <p>'Financial reporting' refers to the annual individual or consolidated financial statements defined in Articles 4 and 24 of Directive (EU) 2013/34/EU, as well as (when applicable) to the financial statements in the meaning of the international accounting standards as endorsed in the EU in the application of Regulation (EC) 1606/2002.</p>

¹ REGULATION (EU) 2019/876 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012 (OJ L 150/1, 7.6.2019, p.194)

² Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 11&p.25).

³ REGULATION (EC) No 1606/2002 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 19 July 2002 on the application of international accounting standards (OJ 243/1, 11.9.2002)

Legal references and instructions	
Column reference	Explanation
a	<p>Carrying values as reported in published financial statements</p> <p>Amount reported on the assets side and the liabilities side of the balance sheet established following the consolidation requirements in the applicable accounting framework, including frameworks based on Directive (EU) 2013/34/EU and with Directive (EEC) 86/635⁴, or the international accounting standards as endorsed in the EU.</p>
b	<p>Carrying values under the scope of regulatory consolidation</p> <p>Amount reported on the assets side and the liabilities side of the balance sheet established following the regulatory consolidation requirements in Sections 2 and 3 of Title II of Part One CRR.</p> <p>If the scope of accounting consolidation and the scope of regulatory consolidation are exactly the same, columns (a) and (b) shall be merged.</p>
c	<p>Carrying values of items subject to credit risk framework</p> <p>Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) to which Chapters 2 and 3 of Title II of Part Three CRR applies.</p>
d	<p>Carrying values of items subject to counterparty credit risk framework</p> <p>Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) to which Chapter 6 of Title II of Part Three CRR applies.</p>
e	<p>Carrying values of items subject to the securitisation framework</p> <p>Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) from the non-trading book to which Chapter 5 of Title II of Part Three CRR applies.</p>
f	<p>Carrying values of items subject to the market risk framework</p> <p>Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) to which Title IV of Part Three CRR applies. Items corresponding to securitisation positions in the trading book -to which the requirements in Title IV of Part Three CRR shall be included in this column.</p>
g	<p>Carrying values of items not subject to own funds requirements or subject to deduction from own funds</p> <p>Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) not subject to own funds requirements in accordance with CRR.</p> <p>Carrying amounts under the regulatory scope of consolidation of items (other than off-balance-sheet items) that are subject to deductions from own funds</p>

⁴ COUNCIL DIRECTIVE of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372/1, 31.12.1986)

	<p>in accordance with Part Two CRR. Deducted items may include, for instance, the items listed in Articles 37, 38, 39, and 41 CRR.</p> <p>The amounts disclosed for assets shall be the amounts actually deducted from own funds, taking into account any netting with liabilities allowed by (and any threshold for) deduction applicable as per the relevant articles in Part Two CRR.</p> <p>When the items listed in point (k) Article 36(1) and in Article 48 CRR are 1 250% risk-weighted instead of being deducted, they shall not be disclosed in column (g) but in the other appropriate columns of template UK LI1. This also applies to any other item that is 1 250% risk-weighted in accordance with the requirements in CRR.</p> <p>The amounts disclosed for liabilities shall be the amount of liabilities that is taken into consideration for the determination of the amount of assets to be deducted from own funds as per the relevant articles in Part Two CRR. In addition, all liabilities other than those that (i) are relevant for the application of requirements in Chapter 4 of Title II of Part Three CRR, or (ii) that are relevant for the application of requirements in Chapter 6 of Title II of Part Three CRR and in Title IV of Part Three CRR shall be disclosed in this column.</p>
all	<p>Where a single item attracts capital requirements in accordance with more than one risk framework, it shall be disclosed in all columns corresponding to the capital requirements it attracts. As a consequence, the sum of amounts in columns (c) to (g) may be greater than the amount in column (b). Institutions shall provide qualitative explanations on assets and liabilities that are subject to capital requirements for more than one risk framework listed in Part Three CRR.</p>

Template UK LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements. Fixed format.

2. Institutions shall apply the instructions provided below in this Annex in order to complete template UK LI2 as presented in Annex V to this Implementing Regulation, in application of point (d) of Article 436 CRR.

