ANNEX II

REPORTING ON LEVERAGE RATIO

1. This Annex contains additional instructions for the tables (hereinafter "LR") included in Annex I of this Regulation.

2. Table of Contents

PART I: GENERAL INSTRUCTIONS

1. Structure and conventions

1.1. Structure

3. Overall, the framework consists of eight templates:

1. Leverage Ratio Template 1 (LR1): On-balance sheet items
2. Leverage Ratio Template 2 (LR2): Derivatives and off-balance sheet items
3. Leverage Ratio Template 3 (LR3): On- and off-balance sheet items: additional breakdown of exposures
4. Leverage Ratio Template 4 (LR4): Credit derivatives notional amounts
5. Leverage Ratio Template 5 (LR5): Capital and calculation of the leverage ratio
6. Leverage Ratio Template 6 (LR6): Alternative decomposition of leverage ratio exposure measure components
7. Leverage Ratio Template 7 (LR7): General info
8. Leverage Ratio Template 8 (LR8): Asset encumbrance

4. For each template legal references are provided as well as further detailed information regarding more general aspects of the reporting of templates and instructions concerning specific fields.

5. The leverage ratio shall be calculated according to Article 416 CRR.

1.2. Numbering convention

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

7. 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 all the rows reported.

> **Explanatory text for consultation purposes:**
>
> For example: {LR1;*;2} refers to the data point of any row for column 2 of LR1 template.

8. In the case of validations inside a template, in which only data points of that template is used, notations will not refer to a template: {Row;Column}.

9. ABS(Value) means the absolute value without sign.

1.3. Sign convention

10. All amounts shall be reported as positive figures.

11. Zero is default value.

PART II: TEMPLATE RELATED INSTRUCTIONS

2. General remarks

12. The leverage ratio is based on a total exposure and a capital measure, which can be calculated with fields from the templates. The leverage ratio is based on the following measures:

13. Total exposure measure = {LR1;010;3} + {LR1;050;4} + {LR1;060;2} + {LR1;070;2} + {LR2;010;1} + {LR2;010;3} + 0.1 *({LR2;070;5} + {LR2;090;5}) + ({LR2;060; 5} - {LR2;070;5} - {LR2;070;5}) + {LR2;110;5} + {LR2;120;5} + {LR2;130;5} - {LR5;080;1} + {LR5,070,1}

14. Capital measure = {LR5;010;1}. As a variation to be calculated and reported additionally until 31 Dec. 2021 according to Article 475(1) CRR: capital measure = {LR5;020;1};

15. Using the above measures, the leverage ratio calculated for monitoring purposes is then found by the following formula:

16. Leverage Ratio = $\frac{Capital\ \ measure}{Total\ \ exposure\ \ measure}$

17. Where applicable, conversion factors or percentages shall not be applied to the exposure values, unless explicitly stated.

18. The reporting should be done in accordance with Article 416 (2), which states that the leverage ratio shall be calculated as the simple arithmetic mean of the monthly leverage ratios over a quarter. Reporting should therefore be based on quarterly averages of monthly measures, unless competent authorities have permitted the use of end-of-quarter data by the derogation given in article 475 (3).

19. When compiling the data for this ITS institutions shall consider the treatment of fiduciary assets in accordance with Article 416(11) of the CRR.

20. In order to reduce the reporting burden for institutions with limited exposures in derivatives, the following measure is used to gauge the relative importance of derivatives exposures to the total exposure of the leverage ratio. This ratio shall be calculated as follows:

21. Derivatives share = $\frac{[\{\mathbf{LR1};\mathbf{010};\mathbf{3}\} + \{\mathbf{LR2};\mathbf{010};\mathbf{1}\} + \{\mathbf{LR2};\mathbf{010};\mathbf{3}\}]}{Total\ \ exposure\ \ measure}$

22. Institutions are not required to report the following fields in template LR1 and LR2, if the threshold value does not exceed X%, but can do so on a voluntary basis:

23. {LR1;020;1},{LR1;020;2},{LR1;030;1},{LR1;030;2},{LR1;040;1},{LR1;040;2},{LR2;020;2}, {LR2;020;5},{LR2;030;2},{LR2;030;5},{LR2;040;2},{LR2;040;5},{LR2;050;2},{LR2;050;5}

24. A similar threshold is applied on nominal amounts of credit derivatives in template LR4. If the sum of the nominal amount sold and bought in credit derivatives does not exceed X million. €, institutions are not required to report the following fields, but can do so on a voluntary basis:

25. {LR4;020;2}, {LR4;020;3}, {LR4;020;4}

Explanatory text for consultation purposes

The fields related to more detailed information about derivatives exposures will be used to assess appropriateness of the treatment of derivatives in the leverage ratio reporting currently being proposed. It is recognized that some fields may only unnecessarily add to the reporting burden, if institutions only have limited exposures towards derivatives. The threshold is measured at the reporting date (as the simple arithmetic mean of the monthly thresholds unless the derogation in Article 475(2) CRR applies), and thus is understood as "backward-looking", i.e. if an institution exceeds the threshold at that day it is obliged to report the detailed data for the same period. The threshold is measured and separately assessed on each relevant level (solo and/or consolidated).

Derivatives share threshold in template LR1 and LR2

The derivatives share is intended to measure the relative importance of derivatives exposures to the total exposure of the leverage ratio. Only institutions with a certain exposure in derivatives, i.e. an exposure above the threshold of x % will be subject to more detailed reporting requirements. This threshold approach is intended to reduce the reporting burden on institutions that only have a relatively small exposure in derivatives, as they would then be subject to a more compact reporting requirement.

