

ML UK Capital Holdings Limited
Including Merrill Lynch International

Pillar 3 Disclosure

For the Quarter Ended 30 June 2023

ML UK Capital Holdings Limited – Including Merrill Lynch International

Pillar 3 Disclosure for the Quarter Ended 30 June 2023

1. Overview and Purpose of Document

This document contains certain Pillar 3 disclosures for the quarter ended 30 June 2023 of ML UK Capital Holdings Limited (“MLUKCH”), its sole operating subsidiary Merrill Lynch International (“MLI” or “the Company”) and its other non-operating subsidiaries (together “the Group” or “the MLUKCH Group”).

MLUKCH’s ultimate parent company is Bank of America Corporation (“BAC” or “the Enterprise”) and it acts predominantly as the holding company for MLI. In accordance with the Capital Requirements Regulation (“CRR”) MLUKCH complies with the Pillar 3 requirements on a consolidated basis.

The information contained herein predominantly relates to MLI as the sole operating subsidiary of MLUKCH. For further information on MLI’s risk management objectives and policies, liquidity and asset encumbrance, please refer to the MLUKCH Group annual Pillar 3 disclosure for the year ended 31 December 2022 on BAC’s corporate website:

<http://investor.bankofamerica.com>

1.1 ML UK Capital Holdings

The MLUKCH Group is supervised on a consolidated basis in the UK by the Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”). The principal activity of MLUKCH is to act as a holding company for MLI. MLUKCH also acts as a holding company for a small number of non-operating subsidiaries.

MLUKCH is not itself a risk taking entity and the risk is booked in its operating subsidiary MLI, where the business is managed.

1.2 Merrill Lynch International

MLI is a wholly owned subsidiary of MLUKCH. MLI’s ultimate parent is BAC. MLI is BAC’s largest operating subsidiary outside of the US and serves the core financial needs of global corporations and institutional investors.

MLI’s head office is in the United Kingdom with branches in Dubai and Qatar along with a representative office in Zurich. MLI is authorised by the PRA and regulated by the FCA and PRA.

As at 30 June 2023, MLI was rated by Fitch Ratings Inc. (“Fitch”) (AA / F1+) and Standard & Poor’s (“S&P”) (A+ / A-1).

1.3 Other Entities

Other entities, although consolidated into the Group, are not separately disclosed in this document on the grounds of materiality.

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2. Basis of Preparation

The Basel Capital Accords provide a series of international standards for bank regulation commonly known as Basel I, Basel II and, most recently, Basel III. Basel III was implemented in the European Union (“EU”) via the Capital Requirements Directive (“CRD”) and the Capital Requirements Regulation (“CRR”).

This legislation consists of three pillars. Pillar 1 is defined as ‘Minimum Capital Requirement,’ Pillar 2 ‘Supervisory Review Process,’ and Pillar 3 ‘Market Discipline.’ The aim of Pillar 3 is to encourage market discipline by allowing market participants to access key pieces of information regarding the capital adequacy of institutions through a prescribed set of disclosure requirements.

MLI and MLUKCH disclosures have been designed to meet the current laws, rules and regulations, of which this is primarily made up of the PRA Rulebook, however any reference to an EU regulation, including to Binding Technical Standards and Guidelines, is a reference to the U.K. on-shored version of that regulation, unless otherwise stated.

The information contained in these Pillar 3 disclosures has been prepared in accordance with the requirements of Part Eight of the CRR.

It therefore does not constitute any form of financial statement of MLUKCH or its subsidiaries, or of the wider Enterprise, and as such, is not prepared in accordance with International Financial Reporting Standards (“IFRS”) or Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (“FRS 101”). Therefore the information contained in these disclosures may not be directly comparable with the Annual Report and Financial Statements, and the disclosure is not required to be audited by external auditors.

In addition, the report does not constitute any form of contemporary or forward looking record or opinion on the Group, the Company or the Enterprise. Although the Pillar 3 disclosure is intended to provide transparent information on a common basis, the information contained in this document may not be directly comparable with the information provided by other banks. Any financial information included herein is unaudited.