Legal references and instructions	
Row number	Explanation
1	<p>Assets carrying value amount under the scope of regulatory consolidation</p> <p>Amounts in columns (b) to (e) shall be the same as the amounts in columns (c) to (f) of template UK LI1.</p>
2	<p>Liabilities carrying value amount under the regulatory scope of consolidation</p> <p>Amounts in columns (b) to (e) shall be the same as the amounts in columns (c) to (f) of template UK LI1.</p>
3	<p>Total net amount under regulatory scope of consolidation</p>

	Amount after on-balance-sheet netting between assets and liabilities under the regulatory scope of consolidation, regardless of the eligibility of those assets and liabilities of the specific netting rules in the application of Chapters 4 and 5 of Title II of Part Three CRR and of Title IV of Part Three CRR. The amount disclosed in this row should be equal to row 1- row 2.
4	<p>Off-balance-sheet amounts</p> <p>Include off-balance-sheet original exposures, prior to the use of a conversion factor, where relevant, from the established off-balance-sheet statement, following the regulatory scope of consolidation in column (a) to (d).</p>
5	<p>Differences in valuations</p> <p>Impact of the carrying amount of value adjustments in accordance with Article 34 of Chapter 2 of Title I of Part Two CRR and with Article 105 of Chapter 3 of Title I of Part Three CRR on trading book and non-trading book exposures measured at fair value in accordance with the applicable accounting framework.</p> <p>This amount should be consistent with the amount disclosed in row 7 of template UK CC1 as well as with the amount disclosed in row 12 column (f) of template UK PV1.</p>
6	<p>Differences due to different netting rules, other than those already included in row 2</p> <p>Refer to the net on-balance-sheet and off-balance-sheet exposure amounts after the application of the specific netting rules in Chapters 4 and 5 of Title II of Part Three CRR and in Title IV of Part Three CRR. The impact of the application of the netting rules can be negative (in case more exposures have to be netted than the use of on-balance-sheet netting in row 2) or positive (in the case of the application of netting rules in the CRR leading to a lower amount being netted out than on-balance-sheet netting in row 2).</p>
7	<p>Differences due to consideration of provisions</p> <p>Re-integration in the exposure value of specific and general credit risk adjustments (as defined in the Commission Delegated Regulation (EU) 183/2014⁵) that have been deducted in accordance with the applicable accounting framework from the carrying amount of exposures under Chapter 3 of Title II of Part Three CRR for risk-weighting purposes. Regarding exposures risk-weighted in accordance with Chapter 2 of Title II of Part Three CRR, when the carrying amount in the financial statements under the regulatory scope of consolidation has been reduced by elements qualifying as general credit risk adjustments under the aforementioned delegated regulation, these elements have to be re-integrated in the exposure value.</p>
8	<p>Differences due to the use of credit risk mitigation techniques</p> <p>Impact on the exposure value under the regulatory scope of consolidation of the application of credit risk mitigation techniques as defined in the CRR.</p>

⁵ COMMISSION DELEGATED REGULATION (EU) No 183/2014 of 20 December 2013 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms, with regard to regulatory technical standards for specifying the calculation of specific and general credit risk adjustments (OJ L 57/3, 27.2.2014)

9	<p><i>Differences due to credit conversion factors</i></p> <p>Impact on the exposure value of off-balance sheet exposures under the regulatory scope of consolidation of the application of the relevant conversion factors as defined in the CRR. The conversion factor for off-balance-sheet items to be risk-weighted in the application of Title II of Part Three CRR is defined in Articles 111 166, 167 and 182 (as applicable for credit risk), and in Article 246 CRR (as applicable for securitisation risk).</p>
10	<p><i>Differences due to Securitisation with risk transfer</i></p> <p>Impact on the exposure value of securitised exposures of the use of securitised transactions to transfer credit risk to third parties in accordance with the CRR.</p>
11	<p><i>Other differences (if relevant)</i></p> <p>Other meaningful drivers for differences between financial statements' carrying values under the regulatory scope of application and the exposure amounts considered for regulatory purposes. Institutions shall complement the quantitative disclosures included in this row with qualitative explanations on the main drivers of these differences in table UK LIA.</p>
12	<p>Exposure amounts considered for regulatory purposes</p> <p>Aggregate amount considered as a starting point of the RWA calculation after the application of CRM methods other than netting in Chapter 4 of Title II of Part Three CRR and after the application of netting requirements in Chapters 4 and 5 of Title II of Part Three CRR and in Title IV of Part Three CRR of the same regulation for each of the risk categories.</p> <p>In case the Standardised Approach (SA) is applied, this is the value after specific credit adjustments, additional value adjustments in accordance with Articles 34 and 110 CRR and other own funds reductions related to the asset item. For off-balance sheet items listed in Annex I to this Implementing Regulation, the exposure value is the nominal value after reduction of specific credit risk adjustments, multiplied with the applicable percentage mentioned in points (a) and (d) of Article 111(1) CRR.</p> <p>For the IRB approach, it would be exposure value within the meaning of Articles 166, 167 and 168 CRR.</p> <p>Thus, the carrying values as reported in the financial statements under the scope of regulatory consolidation should be disclosed in the corresponding rows 1 to 3, while the off-balance-sheet original exposures is disclosed in row 4. Any specific regulatory addition or reduction concerning these amounts is to be included in rows 5 to 11 in order to explain how to reconcile these amounts with the exposure amount for the regulatory starting point of the RWA calculation in accordance with each of the frameworks mentioned in columns (b) to (e). This means that in particular for credit risk, the exposure amounts considered for regulatory purposes to be disclosed in row 12 will be different from the carrying values as reported in the financial statements under the scope of regulatory consolidation, due to the particular regulatory treatment of accounting provisions for the calculation of the RWAs.</p>

