

Consultation Paper

Draft Implementing Technical Standards

On Disclosure for the Leverage Ratio under Article 451(2) of Regulation (EU) No 575/2013 (Capital Requirements Regulation - CRR)



Consultation Paper on Draft Implementing Technical Standards on Disclosure for the Leverage Ratio under Article 451(2) of Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR)

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1. Responding to this Consultation

The European Banking Authority (EBA) invites comments on all proposals put forward in this paper and in particular on the specific questions summarised in 5.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/rationale proposed; and
- describe any alternative regulatory choices the EBA should consider.

Submission of responses

To submit your comments, click on the 'send your comments' button on the consultation page by 24 January 2014. Please note that comments submitted after this deadline, or submitted by other means may not be processed.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please indicate clearly and prominently in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with the EBA's rules on public access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the EBA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.eba.europa.eu under the heading 'Legal Notice'.

2. Executive Summary

The Capital Requirements Regulation ⁽¹⁾ (CRR) and the Capital Requirements Directive ⁽²⁾ (CRD IV) texts specify the calculation of the leverage ratio, the reporting of which will be applicable from 1 January 2014. The reporting requirements have been published by the EBA and submitted to the Commission pursuant to the mandate in Article 430 CRR. In addition to supervisory reporting, Article 451(1) CRR requires institutions to disclose information on the leverage ratio. In accordance with point (2)(a) of Article 521(1) CRR, disclosure will be applicable from 1 January 2015. This requires the disclosure of the leverage ratio and its components. With a view to harmonising disclosure, Article 451(2) CRR contains a mandate for the EBA to develop draft Implementing Technical Standards (ITS). These draft ITS should contain a uniform template with instructions, and should be submitted to the Commission by the EBA by 30 June 2014.

Main features of the ITS

The draft ITS, set out in this document, have been developed to include all items that are relevant for disclosure under the CRR provisions. Additionally, this draft ITS has been aligned as much as possible with the Basel disclosure framework published for consultation, which can be found in the BCBS consultative document of 26 June 2013 ⁽³⁾.

The framework contained in the draft disclosure ITS is directed at institutions and comprises the following four tables, the first two of which follow the template in the Basel disclosure framework published for consultation:

- a table (LRSum) that reconciles the leverage ratio denominator with figures reported under the relevant accounting standard, as required in Article 451(b) CRR;
- a table (LRCom) that provides the leverage ratio, a breakdown of the leverage ratio denominator according to exposure category, and the amount of fiduciary assets that have been derecognised for the purpose of calculating the LR exposure as per Article 451(1)(a), 451(1)(b), and 451(1)(c) CRR respectively.
- a table (LRSpl) that provides a breakdown of the leverage ratio exposure from assets that are not derivatives or SFTs as per Article 451(1)(b) CRR. A breakdown of leverage ratio exposure is deemed to be essential by the EBA given the fact that most of EU institution's exposure comprises assets that are neither derivatives nor SFTs; and
- a table (LRQua) that provides qualitative information on leverage risk as required in Article 451(1)(d) and 451(1)(e) CRR.

As the European Commission has been empowered to enact a delegated act to change the calculation of the leverage ratio (Article 456(1)(j) CRR) before disclosure begins from 1 January 2015, this template and instructions are potentially subject to future change before they are finally adopted and implemented. A number of aspects, among them the frequency of disclosure, are not included in

⁽¹⁾ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

⁽²⁾ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

⁽³⁾ <http://www.bis.org/publ/bcbs251.htm>

the mandate given to the EBA. On some of these aspects, the EBA has been given the mandate to provide an evaluation in the impact report that is due by 31 October 2016 (Article 511(3)(h) CRR).

3. Background and rationale

The nature of ITS under EU law

The present draft ITS are produced in accordance with Article 15 of the EBA regulation ⁽⁴⁾. Paragraph 4 of that same article provides that ITS shall be adopted by means of an EU Regulation or Decision.

According to EU law, EU regulations are binding in their entirety and directly applicable in all Member States. This means that, on the date of their entry into force, they become part of the national law of the Member States and that their implementation into national law is not only unnecessary but also prohibited by EU law, except in so far as this is expressly required by them.

Shaping these rules in the form of a Regulation would ensure equal conditions by preventing diverging national requirements and would ease the cross-border provision of services; currently, an institution that wishes to take up operations in another Member State has to apply different sets of rules.

Background and regulatory approach followed in the draft ITS

In December 2010, the Basel Committee on Banking Supervision (BCBS) published rules defining the methodology for calculating the leverage ratio. These rules will be used during the Basel parallel run period that runs from 1 January 2013 until 1 January 2017, during which the leverage ratio, its components and its interaction with the risk-based requirement will be monitored. Based on the results of the observation period, the BCBS intends to make any final adjustments to the definition and calibration of the leverage ratio in the first half of 2017, with a view to migrating to a binding requirement on 1 January 2018 based on appropriate review and calibration. The BCBS rules also provide for disclosure of the leverage ratio and its components starting from 1 January 2015. In its consultative document of 26 June 2013, the BCBS provides detailed proposals for templates and instructions on leverage ratio disclosure.

The EBA's draft ITS follows the BCBS template and instructions set out in its consultation paper. Similarly:

- a summary comparison table which reconciles the leverage ratio exposure measure with the figures reported under the relevant accounting standard, is included as required in Article(451)(1)(b) CRR.
- a table that provides the leverage ratio, a breakdown of the leverage ratio denominator according to exposure category, and the amount of fiduciary assets that have been derecognised for accounting purposes as per Article 451(1)(a), 451(1)(b) and 451(1)(c) CRR respectively.

Together, these disclosure requirements, and the use of uniform templates will facilitate cross-jurisdictional comparison of the amounts that enter the calculation of the leverage ratio on the one hand and the balance sheet amounts disclosed in institutions' published financial statements on the other hand. This will ensure transparency of the leverage ratio calculation and how it relates to

⁽⁴⁾ Regulation (EU) N° 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC.

information obtained from accounting measures. While following closely the approach proposed by the BCBS, the EBA has made appropriate reference to the European regulatory framework. The EBA will review the final ITS in order to take into account, as far as necessary, international developments.

As Article 451(1)(b) CRR requires disclosure of only items that are part of the leverage ratio denominator, the ITS exclude some items which are included in the BCBS template but not relevant under the CRR rules. To maintain a numbering of the template rows that is consistent with the proposals put forward by the BCBS, which shall facilitate comparisons of the leverage ratio across jurisdictions, the respective lines are part of the disclosure templates of this ITS but must not be filled in by institutions. Furthermore, a number of EU-specific lines were added to the templates (labelled with an 'EU-' prefix), reflecting particularities of the implementation under the CRR. Where appropriate, the terminology contained in the BCBS template and instructions has been retained. Generally, the same approach has been adopted as for the ITS on disclosure on own funds (EBA/RTS/2013/01).

