Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council (Text with EEA relevance)

ANNEX XI

REPORTING ON LEVERAGE

PART I: GENERAL INSTRUCTIONS

1. Template labelling and other conventions

1.1. Template labelling

1. This Annex contains additional instructions for the Leverage Ratio (hereinafter ‘LR’) templates included in Annex X of this Standard.

2. Overall, the framework consists of seven templates:

— Leverage Ratio Calculation (LRCalc): Leverage ratio calculation
— Leverage Ratio Template 1 (LR1): Alternative treatment of the exposure measure
— Leverage Ratio Template 2 (LR2): On and off-balance sheet items — additional breakdown of exposures
— Leverage Ratio Template 3 (LR3): Alternative definition of capital
— Leverage Ratio Template 4 (LR4): Breakdown of leverage ratio exposure measure components
— Leverage Ratio Template 5 (LR5): General information
— Leverage Ratio Template 6 (LR6): Entities that are consolidated for accounting purposes but are not within the scope of prudential consolidation.

3. For each template legal references are provided as well as further detailed information regarding more general aspects of the reporting.

1.2. Numbering convention

4. The document will follow the labelling convention set in the following paragraphs, when referring to the columns, rows and fields of the templates. These numerical codes are extensively used in the validation rules.

5. The following general notation is followed in the instructions: {Template;Row;Column}. An asterisk sign will be used to express that the validation is done for the whole row or column.

6. In the case of validations within a template, where only data points from that template are used, notations will not refer to a template: {Row;Column}.

7. For the purpose of the reporting on leverage, ‘of which’ refers to an item that is a subset of a higher level exposure category whereas ‘memo item’ refers to a separate item that is not a subset of an exposure class. Reporting of both types of fields is mandatory unless otherwise specified.

1.3. Sign convention

8. All amounts shall be reported as positive figures. An exception are the amounts reported in {LRCalc;110;1}, {LRCalc;110;2}, {LRCalc;110;3}, {LRCalc;120;1}, {LRCalc;120;2}, {LRCalc;120;3}, {LRCalc;150;1}, {LRCalc;150;2}, {LRCalc;150;3}, {LRCalc;160;1}, {LRCalc;160;2}, {LRCalc;160;3}, {LRCalc;170;1}, {LRCalc;170;2}, {LRCalc;170;3}, {LRCalc;180;1}, {LRCalc;180;2}, {LRCalc;180;3}, {LRCalc;190;1}, {LRCalc;190;2}, {LRCalc;190;3}, {LR3;010;1}, LR3;020;1}, {LR3;030;1},

{LR3;040;1}, {LR3;050;1}, {LR3;060;1}, {LR3;070;1} and LR3;080;1}, which can either take positive or negative values. Thereby note that, apart from extreme cases, {LRCalc;150;1}, {LRCalc;150;2}, {LRCalc;150;3}, {LRCalc;170;1}, {LRCalc;170;2}, {LRCalc;170;3}, {LR3;050;1}, {LR3;060;1}, {LR3;070;1} and {LR3;080;1} only take negative values. Also note that, apart from extreme cases, {LRCalc;110;1}, {LRCalc;110;2}, {LRCalc;110;3}, {LRCalc;120;1}, {LRCalc;120;2}, {LRCalc;120;3}, {LRCalc;180;1}, {LRCalc;180;2}, {LRCalc;180;3}, {LRCalc;190;1}, {LRCalc;190;2}, {LRCalc;190;3}, {LR3;010;1}, {LR3;020;1}, {LR3;030;1}, LR3;040;1} only take positive values.

PART II: TEMPLATE RELATED INSTRUCTIONS

1. Structure and frequency

1. The leverage ratio template is divided into two parts. Part A comprises all the data items that enter into the calculation of the leverage ratio that institutions shall submit to competent authorities according to Article 430(1), 1st subparagraph, of the CRR, while Part B comprises all the data items that institutions shall submit according to Article 430(1), 2nd subparagraph of the CRR (ie for the purposes of the report referred to in Article 511 of the CRR).