Some fields may be easily calculated for some institutions, for instance if a institution has no credit derivatives exposure. It is therefore recommended that institutions without exposure in a specific category fill in a zero.

1. Is the calculation of the derivatives share threshold sufficiently clear?

2. Do you believe this method captures institutions derivatives exposure in a sensible way?

3. Does the reduction of fields to be reported in a given period by institutions, that do not exceed the threshold value in that period, lead to a significant reduction in administrative burden?

4. Preliminary internal calculations by supervisors suggest that a threshold value should be in the range of 0.5% to 2%. Would you suggest a different threshold level, if yes, please justify this?

Nominal amount threshold in template LR4

In order to assess to what extent credit protection sold via credit derivatives is offset by credit protection bought the data in LR4 are collected. {LR4;020;2},{LR4;020;3} and {LR4;020;4} considers offsetting notional values of credit protection bought according to different criteria. To reduce complexity, the differences in the contractual features of purchased credit derivatives with respect to the written ones shall be limited to the aspects set out in paragraphs 36 and 37.

5. Is the calculation of the nominal amount threshold sufficiently clear?

6. Preliminary internal calculations by supervisors suggest that the nominal threshold value should be in the range of 200 to 500 million. €. Would you suggest a different threshold level, if yes, please justify this?

7. Is the term "reference name" and the distinction from "reference obligation" sufficiently clear?

8. Is the treatment of credit derivatives referring to indices and baskets sufficiently clear?

9. Which additional contractual features should be taken into consideration when assessing offsetting of written and purchased credit derivatives? How would this add to complexity and reporting burden?

3. LR1 on balance sheet items; derivatives and securities financing transactions

3.1. General remarks

26. This part of the reporting collects data on on-balance sheet items in accordance with Article 416 of the CRR.

3.2. Instructions concerning specific fields

Row and column	Legal references and instructions
{010, 3}	**<u>Derivatives: Market value taking into account netting</u>** Articles 269, 289, 290, 291, 292 and 416(6) of CRR. The current replacement cost as specified in Article 269(1) of contracts listed in Annex II of the CRR and credit derivatives. As determined by Article 416(6) 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 289. All credit derivatives, not solely those in the trading book, shall be considered. Contracts measured by application of the Original Exposure Method in accordance with Articles 416(6) and 270 shall not be considered in this field.
{020, 1}	**<u>Credit derivatives (protection sold): Accounting balance sheet value</u>** Articles 94 and 416 of CRR The accounting balance sheet value under the applicable accounting standard of credit derivatives where the institution is selling credit protection to a counterparty and the contract is recognised as an asset on the balance sheet. All credit derivatives, not solely those in the trading book, shall be considered.
{020, 2}	**<u>Credit derivatives (protection sold): Accounting gross value</u>** Articles 94 and 416 of CRR The accounting balance sheet value under the applicable accounting standard of credit derivatives where the institution is selling credit protection to a counterparty and the contract is recognised as an asset on the balance sheet assuming no prudential or accounting netting or risk mitigation effects (i.e. the accounting balance sheet value adjusted for the effects of accounting netting or risk mitigation).).
{030, 1}	**<u>Credit derivatives (protection bought): Accounting balance sheet value</u>** Articles 94 and 416 of CRR The accounting balance sheet value under the applicable accounting standard of credit derivatives under where the institution is buying credit protection from a counterparty and the contract is recognised as an asset on the balance sheet. All credit derivatives, not solely those in the trading book, shall be considered.
{030, 2}	**<u>Credit derivatives (protection bought): Accounting gross value</u>** Articles 94 and 416 of CRR

	The accounting balance sheet value under the applicable accounting standard of credit derivatives under where the institution is buying credit protection from a counterparty and the contract is recognised as an asset on the balance sheet assuming no prudential or accounting netting or risk mitigation effects (i.e. the accounting balance sheet value adjusted for the effects of accounting netting or risk mitigation). All credit derivatives, not solely those in the trading book, shall be considered.
{040, 1}	**<u>Financial derivatives: Accounting balance sheet value</u>** Articles 94 and 416 of CRR The accounting balance sheet value under the applicable accounting standard of contracts listed in Annex II of CRR where the contracts are recognised as an asset on the balance sheet.
{040, 2}	**<u>Financial derivatives: Accounting gross value</u>** Articles 94 and 416 of CRR The accounting balance sheet value under the applicable accounting standard of contracts listed in Annex II of CRR where the contracts are recognised as an asset on the balance sheet assuming no prudential or accounting netting or risk mitigation effects (i.e. the accounting balance sheet value adjusted for the effects of accounting netting or risk mitigation).
{050, 1}	**<u>Securities financing transactions covered by a master netting agreement: Accounting balance sheet value</u>** Articles 94, 201 and 416 of CRR The accounting balance sheet value of repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions under the applicable accounting standard that are covered by a master netting agreement in accordance with Article 416(7). Cash received or any security 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) shall be included in fields {060, 1} and {060, 2}. Any cash received via the aforementioned transactions shall be included in fields {060, 1} and {060, 2}.
{050, 2}	**<u>Securities financing transactions covered by a master netting agreement: Accounting gross value</u>** Articles 94. 201 and 416 of CRR The accounting balance sheet value under the applicable accounting standard of repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions that are covered by a master netting agreement eligible under Article 416(7) where the contracts are recognised as an asset on the balance sheet assuming no prudential or accounting netting or risk mitigation effects (i.e. the accounting balance sheet value adjusted for the effects of accounting netting or risk mitigation). Cash received or any security 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) shall be included in fields {060, 1} and {060, 2}.