To complement the templates proposed by the BCBS, the EBA has developed two additional tables. The first of them (LRSpl) provides a breakdown of the leverage ratio denominator excluding derivatives and SFTs according to group of counterparty and is intended to help market participants identify the drivers of leverage as per Article 451(1)(b) CRR. A breakdown of leverage ratio exposure for these assets is deemed to be essential by the EBA given the fact that most of EU institution's exposure is concentrated in these assets. The instructions for this table clarifies how institutions can complete this template by drawing on numbers reported under the supervisory reporting ITS. For the second EU-specific table (LRQua), institutions are required to disclose qualitative information on institutions' management of risk of excessive leverage and factors that have affected the leverage ratio as required by Article 451(1)(d) and 451(1)(e) CRR.

A number of aspects are not included in the mandate given to the EBA for the sake of this ITS, or are directly provided in the CRR, such as, in particular, the following.

In relation to the transitional arrangements for capital, Article 499 CRR provides:

Article 499

Leverage

- 1. By way of derogation from Articles 429 and 430, during the period between ...* and 31 December 2021, institutions shall calculate and report the leverage ratio by using both of the following as the capital measure:*
 - (a) Tier 1 capital;*
 - (b) Tier 1 capital, subject to the derogations laid down in Chapters 1 and 2 of this Title.*
- 2. By way of derogation from Article 451(1), institutions may choose whether to disclose the information on the leverage ratio based on either just one or both of the definitions of the capital measure specified in points (a) and (b) of paragraph 1 of this Article. Where institutions change their decision on which leverage ratio to disclose, the first disclosure that occurs after such change shall contain a reconciliation of the information on all leverage ratios disclosed up to the moment of the change.'*
- 3. By way of derogation from Article 429(2), during the period from 1 January 2014 to 31 December 2017, competent authorities may permit institutions to calculate the*

end-of-quarter leverage ratio where they consider that institutions may not have data of sufficiently good quality to calculate a leverage ratio that is an arithmetic mean of the monthly leverage ratios over a quarter.

In addition, the CRR provides, in relation to the frequency of disclosures in general, i.e. not only for leverage ratio purposes, in Article 433, the following:

Article 433

Frequency of disclosure

Institutions shall publish the disclosures required by this Part at least on an annual basis.

Annual disclosures shall be published in conjunction with the date of publication of the financial statements.

Institutions shall assess the need to publish some or all disclosures more frequently than annually in the light of the relevant characteristics of their business such as scale of operations, range of activities, presence in different countries, involvement in different financial sectors, and participation in international financial markets and payment, settlement and clearing systems. That assessment shall pay particular attention to the possible need for more frequent disclosure of items of information laid down in Article 437, and points (c) to (f) of Article 438, and information on risk exposure and other items prone to rapid change.

EBA shall, in accordance with Article 16 of Regulation (EU) No 1093/2010, issue guidelines by 31 December 2014 on institutions assessing more frequent disclosures of Titles II and III.

In relation to the scope of application of disclosure requirements and their implementation on a consolidated basis, it is relevant to recall that the text CRR also provides, in Articles 6 and 13, the following:

Article 6

General principles

1. Institutions shall comply with the obligations laid down in Parts Two to Five and Eight on an individual basis.

(...)

3. Every institution which is either a parent undertaking, or a subsidiary, and every institution included in the consolidation pursuant to Article 19, shall not be required to comply with the obligations laid down in Part Eight on an individual basis.

(...)

Article 13

Application of disclosure requirements on a consolidated basis

1. EU parent institutions shall comply with the obligations laid down in Part Eight on the basis of their consolidated situation.

Significant subsidiaries of EU parent institutions and those subsidiaries which are of material significance for their local market shall disclose the information specified in Articles 437, 438, 440, 442, 450, 451 and 453, on an individual or sub-consolidated basis.

2. Institutions controlled by an EU parent financial holding company or EU parent mixed financial holding company shall comply with the obligations laid down in Part Eight on the basis of the consolidated situation of that financial holding company or mixed financial holding company.

Significant subsidiaries of EU parent financial holding companies or EU parent mixed holding companies and those subsidiaries which are of material significance for their local market shall disclose the information specified in Articles 437, 438, 440, 442, 450, 451 and 453 on an individual or sub-consolidated basis.

3. Paragraphs 1 and 2 shall not apply in full or in part to EU parent institutions, institutions controlled by an EU parent financial holding company or EU parent mixed financial holding company, to the extent that they are included within equivalent disclosures provided on a consolidated basis by a parent undertaking established in a third country.

4. Where Article 10 is applied, the central body referred to in that Article shall comply with the requirements of Part Eight on the basis of the consolidated situation of the central body. Article 18(1) shall apply to the central body and the affiliated institutions shall be treated as the subsidiaries of the central body.

In addition, in relation to specific publication requirements, Article 106 CRD provides the following:

Article 106

Specific publication requirements

1. Member States shall empower the competent authorities to require institutions:

(a) to publish information referred to in Part Eight of Regulation (EU) No .../2013 more than once per year, and to set deadlines for publication;*

(b) to use specific media and locations for publications other than the financial statements.

2. Member States shall empower competent authorities to require parent undertakings to publish annually, either in full or by way of references to equivalent information, a description of their legal structure and governance and organisational structure of the group of institutions in accordance with Article 14(3), Article 74(1) and Article 109(2).

4. Draft ITS on Disclosure for the Leverage Ratio

Between portions of the text of the draft ITS that follows, further explanations on specific aspects of the proposed text are occasionally provided, which either offer examples or provide the rationale behind a provision, or set out specific questions for the consultation process. Where this is the case, this explanatory text appears in a framed text box.



EUROPEAN COMMISSION

Brussels, **XXX**
[...](2012) **XXX** draft

COMMISSION IMPLEMENTING REGULATION (EU) No .../..

of **XXX**

[...]

**laying down implementing technical standards with regard to disclosure of the Leverage
Ratio for institutions
according to Regulation (EU) 575/2013 of the European Parliament and of the Council**

COMMISSION IMPLEMENTING REGULATION (EU) No 575/2013

of **XX** month 2013

laying down implementing technical standards with regard to disclosure of the Leverage Ratio for institutions, according to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012⁵, and in particular to Article 451(2), third subparagraph thereof,

Whereas:

- (1) Given that the objective of uniform disclosure templates is to help improve transparency and comparability of leverage ratio figures, the rules defined for disclosure of European institutions should be consistent with the international framework (reflected in the ‘Revised Basel III leverage ratio framework and disclosure requirements’ of the Basel Committee on Banking Supervision – BCBS) adapted to take into account the European regulatory framework and its specificities.
- (2) For the same reasons as above, one of these disclosure templates should provide a breakdown of leverage ratio exposure sufficiently granular to identify its main composition, therewith involving the large part of on balance sheet exposure.
- (3) The scope of consolidation and the valuation methods for accounting purposes and for regulatory purposes can be different, and this results in differences between the information used in the calculation of the leverage ratio and the information used in the published financial statements. In order to reflect this discrepancy, it is necessary to also disclose the difference between the values in the financial statements and the values under the regulatory scope of consolidation of elements in the financial statements that are used to calculate the leverage ratio. Therefore a reconciliation between the two should also be captured in a template.

