# 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)

# [F1ANNEX XI

## REPORTING ON LEVERAGE

**Textual Amendments**

**F1** Substituted by Commission Implementing Regulation (EU) 2018/1627 of 9 October 2018 amending Implementing Regulation (EU) No 680/2014 as regards prudent valuation for supervisory reporting (Text with EEA relevance).

## 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 in accordance with the first subparagraph of Article 430(1) of the CRR, while Part B comprises all the data items that institutions shall submit in accordance with the second subparagraph of Article 430(1) of the CRR (i.e. for the purposes of the report referred to in Article 511 of the CRR).

2. When compiling the data for this ITS, institutions shall consider the treatment of fiduciary assets in accordance with Article 429(13) of the CRR.

### 2. Formulas for leverage ratio calculation

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

4. Leverage Ratio – fully phased-in definition = {LRCalc;310;010}/{LRCalc;290;010}.

5. Leverage Ratio – transitional definition = {LRCalc;320;010}/{LRCalc;300;010}.

### 3. Materiality thresholds for derivatives

6. 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:

7. $$\text{Derivatives share} = \frac{[\{LRCalc;060;010\}+\{LRCalc;070;010\}+\{LRCalc;080;010\}+\{LRCalc;090;010\}+\{LRCalc;100;010\}+\{LRCalc;110;010\}+\{LRCalc;120;010\}+\{LRCalc;130;010\}+\{LRCalc;140;010\}]}{\text{Total exposure measure}}$$

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8. Where total exposure measure is equal to: {LRCalc;290;010}.

9. Total notional value referenced by derivatives = {LR1; 010;070}. This is a cell that institutions shall always report.

10. Credit derivatives volume = {LR1;020;070} + {LR1;050;070}. These are cells that institutions shall always report.

11. Institutions are required to report the cells referred to in paragraph 14 in the next reporting period, if any of the following conditions is met:

— the derivatives share referred to in paragraph 7 is more than 1,5 % on two consecutive reporting reference dates;

— the derivatives share referred to in paragraph 7 exceeds 2,0 %.

12. Institutions for which the total notional value referenced by derivatives as defined in paragraph 9 exceeds 10 billion EUR shall report the cells referred to in paragraph 14, even though their derivatives share does not fulfil the conditions described in paragraph 11.

13. Institutions are required to report the cells referred to in paragraph 15 if any of the following conditions is met:

— the credit derivatives volume referred to in paragraph 10 is more than 300 million EUR on two consecutive reporting reference dates;

— the credit derivatives volume referred to in paragraph 10 exceeds 500 million EUR.

14. The cells which are required to be reported by institutions in accordance with paragraph 11 are the following: {LR1;010;010}, {LR1;010;020}, {LR1;010;050}, {LR1;020;010}, {LR1;020;020}, {LR1;020;050}, {LR1;030;050}, {LR1;030;070}, {LR1;040;050}, {LR1;040;070}, {LR1;050;010}, {LR1;050;020}, {LR1;050;050}, {LR1;060;010}, {LR1;060;020}, {LR1;060;050} and {LR1;060;070}.

15. The cells which are required to be reported by institutions in accordance with paragraph 13 are the following: {LR1;020;075}, {LR1;050;075} and {LR1;050;085}.

## 4. C 47.00 – Leverage ratio calculation (LRCalc)

16. This part of the reporting template collects the data that are needed to calculate the leverage ratio as defined in Articles 429, 429a and 429b of the CRR.

17. Institutions shall perform the reporting of the leverage ratio quarterly. In each quarter, the value 'at reporting reference date' shall be the value at the last calendar day of the third month of the respective quarter.

18. Institutions shall report {010;010} to {030;010}, {060;010}, {090;010}, {110;010}, and {150;010} to {190;010} as if the exemptions referred to in {050;010}, {080;010}, {100;010}, {120;010}, and {220;010} did not apply.

19. Institutions shall report {010;010} to {240;010} as if the exemptions referred to in {250;010} and {260;010} did not apply.

20. Any amount that increases the own funds or the leverage ratio exposure shall be reported as a positive figure. On the contrary, any amount that reduces the total own funds or the leverage ratio exposure shall be reported as a negative figure. Where there is a negative sign (-) preceding the label of an item no positive figure is expected to be reported for that item.

ANNEX XI Table 1: rows 1 - 38

## 5. C 40.00 – Alternative treatment of the Exposure Measure (LR1)

21. This part of the reporting collects data on an alternative treatment of derivatives, SFTs and off-balance sheet items.

22. 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 no netting or other CRM' refers to the accounting balance sheet value not taking into account any effects of netting or other credit risk mitigation.