2. In Part A, institutions shall report end-of-month values unless the derogation specified in Article 499(3) of the CRR applies. In Part B, institutions shall report end-of-quarter values.

3. When compiling the data for this ITS, institutions shall consider the treatment of fiduciary assets in accordance with Article 429(11) of the CRR.

2. Formulas for leverage ratio calculation

4. The leverage ratio is based on a capital measure and a total exposure measure, which can be calculated with fields from Part A.

5.

$$\mathrm{LeverageRatio-fullyphased-indefinition} = \frac{\mathrm{LRmonth1(PI)+LRmonth2(PI)+LRmonth3(PI)}}{3}$$

6. LR month 1 (PI) = {LRCalc;110;1}/[({LRCalc;010;1} + {LRCalc;020;1} + {LRCalc;030;1} + {LRCalc;040;1} + {LRCalc;050;1} + {LRCalc;060;1} + {LRCalc;070;1} + {LRCalc;080;1} + {LRCalc;090;1} + {LRCalc;100;1} + {LRCalc;130;1} + {LRCalc;150;1} — {LRCalc;160;1})]

7. LR month 2 (PI) = {LRCalc;110;2}/[({LRCalc;010; 2} + {LRCalc;020; 2} + {LRCalc;030; 2} + {LRCalc;040; 2} + {LRCalc;050; 2} + {LRCalc;060; 2} + {LRCalc;070;2} + {LRCalc;080;2} + {LRCalc;090;2} + {LRCalc;100;2} + {LRCalc;130; 2} + {LRCalc;150; 2} — {LRCalc;160; 2})]

8. LR month 3 (PI) = {LRCalc;110;3}/[{LRCalc;010;3} + {LRCalc;020;3} + {LRCalc;030;3} + {LRCalc;040;3} + {LRCalc;050;3} + {LRCalc;060;3} + {LRCalc;070;3} + {LRCalc;080;3} + {LRCalc;090;3} + {LRCalc;100;3} + {LRCalc;130;3} + {LRCalc;150;3} — {LRCalc;160;3}]

9.

$$\mathrm{LeverageRatio-transitionaldefinition} = \frac{\mathrm{LRmonth1}(T)+\mathrm{LRmonth2}(T)+\mathrm{LRmonth3}(T)}{3}$$

10. LR month 1 (T) = {LRCalc;120;1}/[({LRCalc;010;1} + {LRCalc;020;1} + {LRCalc;030;1} + {LRCalc;040;1} + {LRCalc;050;1} + {LRCalc;060;1} + {LRCalc;070;1} + {LRCalc;080;1} + {LRCalc;090;1} + {LRCalc;100;1} + {LRCalc;140;1} + {LRCalc;170;1} — {LRCalc;160;1})]

11. LR month 2 (T) = {LRCalc;120;2}/[({LRCalc;010; 2} + {LRCalc;020; 2} + {LRCalc;030; 2} + {LRCalc;040; 2} + {LRCalc;050; 2} + {LRCalc;060; 2} + {LRCalc;070;2} + {LRCalc;080;2} + {LRCalc;090;2} + {LRCalc;100;2} + {LRCalc;140; 2} + {LRCalc;170; 2} — {LRCalc;160; 2})]

12. LR month 3 (T) = {LRCalc;120;3}/[{LRCalc;010;3} + {LRCalc;020;3} + {LRCalc;030;3} + {LRCalc;040;3} + {LRCalc;050;3} + {LRCalc;060;3} + {LRCalc;070;3} + {LRCalc;080;3} + {LRCalc;090;3} + {LRCalc;100;3} + {LRCalc;140;3} + {LRCalc;170;3} — {LRCalc;160;3}]

13. When the derogation specified in Article 499 (3) of the CRR applies, the leverage ratio — fully phased-in definition is equal to LR month 3 (PI) and the leverage ratio — transitional definition is equal to LR month 3 (T).