⁵ OJ L 176, 27.6.2013, p. 1.

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- (4) To facilitate comparability of the type of information provided, a uniform template and detailed instructions should also be given for the description and disclosure of processes used to manage the risk of excessive leverage, and factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.
- (5) This Regulation is based on the draft implementing technical standards submitted by the European Supervisory Authority (European Banking Authority) to the European Commission.
- (6) The European Supervisory Authority (European Banking Authority) has conducted open public consultations on the draft implementing technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010,

HAS ADOPTED THIS REGULATION:

Article 1
Definitions

For the purposes of this Regulation, the following definition shall apply:

‘accounting scope balance sheet’ shall mean a balance sheet which is drawn up according to the applicable accounting framework in accordance with Article 4(77) of Regulation (EU) No 575/2013.

Questions for consultation:

Q01: Are the provisions included in this draft ITS sufficiently clear? Are there aspects which need to be elaborated further?

Q02: Are the instructions provided in Annex II on the balance sheet reconciliation of LRSum sufficiently clear? Should the instructions for some rows be clarified? Which ones in particular? Are some rows missing?

Q03: Are the instructions provided in Annex II on the breakdown of leverage ratio exposure of LRCom and LRSpl sufficiently clear? Should the instructions for some rows be clarified? Which ones in particular? Are some rows missing?

Q04: Our analysis shows no significant impacts incremental to those caused by the provisions in the CRR and CRDIV are likely to materialise. Do you agree with our assessment? If not please explain why and provide estimates of such impacts whenever possible.

Article 2

Disclosure of the leverage ratio and application of Article 499(2) and (3) of Regulation (EU) No 575/2013

Institutions shall disclose the leverage ratio and how they apply Article 499(2) and (3) of Regulation (EU) No 575/2013, as required by point (a) of Article 451(1) of Regulation (EU) No 575/2013, by completing and publishing rows 18 to EU-22 of the table entitled ‘LRCom’ of Annex I in accordance with the instructions of Annex II, Part I as well as with the part of the instructions in Annex II, Part II that relate to rows 18 to EU-22 of the ‘LRCom’ table.

Article 3

Change of the decision on which leverage ratio to disclose according to Article 499(2) of Regulation (EU) no 575/2013

As required by Article 499(2) of Regulation (EU) No 575/2013, where institutions change their decision on which leverage ratio provided for in Article 499(1) of Regulation (EU) no 575/2013 to disclose, they shall disclose, in the first disclosure that occurs after the change, the reconciliation of the information on all leverage ratios disclosed up to the moment of change by completing and publishing the tables entitled ‘LRSum’, ‘LRCom’, ‘LRSpl’ and ‘LRQua’ for each of the reference dates corresponding to the leverage ratios disclosed up to the moment of the change.

Article 4

Breakdown of the leverage ratio total exposure measure

Institutions shall disclose the breakdown of the leverage ratio total exposure measure, as required by point (b) of Article 451(1) of Regulation (EU) No 575/2013, by completing and publishing both of the following:

- (a) rows 1 to 17 of LRCom of Annex I in accordance with the instructions in Annex II, Part I and the part of the instructions in Annex II Part II that relate to rows 1 to 17 of the table entitled ‘LRCom’;
- (b) rows EU-30 to EU-41 of LRSpl of Annex I in accordance with the instructions in Annex II, Part I and the part of the instructions Annex II, Part II that relate to the table entitled ‘LRSpl’.

Article 5

Reconciliation of leverage ratio to audited financial statements

Institutions shall disclose the reconciliation of the leverage ratio exposure to the relevant information in published financial statements, as required by point (b) of Article 451(1) of Regulation (EU) No 575/2013, by completing and publishing the table entitled ‘LRSum’ in

Annex I in accordance with the instructions in Annex II Part I and the part of the instructions Annex II Part II that relate to the table entitled ‘LRSum’.

Article 6

Disclosure of the amount of derecognised fiduciary items

Institutions shall disclose, where applicable, the amount of derecognised fiduciary items, as required by point (c) of Article 451(1) of Regulation (EU) No 575/2013, by completing and publishing row EU-23 of the table entitled ‘LRCom’ in Annex I in accordance with the instructions in Annex II Part I and the part of the instructions in Annex II Part II that relate to the table entitled ‘LRCom’.

Article 7

Disclosure of qualitative information on risk of excessive leverage and factors impacting the leverage ratio

Institutions shall disclose the description of the processes used to manage the risk of excessive leverage and of the factors that have had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers, as required by points (d) and (e) of Article 451(1) of Regulation (EU) No 575/2013, by completing and publishing the table entitled ‘LRQua’ in Annex I in accordance with the instructions in Annex II Part I and the part of the instructions in Annex II Part II that relate to the table entitled ‘LRQua’.

Article 8

Final provision

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from January 1, 2015.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President

[or]
On behalf of the President
[Position]

Annex I –Template for leverage ratio disclosure

Explanatory text for consultation purposes

The proposed template is meant to ensure that the key features of the leverage ratio are disclosed. The tables LRSum, LRCom have been made consistent with the BCBS consultation paper of 26 June 2013 while including appropriate references to the CRR. Where deemed appropriate for the EU-specific context, additional rows have been included while respecting the BCBS template numbering. These rows are labeled as 'EU-##'. Tables LRSpl and LRQua are entirely comprised of such EU-specific rows. Institutions will have to complete and publish LRSum, LRCom, and LRSpl with numerical values (except for EU-22 of LRCom and 21 of LRCom if institutions apply the derogation set out in Article 499(3) CRR). LRQua needs to be completed and published with mostly non-numerical values.

