

## Leverage Ratio and Calculation of Total Exposure for the Leverage Ratio

Draft Version of July 2022

ID	Label	Legal references and comments
<b>Rows</b>		
1	Leverage ratio exposure (comparison with accounting assets)	$= 1.1 + 1.2 + 1.3 + 1.4 + 1.5 + 1.6 + 1.7 + 1.8 + 1.9 + 1.10 + 1.11 + 1.12$
1.1	(+) Total consolidated assets as per published financial statements	The bank's total consolidated assets as per published financial statements.
1.2	(-) Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but that are outside the scope of regulatory consolidation	Where a banking, financial, insurance or commercial entity is outside the regulatory scope of consolidation, only the amount of the investment in the capital of that entity (ie only the carrying value of the investment, as opposed to the underlying assets and other exposures of the investee) shall be included in the leverage ratio exposure measure. However, investments in those entities that are deducted from the bank's CET1 capital or from Additional Tier 1 capital may also be deducted from the leverage ratio exposure measure. As these adjustments reduce the total leverage ratio exposure measure, they shall be reported as a negative amount. LROO-FINMA art. 5 let. a, item (1).
1.3	(-) Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	This row shows the reduction of the leverage ratio exposure measure due to the exclusion of securitised exposures that meet the operational requirements for the recognition of risk transference. As these adjustments reduce the total leverage ratio exposure measure, they shall be reported as a negative amount. LROO-FINMA art. 5 let. b.
1.4	(-) Adjustments for temporary exemption of central bank reserves (if applicable)	This row is generally not applicable in CH. This row is foreseen for potential adjustments related to the temporary exclusion of central bank reserves from the leverage ratio exposure measure. As these adjustments reduce the total leverage ratio exposure measure, they shall be reported as a negative amount.
1.5	(-) Adjustment for fiduciary assets pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	This row shows the reduction of the consolidated assets for fiduciary assets that are recognised on the bank's balance sheet pursuant to the operative accounting framework and which meet the de-recognition criteria of IAS 39 / IFRS 9 or the IFRS 10 de-consolidation criteria. As these adjustments reduce the total leverage ratio exposure measure, they shall be reported as a negative amount. LROO-FINMA art. 5 let. c.
1.6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting. The adjustment reflects (i) the reverse-out of any offsetting between cash receivables for unsettled sales and cash payables for unsettled purchases of financial assets that may be recognised under the applicable accounting framework, and (ii) the offset between those cash receivables and cash payables that are eligible. If this adjustment leads to an increase in exposure, it

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		shall be reported as a positive amount. If this adjustment leads to a decrease in exposure, it shall be reported as a negative amount. LROO-FINMA art. 7.
1.7	(+/-) Adjustments for eligible cash pooling transactions	Adjustments for eligible cash-pooling transactions. The adjustment is the difference between the accounting value of cash-pooling transactions and the treatments specified in LROO-FINMA art. 8. If this adjustment leads to an increase in exposure, it shall be reported as a positive amount. If this adjustment leads to a decrease in exposure, it shall be reported as a negative amount.
1.8	(+/-) Adjustments for derivatives	Adjustments related to derivative financial instruments. The adjustment is the difference between the accounting value of the derivatives recognised as assets and the leverage ratio exposure value as determined by application of LROO-FINMA art. 9 to 16. If this adjustment leads to an increase in exposure, it shall be disclosed as a positive amount. If this adjustment leads to a decrease in exposure, it shall be disclosed as a negative amount.
1.9	(+/-) Adjustments for SFTs	Adjustments related to Securities Financing Transactions (SFTs) (ie repurchase agreements and other similar secured lending). The adjustment is the difference between the accounting value of the SFTs recognised as assets and the leverage ratio exposure value as determined by application of LROO-FINMA art. 17 to 21. If this adjustment leads to an increase in the exposure, it shall be disclosed as a positive amount. If this adjustment leads to a decrease in exposure, it shall be disclosed as a negative amount.
1.10	(+) Adjustments for off-balance sheet items	The credit equivalent amount of off-balance sheet items determined by applying the relevant credit conversion factors to the nominal value of the off-balance sheet item, as specified in LROO-FINMA art. 22. As these amounts increase the total leverage ratio exposure measure, they shall be reported as a positive amount.
1.11	(-) Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	Adjustments for prudent valuation adjustments and specific and general provisions that have reduced Tier 1 capital. This adjustment reduces the leverage ratio exposure measure by the amount of prudent valuation adjustments and by the amount of specific and general provisions that have reduced Tier 1 capital. This adjustment shall be reported as a negative amount. LROO-FINMA art. 5 let. a, item 3.
1.12	(+/-) Other adjustments	Any other adjustments. If these adjustments lead to an increase in the exposure, institutions shall report this as a positive amount. If these adjustments lead to a decrease in exposure, the institutions shall disclose this as a negative amount.
2	Leverage ratio exposure	= 2.1 + 2.2 + 2.3 + 2.4 The leverage ratio exposure, which should be the sum of the previous items.
2.1	On-balance sheet exposures	= 2.1.1 + 2.1.2 + 2.1.3 + 2.1.4 + 2.1.5 + 2.1.6 Total on-balance sheet exposures (excluding derivatives and SFTs)
2.1.1	(+) On-balance sheet items excluding derivatives and SFTs	Banks must include all balance sheet assets in their exposure measure, including on-balance sheet derivatives collateral and collateral for SFTs, with the exception of on-balance sheet derivative and SFT assets that are included in rows 2.2 and 2.3.