23. Apart from {250;120} and {260;120}, institutions shall report LR1 as if the exemptions referred to in LRCalc cells {050;010}, {080;010}, {100;010}, {120;010}, {220;010}, {250;010} and {260;010} did not apply.

ANNEX XI Table 2: rows 1 - 48

## 6. C 41.00 – On- and off-balance sheet items – additional breakdown of exposures (LR2)

24. Template 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 in accordance with 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.

25. For exposures supported by CRM 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 IRB Approach, 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 IRB Approach, exposures classified as in default shall be excluded from {020;010} to {090;010} and included in {100;010}. Under the Standardised Approach, exposures falling under Article 112(j) of the CRR shall be excluded from {020;020} to {090;020} and included in {100;020}.

26. 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 non-trading book as well as exposures of the trading book subject to counterparty credit risk (breakdown in accordance with the risk weight):**<br>This is the sum of {020:*} to {100;*}. |
| 020 | **= 0 %**<br>Exposures with a 0 % risk weight. |
| 030 | **> 0 % and ≤ 12 %**<br>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 %** |

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| | 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 %**<br>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 %**<br>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 %**<br>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 %**<br>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 %**<br>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**<br>Under the Standardised Approach, exposures falling under Article 112(j) of the CRR.<br>Under the IRB approach, all exposures with a PD of 100 % are exposures in default. |
| 110 | **(memo item) Low-risk off-balance sheet items or off-balance sheet items attracting a 0 % conversion factor under the solvency ratio**<br>Low risk off-balance sheet items in accordance with Article 111 of the CRR and off-balance sheet items attracting a 0 % conversion factor in accordance with Article 166 of the CRR. |

| Column | Legal references and instructions |
|---|---|
| 010 | **On- and off-balance sheet exposures (SA exposures)**<br>On- and off-balance sheet exposure values after taking into account value adjustments, all CRM and credit conversion factors, as calculated under Title II, Chapter 2, Part Three of the CRR. |
| 020 | **On and off-balance sheet exposures (IRB exposures)** |

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| | On- and off-balance sheet exposures values in accordance with Article 166 of the CRR and the first sentence of the second subparagraph of Article 230(1) of the CRR, after taking into account outflows and inflows due to CRM techniques with substitution effects on the exposure.<br>For off-balance sheet items, institutions shall apply the conversion factors as defined in Article 166(8) to (10) of the CRR. |
| 030 | **Nominal value**<br>Exposure values of off-balance sheet items as defined in Articles 111 and 166 of the CRR without the application of conversion factors. |

## 7. C 42.00 – Alternative definition of capital (LR3)

27. Template LR3 provides information on the capital measures needed for the review of Article 511 of the CRR.

| Rowand column | Legal references and instructions |
|---|---|
| {010;010} | **Common Equity Tier 1 capital – fully phased-in definition**<br>Article 50 of the CRR<br>This is the amount of CET1 capital as defined in 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;010} | **Common Equity Tier 1 capital – transitional definition**<br>Article 50 of the CRR<br>This is the amount of CET1 capital as calculated defined in 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;010} | **Total own funds – fully phased-in definition**<br>Article 72 of the CRR<br>This is the amount of own funds as defined 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;010} | **Total own funds – transitional definition**<br>Article 72 of the CRR<br>This is the amount of own fund as defined 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. |

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| {055;010} | **Asset amount deducted – from CET1 items – fully phased-in definition**<br>It includes the amount of regulatory adjustments to CET1 items that adjust the value of an asset and which are required by:<br>— Articles 32 to 35 of the CRR, or<br>— Articles 36 to 47 of the CRR,<br>as applicable<br>Institutions shall take into account the exemptions, alternatives and waivers to such deductions laid down in Articles 48, 49 and 79 of the CRR, 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 {LRCalc;10;10} to {LRCalc;260;10}, nor shall they report any adjustment that does not deduct the value of a specific asset.<br>As these adjustments reduce the total own funds, they shall be reported as a negative figure. |
| {065;010} | **Asset amount deducted – from CET1 items – transitional definition**<br>It includes the amount of regulatory adjustments from CET1 that adjust the value of an asset and which are required by:<br>— Articles 32 to 35 of the CRR, or<br>— Articles 36 to 47 of the CRR,<br>as applicable.<br>Institutions shall take into account the exemptions, alternatives and waivers to such deductions laid down in Articles 48, 49 and 79 of the CRR, 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 {LRCalc;10;10} to {LRCalc;260;10}, nor shall they report any adjustment that does not deduct the value of a specific asset.<br>As these adjustments reduce the total own funds, they shall be reported as a negative figure. |
| {075;010} | **Asset amount deducted – from own funds items – fully phased-in definition** |