CRR Leverage Ratio - Disclosure Template

Reference date:	
Entity name:	
Level of application:	

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

Row		Column	
		Published financial statement assets	CRR leverage ratio exposures
		010	020
1	On-balance sheet items (excluding derivatives and SFTs; including collateral)		
2	Derivatives		
3	Securities financing transactions		
4	Off-balance-sheet exposures (excluding derivatives and SFTs)		
5	Total		

Table LRCom: Leverage ratio common disclosure

Row	On-balance sheet exposures (excluding derivatives and SFTs)	Column
		010
1	On-balance sheet items (excluding derivatives and SFTs; including collateral)	CRR leverage ratio exposures
2	Regulatory adjustments to Tier 1 capital that are deducted from the leverage ratio exposure measure	
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	
Row	Derivative exposures	Column
		010
4	Replacement cost (mark to market-method)	CRR leverage ratio exposures
5	Add-on amount (mark to market-method)	
EU-5a	Exposure under Original Exposure method	
6	empty set in the EU	
7	empty set in the EU	
8	empty set in the EU	
9	Total derivatives exposures	
Row	Securities financing transaction exposures	Column
		010
10	empty set in the EU	CRR leverage ratio exposures
EU-10a	SFT exposure according to CRR 220	
EU-10b	SFT exposure according to CRR 222	
11	empty set in the EU	
12	empty set in the EU	
13	empty set in the EU	
14	Total securities financing transaction exposures	
Row	Off-balance sheet exposures (excluding derivatives and SFTs)	Column
		010
15	Off-balance sheet exposures with 100% credit conversion factors, of which:	CRR leverage ratio exposures
15a	Of which: ...	
15a	Of which: ...	
15a	Of which: ...	
EU-15.1	Off-balance sheet exposures with 50% credit conversion factor, of which:	
EU-15.1a	Of which: ...	
EU-15.1a	Of which: ...	
EU-15.1a	Of which: ...	
EU-15.2	Off-balance sheet exposures with 20% credit conversion factor, of which:	
EU-15.2a	Of which: ...	
EU-15.2a	Of which: ...	
EU-15.2a	Of which: ...	
16	Off-balance sheet exposures with 10% credit conversion factor, of which:	
16a	Of which: ...	
16a	Of which: ...	
16a	Of which: ...	
17	Total off-balance sheet exposures	
Row	Capital and Total Exposures	Column
		010
18	Tier 1 capital	CRR leverage ratio exposures
19	Total Exposures	
Row	Leverage Ratios	Column
		010
20	End of quarter leverage ratio	CRR leverage ratio exposures
21	Leverage ratio (avg of the monthly leverage ratios over the quarter)	
Row	Transitional arrangement	Column
		010
EU-22	Choice on transitional arrangements for the definition of the capital measure	CRR leverage ratio exposures
Row	Derecognised fiduciary items	Column
		010
EU-23	Memo item: Derecognised fiduciary items according to Article 429(11) of the CRR	CRR leverage ratio exposures

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives and SFTs)		
		Column
		010
		CRR leverage ratio exposures
Row		
EU-30	Total on-balance sheet exposures (excluding derivatives and SFTs), of which:	
EU-31	Trading book exposures	
EU-32	Banking book exposures, of which:	
EU-33	Covered bonds	
EU-34	Exposures treated as sovereigns	
EU-35	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	
EU-36	Institutions	
EU-37	Secured by mortgages of immovable properties	
EU-38	Retail exposures	
EU-39	Corporate	
EU-40	Exposures in default	
EU-41	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	

Table LRQua: Free format text boxes for disclosure on qualitative items		
		Column
		010
Row		
010	description of the processes used to manage the risk of excessive leverage	
020	description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	

Annex II – Instructions for disclosure templates

PART I: GENERAL INSTRUCTIONS

1. Template labelling and other conventions

1.1. Numbering convention

1. The following general notation is followed in the instructions: {Template;Row;Column}.
2. The following notation is followed where the instructions cross refer to (a) field(s) in Annex X of the ITS on Supervisory Reporting: {Annex X SupRep;Template;Row;Column}.
3. For the purpose of the disclosure of the leverage ratio, an asterisk sign will be used to express that the row only contains one relevant column.
4. For the purpose of the disclosure of the leverage ratio, ‘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.

1.2. Reference data

5. Under the field ‘Reference date’ institutions shall insert the date which all numbers that they provide in Tables LRSum, LRCom and LRSpl refer to, with the exception of row 21 of LRCom. This date shall be the date of the most recent monthly leverage ratio that the institution uses for determining row 21 of LRCom.
6. Under the field ‘Entity name’ institutions shall insert the name of the entity to which the data provided in Tables LRSum, LRCom, LRSpl, and LRQua refer.
7. Under the field ‘Level of application’ institutions shall indicate the level of application that forms the basis for the data provided in Tables LRSum, LRCom, LRSpl, and LRQua. When completing this field institutions shall select one of the following:
 - Consolidated
 - Individual
 - Subconsolidated

PART II: TEMPLATE RELATED INSTRUCTIONS

1. Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

1. Institutions shall apply the instructions provided in this section in order to complete table LRSum of Annex I.
2. For disclosure on an individual basis as required by Article 6(1) Regulation (EU) NO. 575/2013, institutions shall complete table LRSum of Annex I as follows:
 - a. They shall complete all values in column 010 based on the individual scope under the applicable accounting framework as defined in Article 4(77) Regulation (EU) NO. 575/2013.
 - b. They shall complete all values in column 020 based on the scope that is required under Article 6(5) Regulation (EU) NO. 575/2013.
 - c. They shall consider exposures in financial sector entities pursuant to Article 429(4) 2nd subparagraph Regulation (EU) NO. 575/2013 and assign them to the items in column 20 of the table LRCom taking into account the choice of transitional arrangements for own funds as specified in {LRCom; 22; 010}.
3. For disclosure on a consolidated or subconsolidated basis as required by Article 13 Regulation (EU) NO. 575/2013, institutions shall complete table LRSum of Annex I as follows:
 - a. They shall complete all values in column 010 based on the consolidated or subconsolidated scope under the applicable accounting framework as defined in Article 4(77) Regulation (EU) NO. 575/2013.
 - b. They shall complete all values in column 020 based on the scope of prudential consolidation as defined in Chapter 2 of Title II of Part One of the Regulation (EU) NO. 575/2013.
 - c. They shall consider exposures in financial sector entities pursuant to Article 429(4) 2nd subparagraph of Regulation (EU) NO. 575/2013 and assign them to the items in column 20 of the table LRCom taking into account the choice of transitional arrangements for own funds as specified in {LRCom; 22; 010}.

	Legal references and instructions
Row and column	
{1; 010}	<p>On-balance sheet items (excluding derivatives and SFTs, including collateral)</p> <p>Article 4(77) Regulation (EU) NO. 575/2013</p> <p>The value as published in the accounting scope balance sheet of all assets other than contracts listed in Annex II Regulation (EU) NO. 575/2013, credit derivatives, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions.</p> <p>Cash received or any security that is provided to a counterparty via repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions and is retained on the balance sheet (i.e. the accounting criteria for derecognition are not met) shall be included in these fields.</p>
{2; 010}	<p>Derivatives</p> <p>Article 4(77) Regulation (EU) NO. 575/2013</p>

	The value as published in the accounting scope balance sheet, of credit derivatives and contracts listed in Annex II Regulation (EU) NO. 575/2013.
{3; 010}	Securities financing transactions Article 4(77) Regulation (EU) NO. 575/2013 The value as published in the accounting scope balance sheet of repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions.
{5; 010}	Total on balance sheet assets Sum of {LRSum;1; 010}, {LRSum;2; 010}, {LRSum;3; 010},
{1; 020}	On-balance sheet items (excluding derivatives and SFTs; including collateral) Articles 429 Regulation (EU) NO. 575/2013 The amount as calculated in {LRCom;3; 010}.
{2; 020}	Derivatives Articles 429 Regulation (EU) NO. 575/2013 The amount as calculated in {LRCom;9; 010}.
{3; 020}	Securities financing transactions Articles 429 Regulation (EU) NO. 575/2013 The amount as calculated in {LRCom;14; 010}.
{4; 020}	Off-balance-sheet exposures (excluding derivatives and SFTs) Articles 429 Regulation (EU) NO. 575/2013 The amount as calculated in {LRCom;17; 010}.
{5; 020}	Total CRR leverage ratio exposures The amount as calculated in {LRCom;19; 010}.