3. **Materiality thresholds for derivatives**

14. In order to reduce the reporting burden for institutions with limited exposures in derivatives, the following measures are used to gauge the relative importance of derivatives exposures to the total exposure of the leverage ratio. Institutions shall calculate these measures as follows:

15.

$$\text{Derivatives share} = \frac{[\{LRCalc;030;3\}+\{LRCalc;040;3\}+\{LRCalc;050;3\}]}{\text{Totalexposuremeasure}}$$

16. Where total exposure measure is equal to: [{LRCalc;010;3} + {LRCalc;020;3} + {LRCalc;030;3} + {LRCalc;040;3} + {LRCalc;050;3} + {LRCalc;060;3} + {LRCalc;070;3} + {LRCalc;080;3} + {LRCalc;090;3} + {LRCalc;100;3} + {LRCalc;130;3} + {LRCalc;150;3} — {LRCalc;160;3}]

17. Total notional value of derivatives = {LR1; 010; 7}

18. Credit derivatives volume = {LR1;020;7} + {LR1;050;7}

19. Institutions are required to report the fields referred to in paragraph 22 in the next reporting period, if one of the following conditions is met:

— The derivatives share referred to in paragraph 15 is more than 1.5 % on two consecutive reporting reference dates; or

— The derivatives share referred to in paragraph 15 exceeds 2.0 %.

20. Institutions for which the total notional value of derivatives as defined in paragraph 17 exceeds 10 billion € must report the fields referred to in paragraph 22, even though their derivatives share does not fulfil the conditions described in paragraph 19.

21. Institutions are required to report the fields referred to in paragraph 23 if one of the following conditions is met:

— The credit derivatives volume referred to in paragraph 18 is more than 300 million € on two consecutive reporting reference dates; or

— The credit derivatives volume referred to in paragraph 18 exceeds 500 million €.

22. {LR1;010;1},{LR1;010;2},{LR1;010;3},{LR1;010;5},{LR1;010;6},{LR1;010;7}, {LR1;020;1},{LR1;020;2},{LR1;020;5},{{LR1;020;7},{LR1;030;5},{LR1;030;7}, {LR1;040;5},{LR1;040;7},{LR1;050;1},{LR1;050;2},{LR1;050;5}, }, {LR1;050;7}, {LR1;060;1},{LR1;060;2},{LR1;060;5},{LR1;060;7}.

23. {LR1;050;8}, {LR1;050;9},{LR1;050;10},{LR1;050;11}.

4. LRCalc: Leverage ratio calculation

24. This part of the reporting template collects the data that are needed to calculate the leverage ratio as defined in Article 429 of the CRR.

25. Since the leverage ratio shall be calculated ‘as the simple arithmetic mean of the monthly leverage ratios over a quarter’, institutions shall report the components at an end-of-month basis unless the derogation specified in Article 499(3) of the CRR applies. If the latter is the case, institutions shall only report values in column 3 of LRCalc.

26. Institutions shall perform the reporting of the leverage ratio quarterly. In each quarter, the ‘Month-1-value’ shall be the value at the last calendar day of the first month of the respective quarter, the ‘Month-2-value’ shall be the value at the last calendar day of the second month of the respective quarter and the ‘Month-3-value’ shall be the value at the last calendar day of the third month of the respective quarter.

ANNEX XI Table 1: rows 1 - 29

5. LR1 on alternative treatment of the Exposure Measure

27. This part of the reporting collects data on alternative treatment of derivatives, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions, and off-balance sheet items.

28. Institutions shall determine the ‘accounting balance sheet values’ in LR1 based on the applicable accounting framework in accordance with Article 4(1)(77) of the CRR. ‘Accounting value assuming not netting or other CRM’ refers to the accounting balance sheet value not taking into account any effects of netting or risk mitigation.

ANNEX XI Table 2: rows 1 - 50

6. LR2 On- and off-balance sheet items — additional breakdown of exposures

29. Panel LR2 provides information on additional breakdown items of all on and off balance sheet exposures[1] belonging to the non-trading book and of all exposures of the trading book subject to counterparty credit risk. The breakdown is according to the risk weights applied under the credit risk section of the CRR. The information is derived differently for exposures under respectively the standardised and the IRB approach.

