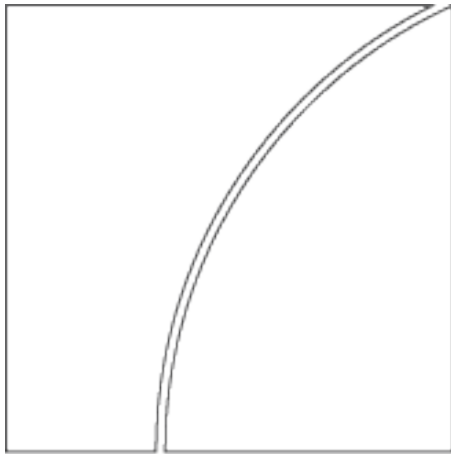


Basel Committee on Banking Supervision

DIS

Disclosure requirements

This standard sets out disclosure requirements, which aim to encourage market discipline.



BANK FOR INTERNATIONAL SETTLEMENTS

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DIS10

Definitions and applications

This chapter describes the scope of application of disclosure requirements, along with requirements on the location, frequency, timing of reporting, assurance considerations and guiding principles on high-quality disclosures.

[Download all of the disclosure templates and tables of the DIS standard in Excel format.](#)

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Introduction

10.1 The provision of meaningful information about common key risk metrics to market participants is a fundamental tenet of a sound banking system. It reduces information asymmetry and helps promote comparability of banks' risk profiles within and across jurisdictions. Pillar 3 of the Basel framework aims to promote market discipline through regulatory disclosure requirements. These requirements enable market participants to access key information relating to a bank's regulatory capital and risk exposures in order to increase transparency and confidence about a bank's exposure to risk and the overall adequacy of its regulatory capital.

Scope of application

10.2 Disclosure requirements are an integral part of the Basel framework. Unless otherwise stated, for Tables and Templates applicable to "all banks", it refers to internationally active banks at the top consolidated level.

Reporting location

10.3 Banks must publish their Pillar 3 report in a standalone document that provides a readily accessible source of prudential measures for users. The Pillar 3 report may be appended to, or form a discrete section of, a bank's financial reporting, but it must be easily identifiable to users. Signposting of disclosure requirements is permitted in certain circumstances, as set out in [DIS10.25](#) to [DIS10.27](#). Banks or supervisors must also make available on their websites an archive (for a suitable retention period to be determined by the relevant supervisor) of Pillar 3 reports (quarterly, semi-annual and annual) relating to prior reporting periods.

Implementation dates

10.4 Disclosure requirements are applicable for Pillar 3 reports related to fiscal periods that include or come after the specific calendar implementation date.

Frequency and timing of disclosures

10.5 The frequencies of disclosure as indicated in the disclosure templates and tables vary between quarterly, semiannual and annual reporting depending upon the nature of the specific disclosure requirement.

- 10.6** A bank's Pillar 3 report must be published concurrently with its financial report for the corresponding period. If a Pillar 3 disclosure is required to be published for a period when a bank does not produce any financial report, the disclosure requirement must be published as soon as practicable. However, the time lag must not exceed that allowed to the bank for its regular financial reporting period-ends (eg if a bank reports only annually and its annual financial statements are made available five weeks after the end of the annual reporting period-end, interim Pillar 3 disclosures on a quarterly or semiannual basis must be available within five weeks after the end of the relevant quarter or semester).

Retrospective disclosures, disclosure of transitional metrics and reporting periods

- 10.7** In templates which require the disclosure of data points for current and previous reporting periods, the disclosure of the data point for the previous period is not required when a metric for a new standard is reported for the first time unless this is explicitly stated in the disclosure requirement.
- 10.8** Unless otherwise specified in the disclosure templates, when a bank is under a transitional regime permitted by the standards, the transitional data should be reported unless the bank already complies with the fully loaded requirements. Banks should clearly state whether the figures disclosed are computed on a transitional or fully-loaded basis. Where applicable, banks under a transitional regime may separately disclose fully-loaded figures in addition to transitional metrics.
- 10.9** Unless otherwise specified in the disclosure templates, the data required for annual, semiannual and quarterly disclosures should be for the corresponding 12-month, six-month and three-month period, respectively.

Assurance of Pillar 3 data

- 10.10** The information provided by banks under Pillar 3 must be subject, at a minimum, to the same level of internal review and internal control processes as the information provided by banks for their financial reporting (ie the level of assurance must be the same as for information provided within the management discussion and analysis part of the financial report).

10.11 Banks must establish a formal board-approved disclosure policy for Pillar 3 information that sets out the internal controls and procedures for disclosure of such information. The key elements of this policy should be described in the year-end Pillar 3 report or cross-referenced to another location where they are available. The board of directors and senior management are responsible for establishing and maintaining an effective internal control structure over the disclosure of financial information, including Pillar 3 disclosures. They must also ensure that appropriate review of the disclosures takes place. One or more senior officers of a bank, ideally at board level or equivalent, must attest in writing that Pillar 3 disclosures have been prepared in accordance with the board-agreed internal control processes.

Proprietary and confidential information

10.12 The Committee believes that the disclosure requirements strike an appropriate balance between the need for meaningful disclosure and the protection of proprietary and confidential information. In exceptional cases, disclosure of certain items required by Pillar 3 may reveal the position of a bank or contravene its legal obligations by making public information that is proprietary or confidential in nature. In such cases, a bank does not need to disclose those specific items, but must disclose more general information about the subject matter of the requirement instead. It must also explain in the narrative commentary to the disclosure requirement the fact that the specific items of information have not been disclosed and the reasons for this.

Guiding principles of banks' Pillar 3 disclosures

10.13 The Committee has agreed upon five guiding principles for banks' Pillar 3 disclosures. Pillar 3 complements the minimum risk-based capital requirements and other quantitative requirements (Pillar 1) and the supervisory review process (Pillar 2) and aims to promote market discipline by providing meaningful regulatory information to investors and other interested parties on a consistent and comparable basis. The guiding principles aim to provide a firm foundation for achieving transparent, high-quality Pillar 3 risk disclosures that will enable users to better understand and compare a bank's business and its risks.

Principle 1: Disclosures should be clear

10.14 Disclosures should be presented in a form that is understandable to key stakeholders (ie investors, analysts, financial customers and others) and communicated through an accessible medium. Important messages should be highlighted and easy to find. Complex issues should be explained in simple language with important terms defined. Related risk information should be presented together.

Principle 2: Disclosures should be comprehensive

10.15 Disclosures should describe a bank's main activities and all significant risks, supported by relevant underlying data and information. Significant changes in risk exposures between reporting periods should be described, together with the appropriate response by management.

10.16 Disclosures should provide sufficient information in both qualitative and quantitative terms on a bank's processes and procedures for identifying, measuring and managing those risks. The level of detail of such disclosure should be proportionate to a bank's complexity.

10.17 Approaches to disclosure should be sufficiently flexible to reflect how senior management and the board of directors internally assess and manage risks and strategy, helping users to better understand a bank's risk tolerance/appetite.

Principle 3: Disclosures should be meaningful to users

10.18 Disclosures should highlight a bank's most significant current and emerging risks and how those risks are managed, including information that is likely to receive market attention. Where meaningful, linkages must be provided to line items on the balance sheet or the income statement. Disclosures that do not add value to users' understanding or do not communicate useful information should be avoided. Furthermore, information which is no longer meaningful or relevant to users should be removed.

Principle 4: Disclosures should be consistent over time

10.19 Disclosures should be consistent over time to enable key stakeholders to identify trends in a bank's risk profile across all significant aspects of its business. Additions, deletions and other important changes in disclosures from previous reports, including those arising from a bank's specific, regulatory or market developments, should be highlighted and explained.

Principle 5: Disclosures should be comparable across banks

10.20 The level of detail and the format of presentation of disclosures should enable key stakeholders to perform meaningful comparisons of business activities, prudential metrics, risks and risk management between banks and across jurisdictions.

Presentation of the disclosure requirements – Templates and tables

10.21 The disclosure requirements are presented either in the form of templates or tables. Templates must be completed with quantitative data in accordance with the definitions provided. Tables generally relate to qualitative requirements, but quantitative information is also required in some instances. Banks may choose the format they prefer when presenting the information requested in tables.

10.22 In line with Principle 3 in [DIS10.18](#), the information provided in the templates and tables should be meaningful to users. The disclosure requirements in this document that necessitate an assessment from banks are specifically identified. When preparing these individual tables and templates, banks will need to consider carefully how widely the disclosure requirement should apply. If a bank considers that the information requested in a template or table would not be meaningful to users, for example because the exposures and risk-weighted asset (RWA) amounts are deemed immaterial, it may choose not to disclose part or all of the information requested. In such circumstances, however, the bank will be required to explain in a narrative commentary why it considers such information not to be meaningful to users. It should describe the portfolios excluded from the disclosure requirement and the aggregate total RWA those portfolios represent.

10.23 For templates, the format is designated as either fixed or flexible:

- (1) Where the format of a template is described as fixed, banks must complete the fields in accordance with the instructions given. If a row/column is not considered to be relevant to a bank's activities or the required information would not be meaningful to users (eg immaterial from a quantitative perspective), the bank may delete the specific row/column from the template, but the numbering of the subsequent rows and columns must not be altered. Banks may add extra rows and extra columns to fixed format templates if they wish to provide additional detail to a disclosure requirement by adding sub-rows or columns, but the numbering of prescribed rows and columns in the template must not be altered.

- (2) Where the format of a template is described as flexible, banks may present the required information either in the format provided in this document or in one that better suits the bank. The format for the presentation of qualitative information in tables is not prescribed. Notwithstanding, banks should comply with the restrictions in presentation, should such restrictions be prescribed in the template (eg Template CCR5 in [DIS42](#)). In addition, when a customised presentation of the information is used, the bank must provide information comparable with that required in the disclosure requirement (ie at a similar level of granularity as if the template/table were completed as presented in this document).

10.24 Banks are encouraged to engage with their national supervisors on the provision of the quantitative disclosure requirements in this standard in a common electronic format that would facilitate the use of the data.

Presentation of the disclosure requirements – Signposting

10.25 Banks may disclose in a document separate from their Pillar 3 report (eg in a bank's annual report or through published regulatory reporting) the templates /tables with a flexible format, and the fixed format templates where the criteria in [DIS10.26](#) are met. In such circumstances, the bank must signpost clearly in its Pillar 3 report where the disclosure requirements have been published. This signposting in the Pillar 3 report must include:

- (1) the title and number of the disclosure requirement;
- (2) the full name of the separate document in which the disclosure requirement has been published;
- (3) a web link, where relevant; and
- (4) the page and paragraph number of the separate document where the disclosure requirements can be located.

10.26 The disclosure requirements for templates with a fixed format may be disclosed by banks in a separate document other than the Pillar 3 report, provided all of the following criteria are met:

- (1) the information contained in the signposted document is equivalent in terms of presentation and content to that required in the fixed template and allows users to make meaningful comparison with information provided by banks disclosing the fixed format templates;
- (2) the information contained in the signposted document is based on the same scope of consolidation as the one used in the disclosure requirement;
- (3) the disclosure in the signposted document is mandatory; and
- (4) the supervisory authority responsible for ensuring the implementation of the Basel standards is subject to legal constraints in its ability to require the reporting of duplicative information.

10.27 Banks can only make use of signposting to another document if the level of assurance on the reliability of data in the separate document are equivalent to, or greater than, the internal assurance level required for the Pillar 3 report (see sections on reporting location and assurance above).

Qualitative narrative to accompany the disclosure requirements

10.28 Banks are expected to supplement the quantitative information provided in both fixed and flexible templates with a narrative commentary to explain at least any significant changes between reporting periods and any other issues that management considers to be of interest to market participants. The form taken by this additional narrative is at the bank's discretion.

10.29 Disclosure of additional quantitative and qualitative information will provide market participants with a broader picture of a bank's risk position and promote market discipline.

10.30 Additional voluntary risk disclosures allow banks to present information relevant to their business model that may not be adequately captured by the standardised requirements. Additional quantitative information that banks choose to disclose must provide sufficient meaningful information to enable market participants to understand and analyse any figures provided. It must also be accompanied by a qualitative discussion. Any additional disclosure must comply with the five guiding principles above.

DIS20

Overview of risk management, key prudential metrics and RWA

This chapter covers disclosures on a bank's strategy, the senior management and directors' assessment and management of risk and key prudential metrics.

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Introduction

20.1 The disclosure requirements under this section are:

- (1) Template KM1 – Key metrics (at consolidated level)
- (2) Template KM2 – Key metrics – total loss-absorbing capacity (TLAC) requirements (at resolution group level)
- (3) Table OVA – Bank risk management approach
- (4) Template OV1 – Overview of risk-weighted assets (RWA)

20.2 Template KM1 provides users of Pillar 3 data with a time series set of key prudential metrics covering a bank's available capital (including buffer requirements and ratios), its RWA, leverage ratio, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). As set out in [CAP90.17](#), banks are required to publicly disclose whether they are applying a transitional arrangement for the impact of expected credit loss accounting on regulatory capital. If a transitional arrangement is applied, Template KM1 will provide users with information on the impact on the bank's regulatory capital and leverage ratios compared to the bank's "fully loaded" capital and leverage ratios had the transitional arrangement not been applied.

20.3 Template KM2 requires global systemically important banks (G-SIBs) to disclose key metrics on TLAC. Template KM2 becomes effective from the TLAC conformance date.

20.4 Table OVA provides information on a bank's strategy and how senior management and the board of directors assess and manage risks.

20.5 Template OV1 provides an overview of total RWA forming the denominator of the risk-based capital requirements.

FAQ

FAQ1

For counterparty credit risk (CCR) (rows 6-9), the split requested is by the exposure at default (EAD) methodology classification used to determine exposure levels rather than the RWA methodology classification used to determine risk weights. This contradicts the presentation for credit risk (rows 1–5) and securitisation (rows 16-19). Should line items be added (where necessary) to reconcile the disclosure to the total RWA?

Template OV1 does not request CCR to be split by risk weighting methodology, but by EAD methodology. Nevertheless, banks should add extra rows, as appropriate, to split the exposures by risk weighting methodology, in order to facilitate the reconciliation with the RWA changes in Template CCR7.*

** RWA and capital requirements under the Standardised Approach for credit risk weighting are to be subdivided in the standardised approach for counterparty credit risk (SA-CCR) and the internal models method (IMM), and the same for RWA and capital requirements under the internal ratings-based (IRB) approach for credit risk weighting.*

Template KM1: Key metrics at consolidated level

Purpose: Provide an overview of a bank's prudential regulatory metrics.

Scope of application: The template is mandatory for all banks.

Content: Key prudential metrics related to regulatory capital, leverage ratio and liquidity standards. Banks are required to disclose each metric's value using the corresponding standard's specifications for the reporting period-end (designated by T in the template below) as well as the four previous quarter-end figures (T-1 to T-4).

All metrics are intended to reflect actual bank values for (T), with the exception of "fully loaded ECL" metrics.

Frequency: Quarterly.

Format: Fixed. If banks wish to add rows to provide additional regulatory or financial metrics, they must provide definitions for these metrics and a full explanation of how the metrics are calculated (including the scope of consolidation and the regulatory capital used if relevant). The additional metrics must not replace the metrics in this disclosure requirement.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant change in each metric's value compared with previous quarters, including the key drivers of such changes (eg whether the changes are due to changes in the regulatory framework, group structure or business model).

Banks that apply transitional arrangement for expected credit loss (ECL) are expected to supplement the template with the key elements of the transition they use.

| | | a | b | c | d | e |
|----|---|---|-----|-----|-----|-----|
| | | T | T-1 | T-2 | T-3 | T-4 |
| | Available capital (amounts) | | | | | |
| 1 | Common Equity Tier 1 (CET1) | | | | | |
| 1a | Fully loaded ECL accounting model CET1 | | | | | |
| 2 | Tier 1 | | | | | |
| 2a | Fully loaded ECL accounting model Tier 1 | | | | | |
| 3 | Total capital | | | | | |
| 3a | Fully loaded ECL accounting model total capital | | | | | |
| | Risk-weighted assets (amounts) | | | | | |
| 4 | Total risk-weighted assets (RWA) | | | | | |
| | Risk-based capital ratios as a percentage of RWA | | | | | |

| | | | | | | |
|---|--|--|--|--|--|--|
| 5 | Common Equity Tier 1 ratio (%) | | | | | |
| 5a | Fully loaded ECL accounting model Common Equity Tier 1 (%) | | | | | |
| 6 | Tier 1 ratio (%) | | | | | |
| 6a | Fully loaded ECL accounting model Tier 1 ratio (%) | | | | | |
| 7 | Total capital ratio (%) | | | | | |
| 7a | Fully loaded ECL accounting model total capital ratio (%) | | | | | |
| Additional CET1 buffer requirements as a percentage of RWA | | | | | | |
| 8 | Capital conservation buffer requirement (2.5% from 2019) (%) | | | | | |
| 9 | Countercyclical buffer requirement (%) | | | | | |
| 10 | Bank G-SIB and/or D-SIB additional requirements (%) | | | | | |
| 11 | Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10) | | | | | |
| 12 | CET1 available after meeting the bank's minimum capital requirements (%) | | | | | |
| Basel III leverage ratio | | | | | | |
| 13 | Total Basel III leverage ratio exposure measure | | | | | |
| 14 | Basel III leverage ratio (%) (row 2 / row 13) | | | | | |
| 14a | Fully loaded ECL accounting model Basel III leverage ratio (%) | | | | | |
| Liquidity Coverage Ratio | | | | | | |
| 15 | Total high-quality liquid assets (HQLA) | | | | | |
| 16 | Total net cash outflow | | | | | |
| 17 | LCR (%) | | | | | |
| Net Stable Funding Ratio | | | | | | |
| 18 | Total available stable funding | | | | | |

| | | | | | | |
|----|-------------------------------|--|--|--|--|--|
| 19 | Total required stable funding | | | | | |
| 20 | NSFR | | | | | |

Instructions

| Row number | Explanation |
|-----------------|--|
| 5a, 6a, 7a, 14a | For fully loaded ECL ratios (%) in rows 5a, 6a, 7a and 14a, the denominator (RWA, Basel III leverage ratio exposure measure) is also "Fully loaded ECL", ie as if ECL transitional arrangements were not applied. |
| 12 | <i>CET1 available after meeting the bank's minimum capital requirements (as a percentage of risk-weighted assets):</i> it may not necessarily be the difference between row 5 and the Basel III minimum CET1 requirement of 4.5% because CET1 capital may be used to meet the bank's Tier 1 and/or total capital ratio requirements. See instructions to [CC1:68]. |
| 13 | <i>Total Basel III leverage ratio exposure measure:</i> according to specifications set out in DIS80 . The amounts may reflect end-of-period values or averages depending on local implementation. |
| 15 | <i>Total HQLA:</i> total adjusted value according to specifications set out in DIS85 , using simple averages of daily observations over the previous quarter (ie the average calculated over a period of, typically, 90 days). |
| 16 | <i>Total net cash outflow:</i> total adjusted value according to specifications set out in DIS85 , using simple averages of daily observations over the previous quarter (ie the average calculated over a period of, typically, 90 days). |

Linkages across templates

Amount in [KM1:1/a] is equal to [CC1:29/a]

Amount in [KM1:2/a] is equal to [CC1:45/a]

Amount in [KM1:3/a] is equal to [CC1:59/a]

Amount in [KM1:4/a] is equal to [CC1:60/a]

Amount in [KM1:5/a] is equal to [CC1:61/a]

Amount in [KM1:6/a] is equal to [CC1:62/a]

Amount in [KM1:7/a] is equal to [CC1:63/a]

Amount in [KM1:8/a] is equal to [CC1:65/a]

Amount in [KM1:9/a] is equal to [CC1:66/a]

Amount in [KM1:10/a] is equal to [CC1:67/a]

Amount in [KM1:12/a] is equal to [CC1:68/a]

Amount in [KM1:13/a] is equal to [LR2:21/a]

Amount in [KM1:14/a] is equal to [LR2:22/a]

Amount in [KM1:15/a] is equal to [LIQ1:21/b]

Amount in [KM1:16/a] is equal to [LIQ1:22/b]

Amount in [KM1:17/a] is equal to [LIQ1:23/b]

Amount in [KM1:18/a] is equal to [LIQ2:14/e]

Amount in [KM1:19/a] is equal to [LIQ2:33/e]

Amount in [KM1:20/a] is equal to [LIQ2:34/e]

Template KM2: Key metrics - TLAC requirements (at resolution group level)

Purpose: Provide summary information about total loss-absorbing capacity (TLAC) available, and TLAC requirements applied, at resolution group level under the single point of entry and multiple point of entry (MPE) approaches.

Scope of application: The template is mandatory for all resolution groups of G-SIBs.

Content: Key prudential metrics related to TLAC. Banks are required to disclose the figure as of the end of the reporting period (designated by T in the template below) as well as the previous four quarter-ends (designated by T-1 to T-4 in the template below). When the banking group includes more than one resolution group (MPE approach), this template is to be reproduced for each resolution group.

Frequency: Quarterly.

Format: Fixed.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

| | | a | b | c | d | e |
|---------------------------|---|---|-----|-----|-----|-----|
| | | T | T-1 | T-2 | T-3 | T-4 |
| Resolution group 1 | | | | | | |
| 1 | Total Loss Absorbing Capacity (TLAC) available | | | | | |
| 1a | Fully loaded ECL accounting model TLAC available | | | | | |
| 2 | Total RWA at the level of the resolution group | | | | | |
| 3 | TLAC as a percentage of RWA (row1/row2) (%) | | | | | |
| 3a | Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%) | | | | | |
| 4 | Basel III leverage ratio exposure measure at the level of the resolution group | | | | | |
| 5 | TLAC as a percentage of Basel III leverage ratio exposure measure (row1/row4) (%) | | | | | |
| 5a | Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model Basel III leverage ratio exposure measure (%) | | | | | |
| 6a | Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? | | | | | |

| | | | | | | |
|----|--|--|--|--|--|--|
| 6b | Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? | | | | | |
| 6c | If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as external TLAC if no cap was applied (%) | | | | | |

Linkages across templates

Amount in [KM2:1/a] is equal to [resolution group-level TLAC1:22/a]

Amount in [KM2:2/a] is equal to [resolution group-level TLAC1:23/a]

Aggregate amounts in [KM2:2/a] across all resolution groups will not necessarily equal or directly correspond to amount in [KM1:4/a]

Amount in [KM2:3/a] is equal to [resolution group-level TLAC1:25/a]

Amount in [KM2:4/a] is equal to [resolution group-level TLAC1:24/a]

Amount in [KM2:5/a] is equal to [resolution group-level TLAC1:26/a]

[KM2:6a/a] refers to the uncapped exemption in Section 11 of the FSB TLAC Term Sheet, for jurisdictions in which all liabilities excluded from TLAC specified in Section 10 are statutorily excluded from the scope of the bail-in tool and therefore cannot legally be written down or converted to equity in a bail-in resolution. Possible answers for [KM2:6a/a]: [Yes], [No].

[KM2:6b/a] refers to the capped exemption in Section 11 of the FSB TLAC Term Sheet, for jurisdictions where the resolution authority may, under exceptional circumstances specified in the applicable resolution law, exclude or partially exclude from bail-in all of the liabilities excluded from TLAC specified in Section 10, and where the relevant authorities have permitted liabilities that would otherwise be eligible to count as external TLAC but which rank alongside those excluded liabilities in the insolvency creditor hierarchy to contribute a quantum equivalent of up to 2.5% RWA. Possible answers for [KM2:6b/a]: [Yes], [No].

Amount in [KM2:6c/a] is equal to [resolution group-level TLAC1:14/a divided by TLAC1:13/a]. This only needs to be completed if the answer to [KM2:6b/a] is [Yes].

Table OVA: Bank risk management approach

Purpose: Description of the bank's strategy and how senior management and the board of directors assess and manage risks, enabling users to gain a clear understanding of the bank's risk tolerance/appetite in relation to its main activities and all significant risks.

Scope of application: The template is mandatory for all banks.

Content: Qualitative information.

Frequency: Annual.

Format: Flexible.

Banks must describe their risk management objectives and policies, in particular:

(a) How the business model determines and interacts with the overall risk profile (eg the key risks related to the business model and how each of these risks is reflected and described in the risk disclosures) and how the risk profile of the bank interacts with the risk tolerance approved by the board.

(b) The risk governance structure: responsibilities attributed throughout the bank (eg oversight and delegation of authority; breakdown of responsibilities by type of risk, business unit etc); relationships between the structures involved in risk management processes (eg board of directors, executive management, separate risk committee, risk management structure, compliance function, internal audit function).

(c) Channels to communicate, decline and enforce the risk culture within the bank (eg code of conduct; manuals containing operating limits or procedures to treat violations or breaches of risk thresholds; procedures to raise and share risk issues between business lines and risk functions).

(d) The scope and main features of risk measurement systems.

(e) Description of the process of risk information reporting provided to the board and senior management, in particular the scope and main content of reporting on risk exposure.

(f) Qualitative information on stress testing (eg portfolios subject to stress testing, scenarios adopted and methodologies used, and use of stress testing in risk management).

(g) The strategies and processes to manage, hedge and mitigate risks that arise from the bank's business model and the processes for monitoring the continuing effectiveness of hedges and mitigants.

Template OV1: Overview of RWA

Purpose: Provide an overview of total RWA forming the denominator of the risk-based capital requirements. Further breakdowns of RWA are presented in subsequent parts.

Scope of application: The template is mandatory for all banks.

Content: Risk-weighted assets and capital requirements under Pillar 1. Pillar 2 requirements should not be included.

Frequency: Quarterly.

Format: Fixed.

Accompanying narrative: Banks are expected to identify and explain the drivers behind differences in reporting periods T and T-1 where these differences are significant.

When minimum capital requirements in column (c) do not correspond to 8% of RWA in column (a), banks must explain the adjustments made. If the bank uses the Internal Models Method (IMM) for its equity exposures, it must provide annually a description of the main characteristics of its internal model in an accompanying narrative.

| | | a | b | c |
|----|--|-----|-----|------------------------------|
| | | RWA | | Minimum capital requirements |
| | | T | T-1 | T |
| 1 | Credit risk (excluding counterparty credit risk) | | | |
| 2 | Of which: standardised approach | | | |
| 3 | Of which: foundation internal ratings-based (F-IRB) approach | | | |
| 4 | Of which: supervisory slotting approach | | | |
| 5 | Of which: advanced internal ratings-based (A-IRB) approach | | | |
| 6 | Counterparty credit risk (CCR) | | | |
| 7 | Of which: standardised approach for counterparty credit risk | | | |
| 8 | Of which: Internal Model Method (IMM) | | | |
| 9 | Of which: other CCR | | | |
| 10 | Credit valuation adjustment (CVA) | | | |

| | | | | |
|----|--|--|--|--|
| 11 | Equity positions under the simple risk weight approach and the internal model method | | | |
| 12 | Equity investments in funds - look-through approach | | | |
| 13 | Equity investments in funds - mandate-based approach | | | |
| 14 | Equity investments in funds - fall-back approach | | | |
| 15 | Settlement risk | | | |
| 16 | Securitisation exposures in banking book | | | |
| 17 | Of which: securitisation internal ratings-based approach (SEC-IRBA) | | | |
| 18 | Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA) | | | |
| 19 | Of which: securitisation standardised approach (SEC-SA) | | | |
| 20 | Market risk | | | |
| 21 | Of which: standardised approach | | | |
| 22 | Of which: internal models approach (IMA) | | | |
| 23 | Operational risk | | | |
| 24 | Amounts below the thresholds for deduction (subject to 250% risk weight) | | | |
| 25 | Floor adjustment | | | |
| 26 | Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25) | | | |

Definitions and instructions

RWA: risk-weighted assets according to the Basel framework and as reported in accordance with the subsequent parts of this standard. Where the regulatory framework does not refer to RWA but directly to capital charges (eg for market risk and operational risk), banks should indicate the derived RWA number (ie by multiplying capital charge by 12.5).

RWA (T-1): risk-weighted assets as reported in the previous Pillar 3 report (ie at the end of the previous quarter).

Minimum capital requirement T: Pillar 1 capital requirements at the reporting date. This will normally be $RWA \times 8\%$ but may differ if a floor is applicable or adjustments (such as scaling factors) are applied at jurisdiction level.

| Row number | Explanation |
|------------|--|
| 1 | <i>Credit risk (excluding counterparty credit risk)</i> : RWA and capital requirements according to the credit risk framework reported in DIS40 ; excludes all positions subject to the securitisation regulatory framework, including securitisation exposures in the banking book (which are reported in row 16) and capital requirements relating to a counterparty credit risk charge, which are reported in row 6. |
| 2 | <i>Of which: standardised approach</i> : RWA and capital requirements according to the credit risk standardised approach. |
| 3 and 5 | <i>Of which: (foundation/advanced) internal rating-based approaches</i> : RWA and capital requirements according to the F-IRB approach and/or A-IRB approach. |
| 4 | <i>Of which: supervisory slotting approach</i> : RWA and capital requirements according to the supervisory slotting approach. |
| 6 to 8 | <i>Counterparty credit risk</i> : RWA and capital charges according to the counterparty credit risk framework, as reported in DIS42 , excluding CVA as reported in row 10. |
| 9 | <i>Of which: other CCR</i> : RWA and capital charge requirements according to the counterparty credit risk framework, as reported in DIS42 , excluding CVA as reported in row 10, which do not fall under rows 7 and 8. |
| 10 | <i>Credit valuation adjustment</i> : RWA and capital charge requirements according to MAR50 . |
| 11 | <i>Equity positions under the simple risk weight approach and the internal model method</i> : the amounts in row 11 correspond to RWA where the bank applies the simple risk weight approach or the internal model method. The RWA for equity positions under the simple risk weight approach are included in Template CR10 in DIS40 . Where the regulatory treatment of equities is in accordance with the standardised approach, the corresponding RWA are reported in Template CR4 in DIS40 and included in row 2 of this template. |

| | |
|----------|--|
| 12 | <i>Equity investments in funds - look-through approach:</i> RWA and capital requirements calculated in accordance with CRE60 . |
| 13 | <i>Equity investments in funds - mandate-based approach:</i> RWA and capital requirements calculated in accordance with CRE60 |
| 14 | <i>Equity investments in funds - fall-back approach:</i> RWA and capital requirements calculated in accordance with CRE60 . |
| 15 | <i>Settlement risk:</i> the amounts correspond to the requirements in CRE70 |
| 16 to 19 | <i>Securitisation exposures in banking book:</i> the amounts correspond to capital requirements applicable to the securitisation exposures in CRE40 . The RWA amounts must be derived from the capital requirements (which includes the impact of the cap in accordance with CRE40.50 to CRE40.55 , and do not systematically correspond to RWA reported in Templates SEC3 and SEC4, which are before application of the cap). |
| 20 | <i>Market risk:</i> the amounts reported in row 20 correspond to the RWA and capital requirements in DIS50 . They also include capital charges for securitisation positions booked in the trading book but exclude the counterparty credit risk capital charges (reported in DIS42 and row 6 of this template). The RWA for market risk correspond to the capital charge times 12.5. |
| 21 | <i>Of which: standardised approach:</i> RWA and capital requirements according to the market risk standardised approach. including capital requirements for securitisation positions booked in the trading book |
| 22 | <i>Of which: internal models approach:</i> RWA and capital requirements according to the market risk IMA. |
| 23 | <i>Operational risk:</i> the amounts corresponding to the Pillar 1 requirements in the Basel framework. |
| 24 | <i>Amounts below the thresholds for deduction (subject to 250% risk weight):</i> the amounts correspond to items subject to a 250% risk weight according to CAP30.34 . It includes significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation and below the threshold for deduction, after application of the 250% risk weight. |
| 25 | <i>Floor adjustment:</i> this row must be used to disclose the impact of any Pillar 1 floor adjustment (eg a Basel I floor) on total RWA and total capital so that the total row reflects the total RWA and total capital requirements, including such an adjustment. Pillar 2 adjustments applied do not need to be disclosed here. Floors or adjustments applied at a more granular level (eg at risk category level) must be reflected in the capital requirements reported for this risk category. |

Linkages across templates

Amount in [OV1:2/a] is equal to [CR4:14/e]

Amount in [OV1:3/a] and [OV1:5/a] is equal to the sum of [CR6: Total (all portfolios)/i] + [CR10: Specialised lending total RWA for HVCRE and other than HVCRE]

Amount in [OV1:6/a] is equal to the sum of [CCR1:6/f+CCR8:1/b+CCR8:11/b].

DIS25

Composition of capital and TLAC

The disclosures described in this chapter cover the composition of regulatory capital, the main features of regulatory capital instruments and, for global systemically important banks, the composition of total loss-absorbing capacity and the creditor hierarchies of material subgroups and resolution entities.

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Introduction

25.1 The disclosure requirements set out in this chapter are:

- (1) Table CCA – Main features of regulatory capital instruments and of other total loss-absorbing capacity (TLAC) - eligible instruments
- (2) Template CC1 – Composition of regulatory capital
- (3) Template CC2 – Reconciliation of regulatory capital to balance sheet
- (4) Template TLAC1 – TLAC composition for global systemically important banks (G-SIBs) (at resolution group level)
- (5) Template TLAC2 – Material subgroup entity – creditor ranking at legal entity level
- (6) Template TLAC3 – Resolution entity – creditor ranking at legal entity level

25.2 The following table and templates must be completed by all banks:

- (1) Table CCA details the main features of a bank's regulatory capital instruments and other TLAC-eligible instruments, where applicable. This table should be posted on a bank's website, with the web link referenced in the bank's Pillar 3 report to facilitate users' access to the required disclosure. Table CCA represents the minimum level of disclosure that banks are required to report in respect of each regulatory capital instrument and, where applicable, other TLAC-eligible instruments issued.^{[1](#)}
- (2) Template CC1 details the composition of a bank's regulatory capital.
- (3) Template CC2 provides users of Pillar 3 data with a reconciliation between the scope of a bank's accounting consolidation, as per published financial statements, and the scope of its regulatory consolidation.

Footnotes

^{[1](#)} *In this context, "other TLAC-eligible instruments" are instruments other than regulatory capital instruments issued by G-SIBs that meet the TLAC eligibility criteria.*

FAQ

FAQ1 For the disclosure requirements under [DIS25](#), in the event a bank restates its prior year accounting balance sheet, does the bank restate the archived prior year reconciliation templates?

The requirement to keep an archive of a minimum period also applies to the reconciliation template. As such, any prospective/retrospective restatement of the balance sheet would require similar amendments to be reflected in the reconciliation templates within the archive with a clear indication that such a revision has been made.

25.3 The following additional templates must be completed by banks which have been designated as G-SIBs:

- (1) Template TLAC1 provides details of the TLAC positions of G-SIB resolution groups. This disclosure requirement applies to all G-SIBs at the resolution group level. For single point of entry G-SIBs, there is only one resolution group. This means that they only need to complete Template TLAC1 once to report their TLAC positions.
- (2) Templates TLAC2 and TLAC3 present information on creditor rankings at the legal entity level for material subgroup entities (ie entities that are part of a material subgroup) which have issued internal TLAC to one or more resolution entities, and also for resolution entities. These templates provide information on the amount and residual maturity of TLAC and on the instruments issued by resolution entities and material subgroup entities that rank pari passu with, or junior to, TLAC instruments.