{050, 3}	**<u>Securities financing transactions covered by a master netting agreement: Net value as specified under Method 1</u>** Articles 201 and 416 of CRR The net exposure for securities financing transactions covered by a master netting agreement eligible under Article 201 CRR calculated using the following method: For each netting set, on-balance sheet liabilities representing (cash) payables arising from repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions that are covered by a master netting agreement eligible under Article 201 shall be netted against on-balance sheet (cash) receivable assets arising from the aforementioned transactions (eg reverse repurchase agreements and cash receivables arising from security borrowing transactions), regardless of the maturity of any liability or asset or settlement system used and subject to a floor of zero for the net exposure of each netting set. Thus, under this treatment, only (cash) payables and receivables shall be netted and not securities provided or received under a securities leg of a securities financing transaction. Any security 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) shall be included in fields {060, 1} and {060, 2}. Any cash received via the aforementioned transactions shall be included in fields {060, 1} and {060, 2}.
{050, 4}	**<u>Securities financing transactions covered by a master netting agreement: Value taking into account netting as specified under Method 2</u>** Articles 201, 215, 217 and 416 of CRR The net exposure for repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions that are covered by a master netting agreement eligible under Article 201 calculated in accordance with Article 416(7). In particular, the exposure value of the aforementioned transactions shall be the sum of all current exposures for the netting sets with a floor of zero for each netting set. Cash received or any security 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) shall be included in fields {060, 1} and {060, 2}. Any cash received via the aforementioned transactions shall be included in fields {060, 1} and {060, 2}.
{060, 1}	**<u>Securities financing transactions not covered by a master netting agreement: Accounting balance sheet value</u>** Articles 94 and 416 of CRR The accounting balance sheet value under the applicable accounting standard of repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions that are <u>not</u> covered by a master netting agreement eligible under Article 201 where the contracts are recognised as an asset on the balance sheet.
{060, 2}	**<u>Securities financing transactions not covered by a master netting agreement: Accounting gross value</u>** Articles 94 and 416 of CRR The accounting balance sheet value under the applicable accounting standard of repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions that are <u>not</u> covered by a master netting agreement eligible under Article 201 where the contracts are recognised as an asset on the

	balance sheet assuming no accounting netting or risk mitigation effects (i.e. the accounting balance sheet value adjusted for the effects of accounting netting or risk mitigation).
{070, 1}	**<u>Other assets: Accounting balance sheet value</u>** Articles 94 and 416 of CRR The accounting balance sheet value under the applicable accounting standard of all assets other than contracts listed in Annex II of CRR, credit derivatives, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions.
{070, 2}	**<u>Other assets: Accounting gross value</u>** Articles 94 and 416 of CRR The accounting balance sheet value under the applicable accounting standard of all assets other than contracts listed in Annex II of CRR, credit derivatives, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions assuming no accounting netting or risk mitigation effects (i.e. the accounting balance sheet value adjusted for the effects of accounting netting or risk mitigation)

4. LR2 Derivatives and off-balance sheet items

4.1. General remarks

27. Template LR2 covers "Derivatives and off-balance sheet items". The exposure measure of derivatives shall be determined on the basis of either the Mark-to-market method as set in Article 269 CRR or the Original Exposure Method as set in Article 270 CRR.

28. The exposure value of off-balance sheet items shall be determined in accordance with Article 416 (8) and (9). Off-balance sheet items that are SFT or derivatives shall not be included.

29. For the purpose of template LR2 a close-out clause shall be defined as follows: A clause that provides the non-defaulting party the right to terminate and close-out in a timely manner all transactions under the agreement upon an event of default, including in the event of insolvency or bankruptcy of the counterparty.