30. For exposures supported by credit risk mitigation techniques implying the substitution of the risk weighting of the counterparty with the risk weighting of the guarantee, institutions shall refer to the risk weight after the substitution effect. Under the internal

ratings-based approach for credit risk, institutions shall proceed with the following calculation: for exposures (other than those for which specific regulatory risk weights are provided for) belonging to each obligor grade, the risk weight shall be derived by dividing the risk weighted exposure obtained from the risk weight formula or the supervisory formula (for credit risk and securitisations exposures, respectively) by the exposure value after taking into account inflows and outflows due to CRM techniques with substitution effect on the exposure. Under the internal ratings-based approach, exposures classified as in default shall be excluded from rows 020 to 090 and included in row 100.

31. Under both approaches, institutions shall consider exposures deducted from the regulatory capital as being applied a 1 250 % risk weight.

Row	Legal references and instructions
010	Total on- and off-balance sheet exposures belonging to the banking book (breakdown according to the effective risk weight) This is the sum of rows from 020 to 100.
020	= 0 % Exposures with a 0 % risk weight
030	> 0 % and ≤ 12 % Exposures with a risk weight included within a range of risk weights strictly greater than 0 % and smaller than or equal to 12 %.
040	> 12 % and ≤ 20 % Exposures with a risk weight included within a range of risk weights strictly greater than 12 % and smaller than or equal to 20 %.
050	> 20 % and ≤ 50 % Exposures with a risk weight included within a range of risk weights strictly greater than 20 % and smaller than or equal to 50 %.
060	> 50 % and ≤ 75 % Exposures with a risk weight included within a range of risk weights strictly greater than 50 % and smaller than or equal to 75 %.
070	> 75 % and ≤ 100 % Exposures with a risk weight included within a range of risk weights strictly greater than 75 % and smaller than or equal to 100 %.
080	> 100 % and ≤ 425 % Exposures with a risk weight included within a range of risk weights strictly greater than 100 % and smaller than or equal to 425 %.
090	> 425 % and ≤ 1250 % Exposures with a risk weight included within a range of risk weights strictly greater than 425 % and smaller than or equal to 1250 %.

100	Exposures in default Under the SA approach, exposures falling under Article 112 (j) of the CRR Under the IRB approach, all exposures with a PD of 100 % are default exposures.
110	Low-risk off-balance sheet items or off-balance sheet items attracting a 0 % conversion factor under the solvency ratio (memo item) Low risk off-balance sheet items according to Article 111 of the CRR and off-balance sheet items attracting a 0 % conversion factor according to Article 166 of the CRR.
Column	**Legal references and instructions**
1	On and off-balance sheet exposures (SA exposures) On- and off-balance sheet exposure values after taking into account value adjustments, all credit risk mitigants and credit conversion factors, as calculated under Title II, Chapter 2, Part Three of the CRR.
2	On and off-balance sheet exposures (IRB exposures) On- and off balance sheet exposures values in accordance with Article 166 of the CRR and Article 230 (1) sentence 2 of the CRR, after taking into account outflows and inflows due to CRM techniques with substitution effects on the exposure. For off-balance sheet items, institutions shall apply the conversion factors as defined in Article 166 (8) to (10) of the CRR.
3	Nominal amount Exposure values of off-balance sheet items as defined in Article 111 and 166 of the CRR without the application of conversion factors.

7. LR3 Alternative definition of capital

32. Template LR3 provides with the capital measures needed for the review provided for in Article 511 of the CRR.

Row and column	Legal references and instructions
{010; 1}	**Common Equity Tier One — fully phased-in definition** Article 50 of the CRR This is the amount of capital as calculated under Article 50 of the CRR, without taking