Legal references and instructions	
Column reference	Explanation
a	Total Total in Column (a) of template UK LI2 = Amounts in Column (b) of template UK LI1 – Amounts in Column (g) of template UK LI1.
	The breakdown of columns in the regulatory risk categories (b) to (e) corresponds to the breakdown listed in Part Three CRR:
b	Credit risk framework Exposures in Title II of Part Three CRR. Exposures under the credit risk framework shall correspond either to the exposure amount applied in the credit risk standardised approach (see Article 111 of Chapter 2 of Title II of Part Three CRR) or to the exposures at default (EAD) in the credit risk – IRB approach (see Articles 166, 167 and 168 in Chapter 3 of Title II of Part Three CRR).
c	Securitisation framework Exposures from the non-trading book given in Chapter 5 of Title II of Part Three CRR. Securitisation exposures shall be defined as in Article 246 of Chapter 5 of Title II of Part Three CRR.
d	Counterparty Credit Risk framework (CCR) Exposures considered in Chapter 6 of Title II of Part Three CRR.
e	Market risk framework Market risk exposures correspond to positions subject to the market risk framework in Title IV of Part Three CRR. Only rows 1 to 3 and 12 are required to be disclosed regarding this column.
all	Where a single item is subject to capital requirements in accordance with more than one risk framework, it shall be disclosed in all the relevant columns corresponding to the capital requirements. As a consequence, the sum of amounts in columns (b) to (e) may be greater than the amount in column (a). Institutions shall provide qualitative explanations on assets and liabilities that are subject to capital requirements for more than one risk framework listed in Part Three CRR.

Template LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

3. Institutions shall apply the instructions provided below in this Annex in order to complete template UK LI3 as presented in Annex V to this Implementing Regulation, in application of point (b) of Article 436 CRR.

Legal references and instructions	
Row number	Explanation
	The rows are flexible. Disclosures shall be provided for entities included within the accounting and the regulatory scopes of consolidation as defined in accordance with the applicable accounting framework and Sections 2 and 3 of Title II of Part One CRR, for which the method of the accounting consolidation is different from the method of the regulatory consolidation. One row per entity.

Legal references and instructions	
Column reference	Explanation
a	Name of the entity Commercial name of any entity included or deducted from the regulatory and accounting scope of consolidation of an institution.
b	Method of accounting consolidation Consolidation method used in accordance with the applicable accounting framework.
c to g	Method of regulatory consolidation Consolidation method implemented for the purpose of Chapter 2 of Title II of Part One CRR. At a minimum, the methods listed in point (b) of Article 436 CRR shall be disclosed. Institutions shall tick the applicable columns in order to identify the method of consolidation of each entity under the accounting framework and whether, under the regulatory scope of consolidation, each entity is (i) fully consolidated; (ii) proportionally consolidated; (iii) recognised under the equity method; (iv) neither consolidated nor deducted or; (v) deducted.
h	Description of the entity Brief description of the entity, with (at a minimum) disclosure of its sector of activity.

Table UK LIA - Explanations of differences between accounting and regulatory exposure amounts. Free format text boxes for disclosure of qualitative information

4. Institutions shall apply the instructions provided below in this Annex in order to complete table UK LIA as presented in Annex V to this Implementing Regulation, in application of points (b) and (d) of Article 436 CRR.