The basis of consolidation used for the MLUKCH Group for prudential purposes is the same as the consolidation used for accounting purposes. Figures for the Group are presented on a consolidated basis. Figures for MLI are presented on a solo basis.

This Pillar 3 disclosure is published on BAC’s corporate website: <http://investor.bankofamerica.com>.

3. Disclosure Policy

In accordance with CRR Article 431(3), MLUKCH and MLI have adopted a formal policy to comply with the disclosure requirements included in Part Eight. The ML UK Capital Holdings Ltd and Merrill Lynch International Pillar 3 Disclosure Policy sets out the framework for assessing the appropriateness of disclosures, including the risk profile and the disclosures’ verification and frequency.

Senior Management Attestation

“I attest that the disclosures provided in the ML UK Capital Holdings Limited – Including Merrill Lynch International Pillar 3 Disclosure for the Quarter Ended 30 June 2023 have been prepared in accordance with the internal control processes detailed in the ML UK Capital Holdings Ltd and Merrill Lynch International Pillar 3 Disclosure Policy, which has been approved at the management body level as amended for non-material changes.”

The ML UK Capital Holdings Limited – Including Merrill Lynch International Pillar 3 Disclosures have been attested by:

ML UK Capital Holdings Limited Member of the Board

Charles Peters

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4. Key Metrics

The below tables show a summary of MLI and MLUKCH Group's key capital, leverage and liquidity metrics as at 30 June 2023.

Table 1. UK KM1 – MLI Key Metrics Template

		MLI		
		Q2 2023	Q4 2022	Q2 2022
<i>(USD in millions)</i>				
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	33,624	33,521	33,397
2	Tier 1 capital	33,624	33,521	33,397
3	Total capital	33,624	33,521	33,397
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	141,371	144,624	149,997
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	23.78%	23.18%	22.26%
6	Tier 1 ratio (%)	23.78%	23.18%	22.26%
7	Total capital ratio (%)	23.78%	23.18%	22.26%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
UK 7a	Additional CET1 SREP requirements (%)	1.83%	1.83%	1.83%
UK 7b	Additional AT1 SREP requirements (%)	0.61%	0.61%	0.61%
UK 7c	Additional T2 SREP requirements (%)	0.81%	0.81%	0.81%
UK 7d	Total SREP own funds requirements (%)	11.25%	11.25%	11.25%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.37%	0.22%	0.05%
UK 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%
UK 10a	Other Systemically Important Institution buffer	0.00%	0.00%	0.00%
11	Combined buffer requirement (%)	2.87%	2.72%	2.55%
UK 11a	Overall capital requirements (%)	14.12%	13.97%	13.79%
12	CET1 available after meeting the total SREP own funds requirements (%)	12.53%	11.93%	11.01%
Leverage ratio				
13	Total exposure measure excluding claims on central banks	378,075	370,917	366,740
14	Leverage ratio excluding claims on central banks (%)	8.89%	9.04%	9.11%
Additional leverage ratio disclosure requirements				
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	8.89%		
14b	Leverage ratio including claims on central banks (%)	8.89%		
14c	Average leverage ratio excluding claims on central banks (%)	9.00%		
14d	Average leverage ratio including claims on central banks (%)	9.00%		

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14e	Countercyclical leverage ratio buffer (%)	0.13%		
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	32,339	31,451	30,873
UK 16a	Cash outflows - Total weighted value	48,458	48,705	47,073
UK 16b	Cash inflows - Total weighted value	33,644	34,496	33,604
16	Total net cash outflows (adjusted value)	14,814	14,397	13,657
17	Liquidity coverage ratio (%)	220.62%	220.91%	227.58%
Net Stable Funding Ratio				
18	Total available stable funding	67,028	67,396	
19	Total required stable funding	61,156	60,450	
20	NSFR ratio (%)	109.90%	111.68%	