25.4 Templates TLAC1, TLAC2 and TLAC3 become effective from the TLAC conformance date.

25.5 Through the following three-step approach, all banks are required to show the link between the balance sheet in their published financial statements and the numbers disclosed in Template CC1:

- (1) Step 1: Disclose the reported balance sheet under the regulatory scope of consolidation in Template CC2. If the scopes of regulatory consolidation and accounting consolidation are identical for a particular banking group, banks should state in Template CC2 that there is no difference and move on to Step 2. Where the accounting and regulatory scopes of consolidation differ, banks are required to disclose the list of those legal entities that are included within the accounting scope of consolidation, but excluded from the regulatory scope of consolidation or, alternatively, any legal entities included in the regulatory consolidation that are not included in the accounting scope of consolidation. This will enable users of Pillar 3 data to consider any risks posed by unconsolidated subsidiaries. If some entities are included in both the regulatory and accounting scopes of consolidation, but the method of consolidation differs between these two scopes, banks are required to list the relevant legal entities separately and explain the differences in the consolidation methods. For each legal entity that is required to be disclosed in this requirement, a bank must also disclose the total assets and equity on the entity's balance sheet and a description of the entity's principal activities.
- (2) Step 2: Expand the lines of the balance sheet under the regulatory scope of consolidation in Template CC2 to display all of the components that are used in Template CC1. It should be noted that banks will only need to expand elements of the balance sheet to the extent necessary to determine the components that are used in Template CC1 (eg if all of the paid-in capital of the bank meets the requirements to be included in Common Equity Tier 1 (CET1) capital, the bank would not need to expand this line). The level of disclosure should be proportionate to the complexity of the bank's balance sheet and its capital structure.
- (3) Step 3: Map each of the components that are disclosed in Template CC2 in Step 2 to the composition of capital disclosure set out in Template CC1.

Table CCA - Main features of regulatory capital instruments and of other TLAC-eligible instruments

Purpose: Provide a description of the main features of a bank's regulatory capital instruments and other TLAC-eligible instruments, as applicable, that are recognised as part of its capital base / TLAC resources.

Scope of application: The template is mandatory for all banks. In addition to completing the template for all regulatory capital instruments, G-SIB resolution entities should complete the template (including lines 3a and 34a) for all other TLAC-eligible instruments that are recognised as external TLAC resources by the resolution entities, starting from the TLAC conformance date. Internal TLAC instruments and other senior debt instruments are not covered in this template.

Content: Quantitative and qualitative information as required.

Frequency: Table CCA should be posted on a bank's website. It should be updated whenever the bank issues or repays a capital instrument (or other TLAC-eligible instrument where applicable), and whenever there is a redemption, conversion/writedown or other material change in the nature of an existing instrument. Updates should, at a minimum, be made semiannually. Banks should include the web link in each Pillar 3 report to the issuances made over the previous period.

Format: Flexible.

Accompanying information: Banks are required to make available on their websites the full terms and conditions of all instruments included in regulatory capital and TLAC.

| | | a |
|----|---|---|
| | | Quantitative / qualitative information |
| 1 | Issuer | |
| 2 | Unique identifier (eg Committee on Uniform Security Identification Procedures (CUSIP), International Securities Identification Number (ISIN) or Bloomberg identifier for private placement) | |
| 3 | Governing law(s) of the instrument | |
| 3a | Means by which enforceability requirement of Section 13 of the TLAC Term Sheet is achieved (for other TLAC-eligible instruments governed by foreign law) | |
| 4 | Transitional Basel III rules | |
| 5 | Post-transitional Basel III rules | |
| 6 | Eligible at solo/group/group and solo | |
| 7 | Instrument type (types to be specified by each jurisdiction) | |

| | | |
|----|--|--|
| 8 | Amount recognised in regulatory capital (currency in millions, as of most recent reporting date) | |
| 9 | Par value of instrument | |
| 10 | Accounting classification | |
| 11 | Original date of issuance | |
| 12 | Perpetual or dated | |
| 13 | Original maturity date | |
| 14 | Issuer call subject to prior supervisory approval | |
| 15 | Optional call date, contingent call dates and redemption amount | |
| 16 | Subsequent call dates, if applicable | |
| | <i>Coupons / dividends</i> | |
| 17 | Fixed or floating dividend/coupon | |
| 18 | Coupon rate and any related index | |
| 19 | Existence of a dividend stopper | |
| 20 | Fully discretionary, partially discretionary or mandatory | |
| 21 | Existence of step-up or other incentive to redeem | |
| 22 | Non-cumulative or cumulative | |
| 23 | Convertible or non-convertible | |
| 24 | If convertible, conversion trigger(s) | |
| 25 | If convertible, fully or partially | |
| 26 | If convertible, conversion rate | |
| 27 | If convertible, mandatory or optional conversion | |
| 28 | If convertible, specify instrument type convertible into | |
| 29 | If convertible, specify issuer of instrument it converts into | |

| | | |
|-----|---|--|
| 30 | Writedown feature | |
| 31 | If writedown, writedown trigger(s) | |
| 32 | If writedown, full or partial | |
| 33 | If writedown, permanent or temporary | |
| 34 | If temporary write-down, description of writeup mechanism | |
| 34a | Type of subordination | |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned). | |
| 36 | Non-compliant transitioned features | |
| 37 | If yes, specify non-compliant features | |

Instructions

Banks are required to complete the template for each outstanding regulatory capital instrument and, in the case of G-SIBs, TLAC-eligible instruments (banks should insert "NA" if the question is not applicable).

Banks are required to report each instrument, including common shares, in a separate column of the template, such that the completed Table CCA would provide a "main features report" that summarises all of the regulatory capital and TLAC-eligible instruments of the banking group. G-SIBs disclosing these instruments should group them under three sections (horizontally along the table) to indicate whether they are for meeting (i) only capital (but not TLAC) requirements; (ii) both capital and TLAC requirements; or (iii) only TLAC (but not capital) requirements.

The list of main features represents a minimum level of required summary disclosure. In implementing this minimum requirement, each national authority is encouraged to add to this list if there are features that it deems important to disclose in the context of the banks they supervise.

| Row number | Explanation | Format / list of options (where relevant) |
|------------|---|---|
| 1 | Identifies issuer legal entity. | Free text |
| 2 | Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement). | Free text |
| 3 | Specifies the governing law(s) of the instrument. | Free text |

| | | |
|----|--|---|
| 3a | Other TLAC-eligible instruments governed by foreign law (ie a law other than that of the home jurisdiction of a resolution entity) include a clause in the contractual provisions whereby investors expressly submit to, and provide consent to the application of, the use of resolution tools in relation to the instrument by the home authority notwithstanding any provision of foreign law to the contrary, unless there is equivalent binding statutory provision for cross-border recognition of resolution actions. Select "NA" where the governing law of the instrument is the same as that of the country of incorporation of the resolution entity. | Disclosure: [Contractual] [Statutory] [NA] |
| 4 | Specifies the regulatory capital treatment during the Basel III transitional phase (ie the component of capital from which the instrument is being phased out). | Disclosure: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] |
| 5 | Specifies regulatory capital treatment under Basel III rules not taking into account transitional treatment. | Disclosure: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] [Ineligible] |
| 6 | Specifies the level(s) within the group at which the instrument is included in capital. | Disclosure: [Solo] [Group] [Solo and Group] |
| 7 | Specifies instrument type, varying by jurisdiction. Helps provide more granular understanding of features, particularly during transition. | Disclosure: Options to be provided to banks by each jurisdiction |
| 8 | Specifies amount recognised in regulatory capital. | Free text |
| 9 | Par value of instrument. | Free text |
| 10 | Specifies accounting classification. Helps to assess loss-absorbency. | Disclosure: [Shareholders' equity] [Liability - amortised cost] [Liability - fair value option] [Non-controlling interest in consolidated subsidiary] |
| 11 | Specifies date of issuance. | Free text |
| 12 | Specifies whether dated or perpetual. | Disclosure: [Perpetual] [Dated] |
| 13 | For dated instrument, specifies original maturity date (day, month and year). For perpetual instrument, enter "no maturity". | Free text |
| 14 | Specifies whether there is an issuer call option. | Disclosure: [Yes] [No] |

| | | |
|----|--|--|
| 15 | For instrument with issuer call option, specifies: (i) the first date of call if the instrument has a call option on a specific date (day, month and year); (ii) the instrument has a tax and /or regulatory event call; and (iii) the redemption price. | Free text |
| 16 | Specifies the existence and frequency of subsequent call dates, if applicable. | Free text |
| 17 | Specifies whether the coupon/dividend is fixed over the life of the instrument, floating over the life of the instrument, currently fixed but will move to a floating rate in the future, or currently floating but will move to a fixed rate in the future. | Disclosure: [Fixed], [Floating] [Fixed to floating], [Floating to fixed] |
| 18 | Specifies the coupon rate of the instrument and any related index that the coupon/dividend rate references. | Free text |
| 19 | Specifies whether the non-payment of a coupon or dividend on the instrument prohibits the payment of dividends on common shares (ie whether there is a dividend-stopper). | Disclosure: [Yes] [No] |
| 20 | Specifies whether the issuer has full, partial or no discretion over whether a coupon/dividend is paid. If the bank has full discretion to cancel coupon/dividend payments under all circumstances, it must select "fully discretionary" (including when there is a dividend-stopper that does not have the effect of preventing the bank from cancelling payments on the instrument). If there are conditions that must be met before payment can be cancelled (eg capital below a certain threshold), the bank must select "partially discretionary". If the bank is unable to cancel the payment outside of insolvency, the bank must select "mandatory". | Disclosure: [Fully discretionary] [Partially discretionary] [Mandatory] |
| 21 | Specifies whether there is a step-up or other incentive to redeem. | Disclosure: [Yes] [No] |
| 22 | Specifies whether dividends/coupons are cumulative or non-cumulative. | Disclosure: [Non-cumulative] [Cumulative] |
| 23 | Specifies whether the instrument is convertible. | Disclosure: [Convertible] [Non-convertible] |
| 24 | Specifies the conditions under which the instrument will convert, including point of non-viability. Where one or more authorities have the ability to trigger conversion, the authorities should be listed. For each of the authorities it should be stated whether the legal basis for the authority to trigger conversion is provided by the terms of the | Free text |

| | | |
|-----|--|---|
| | contract of the instrument (a contractual approach) or statutory means (a statutory approach). | |
| 25 | For conversion trigger separately, specifies whether the instrument will: (i) always convert fully; (ii) may convert fully or partially; or (iii) will always convert partially. | Free text referencing one of the options above |
| 26 | Specifies the rate of conversion into the more loss-absorbent instrument. | Free text |
| 27 | For convertible instruments, specifies whether conversion is mandatory or optional. | Disclosure: [Mandatory] [Optional] [NA] |
| 28 | For convertible instruments, specifies the instrument type it is convertible into. | Disclosure: [Common Equity Tier 1] [Additional Tier 1] [Tier 2] [Other] |
| 29 | If convertible, specifies the issuer of the instrument into which it converts. | Free text |
| 30 | Specifies whether there is a writedown feature. | Disclosure: [Yes] [No] |
| 31 | Specifies the trigger at which writedown occurs, including point of non-viability. Where one or more authorities have the ability to trigger writedown, the authorities should be listed. For each of the authorities it should be stated whether the legal basis for the authority to trigger conversion is provided by the terms of the contract of the instrument (a contractual approach) or statutory means (a statutory approach). | Free text |
| 32 | For each writedown trigger separately, specifies whether the instrument will: (i) always be written down fully; (ii) may be written down partially; or (iii) will always be written down partially. | Free text referencing one of the options above |
| 33 | For writedown instruments, specifies whether writedown is permanent or temporary. | Disclosure: [Permanent] [Temporary] [NA] |
| 34 | For instruments that have a temporary writedown, description of writeup mechanism. | Free text |
| 34a | Type of subordination. | Disclosure: [Structural] [Statutory] [Contractual] [Exemption from subordination] |
| 35 | Specifies instrument to which it is most immediately subordinate. Where applicable, banks should specify the | Free text |

| | | |
|----|---|------------------------|
| | column numbers of the instruments in the completed main features template to which the instrument is most immediately subordinate. In the case of structural subordination, "NA" should be entered. | |
| 36 | Specifies whether there are non-compliant features. | Disclosure: [Yes] [No] |
| 37 | If there are non-compliant features, specifies which ones. | Free text |

Template CC1 - Composition of regulatory capital

Purpose: Provide a breakdown of the constituent elements of a bank's capital.

Scope of application: The template is mandatory for all banks at the consolidated level.

Content: Breakdown of regulatory capital according to the scope of regulatory consolidation

Frequency: Semiannual.

Format: Fixed.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such change.

| | | a | b |
|---|---|---------|---|
| | | Amounts | Source based on reference numbers /letters of the balance sheet under the regulatory scope of consolidation |
| | Common Equity Tier 1 capital: instruments and reserves | | |
| 1 | Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus | | h |
| 2 | Retained earnings | | |
| 3 | Accumulated other comprehensive income (and other reserves) | | |
| 4 | <i>Directly issued capital subject to phase-out from CET1 capital (only applicable to non-joint stock companies)</i> | | |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 capital) | | |
| 6 | Common Equity Tier 1 capital before regulatory adjustments | | |
| | Common Equity Tier 1 capital: regulatory adjustments | | |
| 7 | Prudent valuation adjustments | | |
| 8 | Goodwill (net of related tax liability) | | a minus d |
| | | | b minus e |

| | | | |
|----|--|--|-------------------------------------|
| 9 | Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability) | | |
| 10 | Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability) | | |
| 11 | Cash flow hedge reserve | | |
| 12 | Shortfall of provisions to expected losses | | |
| 13 | Securitisation gain on sale (as set out in CAP30.14) | | |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | | |
| 15 | Defined benefit pension fund net assets | | |
| 16 | Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet) | | |
| 17 | Reciprocal cross-holdings in common equity | | |
| 18 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | | |
| 19 | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | | |
| 20 | MSR (amount above 10% threshold) | | c minus f minus 10% threshold |
| 21 | DTA arising from temporary differences (amount above 10% threshold, net of related tax liability) | | |
| 22 | Amount exceeding the 15% threshold | | |
| 23 | Of which: significant investments in the common stock of financials | | |
| 24 | Of which: MSR | | |
| 25 | Of which: DTA arising from temporary differences | | |
| 26 | National specific regulatory adjustments | | |
| 27 | Regulatory adjustments applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 and Tier 2 capital to cover deductions | | |
| | | | |

| | | | |
|----|---|--|---|
| 28 | Total regulatory adjustments to Common Equity Tier 1 capital | | |
| 29 | Common Equity Tier 1 capital (CET1) | | |
| | Additional Tier 1 capital: instruments | | |
| 30 | Directly issued qualifying additional Tier 1 instruments plus related stock surplus | | i |
| 31 | Of which: classified as equity under applicable accounting standards | | |
| 32 | Of which: classified as liabilities under applicable accounting standards | | |
| 33 | <i>Directly issued capital instruments subject to phase-out from additional Tier 1 capital</i> | | |
| 34 | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group additional Tier 1 capital) | | |
| 35 | <i>Of which: instruments issued by subsidiaries subject to phase-out</i> | | |
| 36 | Additional Tier 1 capital before regulatory adjustments | | |
| | Additional Tier 1 capital: regulatory adjustments | | |
| 37 | Investments in own additional Tier 1 instruments | | |
| 38 | Reciprocal cross-holdings in additional Tier 1 instruments | | |
| 39 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | | |
| 40 | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation | | |
| 41 | National specific regulatory adjustments | | |
| 42 | Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions | | |
| 43 | Total regulatory adjustments to additional Tier 1 capital | | |
| 44 | Additional Tier 1 capital (AT1) | | |
| | | | |

| | | | |
|-----|---|--|--|
| 45 | Tier 1 capital (T1 = CET1 + AT1) | | |
| | Tier 2 capital: instruments and provisions | | |
| 46 | Directly issued qualifying Tier 2 instruments plus related stock surplus | | |
| 47 | <i>Directly issued capital instruments subject to phase-out from Tier 2 capital</i> | | |
| 48 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2) | | |
| 49 | <i>Of which: instruments issued by subsidiaries subject to phase-out</i> | | |
| 50 | Provisions | | |
| 51 | Tier 2 capital before regulatory adjustments | | |
| | Tier 2 capital: regulatory adjustments | | |
| 52 | Investments in own Tier 2 instruments | | |
| 53 | Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities | | |
| 54 | Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | | |
| 54a | Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only) | | |
| 55 | Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | |
| 56 | National specific regulatory adjustments | | |
| 57 | Total regulatory adjustments to Tier 2 capital | | |
| 58 | Tier 2 capital | | |
| 59 | Total regulatory capital (= Tier 1 + Tier2) | | |

| | | | |
|----|--|--|--|
| 60 | Total risk-weighted assets | | |
| | Capital adequacy ratios and buffers | | |
| 61 | Common Equity Tier 1 capital (as a percentage of risk-weighted assets) | | |
| 62 | Tier 1 capital (as a percentage of risk-weighted assets) | | |
| 63 | Total capital (as a percentage of risk-weighted assets) | | |
| 64 | Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets) | | |
| 65 | Of which: capital conservation buffer requirement | | |
| 66 | Of which: bank-specific countercyclical buffer requirement | | |
| 67 | Of which: higher loss absorbency requirement | | |
| 68 | Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements | | |
| | National minima (if different from Basel III) | | |
| 69 | National minimum Common Equity Tier 1 capital adequacy ratio (if different from Basel III minimum) | | |
| 70 | National minimum Tier 1 capital adequacy ratio (if different from Basel III minimum) | | |
| 71 | National minimum Total capital adequacy ratio (if different from Basel III minimum) | | |
| | Amounts below the thresholds for deduction (before risk-weighting) | | |
| 72 | Non-significant investments in the capital and other TLAC liabilities of other financial entities | | |
| 73 | Significant investments in the common stock of financial entities | | |
| 74 | MSR (net of related tax liability) | | |
| 75 | DTA arising from temporary differences (net of related tax liability) | | |
| | Applicable caps on the inclusion of provisions in Tier 2 capital | | |

| | | | |
|----|--|--|--|
| 76 | Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap) | | |
| 77 | Cap on inclusion of provisions in Tier 2 capital under standardised approach | | |
| 78 | Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to internal ratings-based approach (prior to application of cap) | | |
| 79 | Cap for inclusion of provisions in Tier 2 capital under internal ratings-based approach | | |
| | Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022) | | |
| 80 | <i>Current cap on CET1 instruments subject to phase-out arrangements</i> | | |
| 81 | <i>Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities)</i> | | |
| 82 | <i>Current cap on AT1 instruments subject to phase-out arrangements</i> | | |
| 83 | <i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i> | | |
| 84 | <i>Current cap on Tier 2 instruments subject to phase-out arrangements</i> | | |
| 85 | <i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i> | | |

Instructions

- (i) Rows in italics will be deleted after all the ineligible capital instruments have been fully phased out (ie from 1 January 2022 onwards).
- (ii) The reconciliation requirements included in Template CC2 result in the decomposition of certain regulatory adjustments. For example, the disclosure template below includes the adjustment "Goodwill net of related tax liability". The reconciliation requirements will lead to the disclosure of both the goodwill component and the related tax liability component of this regulatory adjustment.
- (iii) Shading:
 - Each dark grey row introduces a new section detailing a certain component of regulatory capital.
 - Light grey rows with no thick border represent the sum cells in the relevant section.

- Light grey rows with a thick border show the main components of regulatory capital and the capital adequacy ratios.

Columns

Source: Banks are required to complete column b to show the source of every major input, which is to be cross-referenced to the corresponding rows in Template CC2.

Rows

Set out in the following table is an explanation of each row of the template above. Regarding the regulatory adjustments, banks are required to report deductions from capital as positive numbers and additions to capital as negative numbers. For example, goodwill (row 8) should be reported as a positive number, as should gains due to the change in the own credit risk of the bank (row 14). However, losses due to the change in the own credit risk of the bank should be reported as a negative number as these are added back in the calculation of CET1 capital.

| Row number | Explanation |
|------------|--|
| 1 | Instruments issued by the parent company of the reporting group that meet all of the CET1 capital entry criteria set out in CAP10.8 . This should be equal to the sum of common stock (and related surplus only) and other instruments for non-joint stock companies, both of which must meet the common stock criteria. This should be net of treasury stock and other investments in own shares to the extent that these are already derecognised on the balance sheet under the relevant accounting standards. Other paid-in capital elements must be excluded. All minority interest must be excluded. |
| 2 | Retained earnings, prior to all regulatory adjustments. In accordance with CAP10.6 and CAP10.7 , this row should include interim profit and loss that has met any audit, verification or review procedures that the supervisory authority has put in place. Dividends are to be removed in accordance with the applicable accounting standards, ie they should be removed from this row when they are removed from the balance sheet of the bank. |
| 3 | Accumulated other comprehensive income and other disclosed reserves, prior to all regulatory adjustments. |
| 4 | Directly issued capital instruments subject to phase-out from CET1 capital in accordance with the requirements of CAP90.4 . This is only applicable to non-joint stock companies. Banks structured as joint stock companies must report zero in this row. |
| 5 | Common share capital issued by subsidiaries and held by third parties. Only the amount that is eligible for inclusion in group CET1 capital should be reported here, as determined by the application of CAP10.20 and CAP10.21 (see CAP99.1 to CAP99.7 for an example of the calculation). |
| 6 | Sum of rows 1 to 5. |
| 7 | Prudent valuation adjustments according to the requirements of CAP50.11 to CAP50.14 , taking into account the guidance set out in <i>Supervisory guidance for assessing banks' financial instrument fair value practices</i> , April 2009 (in particular Principle 10). |

| | |
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| 8 | Goodwill net of related tax liability, as set out in CAP30.7 and CAP30.8 . |
| 9 | Other intangibles other than MSR (net of related tax liability), as set out in CAP30.7 and CAP30.8 . |
| 10 | DTA that rely on future profitability excluding those arising from temporary differences (net of related tax liability), as set out in CAP30.9 . |
| 11 | The element of the cash flow hedge reserve described in CAP30.11 and CAP30.12 . |
| 12 | Shortfall of provisions to expected losses as described in CAP30.13 . |
| 13 | Securitisation gain on sale (as set out in CAP30.14). |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities, as described in CAP30.15 . |
| 15 | Defined benefit pension fund net assets, the amount to be deducted as set out in CAP30.16 and CAP30.17 . |
| 16 | Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet), as set out in CAP30.18 to CAP30.20 . |
| 17 | Reciprocal cross-holdings in common equity, as set out in CAP30.21 . |
| 18 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued share capital, net of eligible short positions and amount above 10% threshold. Amount to be deducted from CET1 capital calculated in accordance with CAP30.22 to CAP30.28 . |
| 19 | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions and amount above 10% threshold. Amount to be deducted from CET1 capital calculated in accordance with CAP30.29 to CAP30.33 . |
| 20 | MSR (amount above 10% threshold), amount to be deducted from CET1 capital in accordance with CAP30.32 and CAP30.33 . |
| 21 | DTA arising from temporary differences (amount above 10% threshold, net of related tax liability), amount to be deducted from CET1 capital in accordance with CAP30.32 and CAP30.33 . |
| 22 | Total amount by which the three threshold items exceed the 15% threshold, excluding amounts reported in rows 19-21, calculated in accordance with CAP30.32 and CAP30.33 . |
| 23 | The amount reported in row 22 that relates to significant investments in the common stock of financials. |
| 24 | The amount reported in row 22 that relates to MSR. |
| 25 | The amount reported in row 22 that relates to DTA arising from temporary differences. |
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| 26 | Any national specific regulatory adjustments that national authorities require to be applied to CET1 capital in addition to the Basel III minimum set of adjustments. Guidance should be sought from national supervisors. |
| 27 | Regulatory adjustments applied to CET1 capital due to insufficient AT1 capital to cover deductions. If the amount reported in row 43 exceeds the amount reported in row 36, the excess is to be reported here. |
| 28 | Total regulatory adjustments to CET1 capital, to be calculated as the sum of rows 7-22 plus rows 26-7. |
| 29 | CET1 capital, to be calculated as row 6 minus row 28. |
| 30 | Instruments issued by the parent company of the reporting group that meet all of the AT1 capital entry criteria set out in CAP10.11 and any related stock surplus as set out in CAP10.13 . All instruments issued by subsidiaries of the consolidated group should be excluded from this row. This row may include AT1 capital issued by an SPV of the parent company only if it meets the requirements set out in CAP10.26 . |
| 31 | The amount in row 30 classified as equity under applicable accounting standards. |
| 32 | The amount in row 30 classified as liabilities under applicable accounting standards. |
| 33 | Directly issued capital instruments subject to phase-out from AT1 capital in accordance with the requirements of CAP90.1 to CAP90.3 . |
| 34 | AT1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties, the amount allowed in group AT1 capital in accordance with CAP10.22 and CAP10.23 . |
| 35 | The amount reported in row 34 that relates to instruments subject to phase-out from AT1 capital in accordance with the requirements of CAP90.1 to CAP90.3 . |
| 36 | The sum of rows 30, 33 and 34. |
| 37 | Investments in own AT1 instruments, amount to be deducted from AT1 capital in accordance with CAP30.18 to CAP30.20 . |
| 38 | Reciprocal cross-holdings in AT1 instruments, amount to be deducted from AT1 capital in accordance with CAP30.21 |
| 39 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity, net of eligible short positions and amount above 10% threshold. Amount to be deducted from AT1 capital calculated in accordance with CAP30.22 to CAP30.28 . |
| 40 | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions. Amount to be deducted from AT1 capital in accordance with CAP30.29 and CAP30.30 . |
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| 41 | Any national specific regulatory adjustments that national authorities require to be applied to AT1 capital in addition to the Basel III minimum set of adjustments. Guidance should be sought from national supervisors. |
| 42 | Regulatory adjustments applied to AT1 capital due to insufficient Tier 2 capital to cover deductions. If the amount reported in row 57 exceeds the amount reported in row 51, the excess is to be reported here. |
| 43 | The sum of rows 37-42. |
| 44 | AT1 capital, to be calculated as row 36 minus row 43. |
| 45 | Tier 1 capital, to be calculated as row 29 plus row 44. |
| 46 | Instruments issued by the parent company of the reporting group that meet all of the Tier 2 capital criteria set out in CAP10.16 and any related stock surplus as set out in CAP10.17 . All instruments issued by subsidiaries of the consolidated group should be excluded from this row. This row may include Tier 2 capital issued by an SPV of the parent company only if it meets the requirements set out in CAP10.26 . |
| 47 | Directly issued capital instruments subject to phase-out from Tier 2 capital in accordance with the requirements of CAP90.1 to CAP90.3 . |
| 48 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2 capital), in accordance with CAP10.24 and CAP10.25 . |
| 49 | The amount reported in row 48 that relates to instruments subject to phase-out from Tier 2 capital in accordance with the requirements of CAP90.1 to CAP90.3 . |
| 50 | Provisions included in Tier 2 capital, calculated in accordance with CAP10.18 and CAP10.19 . |
| 51 | The sum of rows 46-8 and row 50. |
| 52 | Investments in own Tier 2 instruments, amount to be deducted from Tier 2 capital in accordance with CAP30.18 to CAP30.20 . |
| 53 | Reciprocal cross-holdings in Tier 2 capital instruments and other TLAC liabilities, amount to be deducted from Tier 2 capital in accordance with CAP30.21 . |
| 54 | Investments in the capital instruments and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity: amount in excess of the 10% threshold that is to be deducted from Tier 2 capital in accordance with CAP30.22 to CAP30.28 . For non-G-SIBs, any amount reported in this row will reflect other TLAC liabilities not covered by the 5% threshold and that cannot be absorbed by the 10% threshold. For G-SIBs, the 5% threshold is subject to additional conditions; deductions in excess of the 5% threshold are reported instead in 54a. |
| | (This row is for G-SIBs only.) Investments in other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where |

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| 54a | the bank does not own more than 10% of the issued common share capital of the entity, previously designated for the 5% threshold but no longer meeting the conditions under paragraph 80a of the TLAC holdings standard, measured on a gross long basis. The amount to be deducted will be the amount of other TLAC liabilities designated to the 5% threshold but not sold within 30 business days, no longer held in the trading book or now exceeding the 5% threshold (eg in the instance of decreasing CET1 capital). Note that, for G-SIBs, amounts designated to this threshold may not subsequently be moved to the 10% threshold. This row does not apply to non-G-SIBs, to whom these conditions on the use of the 5% threshold do not apply. |
| 55 | Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions), amount to be deducted from Tier 2 capital in accordance with CAP30.29 and CAP30.30 . |
| 56 | Any national specific regulatory adjustments that national authorities require to be applied to Tier 2 capital in addition to the Basel III minimum set of adjustments. Guidance should be sought from national supervisors. |
| 57 | The sum of rows 52-6. |
| 58 | Tier 2 capital, to be calculated as row 51 minus row 57. |
| 59 | Total capital, to be calculated as row 45 plus row 58. |
| 60 | Total risk-weighted assets of the reporting group. |
| 61 | CET1 capital adequacy ratio (as a percentage of risk-weighted assets), to be calculated as row 29 divided by row 60 (expressed as a percentage). |
| 62 | Tier 1 capital adequacy ratio (as a percentage of risk-weighted assets), to be calculated as row 45 divided by row 60 (expressed as a percentage). |
| 63 | Total capital adequacy ratio (as a percentage of risk-weighted assets), to be calculated as row 59 divided by row 60 (expressed as a percentage). |
| 64 | Bank-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets). If an MPE G-SIB resolution entity is not subject to a buffer requirement at that scope of consolidation, then it should enter zero. |
| 65 | The amount in row 64 (expressed as a percentage of risk-weighted assets) that relates to the capital conservation buffer, ie banks will report 2.5% here. |
| 66 | The amount in row 64 (expressed as a percentage of risk-weighted assets) that relates to the bank-specific countercyclical buffer requirement. |
| 67 | The amount in row 64 (expressed as a percentage of risk-weighted assets) that relates to the bank's higher loss absorbency requirement, if applicable. |
| | CET1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements. To be calculated as the CET1 capital adequacy ratio of the bank (row 61) less the ratio of RWA of any common equity used to meet the bank's |

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| 68 | minimum CET1, Tier 1 and Total capital requirements. For example, suppose a bank has 100 RWA, 10 CET1 capital, 1.5 additional Tier 1 capital and no Tier 2 capital. Since it does not have any Tier 2 capital, it will have to earmark its CET1 capital to meet the 8% minimum capital requirement. The net CET1 capital left to meet other requirements (which could include Pillar 2, buffers or TLAC requirements) will be $10 - 4.5 - 2 = 3.5$. |
| 69 | National minimum CET1 capital adequacy ratio (if different from Basel III minimum). Guidance should be sought from national supervisors. |
| 70 | National minimum Tier 1 capital adequacy ratio (if different from Basel III minimum). Guidance should be sought from national supervisors. |
| 71 | National minimum Total capital adequacy ratio (if different from Basel III minimum). Guidance should be sought from national supervisors. |
| 72 | Investments in the capital instruments and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation where the bank does not own more than 10% of the issued common share capital of the entity (in accordance with CAP30.22 to CAP30.28). |
| 73 | Significant investments in the common stock of financial entities, the total amount of such holdings that are not reported in row 19 and row 23. |
| 74 | MSR, the total amount of such holdings that are not reported in row 20 and row 24. |
| 75 | DTA arising from temporary differences, the total amount of such holdings that are not reported in row 21 and row 25. |
| 76 | Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach, calculated in accordance with CAP10.18 , prior to the application of the cap. |
| 77 | Cap on inclusion of provisions in Tier 2 capital under the standardised approach, calculated in accordance with CAP10.18 . |
| 78 | Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to the internal ratings-based approach, calculated in accordance with CAP10.19 , prior to the application of the cap. |
| 79 | Cap on inclusion of provisions in Tier 2 capital under the internal ratings-based approach, calculated in accordance with CAP10.19 . |
| 80 | Current cap on CET1 instruments subject to phase-out arrangements; see CAP90.4 . |
| 81 | Amount excluded from CET1 capital due to cap (excess over cap after redemptions and maturities); see CAP90.4 . |
| 82 | Current cap on AT1 instruments subject to phase-out arrangements; see CAP90.1 to CAP90.3 . |
| 83 | Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities); see CAP90.1 to CAP90.3 . |
| | |

| | |
|----|---|
| 84 | Current cap on Tier 2 capital instruments subject to phase-out arrangements; see CAP90.1 to CAP90.3 . |
| 85 | Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities); see CAP90.1 to CAP90.3 . |

In general, to ensure that Template CC1 remains comparable across jurisdictions, there should be no adjustments to the version banks use to disclose their regulatory capital position. However, the following exceptions apply to take account of language differences and to reduce the reporting of unnecessary information:

- The template and explanatory table above can be translated by national authorities into the relevant national language(s) that implement the Basel standards. The translated version of the template will retain all of the rows included in the template.
- For the explanatory table, the national version of the template can reference the national rules that implement the relevant sections of Basel III.
- Banks are not permitted to add, delete or change the definitions of any rows from the template implemented in their jurisdiction. This is irrespective of the concession allowed in [DIS10.23](#).
- The national version of the template must retain the same row numbering used in the first column of the template, such that users of Pillar 3 data can easily map the national version to the template. However, the template includes certain rows that reference specific national regulatory adjustments (rows 26, 41 and 56). The relevant national authority should insert rows after each of these to provide rows for banks to disclose each of the relevant national specific adjustments (with the totals reported in rows 26, 41 and 56). The insertion of any rows must leave the numbering of the remaining rows unchanged, eg rows detailing national specific regulatory adjustments to CET1 could be labelled row 26a, row 26b etc, to ensure that the subsequent row numbers are not affected.
- In cases where the national implementation of Basel III applies a more conservative definition of an element listed in the template, national authorities may choose between two approaches:
 - Approach 1: in the national version of the template, maintain the same definitions of all rows as set out in the template, and require banks to report the impact of the more conservative national definition in the designated rows for national specific adjustments (ie rows 26, 41 and 56).
 - Approach 2: in the national version of the template, use the definitions of elements as implemented in that jurisdiction, clearly labelling them as being different from the Basel III minimum definition, and require banks to separately disclose the impact of each of these different definitions in the notes to the template.

The aim of both approaches is to provide all the information necessary to enable users of Pillar 3 data to calculate the capital of banks on a common basis.

Template CC2 - Reconciliation of regulatory capital to balance sheet

Purpose: Enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation, and to show the link between a bank's balance sheet in its published financial statements and the numbers that are used in the composition of capital disclosure template set out in Template CC1.

Scope of application: The template is mandatory for all banks.

