

Press release

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ECB's Governing Council says that exceptional circumstances justify leverage ratio relief

- ECB's Governing Council confirms exceptional circumstances
- Opinion instrumental in ECB Banking Supervision's decision to allow banks to exclude central bank exposures from leverage ratio
- See also ECB Banking Supervision announcement on leverage ratio

The Governing Council of the European Central Bank (ECB) has decided that it concurs with ECB Banking supervision that there are 'exceptional circumstances' allowing the temporary exclusion of certain central bank exposures from the leverage ratio.

The Governing Council said in an opinion: "The situation brought about by the coronavirus (COVID-19) pandemic has affected all euro area economies in an unprecedented and profound way. This situation has resulted in an ongoing need for a high degree of monetary policy accommodation, which in turn requires the undeterred functioning of the bank-based transmission channel of monetary policy. In the view of the Governing Council, therefore, the condition of exceptional circumstances warranting the temporary exclusion of certain exposures to central banks from the calculation of banks' total exposure measures is met for the euro area as a whole. Euro area national competent authorities which intend to exercise the discretion provided for under Article 500b(2) of the CRR in relation to less significant institutions may rely upon this opinion issued by the ECB as monetary authority of the euro area."

This opinion of the Governing Council is a precondition for ECB Banking Supervision to allow significant banks that it directly supervises [to exclude certain central bank exposures from the leverage ratio](#). Such assets include coins and banknotes as well as deposits held at the central bank.

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