Table 2. UK KM1 – MLUKCH Group Key Metrics Template

		MLUKCH Group		
		Q2 2023	Q4 2022	Q2 2022
<i>(USD in millions)</i>				
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	33,699	33,595	33,444
2	Tier 1 capital	33,699	33,595	33,444
3	Total capital	33,699	33,595	33,444
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	141,611	143,228	149,452
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	23.80%	23.46%	22.38%
6	Tier 1 ratio (%)	23.80%	23.46%	22.38%
7	Total capital ratio (%)	23.80%	23.46%	22.38%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
UK 7a	Additional CET1 SREP requirements (%)	1.83%	1.83%	1.83%
UK 7b	Additional AT1 SREP requirements (%)	0.61%	0.61%	0.61%
UK 7c	Additional T2 SREP requirements (%)	0.81%	0.81%	0.81%
UK 7d	Total SREP own funds requirements (%)	11.25%	11.25%	11.25%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.37%	0.22%	0.05%
UK 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%
UK 10a	Other Systemically Important Institution buffer	0.00%	0.00%	0.00%
11	Combined buffer requirement (%)	2.87%	2.72%	2.55%
UK 11a	Overall capital requirements (%)	14.12%	13.97%	13.80%

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12	CET1 available after meeting the total SREP own funds requirements (%)	12.54%	12.21%	11.13%
	Leverage ratio			
13	Total exposure measure excluding claims on central banks	374,400	366,865	362,483
14	Leverage ratio excluding claims on central banks (%)	9.00%	9.16%	9.23%
	Additional leverage ratio disclosure requirements			
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	9.00%		
14b	Leverage ratio including claims on central banks (%)	9.00%		
14c	Average leverage ratio excluding claims on central banks (%)	9.09%		
14d	Average leverage ratio including claims on central banks (%)	9.09%		
14e	Countercyclical leverage ratio buffer (%)	0.13%		
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	32,339	31,451	30,873
UK 16a	Cash outflows - Total weighted value	48,407	48,657	47,028
UK 16b	Cash inflows - Total weighted value	33,644	34,496	33,604
16	Total net cash outflows (adjusted value)	14,763	14,355	13,618
17	Liquidity coverage ratio (%)	221.41%	221.56%	228.24%
	Net Stable Funding Ratio			
18	Total available stable funding	63,747	63,963	
19	Total required stable funding	57,696	56,830	
20	NSFR ratio (%)	110.85%	112.80%	

In the half year ended Q2 2023, total RWA decreased for MLI and the Group by \$3.2bn and \$1.6bn respectively. For both MLI and the Group, this was mainly due to a reduction in market risk driven by a reduction in risk weighted exposure amounts for market risk under the Internal Model Approach (“IMA”) in the period.

The leverage ratio exposure measure increased in the period for MLI and the Group by \$7.2bn and \$7.5bn respectively. This was primarily driven by an increase in on-balance sheet other assets in the period, partly offset by a reduction in exposures for securities financing.

5. Minimum Requirements for Own Funds & Eligible Liabilities

As part of amendments to the CRR which were published in the Official Journal of the EU as Regulation (EU) 2019/876, the international standard to meet a minimum amount of Total Loss Absorbing Capacity (“TLAC”) became effective for certain types of Investment Firms and Credit Institutions in June 2019. In the CRR this is referred to as Minimum Requirements for Own Funds & Eligible Liabilities (“MREL”).

Firms that are material subsidiaries of a non-UK Global Systemically Important Institution (“G-SII”) per the CRR definition are required to hold a minimum amount of MREL. BAC is a non-UK G-SII and MLI and the MLUKCH Group meet the definition of material subsidiary, and are therefore subject to this requirement.

MREL resources are comprised of qualifying capital resources and eligible liabilities. In order for liabilities that are not capital resources to qualify as eligible, they must meet certain criteria such as having a minimum residual maturity of at least one year, and being subordinated to other operating liabilities.