Content: Carrying values (corresponding to the values reported in financial statements).

Frequency: Semiannual.

Format: Flexible (but the rows must align with the presentation of the bank's financial report).

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes in the expanded balance sheet items over the reporting period and the key drivers of such change. Narrative commentary to significant changes in other balance sheet items could be found in Table LIA.

| | a | b | c |
|--|--|--|-----------|
| | Balance sheet as in published financial statements | Under regulatory scope of consolidation | Reference |
| | As at period- end | As at period- end | |
| Assets | | | |
| Cash and balances at central banks | | | |
| Items in the course of collection from other banks | | | |
| Trading portfolio assets | | | |
| Financial assets designated at fair value | | | |
| Derivative financial instruments | | | |
| Loans and advances to banks | | | |
| Loans and advances to customers | | | |
| Reverse repurchase agreements and other similar secured lending | | | |
| Available for sale financial investments | | | |
| Current and deferred tax assets | | | |
| Prepayments, accrued income and other assets | | | |
| | | | |

| | | | |
|--|--|--|---|
| Investments in associates and joint ventures | | | |
| Goodwill and intangible assets | | | |
| Of which: goodwill | | | a |
| Of which: other intangibles (excluding MSR) | | | b |
| Of which: MSR | | | c |
| Property, plant and equipment | | | |
| Total assets | | | |
| Liabilities | | | |
| Deposits from banks | | | |
| Items in the course of collection due to other banks | | | |
| Customer accounts | | | |
| Repurchase agreements and other similar secured borrowing | | | |
| Trading portfolio liabilities | | | |
| Financial liabilities designated at fair value | | | |
| Derivative financial instruments | | | |
| Debt securities in issue | | | |
| Accruals, deferred income and other liabilities | | | |
| Current and deferred tax liabilities | | | |
| Of which: deferred tax liabilities (DTL) related to goodwill | | | d |
| Of which: DTL related to intangible assets (excluding MSR) | | | e |
| Of which: DTL related to MSR | | | f |
| Subordinated liabilities | | | |
| Provisions | | | |
| Retirement benefit liabilities | | | |
| Total liabilities | | | |
| Shareholders' equity | | | |

| | | | |
|--|--|--|---|
| Paid-in share capital | | | |
| Of which: amount eligible for CET1 capital | | | h |
| Of which: amount eligible for AT1 capital | | | i |
| Retained earnings | | | |
| Accumulated other comprehensive income | | | |
| Total shareholders' equity | | | |

Columns

Banks are required to take their balance sheet in their published financial statements (numbers reported in column a above) and report the numbers when the regulatory scope of consolidation is applied (numbers reported in column b above)..

If there are rows in the balance sheet under the regulatory scope of consolidation that are not present in the published financial statements, banks are required to add these and give a value of zero in column a.

If a bank's scope of accounting consolidation and its scope of regulatory consolidation are exactly the same, columns a and b should be merged and this fact should be clearly disclosed.

Rows

Similar to Template LI1, the rows in the above template should follow the balance sheet presentation used by the bank in its financial statements, on which basis the bank is required to expand the balance sheet to identify all the items that are disclosed in Template CC1. Set out above (ie items a to i) are some examples of items that may need to be expanded for a particular banking group. Disclosure should be proportionate to the complexity of the bank's balance sheet. Each item must be given a reference number/letter in column c that is used as cross-reference to column b of Template CC1.

Linkages across templates

- (i) The amounts in columns a and b in Template CC2 before balance sheet expansion (ie before Step 2) should be identical to columns a and b in Template LI1.
- (ii) Each expanded item is to be cross-referenced to the corresponding items in Template CC1.

Template TLAC1: TLAC composition for G-SIBs (at resolution group level)

Purpose: Provide details of the composition of a G-SIB's TLAC.

Scope of application: This template is mandatory for all G-SIBs. It should be completed at the level of each resolution group within a G-SIB.

Content: Carrying values (corresponding to the values reported in financial statements).

Frequency: Semiannual.

Format: Fixed.

Accompanying narrative: G-SIBs are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of any such change(s). Qualitative narrative on the G-SIB resolution strategy, including the approach (SPE or multiple point of entry (MPE)) and structure to which the resolution measures are applied, may be included to help understand the templates.

| | | a |
|----|--|---------|
| | | Amounts |
| | Regulatory capital elements of TLAC and adjustments | |
| 1 | Common Equity Tier 1 (CET1) capital | |
| 2 | Additional Tier 1 (AT1) capital before TLAC adjustments | |
| 3 | AT1 capital ineligible as TLAC as issued out of subsidiaries to third parties | |
| 4 | Other adjustments | |
| 5 | AT1 instruments eligible under the TLAC framework | |
| 6 | Tier 2 capital before TLAC adjustments | |
| 7 | Amortised portion of Tier 2 instruments where remaining maturity > 1 year | |
| 8 | Tier2 capital ineligible as TLAC as issued out of subsidiaries to third parties | |
| 9 | Other adjustments | |
| 10 | Tier2 instruments eligible under the TLAC framework | |
| 11 | TLAC arising from regulatory capital | |
| | Non-regulatory capital elements of TLAC | |
| 12 | External TLAC instruments issued directly by the bank and subordinated to excluded liabilities | |
| 13 | External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC Term Sheet requirements | |

| | | |
|----|---|--|
| 14 | Of which: amount eligible as TLAC after application of the caps | |
| 15 | External TLAC instruments issued by funding vehicles prior to 1 January 2022 | |
| 16 | Eligible ex ante commitments to recapitalise a G-SIB in resolution | |
| 17 | TLAC arising from non-regulatory capital instruments before adjustments | |
| | Non-regulatory capital elements of TLAC: adjustments | |
| 18 | TLAC before deductions | |
| 19 | Deductions of exposures between MPE resolution groups that correspond to items eligible for TLAC (not applicable to single point of entry G-SIBs) | |
| 20 | Deduction of investments in own other TLAC liabilities | |
| 21 | Other adjustments to TLAC | |
| 22 | TLAC after deductions | |
| | Risk-weighted assets (RWA) and leverage exposure measure for TLAC purposes | |
| 23 | Total RWA adjusted as permitted under the TLAC regime | |
| 24 | Leverage exposure measure | |
| | TLAC ratios and buffers | |
| 25 | TLAC (as a percentage of RWA adjusted as permitted under the TLAC regime) | |
| 26 | TLAC (as a percentage of leverage exposure) | |
| 27 | CET1 (as a percentage of RWA) available after meeting the resolution group's minimum capital and TLAC requirements | |
| 28 | Bank-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss-absorbency requirement, expressed as a percentage of RWA) | |
| 29 | Of which: capital conservation buffer requirement | |
| 30 | Of which: bank-specific countercyclical buffer requirement | |
| 31 | Of which: higher loss-absorbency requirement | |

Instructions

For SPE G-SIBs, where the resolution group is the same as the regulatory scope of consolidation for Basel III regulatory capital, those rows that refer to regulatory capital before adjustments coincide with information provided under Template CC1. For MPE G-SIBs, information is provided for each resolution group. Aggregation of capital and total RWA for capital purposes across resolution

groups will not necessarily equal or directly correspond to values reported for regulatory capital and RWA under Template CC1.

The TLAC position related to the regulatory capital of the resolution group shall include only capital instruments issued by entities belonging to the resolution group. Similarly, the TLAC position is based on the RWA (adjusted as permitted under Section 3 of the TLAC Term Sheet) and leverage ratio exposure measures calculated at the level of the resolution group. Regarding the shading:

- Each dark grey row introduces a new section detailing a certain component of TLAC.
- The light grey rows with no thick border represent the sum cells in the relevant section.
- The light grey rows with a thick border show the main components of TLAC.

The following table explains each row of the above template. Regarding the regulatory adjustments, banks are required to report deductions from capital or TLAC as positive numbers and additions to capital or TLAC as negative numbers. For example, the amortised portion of Tier 2 where remaining maturity is greater than one year (row 7) should be reported as a negative number (as it adds back in the calculation of Tier 2 instruments eligible as TLAC), while Tier 2 capital ineligible as TLAC (row 8) should be reported as a positive number.

| Row number | Explanation |
|------------|--|
| 1 | CET1 capital of the resolution group, calculated in line with the Basel III and TLAC frameworks. National authorities may require this row to be reported net of an MPE G-SIB resolution entity's CET1 capital investments in other resolution groups (see Note). |
| 2 | AT 1 capital. This row will provide information on the AT1 capital of the resolution group, calculated in line with the CAP standard and the TLAC framework. |
| 3 | AT1 instruments issued out of subsidiaries to third parties that are ineligible as TLAC. According to Section 8c of the TLAC Term Sheet, such instruments could be recognised to meet minimum TLAC until 31 December 2021. An amount (equal to that reported in row 34 in Template CC1) should thus be reported only starting from 1 January 2022. |
| 4 | Other elements of AT1 capital that are ineligible as TLAC (excluding those already incorporated in row 3). For example, national authorities may include in this row deductions related to an MPE G-SIB resolution entity's AT1 capital investments in other resolution groups (see also Note). |
| 5 | AT1 instruments eligible under the TLAC framework, to be calculated as row 2 minus rows 3 and 4. |
| 6 | Tier 2 capital of the resolution group, calculated in line with the Basel III and TLAC frameworks. |
| 7 | Amortised portion of Tier 2 instruments where remaining maturity is greater than one year. This row recognises that as long as the remaining maturity of a Tier 2 instrument is above the one-year residual maturity requirement of the TLAC Term Sheet, the full amount may be included in TLAC, even if the instrument is partially derecognised in regulatory capital via the requirement to amortise the instrument in the five years before |

| | |
|----|---|
| | maturity. Only the amount not recognised in regulatory capital but meeting all TLAC eligibility criteria should be reported in this row. |
| 8 | Tier 2 instruments issued out of subsidiaries to third parties that are ineligible as TLAC. According to Section 8c of the TLAC Term Sheet, such instruments could be recognised to meet minimum TLAC until 31 December 2021. An amount (equal to that reported in row 48 of Template CC1) should thus be reported only starting from 1 January 2022. |
| 9 | Other elements of Tier 2 capital that are ineligible as TLAC (excluding those that are already incorporated in row 8). For example, some jurisdictions recognise an element of Tier 2 capital in the final year before maturity, but such amounts are ineligible as TLAC. Regulatory capital instruments issued by funding vehicles are another example. Also, national authorities may include in this row deductions related to an MPE G-SIB resolution entity's investments in the Tier 2 instruments or other TLAC liabilities of other resolution groups (see Note). |
| 10 | Tier 2 instruments eligible under the TLAC framework, to be calculated as: row 6 + row 7 - row 8 - row 9. |
| 11 | TLAC arising from regulatory capital, to be calculated as: row 1 + row 5 + row 10. |
| 12 | External TLAC instruments issued directly by the resolution entity and subordinated to excluded liabilities. The amount reported in this row must meet the subordination requirements set out in points (a) to (c) of Section 11 of the TLAC Term Sheet, or be exempt from the requirement by meeting the conditions set out in points (i) to (iv) of the same section. |
| 13 | External TLAC instruments issued directly by the resolution entity that are not subordinated to Excluded Liabilities but meet the other TLAC Term Sheet requirements. The amount reported in this row should be those subject to recognition as a result of the application of the penultimate and antepenultimate paragraphs of Section 11 of the TLAC Term Sheet. The full amounts should be reported in this row, ie without applying the 2.5% and 3.5% caps set out the penultimate paragraph. |
| 14 | The amount reported in row 13 above after the application of the 2.5% and 3.5% caps set out in the penultimate paragraph of Section 11 of the TLAC Term Sheet. |
| 15 | External TLAC instrument issued by a funding vehicle prior to 1 January 2022. Amounts issued after 1 January 2022 are not eligible as TLAC and should not be reported here. |
| 16 | Eligible ex ante commitments to recapitalise a G-SIB in resolution, subject to the conditions set out in the second paragraph of Section 7 of the TLAC Term Sheet. |
| 17 | Non-regulatory capital elements of TLAC before adjustments. To be calculated as: row 12 + row 14 + row 15 + row 16. |
| 18 | TLAC before adjustments. To be calculated as: row 11 + row 17. |
| 19 | Deductions of exposures between MPE G-SIB resolution groups that correspond to items eligible for TLAC (not applicable for SPE G-SIBs). All amounts reported in this row should correspond to deductions applied after the appropriate adjustments agreed by the crisis management group (CMG) (following the penultimate paragraph of Section 3 of the TLAC Term Sheet, the CMG shall discuss and, where appropriate and consistent with the |

| | |
|----|--|
| | resolution strategy, agree on the allocation of the deduction). National authorities may include in this row an MPE G-SIB resolution entity's investments in other resolution groups (see Note). |
| 20 | Deductions of investments in own other TLAC liabilities; amount to be deducted from TLAC resources in accordance with CAP30.18 to CAP30.20 . |
| 21 | Other adjustments to TLAC. |
| 22 | TLAC of the resolution group (as the case may be) after deductions. To be calculated as: row 18 - row 19 - row 20 - row 21. |
| 23 | Total RWA of the resolution group under the TLAC regime. For SPE G-SIBs, this information is based on the consolidated figure, so the amount reported in this row will coincide with that in row 60 of Template CC1. |
| 24 | Leverage exposure measure of the resolution group (denominator of leverage ratio). |
| 25 | TLAC ratio (as a percentage of RWA for TLAC purposes), to be calculated as row 22 divided by row 23. |
| 26 | TLAC ratio (as a percentage of leverage exposure measure), to be calculated as row 22 divided by row 24. |
| 27 | CET1 capital (as a percentage of RWA) available after meeting the resolution group's minimum capital requirements and TLAC requirement. To be calculated as the CET1 capital adequacy ratio, less any common equity (as a percentage of RWA) used to meet CET1, Tier 1, and Total minimum capital and TLAC requirements. For example, suppose a resolution group (that is subject to regulatory capital requirements) has 100 RWA, 10 CET1 capital, 1.5 AT1 capital, no Tier 2 capital and 9 non-regulatory capital TLAC-eligible instruments. The resolution group will have to earmark its CET1 capital to meet the 8% minimum capital requirement and 18% minimum TLAC requirement. The net CET1 capital left to meet other requirements (which could include Pillar 2 or buffers) will be $10 - 4.5 - 2 - 1 = 2.5$. |
| 28 | <p>Bank-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of RWA). Calculated as the sum of: (i) the G-SIB's capital conservation buffer; (ii) the G-SIB's specific countercyclical buffer requirement calculated in accordance with RBC30; and (iii) the higher loss-absorbency requirement as set out in RBC40.</p> <p>Not applicable to individual resolution groups of an MPE G-SIB, unless the relevant authority imposes buffer requirements at the level of consolidation and requires such disclosure.</p> |
| 29 | <p>The amount in row 28 (expressed as a percentage of RWA) that relates to the capital conservation buffer), ie G-SIBs will report 2.5% here.</p> <p>Not applicable to individual resolution groups of an MPE G-SIB, unless otherwise required by the relevant authority.</p> |
| | The amount in row 28 (expressed as a percentage of RWA) that relates to the G-SIB's specific countercyclical buffer requirement. |

| | |
|----|---|
| 30 | Not applicable to individual resolution groups of an MPE G-SIB, unless otherwise required by the relevant authority. |
| 31 | The amount in row 28 (expressed as a percentage of RWA) that relates to the higher loss-absorbency requirement. Not applicable to individual resolution groups of an MPE G-SIB, unless otherwise required by the relevant authority. |

Note: In the case of a resolution group of an MPE G-SIB, unless otherwise specified, the relevant national authority supervising the group can choose to require the group to calculate and report row 11 either: (i) **net** of its investments in the regulatory capital or other TLAC liabilities of other resolution groups (ie by deducting such investments in rows 1, 4 and 9 as applicable); or (ii) **gross**, in which case the investments will need to be deducted from TLAC resources in row 19 along with any investments in non-regulatory-capital elements of TLAC.

In general, to ensure that the templates remain comparable across jurisdictions, there should be no adjustments to the version that G-SIB resolution entities use to disclose their TLAC position. However, the following exceptions apply to take account of language differences and to reduce the reporting of unnecessary information:

- The template and explanatory table can be translated by the relevant national authorities into the relevant national language(s) that implement the standards in the TLAC Term Sheet. The translated version of the template will retain all of the rows included in the template above.
- Regarding the explanatory table, the national version can reference the national rules that implement the relevant sections of the TLAC Term Sheet.
- G-SIB resolution groups are not permitted to add, delete or change the definitions of any rows from the common reporting template implemented in their jurisdiction. This is irrespective of the concession allowed in [DIS10.23](#) that banks may delete the specific row /column from the template if such row/column is not considered to be relevant to the G-SIBs' activities or the required information would not be meaningful to the users, and will prevent a divergence of templates that could undermine the objectives of consistency and comparability.
- The national version of the template must retain the same row numbering used in the first column of the template above, such that users of Pillar 3 data can easily map the national templates to the common version above. The insertion of any rows must leave the numbering of the remaining rows unchanged, eg rows detailing national specific regulatory adjustments to AT1 capital could be labelled row 3a, row 3b etc, to ensure that the subsequent row numbers are not affected.
- In cases where the national implementation of the Term Sheet applies a more conservative definition of an element listed in the template above, national authorities may choose between one of two approaches:
 - Approach 1: In the national version of the template, maintain the same definitions of all rows as set out in the template above, and require G-SIBs to report the impact of the more conservative national definition in designated rows for specific national adjustments.

- Approach 2: In the national version of the template, use the definitions of elements as implemented in that jurisdiction, clearly label them as being different from the TLAC definition, and require G-SIBs to separately disclose the impact of each of these different definitions in the notes to the template.

The aim of both approaches is to provide all the information necessary to enable users of Pillar 3 data to calculate the TLAC of G-SIBs on a common basis.

Template TLAC2 - Material subgroup entity - creditor ranking at legal entity level

Purpose: Provide creditors with information regarding their ranking in the liabilities structure of a material subgroup entity (ie an entity that is part of a material subgroup) which has issued internal TLAC to a G-SIB resolution entity.

Scope of application: The template is mandatory for all G-SIBs. It is to be completed in respect of every material subgroup entity within each resolution group of a G-SIB, as defined by the FSB TLAC Term Sheet, on a legal entity basis. G-SIBs should group the templates according to the resolution group to which the material subgroup entities belong (whose positions are represented in the templates) belong, in a manner that makes it clear to which resolution entity they have exposures.

Content: Nominal values.

Frequency: Semiannual.

Format: Fixed (number and description of each column under "Creditor ranking" depending on the liabilities structure of a material subgroup entity).

Accompanying narrative: Where appropriate, banks should provide bank- or jurisdiction-specific information relating to credit hierarchies.

| | | Creditor ranking | | | | | | | Sum of 1 to <i>n</i> |
|---|---|------------------|---------------|---|---|---|---------------|---------------|----------------------|
| | | 1 | 1 | 2 | 2 | - | <i>n</i> | <i>n</i> | |
| | | (most junior) | (most junior) | | | | (most senior) | (most senior) | |
| 1 | Is the resolution entity the creditor/investor? (yes or no) | | | | | - | | | |
| 2 | Description of creditor ranking (free text) | | | | | | | | |
| 3 | Total capital and liabilities net of credit risk mitigation | | | | | - | | | |
| 4 | Subset of row 3 that are excluded liabilities | | | | | - | | | |
| 5 | Total capital and liabilities less excluded liabilities (row 3 minus row 4) | | | | | - | | | |
| 6 | Subset of row 5 that are eligible as TLAC | | | | | - | | | |
| 7 | Subset of row 6 with 1 year ≤ residual maturity < 2 years | | | | | - | | | |

| | | | | | | | | | |
|----|--|--|--|--|--|---|--|--|--|
| 8 | Subset of row 6 with 2 years ≤ residual maturity < 5 years | | | | | - | | | |
| 9 | Subset of row 6 with 5 years ≤ residual maturity < 10 years | | | | | - | | | |
| 10 | Subset of row 6 with residual maturity ≥ 10 years, but excluded perpetual securities | | | | | - | | | |
| 11 | Subset of row 6 that is perpetual securities | | | | | | | | |

Explanations

- Different jurisdictions have different statutory creditor hierarchies. The number of creditor rankings (*n*) in the creditor hierarchy will depend on the set of liabilities of the entity. There is at least one column for each creditor ranking. In cases where the resolution entity is a creditor of part of the total amount in the creditor ranking, two columns should be completed (both with the same ordinal ranking): one covering amounts owned by the resolution entity and the other covering amounts not owned by the resolution entity.
- Columns should be added until the most senior-ranking internal TLAC-eligible instruments, and all pari passu liabilities, have been reported. The table therefore contains all funding that is pari passu or junior to internal TLAC-eligible instruments, including equity and other capital instruments. Note that there may be some instruments that are eligible as internal TLAC despite ranking pari passu to excluded liabilities, as described in Section 11 of the FSB TLAC Term Sheet.
- G-SIBs should provide a description of each creditor class ranking. This description can be in free form text. Typically the description should include a specification of at least one type of instrument that is within that creditor class ranking (eg common shares, Tier 2 instruments). This allows for the disclosure of the creditor hierarchy even if there is a range of different statutory creditor hierarchies in different jurisdictions, tranching that may exist within some jurisdictions' statutory hierarchies or which banks have established contractually with respect to the ranking of claims.
- Instruments are not eligible as TLAC if they are subject to setoff or netting rights, under Sections 9 (paragraph (c)) and 19 of the FSB TLAC Term Sheet. However, where there are internal TLAC instruments that rank pari passu with excluded liabilities, these excluded liabilities should be reported in rows 3 and 4, net of credit risk mitigation, as they could be bailed in alongside TLAC. Collateralised loans should be excluded, except for any debt in excess of the value of the collateral. Instruments subject to public guarantee should be included as they can be bailed in (with investors compensated in accordance with the guarantee). Liabilities subject to setoff or netting rights should be included net of the firm's claims on the creditor.
- Excluded liabilities in row 4 include all of the following: (i) insured deposits; (ii) sight deposits and short-term deposits (deposits with original maturity of less than one year); (iii) liabilities which are preferred to senior unsecured creditors under the relevant insolvency law; (iv) liabilities arising from derivatives or debt instruments with derivative-linked features, such as structured notes; (v) liabilities arising other than through a contract, such as tax liabilities; and (vi) any other liabilities that, under the laws governing the issuing entity, cannot be effectively written down or converted into equity by the relevant resolution authority.

Row 6 includes the subset of the amounts reported in row 5 that are internal TLAC-eligible according to Section 19 the FSB TLAC Term Sheet (eg those that have a residual maturity of at least one year, are unsecured and if redeemable are not redeemable without supervisory approval).

Template TLAC3 - Resolution entity - creditor ranking at legal entity level

Purpose: Provide creditors with information regarding their ranking in the liabilities structure of each G-SIB resolution entity.

Scope of application: The template is to be completed in respect of every resolution entity within the G-SIB, as defined by the TLAC standard, on a legal entity basis.

Content: Nominal values.

Frequency: Semiannual.

Format: Fixed (number and description of each column under "Creditor ranking" depending on the liabilities structure of a resolution entity).

Accompanying narrative: Where appropriate, banks should provide bank- or jurisdiction-specific information relating to credit hierarchies.

| | | Creditor ranking | | | | Sum of 1 to n |
|----|--|------------------|---|---|---------------|-----------------|
| | | 1 | 2 | - | n | |
| | | (most junior) | | | (most senior) | |
| 1 | Description of creditor ranking (free text) | | | | | |
| 2 | Total capital and liabilities net of credit risk mitigation | | | - | | |
| 3 | Subset of row 2 that are excluded liabilities | | | - | | |
| 4 | Total capital and liabilities less excluded liabilities (row 2 minus row 3) | | | - | | |
| 5 | Subset of row 4 that are <i>potentially</i> eligible as TLAC | | | - | | |
| 6 | Subset of row 5 with 1 year \leq residual maturity < 2 years | | | - | | |
| 7 | Subset of row 5 with 2 years \leq residual maturity < 5 years | | | - | | |
| 8 | Subset of row 5 with 5 years \leq residual maturity < 10 years | | | - | | |
| 9 | Subset of row 5 with residual maturity \geq 10 years, but excluding perpetual securities | | | - | | |
| 10 | Subset of row 5 that is perpetual securities | | | - | | |

Definitions and instructions

This template is the same as Template TLAC 2 except that no information is collected regarding exposures to the resolution entity (since the template describes the resolution entity itself). This means that there will only be one column for each layer of the creditor hierarchy.

Row 5 represents the subset of the amounts reported in row 4 that are TLAC-eligible according to the FSB TLAC Term Sheet (eg those that have a residual maturity of at least one year, are unsecured and if redeemable are not redeemable without supervisory approval). For the purposes of reporting this amount, the 2.5% cap (3.5% from 2022) on the exemption from the subordination requirement under the penultimate paragraph of Section 11 of the TLAC Term Sheet should be disappplied. That is, amounts that are ineligible solely as a result of the 2.5% cap (3.5%) should be included in full in row 5 together with amounts that are receiving recognition as TLAC. See also the second paragraph in Section 7 of the FSB TLAC Term Sheet.

DIS30

Links between financial statements and regulatory exposures

This chapter describes requirements for banks to disclose reconciliations between elements of the calculation of regulatory capital to audited financial statements.

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Introduction

30.1 The disclosure requirements set out in this chapter are:

- (1) Table LIA – Explanations of differences between accounting and regulatory exposure amounts
- (2) Template LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories
- (3) Template LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements
- (4) Template PV1 – Prudent valuation adjustments (PVAs)

30.2 Table LIA provides qualitative explanations on the differences observed between accounting carrying value (as defined in Template LI1) and amounts considered for regulatory purposes (as defined in Template LI2) under each framework.

30.3 Template LI1 provides information on how the amounts reported in banks' financial statements correspond to regulatory risk categories. Template LI2 provides information on the main sources of differences (other than due to different scopes of consolidation which are shown in Template LI1) between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.

FAQ
FAQ1

In Template LI1, are assets deducted from regulatory capital in accordance with Basel III (eg goodwill and intangible assets) disclosed in column (g)?

Elements which are deducted from a bank's regulatory capital (eg goodwill and intangible assets and deferred tax assets) should be included in column (g), taking into consideration the different thresholds that apply where relevant. Assets should be disclosed for the amount that is actually deducted from capital. Some examples are shown below:

- *Goodwill and intangible assets: the amount to be disclosed in column (g) is the amount of any goodwill or intangibles,* including any goodwill included in the valuation of significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation. The amount disclosed in the assets rows is net of any associated deferred tax liability which would be extinguished if the intangible assets become impaired or derecognised under the relevant accounting standards. The associated deferred tax liability is also to be disclosed in the liabilities rows of column (g).*
- *Deferred tax assets: for all types of deferred tax assets to be deducted from own funds, the amount to be disclosed in column (g) is net of associated deferred tax liabilities that are eligible for netting. The associated deferred tax liabilities are to be disclosed in the liabilities rows of column (g). For deferred tax assets, for which the deduction is subject to a threshold, the amount disclosed in column (g) in the assets rows is the amount, net of any eligible deferred tax liability, above the threshold. The associated deferred tax liabilities are also to be disclosed in the liabilities rows of column (g).*
- *Defined benefit pension fund assets: the amount disclosed is net of any deferred tax liabilities which would be extinguished if the asset should become impaired or derecognised under the relevant accounting standards. These deferred tax liabilities are also to be disclosed in the liabilities rows of column (g).*
- *Investments in own shares (treasury stock) or own instruments of regulatory capital: when investments in own shares or own instruments of regulatory capital are not already derecognised under the relevant accounting standards, the deducted amount disclosed is net of short positions in the same underlying exposure*

or in the same underlying index allowed to be netted under the Basel framework. These short positions are also to be disclosed in the liabilities rows of column (g).

** Under [CAP30.8](#), subject to supervisory approval, banks that report under local GAAP may use the IFRS definition of intangible assets to determine which assets are classified as intangible and are thus required to be deducted.*

FAQ2 *In Template LI1, are exposures required to be 1,250% risk-weighted to be disclosed in column (g)?*

1,250% risk-weighted exposures should be disclosed in the relevant credit risk or securitisation risk templates.

FAQ3 *Template LI1: Considering that the risk weighting framework bears on assets rather than liabilities, should all the liabilities be disclosed in column (g)? Should in any case deferred tax liabilities and defined benefit pension fund liabilities be included in column (g)?*

The liabilities disclosed in column (g) are all liabilities under the regulatory scope of consolidation, except for the following, which are disclosed in columns (c), (d), (e) and (f) as applicable: liabilities that are included in the determination of the exposure values in the market risk or the counterparty credit risk framework; and liabilities that are eligible under the Basel netting rules.

FAQ4 *What is the difference in Template LI2 between the required disclosure in row 2 (Liabilities carrying value amount under regulatory scope of consolidation) and row 6 (Differences due to different netting rules, other than those already included in row 2).*

Row 2 refers to balance sheet netting, while row 6 refers to incremental netting in application of the Basel rules (when not already covered by balance sheet netting). The netting rules under the Basel framework are different from the rules under the applicable accounting frameworks. The incremental netting in row 6 could represent an additional deduction from the net exposure value before application of the Basel netting rules (when those rules lead to more netting than the balance sheet netting in row 2) or a gross-up of the net exposure value when the off-balance sheet netting operated in row 2 is broader than what the Basel netting rules allow.

FAQ5

How does the disclosure in Template LI2, in particular row 3 (total net amount under regulatory scope of consolidated) relate to accounting equity?

The netting between assets and liabilities in Template LI2 does not lead to accounting equity under a regulatory scope of consolidation being disclosed in row 3. Assets and liabilities included in rows 1 and 2 are limited to those assets and liabilities that are taken into consideration in the regulatory framework. Other assets and liabilities not considered in the regulatory framework are to be disclosed in column (g) in Template LI1 and are consequently excluded from rows 1 and 2 of Template LI2.

FAQ6 *For Template LI2, how would the entry in row 10 (exposure amounts considered for regulatory purpose) differ from the balance sheet values under a regulatory scope of consolidation? Is it correct that there would be no differences to be explained, given that market risk does not have exposure values and the linkage for the other risk categories does not apply?*

In general, under a regulatory scope of consolidation, the accounting carrying amount and the regulatory exposure value would vary due to the incidence of off-balance sheet elements, provisions, and different netting and measurement rules. Under market risk, the regulatory exposure value will also differ from the accounting carrying amount. Differences could be due to off-balance sheet items, netting rules and different measurement rules of market risk positions via prudent valuation (as opposed to fair valuation in the applicable accounting framework).

30.4 Template PV1 will provide users with a detailed breakdown of how the aggregate PVAs have been derived. In light of instances where the underlying exposures cannot be easily classified as a banking book or trading book exposure due to the varied implementation of PVAs across jurisdictions, national supervisors are allowed discretion to tailor the format of the template to reflect the implementation of PVAs in their jurisdiction. Where such discretion has been exercised, the allocation methodology should be explained in the narrative commentary to the disclosure requirement.

Table LIA: Explanations of differences between accounting and regulatory exposure amounts

Purpose: Provide qualitative explanations on the differences observed between accounting carrying value (as defined in Template LI1) and amounts considered for regulatory purposes (as defined in Template LI2) under each framework.

Scope of application: The template is mandatory for all banks.

Content: Qualitative information.

Frequency: Annual.

Format: Flexible.

Banks must explain the origins of the differences between accounting amounts, as reported in financial statements amounts and regulatory exposure amounts, as displayed in Templates LI1 and LI2.

(a) Banks must explain the origins of any significant differences between the amounts in columns (a) and (b) in Template LI1.

(b) Banks must explain the origins of differences between carrying values and amounts considered for regulatory purposes shown in Template LI2.

In accordance with the implementation of the guidance on prudent valuation (see [CAP50](#)), banks must describe systems and controls to ensure that the valuation estimates are prudent and reliable. Disclosure must include:

- (c)
- Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used.
 - Description of the independent price verification process.
 - Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).
-

Banks with insurance subsidiaries must disclose:

- (d)
- the national regulatory approach used with respect to insurance entities in determining a bank's reported capital positions (ie deduction of investments in insurance subsidiaries or alternative approaches, as discussed in [SCO30.5](#); and
 - any surplus capital in insurance subsidiaries recognised when calculating the bank's capital adequacy (see [SCO30.6](#)).
-

Template LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Purpose: Columns (a) and (b) enable users to identify the differences between the scope of accounting consolidation and the scope of regulatory consolidation; and columns (c)-(g) break down how the amount reported in banks' financial statements (rows) correspond to regulatory risk categories.

Scope of application: The template is mandatory for all banks.

Content: Carrying values (corresponding to the values reported in financial statements).

Frequency: Annual.

Format: Flexible (but the rows must align with the presentation of the bank's financial report).

Accompanying narrative: See Table LIA. Banks are expected to provide qualitative explanation on items subject to regulatory capital charges in more than one risk category.

| | a | b | c | d | e | f |
|--|---|---|----------------------------------|---|---|--------------------------------------|
| | Carrying values as reported in published financial statements | Carrying values under scope of regulatory consolidation | Carrying values of items: | | | |
| | | | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitisation framework | Subject to the market risk framework |
| Assets | | | | | | |
| Cash and balances at central banks | | | | | | |
| Items in the course of collection from other banks | | | | | | |
| Trading portfolio assets | | | | | | |
| Financial assets designated at fair value | | | | | | |
| Derivative financial instruments | | | | | | |

| | | | | | | |
|---|--|--|--|--|--|--|
| Loans and advances to banks | | | | | | |
| Loans and advances to customers | | | | | | |
| Reverse repurchase agreements and other similar secured lending | | | | | | |
| Available for sale financial investments | | | | | | |
| -. | | | | | | |
| Total assets | | | | | | |
| Liabilities | | | | | | |
| Deposits from banks | | | | | | |
| Items in the course of collection due to other banks | | | | | | |
| Customer accounts | | | | | | |
| Repurchase agreements and other similar secured borrowings | | | | | | |
| Trading portfolio liabilities | | | | | | |
| Financial liabilities | | | | | | |

| | | | | | | |
|--|--|--|--|--|--|--|
| designated at fair value | | | | | | |
| Derivative financial instruments | | | | | | |
| - | | | | | | |
| Total liabilities | | | | | | |

Instructions

Rows

The rows must strictly follow the balance sheet presentation used by the bank in its financial reporting

Columns

If a bank's scope of accounting consolidation and its scope of regulatory consolidation are exact, columns (a) and (b) should be merged.

The breakdown of regulatory categories (c) to (f) corresponds to the breakdown prescribed in the table below. Column (c) corresponds to the carrying values of items other than off-balance sheet items reported in the banking book; column (d) corresponds to the carrying values of items other than off-balance sheet items reported in the banking book other than off-balance sheet items reported in [DIS43](#); and column (f) corresponds to the carrying values of items other than off-balance sheet items reported in [DIS50](#).

Column (g) includes amounts not subject to capital requirements according to the Basel framework deductions from regulatory capital.