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		Derivatives and SFTs collateral refer to either collateral received or collateral provided (or any associated receivable asset) accounted as a balance sheet asset. Amounts are to be reported in accordance with LROO-FINMA art. 6 to 8.
2.1.2	(+) Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	Grossed-up amount of any collateral provided in relation to derivative exposures where the provision of that collateral has reduced the value of the balance sheet assets under the bank's operative accounting framework, in accordance with LROO-FINMA art. 12 par. 1.
2.1.3	(-) Deductions of receivable assets for cash variation margin provided in derivatives transactions	Deductions of receivable assets in the amount of the cash variation margin provided in derivatives transactions where the posting of cash variation margin has resulted in the recognition of a receivable asset under the bank's operative accounting framework, in accordance with LROO-FINMA art. 12 par. 2 and 3. As the adjustments in this row reduce the exposure measure, they shall be reported as negative figures.
2.1.4	(-) Adjustment for securities received under securities financing transactions that are recognised as an asset	Adjustment for securities received as collateral under a securities financing transaction where the collateral received with the right to sell or pledge is recognized as an asset under the relevant accounting. These amounts are to be excluded from the exposure measure in accordance with LROO-FINMA art. 18 par. 6. As the adjustments in this row reduce the exposure measure, they shall be reported as negative figures.
2.1.5	(-) Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	Amounts of general and specific provisions that are deducted from Tier 1 capital. As the adjustments in this row reduce the exposure measure, they shall be reported as negative figures.
2.1.6	(-) Asset amounts deducted from Basel III Tier 1 capital and other regulatory adjustments to on-balance sheet assets	All other balance sheet asset amounts deducted from Tier 1 capital and other regulatory adjustments associated with on-balance sheet assets as specified in LROO-FINMA art. 5 let. a. As the adjustments in this row reduce the exposure measure, they shall be reported as negative figures.
2.2	Derivative exposures	= 2.2.1 + 2.2.2 + 2.2.3 + 2.2.4 + 2.2.5 LROO-FINMA art. 9 to 16.
2.2.1	(+) Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or bilateral netting) (NB: multiplied by alpha scalar under SA-CCR)	Replacement cost (RC) associated with all derivatives transactions (including exposures resulting from direct transactions between a client and a CCP where the bank guarantees the performance of its clients' derivative trade exposures to the CCP). See LROO-FINMA art. 10. Where applicable, this amount should be net of cash variation margin received, and with bilateral netting. The RC amount for all derivative transactions should be reported with the 1.4 alpha factor (LROO-FINMA art. 9 par. 2 let. a). The RC for derivatives exposures associated with the bank's offering of client clearing services may be calculated as set out in LROO-FINMA art. 13
2.2.2	(+) Add-on amounts / PFE associated with all derivatives transactions (NB: multiplied by alpha scalar under SA-CCR)	Add-on amount for the potential future exposure (PFE) of all derivative exposures calculated in accordance with LROO-FINMA art. 11. The PFE amount for all derivative transactions should be reported with the 1.4 alpha factor applied (LROO-FINMA art. 9 par. 2 let. b). The PFE for derivative exposures associated with the bank's offering of client clearing services may be calculated as set out in LROO-FINMA art. 13.