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MLI and the MLUKCH Group had no eligible liabilities in issuance at the end of June 2023. Total MREL resources for MLI and the Group are equal to Tier 1 capital. Table 3 shows MLI and MLUKCH's key metrics relating to MREL requirements.

Table 3. Key metrics – MREL Requirements

	Q2 2023	
	MLI	MLUKCH Group
<i>(USD in millions)</i>		
Total MREL Resources Available	33,624	33,699
Total RWA	141,371	141,611
MREL as a percentage of RWA	23.78%	23.80%
Leverage Ratio Exposure Measure	378,075	374,400
MREL as a percentage of Leverage Ratio Exposure Measure	8.89%	9.00%
Excluded Liabilities	326,889	323,657

In the quarter ended Q2 2023, total RWA decreased for MLI and the Group by \$5.6bn and \$5.2bn respectively. This was mainly driven by a reduction in counterparty credit risk due to a reduction in securities financing exposure in the period.

The leverage ratio exposure measure also decreased in the period for MLI and the Group by \$5.5bn and \$5.1bn respectively. This was primarily driven by a reduction in on-balance sheet exposures for securities financing in the quarter.

The following tables provide information on the key features of the capital instruments and eligible liabilities issued by MLI and the MLUKCH Group.

Table 4. Template UK CCA: MLUKCH Group main features of regulatory own funds instruments and eligible liabilities instruments

Capital Instruments Main Features		MLUKCH Group			
		CET1	AT1	T2	Eligible Liability
1	Issuer	ML UK Capital Holdings	N/a	N/a	N/a
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	N/a	N/a	N/a
2a	Public or private placement	Private	N/a	N/a	N/a
3	Governing law(s) of the instrument	English	N/a	N/a	N/a
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/a	N/a	N/a	N/a
Regulatory Treatment					
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	N/a	N/a	N/a
5	Post-transitional CRR rules	CET1	N/a	N/a	N/a
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Consolidated	N/a	N/a	N/a
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	N/a	N/a	N/a
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	\$2,926m comprising nominal and premium	N/a	N/a	N/a
9	Nominal amount of instrument	\$1.00	N/a	N/a	N/a

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UK-9a	Issue price	\$1.00 30 Dec 2015	N/a	N/a	N/a
UK-9b	Redemption price	N/a	N/a	N/a	N/a
10	Accounting classification	Shareholders equity	N/a	N/a	N/a
11	Original date of issuance	30-Dec-15	N/a	N/a	N/a
12	Perpetual or dated	Perpetual	N/a	N/a	N/a
13	Original maturity date	No maturity	N/a	N/a	N/a
14	Issuer call subject to prior supervisory approval	No	N/a	N/a	N/a
15	Optional call date, contingent call dates and redemption amount	N/a	N/a	N/a	N/a
16	Subsequent call dates, if applicable	N/a	N/a	N/a	N/a
Coupons / Dividends					
17	Fixed or floating dividend/coupon	N/a	N/a	N/a	N/a
18	Coupon rate and any related index	N/a	N/a	N/a	N/a
19	Existence of a dividend stopper	No	N/a	N/a	N/a
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/a	N/a	N/a
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/a	N/a	N/a
21	Existence of step up or other incentive to redeem	No	N/a	N/a	N/a
22	Noncumulative or cumulative	Non-cumulative	N/a	N/a	N/a
23	Convertible or non-convertible	Non-convertible	N/a	N/a	N/a
24	If convertible, conversion trigger(s)	N/a	N/a	N/a	N/a
25	If convertible, fully or partially	N/a	N/a	N/a	N/a
26	If convertible, conversion rate	N/a	N/a	N/a	N/a
27	If convertible, mandatory or optional conversion	N/a	N/a	N/a	N/a
28	If convertible, specify instrument type convertible into	N/a	N/a	N/a	N/a
29	If convertible, specify issuer of instrument it converts into	N/a	N/a	N/a	N/a
30	Write-down features	No	N/a	N/a	N/a
31	If write-down, write-down trigger(s)	N/a	N/a	N/a	N/a
32	If write-down, full or partial	N/a	N/a	N/a	N/a
33	If write-down, permanent or temporary	N/a	N/a	N/a	N/a
34	If temporary write-down, description of write-up mechanism	N/a	N/a	N/a	N/a
34a	Type of subordination (only for eligible liabilities)	N/a	N/a	N/a	N/a
UK-34b	Ranking of the instrument in normal insolvency proceedings	Equity	N/a	N/a	N/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated Loan Non-T2	N/a	N/a	N/a
36	Non-compliant transitioned features	No	N/a	N/a	N/a
37	If yes, specify non-compliant features	N/a	N/a	N/a	N/a
37a	Link to the full term and conditions of the instrument (signposting)	http://investor.bankofamerica.com	N/a	N/a	N/a
(') Insert 'N/A' if the question is not applicable					