2. Table LRCOM: Leverage ratio common disclosure

Institutions shall apply the instructions provided in this section in order to complete table LRCOM of Annex I.

1. Institutions shall disclose under table LRCOM of Annex I the information required by Article 451(1)(a), (b) and (c) of REGULATION (EU) NO. 575/2013: the leverage ratio and how Article 499(2) and (3) of Regulation (EU) NO. 575/2013 are applied, a breakdown of the total exposure measure and, where applicable, the amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO. 575/2013.
2. For disclosure on an individual basis as required by Article 6(1) of Regulation (EU) NO. 575/2013, institutions shall complete table LRCOM of Annex I as follows:
 - a. They shall disclose all values based on the scope that is required under Article 6(5) of Regulation (EU) NO. 575/2013.
 - b. They shall consider the exposure in financial sector entities pursuant to Article 429(4) 2nd subparagraph of Regulation (EU) NO. 575/2013 and assign them to the items of the table LRCOM, taking into account the choice of transitional arrangements for own funds as specified in cell {LRCOM; 22; 010}
3. For disclosure on a consolidated or subconsolidated basis as required by Article 13 of Regulation (EU) NO. 575/2013, institutions shall complete table LRCOM of Annex I as follows:
 - a. They shall disclose all values based on the scope of prudential consolidation as defined in Chapter 2 of Title II of Part One of Regulation (EU) NO. 575/2013.
 - b. They shall consider the exposure in financial sector entities pursuant to Article 429(4) 2nd subparagraph of the Regulation (EU) NO. 575/2013 and assign it to the items of the table LRCOM, taking into account the choice of transitional arrangements for own funds as specified in cell {LRCOM; 22; 010}.
4. Regarding the disclosure of off-balance sheet exposures for the purpose of the leverage ratio, institutions shall include additional rows relating to rows 15a, EU-15.1a, EU-15.2a and 16a in order to specify the relevant items subject to the treatment described in those rows.

Row and column	Legal references and instructions
{1; *}	<p>On-balance sheet items (excluding derivatives and SFTs) Article 429 Regulation (EU) NO. 575/2013</p> <p>All assets other than contracts listed in Annex II of Regulation (EU) NO. 575/2013, credit derivatives, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions. Valuation shall be based on the principles set out in Article 429 (5) of Regulation (EU) NO. 575/2013.</p> <p>Cash received or any security that is provided to a counterparty via repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions and is retained on the balance sheet (i.e. the accounting criteria for derecognition are not met) shall be included in these fields.</p>

{2; *}	<p>Regulatory adjustments to Tier 1 capital that are deducted from the leverage ratio exposure measure</p> <p>Article 429 (4), subparagraph 1, Regulation (EU) NO. 575/2013</p> <p>All the adjustments required by Article 32 to 35 with the exception of regulatory value adjustments from own funds as required by Article 33 (1)(b) Regulation (EU) NO. 575/2013, which shall not be taken into account. Moreover it includes the deductions pursuant to Articles 36 to 47, the exemptions and alternatives laid down in Article 48, 49 and 79, as well as the deductions pursuant to Article 56 to 60. To avoid double counting, adjustments already applied pursuant to Article 111 Regulation (EU) NO. 575/2013 when calculating the exposure value in rows 1, 4, EU-10a and EU10-b shall not be reported here.</p> <p>Adjustments that increase the own funds shall be reported as a positive figure. On the contrary, any amount that reduces the total own funds shall be reported as a negative figure.</p> <p>Institutions shall calculate the amount of regulatory value adjustments according to the choice made pursuant to article 499 (2) Regulation (EU) NO. 575/2013, i.e. where the institution has chosen to disclose Tier 1 capital in accordance with Article 499 (1) (a) Regulation (EU) NO. 575/2013, regulatory value adjustments shall be calculated and disclosed without taking into account the derogations laid down in Chapters 1 and 2 of Part Ten Regulation(EU) NO. 575/2013. In contrast, where the institution has chosen to disclose Tier 1 capital in accordance with Article 499 (1) (b) Regulation (EU) NO. 575/2013, regulatory value adjustments shall be calculated and disclosed taking into account the derogations laid down in Chapters 1 and 2 of Part Ten Regulation (EU) NO. 575/2013.</p>
{3; *}	<p>Total on-balance sheet exposures (excluding derivatives and SFTs)</p> <p>Sum of {LRCom; 1; *}, {LRCom;2; *}.</p>
{4; *}	<p>Replacement cost (mark to market-method)</p> <p>Articles 274, 295, and 429 Regulation (EU) NO. 575/2013.</p> <p>The current replacement cost as specified in Article 274(1) of contracts listed in Annex II Regulation (EU) NO. 575/2013 and credit derivatives.</p> <p>As determined by Article 429(6) Regulation (EU) NO. 575/2013, institutions shall take into account the effects of contracts for novation and other netting agreements, except contractual cross-product netting agreements, in accordance with Article 295 Regulation(EU) NO. 575/2013.</p> <p>All credit derivatives, not solely those in the trading book, shall be considered.</p> <p>Contracts measured by application of the Original Exposure Method in accordance with Articles 429(7) and 275 Regulation (EU) NO. 575/2013 shall not be considered in this field.</p>