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2.2.3	(–) Exempted CCP leg of client-cleared trade exposures	Trade exposures associated with the CCP leg of derivatives transactions resulting from client-cleared transactions or which the clearing member, based on the contractual arrangements with the client, is not obligated to reimburse the client in respect of any losses suffered due to changes in the value of its transactions in the event that a qualifying central counterparty (QCCP) defaults. See LROO-FINMA art. 13 par. 1. As the adjustments in this row reduce the exposure measure, they shall be reported as negative figures.
2.2.4	(+) Adjusted effective notional amount of all written credit derivatives	See LROO-FINMA art. 15 and 16. The effective notional amount of written credit derivatives which may be reduced by the total amount of negative changes in fair value amounts that have been incorporated into the calculation of Tier 1 capital with respect to written credit derivatives.
2.2.5	(–) Adjusted effective notional offsets and add-on deductions for written credit derivatives	See LROO-FINMA art. 15 and 16. This row comprises: <ul style="list-style-type: none"> <li>- The amount by which the notional amount of a written credit derivative is reduced by a purchased credit derivative on the same reference name</li> <li>- The deduction of add-on amounts for PFE in relation to written credit derivatives</li> </ul> As the adjustments in this row reduce the exposure measure, they shall be reported as negative figures.
2.3	Securities financing transaction exposures, based on gross SFT assets as of end of quarter	$= 2.3.1 + 2.3.2 + 2.3.3 + 2.3.4$ Total securities financing transaction exposures LROO-FINMA art. 17 to 21.
2.3.1	(+) Gross SFT assets	The gross amount of SFT assets without recognition of netting, other than novation with QCCPs, adjusted for any sales accounting transactions.
2.3.2	(–) Netted amounts of cash payables and cash receivables of gross SFT assets	The cash payables and cash receivables of gross SFT assets with netting. As these adjustments reduce the exposure measure, they shall be reported as negative figures.
2.3.3	(+) Counterparty credit risk exposure for SFT assets	The amount of the counterparty credit risk add-on for SFTs.
2.3.4	(+) Agent transaction exposures	The amount for which the bank acting as an agent in a SFT has provided an indemnity or guarantee.
2.4	Other off-balance sheet exposures	$= 2.4.1 + 2.4.2 + 2.4.3$
2.4.1	(+) Off-balance sheet exposure at gross notional amount before any adjustment for credit conversion factors	Total off-balance sheet exposure amounts (excluding off-balance sheet exposure amounts associated with SFT and derivative transactions) on a gross notional basis, before any adjustment for credit conversion factors (CCFs).
2.4.2	(–) Adjustments for conversion to credit equivalent amounts	Reduction in gross amount of off-balance sheet exposures due to the application of CCFs as specified in LROO-FINMA art. 22. As these adjustments reduce the exposure measure, they shall be reported as negative figures.
2.4.3	(–) Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital	Amounts of specific and general provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital, the absolute value of which is not to exceed the sum of rows 2.4.1 and 2.4.2. As these adjustments reduce the exposure measure, they shall be reported as negative figures.

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2.5	Other adjustments (+/-)	This row is foreseen for any other adjustments that may be necessary to capture in future or for bank-specific reasons.
2.6	Leverage ratio exposure, average based (SIB banks only)	
2.6.1	Securities financing transaction exposures, based on average daily / monthly gross SFT assets (SIB banks only)	Items 2.6.1.1 and 2.6.1.2 relate to averaged information, while item 2.6.1.3 on counterparty credit risk relates to point-in-time information
2.6.1.1	Of which: (+) Gross SFT assets	
2.6.1.2	Of which: (-) Netted amounts of cash payables and cash receivables of gross SFT assets	
2.6.1.3	Of which: (+) Counterparty credit risk exposure for SFT assets	
2.6.1.4	Of which: (+) Agent transaction exposures	

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