Note: Where a single item attracts capital charges according to more than one risk category, it should be reported in all columns that it attracts a capital charge. As a consequence, the sum of columns (c) to (g) may not equal the amounts in column (b) as some items may be subject to capital charges in more than one risk category.

For example, derivative assets/liabilities held in the regulatory trading book may relate to both columns (c) and (f). In such circumstances, the sum of the values in columns (c)-(g) would not equal to that in column (b). When amounts disclosed in two or more different columns are material and result in a difference between column (b) and the sum of columns (c)-(g), the reasons for this difference should be explained by accompanying narrative.

Template LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Purpose: Provide information on the main sources of differences (other than due to different scopes of consolidation which are shown in Template LI1) between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.

Scope of application: The template is mandatory for all banks.

Content: Carrying values that correspond to values reported in financial statements but according to the scope of regulatory consolidation (rows 1-3) and amounts considered for regulatory exposure purposes (row 10).

Frequency: Annual.

Format: Flexible. Row headings shown below are provided for illustrative purposes only and should be adapted by the bank to describe the most meaningful drivers for differences between its financial statement carrying values and the amounts considered for regulatory purposes.

Accompanying narrative: See Table LIA.

| | | a | b | c | d | e |
|---|---|-------|-----------------------|--------------------------|------------------------------------|-----------------------|
| | | Total | Items subject to: | | | |
| | | | Credit risk framework | Securitisation framework | Counterparty credit risk framework | Market risk framework |
| 1 | Asset carrying value amount under scope of regulatory consolidation (as per Template LI1) | | | | | |
| 2 | Liabilities carrying value amount under regulatory scope of consolidation (as per Template LI1) | | | | | |
| 3 | Total net amount under regulatory scope of consolidation (Row 1 - Row 2) | | | | | |
| 4 | Off-balance sheet amounts | | | | | |
| 5 | Differences in valuations | | | | | |
| 6 | | | | | | |

| | | | | | | |
|----|---|--|--|--|--|--|
| | <i>Differences due to different netting rules, other than those already included in row 2</i> | | | | | |
| 7 | <i>Differences due to consideration of provisions</i> | | | | | |
| 8 | <i>Differences due to prudential filters</i> | | | | | |
| 9 | ⋮ | | | | | |
| 10 | Exposure amounts considered for regulatory purposes | | | | | |

Instructions

Amounts in rows 1 and 2, columns (b)-(e) correspond to the amounts in columns (c)-(f) of Template LI1.

Row 1 of Template LI2 includes only assets that are risk-weighted under the Basel framework, while row 2 includes liabilities that are considered for the application of the risk weighting requirements, either as short positions, trading or derivative liabilities, or through the application of the netting rules to calculate the net position of assets to be risk-weighted. These liabilities are not included in column (g) in Template LI1. Assets that are risk-weighted under the Basel framework include assets that are not deducted from capital because they are under the applicable thresholds or due to the netting with liabilities.

Off-balance sheet amounts include off-balance sheet original exposure in column (a) and the amounts subject to regulatory framework, after application of the credit conversion factors (CCFs) where relevant in columns (b)-(d).

Column (a) is not necessarily equal to the sum of columns (b)-(e) due to assets being risk-weighted more than once (see Template LI1). In addition, exposure values used for risk weighting may differ under each risk framework depending on whether standardised approaches or internal models are used in the computation of this exposure value. Therefore, for any type of risk framework, the exposure values under different regulatory approaches can be presented separately in each of the columns if a separate presentation eases the reconciliation of the exposure values for banks.

The breakdown of columns in regulatory risk categories (b)-(e) corresponds to the breakdown prescribed in the rest of the document, ie column (b) credit risk corresponds to the exposures reported in [DIS40](#), column (c) corresponds to the exposures reported in [DIS43](#), column (d) corresponds to exposures reported in [DIS42](#), and column (e) corresponds to the exposures reported in [DIS50](#).

Differences due to consideration of provisions: The exposure values under row 1 are the carrying amounts and hence net of provisions (ie specific and general provisions, as set out in [CAP10.18](#)). Nevertheless, exposures under the foundation internal ratings-based (F-IRB) and advanced internal ratings-based (A-IRB) approaches are risk-weighted gross of provisions. Row 7 therefore is the re-inclusion of general and specific provisions in the carrying amount of exposures in the F-IRB and A-IRB approaches so that the carrying amount of those exposures is reconciled with their regulatory exposure value. Row 7 may also include the elements qualifying as general provisions that may have been deducted from the carrying amount of exposures under the standardised approach and that therefore need to be reintegrated in the regulatory exposure value of those exposures. Any differences between the accounting impairment and the regulatory provisions under the Basel framework that have an impact on the exposure amounts considered for regulatory purposes should also be included in row 7.

Exposure amounts considered for regulatory purposes: The expression designates the aggregate amount considered as a starting point of the RWA calculation for each of the risk categories. Under the credit risk framework this should correspond either to the exposure amount applied in the standardised approach for credit risk (see [CRE20](#)) or to the exposures at default (EAD) in the

IRB approach for credit risk (see [CRE32.29](#)); securitisation exposures should be defined as in the securitisation framework (see [CRE40.4](#) and [CRE40.5](#)); and counterparty credit exposures are defined as the EAD considered for counterparty credit risk purposes (see [CRE51](#)).

Linkages across templates

Template LI2 is focused on assets in the regulatory scope of consolidation that are subject to the regulatory framework. Therefore, column (g) in Template LI1, which includes the elements of the balance sheet that are **not** subject to the regulatory framework, is not included in Template LI2. The following linkage holds: column (a) in Template LI2 = column (b) in Template LI1 - column (g) in Template LI1.

Template PV1: Prudent valuation adjustments (PVAs)

Purpose: Provide a breakdown of the constituent elements of a bank's PVAs according to the requirements of [CAP50](#), taking into account the guidance set out in *Supervisory guidance for assessing banks' financial instrument fair value practices*, April 2009 (in particular Principle 10).

Scope of application: The template is mandatory for all banks which record PVAs.

Content: PVAs for all assets measured at fair value (marked to market or marked to model) and for which PVAs are required. Assets can be non-derivative or derivative instruments.

Frequency: Annual.

Format: Fixed. The row number cannot be altered. Rows which are not applicable to the reporting bank should be filled with "0" and the reason why they are not applicable should be explained in the accompanying narrative. Supervisors have the discretion to tailor the format of the template to reflect the implementation of PVA in their jurisdictions.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes. In particular, banks are expected to detail "Other adjustments", where significant, and to define them when they are not listed in the Basel framework. Banks are also expected to explain the types of financial instruments for which the highest amounts of PVAs are observed.

| | | a | b | c | d | e | f | g | h |
|---|---------------------------------|--------|----------------|------------------|--------|-------------|--------------|-------------------------------|-------------------------------|
| | | Equity | Interest rates | Foreign exchange | Credit | Commodities | Total | Of which: in the trading book | Of which: in the banking book |
| 1 | Closeout uncertainty, of which: | | | | | | | | |
| 2 | <i>Mid-market value</i> | | | | | | | | |
| 3 | <i>Closeout cost</i> | | | | | | | | |

| | | | | | | | | | |
|----|-----------------------------|--|--|--|--|--|--|--|--|
| 4 | Concentration | | | | | | | | |
| 5 | Early termination | | | | | | | | |
| 6 | Model risk | | | | | | | | |
| 7 | Operational risk | | | | | | | | |
| 8 | Investing and funding costs | | | | | | | | |
| 9 | Unearned credit spreads | | | | | | | | |
| 10 | Future administrative costs | | | | | | | | |
| 11 | Other | | | | | | | | |
| 12 | Total adjustment | | | | | | | | |

Definitions and instructions

| Row number | Explanation |
|------------|---|
| 3 | <i>Closeout cost:</i> PVAs required to take account of the valuation uncertainty to adjust for the fact that the position level valuations calculated do not reflect an exit price for the position or portfolio (for example, where such valuations are calibrated to a mid-market price). |
| | |

| | |
|----|--|
| 4 | <i>Concentration:</i> PVAs over and above market price and closeout costs that would be required to get to a prudent exit price for positions that are larger than the size of positions for which the valuation has been calculated (ie cases where the aggregate position held by the bank is larger than normal traded volume or larger than the position sizes on which observable quotes or trades that are used to calibrate the price or inputs used by the core valuation model are based). |
| 5 | <i>Early termination:</i> PVAs to take into account the potential losses arising from contractual or non-contractual early terminations of customer trades that are not reflected in the valuation. |
| 6 | <i>Model risk:</i> PVAs to take into account valuation model risk which arises due to: (i) the potential existence of a range of different models or model calibrations which are used by users of Pillar 3 data; (ii) the lack of a firm exit price for the specific product being valued; (iii) the use of an incorrect valuation methodology; (iv) the risk of using unobservable and possibly incorrect calibration parameters; or (v) the fact that market or product factors are not captured by the core valuation model. |
| 7 | <i>Operational risk:</i> PVAs to take into account the potential losses that may be incurred as a result of operational risk related to valuation processes. |
| 8 | <i>Investing and funding costs:</i> PVAs to reflect the valuation uncertainty in the funding costs that other users of Pillar 3 data would factor into the exit price for a position or portfolio. It includes funding valuation adjustments on derivatives exposures. |
| 9 | <i>Unearned credit spreads:</i> PVAs to take account of the valuation uncertainty in the adjustment necessary to include the current value of expected losses due to counterparty default on derivative positions, including the valuation uncertainty on CVA. |
| 10 | <i>Future administrative costs:</i> PVAs to take into account the administrative costs and future hedging costs over the expected life of the exposures for which a direct exit price is not applied for the closeout costs. This valuation adjustment has to include the operational costs arising from hedging, administration and settlement of contracts in the portfolio. The future administrative costs are incurred by the portfolio or position but are not reflected in the core valuation model or the prices used to calibrate inputs to that model. |
| 11 | <i>Other:</i> "Other" PVAs which are required to take into account factors that will influence the exit price but which do not fall in any of the categories listed in CAP50.10 . These should be described by banks in the narrative commentary that supports the disclosure. |

Linkages across templates

[PV1:12/f] is equal to [CC1:7/a]

DIS35

Remuneration

The disclosures described in this chapter provide information on a bank's remuneration policy, the fixed and variable remuneration awarded during the financial year, details of any special payments made, and information on a bank's total outstanding deferred and retained remuneration.

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Introduction

35.1 The disclosure requirements under this section are:

- (1) Table REMA – Remuneration policy
- (2) Template REM1 – Remuneration awarded during financial year
- (3) Template REM2 – Special payments
- (4) Template REM3 – Deferred remuneration

35.2 Table REMA provides information on a bank's remuneration policy as well as key features of the remuneration system.

35.3 Templates REM1, REM2 and REM3 provide information on a bank's fixed and variable remuneration awarded during the financial year, details of any special payments made, and information on a bank's total outstanding deferred and retained remuneration, respectively.

35.4 The disclosure requirements should be published annually. When it is not possible for the remuneration disclosures to be made at the same time as the publication of a bank's annual report, the disclosures should be made as soon as possible thereafter.

Table REMA: Remuneration policy

Purpose: Describe the bank's remuneration policy as well as key features of the remuneration system to allow meaningful assessments by users of Pillar 3 data of banks' compensation practices.

Scope of application: The table is mandatory for all banks.

Content: Qualitative information.

Frequency: Annual

Format: Flexible.

Banks must describe the main elements of their remuneration system and how they develop this system. In particular, the following elements, where relevant, should be described:

Qualitative disclosures

Information relating to the bodies that oversee remuneration. Disclosures should include:

- (a)
 - Name, composition and mandate of the main body overseeing remuneration.
 - External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.
 - A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.
 - A description of the types of employees considered as material risk-takers and as senior managers.
-

Information relating to the design and structure of remuneration processes. Disclosures should include:

- (b)
 - An overview of the key features and objectives of remuneration policy.
 - Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration.
 - A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.
-

- (c) Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include an overview of the key risks, their measurement and how these measures affect remuneration.
-

Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include:

- (d)
 - An overview of main performance metrics for bank, top-level business lines and individuals.
 - A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.

- A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the bank's criteria for determining "weak" performance metrics.

Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance. Disclosures should include:

- (e)
 - A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.
 - A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.

Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms. Disclosures should include:

- (f)
 - An overview of the forms of variable remuneration offered (ie cash, shares and share-linked instruments and other forms).
 - A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.
-

Table REM1: Remuneration awarded during the financial year

Purpose: Provide quantitative information on remuneration for the financial year.

Scope of application: The template is mandatory for all banks.

Content: Quantitative information.

Frequency: Annual

Format: Flexible.

Accompanying narrative: Banks may supplement the template with a narrative commentary to explain any significant movements over the reporting period and the key drivers of such movements.

| | | a | b |
|----|-----------------------|--|----------------------------|
| | Remuneration amount | Senior management | Other material risk-takers |
| 1 | Fixed remuneration | Number of employees | |
| 2 | | Total fixed remuneration (rows 3 + 5 + 7) | |
| 3 | | Of which: cash-based | |
| 4 | | Of which: deferred | |
| 5 | | Of which: shares or other share-linked instruments | |
| 6 | | Of which: deferred | |
| 7 | | Of which: other forms | |
| 8 | | Of which: deferred | |
| 9 | Variable remuneration | Number of employees | |
| 10 | | Total variable remuneration (rows 11 + 13 + 15) | |
| 11 | | Of which: cash-based | |
| 12 | | Of which: deferred | |
| 13 | | Of which: shares or other share-linked instruments | |

| | | | | |
|----|----------------------------------|-----------------------|--|--|
| 14 | | Of which: deferred | | |
| 15 | | Of which: other forms | | |
| 16 | | Of which: deferred | | |
| 17 | Total remuneration (rows 2 + 10) | | | |

Definitions and instructions

Senior management and other material risk-takers categories in columns (a) and (b) must correspond to the type of employees described in Table REMA.

Other forms of remuneration in rows 7 and 15 must be described in Table REMA and, if needed, in the accompanying narrative.

Table REM2: Special payments

Purpose: Provide quantitative information on special payments for the financial year.

Scope of application: The template is mandatory for all banks.

Content: Quantitative information.

Frequency: Annual.

Format: Flexible.

Accompanying narrative: Banks may supplement the template with a narrative commentary to explain any significant movements over the reporting period and the key drivers of such movements.

| Special payments | Guaranteed bonuses | | Sign-on awards | | Severance payments | |
|----------------------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| | Number of employees | Total amount | Number of employees | Total amount | Number of employees | Total amount |
| Senior management | | | | | | |
| Other material risk-takers | | | | | | |

Definitions and instructions

Senior management and other material risk-takers categories in rows 1 and 2 must correspond to the type of employees described in Table REMA.

Guaranteed bonuses are payments of guaranteed bonuses during the financial year.

Sign-on awards are payments allocated to employees upon recruitment during the financial year.

Severance payments are payments allocated to employees dismissed during the financial year.

Template REM3: Deferred remuneration

Template REM3: Deferred remuneration

Purpose: Provide quantitative information on deferred and retained remuneration.

Scope of application: The template is mandatory for all banks.

Content: Quantitative information.

Frequency: Annual.

Format: Flexible.

Accompanying narrative: Banks may supplement the template with a narrative commentary to explain any significant movements over the reporting period and the key drivers of such movements.

| | a | b | c | d | e |
|------------------------------------|---|---|---|---|--|
| Deferred and retained remuneration | Total amount of outstanding deferred remuneration | Of which: total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment | Total amount of amendment during the year due to ex post explicit adjustments | Total amount of amendment during the year due to ex post implicit adjustments | Total amount of deferred remuneration paid out in the financial year |
| Senior management | | | | | |
| Cash | | | | | |
| Shares | | | | | |
| Cash-linked instruments | | | | | |
| | | | | | |

| | | | | | |
|----------------------------|--|--|--|--|--|
| Other | | | | | |
| Other material risk-takers | | | | | |
| Cash | | | | | |
| Shares | | | | | |
| Cash-linked instruments | | | | | |
| Other | | | | | |
| Total | | | | | |

Definitions

Outstanding exposed to ex post explicit adjustment: Part of the deferred and retained remuneration that is subject to direct adjustment clauses (for instance, subject to malus, clawbacks or similar reversal or downward revaluations of awards).

Outstanding exposed to ex post implicit adjustment: Part of the deferred and retained remuneration that is subject to adjustment clauses that could change the remuneration, due to the fact that they are linked to the performance of other indicators (for instance, fluctuation in the value of shares performance or performance units).

In columns (a) and (b), the amounts at reporting date (cumulated over the last years) are expected. In columns (c)-(e), movements during the financial year are expected. While columns (c) and (d) show the movements specifically related to column (b), column (e) shows payments that have affected column (a).

DIS40

Credit risk

This chapter describes disclosure requirements for credit risk.

**Version effective as of
15 Dec 2019**

First version in the format of the consolidated framework.

Introduction

40.1 The scope of DIS40 includes items subject to risk-weighted assets (RWA) for credit risk as defined in [RBC20.6\(1\)](#), ie excluding:

- (1) all positions subject to the securitisation regulatory framework, including those that are included in the banking book for regulatory purposes, which are reported in [DIS43](#).
- (2) capital requirements relating to counterparty credit risk, which are reported in [DIS42](#).

40.2 The disclosure requirements under this section are:

General information about credit risk:

- (1) Table CRA - General qualitative information about credit risk
- (2) Template CR1 - Credit quality of assets
- (3) Template CR2 - Changes in stock of defaulted loans and debt securities
- (4) Table CRB - Additional disclosure related to the credit quality of assets

Credit risk mitigation:

- (5) Table CRC - Qualitative disclosure related to credit risk mitigation techniques
- (6) Template CR3 - Credit risk mitigation techniques - overview

Credit risk under standardised approach:

- (7) Table CRD - Qualitative disclosure on banks' use of external credit ratings under the standardised approach for credit risk
- (8) Template CR4 - Standardised approach - Credit risk exposure and credit risk mitigation effects
- (9) Template CR5 - Standardised approach - Exposures by asset classes and risk weights

Credit risk under internal risk-based approaches:

- (10) Table CRE - Qualitative disclosure related to internal ratings-based (IRB) models

- (11) Template CR6 - IRB - Credit risk exposures by portfolio and probability of default (PD) range
- (12) Template CR7 - IRB - Effect on RWA of credit derivatives used as credit risk mitigation (CRM) techniques
- (13) Template CR8 - RWA flow statements of credit risk exposures under IRB
- (14) Template CR9 - IRB - Backtesting of PD per portfolio
- (15) Template CR10 - IRB (specialised lending and equities under the simple risk weight method)

FAQ

FAQ1 *How should the disclosure be made in Template CR3, in an example where a loan has multiple types of credit risk mitigation and is over-collateralised (eg a loan of 100 with land collateral of 120 as well as guarantees of 50)?*

When an exposure benefits from multiple types of credit risk mitigation mechanisms, the exposure value should be allocated to each mechanism by order of priority based on the credit risk mitigation mechanism which banks would apply in the event of loss. Disclosure should be limited to the value of the exposure (ie the amount of over-collateralisation does not need to be disclosed in the table). If the bank wishes to disclose information regarding the over-collateralisation, it may do so in the accompanying narrative. Refer to example in [DIS99.1](#).

FAQ2 *What are the values to be ascribed to collateral, guarantees and credit derivatives in Template CR3?*

Banks should disclose the amount of credit risk mitigation calculated according to the regulatory framework, including both the costs to sell and of haircut.

FAQ3 *Where should exposures to central counterparties (CCPs) be included?*

Exposures for trades, initial margins and default fund contributions are included in Template CCR8. Exposures stemming from loans to CCPs excluding initial margins and default fund contributions should be included within the credit risk framework considering the CCP as an

asset class item. These loans should be included in the exposure class where the national implementation of the Basel framework allows exposures to CCPs to be included.

FAQ4 *In Template CR7, what is the required disclosure if an exposure is only partially hedged by a credit derivative? For instance, consider a loan with nominal exposure of \$100, risk weight of 150% and therefore RWA of \$150. The bank buys a credit default swap with a \$30 nominal amount, and the risk weight of the protection provider is 50%. Which values should be entered in columns (a) and (b)?*

Under the IRB approach, credit derivatives are recognised as CRM techniques for the foundation IRB and advanced IRB. In both cases, banks can reflect the risk mitigating effect of credit derivatives on an exposure by adjusting their PD or loss-given-default (LGD). Banks should disclose in column (a), the RWA of an exposure secured by a credit derivative calculated without reflecting the risk mitigating effect of credit derivatives (in the example, banks would disclose \$150). In column (b), the RWA of the same exposure calculated reflecting the risk mitigating effect of credit derivatives (in the example, banks would disclose $30 \times 50\% + 70 \times 150\% = 120$) should be disclosed.

FAQ5 *Is the "weighted average PD" in column (d) of Template CR9 to be calculated based on the following formula $(\sum PD_i \cdot EAD_i) / (\sum EAD_i)$?*

"Weighted" means exposure at default-weighted. For this purpose, the formula above is correct since the data will be comparable to those reported in column (i).

FAQ6 *How should "defaulted obligors" be defined, for the purpose of Template CR9? For column (f) (number of obligors), please clarify how "obligors" are defined from a retail perspective. Should "end of the previous year" include only non-defaulted accounts at the beginning of the year, or both defaulted and non-defaulted accounts? Should "end of the year" include all active accounts at the end of the year? For column (g) (defaulted obligors in the year), please clarify whether it is related to accounts that defaulted during the year or from inception.*

The definition of obligors or retail obligors is the same as for other obligors; any individual person or persons, or a small or medium-sized entity. Furthermore, where banks apply the "transaction approach", each transaction shall be considered as a single obligor. A defaulted obligor is an obligor that meets the conditions set out in [CRE36.69](#) to [CRE36.74](#).

For column (f), the “end of the previous year” includes non-defaulted accounts at the beginning of the year of reference for disclosure. The “end of the year” includes all the non-defaulted accounts related to obligors already included in the “end of the previous year” plus all the new obligors acquired during the year of reference for disclosure which did not go into default during the year. Banks have discretion as to whether to include obligors who left during the year within the “end of the year” number.

For column (g), “defaulted obligors” includes: (i) obligors not in default at the beginning of the year who went into default during the year; and (ii) new obligors acquired during the year– through origination or purchase of loans, debt securities or off-balance sheet commitments – that were not in default, but which went into default during the year. Obligor under (ii) are also separately disclosed in column (h). The PD or PD range to be included in columns (d) and (e) is the one assigned at the beginning of the period for obligors that are not in default at the beginning of the period.

FAQ7

What considerations can institutions reference when disclosing a model performance test (backtesting) when the test is not aligned to the year-end disclosure timetable?

The frequency of the disclosure is not linked to the timing of the bank’s backtesting. The annual disclosure frequency does not require a timetable of model backtesting that is calibrated on a calendar year basis. When the backtesting reference period is not calibrated on a calendar year basis, but on another time interval (for instance, a 12-month interval), “year” as used in columns (f), (g) and (h) of Template CR9 means “over the period used for the backtesting of a model”. Banks must, however, disclose the time horizon (observation period /timetable) they use for their backtesting.

Table CRA: General qualitative information about credit risk

Purpose: Describe the main characteristics and elements of credit risk management (business model and credit risk profile, organisation and functions involved in credit risk management, risk management reporting).

Scope of application: The table is mandatory for all banks.

Content: Qualitative information.

Frequency: Annual.

Format: Flexible.

Banks must describe their risk management objectives and policies for credit risk, focusing in particular on:

- (a) How the business model translates into the components of the bank's credit risk profile
 - (b) Criteria and approach used for defining credit risk management policy and for setting credit risk limits
 - (c) Structure and organisation of the credit risk management and control function
 - (d) Relationships between the credit risk management, risk control, compliance and internal audit functions
 - (e) Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors
-

Template CR1: Credit quality of assets

Purpose: Provide a comprehensive picture of the credit quality of a bank's (on- and off-balance sheet) assets.

Scope of application: The template is mandatory for all banks. Columns d, e and f are only applicable for banks that have adopted an expected credit loss (ECL) accounting model.

Content: Carrying values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation).

Frequency: Semiannual.

Format: Fixed. (Jurisdictions may require a more granular breakdown of asset classes, but rows 1 to 4 as defined below are mandatory for all banks).

Accompanying narrative: Banks must include their definition of default in an accompanying narrative.

| | | a | b | c | d | e | f | g |
|---|--------------------|--------------------------|--------------------------------|----------------------------|---|--|---|--------------------------|
| | | Gross carrying values of | | Allowances/ impairments | Of which ECL accounting provisions for credit losses on standardised approach exposures | | Of which ECL accounting provisions for credit losses on IRB exposures | Net values (a+b-c) |
| | | Defaulted exposures | Non- defaulted exposures | | Allocated in regulatory category of Specific | Allocated in regulatory category of General | | |
| 1 | Loans | | | | | | | |
| 2 | Debt Securities | | | | | | | |

| | | | | | | | | |
|---|-----------------------------|--|--|--|--|--|--|--|
| 3 | Off-balance sheet exposures | | | | | | | |
| 4 | Total | | | | | | | |

Definitions

Gross carrying values: on- and off-balance sheet items that give rise to a credit risk exposure according to the Basel framework. On-balance sheet items include loans and debt securities. Off-balance sheet items must be measured according to the following criteria: (a) guarantees given - the maximum amount that the bank would have to pay if the guarantee were called. The amount must be gross of any credit conversion factor (CCF) or credit risk mitigation (CRM) techniques. (b) Irrevocable loan commitments - total amount that the bank has committed to lend. The amount must be gross of any CCF or CRM techniques. Revocable loan commitments must not be included. The gross value is the accounting value before any allowance/impairments but after considering write-offs. Banks must not take into account any credit risk mitigation technique.

Write-offs for the purpose of this template are related to a direct reduction of the carrying amount when the entity has no reasonable expectations of recovery.

Defaulted exposures: banks should use the definition of default that they also use for regulatory purposes. Banks must provide this definition of default in the accompanying narrative. For a bank using the standardised approach for credit risk, the default exposures in Templates CR1 and CR2 should correspond to the secured and unsecured portions of claims "past due for more than 90 days", as stated in [CRE20.26](#).

Non-defaulted exposures: any exposure not meeting the above definition of default.

Accounting provisions for credit losses: total amount of provisions, made via an allowance against impaired and not impaired exposures (may correspond to general reserves in certain jurisdictions or may be made via allowance account or direct reduction - direct write-down in some jurisdictions) according to the applicable accounting framework. For example, when the accounting framework is IFRS 9, "impaired exposures" are those that are considered "credit-impaired" in the meaning of IFRS 9 Appendix A. When the accounting framework is US GAAP, "impaired exposures" are those exposures for which credit losses are measured under ASC Topic 326 and for which the bank has recorded a partial write-off/write-down.

Banks must fill in column d to f in accordance with the categorisation of accounting provisions distinguishing between general provisions, as defined in [CAP10.18](#) in their jurisdiction, and those that are not. The categorisation must be consistent with information provided in Table CRB.

Net values: Total gross value less allowances/impairments.

Debt securities: Debt securities exclude equity investments subject to the credit risk framework. How are they classified in 2 and 3 for "other investment" (if needed) and explain in the accompanying narrative.

Linkages across templates

Amount in [CR1:1/g] is equal to the sum [CR3:1/a] + [CR3:1/b].

Amount in [CR1:2/g] is equal to the sum [CR3:2/a] + [CR3:2/b].

Amount in [CR1:4/a] is equal to [CR2:6/a], only when (i) there is zero defaulted off-balance sheet exposures and (ii) the bank has discretion to include off-balance sheet exposures in Template CR2.

Template CR2: Changes in stock of defaulted loans and debt securities

Purpose: Identify the changes in a bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

Scope of application: The template is mandatory for all banks.

Content: Carrying values.

National supervisors have discretion to decide whether off-balance sheet exposures should be included.

Frequency: Semiannual.

Format: Fixed. (Jurisdictions may require additional columns to provide a further breakdown of exposures by counterparty type).

Accompanying narrative: Banks should explain the drivers of any significant changes in the amounts of defaulted exposures from the previous reporting period and any significant movement between defaulted and non-defaulted loans.

Banks should disclose in their accompanying narrative whether defaulted exposures include off-balance sheet items.

| | | |
|---|--|---|
| | | a |
| 1 | Defaulted loans and debt securities at end of the previous reporting period | |
| 2 | Loans and debt securities that have defaulted since the last reporting period | |
| 3 | Returned to non-defaulted status | |
| 4 | Amounts written off | |
| 5 | Other changes | |
| 6 | Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5) | |

Definitions

Defaulted exposure: such exposures must be reported net of write-offs and gross of (ie ignoring) allowances/impairments. For a bank using the standardised approach for credit risk, the default exposures in Templates CR1 and CR2 should correspond to the secured and unsecured portions of claims "past due for more than 90 days", as stated in [CRE20.26](#).

Loans and debt securities that have defaulted since the last reporting period: refers to any loan or debt securities that became marked as defaulted during the reporting period.

Return to non-defaulted status: refers to loans or debt securities that returned to non-default status during the reporting period.

Amounts written off: both total and partial write-offs.

Other changes: balancing items that are necessary to enable total to reconcile.

Table CRB: Additional disclosure related to the credit quality of assets

Purpose: Supplement the quantitative templates with information on the credit quality of a bank's assets.

Scope of application: The table is mandatory for all banks.

Content: Additional qualitative and quantitative information (carrying values).

Frequency: Annual.

Format: Flexible.

Banks must provide the following disclosures:

Qualitative disclosures

- The scope and definitions of "past due" and "impaired" exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes. When the accounting framework is IFRS 9, "impaired exposures" are those that are considered "credit-impaired" in the meaning of IFRS 9 Appendix A. When the accounting framework is US GAAP, "impaired exposures" are those exposures for which credit losses are measured under Accounting Standards Codification Topic 326 and for which the bank has recorded a partial write-off/writedown.
- (a)
-
- (b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.
-
- (c) Description of methods used for determining accounting provisions for credit losses. In addition, banks that have adopted an ECL accounting model must provide information on the rationale for categorisation of ECL accounting provisions in general and specific categories for standardised approach exposures.
-
- (d) The bank's own definition of a restructured exposure. Banks should disclose the definition of restructured exposures they use (which may be a definition from the local accounting or regulatory framework).
-

Quantitative disclosures

- (e) Breakdown of exposures by geographical areas, industry and residual maturity.
-
- (f) Amounts of impaired exposures (according to the definition used by the bank for accounting purposes) and related accounting provisions, broken down by geographical areas and industry.
-
- (g) Ageing analysis of accounting past-due exposures.
-
- (h) Breakdown of restructured exposures between impaired and not impaired exposures.
-

Table CRC: Qualitative disclosure related to credit risk mitigation techniques

Purpose: Provide qualitative information on the mitigation of credit risk.

Scope of application: The table is mandatory for all banks.

Content: Qualitative information.

Frequency: Annual.

Format: Flexible

Banks must disclose:

(a) Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting.

(b) Core features of policies and processes for collateral evaluation and management.

Information about market or credit risk concentrations under the credit risk mitigation instruments used (ie by guarantor type, collateral and credit derivative providers).

(c) Banks should disclose a meaningful breakdown of their credit derivative providers, and set the level of granularity of this breakdown in accordance with [DIS10.12](#). For instance, banks are not required to identify their derivative counterparties nominally if the name of the counterparty is considered to be confidential information. Instead, the credit derivative exposure can be broken down by rating class or by type of counterparty (eg banks, other financial institutions, non-financial institutions).

Template CR3: Credit risk mitigation techniques - overview

Purpose: Disclose the extent of use of credit risk mitigation techniques.

Scope of application: The template is mandatory for all banks.

Content: Carrying values. Banks must include all CRM techniques used to reduce capital requirements and disclose all secured exposures, irrespective of whether the standardised or IRB approach is used for RWA calculation.

Please refer to [DIS99.1](#) for an illustration on how the template should be completed.

Frequency: Semiannual.

Format: Fixed. (Jurisdictions may require additional sub-rows to provide a more detailed breakdown in rows but must retain the four rows listed below.) Where banks are unable to categorise exposures secured by collateral, financial guarantees or credit derivative into "loans" and "debt securities", they can either (i) merge two corresponding cells, or (ii) divide the amount by the pro-rata weight of gross carrying values; they must explain which method they have used.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a | b | c | d | e |
|---|--------------------|--------------------------------------|-------------------------|---------------------------------|---|---|
| | | Exposures unsecured: carrying amount | Exposures to be secured | Exposures secured by collateral | Exposures secured by financial guarantees | Exposures secured by credit derivatives |
| 1 | Loans | | | | | |
| 2 | Debt securities | | | | | |
| 3 | Total | | | | | |
| 4 | Of which defaulted | | | | | |

Definitions

Exposures unsecured- carrying amount: carrying amount of exposures (net of allowances /impairments) that do not benefit from a credit risk mitigation technique.

Exposures to be secured: carrying amount of exposures which have at least one credit risk mitigation mechanism (collateral, financial guarantees, credit derivatives) associated with them. The allocation of the carrying amount of multi-secured exposures to their different credit risk mitigation mechanisms is made by order of priority, starting with the credit risk mitigation mechanism expected to be called first in the event of loss, and within the limits of the carrying amount of the secured exposures.

Exposures secured by collateral: carrying amount of exposures (net of allowances/impairments) partly or totally secured by collateral. In case an exposure is secured by collateral and other credit risk mitigation mechanism(s), the carrying amount of the exposures secured by collateral is the remaining share of the exposure secured by collateral after consideration of the shares of the exposure already secured by other mitigation mechanisms expected to be called beforehand in the event of a loss, without considering overcollateralisation.

Exposures secured by financial guarantees: carrying amount of exposures (net of allowances /impairments) partly or totally secured by financial guarantees. In case an exposure is secured by financial guarantees and other credit risk mitigation mechanism, the carrying amount of the exposure secured by financial guarantees is the remaining share of the exposure secured by financial guarantees after consideration of the shares of the exposure already secured by other mitigation mechanisms expected to be called beforehand in the event of a loss, without considering overcollateralisation.

Exposures secured by credit derivatives: carrying amount of exposures (net of allowances /impairments) partly or totally secured by credit derivatives. In case an exposure is secured by credit derivatives and other credit risk mitigation mechanism(s), the carrying amount of the exposure secured by credit derivatives is the remaining share of the exposure secured by credit derivatives after consideration of the shares of the exposure already secured by other mitigation

mechanisms expected to be called beforehand in the event of a loss, without considering overcollateralisation.

Table CRD: Qualitative disclosure on banks' use of external credit ratings under the standardised approach for credit risk

Purpose: Supplement the information on a bank's use of the standardised approach with qualitative data on the use of external ratings.

Scope of application: The table is mandatory for all banks that: (a) use the credit risk standardised approach (or the simplified standardised approach); and (b) make use of external credit ratings for their RWA calculation.

In order to provide meaningful information to users, the bank may choose not to disclose the information requested in the table if the exposures and RWA amounts are negligible. It is however required to explain why it considers the information not to be meaningful to users, including a description of the portfolios concerned and the aggregate total RWA these portfolios represent.