{5; *}	<p>Add-on amount (mark to market method)</p> <p>Articles 274, 295, 299 (2), 429 Regulation (EU) NO. 575/2013</p> <p>This cell provides the add-on for the potential future exposure of contracts listed in Annex II Regulation (EU) NO. 575/2013 and of credit derivatives calculated in accordance with the Mark-to-market Method (Article 274 Regulation(EU) NO. 575/2013 for contracts listed in Annex II Regulation(EU) NO. 575/2013 and Article 299(2) Regulation (EU) NO. 575/2013 for credit derivatives) and applying netting rules according to Article 429(6) Regulation(EU) NO. 575/2013. In determining the exposure value of those contracts, institutions shall take into account the effects of contracts for novation and other netting agreements, except contractual cross-product netting agreements, in accordance with Article 295 Regulation(EU) NO. 575/2013.</p> <p>In accordance with Article 429(8) Regulation (EU) NO. 575/2013, when determining the potential future credit exposure of credit derivatives, institutions shall apply the principles laid down in Article 299(2) Regulation (EU) NO. 575/2013 to all their credit derivatives, not just those assigned to the trading book.</p> <p>Institutions shall not include in this field contracts measured by application of the Original Exposure Method in accordance with Articles 429(7) and 275 Regulation (EU) NO. 575/2013.</p>
{EU-5a; *}	<p>Exposure under the Original Exposure Method</p> <p>Article 429 (7) Regulation (EU) NO. 575/2013</p> <p>The exposure measure of derivatives calculated according to the Original Exposure Method set out in Article 275 Regulation (EU) NO. 575/2013.</p> <p>Institutions that do not use the Original Exposure Method shall enter 0.</p> <p>Institutions shall not consider in this field contracts measured by application of the Mark-to-market method in accordance with Articles 429(6) and 274 Regulation (EU) NO. 575/2013.</p>
{6; *}	Empty set in the EU
{7; *}	Empty set in the EU
{8; *}	Empty set in the EU
{9; *}	<p>Total derivatives exposures</p> <p>Sum of {LRCom; 4; *}, {LRCom; 5; *}, and {LRCom; EU-5a; *}.</p>

{ 10; * }	Empty set in the EU
{ EU-10a; * }	<p>SFT exposure according to CRR 220</p> <p>Article 429(9) Regulation (EU) NO. 575/2013</p> <p>The exposure for repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions calculated in accordance with Article 220 (1) to (3) Regulation(EU) NO. 575/2013.</p> <p>Institutions shall not consider in this field transactions for which the leverage ratio exposure value is determined in accordance with the method defined in Article 222 Regulation (EU) NO. 575/2013.</p> <p>Institutions shall not include cash received or any security or commodity that is provided to a counterparty via the aforementioned transactions and is retained on the balance sheet (i.e. the accounting criteria for derecognition are not met). Institutions shall instead include those items in field { 1, 010 }.</p>
{ EU-10b; * }	<p>SFT exposure according to CRR 222</p> <p>Article 429 (9) Regulation (EU) NO. 575/2013</p> <p>The exposure value for repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions calculated in accordance with Article 222 Regulation (EU) NO. 575/2013.</p> <p>Institutions shall not consider in this field transactions for which the leverage ratio exposure value is determined in accordance with the method defined in Article 220 Regulation (EU) NO. 575/2013.</p> <p>Institutions shall not include cash received or any security or commodity that is provided to a counterparty via the aforementioned transactions and is retained on the balance sheet (i.e. the accounting criteria for derecognition are not met). Institutions shall instead include those items in field { 1, 010 }.</p>
{ 11; * }	Empty set in the EU
{ 12; * }	Empty set in the EU
{ 13; * }	Empty set in the EU
{ 14; * }	<p>Total securities financing transaction exposures</p> <p>Sum of { LRCom; EU-10a; * }, { LRCom; EU-10b; * }.</p>
{ 15; * }	<p>Off-balance sheet exposures with 100% credit conversion factors; of which:</p> <p>Article 429 (10) (d) Regulation (EU) NO. 575/2013</p>

	<p>The exposure value, in accordance with article 429 (10) (d) Regulation (EU) NO. 575/2013, of all other off-balance sheet items listed in Annex I Regulation (EU) NO. 575/2013 not reported in rows EU-15.1 to 16, (as a reminder the exposure value here should be 100% of the nominal value).</p> <p>Institutions shall not consider in this field items referred to in paragraphs 6, 7, 8 and 9 of Article 429 Regulation (EU) NO. 575/2013.</p>
{15a; *}	<p><i>Of which: ...</i></p> <p>Institutions shall include an additional row for each material product type that is subject to the treatment of {LRCom; 15; *}, give its main characteristics (name of the products and type) and the related leverage ratio exposure.</p>
{EU-15.1; *}	<p>Off-balance sheet exposures with 50% credit conversion factor; of which: Article 429(10)(c) Regulation(EU) NO. 575/2013</p> <p>The exposure value, in accordance with 429 (10) (c) Regulation (EU) NO. 575/2013, of medium risk trade related off-balance sheet items referred to in points 2(a) and 2(b)(i) of Annex I Regulation (EU) NO. 575/2013 and to officially supported export finance related off balance sheet items referred to in point 2(b)(ii) of Annex I Regulation(EU) NO. 575/2013 (as a reminder the exposure value here shall be 50% of the nominal value).</p> <p>Institutions shall not consider in this field items referred to in paragraphs 6, 7, 8 and 9 of Article 429 Regulation (EU) NO. 575/2013.</p>
{EU-15.1a; *}	<p><i>Of which: ...</i></p> <p>Institutions shall include an additional row for each material product type that is subject to the treatment of {LRCom; EU-15.1; *}, give its main characteristics (name of the products and type) and the related leverage ratio exposure.</p>
{EU-15.2; *}	<p>Off-balance sheet exposures with 20% credit conversion factor; of which Article 429 (10) (b) Regulation (EU) NO. 575/2013</p> <p>The exposure value, in accordance with 429 (10) (b) Regulation (EU) NO. 575/2013, of medium/low risk trade related off-balance-sheet items referred to in point 3(a) of Annex I Regulation (EU) NO. 575/2013 and to officially supported export finance related off balance sheet items referred to in point 3(b)(i) of Annex I Regulation (EU) NO. 575/2013 (as a reminder the exposure value here shall be 20% of the nominal value).</p> <p>Institutions shall not consider in this field items referred to in paragraphs 6, 7, 8 and 9 of Article 429 Regulation (EU) NO. 575/2013.</p>
{EU-15.2a; *}	<p><i>Of which: ...</i></p> <p>Institutions shall include an additional row for each material product type that is subject to</p>

