



Invesco UK Limited
Pillar 3 Disclosure
As at 31 December 2016





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1. Background

The Capital Requirement Regulation ("CRR") is a regulation that sets out requirements in line with Basel III and embeds a single European rulebook into the regulatory framework. This framework of rules is built on three pillars:

Pillar 1: Minimum capital requirements that we are required to meet;

Pillar 2: Guidance for the setting of bespoke capital requirements by the firm's Board through the Internal Capital Adequacy Assessment Process (ICAAP) and subsequent Supervisory Review and Evaluation Process (SREP).

Pillar 3: Rules for the disclosure of certain details of risk and capital management controls, including capital adequacy.

The CRR sets out certain aspects of capital and risk management that are required to be disclosed publicly (referred to as "Pillar 3"). The purpose of Pillar 3 is to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on a firm's capital, risk exposures and risk assessment process. The disclosures are to be made public for the benefit of the market.

1.1 Basis of Disclosure

Invesco UK Limited ("IUK") is a directly owned subsidiary of Invesco Ltd. and is the parent company of the regulated corporate entities falling under the CRR. Invesco Ltd. is the ultimate parent of IUK. Invesco Ltd. is listed on the New York Stock Exchange and is a Bermudian domiciled company.

This document is produced in order to comply with the disclosures required by Part 8 of the CRR and covers the Pillar 3 disclosures for the IUK Group ("the Group") of companies as described in section 1.4 on a consolidated basis. The disclosures cover both qualitative (e.g. processes and procedures) and quantitative (e.g. capital requirements in the CRR) aspects of the Group's capital and risk management.

1.2 Frequency of Disclosure

The disclosures in this document are required to be published at least annually and if appropriate, more frequently. Accordingly this document will be updated annually following the audit of IUK and its material subsidiaries and in line with the production of

financial statements. If it is deemed to be appropriate due to a material change in the business, this document will be updated as soon as practically possible once the impact of the material change is known.

1.3 Media and Location of Publication

These disclosures have been provided to meet the requirements of Pillar 3 as required by Part 8 of the CRR. The disclosures have been approved by the Board of Directors of IUK. These disclosures are not audited and do not form part of the financial statements.

The disclosures have been put together to explain the basis of preparation and disclosure of certain capital requirements and to provide details of the management of certain risks and for no other purpose.

The Board of Directors of IUK is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system can provide only reasonable and not absolute assurance against material financial misstatement or loss and is designed to mitigate, not eliminate risk.

These Pillar 3 disclosures are available by contacting the Head of Compliance UK at Invesco UK Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH.

They are also published in the 'Investor Relations' section of the Invesco website (www.invesco.com).

1.4 Scope of Application

Key financial information is produced on a consolidated basis for IUK and all the entities under its control, in line with the relevant accounting principles.

IUK and the entities it controls form a UK Consolidation Group ("the Group"), for regulatory purposes, which is subject to consolidated prudential supervision. The non-statutory consolidated financial statements have been prepared for IUK and its subsidiaries which are shown below. Invesco Perpetual Life Limited ("IPLL") is a wholly owned subsidiary of IUK but has been excluded from the Group since, for consolidation supervision purposes, an insurance company does not need to be consolidated (article 18(1) and 18(8) of the CRR).



1. Background (continued)

The chart in Appendix 1 shows the Group structure as at 31 December 2016.

Invesco Great Wall Fund Management Company Limited is accounted for using the Equity Method under the accounting consolidation as this is a requirement under IFRS 10. For the calculation of this entity's contribution to the regulatory requirements of the Group, the proportionate consolidation method is used.

The 31 December 2016 Group Structure chart does not include Source, a leading specialist provider of exchange-traded funds (ETF's), which was acquired by IUK in August 2017.

IUK is a directly owned subsidiary of Invesco Ltd. IUK owns all entities falling within the CRR. The following entities within the Group are regulated by the FCA:

- Invesco Asset Management Limited, a BIPRU Limited Licence investment firm;
- Invesco Fund Managers Limited, an IFPRU CPMI firm as at 31 December 2016, but which became a CPM firm in April 2017;
- Invesco Global Investment Funds Limited, a BIPRU Limited Licence investment firm; and
- Invesco Administration Services Limited, a CAD exempt firm.

Following the change to the status of IFML in April 2017, referred to above, the applicable prudential regime of the IUK Group changed from CRD IV (IFPRU) to CRD III (BIPRU). As the Group was under CRD IV as at 31 December 2016, this document has been prepared in accordance with Part 8 of the CRR.

There is no current or foreseen material, practical or legal impediment to the prompt transfer of capital resources or repayment of liabilities between IUK and its subsidiary undertakings subject to local regulatory and tax requirements being met.



2. Governance of risk & capital adequacy

The IUK Board and IUK Audit and Risk Committees represent the formal infrastructure within the subsidiaries of IUK in the EMEA region ("EMEA Group") to control and direct activity and manage risk and to ensure that IUK meets its obligations under CRD 4. The IUK Board delegates certain responsibilities to the EMEA Executive Committee which reports to the IUK Board in respect of those activities. Throughout this document, references to the IUK Board's activities may relate to activities conducted for it by its committees - the IUK Audit and Risk Committees and the EMEA Executive Committee.

The IUK Board and its committees have formally documented roles and responsibilities, matters reserved, and materiality levels for escalation and reporting obligations.

The governance framework and processes described below help to ensure that the IUK Board and its committees are informed of and able to identify deviations from strategic objectives, business plans and risk appetite and, accordingly, that they can consider the consequences for the Group's financial position.

2.1 IUK Board

The IUK Board has three executive directors and three independent non-executive directors. The IUK Board is responsible for the Group's compliance with the requirements of CRD 4 in relation to the Group's ICAAP including approving the Pillar 2 and stress testing scenarios. Below is a table showing the directors of IUK and the number of directorships held by each director, including external directorships as at 31 December 2016.

Name of Director	Number of Directorships at 31 Dec 2016
Nick Mustoe	1
Graeme Proudfoot	4
Andrew Schlossberg	1
Clive Bouch	3
Rachel Court	3

There have been several changes to the composition of the IUK Board and the number of directorships held by each director during 2016. A revised table as at 12 October 2017 is presented below.

Name of Director	Number of Directorships at 12 Oct 2017
Judith Eden (<i>appointed 05/07/17</i>)	4
Nick Mustoe	1
Graeme Proudfoot	5
Andrew Schlossberg	2
Clive Bouch	5
Rachel Court	3

It is Company policy to treat job applicants and employees in the same way regardless of their gender, sexual orientation, religion or belief, age, race, ethnic origin, marital or civil partnership status, pregnancy and maternity or disability. Our objective is to attract and retain quality employees and also those able to develop their skills with the assistance of appropriate training and development. This policy applies to recruitment and selection and terms and conditions of employment, including pay, promotion, training, transfers and every other aspect of employment. It is our policy to ensure that employment by the Company and progression within the organisation are based upon merit. This applies equally across the organisation, up to and including the IUK Board and the non-executive directors.

The IUK Board delegates authority for the leadership and oversight of the day-to-day operation of the EMEA Group to the following bodies:

IUK Audit Committee and IUK Risk Committee

Membership of these committees is comprised solely of the independent non-executive directors of the IUK Board.

The IUK Audit Committee is authorised by the IUK Board to promote high standards of conduct and ethical practice, financial reporting, risk management and internal financial control, having regard to relevant laws and regulations.