Content: Qualitative information.

Frequency: Annual.

Format: Flexible.

A. For portfolios that are risk-weighted under the standardised approach for credit risk, banks must disclose the following information:

- (a) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period;
 - (b) The asset classes for which each ECAI or ECA is used;
 - (c) A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book (see [CRE21.9](#) to [CRE21.11](#)); and
 - (d) The alignment of the alphanumerical scale of each agency used with risk buckets (except where the relevant supervisor publishes a standard mapping with which the bank has to comply).
-

Template CR4: Standardised approach - Credit risk exposure and credit risk mitigation effects

Purpose: Illustrate the effect of CRM (comprehensive and simple approach) on standardised approach capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

Scope of application: The template is mandatory for banks using the standardised or the simplified standardised approach.

For banks using other than the standardised approach for most of their credit exposures, exposures and RWA amounts under the standardised approach may be negligible. In such circumstances, and to provide only meaningful information to users, the bank may choose not to disclose the template for the exposures treated under the standardised approach. The bank must however explain why it considers the information not to be meaningful to users. The explanation must include a description of the exposures included in the respective portfolios and the aggregate total of RWA from such exposures.

Content: Regulatory exposure amounts.

Frequency: Semiannual.

Format: Fixed. (The columns cannot be altered. The rows reflect the asset classes as defined under the Basel framework. Jurisdictions may amend the rows to reflect any differences in their implementation of the standardised approach.)

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

| | | a | b | c | d | e | f |
|---|---|------------------------------|--------------------------|----------------------------|--------------------------|---------------------|-------------|
| | | Exposures before CCF and CRM | | Exposures post-CCF and CRM | | RWA and RWA density | |
| | Asset classes | On-balance sheet amount | Off-balance sheet amount | On-balance sheet amount | Off-balance sheet amount | RWA | RWA density |
| 1 | Sovereigns and their central banks | | | | | | |
| 2 | Non-central government public sector entities | | | | | | |
| 3 | Multilateral development banks | | | | | | |
| 4 | Banks | | | | | | |

| | | | | | | | |
|----|-----------------------------------|--|--|--|--|--|--|
| 5 | Securities firms | | | | | | |
| 6 | Corporates | | | | | | |
| 7 | Regulatory retail portfolios | | | | | | |
| 8 | Secured by residential property | | | | | | |
| 9 | Secured by commercial real estate | | | | | | |
| 10 | Equity | | | | | | |
| 11 | Past-due loans | | | | | | |
| 12 | Higher-risk categories | | | | | | |
| 13 | Other assets | | | | | | |
| 14 | Total | | | | | | |

Definitions

Rows:

Higher-risk categories: Banks must include the exposures included in [CRE20.30](#) and [CRE20.31](#) that are not included in other regulatory portfolios (eg exposure weighted at 150% or higher risk weights reflecting the higher risks associated with these assets). Banks' equity investments in funds framework must not be reported in this template but only in Template OV1.

Other assets: refers to assets subject to specific risk weight as set out by [CRE20.35](#) and to significant investments in commercial entities that receive a 1250% risk weight according to [CRE20.33](#).

Columns:

Exposures before CCF and CRM - On-balance sheet amount: banks must disclose the regulatory exposure amount (net of allowances and write-offs) under the regulatory scope of consolidation gross of (ie before taking into account) the effect of credit risk mitigation techniques.

Exposures before CCF and CRM - Off-balance sheet amount: banks must disclose the exposure value, gross of conversion factors and the effect of credit risk mitigation techniques under the regulatory scope of consolidation.

Credit exposure post-CCF and post-CRM: This is the amount to which the capital requirements are applied. It is a net credit equivalent amount, after having applied CRM techniques and CCF.

RWA density: Total risk-weighted assets/exposures post-CCF and post-CRM. The result of the ratio must be expressed as a percentage.

Linkages across templates

The amount in [CR4:14/c+CR4:14/d] is equal to the amount in [CR5:14/j]

Template CR5: Standardised approach - exposures by asset classes and risk weights

Purpose: Present the breakdown of credit risk exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to standardised approach).

Scope of application: The template is mandatory for banks using the standardised or the simplified standardised approach.

For banks using other than the standardised approach for most of their credit exposures, exposures and RWA amounts under the standardised approach may be negligible. In such circumstances, and to provide only meaningful information to users, the bank may choose not to disclose the template for the exposures treated under the standardised approach. The bank must however explain why it considers the information not to be meaningful to users. The explanation must include a description of the exposures included in the respective portfolios and the aggregate total of RWA from such exposures.

Content: Regulatory exposure values.

Frequency: Semiannual.

Format: Fixed. (Jurisdictions may amend the rows and columns to reflect any difference applied in their implementation of the standardised approach. Columns may be adapted to fit the simplified standardised approach where it is applied.)

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a | b | c | d | e | f | g | h | i | j |
|---|--|----|-----|-----|-----|-----|-----|------|------|--------|--|
| | Risk weight*→ Asset classes↓ | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | Others | Total credit exposures amount (post CCF and post-CRM) |
| 1 | Sovereigns and their central banks | | | | | | | | | | |
| 2 | Non-central government public sector entities | | | | | | | | | | |

| | | | | | | | | | | | |
|----|-----------------------------------|--|--|--|--|--|--|--|--|--|--|
| 3 | Multilateral development banks | | | | | | | | | | |
| 4 | Banks | | | | | | | | | | |
| 5 | Securities firms | | | | | | | | | | |
| 6 | Corporates | | | | | | | | | | |
| 7 | Regulatory retail portfolios | | | | | | | | | | |
| 8 | Secured by residential property | | | | | | | | | | |
| 9 | Secured by commercial real estate | | | | | | | | | | |
| 10 | Equity | | | | | | | | | | |
| 11 | Past-due loans | | | | | | | | | | |
| 12 | Higher-risk categories | | | | | | | | | | |
| 13 | Other assets | | | | | | | | | | |
| 14 | Total | | | | | | | | | | |

*Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

Definitions

Total credit exposure amount (post-CCF and CRM): the amount used for the capital requirements calculation (sheet amounts), therefore net of allowances and write-offs and after having applied CRM techniques and relevant risk weights.

Past-due loans: past-due loans correspond to the unsecured portion of any loan past due for more than 90 days.

Higher-risk categories: Banks must include in this row the exposures included in [CRE20.30](#) and [CRE20.31](#) regulatory portfolios (eg exposure weighted at 150% or higher risk weight reflecting the higher risks reported in this row should not be reported in the rows above. Banks' equity investments in funds should be reported in this row in Template OV1 but only in Template OV1).

Other assets: refers to assets subject to specific risk weight set out by [CRE20.35](#) and to significant exposures that should receive a 1250% risk-weight according to [CRE20.33](#).

Table CRE: Qualitative disclosure related to IRB models

Purpose: Provide additional information on IRB models used to compute RWA.

Scope of application: The table is mandatory for banks using A-IRB or F-IRB approaches for some or all of their exposures.

To provide meaningful information to users, the bank must describe the main characteristics of the models used at the group-wide level (according to the scope of regulatory consolidation) and explain how the scope of models described was determined. The commentary must include the percentage of RWA covered by the models for each of the bank's regulatory portfolios.

Content: Qualitative information.

Frequency: Annual.

Format: Flexible.

Banks must provide the following information on their use of IRB models:

- (a) Internal model development, controls and changes: role of the functions involved in the development, approval and subsequent changes of the credit risk models.
- (b) Relationships between risk management function and internal audit function and procedure to ensure the independence of the function in charge of the review of the models from the functions responsible for the development of the models.
- (c) Scope and main content of the reporting related to credit risk models.
- (d) Scope of the supervisor's acceptance of approach.
- (e) The "scope of the supervisor's acceptance of approach" refers to the scope of internal models approved by the supervisors in terms of entities within the group (if applicable), portfolios and exposure classes, with a breakdown between foundation IRB (F-IRB) and advanced IRB (A-IRB), if applicable.
- (f) For each of the portfolios, the bank must indicate the part of exposure at default (EAD) within the group (in percentage of total EAD) covered by standardised, F-IRB and A-IRB approach and the part of portfolios that are involved in a roll-out plan.
- (g) The number of key models used with respect to each portfolio, with a brief discussion of the main differences among the models within the same portfolios.

Description of the main characteristics of the approved models:

- (i) definitions, methods and data for estimation and validation of PD (eg how PDs are estimated for low default portfolios; if there are regulatory floors; the drivers for differences observed between PD and actual default rates at least for the last three periods);
- (g) and where applicable:

(ii) loss-given-default (LGD) (eg methods to calculate downturn LGD; how LGDs are estimated for low default portfolio; the time lapse between the default event and the closure of the exposure);

(iii) CCFs, including assumptions employed in the derivation of these variables;

Template CR6: IRB - Credit risk exposures by portfolio and PD range

Purpose: Provide main parameters used for the calculation of capital requirements for IRB models. The purpose of disclosing these parameters is to enhance the transparency of banks' RWA calculations and the reliability of regulatory measures.

Scope of application: The template is mandatory for banks using either the F-IRB or the A-IRB approach for some or all of their exposures.

Content: Columns (a) and (b) are based on accounting carrying values and columns (c) to (l) are regulatory values. All are based on the scope of regulatory consolidation.

Frequency: Semiannual.

Format: Fixed. The columns, their contents and the PD scale in the rows cannot be altered, but the portfolio breakdown in the rows will be set at the jurisdiction level to reflect exposure categories under local implementation of the IRB approaches. Where a bank makes use of both F-IRB and A-IRB approaches, it must disclose one template for each approach.

Accompanying narrative: Banks are expected to supplement the template with a narrative to explain the effect of credit derivatives on RWAs.

| | | a | b | c | d | e | f | g | h | i | j | k | l |
|----------------|------------------|--|--|----------------|--|---------------|--------------------------|----------------|---------------------|-----|----------------|------------------|------------|
| | PD scale | Original on- balance sheet gross exposure | Off- balance sheet exposures pre CCF | Average CCF | EAD post CRM and post- CCF | Average PD | Number of obligors | Average LGD | Average maturity | RWA | RWA density | Expected Loss | Provisions |
| Portfolio X | | | | | | | | | | | | | |
| | 0.00 to <0.15 | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|-----------------------------------|-------------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| | 0.15 to <0.25 | | | | | | | | | | | | |
| | 0.25 to <0.50 | | | | | | | | | | | | |
| | 0.50 to <0.75 | | | | | | | | | | | | |
| | 0.75 to <2.50 | | | | | | | | | | | | |
| | 2.50 to <10.00 | | | | | | | | | | | | |
| | 10.00 to <100. 00 | | | | | | | | | | | | |
| | 100.00 (Default) | | | | | | | | | | | | |
| | Sub- total | | | | | | | | | | | | |
| Total (all portfolios) | | | | | | | | | | | | | |

Definitions

Rows

Portfolio X includes the following prudential portfolios for the F-IRB approach: (i) Sovereign; (ii) Banks; (iii) Corporate; (iv) Corporate - Specialised Lending; (v) Equity (PD/LGD methods described in [CRE31.37](#) to [CRE31.45](#) and [CRE20.34](#)); (vi) Purchased receivables, and the following prudential

portfolios for the A-IRB approach: (i) Sovereign; (ii) Banks; (iii) Corporate; (iv) Corporate - Specialised Lending; (v) Equity (PD/LGD method as described in [CRE31.37](#) to [CRE31.45](#) and [CRE20.34](#)); (vi) Retail - qualifying revolving (QRRE); (vii) Retail - Residential mortgage exposures; (viii) Retail - SME; (ix) Other retail exposures; (x) Purchased receivables. Information on F-IRB and A-IRB portfolios, respectively, must be reported in two separate templates.

Default: The data on defaulted exposures may be further broken down according to jurisdiction's definitions for categories of defaulted exposures.

Columns

PD scale: Exposures shall be broken down according to the PD scale used in the template instead of the PD scale used by banks in their RWA calculation. Banks must map the PD scale they use in the RWA calculations into the PD scale provided in the template.

Original on-balance sheet gross exposure: amount of the on-balance sheet exposure gross of accounting provisions (before taking into account the effect of credit risk mitigation techniques).

Off-balance sheet exposure pre conversion factor: exposure value without taking into account value adjustments and provisions, conversion factors and the effect of credit risk mitigation techniques.

Average CCF: EAD post-conversion factor for off-balance sheet exposure to total off-balance sheet exposure pre conversion factor.

EAD post-CRM: the amount relevant for the capital requirements calculation.

Number of obligors: corresponds to the number of individual PDs in this band. Approximation (round number) is acceptable.

Average PD: obligor grade PD weighted by EAD.

Average LGD: the obligor grade LGD weighted by EAD. The LGD must be net of any CRM effect.

Average maturity: the obligor maturity in years weighted by EAD; this parameter needs to be filled in only when it is used for the RWA calculation.

RWA density: Total risk-weighted assets to EAD post-CRM.

EL: the expected losses as calculated according to [CRE33.8](#) to [CRE33.12](#) and [CRE35.2](#) to [CRE35.3](#);

Provisions: provisions calculated according to [CRE35.4](#).

Template CR7: IRB - Effect on RWA of credit derivatives used as CRM techniques

Purpose: Illustrate the effect of credit derivatives on the IRB approach capital requirements' calculations. The pre-credit derivatives RWA before taking account of credit derivatives mitigation effect has been selected to assess the impact of credit derivatives on RWA. This is irrespective of how the CRM technique feeds into the RWA calculation.

Scope of application: The template is mandatory for banks using the A-IRB and/or F-IRB approaches for some or all of their exposures.

Content: Risk-weighted assets (subject to credit risk treatment).

Frequency: Semiannual.

Format: Fixed.

Columns are fixed but the portfolio breakdown in the rows will be set at jurisdiction level to reflect exposure categories required under local implementation of IRB approaches.

Accompanying narrative: Banks should supplement the template with a narrative commentary to explain the effect of credit derivatives on the bank's RWA.

| | | a | b |
|----|---|----------------------------|------------|
| | | pre-credit derivatives RWA | Actual RWA |
| 1 | Sovereign - F-IRB | | |
| 2 | Sovereign - A-IRB | | |
| 3 | Banks - F-IRB | | |
| 4 | Banks - A-IRB | | |
| 5 | Corporate - F-IRB | | |
| 6 | Corporate - A-IRB | | |
| 7 | Specialised lending - F-IRB | | |
| 8 | Specialised lending - A-IRB | | |
| 9 | Retail - qualifying revolving (QRRE) | | |
| 10 | Retail - residential mortgage exposures | | |
| 11 | Retail -SME | | |
| | | | |

| | | | |
|----|-------------------------------|--|--|
| 12 | Other retail exposures | | |
| 13 | Equity - F-IRB | | |
| 14 | Equity - A-IRB | | |
| 15 | Purchased receivables - F-IRB | | |
| 16 | Purchased receivables - A-IRB | | |
| 17 | Total | | |

Pre-credit derivatives RWA: hypothetical RWA calculated assuming the absence of recognition of the credit derivative as a CRM technique.

Actual RWA: RWA calculated taking into account the CRM technique impact of the credit derivative.

Template CR8: RWA flow statements of credit risk exposures under IRB

Purpose: Present a flow statement explaining variations in the credit RWA determined under an IRB approach.

Scope of application: The template is mandatory for banks using the A-IRB and/or F-IRB approaches.

Content: Risk-weighted assets corresponding to credit risk only (counterparty credit risk excluded). Changes in RWA amounts over the reporting period for each of the key drivers should be based on a bank's reasonable estimation of the figure.

Frequency: Quarterly.

Format: Fixed. Columns and rows 1 and 9 cannot be altered. Banks may add additional rows between rows 7 and 8 to disclose additional elements that contribute significantly to RWA variations.

Accompanying narrative: Banks should supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

| | | a |
|----------|---|--------------------|
| | | RWA amounts |
| 1 | RWA as at end of previous reporting period | |
| 2 | Asset size | |
| 3 | Asset quality | |
| 4 | Model updates | |
| 5 | Methodology and policy | |
| 6 | Acquisitions and disposals | |
| 7 | Foreign exchange movements | |
| 8 | Other | |
| 9 | RWA as at end of reporting period | |

Asset size: organic changes in book size and composition (including origination of new businesses and maturing loans) but excluding changes in book size due to acquisitions and disposal of entities.

Asset quality: changes in the assessed quality of the bank's assets due to changes in borrower risk, such as rating grade migration or similar effects.

Model updates: changes due to model implementation, changes in model scope, or any changes intended to address model weaknesses.

Methodology and policy: changes due to methodological changes in calculations driven by regulatory policy changes, including both revisions to existing regulations and new regulations.

Acquisitions and disposals: changes in book sizes due to acquisitions and disposal of entities.

Foreign exchange movements: changes driven by market movements such as foreign exchange movements.

Other: this category must be used to capture changes that cannot be attributed to any other category. Banks should add additional rows between rows 7 and 8 to disclose other material drivers of RWA movements over the reporting period.

Template CR9: IRB - Backtesting of probability of default (PD) per portfolio

Purpose: Provide backtesting data to validate the reliability of PD calculations. In particular, the template compares the PD used in IRB capital calculations with the effective default rates of bank obligors. A minimum five-year average annual default rate is required to compare the PD with a "more stable" default rate, although a bank may use a longer historical period that is consistent with its actual risk management practices.

Scope of application: The template is mandatory for banks using the A-IRB and/or F-IRB approaches. Where a bank makes use of a F-IRB approach for certain exposures and an A-IRB approach for others, it must disclose two separate sets of portfolio breakdown in separate templates.

To provide meaningful information to users on the backtesting of their internal models through this template, the bank must include in this template the key models used at the group-wide level (according to the scope of regulatory consolidation) and explain how the scope of models described was determined. The commentary must include the percentage of RWA covered by the models for which backtesting results are shown here for each of the bank's regulatory portfolios.

The models to be disclosed refer to any model, or combination of models, approved by the supervisor, for the generation of the PD used for calculating capital requirements under the IRB approach. This may include the model that is used to assign a risk rating to an obligor, and/or the model that calibrates the internal ratings to the PD scale.

Content: Modelling parameters used in IRB calculation.

Frequency: Annual.

Format: Flexible.

The portfolio breakdown in the rows will be set at jurisdiction level to reflect exposure categories required under local implementations of IRB approaches.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes. Banks may wish to supplement the template when disclosing the amount of exposure and the number of obligors whose defaulted exposures have been cured in the year.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| a | b | c | d | e | f | g | h | i |
|---|---|---|---|---|---|---|---|---|

| Portfolio X* | PD Range | External rating equivalent | Weighted average PD | Arithmetic average PD by obligors | Number of obligors | | Defaulted obligors in the year | of which: new defaulted obligors in the year | Average historical annual default rate |
|--------------|----------|----------------------------|---------------------|-----------------------------------|----------------------|-----------------|--------------------------------|--|--|
| | | | | | End of previous year | End of the year | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

* The dimension *Portfolio X* includes the following prudential portfolios for the F-IRB approach:

(i) Sovereign; (ii) Banks; (iii) Corporate; (iv) Corporate - Specialised lending; (v) Equity (PD/LGD method); (vi) Purchased receivables, and the following prudential portfolios for the A-IRB approach:

(i) Sovereign; (ii) Banks; (iii) Corporate; (iv) Corporate - Specialised Lending; (v) Equity (PD/LGD method); (vi) Retail - QRRE; (vii) Retail - Residential mortgage exposures; (viii) Retail - SME; (ix) Other retail exposures; (x) Purchased receivables.

External rating equivalent: refers to external ratings that may, in some jurisdictions, be available for retail borrowers. This may, for instance, be the case for small or medium-sized entities (SMEs) that fit the requirements to be included in the retail portfolios which in some jurisdictions could have an external rating, or a credit score or a range of credit scores provided by a consumer credit bureau. One column has to be filled in for each rating agency authorised for prudential purposes in the jurisdictions where the bank operates. However, where such external ratings are not available, they need not be provided.

Weighted average PD: the same as reported in Template CR6. These are the estimated PDs assigned by the internal model authorised under the IRB approaches. The PD values are EAD-weighted and the "weight" is the EAD at the beginning of the period.

Arithmetic average PD by obligors: PD within range by number of obligor within the range. The average PD by obligors is the simple average: Arithmetic average PD = sum of PDs of all accounts (transactions) / number of accounts.

Number of obligors: two sets of information are required: (i) the number of obligors at the end of the previous year; (ii) the number of obligors at the end of the year subject to reporting;

Defaulted obligors in the year: number of defaulted obligors during the year; *of which: new obligors defaulted in the year:* number of obligors having defaulted during the last 12-month period that were not funded at the end of the previous financial year;

Average historical annual default rate: the five-year average of the annual default rate (obligors at the beginning of each year that are defaulted during that year/total obligor hold at the beginning of the year) is a minimum. The bank may use a longer historical period that is consistent with the bank's actual risk management practices. The disclosed average historical annual default rate disclosed should be before the application of the margin of conservatism.

Template CR10: IRB (specialised lending and equities under the simple risk-weight method)

Purpose: Provide quantitative disclosures of banks' specialised lending and equity exposures using the simple risk-weight approach.

Scope of application: The template is mandatory for banks using one of the approaches included in the template. The breakdown by regulatory categories included in the template is indicative as the data included in the template are provided by banks according to applicable domestic regulation.

Content: Carrying values, exposure amounts and RWA.

Frequency: Semiannual.

Format: Flexible. (Jurisdictions may notably amend the rows to reflect regulatory categories in their local implementation of the approach.)

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| Specialised lending | | | | | | | | | | | |
|-----------------------|---------------------------------|-------------------------|--------------------------|-------------|-----------------|----|----|------|-------|-----|-----------------|
| Other than HVCRE | | | | | | | | | | | |
| Regulatory categories | Remaining maturity | On-balance sheet amount | Off-balance sheet amount | Risk weight | Exposure amount | | | | | RWA | Expected losses |
| | | | | | PF | OF | CF | IPRE | Total | | |
| Strong | Less than 2.5 years | | | 50% | | | | | | | |
| | Equal to or more than 2.5 years | | | 70% | | | | | | | |
| Good | Less than 2.5 years | | | 70% | | | | | | | |
| | | | | | | | | | | | |

| | | | | | | | | | | | |
|--------------|---------------------------------|--|--|------|--|--|--|--|--|--|--|
| | Equal to or more than 2.5 years | | | 90% | | | | | | | |
| Satisfactory | | | | 115% | | | | | | | |
| Weak | | | | 250% | | | | | | | |
| Default | | | | - | | | | | | | |
| Total | | | | | | | | | | | |

HVCRE

| Regulatory categories | Remaining maturity | On-balance sheet amount | Off-balance sheet amount | RW | Exposure amount | RWA | Expected losses |
|-----------------------|---------------------------------|-------------------------|--------------------------|------|-----------------|-----|-----------------|
| Strong | Less than 2.5 years | | | 70% | | | |
| | Equal to or more than 2.5 years | | | 95% | | | |
| Good | Less than 2.5 years | | | 95% | | | |
| | Equal to or more than 2.5 years | | | 120% | | | |
| Satisfactory | | | | 140% | | | |
| Weak | | | | 250% | | | |

| | | | | | | | |
|--|-----------------------------------|------------------------------------|----------------|-----------------|-----|--|--|
| Default | | | | - | | | |
| Total | | | | | | | |
| Equities under the simple risk-weight approach | | | | | | | |
| Categories | On- balance sheet amount | Off- balance sheet amount | Risk Weight | Exposure amount | RWA | | |
| Exchange-traded equity exposures | | | 190% | | | | |
| Private equity exposures | | | 290% | | | | |
| Other equity exposures | | | 370% | | | | |
| Total | | | | | | | |

Definitions

HVCRE: High-volatility commercial real estate.

On-balance sheet amount: banks must disclose the amount of exposure (net of allowances and write-offs) under the regulatory scope of consolidation.

Off-balance sheet amount: banks must disclose the exposure value without taking into account conversion factors and the effect of credit risk mitigation techniques.

Exposure amount: the amount relevant for the capital requirement's calculation, therefore after having applied CRM techniques and CCF.

Expected losses: amount of expected losses calculated according to [CRE33.8](#) to [CRE33.12](#).

PF: Project finance

OF: Object finance

CF: Commodities finance

IPRE: Income producing real estate

DIS42

Counterparty credit risk

This chapter describes counterparty credit risk and credit valuation adjustment disclosure requirements.

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Introduction

42.1 [DIS42](#) includes all exposures in the banking book and trading book that are subject to a counterparty credit risk (CCR) charge, including the credit valuation adjustment (CVA) capital charge and charges applied to exposures to central counterparties (CCPs).¹

Footnotes

¹ The relevant sections of the Basel framework are in [CRE50](#) to [CRE55](#) and [MAR50](#).

42.2 The disclosure requirements under [DIS42](#) are:

- (1) Table CCRA – Qualitative disclosure related to CCR
- (2) Template CCR1 – Analysis of CCR exposures by approach
- (3) Template CCR2 – CVA capital charge
- (4) Template CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk weights
- (5) Template CCR4 – Internal ratings-based (IRB) approach – CCR exposures by portfolio and probability-of-default (PD) scale
- (6) Template CCR5 – Composition of collateral for CCR exposures
- (7) Template CCR6 – Credit derivatives exposures
- (8) Template CCR7 – RWA flow statements of CCR exposures under the internal models method (IMM)
- (9) Template CCR8 – Exposures to central counterparties

FAQ

FAQ1

The “purpose” of Template CCR5 asks for a breakdown of all types of collateral posted or received. The content section, however, asks for collateral used. These numbers differ as certain transactions are over-collateralised (ie >100% of exposure) and therefore not all collateral would be used for risk mitigation. Should the template include all collateral posted/received or just collateral that is applied?

The numbers reported in Template CCR5 should be the total collateral posted/received (ie not limited to the collateral that is applied/used for risk mitigation). The purpose of the template is to provide a view on the collateral posted/received rather than the value accounted for within the regulatory computation. If the bank wishes to disclose the collateral eligible for credit mitigation, it may do so using an accompanying narrative.

FAQ2

Template CCR7 refers to an RWA flow on IMM exposures. Row 4 (Model updates – IMM only) and row 5 (Methodology and policy – IMM only) are specifically to include only model and methodology/policy changes relating to the IMM exposures model. Where in the template would changes to the IRB models that result in changes in risk weights for positions under the IMM be reported?

Template CCR7 is consistent with Template OV1, which requests a split by exposure at default methodology and not by risk weighting methodology. Banks are recommended to add rows to report any changes relating to risk weighting methodology if they deem them useful. The row breakdown is flexible and intends to depict all the significant drivers of changes for the RWA under CCR. Specific rows should be inserted when changes to the IRB model result in changes to the RWA of instruments under counterparty credit risk whose exposure value is determined based on the IMM.

Table CCRA: Qualitative disclosure related to CCR

Purpose: Describe the main characteristics of counterparty credit risk management (eg operating limits, use of guarantees and other credit risk mitigation (CRM) techniques, impacts of own credit downgrading).

Scope of application: The table is mandatory for all banks.

Content: Qualitative information.

Frequency: Annual.

Format: Flexible.

Banks must provide risk management objectives and policies related to counterparty credit risk, including:

- (a) The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures and for CCP exposures;
 - (b) Policies relating to guarantees and other risk mitigants and assessments concerning counterparty risk, including exposures towards CCPs;
 - (c) Policies with respect to wrong-way risk exposures;
 - (d) The impact in terms of the amount of collateral that the bank would be required to provide given a credit rating downgrade.
-

Template CCR1: Analysis of CCR exposures by approach

Purpose: Provide a comprehensive view of the methods used to calculate counterparty credit risk regulatory requirements and the main parameters used within each method.

Scope of application: The template is mandatory for all banks.

Content: Regulatory exposures, RWA and parameters used for RWA calculations for all exposures subject to the counterparty credit risk framework (excluding CVA charges or exposures cleared through a CCP).

Frequency: Semiannual.

Format: Fixed.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a | b | c | d | e | f |
|---|---|------------------|---------------------------|---------------|---|--------------|-----|
| | | Replacement cost | Potential future exposure | Effective EPE | Alpha used for computing regulatory EAD | EAD post-CRM | RWA |
| 1 | SA-CCR (for derivatives) | | | | 1.4 | | |
| 2 | Internal models method (for derivatives and securities financing transactions, or SFTs) | | | | | | |
| 3 | Simple Approach for credit risk mitigation (for SFTs) | | | | | | |
| 4 | Comprehensive Approach for credit risk mitigation (for SFTs) | | | | | | |
| 5 | Value-at-risk (VaR) for SFTs | | | | | | |
| 6 | Total | | | | | | |

Definitions

SA-CCR (for derivatives): Banks in jurisdictions which have yet to implement the SA-CCR should report in row 1 information corresponding to the Current Exposures Method and the Standardised Method

Replacement Cost (RC): For trades that are not subject to margining requirements, the RC is the loss that would occur if a counterparty were to default and was closed out of its transactions immediately. For margined trades, it is the loss that would occur if a counterparty were to default at present or at a future date, assuming that the closeout and replacement of transactions occur instantaneously. However, closeout of a trade upon a counterparty default may not be instantaneous. The replacement cost under the standardised approach for measuring counterparty credit risk exposures is described in [CRE52](#).

Potential Future Exposure is any potential increase in exposure between the present and up to the end of the margin period of risk. The potential future exposure for the standardised approach is described in [CRE50](#).

Effective Expected Positive Exposure (EPE) is the weighted average over time of the effective expected exposure over the first year, or, if all the contracts in the netting set mature before one year, over the time period of the longest-maturity contract in the netting set where the weights are the proportion that an individual expected exposure represents of the entire time interval (see [CRE50](#)).

EAD post-CRM: exposure at default. This refers to the amount relevant for the capital requirements calculation having applied CRM techniques, credit valuation adjustments according to [CRE51.11](#) and specific wrong-way adjustments (see [CRE53](#)).

Template CCR2: Credit valuation adjustment (CVA) capital charge

Purpose: Provide the CVA regulatory calculations (with a breakdown by standardised and advanced approaches).

Scope of application: The template is mandatory for all banks with exposures subject to CVA capital charges.

Content: Risk-weighted assets and corresponding exposures at default.

Frequency: Semiannual.

Format: Fixed

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a | b |
|---|---|--------------|-----|
| | | EAD post-CRM | RWA |
| | Total portfolios subject to the Advanced CVA capital charge | | |
| 1 | (i) VaR component (including the 3×multiplier) | | |
| 2 | (ii) Stressed VaR component (including the 3×multiplier) | | |
| 3 | All portfolios subject to the Standardised CVA capital charge | | |
| 4 | Total subject to the CVA capital charge | | |

Definitions

Advanced CVA capital charge: the amount of the advanced capital charge calculated according to [MAR50](#).

Standardised CVA capital charge: the amount of the standardised capital charge calculated according to [MAR50](#) or with the definition provided in domestic regulation if use of external credit ratings is not permitted.

EAD post-CRM: exposure at default. This refers to the amount used for the capital requirements calculation. It is therefore the amount of the credit valuation adjustments according to [CRE51.11](#) and of the specific wrong-way adjustments (see [CRE53](#)), having applied CRM techniques.

Template CCR3: Standardised approach - CCR exposures by regulatory portfolio and risk weights

Purpose: Provide a breakdown of counterparty credit risk exposures calculated according to the standardised approach: by portfolio (type of counterparties) and by risk weight (riskiness attributed according to standardised approach).

Scope of application: The template is mandatory for all banks using the credit risk standardised approach to compute RWA for counterparty credit risk exposures, irrespective of the CCR approach used to determine exposure at default.

If a bank deems that the information requested in this template is not meaningful to users because the exposures and RWA amounts are negligible, the bank may choose not to disclose the template. The bank is, however, required to explain in a narrative commentary why it considers the information not to be meaningful to users, including a description of the exposures in the portfolios concerned and the aggregate total of RWA amount from such exposures.

Content: Credit exposure amounts.

Frequency: Semiannual.

Format: Fixed.

(The rows and columns may be amended at jurisdiction level to reflect different exposure categories required as a consequence of the local implementation of the standardised approach.)

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | a | b | c | d | e | f | g | h | i |
|---|----|-----|-----|-----|-----|------|------|--------|-----------------------|
| Risk weight ^{*,**→} | 0% | 10% | 20% | 50% | 75% | 100% | 150% | Others | Total credit exposure |
| Regulatory portfolio*↓ | | | | | | | | | |
| Sovereigns | | | | | | | | | |
| Non-central government public sector entities | | | | | | | | | |
| Multilateral development banks | | | | | | | | | |
| Banks | | | | | | | | | |
| Securities firms | | | | | | | | | |
| Corporates | | | | | | | | | |
| Regulatory retail portfolios | | | | | | | | | |
| Other assets | | | | | | | | | |

| | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|
| Total | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|

**The breakdown by risk weight and regulatory portfolio included in the template is for illustrative purposes. Banks may complete the template with the breakdown of asset classes according to the local implementation of the Basel framework.*

***Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.*

Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

Other assets: the amount excludes exposures to CCPs, which are reported in Template CCR8.

Template CCR4: IRB - CCR exposures by portfolio and PD scale

Purpose: Provide all relevant parameters used for the calculation of counterparty credit risk capital requirements for IRB models.

Scope of application: The template is mandatory for banks using an advanced IRB (A-IRB) or foundation IRB (F-IRB) approach to compute RWA for counterparty credit risk exposures, whatever CCR approach is used to determine exposure at default. Where a bank makes use of an FIRB approach for certain exposures and an AIRB approach for others, it must disclose two separate sets of portfolio breakdown in two separate templates.

To provide meaningful information, the bank must include in this template the key models used at the group-wide level (according to the scope of regulatory consolidation) and explain how the scope of models described in this template was determined. The commentary must include the percentage of RWAs covered by the models shown here for each of the bank's regulatory portfolios.

Content: RWA and parameters used in RWA calculations for exposures subject to the counterparty credit risk framework (excluding CVA charges or exposures cleared through a CCP) and where the credit risk approach used to compute RWA is an IRB approach.

Frequency: Semiannual.

Format: Fixed. Columns and PD scales in the rows are fixed. However, the portfolio breakdown shown in the rows will be set by each jurisdiction to reflect the exposure categories required under local implementations of IRB approaches.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | PD scale | a | b | c | d | e | f | g |
|-------------|---------------|--------------|------------|--------------------|-------------|------------------|-----|-------------|
| | | EAD post-CRM | average PD | Number of obligors | Average LGD | Average maturity | RWA | RWA density |
| Portfolio X | | | | | | | | |
| | 0.00 to <0.15 | | | | | | | |
| | 0.15 to <0.25 | | | | | | | |
| | 0.25 to <0.50 | | | | | | | |
| | 0.50 to <0.75 | | | | | | | |
| | 0.75 to <2.50 | | | | | | | |
| | | | | | | | | |

| | | | | | | | | |
|--------------------------------------|---------------------|--|--|--|--|--|--|--|
| | 2.50 to <10.00 | | | | | | | |
| | 10.00 to <100.00 | | | | | | | |
| | 100.00 (Default) | | | | | | | |
| | Sub- total | | | | | | | |
| Total (sum of portfolios) | | | | | | | | |

Definitions

Rows

Portfolio X refers to the following prudential portfolios for the foundation IRB (F-IRB) approach: (i) Sovereign; (ii) Banks; (iii) Corporate; and the following prudential portfolios for the advanced IRB (A-IRB) approach: (i) Sovereign; (ii) Banks; (iii) Corporate. The information on F-IRB and A-IRB portfolios must be reported in separate templates.