4.2. Instructions concerning specific fields

Row and column	Legal references and instructions
{010, 1}	**Derivatives - Original Exposure Method** Article 416(6) of CRR This cell provides for the exposure measure of derivatives calculated according to the Original Exposure Method set out in Article 270 of CRR. Institutions that do not use the Original Exposure Method should enter 0.
{010, 3}	**Derivatives - Mark-to-market Method applying netting rules according to Article 416(6) CRR (Method 1)** Articles 269, 289, 293(2), 416(6) of CRR This cell provides for the add-on for the potential future exposure of contracts listed in Annex II of the CRR and credit derivatives calculated in accordance with the Mark-to-market Method (Article 269(2) CRR for contracts listen in Annex II of CRR, Article 293(2) CRR for credit derivatives) and applying netting rules according to Article 416(6). 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 289 CRR. Input values shall not include any credit risk mitigation effect other than the regulatory netting. In accordance with Article 416(6) CRR. when determining the potential future credit exposure of credit derivatives, institutions shall apply the principles laid down in Article 293(2) to all their credit derivatives, not just those assigned to the trading book. Institutions that use the Original Exposure Method should enter 0.
{010, 4}	**Derivatives - Potential future Exposure (Mark-to-market Method applying netting rules according to Article 416(6) CRR)** Articles 269, 289, 293(2), 416(6) and 416(6a) of CRR This cell provides for the potential future exposure of contracts listed in Annex II of the CRR and credit derivatives calculated in accordance with the Mark-to-market Method (Article. 269(2) of CRR for contracts listed in Annex II of CRR, Article 293(2) of CRR for credit derivatives) and applying netting rules according to Article 416(6) CRR. 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 289 of CRR. Input values should not include any credit risk mitigation effect other than the regulatory netting. When determining the potential exposure value for credit derivatives institutions shall <u>disregard</u> the following provision of Article 293(2) CRR: "In the case of an institution whose exposure arising from a credit default swap represents a long position in the underlying, the percentage for potential future credit exposure may be 0%, unless the credit default swap is subject to close-out upon the insolvency of the entity whose exposure arising from the swap represents a short position in the underlying, even though the underlying has not defaulted." In accordance with Article 416(6a) of CRR all credit derivatives, not just those assigned to the trading book, shall be considered.
{020, 2}	**Credit derivatives (protection sold) subject to close-out clause - Potential future Exposure (assuming no netting or CRM)** Articles 293(2) and 416(6a) of CRR This cell provides for the potential future exposure of credit derivatives where the institution is selling credit protection to a counterparty subject to a close-out clause assuming no netting or credit risk mitigation. The add-on for credit derivatives where the institution is selling credit protection to a counterparty not subject to a close-out clause should not be included here but in cell {LR2,030, 2}. In accordance with Article 416(6a) of CRR all credit derivatives, not just those assigned to the trading book, shall be considered.
{020, 5}	**Credit derivatives (protection sold) subject to close-out clause - Notional amount** This cell provides for the notional amount of credit derivatives where the institution is selling credit protection to a counterparty subject to a close-out clause. In accordance with Article 416(6a) of CRR all credit derivatives, not just those assigned to the trading book, shall be considered.
{030, 2}	**Credit derivatives (protection sold) not subject to close-out clause - Potential future Exposure (assuming no netting or CRM)** Articles 293(2) and 416(6a) of CRR This cell provides for the potential future exposure of credit derivatives where the institution is selling credit protection to a counterparty not subject to "close-out clause" assuming no netting or credit risk mitigation In accordance with Article 416(6a) of CRR all credit derivatives, not just those assigned to the trading book, shall be considered.
{030, 5}	**Credit derivatives (protection sold) not subject to close-out clause - Notional amount** This cell provides for notional amount of credit derivatives where the institution is selling credit protection to a counterparty not subject to "close-out clause". In accordance with Article 416(6a) of CRR all credit derivatives, not just those assigned to the trading book, shall be considered.

{040, 2}	**Credit derivatives (protection bought) - Potential future Exposure (assuming no netting or CRM)** Articles 293(2) and 416(6a) of CRR This cell provides for the potential future exposure of credit derivatives where the institution is buying credit protection from a counterparty assuming no netting or credit risk mitigation. In accordance with Article 416(6a) of CRR all credit derivatives, not just those assigned to the trading book, shall be considered.
{040, 5}	**Credit derivatives (protection bought) - Notional amount** This cell provides for the notional amount of credit derivatives where the institution is buying credit protection from a counterparty. In accordance with Article 416(6a) of CRR all credit derivatives, not just those assigned to the trading book, shall be considered.
{050, 2}	**Financial Derivatives - Mark-to-market method, assuming no netting or CRM** Articles 269 and 416(6) of CRR This cell provides for the regulatory potential future exposure of contracts listed in Annex II of CRR assuming no netting or credit risk mitigation.
{050, 5}	**Financial Derivatives - Notional amount** This cell provides for the notional amount of contracts listed in Annex II of CRR.
{060, 5}	**Off-balance sheet items with a 0% CCF in the RSA** Articles 106 and 416(8) of CRR This cell provides the nominal value of off-balance sheet items that would be assigned a 0% credit conversion factor as defined in the standardised approach to credit risk (Article 106 CRR)
{070, 5}	**Unconditionally cancellable credit cards commitments** Articles 106 and 416(8) of CRR It provides the nominal value of credit cards commitments that are unconditionally cancellable at any time by the institution without prior notice (UCC) that would receive a 0% credit conversion factor under the standardised approach to credit risk. Credit commitments that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness but are not UCC should not be included in this cell.
{080, 5}	**Drawn amounts on unconditionally cancellable credit card commitments** Articles 106 and 416(8) of CRR This cell provides the nominal value of amounts drawn on unconditionally credit card commitments
{090, 5}	**Other unconditionally cancellable commitments** It provides the value of other commitments that can unconditionally cancelled at any time by the institution without prior notice, that would receive a 0% credit conversion factor under the standardised approach to credit risk. Credit commitments that effectively provide

	for automatic cancellation due to deterioration in a borrower's creditworthiness but are not UCC should not be included in this cell.
{100,5}	**Drawn amounts on other unconditionally drawn cancellable commitments** Articles 106 and 416(8) of CRR This cell provides the nominal value of amounts drawn on unconditionally credit card commitments
{110,5}	**Off-balance sheet items with a 20% CCF in the RSA** Articles 106 and 416(8) of CRR This cell provides the nominal value of off-balance sheet items that would be assigned a 20% credit conversion factor as defined in the standardised approach to credit risk (Article 106 CRR)
{120,5}	**Off-balance sheet items with a 50% CCF in the RSA** Articles 106 and 416(8) of CRR This cell provides the nominal value of off-balance sheet items that would be assigned a 50% credit conversion factor as defined in the standardised approach to credit risk (Article 106 CRR)
{130,5}	**Off-balance sheet items with a 100% CCF in the RSA** Articles 106 and 416(8) of CRR This cell provides the nominal value of off-balance sheet items that would be assigned a 100% credit conversion factor as defined in the standardised approach to credit risk (Article 106 CRR)

5. LR3 Risk weighted exposures

5.1. General remarks

30. Panel LR3 provides information on additional breakdown items of exposures "On – and –off balance sheet (CRR, article 436.1.b) belonging to the non-trading book, according to the risk weights applied under the CRR, credit risk section, article 87[1]. The information is derived differently for exposures under respectively the IRB and the standardised approach.