The IUK Risk Committee is authorised by the IUK Board to oversee and advise the IUK Board on the current risk exposures and future risk strategy of IUK, including strategy for capital and liquidity management, risk management and internal control and the embedding and maintenance of a supportive culture in relation to the management of risk across IUK.

2. Governance of risk & capital adequacy (continued)



Both committees were closely involved in the ICAAP including consideration of the FCA's requirements and reviewing and challenging the process for the ICAAP and the production of the ICAAP document. The committees receive risk reports from the Independent Risk Function (IRF) at their regular cycle of meetings and also receive reports from the Compliance and Internal Audit functions.

The IUK Risk Committee met five times during 2016.

EMEA Executive Committee

The EMEA Executive Committee is delegated responsibility by the IUK Board for the leadership, management and oversight of IUK and to assist the IUK Board in reviewing IUK's strategic aims, confirming its risk appetite and ensuring the necessary financial and human resources are in place for IUK to meet its objectives.

The EMEA Executive Committee receives risk reporting from the IRF and Compliance and Internal Audit reports at its regular cycle of meetings, thus enabling Management to identify and manage major risks or risk themes that require consideration and to consider the impact on IUK's financial position.

EMEA Risk Governance Committee

In order to improve the focus on risk across the EMEA Group, the EMEA Executive Committee appointed a new EMEA Risk Governance Committee during 2016. This committee is responsible for analysing and reviewing operational risk across the EMEA Group on a regular basis and for ensuring challenge on the risk methodology and framework, where appropriate, and for implementing best practice.

Liquidity and Regulatory Capital Committee

A new Liquidity and Regulatory Capital Committee was established in 2016 to oversee and direct the ICAAP.

The Committee comprises a sub-set of the EMEA Executive directors and senior management and other subject matter experts to provide a regular review and challenge of the processes that influence the ICAAP. In addition, it seeks to ensure appropriate direction and mitigation of key risks.

The Liquidity and Regulatory Capital Committee generally meets four times a year, and as and when necessary.

The responsibilities of the committee include:

- monitoring the EMEA Group's liquidity and capital adequacy;
- reviewing the effectiveness of the EMEA Group's processes and internal controls regarding Prudential Regulation; and
- assessing the implications of business, operational and regulatory changes on the EMEA Group's capital adequacy and liquidity position, notifying the Audit and Risk Committees of any material impacts.

Crisis Management

IUK oversees the management of circumstances where the effective running of the business and its operations face material disruption through the Emergency Management Team (EMT). Whilst emergency incidents are usually related to severe weather, building, utilities or computer technology affecting the business, the EMT would also co-ordinate the response to other operational crises impacting IUK.



3. Risk Management

The Board is responsible for risk and for setting the risk appetite and tolerances within which the business operates. In this regard, the IUK Board has established a risk management framework for the EMEA Group to ensure that risks are identified and managed in accordance with IUK's risk appetite and that there is a formalised process for providing risk reporting to the IUK Board through the IUK Risk Committee and the EMEA Executive Committee. The IUK Board considers that the risk management framework is appropriate to the size, nature and complexity of the business.

3.1 Risk Appetite

Risk Appetite is the definition of the amount of risk IUK is willing to accept in pursuit of its business objectives. IUK has defined its risk appetite through a series of statements aligned to the core categories of risk faced by the Group. These statements provide overall context for the risks in IUK's business, describing acceptable and unacceptable levels of investment and/or business performance.

IUK's Risk Appetite and supporting statements are defined, approved and monitored by the Board. At a high level, the IUK Board has confirmed that IUK takes a prudent approach to risk as a stable, long term asset management firm.

Key risk indicators (KRIs) are developed for each of the Risk Appetite Statements in order to provide metrics to allow objective measurement of the Group's performance against them. Through monitoring these metrics and, where appropriate taking remedial actions, the Board is able to ensure that the EMEA Group's business activities are managed in accordance with IUK's risk appetite.

The Independent Risk Function (IRF) facilitates the reporting of KRIs to the IUK Board and its committees, focusing on key risk themes and matters for escalation. This enables the committees to oversee and challenge whether the business is operating in line with risk appetite, to consider the potential implications for IUK when it is not and to report to the IUK Board as appropriate.

3.2 Business Strategy

In addition to the suite of KRIs, the Group utilises a number of key performance indicators (KPIs) to assess its performance in relation to the Board's risk appetite and the fulfilment of the Group's business strategy.

With regards to financial performance, key KPIs include the level of AUM, regulatory capital adequacy, fund investment performance and flows. The Group consistently aims to launch products that stand the test of time and deliver outstanding investment performance across all our product ranges.

Our purpose is centred on our clients and the Group monitors both gross and net new business and performs regular reviews to ensure that it offers products that are suitable. Excellent client service is an integral part of Invesco's business model and the Group seeks always to ensure that its services meet its client needs.

Staff are the foundation of the Group's success and the Group seeks to ensure that it recruits and retains talent by offering competitive compensation and career development. We offer structured development and training programmes to ensure that we continue to develop our staff. The Group undertakes regular staff surveys and benchmarks its remuneration arrangements against its peer Group in order to ensure that these remain competitive.

3.3 Risk Management Framework - Three lines of defence model

The three lines of defence model is designed to ensure that there is no potential for conflict of interest in the management of risk and to ensure that the business lines, whilst managing day to day risk, are provided with adequate oversight and challenge. As such it provides assurance over the integrity and effectiveness of the systems and controls implemented by the business lines.

The business lines and functional areas carry out the business activities of the EMEA Group which is where the majority of risks arise and are managed. As such they represent the first line of defence against unwanted risks occurring. The Independent Risk Function (IRF) and Compliance provide independent oversight and challenge of the risk and



3. Risk Management (continued)

control activities conducted by the business lines and functional areas and represent a second line of defence. The Internal Audit function provides regular assessments of whether the risk and control environment is working as it should and identifies weaknesses that need to be addressed and improvements that could be made. In this way it represents a third line of defence within the organisation.

The First Line of Defence

The individual business lines and functional areas are responsible for identifying and assessing the risks to which they are exposed and for operating suitable controls to reduce those risks to within IUK's stated risk appetite.

As part of the control environment, a number of business committees have been established to help manage and oversee important business policies and activities.

The business lines provide regular reports to the IUK Board and EMEA Executive Committee on matters of significance to the Group's strategic objectives and risk appetite including business updates for Investment Management and Distribution, Operations reports and reports relating to significant new business initiatives or product development proposals, as well as matters that are escalated through the operational risk assessment process described below.

The Second Line of Defence

The Independent Risk Function (IRF) is part of the second line of defence and comprises two teams, Operational Risk and Investment Risk and their respective activities and responsibilities are described below.

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, or people and systems or from external events.

The Operational Risk team facilitates the business in the management of their operational risks and implementation of suitable controls at the individual business lines and functional areas through IUK's Operational Risk framework.

At a high level, core Operational Risk activities include,

- the facilitation of quarterly risk self-assessments to ensure that risks within each first-line business unit are adequately assessed and that controls are appropriate to manage the risks to levels within the Group's risk appetite;
- management of the incident reporting process including independently following up and ensuring effective mitigation of incidents and investigation of systemic issues; and
- the aggregation and reporting of KRIs used by the business to monitor the EMEA group's performance in relation to its risk appetite.

In addition the Operational Risk team assists the business in the provision of information required for Capital Scenario assessments and the production of the ICAAP.