	the treatment of {LRCom; EU-15.2; *}, give its main characteristics (name of the products and type) and the related leverage ratio exposure
{ 16; * }	<p>Off-balance sheet exposures with 10% credit conversion factor; of which: Article 429 (10) (a) Regulation (EU) NO. 575/2013</p> <p>The exposure value, in accordance with 429 (10) (a) Regulation (EU) NO. 575/2013, of undrawn credit facilities, which may be cancelled unconditionally at any time without notice, referred to in the points 4(a) and (b) of Annex I Regulation (EU) NO. 575/2013 (as a reminder the exposure value here shall be 10% of the nominal value).</p> <p>Institutions shall not consider in this field items referred to in paragraphs 6, 7, 8 and 9 of Article 429 Regulation (EU) NO. 575/2013.</p>
{ 16a; * }	<p>Of which: ...</p> <p>Institutions shall include an additional row for each material product type that is subject to the treatment of {LRCom; EU-15.2; *}, give its main characteristics (name of the products and type) and the related leverage ratio exposure</p>
{ 17; * }	<p>Total off-balance sheet exposures Sum of {LRCom; 15;*}, {LRCom; EU-15.1; *}, {LRCom;EU-15.2; *}, and {LRCom;16; * }...</p>
{ 18; * }	<p>Tier 1 capital Articles 429 (3) and 499 (1) and (2) Regulation (EU) NO. 575/2013</p> <p>The amount of Tier 1 capital calculated according to the choice that the institution has made pursuant to article 499 (2) Regulation (EU) NO. 575/2013, as disclosed by {LRCom;EU-22; * }.</p> <p>Where the institution has chosen to disclose Tier 1 capital in accordance with Article 499 (1) (a) Regulation (EU) NO. 575/2013, it shall disclose the amount of Tier 1 capital as calculated according to Article 25 Regulation (EU) NO. 575/2013, without taking into account the derogation laid down in Chapters 1 and 2 of Part Ten Regulation(EU) NO. 575/2013.</p> <p>Where the institution has chosen to disclose Tier 1 capital in accordance with Article 499 (1) (b) Regulation (EU) NO. 575/2013, it shall disclose the amount of Tier 1 capital as calculated according to Article 25 Regulation (EU) NO. 575/2013, after taking into account the derogation laid down in Chapters 1 and 2 of Part Ten Regulation(EU) NO. 575/2013.</p>
{ 19; * }	<p>Total leverage ratio exposures</p> <p>This is the sum of {LRCom; 3; *}, {LRCom; 9; *}, {LRCom; 14; *}, and {LRCom; 17; * }.</p>
{ 20; * }	<p>End of quarter leverage ratio Articles 429 (2) and 499 (1) Regulation (EU) NO. 575/2013</p> <p>When the institution uses the fully phased-in definition of Tier 1 capital, it shall disclose the</p>

	end of period leverage ratio as reported in { Annex X SupRep; LRCalc; 180; 3}.. When the institution uses the transitional definition of Tier 1 capital, it shall disclose their end of period leverage ratio as reported in { Annex X SupRep; LRCalc; 190; 3}..
{21; *}	<p>Leverage ratio (avg of the monthly leverage ratios over the quarter) Article 429 (2) Regulation (EU) NO. 575/2013</p> <p>The institution shall disclose their leverage ratio as reported in { Annex X SupRep; LRCalc; 180 4} when using the fully phased-in definition of Tier 1 capital.</p> <p>The institution shall disclose their leverage ratio as reported in { Annex X SupRep; LRCalc; 190 4} when using the transitional definition of Tier 1 capital.</p> <p>When the derogation specified in Article 499 (3) Regulation (EU) NO. 575/2013 applies, institutions shall insert ‘Not applicable due to Article 499(3) Regulation (EU) NO. 575/2013’.</p>
{EU-22; *}	<p>Choice on transitional arrangements for definition of the capital measure Article 499 (2) Regulation (EU) NO. 575/2013</p> <p>The institution shall specify its choice of transitional arrangements for capital for the purpose of disclosure requirements by the selection of one of the following two categories:</p> <p>Fully phased-in Transitional</p>
{EU-23; *}	<p>Memo item: Derecognised fiduciary items according to Article 429(11) REGULATION (EU) NO. 575/2013 Article 429 (11) Regulation (EU) NO. 575/2013.</p> <p>The amount of derecognised fiduciary items according to Article 429 (11) Regulation (EU) NO. 575/2013. Valuation shall be based on the principles set out in Article 429 (5) Regulation (EU) NO. 575/2013.</p>

3. Table LRSpl: Split-up of on-balance sheet exposures (excluding derivatives and SFTs)

1. Institutions shall apply the instructions provided in this section in order to complete table LROth of Annex I.
2. For disclosure on an individual basis as required by Article 6(1) Regulation (EU) NO. 575/2013, institutions shall complete table LRSpl of Annex I by disclosing all values based on the scope that is required under Article 6(5) Regulation (EU) NO. 575/2013.
3. For disclosure on a consolidated or subconsolidated basis as required by Article 13 Regulation (EU) NO. 575/2013, institutions shall complete table LRSpl of Annex I by disclosing all values based on the scope of prudential consolidation as defined in Chapter 2 of Title II of Part One Regulation (EU) NO. 575/2013.

	Legal references and instructions
Row and column	
{EU-30; *}	Total on-balance sheet exposures (excluding derivatives and SFTs), of which The sum of {LRSpl; EU-31; *} and {LRSpl; EU-32; *}.
{EU-31; *}	Trading book exposures The value reported in {Annex X SupRep; LR4; 070; 010}, which is the total exposure value of assets belonging to the trading book excluding derivatives and SFTs
{EU-32; *}	Banking book exposures, of which The sum of {LRSpl; EU-33; *} to {LRSpl; EU-41; *}.
{EU-33; *}	Covered Bonds The sum of the values reported in {Annex X SupRep; LR4; 080; 010} and {Annex X SupRep; LR4; 080; 020}, which is the total exposure value of assets that are in the form of covered bonds.
{ EU-34; *}	Exposures treated as sovereigns The sum of the values reported in {Annex X SupRep; LR4; 090; 010} and {Annex X SupRep; LR4; 090; 020}, which is the total exposure value towards entities that are treated as sovereigns, under the relevant Regulation (EU) NO. 575/2013 articles..
{EU-35; *}	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns The sum of the values reported in {Annex X SupRep; LR4; 140; 010} and {Annex X SupRep; LR4; 140; 020}, which is the total exposure value towards entities that are not treated as sovereigns, under the relevant Regulation (EU) NO. 575/2013 articles.
{ EU-36; *}	Institutions The sum of the values reported in {Annex X SupRep; LR4; 180; 010} and {Annex X SupRep; LR4; 180; 020} which is the exposure value of exposures towards institutions..
{EU-37; *}	Secured by mortgages of immovable properties The sum of the values reported in {Annex X SupRep; LR4; 190; 010} and {Annex X SupRep; LR4; 190; 020} which is the exposure value of assets that are exposures secured

	by mortgages on immovable properties.
{ EU-38; *}	Retail exposures The sum of the values reported in {Annex X SupRep; LR4; 210; 010} and {Annex X SupRep; LR4; 210; 020} which is the total exposure value of assets that are retail exposure.
{EU-39; *}	Corporate The sum of the values reported in {Annex X SupRep; LR4; 230; 010} and {Annex X SupRep; LR4; 230; 020} which is the total exposure value of assets that are corporate exposure (i.e. financial and non-financial).
{ EU-40; *}	Exposures in default The sum of the values reported in {Annex X SupRep; LR4; 280; 010} and {Annex X SupRep; LR4; 280; 020} which is the total exposure value of assets that are in default as reported in {Annex X SupRep; LR4; 280; 010}..
{EU-41; *}	Other exposures The sum of the values reported in {Annex X SupRep; LR4; 290; 010} and {Annex X SupRep; LR4; 290; 020} which is the the total exposure value of assets categorised under the stated Regulation(EU) NO. 575/2013 articles..