31. In order to reduce the reporting burden of banks, the definitions used for this table corresponds exactly to information that can be found in existing COREP tables. It is therefore intended that the table should result of a mapping from information in COREP. This mapping will be provided in a separate consultation on data point modelling.

32. This mapping will be dependent on the treatment applied for credit risk exposures. Credit risk exposures under the **standardised approach** should be reported according to the regulatory risk weight as provided by the CRR[2]. For the **internal ratings-based approach**, the exposures should be mapped to the risk weights buckets.

33. The information included in template LR can be obtained directly from COREP table 3.2.a CR SA Total, 3.3.a, CR IRB, 3.6 CR SEC SA, 3.7 CR SEC IRB and CR EQU IRB. It includes all exposures/transactions in the trading book subject to counterparty credit risk (SFTs, derivatives, contractual cross product netting, securitisation and equity)[3].

Row and column	**Legal references and instructions** Part 3 title II chapter 2, section 2 of CRR.
{010, 1}	**Total on- balance sheet exposures with 0% risk weight.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables COREP table 3.3.a CR IRB and COREP 3.7 CR SEC IRB and COREP CR EQU IRB.
{010, 2}	**Total off- balance sheet exposures with 0% risk weight.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{020, 1}	**Total on- balance sheet exposures with risk weight > 0% and <= 10%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA.

[1] Transactions subject to the treatment for counterparty credit risk **see annex 4 BII)** should be included irrespective of whether they are classified in the banking or trading book.

2 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 (eg.financial collateral under the simple approach), banks should refer to the risk weight after the substitution effect.

3 The risk weight assets under IRB approach can be obtained from the COREP by converting the obligor grade or pool into the equivalent risk weight. The exposures with 100% PD would be placed as Default exposures.

	Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{020, 2}	**Total off- balance sheet exposures with risk weight > 0% and <= 10%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{030, 1}	**Total on- balance sheet exposures with risk weight > 10% and <= 20%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{030, 2}	**Total off- balance sheet exposures with risk weight > 10% and <= 20%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{040, 1}	**Total on- balance sheet exposures with risk weight > 20% and <= 50%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{040, 2}	**Total off- balance sheet exposures with risk weight > 20% and <= 50%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{050, 1}	**Total on- balance sheet exposures with risk weight > 50% and <= 75%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{050, 2}	**Total off- balance sheet exposures with risk weight > 50% and <= 75%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.

{060, 1}	**Total on- balance sheet exposures with risk weight > 75% and <= 100%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{060, 2}	**Total off- balance sheet exposures with risk weight > 75% and <= 100%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{070, 1}	**Total on- balance sheet exposures with risk weight > 100% and <= 400%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{070, 2}	**Total off- balance sheet exposures with risk weight > 100% and <= 400%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{080, 1}	**Total on- balance sheet exposures with risk weight > 400% and <= 1250%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{080, 2}	**Total off- balance sheet exposures with risk weight > 75% and <= 100%.** Exposures under the standardised approach will be reported based on a mapping from COREP tables 3.2.a CR SA TOTAL and 3.6 CR SEC SA. Exposures under the IRB approach will be reported based on a mapping from COREP tables table 3.3.a CR IRB and 3.7 CR SEC IRB and CR EQU IRB.
{090, 2}	<u>**Default exposures. Article 107 point j of CRR**</u> Exposures under the standardised approach: No value is to be entered. No breakdown between on and off balance sheet items. Exposures under the IRB approach will be based on COREP table 3.3.a CR IRB. All exposures with PD of 100% are default exposures.

6. LR4 Additional Information on Offsetting of Credit Derivatives

6.1. General remarks

34. This part of the reporting collects data on the notional values of credit derivatives.

35. Institutions shall only be required to submit data for LR4 if the sum of the notional amounts of credit derivatives exceeds a threshold value. For assessing this, institutions that do not report in Euro shall convert the notional amounts of credit derivatives into Euro by applying the Euro foreign exchange reference rates published by the European Central Bank as at the end of the reporting period.

36. In compiling the described details, institutions should not consider any differences in the contractual features of the purchased credit derivatives with respect to the written ones (e.g. in terms of reference obligations, maturity, etc.) other than the reference names.

37. For credit derivatives referring to a basket of reference names, the reference names are the single reference name components of the basket. For credit derivatives referring to indices, institutions may either consider the underlying index as a single reference name or instead consider each name included in the index.