Informed by the output of departmental risk self-assessments and by the incident management process, the Operational Risk team reports themes and trends quarterly to the EMEA Risk Committee, EMEA Executive Committee and IUK Risk Committee (which in turn reports to the IUK Board). Information on other specific risk areas highlighted by the IRF or requested by the IUK Board, IUK Risk Committee, EMEA Executive Committee or EMEA Risk Committee is also addressed at quarterly meetings.

Investment Risk

The Investment Risk team is responsible for managing investment risk within the EMEA domiciled funds in accordance with the relevant investment objectives and policies and by applicable regulatory obligations. A Risk Profile and Limit System (RPLS) is established for each UCITS and AIF fund as part of the product development process and is periodically reviewed taking account of the investment strategies and restrictions of each fund.

The team is also responsible for producing and maintaining all risk management policies and RPLS packs, monitoring portfolio risk limits (and where appropriate escalating potential limit breaches) and for preparing quarterly investment risk reports for funds to the relevant fund board.

The Investment Risk team produces a monthly dashboard of key investment risk metrics to allow the IRF, the boards of the



3. Risk Management (continued)

relevant funds and regulated entities and the EMEA Executive Committee and other interested parties to assess the overall risk profile of the funds.

Compliance

As a control function, the Compliance Department aims to:

- educate the business through the interpretation of relevant regulation, the delivery of appropriate training and the provision of timely and accurate advice; and
- assure Management that the business has established, implemented, and is maintaining adequate policies and procedures sufficient to ensure best practice compliance of the business with its obligations under the regulatory system.

Compliance provides quarterly assurance and escalation reports to the EMEA Executive Committee and IUK Audit and Risk Committees providing information and analysis of monitoring activities and breaches, regulatory updates, and recommendations to improve compliance across the control environment.

The Third Line of Defence

Internal Audit

The IUK Internal Audit Department provides independent, objective and comprehensive audit services which are designed to add value and improve the firm's operations. These services are provided on an ongoing basis through a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit reports to the EMEA Executive Committee and the IUK Audit and Risk Committees in order to provide assurance as to the integrity and effectiveness of the control environment. In particular, Internal Audit reports identify shortcomings and weaknesses and areas where action needs to be taken, ranking this by level of importance from minor to critical in order to focus management attention and resources where it is most needed.

3.4 Reporting

The IUK Board, IUK Audit Committee, IUK Risk Committee, EMEA Executive Committee, and EMEA Risk Committee use the regular reporting outlined above from the business units, the IRF, Compliance and Internal Audit to assess and oversee the effectiveness of the control environment, compatibility with IUK's risk appetite and any impacts on capital adequacy and capital planning. By ensuring that sufficient information is available to them, it enables them to identify and manage risks arising in the planning and operation of day-to-day activities, whether business-as-usual or new projects or initiatives.

In this way the IUK Board and its committees can measure progress against business plans, identify changes to the risk profile of IUK and departures from its risk appetite, enabling them to assess the impact this might have on IUK's strategy, risk appetite and capital adequacy.



4. Capital Resources

Common Equity Tier 1 capital consists of permanent share capital, share premium, profit and loss and other reserves as well as minority interests. In IUK there is only one class of ordinary share capital which has been issued numerous times since incorporation. The ordinary share capital has a nominal value of £1.00. Any amount paid over this value is reflected in the additional paid in capital amount. Further details on share capital are provided in Appendix 2.

The deductions to tier one capital consist of intangible assets primarily relating to

goodwill in relation to the acquisition of the Invesco Perpetual business and subsequent smaller business acquisitions. The deduction of material holdings in financial entities is primarily for seed capital investments and the investment in IPLL.

Below is a table showing balance sheet items with references to the own funds calculation. A more detailed own funds disclosure is provided in Appendix 3. A comparison between the non statutory group balance sheet and the amounts reported in own funds is provided in Appendix 4.

Common Equity Tier 1 (CET1) Capital (£000)	
Capital instruments and related share premium accounts	997,508
Of which: instruments type 1	997,508
Of which: instruments type 2	
Of which: instruments type 3	
Previous years retained earnings	527,334
Independently reviewed interim profits net of any foreseeable charge or dividend	1,211
Accumulated other comprehensive income	(15,087)
Other reserves	(3,367)
Minority interest given recognition in CET1 capital	686
Common Equity Tier 1 (CET1) Capital before regulatory adjustments	1,508,285
Adjustments to CET1 due to prudential filters	
Intangible assets (net of related tax liability) (negative amount)	(787,623)
Defined benefit pension fund assets (negative amount)	(2,454)
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (negative amount)	(47,695)
Deferred tax assets arising from temporary differences (negative amount)	(30,925)
Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	(868,697)
Common Equity Tier 1 (CET1) capital	639,588
Total capital (as a percentage of total risk exposure amount)	53.46%

The own funds amount in accordance with CRR is £639.6m and is Core Tier 1 Capital less regulatory adjustments shown above. This excludes unaudited 2016 profits of £157.2m and other comprehensive income for 2016 of £26.5m, which were recognised upon finalising the 2016 financial statements on 21 April 2017, but which were unverified as at 31 December 2016.



5. Capital Adequacy

It is the policy of the Group that all regulated entities maintain sufficient capital to meet their capital resource requirements and ongoing working capital requirements. In line with these requirements, the Group maintains the higher of its Pillar 1, Pillar 2, wind down capital requirements and any Individual Capital Guidance issued by the FCA. The adequacy of the capital held by the Group and individual regulated entities is reviewed formally quarterly or more often when there are changes to the business, and is subject to formal sign-off by the IUK Board. The following key assessments are made in order to determine the level of capital that the Group should hold:

Pillar 1

A Pillar 1 requirement is calculated in line with the requirements under CRR. The Pillar 1 capital resources requirement methodology is the higher of the Fixed Overhead requirement (FOR); or the sum of the credit risk and market risk requirements. The FOR was the Pillar 1 requirement for the Group at December 2016.

Pillar 1 Capital Requirement	£000
(A) Credit Risk	79,555
(B) Market Risk	7,703
(C) Sum of (A) & (B)	87,258
(D) Fixed Overhead Requirement (FOR)	95,720
Pillar 1 Capital Requirement - higher of (C) & (D)	95,720

Pillar 2

Pillar 2 involves an assessment of major operational and other risk exposures, including identifying and quantifying extreme one-off events with a very low probability of occurring (defined as once in a career events) in order to assess how much capital the Group would need to hold to cover these risk occurrences. The Group has assessed its Pillar 2 requirement utilising the 'Pillar 1 plus' methodology. This means that for each risk category for which both a Pillar 1 and Pillar 2 capital requirement are calculated, the total capital requirement should be no less than the amount calculated under Pillar 1.

Wind down

Wind down planning is the process by which Management:

- identifies the steps and resources required to wind down the business; and
- evaluates the potential risks and impacts of a wind down and considers how to mitigate them.

This is performed in order to assess how much capital the firm would need to hold to ensure that all liabilities would be covered in this extreme eventuality.

The Group's assessment of internal capital determined that the Pillar 2 was higher than the Pillar 1 and wind down amounts. A summary of risks that have been quantified for Pillar 2 purposes is provided below.

5.1 Credit Risk

Credit risk is defined as the risk of loss caused by the failure of a counterparty to perform its contractual obligations. The Group is primarily exposed to credit risk in respect of outstanding debtors due from clients, outstanding fees due from funds, segregated mandates and from cash deposits with banks and money market funds held. Credit risk is subject to change on a daily basis due to the fluctuating level of debtors. Clients are invoiced for fees on a monthly or a quarterly basis. IUK has a robust debtor collection process and does not have a history of material defaults.