Legal references and instructions	
Row number	Explanation
(a)	Institutions shall explain and quantify the origins of any significant differences between the amounts in columns (a) and (b) in template UK LI1, regardless of whether the differences proceed from different consolidation rules or from the use of different accounting standards between the accounting and the regulatory consolidations.
(b)	Institutions shall explain the origins of differences between carrying values under the regulatory scope of consolidation and amounts considered for regulatory purposes shown in template UK LI2.

Table UK LIB – Other qualitative information on the scope of application. Free format text boxes for disclosure of qualitative information

5. Institutions shall apply the instructions provided below in this Annex in order to complete table UK LIB as presented in Annex V to this Implementing Regulation, in application of points (f), (g) and (h) of Article 436 CRR.

Legal references and instructions	
Row number	Explanation
(a)	Institutions shall disclose any current or expected material practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries.
(b)	Where applicable, institutions shall disclose the name or names of the subsidiaries that are not included in the consolidation.
(c)	Where applicable, institutions shall disclose the circumstances under which use is made of the derogation referred to in Article 7 CRR or the individual consolidation method laid down in Article 9 CRR.
(d)	Where applicable, institutions shall disclose aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries.

Template UK PV1 – Template UK PV1: Prudent valuation adjustments (PVA): Fixed format

6. Institutions applying the core approach for the determination of the additional valuation adjustment for prudent valuation in accordance with Chapter III of the Commission Delegated Regulation (EU) 2016/101⁶ shall apply the instructions provided below in this Annex to complete template UK PV1 as presented in Annex V to this Implementing Regulation, in accordance with point (e) of Article 436 CRR.

Legal references and instructions	
Row number	Explanation
Rows 1 to 10	<p><u>Category level AVA</u></p> <p>The category level AVAs for market price uncertainty, close-out costs, model risk, concentrated positions, future administrative costs, early termination and operational risk are calculated as described in Articles 9 to 11 and 14 to 17 of Commission Delegated Regulation (EU) 2016/101 respectively.</p> <p>For the market price uncertainty, close-out cost and model risk categories, which are subject to diversification benefit as set out under Articles 9(6), 10(7) and 11(7) of Delegated Regulation (EU) 2016/101 respectively, category level AVAs shall be disclosed in columns a to UK e2 as the straight sum of the individual AVAs before diversification benefit. Diversification benefits in accordance with Articles 9(6), 10(7) and 11(7) of Commission Delegated Regulation (EU) 2016/101 are included in column (f).</p>
{1}	<p><u>Market price uncertainty</u></p> <p>Article 105(10) CRR.</p> <p>Market price uncertainty AVAs computed in accordance with Article 9 of Commission Delegated Regulation (EU) 2016/101.</p>
{3}	<p><u>Close-out costs</u></p> <p>Article 105(10) CRR.</p> <p>Close-out costs AVAs computed in accordance with Article 10 of Commission Delegated Regulation (EU) 2016/101.</p>
{4}	<p><u>Concentrated positions</u></p> <p>Article 105(11) CRR</p> <p>Concentrated positions AVAs as computed under Article 14 of Commission Delegated Regulation (EU) 2016/101.</p>
{5}	<p><u>Early termination</u></p>

⁶ COMMISSION DELEGATED REGULATION (EU) 2016/101 of 26 October 2015 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for prudent valuation under Article 105(14) (OJ L 21/54, 28.1.2016)