Default: The data on defaulted exposures may be further broken down according to a jurisdiction's definitions for categories of defaulted exposures.

Columns

PD scale: Exposures shall be broken down according to the PD scale used in the template instead of the PD scale used by banks in their RWA calculation. Banks must map the PD scale they use in the RWA calculations to the PD scale provided in the template;

EAD post-CRM: exposure at default. The amount relevant for the capital requirements calculation, having applied the CCR approach and CRM techniques, but gross of accounting provisions;

Number of obligors: corresponds to the number of individual PDs in this band. Approximation (round number) is acceptable;

Average PD: obligor grade PD weighted by EAD;

Average loss-given-default (LGD): the obligor grade LGD weighted by EAD. The LGD must be net of any CRM effect;

Average maturity: the obligor maturity weighted by EAD;

RWA density: Total RWA to EAD post-CRM.

Template CCR5: Composition of collateral for CCR exposure

Purpose: Provide a breakdown of all types of collateral posted or received by banks to support or reduce exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP.

Scope of application: The template is mandatory for all banks.

Content: Carrying values of collateral used in derivative transactions or SFTs, whether or not the transactions are cleared through a CCP, whether or not the collateral is posted to a CCP.

Please refer to DIS 99.2 for an illustration on how the template should be completed.

Frequency: Semiannual.

Format: Flexible (the columns cannot be altered but the rows are flexible).

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary over the reporting period and the key drivers of such changes.

| | a | b | c | d | e | f |
|--------------------------|--|--------------|---------------------------------|--------------|-----------------------------------|---------------------------------|
| | Collateral used in derivative transactions | | | | Collateral used in SFTs | |
| | Fair value of collateral received | | Fair value of posted collateral | | Fair value of collateral received | Fair value of posted collateral |
| | Segregated | Unsegregated | Segregated | Unsegregated | | |
| Cash - domestic currency | | | | | | |
| Cash - other currencies | | | | | | |
| Domestic sovereign debt | | | | | | |
| Other sovereign debt | | | | | | |
| Government agency debt | | | | | | |
| Corporate bonds | | | | | | |
| Equity securities | | | | | | |
| Other collateral | | | | | | |
| Total | | | | | | |

Definitions

Collateral used is defined as referring to both legs of the transaction. Example: a bank transfers securities to a third party, and the third party in turn posts collateral to the bank. The bank reports both legs of the transaction. The collateral received is reported in column (e), while the collateral posted by the bank is reported in column (f). The fair value of collateral received or posted must be after any haircut. This means the value of collateral received will be reduced by the haircut (ie $C(1 - H_s)$) and collateral posted will be increased after the haircut (ie $E(1 + H_s)$).

Segregated refers to collateral which is held in a bankruptcy-remote manner according to the description included in [CRE54.18](#) to [CRE54.23](#).

Unsegregated refers to collateral that is not held in a bankruptcy-remote manner.

Domestic sovereign debt refers to the sovereign debt of the jurisdiction of incorporation of the bank, or, when disclosures are made on a consolidated basis, the jurisdiction of incorporation of the parent company.

Domestic currency refers to items of collateral that are denominated in the bank's (consolidated) reporting currency and not the transaction currency.

Template CCR6: Credit derivatives exposures

Purpose: Illustrate the extent of a bank's exposures to credit derivative transactions broken down between derivatives bought or sold.

Scope of application: This template is mandatory for all banks.

Content: Notional derivative amounts (before any netting) and fair values.

Frequency: Semiannual.

Format: Flexible (the columns are fixed but the rows are flexible).

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | a | b |
|----------------------------------|-------------------|-----------------|
| | Protection bought | Protection sold |
| Notionals | | |
| Single-name credit default swaps | | |
| Index credit default swaps | | |
| Total return swaps | | |
| Credit options | | |
| Other credit derivatives | | |
| Total notionals | | |
| Fair values | | |
| Positive fair value (asset) | | |
| Negative fair value (liability) | | |

Template CCR7: RWA flow statements of CCR exposures under the internal models method (IMM)

Purpose: Present a flow statement explaining changes in counterparty credit risk RWA determined under the Internal Model Method for counterparty credit risk (derivatives and SFTs).

Scope of application: The template is mandatory for all banks using the IMM for measuring exposure at default of exposures subject to the counterparty credit risk framework, irrespective of the credit risk approach used to compute RWA from exposures at default.

Content: Risk-weighted assets corresponding to counterparty credit risk (credit risk shown in CR8 is excluded). Changes in RWA amounts over the reporting period for each of the key drivers should be based on a bank's reasonable estimation of the figure.

Frequency: Quarterly.

Format: Fixed. Columns and rows 1 and 9 are fixed. Banks may add additional rows between rows 7 and 8 to disclose additional elements that contribute to RWA variations.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant change over the reporting period and the key drivers of such changes.

| | | a |
|----------|---|----------------|
| | | Amounts |
| 1 | RWA as at end of previous reporting period | |
| 2 | Asset size | |
| 3 | Credit quality of counterparties | |
| 4 | Model updates (IMM only) | |
| 5 | Methodology and policy (IMM only) | |
| 6 | Acquisitions and disposals | |
| 7 | Foreign exchange movements | |
| 8 | Other | |
| 9 | RWA as at end of current reporting period | |

Asset size: organic changes in book size and composition (including origination of new businesses and maturing exposures) but excluding changes in book size due to acquisitions and disposal of entities.

Credit quality of counterparties: changes in the assessed quality of the bank's counterparties as measured under the credit risk framework, whatever approach the bank uses. This row also includes potential changes due to IRB models when the bank uses an IRB approach.

Model updates: changes due to model implementation, changes in model scope, or any changes intended to address model weaknesses. This row addresses only changes in the IMM model.

Methodology and policy: changes due to methodological changes in calculations driven by regulatory policy changes, such as new regulations (only in the IMM model).

Acquisitions and disposals: changes in book sizes due to acquisitions and disposal of entities.

Foreign exchange movements: changes driven by changes in foreign exchange rates.

Other: this category is intended to be used to capture changes that cannot be attributed to the above categories. Banks should add additional rows between rows 7 and 8 to disclose other material drivers of RWA movements over the reporting period.

Template CCR8: Exposures to central counterparties

Purpose: Provide a comprehensive picture of the bank's exposures to central counterparties. In particular, the template includes all types of exposures (due to operations, margins, contributions to default funds) and related capital requirements.

Scope of application: The template is mandatory for all banks.

Content: Exposures at default and risk-weighted assets corresponding to exposures to central counterparties.

Frequency: Semiannual.

Format: Fixed. Banks are requested to provide a breakdown of the exposures by central counterparties (qualifying, as defined below, or not qualifying).

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a | b |
|----|---|----------------|-----|
| | | EAD (post-CRM) | RWA |
| 1 | Exposures to qualifying CCPs (QCCPs) (total) | | |
| 2 | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | | |
| 3 | (i) over-the-counter (OTC) derivatives | | |
| 4 | (ii) Exchange-traded derivatives | | |
| 5 | (iii) Securities financing transactions | | |
| 6 | (iv) Netting sets where cross-product netting has been approved | | |
| 7 | Segregated initial margin | | |
| 8 | Non-segregated initial margin | | |
| 9 | Pre-funded default fund contributions | | |
| 10 | Unfunded default fund contributions | | |
| 11 | Exposures to non-QCCPs (total) | | |
| 12 | | | |

| | | | |
|----|---|--|--|
| | Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which | | |
| 13 | (i) OTC derivatives | | |
| 14 | (ii) Exchange-traded derivatives | | |
| 15 | (iii) Securities financing transactions | | |
| 16 | (iv) Netting sets where cross-product netting has been approved | | |
| 17 | Segregated initial margin | | |
| 18 | Non-segregated initial margin | | |
| 19 | Pre-funded default fund contributions | | |
| 20 | Unfunded default fund contributions | | |

Definitions

Exposures to central counterparties: This includes any trades where the economic effect is equivalent to having a trade with the CCP (eg a direct clearing member acting as an agent or a principal in a client-cleared trade). These trades are described in [CRE54.7](#) to [CRE54.23](#).

EAD post-CRM: exposure at default. The amount relevant for the capital requirements calculation, having applied CRM techniques, credit valuation adjustments according to [CRE51.11](#) and specific wrong-way adjustments (see [CRE53](#)).

A *qualifying central counterparty* (QCCP) is an entity that is licensed to operate as a CCP (including a licence granted by way of confirming an exemption), and is permitted by the appropriate regulator/overseer to operate as such with respect to the products offered. This is subject to the provision that the CCP is based and prudentially supervised in a jurisdiction where the relevant regulator/overseer has established, and publicly indicated, that it applies to the CCP on an ongoing basis, domestic rules and regulations that are consistent with the Committee on Payments and Market Infrastructures and International Organization of Securities Commissions' *Principles for Financial Market Infrastructures*. See [CRE54](#) for the comprehensive definition and associated criteria.

Initial margin means a clearing member's or client's funded collateral posted to the CCP to mitigate the potential future credit exposure of the CCP to the clearing member arising from the possible future change in the value of their transactions. For the purposes of this template, initial margin does not include contributions to a CCP for mutualised loss-sharing arrangements (ie in cases where a CCP uses initial margin to mutualise losses among the clearing members, it will be treated as a default fund exposure).

Prefunded default fund contributions are prefunded clearing member contributions towards, or underwriting of, a CCP's mutualised loss-sharing arrangements.

Unfunded default fund contributions are unfunded clearing member contributions towards, or underwriting of, a CCP's mutualised loss-sharing arrangements. If a bank is not a clearing member but a client of a clearing member, it should include its exposures to unfunded default fund contributions if applicable. Otherwise, banks should leave this row empty and explain the reason in the accompanying narrative.

Segregated refers to collateral which is held in a bankruptcy-remote manner according to the description included in [CRE54.18](#) to [CRE54.23](#).

Unsegregated refers to collateral that is not held in a bankruptcy-remote manner.

DIS43

Securitisation

This chapter describes the disclosure requirements applying to securitisation exposures.

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Introduction

43.1 The scope of [DIS43](#):¹

- (1) covers all securitisation exposures² in Table SECA and in templates SEC1 and SEC2;
- (2) focuses on banking book securitisation exposures subject to capital charges according to the securitisation framework in templates SEC3 and SEC4; and
- (3) excludes capital charges related to securitisation positions in the trading book that are reported in [DIS50](#).

Footnotes

¹ Unless stated otherwise, all terms used in [DIS43](#) are used consistently with the definitions in [CRE40](#).

² Securitisation refers to the definition of what constitutes a securitisation under the Basel framework. Securitisation exposures correspond to securitisation exposures as defined in the Basel framework. According to this framework, securitisation exposures can include, but are not restricted to, the following: asset-backed securities, mortgage-backed securities, credit enhancements, liquidity facilities, interest rate or currency swaps, credit derivatives and tranching cover as described in [CRE22](#). Reserve accounts, such as cash collateral accounts, recorded as an asset by the originating bank must also be treated as securitisation exposures. Securitisation exposures refer to retained or purchased exposures and not to underlying pools.

43.2 Only securitisation exposures that the bank treats under the securitisation framework ([CRE40](#) to [CRE44](#)) are disclosed in templates SEC3 and SEC4. For banks acting as originators, this implies that the criteria for risk transfer recognition as described in [CRE40.24](#) to [CRE40.29](#) are met. Conversely, all securitisation exposures, including those that do not meet the risk transfer recognition criteria, are reported in templates SEC1 and SEC2. As a result, templates SEC1 and SEC2 may include exposures that are subject to capital requirements according to both the credit risk and market risk frameworks and that are also included in other parts of the Pillar 3 report. The purpose is to provide a comprehensive view of banks' securitisation activities. There is no double-counting of capital requirements as templates SEC3 and SEC4 are limited to exposures subject to the securitisation framework.

43.3 The disclosure requirements under [DIS43](#) are:

- (1) Table SECA – Qualitative disclosure requirements related to securitisation exposures
- (2) Template SEC1 – Securitisation exposures in the banking book
- (3) Template SEC2 – Securitisation exposures in the trading book
- (4) Template SEC3 – Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor
- (5) Template SEC4 – Securitisation exposures in the banking book and associated capital requirements – bank acting as investor

FAQ

FAQ1 *Template SEC1 requires the disclosure of “carrying values”. Is there a direct link between columns (d), (h) and (l) of Template SEC1 and column (e) of Template LI1?*

Reconciliation is not possible when Template SEC1 presents securitisation exposures within and outside the securitisation framework together. However, when banks choose to disclose Template SEC1 and SEC2 separately for securitisation exposures within the securitisation framework and outside that framework, the following reconciliation is possible: the sum of on-balance sheet assets and liabilities included in columns (d), (h) and (l) of Template SEC1 is equal to the amounts disclosed in column (e) of Template LI1.

FAQ2 *Should institutions disclose RWA before or after the application of the cap?*

RWA figures disclosed in Templates SEC3 and SEC4 should be before application of the cap, as it is useful for users to compare exposures and risk-weighted assets (RWA) before application of the cap. Columns (a)–(m) in Templates SEC3 and SEC4 should be reported prior to application of the cap, while columns (n)–(q) should be reported after application of the cap. RWA after application of the cap are disclosed in Template OV1.

Table SECA: Qualitative disclosure requirements related to securitisation exposures

Purpose: Provide qualitative information on a bank's strategy and risk management with respect to its securitisation activities.

Scope of application: The table is mandatory for all banks with securitisation exposures.

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

Qualitative disclosures

(A) Banks must describe their risk management objectives and policies for securitisation activities and main features of these activities according to the framework below. If a bank holds securitisation positions reflected both in the regulatory banking book and in the regulatory trading book, the bank must describe each of the following points by distinguishing activities in each of the regulatory books.

(a) The bank's objectives in relation to securitisation and re-securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the bank to other entities, the type of risks assumed and the types of risks retained.

The bank must provide a list of:

- (b)
- special purpose entities (SPEs) where the bank acts as sponsor (but not as an originator such as an Asset Backed Commercial Paper (ABCP) conduit), indicating whether the bank consolidates the SPEs into its scope of regulatory consolidation. A bank would generally be considered a "sponsor" if it, in fact or in substance, manages or advises the programme, places securities into the market, or provides liquidity and/or credit enhancements. The programme may include, for example, ABCP conduit programmes and structured investment vehicles.
 - affiliated entities (i) that the bank manages or advises and (ii) that invest either in the securitisation exposures that the bank has securitised or in SPEs that the bank sponsors.
 - a list of entities to which the bank provides implicit support and the associated capital impact for each of them (as required in [CRE40.14](#) and [CRE40.49](#)).
-

(c) Summary of the bank's accounting policies for securitisation activities. Where relevant, banks are expected to distinguish securitisation exposures from re-securitisation exposures.

(d) If applicable, the names of external credit assessment institution (ECAIs) used for securitisations and the types of securitisation exposure for which each agency is used.

If applicable, describe the process for implementing the Basel internal assessment approach (IAA). The description should include:

- structure of the internal assessment process and relation between internal assessment and external ratings, including information on ECAs as referenced in item (d) of this table.
- control mechanisms for the internal assessment process including discussion of independence, accountability, and internal assessment process review.
- the exposure type to which the internal assessment process is applied; and stress factors used for determining credit enhancement levels, by exposure type. For example, credit cards, home equity, auto, and securitisation exposures detailed by underlying exposure type and security type (eg residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, collateralised debt obligations) etc.

(f) Banks must describe the use of internal assessment other than for SEC-IAA capital purposes.

Template SEC1: Securitisation exposures in the banking book

Purpose: Present a bank's securitisation exposures in its banking book.

Scope of application: The template is mandatory for all banks with securitisation exposures in the banking book.

Content: Carrying values. In this template, securitisation exposures include securitisation exposures even where criteria for recognition of risk transference are not met.

Frequency: Semi-annually.

Format: Flexible. Banks may in particular modify the breakdown and order proposed in rows if another breakdown (eg whether or not criteria for recognition of risk transference are met) would be more appropriate to reflect their activities. Originating and sponsoring activities may be presented together.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a | b | c | d | e | f | g | h | i | j | k | l |
|---|------------------------|-------------------------|---|-----------|-----------|----------------------|--------------|-----------|-----------|------------------------|--------------|-----------|-----------|
| | | Bank acts as originator | | | | Bank acts as sponsor | | | | Banks acts as investor | | | |
| | | Traditional | Of which simple, transparent and comparable (STC) | Synthetic | Sub-total | Traditional | Of which STC | Synthetic | Sub-total | Traditional | Of which STC | Synthetic | Sub-total |
| 1 | Retail (total) | | | | | | | | | | | | |
| | - of which | | | | | | | | | | | | |
| 2 | residential mortgage | | | | | | | | | | | | |
| 3 | credit card | | | | | | | | | | | | |
| 4 | other retail exposures | | | | | | | | | | | | |
| 5 | re-securitisation | | | | | | | | | | | | |
| 6 | Wholesale (total) | | | | | | | | | | | | |
| | - of which | | | | | | | | | | | | |
| 7 | loans to corporates | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|----|-----------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| 8 | commercial mortgage | | | | | | | | | | | | |
| 9 | lease and receivables | | | | | | | | | | | | |
| 10 | other wholesale | | | | | | | | | | | | |
| 11 | re-securitisation | | | | | | | | | | | | |

Definitions

(i) When the "*bank acts as originator*" the securitisation exposures are the retained positions, even where not eligible for the securitisation framework due to the absence of significant and effective risk transfer (which may be presented separately).

(ii) When "*the bank acts as sponsor*", the securitisation exposures include exposures to commercial paper conduits to which the bank provides programme-wide enhancements, liquidity and other facilities. Where the bank acts both as originator and sponsor, it must avoid double-counting. In this regard, the bank can merge the two columns of "bank acts as originator" and "bank acts as sponsor" and use "bank acts as originator/sponsor" columns.

(iii) Securitisation exposures when "*the bank acts as an investor*" are the investment positions purchased in third-party deals.

Synthetic transactions: if the bank has purchased protection it must report the net exposure amounts to which it is exposed under columns originator/sponsor (ie the amount that is not secured). If the bank has sold protection, the exposure amount of the credit protection must be reported in the "investor" column.

Re-securitisation: all securitisation exposures related to re-securitisation must be completed in rows "re-securitisation", and not in the preceding rows (by type of underlying asset) which contain only securitisation exposures other than re-securitisation.

Template SEC2: Securitisation exposures in the trading book

Purpose: Present a bank's securitisation exposures in its trading book.

Scope of application: The template is mandatory for all banks with securitisation exposures in the trading book. In this template, securitisation exposures include securitisation exposures even where criteria for recognition of risk transference are not met.

Content: Carrying values.

Frequency: Semi-annually.

Format: Flexible. Banks may in particular modify the breakdown and order proposed in rows if another breakdown (eg whether or not criteria for recognition of risk transference are met) would be more appropriate to reflect their activities. Originating and sponsoring activities may be presented together.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a | b | c | d | e | f | g | h | i | j | k | l |
|---|----------------------|-------------------------|-----------------|-----------|---------------|----------------------|--------------------|-----------|---------------|------------------------|--------------------|-----------|---------------|
| | | Bank acts as originator | | | | Bank acts as sponsor | | | | Banks acts as investor | | | |
| | | Traditional | Of which STC | Synthetic | Sub- total | Traditional | Of which STC | Synthetic | Sub- total | Traditional | Of which STC | Synthetic | Sub- total |
| 1 | Retail (total) | | | | | | | | | | | | |
| | - of which | | | | | | | | | | | | |
| 2 | residential mortgage | | | | | | | | | | | | |
| 3 | credit card | | | | | | | | | | | | |

| | | | | | | | | | | | | | |
|----|------------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| 4 | other retail exposures | | | | | | | | | | | | |
| 5 | re-securitisation | | | | | | | | | | | | |
| 6 | Wholesale (total) | | | | | | | | | | | | |
| | - of which | | | | | | | | | | | | |
| 7 | loans to corporates | | | | | | | | | | | | |
| 8 | commercial mortgage | | | | | | | | | | | | |
| 9 | lease and receivables | | | | | | | | | | | | |
| 10 | other wholesale | | | | | | | | | | | | |
| 11 | re-securitisation | | | | | | | | | | | | |

Definitions

(i) When the "*bank acts as originator*" the securitisation exposures are the retained positions, even where not eligible to the securitisation framework due to absence of significant and effective risk transfer (which may be presented separately).

(ii) When "*the bank acts as sponsor*", the securitisation exposures include exposures to commercial paper, programme-wide enhancements, liquidity and other facilities. Where the bank acts both as originator and sponsor, the bank can merge two columns of "bank acts as originator" and "bank acts as sponsor" columns.

(iii) Securitisation exposures when "*the bank acts as an investor*" are the investment positions purchased by the bank.

Synthetic transactions: if the bank has purchased protection it must report the net exposure amount in the "originator/sponsor" column (ie the amount that is not secured). If the bank has sold protection, the exposure must be reported in the "investor" column.

Re-securitisation: all securitisation exposures related to re-securitisation must be completed in the rows preceding rows (by type of underlying asset) which contain only securitisation exposures other than re-securitisation.

Template SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor

Purpose: Present securitisation exposures in the banking book when the bank acts as originator or sponsor and the associated capital requirements.

Scope of application: The template is mandatory for all banks with securitisation exposures as sponsor or originator.

Content: Exposure amounts, risk-weighted assets and capital requirements. This template contains originator or sponsor exposures that are treated under the standardised approach framework.

Frequency: Semiannual.

Format: Fixed. The format is fixed if consistent with locally applicable regulations. The breakdown of columns (f) to (h), (j) to (l) and (n) to (p) may be adapted where necessary.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a | b | c | d | e | f | g | h | i | j | k | l | m | n | o |
|---|----------------------------|--|-------------------|--------------------|-----------------------------|-------|---|-----------------------------|------------|-------|---------------------------------|-----------------------------|------------|-------|-----------------|-----------------------------|
| | | Exposure values (by risk weight bands) | | | | | Exposure values (by regulatory approach) | | | | RWA (by regulatory approach) | | | | Capital charges | |
| | | ≤20% | >20% to 50% | >50% to 100% | >100% to <1250% RW | 1250% | SEC- IRBA | SEC- ERBA and SEC-IAA | SEC- SA | 1250% | SEC- IRBA | SEC- ERBA and SEC-IAA | SEC- SA | 1250% | SEC- IRBA | SEC- ERBA and SEC-IAA |
| 1 | Total exposures | | | | | | | | | | | | | | | |
| 2 | Traditional securitisation | | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|----|----------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | Of which securitisation | | | | | | | | | | | | | | |
| 4 | Of which retail underlying | | | | | | | | | | | | | | |
| 5 | Of which STC | | | | | | | | | | | | | | |
| 6 | Of which wholesale | | | | | | | | | | | | | | |
| 7 | Of which STC | | | | | | | | | | | | | | |
| 8 | Of which re-securitisation | | | | | | | | | | | | | | |
| 9 | Synthetic securitisation | | | | | | | | | | | | | | |
| 10 | Of which securitisation | | | | | | | | | | | | | | |
| 11 | Of which retail underlying | | | | | | | | | | | | | | |
| 12 | Of which wholesale | | | | | | | | | | | | | | |
| 13 | Of which re-securitisation | | | | | | | | | | | | | | |

Definitions

Columns (a) to (e) are defined in relation to regulatory risk weights.

Columns (f) to (q) correspond to regulatory approach used. "1250%" covers securitisation exposures to which the 1250% risk weight is applied.

Capital charge after cap will refer to capital charge after application of the cap as described in [CRE40.5](#)

Template SEC4: Securitisation exposures in the banking book and associated capital requirements - bank acting as investor

Purpose: Present securitisation exposures in the banking book where the bank acts as investor and the associated capital requirements.

Scope of application: The template is mandatory for all banks having securitisation exposures as investor.

Content: Exposure amounts, risk-weighted assets and capital requirements. This template contains investor exposures that are treated under the securitisation

Frequency: Semiannual.

Format: Fixed. The format is fixed if consistent with locally applicable regulations. The breakdown of columns (f) to (h), (j) to (l) and (n) to (p) may be adapted at a local level where necessary.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a | b | c | d | e | f | g | h | i | j | k | l | m | n | o |
|---|----------------------------|--|-------------|--------------|-----------------|-------|--|----------------------|--------|-------|------------------------------|----------------------|--------|-------|-----------------|----------------------|
| | | Exposure values (by risk weight bands) | | | | | Exposure values (by regulatory approach) | | | | RWA (by regulatory approach) | | | | Capital charges | |
| | | ≤20% | >20% to 50% | >50% to 100% | >100% to <1250% | 1250% | SEC-IRBA | SEC-ERBA and SEC-IAA | SEC-SA | 1250% | SEC-IRBA | SEC-ERBA and SEC-IAA | SEC-SA | 1250% | SEC-IRBA | SEC-ERBA and SEC-IAA |
| 1 | Total exposures | | | | | | | | | | | | | | | |
| 2 | Traditional securitisation | | | | | | | | | | | | | | | |
| 3 | Of which securitisation | | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | |
|----|----------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | Of which retail underlying | | | | | | | | | | | | | | | |
| 5 | Of which STC | | | | | | | | | | | | | | | |
| 6 | Of which wholesale | | | | | | | | | | | | | | | |
| 7 | Of which STC | | | | | | | | | | | | | | | |
| 8 | Of which re-securitisation | | | | | | | | | | | | | | | |
| 9 | Synthetic securitisation | | | | | | | | | | | | | | | |
| 10 | Of which securitisation | | | | | | | | | | | | | | | |
| 11 | Of which retail underlying | | | | | | | | | | | | | | | |
| 12 | Of which wholesale | | | | | | | | | | | | | | | |
| 13 | Of which re-securitisation | | | | | | | | | | | | | | | |

Definitions

Columns (a) to (e) are defined in relation to regulatory risk weights.

Columns (f) to (q) correspond to regulatory approach used. "1250%" covers securitisation exposures to which none of the approaches laid out in [CRE40.42](#) applied

Capital charge after cap will refer to capital charge after application of the cap as described in [CRE40.50](#) to [CRE40.55](#).

DIS50

Market risk

This chapter describes disclosure requirements for market risk.

**Version effective as of
15 Dec 2019**

First version in the format of the consolidated framework.

Introduction

50.1 The market risk section includes the market risk capital requirements calculated for trading book and banking book exposures that are subject to a market risk charge in [MAR10](#) to [MAR30](#). It also includes capital requirements for securitisation positions held in the trading book. However, it excludes the counterparty credit risk capital charges that apply to the same exposures, which are reported in [DIS42](#).

50.2 The disclosure requirements under this section are:

General information about market risk:

(1) Table MRA - Qualitative disclosure requirements related to market risk

Market risk under the standardised approach:

(2) Template MR1 - Market risk under standardised approach

Market risk under the Internal Models Approach (IMA):

(3) Table MRB - Qualitative disclosures for banks using the IMA

(4) Template MR2 - Risk-weighted asset (RWA) flow statements of market risk exposures under an IMA

(5) Template MR3 - IMA values for trading portfolios

(6) Template MR4 - Comparison of value-at-risk (VaR) estimates with gains /losses

FAQ

FAQ1 *What is the intended relationship between the stressed value-at-risk (sVaR) and the stress testing under Section A of Table MRB, for item (g) (Description of stress testing applied to the modelling parameters)?*

The requirement in Section B, item (g) applies to VaR and sVaR models. Banks should describe the main scenarios that they have developed to capture the characteristics of the portfolios to which the VaR and sVaR models apply at the group-wide level, including the methodology for the selection of the stress period.

FAQ2 *According to the description of the scope of application in Table MRB, "the commentary must include the percentage of capital requirements covered by the models described for each of the regulatory models*

(VaR, sVaR, [incremental risk capital requirement, or] IRC, Comprehensive Risk Measure).” Given that the breakdown of capital charges due to each of the components is disclosed under Template MR2, is the qualitative disclosure still required?

The purpose of this percentage is to inform how representative the internal models used within the group that are described in the qualitative part for VaR/sVaR/IRC/comprehensive risk measure are, relative to the main models used within the group. This would not be relevant if only one model was used for all the entities included in the consolidated group for each internal model of VaR/sVaR/IRC /comprehensive risk measure. For instance, for disclosure requirements in Template MRB, if within a banking group of six entities, five consolidated banking entities use an “X” VaR model representing 90% of the total capital charge calculated based on the VaR model of the consolidated banking group, and one entity uses a “Y” VaR model (different from the “X” model), the banking group should specify that the description of the qualitative characteristics of the internal VaR model represents 90% of the capital charge calculated based on the VaR model of the banking group, to give users an indication of how representative the model described is.

FAQ3 *For Internal Models Approach (IMA) banks, the market risk capital charge is the maximum of (i) quarter-end figures; and (ii) average figures of the last 60 days, with the multiplier applicable to those banks. Given that Template MR2 row 1 states “at previous quarter-end” and row 8 states “at the end of reporting period”, does the template require flow analysis based upon quarter-end figures (ie the amount presented in the rows in this template do not necessarily match the actual market risk capital charge under the Pillar 1 requirement)?*

*As specified in the definitions: “Total RWA at end of reporting period: derived risk-weighted assets corresponding to the [total capital requirements for market risk on the basis of internal model approaches * 12.5]”; this amount must reconcile with the amounts shown in Template OV1. Therefore, row 1 must reflect “the end of previous reporting period”, and the rows in this template must match the actual market risk charge under the Pillar 1 requirement. As the linkage in Template OV1 states that “OV1: Amount in OV1:22/a, is equal to [MR2: 8/f]”, the amount in [OV1:22/b] is equal to [MR2:1/f].*

If the derived RWA from the capital requirement for any of the columns (a)–(d) / rows 1 or 8, is not directly provided by the model, but is instead calculated from the 60-day average (for VaR and sVaR), the 12-week average measure or the floor measure (for CRM), the bank may

add an additional row for regulatory adjustment in order to be able to provide the reconciliation required in Template MR2 as well as the key drivers' amounts in rows 2–6. Refer to [DIS99.3](#) for a worked example.

FAQ4 *Is the disclosure in Template MR4 necessary? It could reveal sensitive information such as capital multipliers.*

The daily VaR measures in the template are to be reported before additional capital charges at the supervisor's discretion, but Template MR4 should show the number and the extent of the backtesting exceptions, with an analysis of the main outliers. Template MR4 provides backtesting information on the daily regulatory VaR calibrated to a one-day holding period to compare with the 99% confidence level with its trading outcome. To the extent that the template is intended to provide information on the reliability of the VaR estimates in highlighting the frequency and the extent of the outliers in the backtesting results, the daily VaR value is the same as that disclosed in Template MR3, meaning that it does not include additional capital charges at the supervisor's discretion. The narrative information should provide information on the number and the extent of the backtesting exceptions.

FAQ5 *Both hypothetical and actual backtesting results are requested in Template MR4, but are actual results needed if they are not reported to regulators?*

Except when national supervisors have explicitly limited the backtesting to one of these two approaches, banks must present a meaningful comparison of the daily VaR measures on trading outcomes for actual and hypothetical changes in the corresponding portfolio's value.

Table MRA: Qualitative disclosure requirements related to market risk

Purpose: Provide a description of the risk management objectives and policies concerning market risk as defined in [MAR10.1](#).

Scope of application: The table is mandatory for all banks that are subject to a market risk capital requirement for their trading activities.

Content: Qualitative information.

Frequency: Annual.

Format: Flexible.

(A) Banks must describe their risk management objectives and policies for market risk according to the framework below (the granularity of the information should support the provision of meaningful information to users):

(a) Strategies and processes of the bank: this must include an explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the bank's market risks, including policies for hedging risk and strategies/processes for monitoring the continuing effectiveness of hedges.

(b) Structure and organisation of the market risk management function: description of the market risk governance structure established to implement the strategies and processes of the bank discussed in row (a) above, and describing the relationships and the communication mechanisms between the different parties involved in market risk management.

Scope and nature of risk reporting and/or measurement systems.

(c) For example, banks should include descriptions relating to positions covered by the approach and the underlying trading activities that impact each type of market risk factor (eg interest rate risk factors, equity risk factors, foreign exchange risk factors, commodity risk factors). These may include: (a) their risk analysis and risk management systems; (b) how (a) corresponds to the nature and volume of transactions; (c) how reporting and measurement systems provide an overall understanding of all the risks associated with the bank's market activities, including, at least on a day-to-day basis, the risks resulting from trading book positions; (d) a description of the organisational and internal control procedures; (e) the communication mechanisms between the different parties involved in risk management (management body, senior management, business lines and central risk management function); and (f) the frequency of reporting and the process set up to regularly update and assess the reporting and measurement systems.

Template MR1: Market risk under standardised approach

Purpose: Display the components of the capital requirement under the standardised approach for market risk.

Scope of application: The template is mandatory for banks using the standardised approach for market risk.

For banks using other than the standardised approach for most of their market risk exposures, exposures and RWA amounts under the standardised approach may be negligible. In such circumstances, and to provide only meaningful information to users, the bank may choose not to disclose the template for the exposures treated under the standardised approach. The bank must however explain why it considers the information not to be meaningful to users. The explanation must include a description of the exposures included in the respective portfolios and the aggregate total of RWA from such exposures.

Content: Risk-weighted assets.

Frequency: Semiannual.

Format: Fixed.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes in the reporting period and the key drivers of such changes.

| | | a |
|---|---|-----|
| | | RWA |
| | Outright products | |
| 1 | Interest rate risk (general and specific) | |
| 2 | Equity risk (general and specific) | |
| 3 | Foreign exchange risk | |
| 4 | Commodity risk | |
| | Options | |
| 5 | Simplified approach | |
| 6 | Delta-plus method | |
| 7 | Scenario approach | |
| 8 | Securitisation | |
| 9 | Total | |

Definitions

Outright products refer to positions in products that are not optional.

RWA: for consistency throughout the document, RWA are disclosed instead of capital requirements, banks must derive the market risk RWA by multiplying the capital requirements by 12.5.

Table MRB: Qualitative disclosures for banks using the Internal Models Approach (IMA)

Purpose: Provide the scope, the main characteristics and the key modelling choices of the different models (VaR, sVaR, incremental risk capital - or IRC, comprehensive risk measure) used for regulatory calculation of market risks.

Scope of application: The table is mandatory for all banks using an internal model to calculate its market risk capital requirements.