In accordance with the Group's risk appetite, liquid assets are invested as follows:

- In cash and cash equivalents
- With highly rated counterparties
- No more than 20% of total cash held with one counterparty

Cash deposits are placed to varying maturity lengths (all within 90 days) to synchronise with expected outflows. The majority of certificates of deposits are placed to mature within 30 days. All these investments are in money markets so they are liquid assets. Every month the cash balances held and the proportions of exposure per counterparty are reviewed and monitored against the policy limits and risk analysis to ensure compliance.

The EMEA Counterparty Risk Committee reviews and approves counterparties from a credit risk perspective and monitors and manages counterparty exposure levels. IUK



5. Capital Adequacy (continued)

utilises the Fixed Income Risk analysis work performed by the Fixed Income and Risk teams based in the UK and USA to monitor counterparty credit risk. This team performs counterparty research and analysis to provide counterparty risk data for Invesco Ltd and all the entities under its control. This information includes credit rating reviews, forecast data, maturity recommendations and an overriding "on watch" status. This report is provided on a monthly basis with updates during the month for significant changes.

The Group uses the standardised approach to calculate credit risk, whereby credit risk exposures are converted into risk weighted assets (RWA) by applying the risk weight prescribed by CRR as being appropriate to the asset class and credit rating of the counterparty. The Pillar 1 minimum credit risk capital requirement is assessed at 8% of RWA. Credit risk mitigation techniques are not used by the Group.

Credit risk is separately assessed under Pillar 2.

The credit risk capital requirements per significant asset class under Pillar 1 is as follows for December 2016:

Exposure class	Credit risk Capital Requirement £000
Central governments	91
Public sector	23
Institutions	20,552
Corporates	22,383
Exposures in default	1,371
Retail	0
Collective investment undertakings (CIU)	25,813
Other items	6,473
Items associated with particular high risk	2,849
Total	79,555

Use of external credit assessment institutions (ECAIs)

For counterparties which have a credit rating, these ratings are used to determine the exposure amount, by mapping the credit rating to a credit quality step using mappings provided by the FCA and applying a risk weighting determined by this mapping. The Group makes use of credit ratings produced by Standard and Poor's, Moody's and Fitch.

The exposure values as at December 2016 for each credit quality step are provided below.

Credit Quality Step	Credit Risk Exposure Amount £000
Credit Quality Step 1	300,874
Credit Quality Step 2	719,346
Credit Quality Step 3	8,172
Credit Quality Step 4	52
Credit Quality Step 5	862
Credit Quality Step 6	43



5. Capital Adequacy (continued)

5.2 Market risk

Market risk is the current or prospective risk to earnings or value arising from adverse movements in equity and commodity prices, interest and/or foreign exchange rates. This risk includes foreign exchange risk, defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates.

IUK's only market risk for the purposes of Pillar 1 is foreign exchange risk. The Group does not take any market positions other than positions to support the Group's seed capital policy. This arises because companies in the EMEA Group hold assets and liabilities in currencies other than their reporting currencies and movements in exchange rates against these currencies may give rise to losses on translation.

Pillar 1 market risk has been calculated at £7.7 million as at 31 December 2016, representing 8% of the larger of the net aggregated short and net aggregated long open foreign currency position per currency for each entity in the EMEA Group.

5.3 Operational Risk

The Group is not required to calculate an operational risk requirement under Pillar 1 but makes an assessment of operational risk under Pillar 2. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, or people and systems or from external events. This definition includes all risks, such as, legal, strategic and reputational, but with the exception of financial risk, portfolio risk and investment related credit and counterparty risk. As described in section 3.3 operational risk scenarios are identified using all aspects of the risk framework and feed into the Pillar 2 calculation.

5.4 Pension Obligation Risk

The pension obligation risk is the risk to a firm caused by its contractual or other liabilities to, or with respect to, a pension scheme. It also means the risk that the Group will make payments or other contribution to, or with respect to, a pension scheme because of a moral obligation or because the firm considers that it needs to do so for some other reason. IUK is exposed to Pension Obligation Risk as it operates a defined benefit scheme for some of its employees. Pension Obligation Risk has been assessed for Pillar 2 purposes in the ICAAP.

5.5 Group Risk

Group Risk is the risk that the financial position of a group may be adversely affected by its relationships with other entities in the wider group or by risks which may affect the financial position of the whole group (e.g., reputational or contagion risk). Group Risk has been assessed for Pillar 2 purposes in the ICAAP.

5.6 Interest Rate Risk

Interest rate risk is the risk associated with an adverse movement in interest rates on the financial position or earnings. This includes Interest Rate Risk in the Non-Trading Book (IRRBB), which is the risk of losses arising from changes in the interest rates associated with non-trading book items. Interest Rate Risk has been assessed for Pillar 2 purposes in the ICAAP.

IUK's exposure to IRRBB arises from bank deposits, money market fund investments and loans from other Invesco Group entities. All of these assets and liabilities are short-dated and re-price or mature within three months.



6. Remuneration disclosures

The undernoted disclosures, made in accordance with the requirements of Article 450 of Regulation (EU) 575/2013, provide information regarding the remuneration policies and practices for staff identified as material risk takers ("Code Staff") under Commission Delegated Regulation (EU) 604/2014.

6.1 Information about the Invesco Ltd. Compensation Committee

The Compensation Committee of Invesco Ltd. (the "company" or "Invesco") is chaired by Mr. Henrikson and consists additionally of Messrs. Johnson, Kessler, Lawrence, Sheinwald, Wagoner and Ms. Wood. The committee met seven times during 2016.

Under its charter, the committee:

- is comprised of at least three members of the Board, each of whom is "independent" of the company;
- members are appointed and removed by the company's Board;
- is required to meet at least four times annually; and
- has the authority to retain independent advisors, at the company's expense, whenever it deems appropriate to fulfil its duties, including any compensation consulting firm.

The committee's charter is available on Invesco's web site at www.invesco.com. The charter sets forth the committee's responsibilities, which include, among other items:

- reviewing and making recommendations to the Board about the company's overall compensation philosophy;
- approving the company's compensation-related matters requiring the committee's approval, including EU remuneration matters;
- overseeing the administration of the company's equity-based and other incentive compensation programmes; and
- approving company-wide annual compensation pools.

External Consultants

Each year the committee engages a third-party compensation consultant to provide an analysis of, and counsel on, the company's executive compensation programme and practices. The nature and scope of the consultant's assignment is set by the committee. The committee currently engages Johnson Associates, Inc., an independent consulting firm, as its third-party consultant for this review.

In general, the outside consultant:

- assists the committee throughout the year in its analysis and evaluation of our overall executive compensation programmes, including compensation paid to our directors and executive officers;
- attends certain meetings of the committee and periodically meets with the committee without members of management present;
- provides the committee with certain market data and analysis that compares executive compensation paid by the company with that paid by other firms in the financial services industry and certain investment management firms which we consider generally comparable to us; and
- provides commentary regarding market conditions, market impressions and compensation trends.

6.2 Invesco's Compensation Philosophy

As an investment management firm, one of our greatest assets is the skill and experience of our employees. It is critical that we are able to attract, retain and motivate talented professionals while aligning their incentives with the interests of our clients and shareholders.