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Table 5. Template UK CCA: MLI main features of regulatory own funds instruments and eligible liabilities instruments

Capital Instruments Main Features		MLI			
		CET1	AT1	T2	Eligible Liability
1	Issuer	Merrill Lynch International	N/a	N/a	N/a
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	N/a	N/a	N/a
2a	Public or private placement	Private	N/a	N/a	N/a
3	Governing law(s) of the instrument	English	N/a	N/a	N/a
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/a	N/a	N/a	N/a
Regulatory Treatment					
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	N/a	N/a	N/a
5	Post-transitional CRR rules	CET1	N/a	N/a	N/a
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	N/a	N/a	N/a
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	N/a	N/a	N/a
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	\$12,432m comprising nominal and premium	N/a	N/a	N/a
9	Nominal amount of instrument	\$1.00	N/a	N/a	N/a
UK-9a	Issue price	\$1.00 19 Dec 2012 \$4.76 18 Nov 2014	N/a	N/a	N/a
UK-9b	Redemption price	N/a	N/a	N/a	N/a
10	Accounting classification	Shareholders equity	N/a	N/a	N/a
11	Original date of issuance	\$6,735m 19 Dec 2012 \$1,198m 18 Nov 2014	N/a	N/a	N/a
12	Perpetual or dated	Perpetual	N/a	N/a	N/a
13	Original maturity date	No maturity	N/a	N/a	N/a
14	Issuer call subject to prior supervisory approval	No	N/a	N/a	N/a
15	Optional call date, contingent call dates and redemption amount	N/a	N/a	N/a	N/a
16	Subsequent call dates, if applicable	N/a	N/a	N/a	N/a
Coupons / Dividends					
17	Fixed or floating dividend/coupon	N/a	N/a	N/a	N/a
18	Coupon rate and any related index	N/a	N/a	N/a	N/a
19	Existence of a dividend stopper	No	N/a	N/a	N/a
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/a	N/a	N/a
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/a	N/a	N/a
21	Existence of step up or other incentive to redeem	No	N/a	N/a	N/a
22	Noncumulative or cumulative	Non-cumulative	N/a	N/a	N/a
23	Convertible or non-convertible	Non-convertible	N/a	N/a	N/a
24	If convertible, conversion trigger(s)	N/a	N/a	N/a	N/a
25	If convertible, fully or partially	N/a	N/a	N/a	N/a