To provide meaningful information to users on their use of internal models, the bank must describe the main characteristics of the models used at the group-wide level (according to the scope of regulatory consolidation) and explain to what extent they represent all the models used at the group-wide level. The commentary must include the percentage of capital requirements covered by the models described for each of the regulatory models (VaR, sVaR, IRC, Comprehensive Risk Measure).

Content: Qualitative information.

Frequency: Annually.

Format: Flexible.

(A) For VaR models and stressed VaR models, banks must provide the following information:

-
- | | |
|-----|---|
| (a) | Description of activities and risks covered by the VaR models and sVaR models. Where applicable, banks must also describe the main activities and risks not included in VaR/sVaR regulatory calculations (due to lack of historical data or model constraints) and treated under other model risk measures (such as specific treatments allowed in some jurisdictions). |
|-----|---|
-
- | | |
|-----|--|
| (b) | Specify which entities in the group use the models or if a single model (VaR/sVaR) is used for all entities with market risk exposure. |
|-----|--|
-
- | | |
|-----|---|
| (c) | General description of the models (VaR/sVaR). |
|-----|---|
-
- | | |
|-----|--|
| (d) | Discussion of the main differences, if any, between the model used for management purposes and the model used for regulatory purposes (10 day 99%). For VaR and sVaR models. |
|-----|--|
-
- | | |
|-----|-------------------------------------|
| (e) | For VaR models, banks must specify: |
|-----|-------------------------------------|
-
- | | |
|-----|--------------------------|
| (e) | |
| (i) | Data updating frequency; |
-
- | | |
|------|---|
| (e) | Length of the data period that is used to calibrate the model. Describe the weighting scheme that is used (if any); |
| (ii) | |
-
- | | |
|-------|--|
| (e) | How the bank determines the 10-day holding period. For example, does it scale up a one-day VaR by the square root of 10, or does it directly model the 10-day VaR. |
| (iii) | |
-
- | | |
|------|---|
| (e) | Aggregation approach (method for aggregating the specific and general risk: (ie does the bank calculate the specific charge as a standalone charge by using a different method than the one used to calculate the general risk or does the bank use a single model that diversifies general and specific risk?) |
| (iv) | |
-

| | |
|---|--|
| (e) (v) | Valuation approach (full revaluation or use of approximations); |
| (e) (vi) | Describe whether, when simulating potential movements in risk factors, absolute or relative returns (or a mixed approach) are used (ie proportional change in prices or rates or absolute change in prices or rates). |
| (f) | For stressed VaR models, banks must specify: |
| (f) (i) | How the 10-day holding period is determined. For example, does the bank scale up a one-day VaR by the square root of 10, or does it directly model the 10-day VaR? If the approach is the same as for the VaR models, the bank may confirm this and refer to disclosure (e) (iii) above. |
| (f) (ii) | The stress period chosen by the bank and the rationale for this choice. |
| (f) (iii) | Valuation approach (full revaluation or use of approximations); |
| (g) | Description of stress testing applied to the modelling parameters; |
| (h) | Description of the approach used for backtesting/validating the accuracy and internal consistency of data and parameters used for the internal models and modelling processes. |
| (B) Banks using internal models to measure the risk for the incremental risk capital charge must provide the following information: | |
| (a) | General description of the methodology; |
| (a) (i) | Information about the overall modelling approach (notably use of spread-based models or transition matrix-based models); |
| (a) (ii) | Information on the calibration of the transition matrix; |
| (a) (iii) | Information about correlation assumptions; |
| (b) | Approach used to determine liquidity horizons; |
| (c) | Methodology used to achieve a capital assessment that is consistent with the required soundness standard (consistent with MAR30.34); |
| (d) | Approach used in the validation of the models. |
| (C) Banks using internal models to measure the risk for the comprehensive risk capital charge must provide the following information: | |
| (a) | General description of the methodology |

- (a) Information about the overall modelling approach (notably choice of model correlation between default/migrations and spread: (i) separate but correlated stochastic processes driving migration/default and spread movement; (ii) spread changes driving migration/default; or (iii) default/migrations driving spread changes);
-

- (a) Information used to calibrate the parameters of the base correlation: loss-given-default
 - (ii) pricing of the tranches (constant or stochastic);
-

- (a) Information on the choice whether to age positions (profits and losses based on the simulated market movement in the model calculated based on the time to expiry of each position at the end of the one-year capital horizon or using their time to expiry at the calculation date);
 - (iii)
-

- (b) Approach used to determine liquidity horizons;
-

- (c) Methodology used to achieve a capital assessment that is consistent with the required soundness standard;
-

Approach used in the validation of the models.

- (d) For example, a general description of the process developed to ensure that the internal models have been adequately validated by suitable parties (ie independent and qualified to ensure that the models are conceptually sound and capture all material risks, including specific criteria related to incremental default and migration risk) should be provided. Banks should also explain how the validation process is implemented, when the models are initially developed as well as when any significant changes are made to the models, and how they ensure a periodic validation to capture any significant structural changes in the market or in the composition of the portfolios covered by the models.
-

Template MR2: RWA flow statements of market risk exposures under an IMA

Purpose: Present a flow statement explaining variations in the market RWA determined under an internal model approach.

Scope of application: The template is mandatory for banks using an internal model approach for their market risk exposures.

Content: Risk-weighted assets for market risk. Changes in RWA amounts over the reporting period for each of the key drivers should be based on a bank's reasonable estimation of the figure.

Frequency: Quarterly.

Format: Fixed format. The columns and rows 1 and 8 are fixed. Banks may add additional rows between rows 7 and 8 to disclose additional elements that contribute to RWA variations.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a | b | c | d | e | f |
|---|--------------------------------|-----|------|-----|----------------------------|-------|-----------|
| | | VaR | sVaR | IRC | Comprehensive risk measure | Other | Total RWA |
| 1 | RWA at previous quarter end | | | | | | |
| 2 | Movement in risk levels | | | | | | |
| 3 | Model updates /changes | | | | | | |
| 4 | Methodology and policy | | | | | | |
| 5 | Acquisitions and disposals | | | | | | |
| 6 | Foreign exchange movements | | | | | | |
| 7 | Other | | | | | | |
| 8 | RWA at end of reporting period | | | | | | |

Definitions

Rows

Movement in risk levels: changes due to position changes.

Model changes: Significant updates to the model to reflect recent experience (eg recalibration), as well as significant changes in model scope; if more than one model update has taken place, additional rows could be necessary.

Methodology and policy: Methodology changes to the calculations driven by regulatory policy changes.

Acquisitions and disposals: Modifications due to acquisition or disposal of business/product lines or entities.

Foreign exchange: Changes in RWA under the market risk internal models approach arising from foreign currency translation movements.

Other: this category must be used to capture changes that cannot be attributed to any other category. Banks should add additional rows between rows 6 and 7 to disclose other material drivers of RWA movements over the reporting period.

Columns

RWA at end of reporting period column VaR: derived risk-weighted assets corresponding to the [capital requirements reflecting the Regulatory Value at Risk (10 day 99%), as well as additional capital charge related to VaR model on the supervisor's decision] x 12.5.

RWA at end of reporting period column Stressed VaR: derived risk-weighted assets corresponding to the [capital requirements reflecting the Stressed Regulatory Value at Risk (10 day 99%) as well as additional capital charge on the supervisor's decision] x 12.5.

RWA at end of reporting period column IRC: derived risk-weighted assets corresponding to the [capital requirements as used for computing the incremental risk charge as well as additional capital charge on the supervisor's decision (multiplier)] x 12.5.

RWA at end of reporting period column comprehensive risk measure: derived risk-weighted assets corresponding to the [capital requirements as used for computing the comprehensive risk capital charge as well as any additional capital charge on the supervisor's decision] x 12.5.

RWA at end of reporting period column Other: derived risk-weighted assets corresponding to specific capital charges (jurisdiction- or firm-specific) on the basis of model approaches not reported in VaR/sVaR/IRC/comprehensive risk measure. Additional columns can be disclosed where the jurisdictions provide more than one specific capital charge.

Total RWA at end of reporting period: derived risk-weighted assets corresponding to the [total capital requirements for market risk in the basis of internal model approaches x 12.5]; this amount must reconcile with the amounts shown in template OV1 (see Part 2).

Template MR3: IMA values for trading portfolios

Purpose: Display the values (maximum, minimum, average and period ending for the reporting period) resulting from the different types of models used for computing the regulatory capital charge at the group level, before any additional capital charge is applied by the jurisdiction.

Scope of application: The template is mandatory for all banks using an internal model approach for their market risk exposures.

Content: Outputs of internal models for regulatory capital purposes at the group-wide level (according to the scope of regulatory consolidation).

Frequency: Semiannual.

Format: Fixed.

Accompanying narrative: Banks are expected to supplement the template with a narrative commentary to explain any significant changes over the reporting period and the key drivers of such changes.

| | | a |
|---|---------------|---|
| VaR (10 day 99%) | | |
| 1 | Maximum value | |
| 2 | Average value | |
| 3 | Minimum value | |
| 4 | Period end | |
| sVaR (10 day 99%) | | |
| 5 | Maximum value | |
| 6 | Average value | |
| 7 | Minimum value | |
| 8 | Period end | |
| Incremental Risk capital requirement (99.9%) | | |
| 9 | Maximum value | |
| 10 | Average value | |
| 11 | Minimum value | |
| 12 | Period end | |
| Comprehensive Risk capital charge (99.9%) | | |

| | | |
|----|---|--|
| 13 | Maximum value | |
| 14 | Average value | |
| 15 | Minimum value | |
| 16 | Period end | |
| 17 | Floor (standardised measurement method) | |

Definitions

VaR refers in this template to the regulatory VaR used to compute the capital charge. The amounts reported do not include additional capital charges at supervisor's discretion (related to the multiplier, for instance).

sVaR refers in this template to the regulatory stressed VaR used to compute the capital charge. The amounts reported do not include additional capital on the supervisor's decision (multiplier).

IRC refers in this template to the IRC as used for computing the capital charge. The amounts reported do not include additional capital on the supervisor's decision (multiplier).

Comprehensive Risk capital charge: the rows 13, 14, 15 and 16 are unfloored numbers; the floor calculation is reflected for reporting period-end in row 17.

Floor: 8% of the capital charge for specific risk according to [MAR30.36](#).

Template MR4: Comparison of VaR estimates with gains/losses

Purpose: Present a comparison of the results of estimates from the regulatory VaR model with both hypothetical and actual trading outcomes, to highlight the frequency and the extent of the backtesting exceptions, and to give an analysis of the main outliers in backtested results, as per [MAR99.22](#) to [MAR99.38](#).

Scope of application: The template is mandatory for all banks using an internal model approach for their market risk exposures.

To provide meaningful information to users on the backtesting of their internal models, the bank must include in this template the key models used at the group-wide level (according to the scope of regulatory consolidation) and explain to what extent they represent the models used at the group-wide level. The commentary must include the percentage of capital requirements covered by the models for which backtesting results are shown here.

Content: VaR model outcomes.

Frequency: Semiannual.

Format: Flexible.

Accompanying narrative: Banks must present an analysis of "outliers" (backtesting exceptions) in backtested results, specifying the dates and the corresponding excess (VaR-P&L). The analysis should at least specify the key drivers of the exceptions.

Banks must disclose similar comparisons for actual profit and loss (P&L) and hypothetical P&L (developed in accordance with [MAR99.31](#) to [MAR99.33](#)). For the key models used at the group-wide level, banks must disclose a comparison between the daily VaR measures and the trading outcomes corresponding to hypothetical changes in the portfolio's values (based on a comparison between the portfolio's end-of-day value and, assuming unchanged positions, its value at the end of the subsequent day), as well as a comparison between the daily VaR measure and the trading outcomes corresponding to actual changes in the portfolio's values (based on a comparison between the portfolio's end-of-day value and its actual value at the end of the subsequent day). Daily VaR should reflect the risk measures (used for regulatory purposes) calibrated to a one-day holding period to compare with the 99% confidence level with its trading outcomes for both actual and hypothetical P&L.

For actual P&L: banks must provide information about actual gains/losses, and especially clarify whether they include reserves, and if not, how reserves are integrated into the backtesting process; banks must also clarify whether actual P&L includes commissions and fees or not.

Definitions

Daily VaR in this template should reflect the risk measures (used for regulatory purposes) calibrated to a one-day holding period to compare with the 99% of confidence level with its trading outcomes.

Hypothetical gain/loss is based on hypothetical changes in portfolio values that would occur if end-of-day positions remain unchanged.

DIS60

Operational risk

This chapter describes disclosure requirements for operational risk.

**Version effective as of
15 Dec 2019**

First version in the format of the consolidated framework.

Introduction

60.1 The disclosure requirements for operational risk are set out below.

Operational risk disclosure requirements

| | | |
|-------------------------|------|---|
| Qualitative disclosures | (a) | The approach(es) for operational risk capital assessment for which the bank qualifies. |
| | (b) | Description of the advanced measurement approaches (AMAs) for operational risk, if used by the bank, including a discussion of relevant internal and external factors considered in the bank's measurement approach. In the case of partial use, the scope and coverage of the different approaches used. |
| | (c)* | For banks using the AMAs, a description of the use of insurance for the purpose of mitigating operational risk. |

*Fulfilling this requirement is a condition for use of the particular approach (AMA) for the calculation of regulatory capital.

DIS70

Interest rate risk in the banking book

This chapter describes disclosure requirements for interest rate risk in the banking book.

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Introduction

70.1 The disclosure requirements set out in this chapter are:

- (1) Table IRRBBA – Interest rate risk in the banking book (IRRBB) risk management objective and policies
- (2) Template IRRBB1 – Quantitative information on IRRBB

70.2 Table IRRBBA provides information on a bank's IRRBB risk management objective and policy. Template IRRBB1 provides quantitative IRRBB information, including the impact of interest rate shocks on their change in economic value of equity and net interest income, computed based on a set of prescribed interest rate shock scenarios.

70.3 Banks must disclose the measured changes in economic value of equity (ΔEVE) and changes in net interest income (ΔNII) under the prescribed interest rate shock scenarios set out in [SRP31](#). In disclosing Table IRRBBA and Template IRRBB1, banks should use their own internal measurement system (IMS) to calculate the IRRBB exposure values, unless instructed by their national supervisor. [SRP31](#) provides a standardised framework that banks may adopt as their IMS. In addition to quantitative disclosure, banks should provide sufficient qualitative information and supporting detail to enable the market and wider public to:

- (1) Monitor the sensitivity of the bank's economic value and earnings to changes in interest rates;
- (2) Understand the primary assumptions underlying the measurement produced by the bank's IMS; and
- (3) Have an insight into the bank's overall IRRBB objective and IRRBB management.

70.4 For the disclosure of ΔEVE :

- (1) Banks should exclude their own equity from the computation of the exposure level;
- (2) Banks should include all cash flows from all interest rate-sensitive assets, liabilities and off-balance sheet items in the banking book in the computation of their exposure.¹ Banks should disclose whether they have excluded or included commercial margins and other spread components in their cash flows;

- (3) Cash flows should be discounted using either a risk-free rate or a risk-free rate including commercial margins and other spread components (only if the bank has included commercial margins and other spread components in its cash flows).² Banks should disclose whether they have discounted their cash flows using a risk-free rate or a risk-free rate including commercial margins and other spread components; and
- (4) ΔEVE should be computed with the assumption of a run-off balance sheet, where existing banking book positions amortise and are not replaced by any new business.

Footnotes

- ¹ *Interest rate-sensitive assets are assets which are not deducted from Common Equity Tier 1 capital and which exclude (i) fixed assets such as real estate or intangible assets as well as (ii) equity exposures in the banking book.*
- ² *The discounting factors must be representative of a risk-free zero coupon rate. An example of an acceptable yield curve is a secured interest rate swap curve.*

70.5 For the disclosure of ΔNII :

- (1) Banks should include expected cash flows (including commercial margins and other spread components) arising from all interest rate-sensitive assets, liabilities and off-balance sheet items in the banking book;
- (2) ΔNII should be computed assuming a constant balance sheet, where maturing or repricing cash flows are replaced by new cash flows with identical features with regard to the amount, repricing period and spread components.
- (3) ΔNII should be disclosed as the difference in future interest income over a rolling 12-month period.

70.6 In addition to the required disclosures in Table IRRBBA and Template IRRBB1, banks are encouraged to make voluntary disclosures of information on internal measures of IRRBB that would assist the market in interpreting the mandatory disclosure numbers.

Table IRRBBA - IRRBB risk management objectives and policies

Purpose: Provide a description of the risk management objectives and policies concerning IRRBB.

Scope of application: Mandatory for all banks within the scope of application set out in [SRP31](#).

Content: Qualitative and quantitative information. Quantitative information is based on the daily or monthly average of the year or on the data as at the reporting date.

Frequency: Annual.

Format: Flexible.

Qualitative disclosure

| | |
|---|--|
| a | A description of how the bank defines IRRBB for purposes of risk control and measurement. |
| b | A description of the bank's overall IRRBB management and mitigation strategies. Examples are: monitoring of economic value of equity (EVE) and net interest income (NII) in relation to established limits, hedging practices, conduct of stress testing, outcome analysis, the role of independent audit, the role and practices of the asset and liability management committee, the bank's practices to ensure appropriate model validation, and timely updates in response to changing market conditions. |
| c | The periodicity of the calculation of the bank's IRRBB measures, and a description of the specific measures that the bank uses to gauge its sensitivity to IRRBB. |
| d | A description of the interest rate shock and stress scenarios that the bank uses to estimate changes in the economic value and in earnings. |
| e | Where significant modelling assumptions used in the bank's internal measurement systems (IMS) (ie the EVE metric generated by the bank for purposes other than disclosure, eg for internal assessment of capital adequacy) are different from the modelling assumptions prescribed for the disclosure in Template IRRBB1, the bank should provide a description of those assumptions and their directional implications and explain its rationale for making those assumptions (eg historical data, published research, management judgment and analysis). |
| f | A high-level description of how the bank hedges its IRRBB, as well as the associated accounting treatment. |
| g | <p>A high-level description of key modelling and parametric assumptions used in calculating ΔEVE and ΔNII in Template IRRBB1, which includes:</p> <ul style="list-style-type: none">• For ΔEVE, whether commercial margins and other spread components have been included in the cash flows used in the computation and discount rate used.• How the average repricing maturity of non-maturity deposits has been determined (including any unique product characteristics that affect assessment of repricing behaviour).• The methodology used to estimate the prepayment rates of customer loans, and/or the early withdrawal rates for time deposits, and other significant assumptions. |

| | |
|--------------------------|--|
| | <ul style="list-style-type: none"> Any other assumptions (including for instruments with behavioural optionalities that have been excluded) that have a material impact on the disclosed ΔEVE and ΔNII in Template IRRBB1, including an explanation of why these are material. Any methods of aggregation across currencies and any significant interest rate correlations between different currencies. |
| h | (Optional) Any other information which the bank wishes to disclose regarding its interpretation of the significance and sensitivity of the IRRBB measures disclosed and/or an explanation of any significant variations in the level of the reported IRRBB since previous disclosures. |
| Quantitative disclosures | |
| 1 | Average repricing maturity assigned to non-maturity deposits (NMDs). |
| 2 | Longest repricing maturity assigned to NMDs. |

Template IRRBB1 - Quantitative information on IRRBB

Purpose: Provide information on the bank's changes in economic value of equity and net interest income under each of the prescribed interest rate shock scenarios.

Scope of application: Mandatory for all banks within the scope of application set out in [SRP31](#).

Content: Quantitative information.

Frequency: Annual

Format: Fixed.

Accompanying narrative: Commentary on the significance of the reported values and an explanation of any material changes since the previous reporting period.

| In reporting currency | ΔEVE | | ΔNII | |
|-----------------------|--------------|-----|--------------|-----|
| Period | T | T-1 | T | T-1 |
| Parallel up | | | | |
| Parallel down | | | | |
| Steeper | | | | |
| Flattener | | | | |
| Short rate up | | | | |
| Short rate down | | | | |
| Maximum | | | | |
| Period | T | | T-1 | |
| Tier 1 capital | | | | |

Definitions

For each of the supervisory prescribed interest rate shock scenarios, the bank must report for the current period and for the previous period:

- (i) the change in the economic value of equity based on its IMS, using a run-off balance sheet and an instantaneous shock or based on the result of the standardised framework [SRP31](#) if the bank has chosen to adopt the framework or has been mandated by its supervisor to follow the framework; and
 - (ii) the change in projected NII over a forward-looking rolling 12-month period compared with the bank's own best estimate 12-month projections, using a constant balance sheet assumption and an instantaneous shock.
-

DIS75

Macroprudential supervisory measures

This chapter describes disclosures accompanying the assessment methodology for G-SIBs and the countercyclical capital buffer.

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Introduction

75.1 The disclosure requirements set out in this chapter are:

- (1) Template GSIB1 – Disclosure of global systemically important bank (G-SIB) indicators
- (2) Template CCyB1 – Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement

75.2 Template GSIB1 provides users of Pillar 3 data with details of the indicators used to assess how a G-SIB has been determined. National authorities retain the discretion to require G-SIBs to report a more detailed breakdown of the assessment indicators on the Committee's data hub using the existing template. Those banks that are required by their national authorities to disclose the full breakdown of their indicators, or choose to do so, should include the web link or other relevant reference in their Pillar 3 report to facilitate users' access to this information.

75.3 Template CCyB1 provides details of the calculation of a bank's countercyclical capital buffer, including details of the geographical breakdown of the bank's private sector credit exposures.

Template GSIB1 - Disclosure of G-SIB indicators

Purpose: Provide an overview of the indicators that feed into the Committee's methodology for assessing the systemic importance of global banks.

Scope of application: The template is mandatory for banks which in the previous year have either been classified as G-SIBs, have a leverage ratio exposure measure exceeding EUR 200 billion or were included in the assessment sample by the relevant authority based on supervisory judgment (see [SCO40](#)).

For G-SIB assessment purposes, the applicable leverage ratio exposure measure definition is contained in the [LEV](#).

For application of this threshold, banks should use the applicable exchange rate information provided on the Basel Committee website at www.bis.org/bcbs/gsib/. The disclosure itself is made in the bank's own currency.

Content: At least the 12 indicators used in the assessment methodology of the G-SIB framework (see [SCO40](#)).

Frequency: Annual. National authorities may allow banks whose financial year ends on 30 June to report indicator values based on their position as at 31 December (ie interim rather than financial year-end data).

Or in circumstances when banks are required to restate figures to reflect final data submitted to the Committee. This template must also be included in the bank's financial year-end Pillar 3 report. Restatements are only necessary if considered so by the national authority or on voluntary basis.

Format: Flexible. The information disclosed must be fully consistent with the data submitted to the relevant supervisory authorities for subsequent remittance to the Committee in the context of its annual data collection exercise for the assessment and identification of G-SIBs.

Where jurisdictions require banks (or banks voluntarily choose) to disclose the full breakdown of the indicators, such disclosure must take place using the template and related instructions that sample banks use to report their data to the Committee's data hub or as required by their local jurisdiction. The template format and its reporting instructions are available on the Basel Committee website (see www.bis.org/bcbs/gsib/reporting_instructions.htm).

Accompanying narrative: Banks should indicate the annual reference date of the information reported as well as the date of first public disclosure. Banks should include a web link to the disclosure of the previous G-SIB assessment exercise.

Banks may supplement the template with a narrative commentary to explain any relevant qualitative characteristic deemed necessary for understanding the quantitative data. This information may include explanations about the use of estimates with a short explanation as regards the method used, mergers or modifications of the legal structure of the entity subjected to the reported data, the bucket to which the bank was allocated and changes in higher loss absorbency requirements, or reference to the Basel Committee website for data on denominators, cutoff scores and buckets.

Regardless of whether Template GSIB1 is included in the annual Pillar 3 report, a bank's annual Pillar 3 report as well as all the interim Pillar 3 reports should include a reference to the website where current and previous disclosures of Template GSIB1 can be found.

| | Category | Individual indicator | Values |
|----|--|--|--------|
| 1 | Cross-jurisdictional activity | Cross-jurisdictional claims | |
| 2 | | Cross-jurisdictional liabilities | |
| 3 | Size | Total exposures | |
| 4 | Interconnectedness | Intra-financial system assets | |
| 5 | | Intra-financial system liabilities | |
| 6 | | Securities outstanding | |
| 7 | Substitutability/ Financial institution infrastructure | Assets under custody | |
| 8 | | Payment activity | |
| 9 | | Underwritten transactions in debt and equity markets | |
| 10 | Complexity | Notional amount of over-the-counter derivatives | |
| 11 | | Level 3 assets | |
| 12 | | Trading and available for sale securities | |

Definitions and instructions

The template must be completed according to the instructions and definitions for the corresponding rows in force at the disclosure's reference date, which is based on the Committee's G-SIB identification exercise.

**Template CCyB1 - Geographical distribution of credit exposures used
in the calculation of the bank-specific countercyclical capital buffer
requirement**

Purpose: Provide an overview of the geographical distribution of private sector credit exposures relevant for the calculation of the bank's countercyclical capital buffer.

Scope of application: The template is mandatory for all banks subject to a countercyclical capital buffer requirement based on the jurisdictions in which they have private sector credit exposures subject to a countercyclical capital buffer requirement compliant with the Basel standards. Only banks with exposures to jurisdictions in which the countercyclical capital buffer rate is higher than zero should disclose this template.

Content: Private sector credit exposures and other relevant inputs necessary for the computation of the bank-specific countercyclical capital buffer rate.

Frequency: Semiannual.

Format: Flexible. Columns and rows might be added or removed to fit with the domestic implementation of the countercyclical capital buffer and thereby provide information on any variables necessary for its computation. A column or a row may be removed if the information is not relevant to the domestic implementation of the countercyclical capital buffer framework.

Accompanying narrative: For the purposes of the countercyclical capital buffer, banks should use, where possible, exposures on an "ultimate risk" basis. They should disclose the methodology of geographical allocation used, and explain the jurisdictions or types of exposures for which the ultimate risk method is not used as a basis for allocation. The allocation of exposures to jurisdictions should be made taking into consideration the clarifications provided by [RBC30](#). Information about the drivers for changes in the exposure amounts and the applicable jurisdiction-specific rates should be summarised.

| | a | b | c | d | e |
|------------------------|-------------------------------------|---|-----|---|---------------------------------------|
| Geographical breakdown | Countercyclical capital buffer rate | Exposure values and/or risk-weighted assets (RWA) used in the computation of the countercyclical capital buffer | | Bank-specific countercyclical capital buffer rate | Countercyclical capital buffer amount |
| | | Exposure values | RWA | | |
| (Home) Country 1 | | | | | |
| Country 2 | | | | | |
| Country 3 | | | | | |
| | | | | | |
| Country N | | | | | |
| Sum | | | | | |
| | | | | | |

| | | | | | |
|-------|--|--|--|--|--|
| Total | | | | | |
|-------|--|--|--|--|--|

Definitions and instructions

Unless otherwise provided for in the domestic implementation of the countercyclical capital buffer framework, private sector credit exposures relevant for the calculation of the countercyclical capital buffer (relevant private sector credit exposures) refer to exposures to private sector counterparties which attract a credit risk capital charge in the banking book, and the risk-weighted equivalent trading book capital charges for specific risk, the incremental risk charge and securitisation. Interbank exposures and exposures to the public sector are excluded, but non-bank financial sector exposures are included.

Country: Country in which the bank has relevant private sector credit exposures, and which has set a countercyclical capital buffer rate greater than zero that was applicable during the reporting period covered by the template.

Sum: Sum of private sector credit exposures or RWA for private sector credit exposures, respectively, in jurisdictions with a non-zero countercyclical capital buffer rate.

Total: Total of private sector credit exposures or RWA for private sector credit exposures, respectively, across all jurisdictions to which the bank is exposed, including jurisdictions with no countercyclical capital buffer rate or with a countercyclical capital buffer rate set at zero, and value of the bank-specific countercyclical capital buffer rate and resulting countercyclical capital buffer amount.

Countercyclical capital buffer rate: Countercyclical capital buffer rate set by the relevant national authority in the country in question and in force during the period covered by the template or, where applicable, the higher countercyclical capital buffer rate set for the country in question by the home authority of the bank. Countercyclical capital buffer rates that were set by the relevant national authority, but are not yet applicable in the country in question at the disclosure reference date (pre-announced rates) must not be reported.

Total exposure value: If applicable, total private sector credit exposures across all jurisdictions to which the bank is exposed, including jurisdictions with no countercyclical capital buffer rate or with a countercyclical capital buffer rate set at zero.

Total RWA: If applicable, total value of RWA for relevant private sector credit exposures, across all jurisdictions to which the bank is exposed, including jurisdictions with no countercyclical capital buffer rate or with a countercyclical capital buffer rate set at zero.

Bank-specific countercyclical capital buffer rate: Countercyclical capital buffer that varies between zero and 2.5% or, where appropriate, above 2.5% of total RWA calculated in accordance with [RBC30.9](#) to [RBC30.15](#) as a weighted average of the countercyclical capital buffer rates that are being applied in jurisdictions where the relevant credit exposures of the bank are located and reported in rows 1 to N. This figure (ie the bank-specific countercyclical capital buffer rate) may not be deduced from the figures reported in this template as private sector credit exposures in jurisdictions that do not have a countercyclical capital buffer rate, which form part of the equation for calculating the figure, are not required to be reported in this template.

Countercyclical capital buffer amount: Amount of Common Equity Tier 1 capital held to meet the countercyclical capital buffer requirement determined in accordance with [RBC30.9](#) to [RBC30.15](#).

Linkages across templates

[CCyB1:Total/d] is equal to [KM1:9/a] for the semiannual disclosure of KM1, and [KM1:9/b] for the quarterly disclosure of KM1

[CCyB1:Total/d] is equal to [CC1:66/a] (for all banks) or [TLAC1:30/a] (for G-SIBs)

DIS80

Leverage ratio

This chapter describes disclosure requirements for the leverage ratio.

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Introduction

80.1 The disclosure requirements set out in this chapter are:

- (1) Template LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure
- (2) Template LR2 - Leverage ratio common disclosure template

80.2 Template LR1 provides a reconciliation of a bank's total assets as published in its financial statements to the leverage ratio exposure measure, and Template LR2 provides a breakdown of the components of the leverage ratio exposure measure.

Template LR1 - Summary comparison of accounting assets vs leverage ratio exposure measure

Purpose: Reconcile the total assets in the published financial statements to the leverage ratio exposure measure.

Scope of application: The table is mandatory for all banks.

Content: Quantitative information. The Basel III leverage ratio framework follows the same scope of regulatory consolidation as used for the risk-based capital framework. Disclosures should be reported on a quarter-end basis. However, banks may, subject to supervisory approval, use more frequent calculations (eg daily or monthly averaging), as long as they do so consistently.

Frequency: Quarterly.

Format: Fixed.

Accompanying narrative: Banks are required to disclose and detail the source of material differences between their total balance sheet assets (net of on-balance sheet derivative and securities financing transaction (SFT) assets) as reported in their financial statements and their on-balance sheet exposures as set out in row 1 of Template LR2. Banks are required to include the basis for their disclosures (eg quarter-end, daily averaging or monthly averaging).

| | | a |
|---|--|---|
| 1 | Total consolidated assets as per published financial statements | |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | |
| 3 | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure | |
| 4 | Adjustments for derivative financial instruments | |
| 5 | Adjustment for securities financing transactions (ie repos and similar secured lending) | |
| 6 | Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) | |
| 7 | Other adjustments | |
| 8 | Leverage ratio exposure measure | |

Definitions and instructions

| Row | Explanation |
|-----|-------------|
|-----|-------------|

| number | |
|--------|--|
| 1 | The bank's total consolidated assets as per published financial statements. |
| 2 | Where a banking, financial, insurance or commercial entity is outside the regulatory scope of consolidation, only the amount of the investment in the capital of that entity (ie only the carrying value of the investment, as opposed to the underlying assets and other exposures of the investee) shall be included in the leverage ratio exposure measure. However, investments in those entities that are deducted from the bank's Common Equity Tier 1 (CET1) capital or from additional Tier 1 capital in accordance with CAP30.29 to CAP30.34 may also be deducted from the leverage ratio exposure measure. As these adjustments reduce the total leverage ratio exposure measure, they shall be reported as a negative amount. |
| 3 | This row shows the reduction of the consolidated assets for fiduciary assets that are recognised on the bank's balance sheet pursuant to the operative accounting framework and which meet the de-recognition criteria of IAS 39 / IFRS 9 or the IFRS 10 de-consolidation criteria. As these adjustments reduce the total leverage ratio exposure measure, they shall be reported as a negative amount. |
| 4 | Adjustments related to derivative financial instruments. The adjustment is the difference between the accounting value of the derivatives recognised as assets and the leverage ratio exposure value as determined by application of LEV30 . If this adjustment leads to an increase in exposure, institutions shall disclose this as a positive amount. If this adjustment leads to a decrease in exposure, institutions shall disclose this as a negative amount. |
| 5 | Adjustments related to securities financing transactions (SFTs) (ie repos and other similar secured lending). The adjustment is the difference between the accounting value of the SFTs recognised as assets and the leverage ratio exposure value as determined by application of LEV30 . If this adjustment leads to an increase in the exposure, institutions shall disclose this as a positive amount. If this adjustment leads to a decrease in exposure, institutions shall disclose this as a negative amount. |
| 6 | The credit equivalent amount of off-balance sheet items determined by applying the relevant credit conversion factors (subject to a floor of 10%) to the nominal value of the off-balance sheet item. As these adjustments increase the total leverage ratio exposure measure, they shall be reported as a positive amount. |
| 7 | Any other adjustments. If these adjustments lead to an increase in the exposure, institutions shall report this as a positive amount. If these adjustments lead to a decrease in exposure, the institutions shall disclose this as a negative amount. |
| 8 | The leverage ratio exposure, which should be the sum of the previous items. |

Linkages across templates

[LR1:8/a] is equal to [LR2:21/a]

Template LR2: Leverage ratio common disclosure template

Purpose: Provide a detailed breakdown of the components of the leverage ratio denominator.

Scope of application: The table is mandatory for all banks.

Content: Quantitative information. The disclosures should be on a quarter-end basis. However, banks may, subject to supervisory approval, use more frequent calculations (eg daily or monthly averaging), as long as they do so consistently.

Frequency: Quarterly.

Format: Fixed.

