

**Leverage (unaudited)**

The leverage ratio is a transparent, comparable measure not affected by risk weightings. It is calculated as Tier 1 capital divided by total exposure as per CRD IV article 429(2). The company is using the fully phased in definition of capital for the purposes of this disclosure and the requirements set out in the Commission Delegated Regulation (EU) 2015/62.

At 31 October 2015 the leverage ratio was 39.3%, significantly above both the regulatory minimum and the internal minimum requirement set by the Board of Directors. The leverage ratio increased marginally by 1.0% during the year and no factor had a material impact on the leverage ratio year on year.

The level of leverage is monitored by the company's Risk Committee of the Board and Risk Management Committee and is assessed alongside capital and capital ratios.

**Summary reconciliation of accounting assets and leverage ratio exposures**

	<b>31 October 2015</b>	<b>31 October 2014</b>
	<b>USD 'millions</b>	<b>USD 'millions</b>
Total assets as per published financial statements	6,263	5,906
Adjustments for derivative financial instruments	13	44
Adjustments for SFTs	18	72
Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	623	1,000
Other adjustments	14	9
<b>Total leverage ratio exposure</b>	<b>6,931</b>	<b>7,031</b>

**Leverage ratio common disclosure**

USD 'millions

	2015	2014
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	6,229	5,818
(Asset amounts deducted in determining Tier 1 capital)	-	-
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	6,229	5,818
<b>Derivative exposures</b>		
Replacement cost associated with all derivatives transactions (i.e net of eligible cash variation margin)	13	64
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	47	77
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
Total derivative exposures	61	141
<b>Securities financing transaction exposures</b>		
Counterparty credit risk exposure for SFT assets	18	72
Total securities financing transaction exposures	18	72
<b>Other off-balance sheet exposures</b>		
Off-balance sheet exposures at gross notional amount	1,294	2,015
(Adjustments for conversion to credit equivalent amounts)	(671)	(1,015)
Other off-balance sheet exposures	623	1,000
<b>Capital and total exposures</b>		
Tier 1 capital	2,727	2,693
Total leverage ratio exposures	6,931	7,031
<b>Leverage ratio</b>		
Leverage ratio	39.3%	38.3%
Choice on transitional arrangements and amount of derecognised fiduciary items		
Choice on transitional arrangements for the definition of the capital measure	FULL IMPACT	

**Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)**

USD 'millions

	2015	2014
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	6,229	5,818
Trading book exposures	970	1,348
Banking book exposures, of which:	5,260	4,470
Covered Bonds	158	316
Exposures treated as sovereigns	315	356
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	238	194
Institutions	579	784
Corporate	3,566	2,707
Exposures in default	51	-
Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	354	113