4. Table LRQua: Free format text boxes for disclosure on qualitative items

1. Institutions shall complete table LRQua of Annex I by applying the following.

	Legal references and instructions
Row and column	
{010; 010}	<p>description of the processes used to manage the risk of excessive leverage</p> <p>Article 451(1)(d) Regulation(EU) NO. 575/2013</p> <p>‘Processes used to manage the risk of excessive leverage’ shall refer but not be limited to any relevant information on:</p> <ul style="list-style-type: none"> (a) procedures and resources used to assess the risk of excessive leverage; (b) quantitative tools, if any, used to assess the risk of excessive leverage including details on potential internal targets and whether other indicators than the CRR leverage ratio are being used; (c) ways of how maturity mismatches and asset encumbrance are taken into account in managing the risk of excessive leverage; (d) processes for reacting to leverage ratio changes, including processes and timelines for potential increase of Tier 1 capital to manage the risk of excessive leverage; or processes and timelines for adjusting the leverage ratio denominator (exposure measure) to manage the risk of excessive leverage.
{020; 010}	<p>description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers</p> <p>Article 451(1)(e) Regulation(EU) NO. 575/2013</p> <p>‘Disclosure of factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers’ shall include but not be limited to any material information on:</p> <ul style="list-style-type: none"> (a) quantification of the change in the leverage ratio since the previous disclosure reference date (b) the main drivers of the leverage ratio since the previous disclosure reference date with explanatory comments on: <ul style="list-style-type: none"> (1) the nature of the change and whether it was a change in the numerator of the ratio, in the denominator of the ratio or in both; (2) whether it resulted from an internal strategic decision and, where so, whether that strategic decision was aimed directly at the leverage ratio or whether it impacted the leverage ratio only indirectly; (3) the most significant external factors related to the economic and financial environments that had an impact on the leverage ratio.

5. Accompanying documents

5.1 Draft Cost Benefit Analysis/Impact Assessment [Draft]

5.1.1 Introduction

1. Article 15(1) of the EBA regulation (Regulation (EU) No 1093/2010 of the European Parliament and of the Council) provides that when any draft ITS developed by the EBA are submitted to the Commission for adoption, they shall be accompanied by an analysis of 'the potential related costs and benefits'. This analysis should provide the reader with an overview of the findings regarding the problem to be dealt with, the solutions proposed and the potential impacts of these options.
2. This note outlines the assessment of the impact of the Draft ITS regarding the uniform disclosure of the leverage ratio. The development of the draft ITS stems from the requirement presented in article 451(2) CRR.

5.1.2 Scope and nature of the problem

Issues identified by the Commission regarding leverage disclosure

3. In order to increase transparency regarding the leverage ratio figures and to facilitate cross-jurisdictional comparisons of disclosures, the Commission proposed that institutions use a common template to report their leverage ratio and regulatory adjustment to achieve consistency in the information disclosed and its format. Because all institutions will be required to use the same method and to report in the same way, this requirement will also help to achieve the objective of maximum harmonisation and a single rule book ⁽⁶⁾, identified in the impact assessment accompanying the CRR.

Objectives of the ITS

4. The ITS specify the format of the templates that credit institutions should use and which information they should report. The requirements proposed in these draft ITS aim to achieve the following two objectives:
 - ▶ To provide a reporting format that is as uniform as possible, in order to allow meaningful comparisons between entities;
 - ▶ To provide sufficient granularity in disclosures of the components of the leverage ratio so that users of this information have enough elements to assess the composition of the leverage ratio and understand how to reconcile elements in the disclosure templates with those in the financial statements.

5.1.3 Technical options considered

5. The reporting templates and requirements proposed in these ITS follow closely the structure of the proposals made earlier by the BCBS ⁽⁷⁾. To accommodate the specificities of the EU regulatory framework, a minor EU-specific part has been added.

⁽⁶⁾ See the impact assessment accompanying the CRR:

http://ec.europa.eu/internal_market/bank/docs/regcapital/CRD4_reform/IA_regulation_en.pdf

⁽⁷⁾ Basel Committee on Banking Supervision (BCBS) – [Revised Basel III leverage ratio framework and disclosure requirements](#) – June 2013.

6. The reporting templates proposed by the BCBS have been adapted to fit the requirements of the CRR as follows:

- ▶ **Summary reconciliation template:** This template provides a comparison between total accounting assets and leverage ratio exposures and reconciliation between the two.
- ▶ **Leverage ratio common disclosure template:** This template provides an overview of the breakdown of the main components of the leverage ratio

7. The EU-specific part is composed of the following:

- ▶ **On-balance sheet exposure template:** This template provides a split-up of on balance sheet items into main exposure categories. Because of its identical scope (prudential scope of consolidation), it can be entirely completed by reference to the ITS on Supervisory Reporting.
- ▶ **Qualitative item template:** This template requires institutions to provide a description of the processes used to manage the risk of excessive leverage and of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.

5.1.4 Impact of the proposals

Benefits

8. The templates proposed in these ITS will provide investors, market analysts and other users of financial information and stakeholders with a richer set of information regarding the nature of the adjustments made to exposures in the financial statement, as well as regarding the composition of the leverage ratio and its drivers for change. This additional information should enable them to make a better judgment of the leverage position of an institution, thereby increasing market discipline.

Costs

9. The main costs for institutions will be related to setting up processes in order to be able to produce the required disclosure templates. The costs will be driven by the complexity of the balance sheet of the institutions. Thus the assumption is that, for smaller institutions, which have fewer resources but also simpler balance sheets, the providing of the requested disclosures will be less difficult than for more complex institutions.

Table 1 – Summary of the costs and benefits of the proposals.

	Costs	Benefits
<i>Institutions</i>	Compliance costs to produce the new templates	The higher degree of transparency on the leverage ratio calculation may increase the confidence of the market in the institution
<i>Markets and Investors</i>		The templates will help markets and investors to compare institutions and their leverage ratio and to assess their

		ability to meet their financial obligations, increasing market confidence and financial stability
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5.2 Overview of questions for Consultation

Questions for consultation:

Q01: Are the provisions included in these draft ITS sufficiently clear? Are there aspects which need to be elaborated further?

Q02: Are the instructions provided in annex 2 on the balance sheet reconciliation of LRSum sufficiently clear? Should the instructions for some rows be clarified? Which ones in particular? Are some rows missing?

Q03: Are the instructions provided in annex 2 on the breakdown of leverage ratio exposure of LRCom and LRSpl sufficiently clear? Should the instructions for some rows be clarified? Which ones in particular? Are some rows missing?

Q04: Our analysis shows that no impacts incremental to those included in the text of the Level 1 text are likely to materialise. Do you agree with our assessment? If not please explain why and provide estimates of such impacts whenever possible.