6.2. Instructions concerning specific fields

Row and column	**Legal references and instructions**
{010, 1}	**<u>Notional amount credit derivatives (protection sold):</u>** Article 416 of CRR The notional amount of credit derivatives where the reporting institution is providing credit protection.
{020, 1}	**<u>Notional amount credit derivatives (protection bought):</u>** Article 416 of CRR The notional amount of credit derivatives where the reporting institution is buying credit protection.
{020, 2}	**<u>Notional amount credit derivatives (protection bought, same reference name):</u>** Article 416 of CRR The notional amount of credit derivatives under where the reporting institution is buying credit protection. For each reference name, the notional amounts of credit protection bought which are considered in this field must not exceed the notional amounts of the credit protection sold.
{020, 3}	**<u>Notional amount credit derivatives (protection bought, same reference name and same counterparty or CCP):</u>** Articles 289, 290, 291, 292 and 416 of CRR The notional amount of credit derivatives where the reporting institution is buying credit protection and where the following criteria are met:

	The contracts are subject to novation or other netting agreements eligible under Article289 CRR or the counterparty is a central counterparty The reporting institution is selling credit protection on the same underlying reference name to the same counterparty For each reference name and counterparty, the notional amounts of credit protection bought which are considered in this field must not exceed the notional amounts of the credit protection sold.
{020, 4}	**Notional amount credit derivatives (protection bought, same reference name and counterparty is a CCP):** Article 416 of CRR The sum of notional amounts of credit derivatives under Article 416(6) of CRR where the reporting institution is buying credit protection from a central counterparty. For each reference name, the notional amounts of credit protection bought which are considered in this field must not exceed the notional amounts of the credit protection sold.

7. LR5 Capital measures and leverage ratio calculation

7.1. General remarks

38. Template LR6 provides with capital measures needed for the calculation of the leverage ratio. The calculation of the leverage ratio is according to Article 475(1) CRR to be based on both the transitional and fully phased-in definition of Tier 1 capital under the CRR.

39. Parts of this template will be based on COREP data points and the concrete links to COREP will be provided through a separate consultation on the data point modelling.

40. The amount of Common Equity Tier 1 is after regulatory adjustments as reported under cell {LR6;70;1}.

7.2. Instructions concerning specific fields

Row and column	Legal references and instructions
{010, 1}	**Tier 1 Capital - fully phased-in definition** Article 416 (3) of CRR This is the amount of Tier 1 capital as calculated according to CRR article 23, without taking into account the derogation laid down in Chapters 2 and 3 of Part Ten of the CRR.
{020, 1}	**Tier 1 Capital – transitional definition** Article 416 (3) of CRR This is the amount of Tier 1 capital as calculated according to CRR article 23, after taking into account the derogation laid down in Chapters 2 and 3 of Part Ten of the CRR.
{030, 1}	**Common Equity Tier One – fully phased-in definition** Article 47 of CRR This is the amount of capital as calculated under CRR Article 47, without taking into account the derogation laid down in Chapters 2 and 3 of Part Ten of the CRR.
{040, 1}	**Common Equity Tier One – transitional definition** Article 47 of CRR This is the amount of capital as calculated under CRR Article 47, after taking into account the derogation laid down in Chapters 2 and 3 of Part Ten of the CRR.
{050, 1}	**Total Own funds – fully phased-in definition** Article 69 of CRR ‘Own funds’ means the sum of Tier 1 capital and Tier 2 capital as referred to in CRR article 69, without taking into account the derogation laid down in Chapters 2 and 3 of Part Ten of the CRR.
{060, 1}	**Total Own funds – transitional definition** Article 69 of CRR ‘Own funds’ means the sum of Tier 1 capital and Tier 2 capital as referred to in CRR article 69, after taking into account the derogation laid down in Chapters 2 and 3 of Part Ten of the CRR.

{070, 1}	**Total additional assets to be included due to CRR 416 (4)** Article 416 (4) of CRR For significant financial entities that are included in the applicable accounting consolidation but not in the prudential consolidation according to CRR articles 10 to 21, the total assets to be included in the exposure measure. To ensure that the capital and exposure are measured consistently for the purposes of the leverage ratio, the assets of such entities included in the accounting consolidation should be excluded from the exposure measure in proportion to the capital that is excluded under articles 10 to 21. The assets to be included in this row should be calculated as follows: total assets of the entity multiplied by the percentage of the entity's capital that has not been deducted under articles 10 to 21, less off the share of the investment that has not been deducted.
	Example: Assume an investment of 100 (deducted for 90 according to Article 416(4) CRR) to a financial entity whose exposures, included in the consolidated figures, amount to 500. In this case, row 95 should be calculated as follows: ((10% of 500) - (100-90)) = 40.
{080, 1}	**Regulatory adjustments – Tier 1** Article 416 (4) of CRR It includes all the adjustments required by Article 29 to 32, the deductions pursuant to Article 33, the exemptions and alternatives laid down in Article 45, 46 and 74, as well as the deductions pursuant to Article 53. This includes regulatory adjustments regarding negative amounts resulting from the calculation of expected loss amounts and changes in own credit standing of the institution.
{090, 1}	**Regulatory adjustments – CET1** It includes the amount of regulatory adjustments from CET1 as reported in Article 29 to 32, the deductions pursuant to Article 33 and the exemptions and alternatives laid down in Article 45, 46 and 74. This includes regulatory adjustments regarding negative amounts resulting from the calculation of expected loss amounts and changes in own credit standing of the institution.
{100, 1}	**Regulatory adjustments regarding negative amounts resulting from the calculation of expected loss amounts** Article 33 (1) (d) and 37 of CRR It includes the regulatory value adjustments from common equity Tier 1 in accordance with CRR articles 33 (1) (d) and 37.
{110, 1}	**Regulatory adjustments regarding changes in own credit standing of the institution** Article 30 (b) of CRR It includes the amount of regulatory value adjustments from own funds as reported in CRR article 30 (b) Amount to be deducted from (or added to if negative) Common Equity Tier 1 capital (if gain report as positive; if loss report as negative).
{120, 1}	**Regulatory adjustments – Total own funds** It includes the adjustments required by Article 29 to 32, the deductions pursuant to Article 33, the exemptions and alternatives laid down in Article 45, 46 and 74, the deductions pursuant to Article 53, as well as the deductions referred to in Article 63. This includes regulatory adjustments regarding negative amounts resulting from the calculation of expected loss amounts and changes in own credit standing of the institution.