	<p>Article 105(10) CRR</p> <p>Early termination AVAs as computed under Article 16 of Commission Delegated Regulation (EU) 2016/101.</p>
{6}	<p><u>Model risk</u></p> <p>Article 105(10) CRR</p> <p>Model risk AVAs computed in accordance with Article 11 of Commission Delegated Regulation (EU) 2016/101.</p>
{7}	<p><u>Operational risk</u></p> <p>Article 105(10) CRR</p> <p>Operational risk AVAs as computed under Article 17 of Commission Delegated Regulation (EU) 2016/101.</p>
{10}	<p><u>Future administrative costs</u></p> <p>Article 105(10) CRR</p> <p>Future administrative costs AVAs as computed under Article 15 of Commission Delegated Regulation (EU) 2016/101.</p>
{12}	<p><u>Total additional valuation adjustments</u></p> <p>Total AVA to be deducted from own funds under Articles 34 and 105 CRR shall be disclosed in row 12, column (f). This amount should be consistent with the amount disclosed in row 7 of template UK CC1 as well as with the amount disclosed in row 5, column (a) of template UK LI2.</p> <p>For portfolios subject to the Core approach as set out in Chapter III of the Delegated Regulation (EU) 2016/101 on prudent valuation, the total AVA shall be the sum of amounts disclosed in rows 1 to 10, and, the amounts computed in accordance with point (b) sub-paragraphs (i) to (iii) of Article 7 (2) of Delegated Regulation (EU) 2016/101, for portfolios subject to the Fall-back approach, if any.</p> <p>For portfolios subject to the simplified approach as set out in Chapter II of the Delegated Regulation (EU) 2016/101 on prudent valuation, the total AVA included in column (f) shall be the amount computed in accordance with Article 5 of this Chapter.</p>
Column letter	Explanation
{a}-{e}	<p><u>Breakdown by RISK CATEGORY</u></p> <p>Institutions shall allocate their fair-valued assets and liabilities included in the threshold computation in accordance with Article 4(1) of Commission Delegated Regulation (EU) 2016/101 (trading book and non-trading book) in accordance with the following risk categories: interest rates, foreign exchange, credit, equities, commodities.</p>

	<p>The breakdown in these columns excludes the AVAs computed in accordance with Articles 12 and 13 of Commission Delegated Regulation (EU) 2016/101 that are disclosed in columns UK e1 and UK e2.</p>
{UK e1}	<p><u>Category level AVA - Valuation uncertainty: Unearned credit spreads AVA</u></p> <p>Article 105(10) CRR, Article 12 of Commission Delegated Regulation (EU) 2016/101</p> <p>The total AVA calculated for unearned credit spreads ('AVA on CVA') and its allocation between market price uncertainty, close-out cost or model risk AVAs under Article 12 of Commission Delegated Regulation (EU) 2016/101.</p>
{UK e2}	<p><u>Category level AVA - Investment and funding costs AVA</u></p> <p>Article 105(10) CRR, Article 13 of Commission Delegated Regulation (EU) 2016/101</p> <p>The total AVA calculated for investing and funding costs and its allocation between market price uncertainty, close-out cost or model risk AVAs under Article 13 of Commission Delegated Regulation (EU) 2016/101.</p>
{f}	<p><u>Total category level post-diversification</u></p> <p>For portfolios subject to the Core approach as set out in Chapter III of Commission Delegated Regulation (EU) 2016/101, the total category level post-diversification encompasses the total AVAs computed under the Core approach for fair-valued assets and liabilities included in the threshold computation in accordance with Article 4(1) of Commission Delegated Regulation (EU) 2016/101. This includes the diversification benefits defined in accordance with Articles 9(6), 10(7) and 11(7) of Commission Delegated Regulation (EU) 2016/101.</p> <p>The total AVA disclosed in row 12, column (f), shall include the amounts computed in accordance with point (b) sub-paragraphs (i) to (iii) of Article 7 (2) of Delegated Regulation (EU) 2016/101, for portfolios subject to the Fall-back approach, if any.</p> <p>For portfolios subject to the simplified approach as set out in Chapter II of the Delegated Regulation (EU) 2016/101 on prudent valuation, the total AVA included in row 12 shall be the amount computed in accordance with Article 5 of this Chapter.</p>
{g}	<p><u>Of which: total core approach in the trading book</u></p> <p>For each relevant category of AVAs, for portfolios subject to the Core approach as set out in Chapter III of Commission Delegated Regulation (EU) 2016/101, share of AVAs stemming from positions held in the 'trading book': all positions in financial instruments and commodities held by an institution either with trading intent, to hedge either positions held with trading intent in</p>

	accordance with Article 104 of Commission Delegated Regulation (EU) 2016/101. This includes the diversification benefits defined in accordance with Articles 9(6), 10(7) and 11(7) of Commission Delegated Regulation (EU) 2016/101.
{h}	<u>Of which: total core approach in the banking book</u> For each relevant category of AVAs, for portfolios subject to the Core approach as set out in Chapter III of Commission Delegated Regulation (EU) 2016/101 , share of AVAs stemming from fair-valued positions in financial instruments and commodities not held in the trading book. This includes the diversification benefits defined in accordance with Articles 9(6), 10(7) and 11(7) of Commission Delegated Regulation (EU) 2016/101.