Our compensation programmes are designed, structured and implemented at every level to achieve the strategic objectives which are to:

- achieve strong investment performance;
- be instrumental in our clients' success;
- harness the power of our global platform; and
- perpetuate a high-performance organisation.



6. Remuneration disclosures (continued)

To support our strategic objectives, we have structured our compensation programs to achieve the following objectives:

- align individual awards with client and shareholder success;
- reinforce our commercial viability by closely linking rewards to results at every level;
- reinforce our meritocracy by differentially rewarding high performers; and
- recognise and retain top talent by ensuring a meaningful mix of cash and deferred compensation.

As employees progress to higher levels in the company, their ability to affect our performance generally increases and our need to retain these employees increases correspondingly. The compensation committee believes that as an individual's compensation increases, the percentage of that compensation that is deferred should therefore also increase.

6.3 Code Staff Criteria

Invesco has identified individuals considered to be material risk takers ("Code Staff") in line with the EBA regulations that came into effect in June 2014. These regulations introduced specific quantitative and qualitative criteria for identifying individuals who have a material impact on the firm's risk profile, including:

- Board members of regulated entities;
- Members of the executive committee;
- The heads of risk, internal audit and compliance, and the persons reporting to them directly;
- Individuals responsible for certain functions, including finance, legal and human resources; and
- Members of the new products committee.

Under the new criteria, the number of individuals considered to be Code Staff was 90 at 31 December 2016. The Compensation Committee approves the list of Code Staff annually and individuals are notified of their identification and the implications of this status on at least an annual basis.

6.4 Link between Pay and Performance

Management, with the guidance and input from the Board, annually reviews our multi-year strategic imperatives in the context of global trends and macro themes impacting the asset management industry, our position within key markets and the financial implication of our decisions. The outcome of the review is the establishment of an annual operating plan, composed, in part, of our business priorities and related projected financial outcomes.

Throughout the year, the Board reviews with management the performance against the annual operating plan. Based on the company's performance on multiple operating measures, the company's performance toward achieving its strategic objectives and other factors, including pre-cash bonus operating income ("PCBOI"), the committee establishes a company-wide incentive pool that is a percentage of PCBOI. The pool size is limited to a percentage of PCBOI to ensure, at all times, the company-wide incentive pool is linked to Invesco's operating results. The pool is comprised of cash bonus and deferred compensation (consisting of annual fund or stock deferrals and long-term equity awards). All 2016 awards were paid out of this incentive pool. Our committee makes holistic, rigorous and judicious decisions for overall pool funding in the context of Invesco's multi-year performance. The committee does not attempt to rank or assign relative weight to any factor, but rather applies its judgment in considering them in their entirety. The committee is focused on the totality of organizational success without tying decisions to a specific formula.

Performance at an individual level is measured through a company-wide, on-line performance management process that has been developed to:

- promote alignment of individual employee efforts with the mission, principles and goals of our company;
- provide the feedback necessary for employee growth and development; and
- improve our ability to assess and recognise performance.



6. Remuneration disclosures (continued)

The company's performance management process ensures all employees have their performance consistently assessed regardless of their location or function and consists of 3 key assessments:

- An assessment of individual or team-based objectives which have been agreed between the manager and employee and are aligned with the mission, principles and goals of the company.
- Assessment against a single, global set of competencies which are based on Invesco's business principles. The Invesco competency framework builds on these business principles by highlighting key behaviours that contribute to their

achievement. In addition, the framework includes leadership competencies to help gauge the performance of our people managers.

- An employee self-evaluation is completed prior to the manager evaluation of the employee.

Individual performance, as measured through the performance management process, is used to differentially reward high performers in support of our remuneration philosophy.



6. Remuneration disclosures (continued)

6.5 Elements of Remuneration

The following table describes each component of our compensation programme for employees as well as its purpose and key measures:

		Pay Element	What it Does	Key Measures
Incentive Type	Fixed	Base salary	<ul style="list-style-type: none"> Provides competitive fixed pay at a level sufficient to operate a fully flexible policy with regard to variable remuneration components Reasonable base compensation for day-to-day performance of job responsibilities Evaluated annually, generally remains static unless promotion or adjustment due to economic trends 	<ul style="list-style-type: none"> Experience, duties and scope of responsibility Internal and external market factors
	Variable	Annual cash bonus	<ul style="list-style-type: none"> Provides a competitive annual cash incentive opportunity 	<ul style="list-style-type: none"> Based upon annual financial results and performance against long-term strategic imperatives and individual conduct and performance
		Annual fund and stock deferral awards (time-based vesting)	<ul style="list-style-type: none"> Along with annual cash bonus, provides a competitive annual incentive opportunity Aligns staff with client and shareholder interests Encourages retention by vesting in equal annual increments 	<ul style="list-style-type: none"> Based upon annual financial results and performance against long-term strategic imperatives and individual conduct and performance
		Long-term equity awards (performance-based and time-based vesting)	<ul style="list-style-type: none"> Recognises long-term potential for future contributions to company's long-term strategic objectives Aligns staff with client and shareholder interests Encourages retention by vesting over time for time-based awards and, for performance-based awards, achievement of threshold performance 	<ul style="list-style-type: none"> For performance-based awards (executive officers only), based upon financial results and performance against long-term strategic objectives 50% performance-based vesting tied to adjusted operating margin 3-year performance period for performance based awards (subject to a transition period for awards granted in 2016)



6. Remuneration disclosures (continued)

Our annual awards

We use our annual awards, which consist of cash and annual fund and stock deferred awards, to recognize current year performance and closely align employees' interests with those of clients and shareholders, differentially reward high performers and link compensation to financial results. Our annual stock deferral awards generally vest over four years in 25% increments each year. UK fund deferral awards vest over two years in 50% increments each year.

Our long-term equity awards

Our long-term equity awards are comprised of time-based and performance-based awards. The committee believes long-term equity awards should align employee and shareholder interests and, with respect to executive officers of Invesco Ltd., a portion of awards should be paid only upon achievement of targeted financial results. In particular, the committee believes that the design of the long-term equity awards should:

- focus our management on preserving value for our shareholders;
- hold our executives accountable for the sound management of the company; and
- tie a specific portion of our executive officers' compensation to a measure that management can most directly influence that will ultimately lead to shareholder value.

Time-based awards

Fifty percent of our long-term equity awards are time-based and generally vest ratably in 25% increments each year.

Performance-based awards

Fifty percent of our long-term equity awards made to executive officers of Invesco Ltd. are performance based and are tied to the achievement of adjusted operating margin over a three-year period. The committee believes tying the vesting of the performance-based equity awards to the achievement of adjusted operating margin over a multi-year

period achieves its goals with respect to performance-based awards as follows:

- it focuses discipline in corporate investments, initiatives and capital allocation;
- it is consistent with the way we manage the business;
- it is an important measure of overall strength of an asset manager;
- it is a primary measure of focus of industry analysts;
- it is improved through effective management over the long term; and
- it more effectively avoids conflicts of interest with clients.

The financial performance thresholds of the performance-based equity awards made to executive officers of Invesco Ltd. are set forth in the chart below. The rigor of the thresholds, as well as the partial vesting of awards for failure to meet the target range and an upside opportunity for performance beyond the target range, align with the committee's above-described philosophy regarding performance-based awards.