	into account the derogation laid down in Chapters 1 and 2 of Part Ten of the CRR.
{020; 1}	**Common Equity Tier One — transitional definition** Article 50 of the CRR This is the amount of capital as calculated under Article 50 of the CRR, after taking into account the derogation laid down in Chapters 1 and 2 of Part Ten of the CRR.
{030; 1}	**Total own funds– fully phased-in definition** Article 72 of the CRR This is the amount of capital as referred to in Article 72 of the CRR, without taking into account the derogation laid down in Chapters 1 and 2 of Part Ten of the CRR.
{040; 1}	**Total own funds — transitional definition** Article 72 of the CRR This is the amount of capital as referred to in Article 72 of the CRR, after taking into account the derogation laid down in Chapters 1 and 2 of Part Ten of the CRR.
{050;1}	**Regulatory adjustments — CET1 — fully phased-in definition** It includes the amount of regulatory adjustments from CET1 as reported in Articles 32 to 35 of the CRR, the deductions pursuant to Articles 36 to 47, taking into account the exemptions, alternatives and waivers to such deductions laid down in Articles 48, 49 and 79, without taking into account the derogation laid down in Chapters 1 and 2 of Part Ten of the CRR. To avoid double counting, institutions shall not report adjustments already applied pursuant to Article 111 of the CRR when calculating the exposure value in fields {LRCalc;010;3}, {LRCalc;020;3}, {LRCalc;030;3} and {LRCalc;100;3}.
{060; 1}	**Regulatory adjustments — CET1 — transitional definition** It includes the amount of regulatory adjustments from CET1 as reported in Articles 32 to 35 of the CRR, the deductions pursuant to Articles 36 to 47, taking into account the exemptions, alternatives and waivers to such deductions laid down in Articles 48, 49 and 79, in addition taking into account the derogation laid down in Chapters 1 and 2 of Part Ten of the CRR. To

	avoid double counting, institutions shall not report adjustments already applied pursuant to Article 111 of the CRR when calculating the exposure value in fields {LRCalc;010;3}, {LRCalc;020;3}, {LRCalc;030;3} and {LRCalc;100;3}.
{070; 1}	**Regulatory adjustments — Total own funds — fully phased-in definition** It includes the adjustments required by Articles 32 to 35 of the CRR, the deductions pursuant to Articles 36 to 47, the deductions pursuant to Articles 56 to 60, as well as the deductions referred to in Articles 66 to 70, taking into account the exemptions, alternatives and waivers to such deductions laid down in Articles 48, 49 and 79, without taking into account the derogation laid down in Chapters 1 and 2 of Part Ten of the CRR. To avoid double counting, institutions shall not report adjustments already applied pursuant to Article 111 of the CRR when calculating the exposure value in fields {LRCalc;010;3}, {LRCalc;020;3}, {LRCalc;030;3} and {LRCalc;100;3}.
{080, 1}	**Regulatory adjustments — Total own funds — transitional definition** It includes the adjustments required by Articles 32 to 35 of the CRR, the deductions pursuant to Articles 36 to 47, the deductions pursuant to Articles 56 to 60, as well as the deductions referred to in Articles 66 to 70, taking into account the exemptions, alternatives and waivers to such deductions laid down in Articles 48, 49 and 79, in addition taking into account the derogation laid down in Chapters 1 and 2 of Part Ten of the CRR. To avoid double counting, institutions shall not report adjustments already applied pursuant to Article 111 of the CRR when calculating the exposure value in fields {LRCalc;010;3}, {LRCalc;020;3}, {LRCalc;030;3} and {LRCalc;100;3}.

8. **LR4 Alternative breakdown of leverage ratio exposure measure components**

33. In order to avoid double-counting, institutions shall uphold the following:

34. [{LRCalc;010;3}+{LRCalc;020;3}+{LRCalc;030;3}+{LRCalc;040;3}+{LRCalc;050;3}+{LRCalc;060;3
[{LR4;010;1}+{LR4;040;1}+{LR4;050;1}+{LR4;060;1}+{LR4;070;1}+{LR4;080;1}+{LR4;080;2}+{L
{LR4;140;1}+{LR4;140;2}+{LR4;180;1}+{LR4;180;2}+{LR4;190;1}+{LR4;190;2}+{LR4;210;1}+{L

ANNEX XI Table 5: rows 1 - 115

9. **LR5 General information**

35. Additional information is collected here for the purpose of categorising the institution activities and the regulatory options chosen by the institution.