8. LR6 Alternative decomposition of leverage ratio exposure measure components

8.1. General remarks

41. Double counting should not be done in this table, so all individual fields reported, with the exception of memo items, should add up to total exposure value of the institution.

42. Parts of this template will be based on COREP data points and the concrete links to COREP will be provided through a separate consultation on the data point modelling.

Explanatory text for consultation purposes

The table will allow a more granular analysis of the categories of exposures.

1. Is the classification used in template LR6 sufficiently clear?

2. Do you believe the current split, which is predominantly based on the exposure classes for institutions using the standard method are appropriate or would you suggest an alternative split?

8.2. Instructions concerning specific fields

Row	
010	**Total trading book exposures;** All positions subject to part 3, title IV of CRR.
020	**Of which: Derivatives** Memo item on instruments in Annex II of CRR and credit derivatives For derivative instruments subject to part 3 title IV of CRR.
030	**Of which: Security financing transactions** Memo item on repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions subject to part 3 title IV of CRR.
040	**Of which: Securities for securities financing transactions** Memo item on securities for securities financing transactions subject to part 3 title II of CRR.
050	**Of which: repledged** Memo item on securities for securities financing transactions subject to part 3 title II of CRR that has been repledged.
060	**Derivatives** Memo item on instruments in Annex II of CRR and credit derivatives For derivative instruments subject to part 3 title II chapter 6 of CRR. The original exposure will correspond to the Exposure Value for Counterparty Credit Risk calculated according to the methods laid down in part 3 title II chapter 6 sections 3, 4, 5, 6 and 7 of CRR.
070	**Security financing transactions** Memo item on repurchase transactions, securities or commodities lending or borrowing transactions,

	long settlement transactions and margin lending transactions subject to part 3 title II chapter 6 of CRR **<u>in the non-trading book</u>**. The original exposure will correspond to the Exposure Value for Counterparty Credit Risk calculated according to the methods laid down in part 3 title II chapter 6 sections 3, 4, 5, 6 and 7 of CRR.
080	**<u>Of which: Securities for securities financing transactions repledged</u>** Memo item on securities for securities financing transactions subject to part 3 title II chapter 6 of CRR **<u>in the non-trading book</u>**. The original exposure will correspond to the Exposure Value for Counterparty Credit Risk calculated according to the methods laid down in part 3 title II chapter 6 sections 3, 4, 5, 6 and 7 of CRR.
100	**<u>Covered bond exposures</u>** For institutions using the standardised approach: Article 107 point (k) of CRR. For institutions using the IRB approach: Article 142 point (c) and article 52 (4) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009.
110	**<u>Institution lending related to trade finance operations</u>** Memo item regarding overall lending related to trade finance across exposure classes. Is part of one or more exposure classes and is a supplementary field.
120	**<u>Total lending under official export credit insurance scheme</u>** Memo item regarding overall lending related to trade finance under official export credit insurance scheme across exposure classes. Is part of one or more exposure classes and is a supplementary field.
140	**<u>Public sector entities which are not treated as exposures to central governments</u>** For institutions using the standardised approach: Article 107 point (c) and 142 point 4 (a) of CRR. For institutions using the IRB approach: Article 142 point 4 (a) of CRR. Public sector entities **not** guaranteed by central governments
150	**<u>Multilateral development banks and international organisations</u>** For institutions using the standardised approach: Article 107 point (d) and (e) of CRR. For institutions using the IRB approach: Article 142 point 3 (b) and (c) of CRR. Exposures related to MDBs and international organisations.
160	**<u>Central governments, central banks, regional governments and local authorities</u>** For institutions using the standardised approach: Article 107 point (a) and (b) of CRR. For institutions using the IRB approach: Article 142 point 2 (a) 3 (a) except for public sector entities of CRR. Lending to central governments, central banks, regional governments and local authorities, such as municipalities.
170	**<u>Institutions</u>** For institutions using the standardised approach: Article 107 point (f) of CRR. For institutions using the IRB approach: Article 142 point 2(b) of CRR. Exposures related to institutions.