6. Remuneration disclosures (continued)

Grant Average AOM ¹ (%)	AOM ¹ Vesting Percentage
≤28	0
29	25
30	50
31	75
32	80
33	85
34	90
35	95
36-44	100
45	105
46	110
47	115
48	120
49	125
50	130
51	135
52	140
53	145
≥54	150

¹Adjusted Operating Margin

As noted above, we specifically do not rely heavily on measures of ROE or ROA as these are not appropriate measures of success for pure asset managers like Invesco.

Features of performance-based awards made to executive officers of Invesco Ltd. are summarized in the following table.

Performance-based award component

Performance period	Three years
Performance metric	Adjusted operating margin
Performance vesting range	Vesting ranges from 0% - 150%; straight line interpolation to be used for actual result. See above table for vesting ranges
Vesting	3-year cliff
Dividends	Deferred and paid only to the extent an award vests
Settlement	Award settled in shares
Clawback	Award subject to clawback policy in the event of fraudulent or wilful misconduct

6.6 Remuneration Decision Making Rationale

Salary increase decisions take into account market position, performance, and internal equity. Salary increases are targeted where market positioning does not already align with performance.

Bonus decisions support a meritocracy, providing the most significant rewards to the highest contributors. Individual cash bonuses are based on a variety of factors including internal performance comparisons, external market comparisons, and formulaic portions of incentive plans (for specific groups of



6. Remuneration disclosures (continued)

employees) as well as the amount available to distribute in any given year.

As an individual's compensation increases, the proportion of that compensation received in the form of deferred compensation should increase in order to further the alignment of that employee's interest with those of Invesco Ltd.'s shareholders. As a result, employees earning over a threshold level in cash compensation will typically have a portion of their annual incentive award deferred into restricted shares of Invesco and/or into investment portfolios managed by the firm.

All employees can be considered for long-term equity grants, however, managers use equity pools to retain key talent, to reward those who make the strongest contributions in a given year, and who have high potential to impact business results in the future. Equity grants reward for longer term performance, and therefore, vest over a multi-year period.

6.7 Remuneration in Control Functions

Reporting lines for control functions are typically separated from the business units that they oversee. The amount of any incentives available for distribution to control functions is not determined by the performance of the business unit that they oversee. Decision making regarding remuneration for employees in control functions is not approved by any business unit overseen by these functions.

6.8 Quantitative Disclosures

As at 31 December 2016, a total of 90 individuals have been identified as Code Staff. On the basis that EMEA consolidation group has one business unit (asset management), aggregate remuneration expenditure for Code Staff in the year to 31 December 2016 was as follows:

Aggregate quantitative information on remuneration for Code Staff

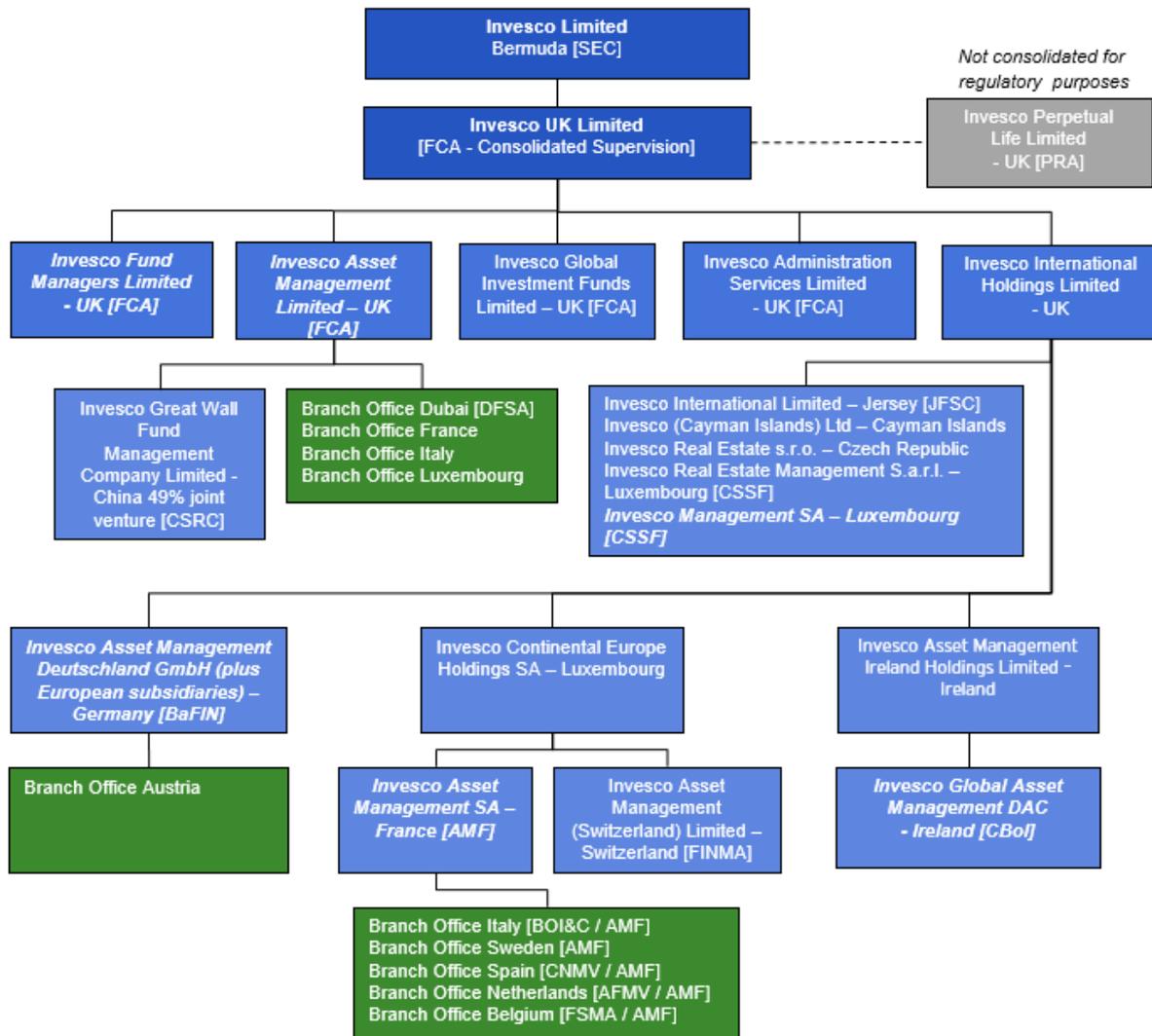
Senior management*	£17.8m
<i>Of which Board members**</i>	<i>£16.0m</i>
Other Code Staff	£47.9m
Total	£65.8m
Number of beneficiaries	90

*Senior management includes Board members of Invesco UK Limited ("IUK"), Invesco Asset Management Limited ("IAML") and Invesco Fund Managers Limited ("IFML") and members of the Invesco EMEA Executive Committee.

** Board members of IUK, IAML and IFML



Appendix 1: Structure Chart



Key

Denotes Group Company	Denotes Branch	Not consolidated for regulatory purposes
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[Local regulator presented in square brackets]
Refer to Appendix 5: Glossary for definitions.