Row and column	Instructions
{010;1}	**Institution company structure** The institution shall classify its company structure according to the categories given below: Joint stock company Mutual/cooperative Other non-joint stock company
{020; 1}	**Derivatives treatment** The institution shall specify the regulatory derivatives treatment according to the categories given below: Original exposure method Mark-to-market method
{030; 1}	**Accounting framework** The institution shall specify the accounting framework used according to the categories given below: National GAAP IFRS
{040; 1}	**Institution type** The institution shall classify its institution type according to the categories given below: Universal banking (retail/commercial and investment banking) Retail/commercial banking Investment banking Specialised lender
{050; 1}	**Reporting calculation method** The institution shall specify whether the derogation specified in Article 499 (3) has been granted, i.e. whether the data reported is based on a quarterly average on monthly data or based on end-quarter data: Quarterly — based on monthly averages End-quarter
{060, 1}	**Reporting level**

	The institution shall classify whether the reporting entity is based on a individual or consolidated level: Individual Consolidated

10. **LR6 Entities that are consolidated for accounting purposes but not within the scope of prudential consolidation**

36. LR6 collects information on financial sector entities as defined in Article 4(1)(27) CRR that are consolidated according to the applicable accounting framework but are not included in the institution's prudential consolidation according to Chapter 2 of Title II of Part One of the CRR, securitisation entities that are consolidated according to the applicable accounting framework but are not included in the institution's prudential consolidation according to Chapter 2 of Title II of Part One of the CRR, and to commercial entities that are consolidated according to the applicable accounting framework but are not included in the institution's prudential consolidation according to Chapter 2 of Title II of Part One of the CRR.

37. Institutions shall determine the total amount of the equity of the financial sector entities referred to in paragraph 36 reduced by the deductions that relate to the financial sector entities referred to in paragraph 36 pursuant to Article 36 paragraph 1, points (g), (h) and (i) of the CRR. To obtain the inclusion factor for financial sector entities, institutions shall divide the amount specified in the previous sentence by the total amount of the equity of the financial sector entities referred to in paragraph 36.

38. Institutions shall determine the total amount of the equity of commercial entities referred to in paragraph 36 reduced by the deductions that relate to the commercial entities referred to in paragraph 36 pursuant to Article 36 paragraph 1, point (k)(i) of the CRR. To obtain the inclusion factor for commercial entities, institutions shall divide the amount specified in the previous sentence by the total amount of the equity of the commercial entities referred to in paragraph 36.

39. For commercial entities referred to in paragraph 36, institutions shall gauge the potential relative importance of these entities to the total exposure of the leverage ratio on an entity by entity basis. When reporting the fields referred to in paragraph 40, institutions are not required to take into account those commercial entities for which the value that enters into {LR6;140; 3} is less than 0.1 % of the amount determined according to paragraph 16.

40. {LR6;010; 3}, {LR6;020; 3}, {LR6;030; 3}, {LR6;040; 3}, {LR6;050; 3}, {LR6;060; 3}, {LR6;070; 3}, {LR6;080; 3}, {LR6;090; 3}, {LR6;100; 3}, {LR6;110; 3} to {LR6;120; 3}.

41. For the purpose of LR6 institutions shall treat an entity as a securitisation entity if it is 4(1)(61)4(1)(63)a securitisation special purpose entity as defined in Article 4(1)(66).

42. For the purpose of LR6 institutions shall treat an entity as a commercial entity if it is an entity that is not a financial sector entity as defined in Article 4(1)(27) CRR and is not a entity within the scope of the previous paragraph.

ANNEX XI Table 7: rows 1 - 49

(1) This includes securitisations and equity exposures subject to credit risk

Status:
Point in time view as at 16/04/2014.

Changes to legislation:
Commission Implementing Regulation (EU) No 680/2014, ANNEX XI is up to date with all changes known to be in force on or before 30 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.
EUR 2014 No. 680 may be subject to amendment by EU Exit Instruments made by both the Prudential Regulation Authority and the Financial Conduct Authority under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (S.I. 2018/1115), regs. 2, 3, Sch. Pt. 4. These amendments are not currently available on legislation.gov.uk. Details of relevant amending instruments can be found on their website/s.