180	**Secured by residential mortgages on immovable property** For institutions using the standardised approach: Article 107 point (i) and article 120 of CRR. For institutions using the IRB approach: Article 142 point 2 (d) and article 149 point (3). The exposure related to residential mortgages is to be included here.
190	**Retail SME** For institutions using the standardised approach: Article 107 point (h) and Article 118 of CRR. For institutions using the IRB approach: Article 142 point 2 (d) and 5(a) (ii) of CRR Exposures to small and medium sized entities that meet the requirements as in Article118 of CRR
200	**Qualifying revolving retail exposures** For institutions using the standardised approach: Article 107 point (h) and 149 (4) of CRR. For institutions using the IRB approach: Article 142 point 2 (d) and 149 (4) of CRR. Exposures related to qualifying revolving retail exposures.
210	**Other retail exposures** For institutions using the standardised approach: Article 107 point (h) of CRR. For institutions using the IRB approach: Article 142 point 2 (d) of CRR Any other retail exposures not included in row 260 and 270.
220	**Secured by commercial mortgages on immovable property** For institutions using the standardised approach: Article 107 point (i) and Article 121 of CRR For institutions using the IRB approach: Article 142 point (c) and Article 121 of CRR Lending to commercial real estate exposures.
230	**Corporate exposures to financials** For institutions using the standardised approach: Article 107 point (g) and 114 (5) of CRR. For institutions using the IRB approach: Article 142 point 2 (c) and 4 (d) of CRR Exposures to other financial counterparties not included under field 240 shall be reported here.
240	**Corporate SME exposures** For institutions using the standardised approach: Article 107 point (g) and Article 118 of CRR For institutions using the IRB approach: Article 142 point 2 (c) and 5 (a) (ii) of CRR Lending in the non-trading book to corporate SME exposures. The definition applied to retail SMEs also applies here.
250	**Corporate exposures other than SME** For institutions using the standardised approach: Article 107 point (g). For institutions using the IRB approach: Article 142 point 2 (c) Any other corporate exposures not included in row 290 and 300.
260	**Other items** For institutions using the standardised approach: Article 107 point (j), (ja), (m), (n), (o) and (p) of CRR. For institutions using the IRB approach: Article 142 point 2 (e), (g) of CRR.

	All other exposures not reported elsewhere.
270	**Securitisation exposures** For institutions using the standardised approach: Article 107 point (l) of CRR. For institutions using the IRB approach: Article 142 point (f) of CRR.

Columns	
010	**ORIGINAL EXPOSURE PRE CONVERSION FACTORS** Article 94 of CRR. Exposure value without taking into account value adjustments and provisions, conversion factors and the effect of credit risk mitigation techniques with the following qualifications stemming from Article 106 (2) of CRR: For Derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions subject to part 3 title II chapter 6 of CRR or subject to Article 87 (3) point (f) of CRR, the original exposure will correspond to the Exposure Value for Counterparty Credit Risk calculated according to the methods laid down in part 3 title II chapter 6 sections 3, 4, 5, 6 and 7 of CRR. Exposure values for leases subject to Article 127 (7) of CRR. In case of on-balance sheet netting laid down in Article 91 of CRR the exposure values shall be reported according to received cash collateral. In the case of master netting agreements covering repurchase transactions and / or securities or commodities lending or borrowing transactions and/ or other capital market driven transactions subject to part 3 title II chapter 6 of CRR, the effect of Funded Credit Protection in the form of master netting agreements as under Article 215 (4) of CRR shall be included in column 010. Therefore, in the case of master netting agreements covering repurchase transactions subject to the provisions in part 3 title II chapter 6 of CRR, E* as calculated under Articles 215 and 216 of CRR shall be reported in column 010 of the CR SA template.
500	**Risk weighted exposure amount** Article 106 and 108 (1) to (5) of CRR. The RWA amount reported shall take into account value adjustments and provisions, conversion factors and the effect of credit risk mitigation. Applies to all fields {LR6,*,2} except {LR6,010,2}.

9. LR7 General information

9.1. General remarks

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

Explanatory text for consultation purposes

This template classifies the methods used by institutions and their business models. This will allow a more granular understanding of the reporting institution.

1. Is the classification used in template LR7 sufficiently clear?

9.2. Instructions concerning specific fields

Row and column	Instructions
{010, 1}	**Institution company structure** The institution shall classify its company structure according to the categories given below: 1. Joint stock company 2. Mutual/cooperative 3. Other non-joint stock company
{020, 1}	**Derivatives treatment** The institution shall specify the regulatory derivatives treatment according to the categories given below: 1. Original exposure method 2. Mark-to-market method
{030, 1}	**Accounting standard** The institution shall specify the accounting standard used according to the categories given below: 1. National GAAP 2. IFRS
{040, 1}	**Institution type** The institution shall classify its institution type according to the categories given below: 1. Universal banking (retail/commercial and investment banking) 2. Retail/commercial banking 3. Investment banking 4. Specialised lender
{050, 1}	**Reporting calculation method** The institution shall whether the waiver in Article 475 (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: 1. Quarterly – based on monthly averages 2. End-quarter
{060, 1}	**Reporting level** The institution shall classify whether the reporting entity is based on a individual or consolidated level: 1. Individual 2. Consolidated

10. LR8 Asset encumbrance

10.1. General remarks

44. To assess asset encumbrance in and outside the balance sheet, the template asks for additional information on assets pledged outside of the institution.

10.2. Instructions concerning specific fields

Row and column	Legal references and instructions
{010, 1}	**<u>Assets pledged for covered bond purposes</u>** Article 52(4) of Directive 2009/65/EC. Assets pledged for the purposes of issuing covered bonds.
{020, 1}	**<u>Assets sold for securitization purposes</u>** Article 4, paragraph 37. Assets sold for the issuance of securitization items.
{030, 1}	**<u>Assets pledged for repo and other securities lending activities</u>** Assets pledged as collateral for securities financing transactions.
{040, 1}	**<u>Assets pledged for derivatives collateral</u>** Assets pledged as collateral for bilateral, tri-party, exchange-traded and similar derivatives contracts.