Principal operating company presented in italics



Appendix 2: Features of share capital

Core Tier 1 Share Capital	
Issuer	Invesco UK Limited
Unique Identifier	Private Placement
Governing laws of the instrument	UK
Regulatory treatment	
Transitional CRR rules	Common Equity Tier 1
Post-transitional CRR rules	Common Equity Tier 1
Eligible at solo/(sub)-consolidated /solo & (sub)-consolidated	Consolidated
Instrument type (types to be specified by each jurisdiction)	Ordinary shares
Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	£147m
Nominal amount of instrument	£1
Issue Price	Various issue prices
Redemption price	N/A
Accounting classification	Ordinary shares
Original date of issuance	Issued at various dates
Perpetual or dated	Perpetual
Original maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons/dividends	
Fixed or floating	Floating
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Fully discretionary, partially discretionary or mandatory (in terms or timings)	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms or amount)	Fully discretionary
Existence of step up or other incentive to redeem	No
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	Non-convertible
If convertible. Conversion triggers	N/A
If convertible, fully or partially	N/A
If convertible, conversion rate	N/A
If convertible, mandatory or optional	N/A
If convertible, specify instrument type convertible ratio	N/A

Appendix 2: Features of share capital (continued)



If convertible, specify issuer or instrument it converts to	N/A
Write-down features	N/A
If write-down, full or partial	N/A
If write-down, permanent or temporary	N/A
If temporary write-down, description of write up mechanisms	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
Non-compliant transitioned features	N/A
If yes, specify non-compliant features	N/A



Appendix 3: Own funds disclosure

OWN FUNDS TEMPLATE		Amount in own funds £000	Ref to balance sheet (Appendix 4)	Regulation
Common Equity Tier 1 (CET1) Capital				
1	Capital instruments and related share premium accounts	997,508		26 (1), 27, 28, 29, EBA List 26 (3)
	Of which: Instruments type 1	997,508	a + b	EBA List 26 (3)
	Of which: Instruments type 2	-		EBA List 26 (3)
	Of which: Instruments type 3	-		EBA List 26 (3)
2	Retained earnings	527,334	c	26 (1) c
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	(18,454)	d	26 (1)
3a	Funds for general banking risk	-		26 (1) f
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET 1	-		486 (2)
	Public sector capital injections grandfathered until January 2018	-		483 (2)
5	Minority interest (amount allowed in consolidated CET1)	686	d	84, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	1,211	c	26 (2)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	1,508,285		Sum of rows 1 to 5a
Common Equity Tier 1 capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	-		34, 105
8	Intangible assets (net of related tax liability) (negative amount)	(787,623)	e	36 (1) (b), 37, 472 (4)
10	Deferred tax assets that rely on future profitability excluding those that arise from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-		36 (1) (c), 38, 472 (5)
11	Fair value reserves related to gains or losses on cash flow hedges	-		33 (a)
12	Negative amount resulting from the calculation of expected loss amounts	-		36 (1) (d), 40, 159, 472 (6)
13	Any increase in equity resulting from securitised assets (negative amounts)	-		32 (1)

Appendix 3: Own funds disclosure (continued)



OWN FUNDS TEMPLATE		Amount in own funds £000	Ref to balance sheet (Appendix 4)	Regulation
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-		33 (b)
15	Defined benefit pension fund assets (negative amount)	(2,454)	f	36 (1) (e), 41, 472 (7)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-		36 (1) (f), 42, 472 (8)
17	Holdings of CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		36 (1) (g), 44, 472 (9)
18	Direct and indirect holdings of CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
19	Direct, indirect and synthetic holdings of CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(47,695)	g	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20a	Exposure amount of the following items which qualify for a RW of 1250% where the institution opts for the deduction alternative	-		36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	-		36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)	-		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	of which: free deliveries (negative amount)	-		36 (1) (k) (iii), 379 (3)
21	Deferred tax asset arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in article 38 (3) are met) (negative amount)	(30,925)	h	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22	Amount exceeding 15% threshold (negative amount)	-		48 (1)

Appendix 3: Own funds disclosure (continued)



OWN FUNDS TEMPLATE		Amount in own funds £000	Ref to balance sheet (Appendix 4)	Regulation
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-		36 (1) (i), 48 (1) (b), 470, 472 (11)
25	of which: deferred tax assets arising from temporary differences	-		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a	Losses for the current financial year (negative amount)	-		36 (1) (a), 472 (3)
25b	Foreseeable tax charge relating to CET1 items (negative amount)	-		36 (1) (l)
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	-		
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Article 467 and 468	-		
	Of which: filter for unrealised loss 1	-		467
	Of which: filter for unrealised loss 2	-		467
	Of which: filter for unrealised gain 1	-		468
	Of which: filter for unrealised gain 2	-		468
26b	Amount to be deducted or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-		481
	Of which:..	-		481
27	Qualifying AT1 deductions that exceed the AT1 capital of the institutions (negative amount)	-		36 (1) (j)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(868,697)		Sum of rows 7 to 20a, 21, 22 and 25a to 27
29	Common Equity Tier 1 (CET1) capital	639,588		Row 6 minus row 28
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and related share premium accounts	-		51, 52
31	of which: classified as equity under applicable accounting standards	-		

Appendix 3: Own funds disclosure (continued)



OWN FUNDS TEMPLATE		Amount in own funds £000	Ref to balance sheet (Appendix 4)	Regulation
32	of which: classified as liabilities under applicable accounting standards	-		
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	-		486 (3)
	Public sector capital injections grandfathered until 1 January 2018	-		486 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	-		85, 86, 480
35	of which: instruments issued by subsidiaries subject to phase out agreements	-		486 (3)
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-		Sum of rows 30, 33 and 34
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-		52 (1) (b), 56 (a), 57, 475 (2)
38	Holdings of AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		56 (b), 58, 475 (3)
39	Direct and Indirect holdings of AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		56 (c), 59, 60, 79, 475 (4)
40	Direct and Indirect holdings of AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold net of eligible short positions) (negative amount)	-		56 (d), 59, 79, 475 (4)
41	Regulatory adjustments applied to additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) 575/2013 (i.e. CRR residual amounts)	-		

Appendix 3: Own funds disclosure (continued)



OWN FUNDS TEMPLATE		Amount in own funds £000	Ref to balance sheet (Appendix 4)	Regulation
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) 575/2013	-		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10), 472 (11) (a)
	Of which: items to be detailed line by line e.g. material net interim losses, intangibles, shortfall of provisions to expected losses etc.	-		
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) 575/2013	-		477, 477 (3), 477 (4) (a)
	Of which: items to be detailed line by line e.g. reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc	-		
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	-		467, 468, 481
	Of which: possible filter for unrealised losses	-		467
	Of which: possible filter for unrealised gains	-		468
	Of which:...	-		481
42	Qualifying T2 deductions that exceed the T2 capital of the institutions (negative amount)	-		56 (e)
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-		Sum of rows 37 to 42
44	Additional Tier 1 (AT1) capital	-		Row 36 minus row 43
45	Tier 1 capital (T1 = CET1 + AT1)	639,588		Sum of row 29 and row 44
Tier 2 (T2) capital: instruments and provisions				
46	Capital instruments and related share premium accounts	-		62, 63

Appendix 3: Own funds disclosure (continued)



OWN FUNDS TEMPLATE		Amount in own funds £000	Ref to balance sheet (Appendix 4)	Regulation
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-		486 (4)
	Public sector capital injections grandfathered until 1 January 2018	-		483 (4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-		87, 88, 480
49	of which: instruments issued by subsidiaries subject to phase out	-		486 (4)
50	Credit risk adjustments	-		62 (c) and (d)
51	Tier 2 (T2) capital before regulatory adjustments	-		Sum of rows 46 to 50
Tier 2 (T2) capital: regulatory adjustments				
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-		63 (b) (i), 66 (a), 67, 477 (2)
53	Holdings of T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-		66 (b), 68, 477 (3)
54	Direct and Indirect holdings of T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-		66 (c), 69, 70, 79, 477 (4)
54a	Of which new holdings not subject to transitional arrangements	-		
54b	Of which holdings existed before 1 January 2013 and subject to transitional arrangements	-		