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26	If convertible, conversion rate	N/a	N/a	N/a	N/a
27	If convertible, mandatory or optional conversion	N/a	N/a	N/a	N/a
28	If convertible, specify instrument type convertible into	N/a	N/a	N/a	N/a
29	If convertible, specify issuer of instrument it converts into	N/a	N/a	N/a	N/a
30	Write-down features	No	N/a	N/a	N/a
31	If write-down, write-down trigger(s)	N/a	N/a	N/a	N/a
32	If write-down, full or partial	N/a	N/a	N/a	N/a
33	If write-down, permanent or temporary	N/a	N/a	N/a	N/a
34	If temporary write-down, description of write-up mechanism	N/a	N/a	N/a	N/a
34a	Type of subordination (only for eligible liabilities)	N/a	N/a	N/a	N/a
UK-34b	Ranking of the instrument in normal insolvency proceedings	Equity	N/a	N/a	N/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated Loan Non-T2	N/a	N/a	N/a
36	Non-compliant transitioned features	No	N/a	N/a	N/a
37	If yes, specify non-compliant features	N/a	N/a	N/a	N/a
37a	Link to the full term and conditions of the instrument (signposting)	http://investor.bankofamerica.com	N/a	N/a	N/a
(*) Insert 'N/A' if the question is not applicable					

6. Leverage Ratio

The Basel 3 framework introduced a simple, transparent, non-risk based leverage ratio to act as a supplementary measure to the risk-based capital requirements. The Basel Committee is of the view that a simple leverage ratio framework is critical and complementary to the risk-based capital framework and that a credible leverage ratio ensures broad and adequate capture of both the on and off-balance sheet sources of banks' leverage.

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under UK on-shored EU regulation. The requirement for the calculation and reporting of leverage ratios was introduced as part of CRD IV in 2014 and amended by the European Commission Delegated Act (EU) 2015/62 in 2015.

In June 2019, amendments to the CRR were published in the Official Journal of the EU as Regulation (EU) 2019/876. These amendments included a number of changes to the calculation of the exposure measure, and introduced a binding leverage ratio. These provisions did not, however, apply directly in the UK, as they became effective after the end of the transition period. Subsequently, following a joint statement from HM Treasury, the PRA and the FCA on the implementation of prudential reforms contained in the Financial Services Bill, made on 16 November 2020, and reiterated in PRA Policy Statement PS21/21 on the UK Leverage Ratio framework published in October 2021, UK specific versions of these amendments came into force from 1 January 2022. Included in these amendments is a minimum leverage ratio capital requirement of 3.25%, which applies to MLI and the MLUKCH Group from 1 January 2023.

MLI manages its risk of excessive leverage through leverage ratio early warning trigger levels. Limits are calibrated in line with legal entity capacity and ensure that leverage exposure remains within MLI's risk appetite. MLI's and the Group's leverage ratios are 8.89% and 9.00% respectively as at 30 June 2023. Table 6 shows MLI and MLUKCH's key metrics relating to the leverage ratio.

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Table 6. Template UK LR2 - LRCom: Leverage ratio common disclosure

		Leverage ratio exposures			
		Q2 2023		Q1 2023	
		MLI a	MLUKCH Group a	MLI b	MLUKCH Group b
<i>(USD in millions)</i>					
Capital and total exposure measure					
23	Tier 1 capital (leverage)	33,624	33,699	33,511	33,586
UK-24b	Total exposure measure excluding claims on central banks	378,075	374,400	383,532	379,549
Leverage ratio					
25	Leverage ratio excluding claims on central banks (%)	8.89%	9.00%	8.74%	8.85%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	8.89%	9.00%	8.74%	8.85%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	8.89%	9.00%	8.74%	8.85%
UK-25c	Leverage ratio including claims on central banks (%)	8.89%	9.00%	8.74%	8.85%
Additional leverage ratio disclosure requirements - leverage ratio buffers					
27	Leverage ratio buffer (%)	0.13%	0.13%	0.10%	0.10%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.13%	0.13%	0.10%	0.10%
Additional leverage ratio disclosure requirements - disclosure of mean values					
UK-31	Average total exposure measure including claims on central banks	372,470	368,796	375,343	371,361
UK-32	Average total exposure measure excluding claims on central banks	372,470	368,796	375,343	371,361
UK-33	Average leverage ratio including claims on central banks	9.00%	9.09%	8.94%	9.03%
UK-34	Average leverage ratio excluding claims on central banks	9.00%	9.09%	8.94%	9.03%