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| | It includes the amount of regulatory adjustments from own funds items that adjust the value of an asset and which are required by:<br>— Articles 32 to 35 of the CRR, or<br>— Articles 36 to 47 of the CRR, or<br>— Articles 56 to 60 of the CRR, or<br>— Articles 66 to 70 of the CRR,<br>as applicable.<br>Institutions shall take into account the exemptions, alternatives and waivers to such deductions laid down in Articles 48, 49 and 79 of the CRR, 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 rows {LRCalc;10;10} to {LRCalc;260;10}, nor shall they report any adjustment that does not deduct the value of a specific asset.<br>As these adjustments reduce the total own funds, they shall be reported as a negative figure. |
| {085,010} | **Asset amount deducted – from own funds items – transitional definition**<br>It includes the amount of regulatory adjustments from own funds items that adjust the value of an asset and which are required by:<br>— Articles 32 to 35 of the CRR, or<br>— Articles 36 to 47 of the CRR, or<br>— Articles 56 to 60 of the CRR, or<br>— Articles 66 to 70 of the CRR,<br>as applicable.<br>Institutions shall take into account the exemptions, alternatives and waivers to such deductions laid down in Articles 48, 49 and 79 of the CRR, 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 {LRCalc;10;10} to {LRCalc;260;10}, nor shall they report any adjustment that does not deduct the value of a specific asset.<br>As these adjustments reduce the total own funds, they shall be reported as a negative figure. |

## 8. C 43.00 – Alternative breakdown of leverage ratio exposure measure components (LR4)

28. Institutions shall report the leverage ratio exposure values in LR4 after the application of exemptions, as applicable, referred to in the following LRCalc cells: {050;010}, {080;010}, {100;010}, {120;010}, {220; 010}, {250;010} and {260;010}.

29. In order to avoid double-counting, institutions shall uphold the equation referred to in the following paragraph:

30. The equation that institutions shall uphold according to paragraph 29 is: [{LRCalc;010;010} + {LRCalc;020;010} + {LRCalc;030;010} + {LRCalc;040;010} + {LRCalc;050;010} + {LRCalc;060;010} + {LRCalc;070;010} + {LRCalc;080;010} + {LRCalc;090;010} + {LRCalc;100;010} + {LRCalc;110;010} + {LRCalc;120;010} + {LRCalc;130;010} + {LRCalc;140;010} + {LRCalc;150;010} + {LRCalc;160;010} + {LRCalc;170;010} + {LRCalc;180;010} + {LRCalc;190;010} + {LRCalc;200;010} + {LRCalc;210;010} + {LRCalc;220;010} + {LRCalc;230;010} + {LRCalc;240;010} + {LRCalc;250;010} + {LRCalc;260;010}] = [{LR4;010;010} + {LR4;040;010} + {LR4;050;010} + {LR4;060;010} + {LR4;065;010} + {LR4;070;010} + {LR4;080;010} + {LR4;080;020} + {LR4;090;010} + {LR4;090;020} + {LR4;140;010} + {LR4;140;020} + {LR4;180;010} + {LR4;180;020} + {LR4;190;010} + {LR4;190;020} + {LR4;210;010} + {LR4;210;020} + {LR4;230;010} + {LR4;230;020} + {LR4;280;010} + {LR4;280;020} + {LR4;290;010} + {LR4;290;020}].

ANNEX XI Table 5: rows 1 - 116

## 9. C 44.00 – General information (LR5)

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

| Rowand column | Instructions |
|---|---|
| {010;010} | **Institution’s company structure**<br>The institution shall classify its company structure in accordance with the categories given below:<br>— Joint stock company;<br>— Mutual/cooperative;<br>— Other non-joint stock company. |
| {020;010} | **Derivatives treatment**<br>The institution shall specify the regulatory derivatives treatment in accordance with the categories given below:<br>— Original exposure method;<br>— Mark-to-market method. |
| {040;010} | **Institution type**<br>The institution shall classify its institution type in accordance with the categories given below: |

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|---|---|
| | — Universal banking (retail/commercial and investment banking);<br>— Retail/commercial banking;<br>— Investment banking;<br>— Specialised lender<br>— Other business model.] |

**(1)** [F1 This includes securitisations and equity exposures subject to credit risk.]

**Textual Amendments**

**F1** Substituted by Commission Implementing Regulation (EU) 2018/1627 of 9 October 2018 amending Implementing Regulation (EU) No 680/2014 as regards prudent valuation for supervisory reporting (Text with EEA relevance).