Appendix 3: Own funds disclosure (continued)



OWN FUNDS TEMPLATE		Amount in own funds £000	Ref to balance sheet (Appendix 4)	Regulation
55	Direct and indirect holdings of T2 instruments and subordinated debt of financial sector entities where with the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-		66 (d), 69, 79, 477 (4)
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) 575/2013 (i.e. CRR residual amounts)	-		
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) 575/2013	-		472, 472(3)(a), 472(4), 472(6), 472(8)(a), 472(9), 472(10), 472(11)(a)
	Of which: items to be detailed line by line e.g. material net interim losses, intangibles, shortfall of provisions to expected losses etc.	-		
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) 575/2013	-		475, 475 (2), (a), 475 (3), 475 (4) (a)
	Of which items to be detailed line by line e.g. reciprocal cross holdings in AT1 instruments, direct holdings of non significant investments in the capital of other financial sector entities	-		
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required per CRR	-		467, 468, 481
	Of which: .. possible filter for unrealised losses	-		467
	Of which: ... possible filter for unrealised gains	-		468
	Of which:...	-		481
57	Total regulatory adjustments to Tier 2 (T2) capital	-		Sum of rows 52 to 56

Appendix 3: Own funds disclosure (continued)



OWN FUNDS TEMPLATE		Amount in own funds £000	Ref to balance sheet (Appendix 4)	Regulation
58	Tier 2 (T2) capital	-		Row 51 minus row 57
59	Total capital (TC = T1 + T2)	639,588		Sum of row 45 and row 58
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject of phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-		
	Of which:.. Items not deducted from CET 1 (Regulation (EU) No 575/2013 residual amounts) Items to be detailed line by line e.g. deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)	-		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
	Of which:.. items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc)	-		475, 475 (2) (b), 475 (2) (c), 475 (4) (b)
	Of which:.. items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities, etc)	-		477, 477 (2) (b), 477 (2) (c), 477 (4) (b)
60	Total risk weighted assets	1,196,497		
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	53.46%		92 (2) (a), 465
62	Tier 1 (as a percentage of risk exposure amount)	53.46%		92 (2) (b), 465
63	Total capital (as a percentage of risk exposure amount)	53.46%		92 (2) (c)
64	Institution specific buffer requirement (CET 1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important intuition buffer (G-SII or O-SII buffer) expressed as a percentage of risk exposure amount)	-		CRD 128,129,130

Appendix 3: Own funds disclosure (continued)



OWN FUNDS TEMPLATE		Amount in own funds £000	Ref to balance sheet (Appendix 4)	Regulation
65	Of which: capital conservation buffer requirement	-		
66	Of which: countercyclical buffer requirement	-		
67	Of which: systemic risk buffer requirement	-		
67(a)	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII)	-		CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	-		CRD 128
Amount below the threshold for deduction (before risk weighting)				
72	Direct and indirect holdings of capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold) and net of eligible short positions	-		36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
73	Direct and indirect holdings of CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-		36 (1) (i), 45, 48, 470, 472 (11)
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where conditions in Article 38 (3) are met)	-		36 (1) (c), 38, 48, 470, 472 (5)
Available caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to the standardised approach (prior to application of the cap)	-		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-		62
78	Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings based approach (prior to application of cap)	-		62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings based approach	-		62
Capital instruments subject to phase out arrangements (only applicable between January 2013 and January 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	-		484 (3), 486 (2) & (5)

Appendix 3: Own funds disclosure (continued)



	OWN FUNDS TEMPLATE	Amount in own funds £000	Ref to balance sheet (Appendix 4)	Regulation
81	Amounts excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-		484 (3), 486 (2) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements	-		484 (4), 486 (3) & (5)
83	Amounts excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-		484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements	-		484 (5), 486 (4) & (5)
85	Amounts excluded from T2 due to cap (excess over cap after redemptions and maturities)	-		484 (5), 486 (4) & (5)

Appendix 4: Reconciliation of own funds to balance sheet



Balance sheet reconciliation as at December 2016	Group balance sheet in the audited financial statements £000	Group own funds items £000	Reference to own funds (Appendix 3)	Comments
Assets				
<i>Non Current Assets</i>				
Property, plant and equipment	64,271			
Investments	97,010	(40,137)	g	IPLL deconsolidated investment
Goodwill and Intangible assets	787,623	(787,623)	e	
Other non current assets	20,583	(17,460) + (2,454)	h and f	Deferred taxation and DB surplus scheme
	969,487			
<i>Current Assets</i>				
Cash and cash equivalents	756,104			
Trade and other receivables	860,767	(7,558)	g	Seed holdings
	1,616,871			
Total Assets	2,586,358			
Equity and Liabilities				
Equity attributable to the equity holders				
Called up share capital	147,232	147,232	a	
Capital contribution	850,276	850,276	b	
Retained earnings	685,562	528,545	c	
Other reserves	8,909	(17,768)	d	
Total Equity	1,691,979			
Non current liabilities	85,920	(13,465)	h	Deferred taxation on DB scheme deficit
Current liabilities				
Taxation	28,209			
Trade and other payables	780,250			
Total Equity and liabilities	2,586,358			



Appendix 5: Glossary

Abbreviation	Definition
AFMV	Autoriteit Financiële Markten (Netherlands Authority for the Financial Markets)
AIF	Non-UCITS collective investment scheme subject to AIFMD
AMF	Autorité des Marchés Financiers (French Financial Markets Authority)
AUM	Assets under management
BaFIN	Bundesanstalt für Finanzdienstleistungsaufsicht (the German Federal Financial Supervisory Authority)
CAD	Capital Adequacy Directive - the Directive of the European Parliament and the Council of 14 June 2006 on capital adequacy of investment firms and credit institutions (No 2006/49/EC)
CBol	Central Bank of Ireland
CNMV	Comisión Nacional del Mercado de Valores (Spanish National Securities Market Commission)
CPMI	A Collective Portfolio Management Investment firm is a firm which has a Part 4A permission for managing investments and which is: (a) an AIFM investment firm; or (b) a UCITS investment firm.
CRD 4	The Capital Requirements Directive 2013, the fourth amendment of CRD, and the Capital Requirements Regulations 2013
CRR	The Capital Requirements Regulations 2013
CSRC	China Securities Regulatory Commission
CSSF	Luxembourg Commission de Surveillance du Secteur Financier
FCA	The Financial Conduct Authority, the prudential supervisory authority for IUK
FCA Handbook	the Handbook of rules and guidance made by the FCA Board
FINMA	Swiss Financial Market Supervisory Authority
FMA	Austrian Financial Market Authority
FOR	Fixed overhead requirement
FSMA	Belgian Financial Services and Markets Authority
ICAAP	Internal Capital Adequacy Assessment Process whereby a firm must assess whether it has adequate financial resources to cover the nature and level of the risks to which it is exposed.
IFPRU	The Prudential Sourcebook for Investment Firms, part of the FCA Handbook
IRF	The independent risk function within the EMEA Group
JFSC	Jersey Financial Services Commission
KRI	Key risk indicator
SREP	Supervisory review and evaluation process conducted by the FCA
TCF	Treating Customers Fairly
UCITS	The Undertakings for Collective Investment in Transferable Securities Directive of the EU