Accompanying narrative: Banks must describe the key factors that have had a material impact on the leverage ratio at the end of the reporting period compared to the end of the previous reporting period. Banks are required to include the basis for their disclosures (eg quarter-end, daily averaging or monthly averaging).

| | a | b |
|--|---|-----|
| | T | T-1 |

On-balance sheet exposures

| | | | |
|---|---|--|--|
| 1 | On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral) | | |
| 2 | (Asset amounts deducted in determining Basel III Tier 1 capital) | | |
| 3 | Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2) | | |

Derivative exposures

| | | | |
|---|---|--|--|
| 4 | Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting) | | |
| 5 | Add-on amounts for potential future exposure (PFE) associated with <i>all</i> derivatives transactions | | |
| 6 | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | | |
| 7 | (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | | |
| | | | |

| | | | |
|----|--|--|--|
| 8 | (Exempted central counterparty, or CCP, leg of client-cleared trade exposures) | | |
| 9 | Adjusted effective notional amount of written credit derivatives | | |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | | |
| 11 | Total derivative exposures (sum of rows 4 to 10) | | |

Securities financing transaction exposures

| | | | |
|----|--|--|--|
| 12 | Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions | | |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | | |
| 14 | Counterparty credit risk exposure for SFT assets | | |
| 15 | Agent transaction exposures | | |
| 16 | Total securities financing transaction exposures (sum of rows 12 to 15) | | |

Other off-balance sheet exposures

| | | | |
|----|---|--|--|
| 17 | Off-balance sheet exposure at gross notional amount | | |
| 18 | (Adjustments for conversion to credit equivalent amounts) | | |
| 19 | Off-balance sheet items (sum of rows 17 and 18) | | |

Capital and total exposures

| | | | |
|----|---|--|--|
| 20 | Tier 1 capital | | |
| 21 | Total exposures (sum of rows 3, 11, 16 and 19) | | |

Leverage ratio

| | | | |
|----|---------------------------------|--|--|
| 22 | Basel III leverage ratio | | |
|----|---------------------------------|--|--|

Definitions and instructions

SFTs: transactions such as repurchase agreements, reverse repurchase agreements, security lending and borrowing, and margin lending transactions, where the value of the transactions depends on market valuations and the transactions are often subject to margin agreements.

Capital measure: The capital measure for the leverage ratio is the Tier 1 capital of the risk-based capital framework as defined in [CAP10](#) and [CAP30](#) taking account of the transitional arrangements in [CAP90](#).

| Row number | Explanation |
|------------|--|
| 1 | Banks must include all balance sheet assets in their exposure measure, including on-balance sheet derivatives collateral and collateral for SFTs, with the exception of on-balance sheet derivative and SFT assets that are included in rows 4-16. |
| 2 | <p>Balance sheet assets deducted from Basel III Tier 1 capital (as set out in CAP30). For example,</p> <ul style="list-style-type: none"> Where a banking, financial or insurance entity is not included in the regulatory scope of consolidation as set out in LEV10, the amount of any investment in the capital of that entity that is totally or partially deducted from CET1 capital or from additional Tier 1 capital of the bank following the corresponding deduction approach in CAP30.29 to CAP30.34 may also be deducted from the exposure measure. For banks using the internal ratings-based (IRB) approach to determining capital requirements for credit risk, CAP30.13 requires any shortfall in the stock of eligible provisions relative to expected losses to be deducted from CET1 capital. The same amount may be deducted from the exposure measure. <p>As the adjustments in row 2 reduce the exposure measure, they shall be reported as negative figures.</p> |
| 3 | Sum of rows 1 and 2. |
| 4 | Replacement cost associated with all derivatives transactions (including exposures resulting from direct transactions between a client and a CCP where the bank guarantees the performance of its clients' derivative trade exposures to the CCP). As set out in LEV30 , where applicable, this amount should be net of cash variation margin received and with bilateral netting. |
| 6 | Grossed-up amount of any collateral provided in relation to derivative exposures where the provision of that collateral has reduced the value of the balance sheet assets under the bank's operative accounting framework, in accordance with LEV30 . |
| 7 | <p>Deductions of receivable assets in the amount of the cash variation margin provided in derivatives transactions where the posting of cash variation margin has resulted in the recognition of a receivable asset under the bank's operative accounting framework.</p> <p>As the adjustments in row 7 reduce the exposure measure, they shall be reported as negative figures.</p> |
| | |

| | |
|----|--|
| 8 | <p>Trade exposures associated with the CCP leg of derivatives transactions resulting from client-cleared transactions or which the clearing member, based on the contractual arrangements with the client, is not obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event that a qualifying central counterparty (QCCP) defaults.</p> <p>As the adjustments in row 8 reduce the exposure measure, they shall be reported as negative figures.</p> |
| 9 | <p>The effective notional amount of written credit derivatives which may be reduced by the total amount of negative changes in fair value amounts that have been incorporated into the calculation of Tier 1 capital with respect to written credit derivatives according to LEV30.</p> |
| 10 | <p>This row includes:</p> <ul style="list-style-type: none"> • The amount by which the notional amount of a written credit derivative is reduced by a purchased credit derivative on the same reference name according to LEV30. • The deduction of add-on amounts for PFE in relation to written credit derivatives determined in accordance with LEV30. <p>As the adjustments in row 10 reduce the exposure measure, they shall be reported as negative figures.</p> |
| 11 | <p>Sum of rows 4-10.</p> |
| 12 | <p>The gross amount of SFT assets without recognition of netting, other than novation with QCCPs, determined in accordance with LEV30, adjusted for any sales accounting transactions in accordance with LEV30.</p> |
| 13 | <p>The cash payables and cash receivables of gross SFT assets with netting determined in accordance with LEV30. As these adjustments reduce the exposure measure, they shall be reported as a negative figure.</p> |
| 14 | <p>The amount of the counterparty credit risk add-on for SFTs determined in accordance with LEV30.</p> |
| 15 | <p>The amount for which the bank acting as an agent in an SFT has provided an indemnity or guarantee determined in accordance with LEV30.</p> |
| 16 | <p>Sum of rows 12-15.</p> |
| 17 | <p>Total off-balance sheet exposure amounts (excluding off-balance sheet exposure amounts associated with SFT and derivative transactions) on a gross notional basis, before any adjustment for credit conversion factors (CCFs).</p> |
| | <p>Reduction in gross amount of off-balance sheet exposures due to the application of CCFs. This corresponds to the complement of CCFs of the standardised approach for</p> |

| | |
|----|---|
| 18 | credit risk under the Basel II framework, subject to a floor of 10%. The floor of 10% will affect commitments that are unconditionally cancellable at any time by the bank without prior notice, or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness. These may receive a 0% CCF under the risk-based capital framework. As these adjustments reduce the exposure measure, they shall be reported as negative figures. |
| 19 | Sum of rows 17 and 18. |
| 20 | The amount of Tier 1 capital of the risk-based capital framework as defined in CAP10 and CAP30 taking account of the transitional arrangements. |
| 21 | Sum of rows 3, 11, 16 and 19. |
| 22 | Basel III leverage ratio is defined as the Tier 1 capital measure of row 20 (the numerator) divided by the exposure (the denominator) of row 21, with this ratio expressed as a percentage. |

Linkages across templates

[LR2:20/a] is equal to [KM1:2/a]

[LR2:21/a] is equal to [KM1:13/a]

[LR2:22/a] is equal to [KM1:14/a]

DIS85

Liquidity

This chapter describes disclosure requirements for the liquidity ratios.

**Version effective as of
15 Dec 2019**

First version in the format of the consolidated framework.

Introduction

85.1 The disclosure requirements set out in this chapter are:

- (1) Table LIQA – Liquidity risk management
- (2) Template LIQ1 – Liquidity coverage ratio (LCR)
- (3) Template LIQ2 – Net stable funding ratio (NSFR)

85.2 Table LIQA provides information on a bank's liquidity risk management framework which it considers relevant to its business model and liquidity risk profile, organisation and functions involved in liquidity risk management. Template LIQ1 presents a breakdown of a bank's cash outflows and cash inflows, as well as its available high-quality liquid assets under its LCR. Template LIQ2 provides details of a bank's NSFR and selected details of its NSFR components.

Table LIQA - Liquidity risk management

Purpose: Enable users of Pillar 3 data to make an informed judgment about the soundness of a bank's liquidity risk management framework and liquidity position.

Scope of application: The table is mandatory for all banks.

Content: Qualitative and quantitative information.

Frequency: Annual.

Format: Flexible. Banks may choose the relevant information to be provided depending upon their business models and liquidity risk profiles, organisation and functions involved in liquidity risk management.

Below are examples of elements that banks may choose to describe, where relevant:

Qualitative disclosures

- (a) Governance of liquidity risk management, including: risk tolerance; structure and responsibilities for liquidity risk management; internal liquidity reporting; and communication of liquidity risk strategy, policies and practices across business lines and with the board of directors.
- (b) Funding strategy, including policies on diversification in the sources and tenor of funding, and whether the funding strategy is centralised or decentralised.
- (c) Liquidity risk mitigation techniques.
- (d) An explanation of how stress testing is used.
- (e) An outline of the bank's contingency funding plans.

Quantitative disclosures

- (f) Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank.
 - (g) Concentration limits on collateral pools and sources of funding (both products and counterparties).
 - (h) Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity.
 - (i) Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps.
-

Template LIQ1: Liquidity Coverage Ratio (LCR)

Purpose: Present the breakdown of a bank's cash outflows and cash inflows, as well as its available high-quality liquid assets (HQLA), as measured and defined according to the LCR standard.

Scope of application: The template is mandatory for all banks.

Content: Data must be presented as simple averages of daily observations over the previous quarter (ie the average calculated over a period of, typically, 90 days) in the local currency.

Frequency: Quarterly.

Format: Fixed.

Accompanying narrative: Banks must publish the number of data points used in calculating the average figures in the template.

In addition, a bank should provide sufficient qualitative discussion to facilitate users' understanding of its LCR calculation. For example, where significant to the LCR, banks could discuss:

- the main drivers of their LCR results and the evolution of the contribution of inputs to the LCR's calculation over time;
- intra-period changes as well as changes over time;
- the composition of HQLA;
- concentration of funding sources;
- currency mismatch in the LCR; and
- other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile.

| | | a | b |
|-----------------------------------|--|-------------------------------------|-----------------------------------|
| | | Total unweighted value (average) | Total weighted value (average) |
| High-quality liquid assets | | | |
| 1 | Total HQLA | | |
| Cash outflows | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | | |
| 3 | Stable deposits | | |
| 4 | Less stable deposits | | |
| | | | |

| | | | |
|---------------------|---|--|-----------------------------|
| 5 | Unsecured wholesale funding, of which: | | |
| 6 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | | |
| 7 | Non-operational deposits (all counterparties) | | |
| 8 | Unsecured debt | | |
| 9 | Secured wholesale funding | | |
| 10 | Additional requirements, of which: | | |
| 11 | Outflows related to derivative exposures and other collateral requirements | | |
| 12 | Outflows related to loss of funding on debt products | | |
| 13 | Credit and liquidity facilities | | |
| 14 | Other contractual funding obligations | | |
| 15 | Other contingent funding obligations | | |
| 16 | TOTAL CASH OUTFLOWS | | |
| Cash inflows | | | |
| 17 | Secured lending (eg reverse repos) | | |
| 18 | Inflows from fully performing exposures | | |
| 19 | Other cash inflows | | |
| 20 | TOTAL CASH INFLOWS | | |
| | | | Total adjusted value |
| 21 | Total HQLA | | |
| 22 | Total net cash outflows | | |
| 23 | Liquidity Coverage Ratio (%) | | |

General explanations

Figures entered in the template must be averages of the observations of individual line items over the financial reporting period (ie the average of components and the average LCR over the most recent three months of daily positions, irrespective of the financial reporting schedule). The averages are calculated after the application of any haircuts, inflow and outflow rates and caps, where applicable. For example:

$$Total \text{ unweighted stable deposits}_{Qi} = \frac{1}{T} \times \sum_{t=1}^T (Total \text{ unweighted stable deposits})_t$$

$$Total \text{ weighted stable deposits}_{Qi} = \frac{1}{T} \times \sum_{t=1}^T (Total \text{ weighted stable deposits})_t$$

where T equals the number of observations in period Qi .

Weighted figures of HQLA (row 1, third column) must be calculated after the application of the respective haircuts but before the application of any caps on Level 2B and Level 2 assets. Unweighted inflows and outflows (rows 2-8, 11-15 and 17-20, second column) must be calculated as outstanding balances. *Weighted* inflows and outflows (rows 2-20, third column) must be calculated after the application of the inflow and outflow rates.

Adjusted figures of HQLA (row 21, third column) must be calculated after the application of both (i) haircuts *and* (ii) any applicable caps (ie cap on Level 2B and Level 2 assets). *Adjusted* figures of net cash outflows (row 22, third column) must be calculated after the application of both (i) inflow and outflow rates *and* (ii) any applicable cap (ie cap on inflows).

The LCR (row 23) must be calculated as the average of observations of the LCR:

$$LCR_{Qi} = \frac{1}{T} \times \sum_{t=1}^T LCR_t$$

Not all reported figures will sum exactly, particularly in the denominator of the LCR. For example, "total net cash outflows" (row 22) may not be exactly equal to "total cash outflows" minus "total cash inflows" (row 16 minus row 20) if the cap on inflows is binding. Similarly, the disclosed LCR may not be equal to an LCR computed on the basis on the average values of the set of line items disclosed in the template.

Definitions and instructions:

Columns

Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).

Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (ie cap on Level 2B and Level 2 assets for HQLA and cap on inflows).

| Row number | Explanation | Relevant paragraph(s) of LCR40 |
|------------|---|---|
| 1 | Sum of all eligible HQLA, as defined in the standard, before the application of any limits, excluding assets that do not meet the operational requirements, and including, where applicable, assets qualifying under alternative liquidity approaches. | LCR30.13 to LCR30.34 , LCR31.1 , LCR31.12 to LCR31.17 , LCR31.21 |
| 2 | Retail deposits and deposits from small business customers are the sum of stable deposits, less stable deposits and any other funding sourced from (i) natural persons and/or (ii) small business customers (as defined by CRE30.20 and CRE30.21). | LCR40.5 to LCR40.18 , LCR40.22 to LCR40.25 |
| 3 | Stable deposits include deposits placed with a bank by a natural person and unsecured wholesale funding provided by small business customers, defined as "stable" in the standard. | LCR40.5 to LCR40.12 , LCR40.22 to LCR40.24 |
| 4 | Less stable deposits include deposits placed with a bank by a natural person and unsecured wholesale funding provided by small business customers, not defined as "stable" in the standard. | LCR40.5 and LCR40.6 , LCR40.13 to LCR40.15 , LCR40.22 to LCR40.24 |
| 5 | Unsecured wholesale funding is defined as those liabilities and general obligations from customers other than natural persons and small business customers that are not collateralised. | LCR40.26 to LCR40.44 |
| 6 | Operational deposits include deposits from bank clients with a substantive dependency on the bank where deposits are required for certain activities (ie clearing, custody or cash management activities). Deposits in institutional networks of cooperative banks include deposits of member institutions with the central institution or specialised central service providers. | LCR40.26 to LCR40.39 |
| 7 | Non-operational deposits are all other unsecured wholesale deposits, both insured and uninsured | LCR40.40 to LCR40.42 |
| 8 | Unsecured debt includes all notes, bonds and other debt securities issued by the bank, regardless of the holder, unless the bond is sold exclusively in the retail market and held in retail accounts. | LCR40.43 |
| 9 | Secured wholesale funding is defined as all collateralised liabilities and general obligations. | LCR40.45 to LCR40.48 |
| 10 | Additional requirements include other off-balance sheet liabilities or obligations | LCR40.45 to LCR40.64 |
| 11 | Outflows related to derivative exposures and other collateral | LCR40.45 to |

| | | |
|----|--|---|
| | requirements include expected contractual derivatives cash flows on a net basis. These outflows also include increased liquidity needs related to: downgrade triggers embedded in financing transactions, derivative and other contracts; the potential for valuation changes on posted collateral securing derivatives and other transactions; excess non-segregated collateral held at the bank that could contractually be called at any time; contractually required collateral on transactions for which the counterparty has not yet demanded that the collateral be posted; contracts that allow collateral substitution to non-HQLA assets; and market valuation changes on derivatives or other transactions. | LCR40.56 |
| 12 | Outflows related to loss of funding on secured debt products include loss of funding on: asset-backed securities, covered bonds and other structured financing instruments; and asset-backed commercial paper, conduits, securities investment vehicles and other such financing facilities. | LCR40.57 and LCR40.58 |
| 13 | Credit and liquidity facilities include drawdowns on committed (contractually irrevocable) or conditionally revocable credit and liquidity facilities. The currently undrawn portion of these facilities is calculated net of any eligible HQLA if the HQLA have already been posted as collateral to secure the facilities or that are contractually obliged to be posted when the counterparty draws down the facility. | LCR40.59 to LCR40.64 |
| 14 | Other contractual funding obligations include contractual obligations to extend funds within a 30-day period and other contractual cash outflows not previously captured under the standard. | LCR40.65 , LCR40.66 , and, LCR40.74 |
| 15 | Other contingent funding obligations, as defined in the standard. | LCR40.67 to LCR40.73 |
| 16 | Total cash outflows: sum of rows 2-15. | |
| 17 | Secured lending includes all maturing reverse repurchase and securities borrowing agreements. | LCR40.78 to LCR40.80 |
| 18 | Inflows from fully performing exposures include both secured and unsecured loans or other payments that are fully performing and contractually due within 30 calendar days from retail and small business customers, other wholesale customers, operational deposits and deposits held at the centralised institution in a cooperative banking network. | LCR40.86 , LCR40.87 , LCR40.89 and LCR40.90 |
| 19 | Other cash inflows include derivatives cash inflows and other contractual cash inflows. | LCR40.88 , LCR40.91 to LCR40.93 |
| 20 | Total cash inflows: sum of rows 17-19 | |
| 21 | Total HQLA (after the application of any cap on Level 2B and Level 2 | LCR30.13 to |

| | | |
|----|--|--|
| | assets). | LCR30.31 , LCR30.33 to LCR30.37 , LCR30.40 to LCR30.45 |
| 22 | Total net cash outflows (after the application of any cap on cash inflows). | LCR40.1 |
| 23 | Liquidity Coverage Ratio (after the application of any cap on Level 2B and Level 2 assets and caps on cash inflows). | LCR20.4 |

Template LIQ2: Net Stable Funding Ratio (NSFR)

Purpose: Provide details of a bank's NSFR and selected details of its NSFR components.

Scope of application: The template is mandatory for all banks.

Content: Data must be presented as quarter-end observations in the local currency.

Frequency: Semiannual (but including two data sets covering the latest and the previous quarter-ends).

Format: Fixed.

Accompanying narrative: Banks should provide a sufficient qualitative discussion on the NSFR to facilitate an understanding of the results and the accompanying data. For example, where significant, banks could discuss:

- (a) the drivers of their NSFR results and the reasons for intra-period changes as well as the changes over time (eg changes in strategies, funding structure, circumstances); and
- (b) the composition of the bank's interdependent assets and liabilities (as defined in [NSF30.35](#) to [NSF30.37](#)) and to what extent these transactions are interrelated.

| | | a | b | c | d | e |
|-------------------------------------|---|---------------------------------------|------------|----------------------|----------|----------------|
| (In currency amount) | | Unweighted value by residual maturity | | | | Weighted value |
| | | No maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | |
| Available stable funding (ASF) item | | | | | | |
| 1 | Capital: | | | | | |
| 2 | Regulatory capital | | | | | |
| 3 | Other capital instruments | | | | | |
| 4 | Retail deposits and deposits from small business customers: | | | | | |
| 5 | Stable deposits | | | | | |
| 6 | Less stable deposits | | | | | |
| 7 | Wholesale funding: | | | | | |
| 8 | Operational deposits | | | | | |

| | | | | | | |
|---|--|--|--|--|--|--|
| 9 | <i>Other wholesale funding</i> | | | | | |
| 10 | Liabilities with matching interdependent assets | | | | | |
| 11 | Other liabilities: | | | | | |
| 12 | <i>NSFR derivative liabilities</i> | | | | | |
| 13 | <i>All other liabilities and equity not included in the above categories</i> | | | | | |
| 14 | Total ASF | | | | | |
| Required stable funding (RSF) item | | | | | | |
| 15 | Total NSFR high-quality liquid assets (HQLA) | | | | | |
| 16 | Deposits held at other financial institutions for operational purposes | | | | | |
| 17 | Performing loans and securities: | | | | | |
| 18 | <i>Performing loans to financial institutions secured by Level 1 HQLA</i> | | | | | |
| 19 | <i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i> | | | | | |
| 20 | <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i> | | | | | |
| 21 | <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i> | | | | | |
| 22 | | | | | | |

| | | | | | | |
|----|--|--|--|--|--|--|
| | <i>Performing residential mortgages, of which:</i> | | | | | |
| 23 | <i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i> | | | | | |
| 24 | <i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i> | | | | | |
| 25 | Assets with matching interdependent liabilities | | | | | |
| 26 | Other assets: | | | | | |
| 27 | <i>Physical traded commodities, including gold</i> | | | | | |
| 28 | <i>Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties</i> | | | | | |
| 29 | <i>NSFR derivative assets</i> | | | | | |
| 30 | <i>NSFR derivative liabilities before deduction of variation margin posted</i> | | | | | |
| 31 | <i>All other assets not included in the above categories</i> | | | | | |
| 32 | Off-balance sheet items | | | | | |
| 33 | Total RSF | | | | | |
| 34 | Net Stable Funding Ratio (%) | | | | | |

General instructions for completion of the NSFR disclosure template

Rows in the template are set and compulsory for all banks. Key points to note about the common template are:

- Dark grey rows introduce a section of the NSFR template.

- Light grey rows represent a broad subcomponent category of the NSFR in the relevant section.
- Unshaded rows represent a subcomponent within the major categories under ASF and RSF items. As an exception, rows 21 and 23 are subcomponents of rows 20 and 22, respectively. Row 17 is the sum of rows 18, 19, 20, 22 and 24.
- No data should be entered for the cross-hatched cells.
- Figures entered in the template should be the quarter-end observations of individual line items.
- Figures entered for each RSF line item should include both unencumbered and encumbered amounts.
- Figures entered in unweighted columns are to be assigned on the basis of residual maturity and in accordance with [NSF30.7](#) and [NSF30.17](#).

Items to be reported in the "no maturity" time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities and physical traded commodities.

Explanation of each row of the common disclosure template

| Row number | Explanation | Relevant paragraph(s) of NSF30 |
|------------|--|--|
| 1 | Capital is the sum of rows 2 and 3. | |
| 2 | Regulatory capital before the application of capital deductions, as defined in CAP10.1 . Capital instruments reported should meet all requirements outlined in CAP10 , and should only include amounts after transitional arrangements in CAP90 have expired under fully implemented Basel III standards (ie as in 2022). | NSF30.10 (1), NSF30.13 (4) and NSF30.14 (1) |
| 3 | Total amount of any capital instruments not included in row 2. | NSF30.10 (2), NSF30.13 (4) and NSF30.14 (1) |
| 4 | Retail deposits and deposits from small business customers, as defined in the LCR LCR40.5 to LCR40.18 and LCR40.22 to LCR40.25 , are the sum of row 5 and 6. | |
| 5 | Stable deposits comprise "stable" (as defined in LCR40.7 to LCR40.12) non-maturity (demand) deposits and/or term deposits provided by retail and small business customers. | NSF30.10 (3) and NSF30.11 |
| 6 | Less stable deposits comprise "less stable" (as defined in LCR40.13 to LCR40.15) non-maturity (demand) deposits and/or term deposits provided by retail and small business customers. | NSF30.10 (3) and NSF30.12 |

| | | |
|----|--|--|
| 7 | Wholesale funding is the sum of rows 8 and 9. | |
| 8 | Operational deposits: as defined in LCR40.26 to LCR40.36 , including deposits in institutional networks of cooperative banks. | NSF30.10 (3), NSF30.13 (2) and NSF30.14 (1), including footnote 7. |
| 9 | Other wholesale funding includes funding (secured and unsecured) provided by non-financial corporate customer, sovereigns, public sector entities (PSEs), multilateral and national development banks, central banks and financial institutions. | NSF30.10 (3), NSF30.13 (1), NSF30.13 (3), NSF30.13 (4), and NSF30.14 (1). |
| 10 | Liabilities with matching interdependent assets. | NSF30.35 to NSF30.37 |
| 11 | Other liabilities are the sum of rows 12 and 13. | |
| 12 | In the unweighted cells, report NSFR derivatives liabilities as calculated according to NSFR paragraphs 19 and 20. There is no need to differentiate by maturities. [The weighted value under NSFR derivative liabilities is cross-hatched given that it will be zero after the 0% ASF is applied.] | NSF30.8 , NSF30.9 , NSF30.14 (3) |
| 13 | All other liabilities and equity not included in above categories. | NSF30.14 (1), NSF30.14 (2)], and NSF30.14 (4) |
| 14 | Total available stable funding (ASF) is the sum of all weighted values in rows 1, 4, 7, 10 and 11. | |
| 15 | Total HQLA as defined in LCR30.32 , LCR30.40] to LCR30.45 , LCR31.1 , LCR31.4 to LCR31.6 , LCR31.12 to LCR31.17 , LCR31.21 and LCR31.47 (encumbered and unencumbered), without regard to LCR operational requirements and LCR caps on Level 2 and Level 2B assets that might otherwise limit the ability of some HQLA to be included as eligible in calculation of the LCR: (a) Encumbered assets including assets backing securities or covered bonds. (b) Unencumbered means free of legal, regulatory, contractual or other restrictions on the ability of the bank to liquidate, sell, transfer or assign the asset. | Footnote 9, NSF30.25 (1) and NSF30.25 (2), NSF30.26 , NSF30.28 (1), NSF30.29 (1) and NSF30.29 (2), NSF30.31 (1) and NSF30.32 (1) |

| | | |
|----|---|--|
| 16 | Deposits held at other financial institutions for operational purposes as defined in LCR40.26 to LCR40.36 . | NSF30.29 (4) |
| 17 | Performing loans and securities are the sum of rows 18, 19, 20, 22 and 24. | |
| 18 | Performing loans to financial institutions secured by Level 1 HQLA, as defined in the LCR LCR30.41 (3) to LCR30.41 (5). | NSF30.27 , NSF30.29 (3) and NSF30.32 (3) |
| 19 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions. | NSF30.29 (2), NSF30.29 (3) and NSF30.32 (3) |
| 20 | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs. | NSF30.25 (3), NSF30.29 (5), NSF30.30 (2), NSF30.31 (2) and NSF30.32 (1) |
| 21 | Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs with risk weight of less than or equal to 35% under the Standardised Approach. | NSF30.25 (3), NSF30.29 (5), NSF30.30 (2) and NSF30.32 (1) |
| 22 | Performing residential mortgages. | NSF30.29 (5), NSF30.30 (1), NSF30.31 (2) and NSF30.32 (1) |
| 23 | Performing residential mortgages with risk weight of less than or equal to 35% under the Standardised Approach. | NSF30.29 (5), NSF30.30 (1) and NSF30.32 (1) |
| 24 | Securities that are not in default and do not qualify as HQLA including exchange-traded equities. | NSF30.29 (5), NSF30.31 (3), and NSF30.32 (1) |
| 25 | Assets with matching interdependent liabilities. | NSF30.35 to NSF30.37 |
| 26 | Other assets are the sum of rows 27-31. | |

| | | |
|----|--|--|
| 27 | Physical traded commodities, including gold. | NSF30.31 (4) |
| 28 | Cash, securities or other assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties. | NSF30.31 (1) |
| 29 | <p>In the unweighted cell, report NSFR derivative assets, as calculated according to NSF30.23 and NSF30.24. There is no need to differentiate by maturities.</p> <p>In the weighted cell, if NSFR derivative assets are greater than NSFR derivative liabilities, (as calculated according to NSF30.8 and NSF30.9), report the positive difference between NSFR derivative assets and NSFR derivative liabilities.</p> | NSF30.23 , NSF30.24 and NSF30.32 (2) |
| 30 | <p>In the unweighted cell, report derivative liabilities as calculated according to NSF30.8, ie before deducting variation margin posted. There is no need to differentiate by maturities.</p> <p>In the weighted cell, report 20% of derivatives liabilities' unweighted value (subject to 100% RSF).</p> | NSF30.8 and NSF30.32 (4) |
| 31 | All other assets not included in the above categories. | NSF30.25 (4) and NSF30.32 (3) |
| 32 | Off-balance sheet items. | NSF30.33 and NSF30.34 |
| 33 | Total RSF is the sum of all weighted value in rows 15, 16, 17, 25, 26 and 32. | |
| 34 | Net Stable Funding Ratio (%), as stated NSF20 . | NSF20.2 |

DIS99

Worked examples

This chapter provides worked examples of how to complete Template CR3, Template CCR5 and Template MR2.

Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.

Interpretation of the effective date - illustration

99.1 The following table illustrates the application of paragraph [DIS10.4](#) by specifying the first applicable fiscal period for disclosure requirements according to their frequency, using as example a bank with a fiscal year coinciding with the calendar year (case 1), a bank with a fiscal year ending in October of the same calendar year (case 2), and a bank with a fiscal year ending in March of the following calendar year (case 3).

(1) Banks with fiscal year from 1 January to 31 December:

- (a) The first fiscal quarter subject to quarterly disclosure requirements with an "effective as of" date of 1 January of a given year will be the first fiscal quarter, ending in 31 March of that calendar year. The first fiscal quarter subject to quarterly disclosure requirements with an "effective as of" date of 31 December of a given year will be the fourth fiscal quarter, ending in 31 December of that calendar year.
- (b) The first fiscal semester subject to semiannual disclosure requirements with an "effective as of" date of 1 January of a given year will be the first fiscal semester, ending in 31 June of that calendar year. The first fiscal semester subject to semiannual disclosure requirements with an "effective as of" date of 31 December of a given year will be the second fiscal semester, ending in 31 December of that calendar year.
- (c) The first fiscal year subject to annual disclosure requirements with an "effective as of" date of 1 January of a given year will be the fiscal year starting in 1 January of that calendar year. The first fiscal year subject to annual disclosure requirements with an "effective as of" date of 31 December of a given year will be the fiscal year ending in that same 31 December of that calendar year.

- (2) Banks with fiscal year from 1 November of the previous calendar year to 31 October:
- (a) The first fiscal quarter subject to quarterly disclosure requirements with an "effective as of" date of 1 January of a given year will be the first fiscal quarter, ending in 31 January of that calendar year. The first fiscal quarter subject to quarterly disclosure requirements with an "effective as of" date of 31 December of a given year will be the first fiscal quarter, ending in 31 January of the following calendar year.
 - (b) The first fiscal semester subject to semiannual disclosure requirements with an "effective as of" date of 1 January of a given year will be the first fiscal semester, ending in 31 April of that calendar year. The first fiscal semester subject to semiannual disclosure requirements with an "effective as of" date of 31 December of a given year will be the first fiscal semester, ending in 31 April of the following calendar year.
 - (c) The first fiscal year subject to annual disclosure requirements with an "effective as of" date of 1 January of a given year will be the fiscal year starting in 1 November of the previous calendar year. The first fiscal year subject to annual disclosure requirements with an "effective as of" date of 31 December of a given year will be the fiscal year ending in 31 October of the following calendar year.

- (3) Banks with fiscal year from 1 April to 31 March of the next calendar year:
- (a) The first fiscal quarter subject to quarterly disclosure requirements with an "effective as of" date of 1 January of a given year will be the fourth fiscal quarter, ending in 31 March of that calendar year. The first fiscal quarter subject to quarterly disclosure requirements with an "effective as of" date of 31 December of a given year will be the third fiscal quarter, ending in 31 December of that calendar year.
 - (b) The first fiscal semester subject to semiannual disclosure requirements with an "effective as of" date of 1 January of a given year will be the second fiscal semester, ending in 31 March of that calendar year. The first fiscal semester subject to semiannual disclosure requirements with an "effective as of" date of 31 December of a given year will be the second fiscal semester, ending in 31 March of the following calendar year.
 - (c) The first fiscal year subject to annual disclosure requirements with an "effective as of" date of 1 January of a given year will be the fiscal year starting in 1 April of the previous calendar year. The first fiscal year subject to annual disclosure requirements with an "effective as of" date of 31 December of a given year will be the fiscal year ending in 31 March of the following calendar year.

Template CR3 – illustration

99.2 The following scenarios illustrate how Template CR3 should be completed.

| | | a | b | c | d | e |
|-------|---|--------------------------------------|-------------------------|---------------------------------|---|---|
| | | Unsecured exposures: carrying amount | Exposures to be secured | Exposures secured by collateral | Exposures secured by financial guarantees | Exposures secured by credit derivatives |
| (i) | One secured loan of 100 with collateral of 120 (after haircut) and guarantees of 50 (after haircut), if bank expects that guarantee would be extinguished first | 0 | 100 | 50 | 50 | 0 |
| (ii) | One secured loan of 100 with collateral of 120 (after haircut) and guarantees of 50 (after haircut), if bank expects that collateral would be extinguished first | 0 | 100 | 100 | 0 | 0 |
| (iii) | Secured exposure of 100 partially secured: 50 by collateral (after haircut), 30 by financial guarantee (after haircut), none by credit derivatives | 0 | 100 | 50 | 30 | 0 |
| (iv) | One unsecured loan of 20 and one secured loan of 80. The secured loan is over-collateralised: 60 by collateral (after haircut), 90 by guarantee (after haircut), none by credit derivatives. If bank expects that collateral would be extinguished first. | 20 | 80 | 60 | 20 | 0 |
| | One unsecured loan of 20 and one secured loan of 80. | | | | | |

| | | | | | | |
|-----|--|----|----|----|----|---|
| (v) | The secured loan is under-collateralised: 50 by collateral (after haircut), 20 by guarantee (after haircut), none by credit derivatives. | 20 | 80 | 50 | 20 | 0 |
|-----|--|----|----|----|----|---|

Definitions

Exposures unsecured- carrying amount: carrying amount of exposures (net of allowances /impairments) that do not benefit from a credit risk mitigation technique.

Exposures to be secured: carrying amount of exposures which have at least one credit risk mitigation mechanism (collateral, financial guarantees, credit derivatives) associated with them. The allocation of the carrying amount of multi-secured exposures to their different credit risk mitigation mechanisms is made by order of priority, starting with the credit risk mitigation mechanism expected to be called first in the event of loss, and within the limits of the carrying amount of the secured exposures.

Exposures secured by collateral: carrying amount of exposures (net of allowances /impairments) partly or totally secured by collateral. In case an exposure is secured by collateral and other credit risk mitigation mechanism(s), the carrying amount of the exposures secured by collateral is the remaining share of the exposure secured by collateral after consideration of the shares of the exposure already secured by other mitigation mechanisms expected to be called beforehand in the event of a loss, without considering overcollateralisation.

Exposures secured by financial guarantees: carrying amount of exposures (net of allowances /impairments) partly or totally secured by financial guarantees. In case an exposure is secured by financial guarantees and other credit risk mitigation mechanism, the carrying amount of the exposure secured by financial guarantees is the remaining share of the exposure secured by financial guarantees after consideration of the shares of the exposure already secured by other mitigation mechanisms expected to be called beforehand in the event of a loss, without considering overcollateralisation.

Exposures secured by credit derivatives: carrying amount of exposures (net of allowances /impairments) partly or totally secured by credit derivatives. In case an exposure is secured by credit derivatives and other credit risk mitigation mechanism(s), the carrying amount of the exposure secured by credit derivatives is the remaining share of the exposure secured by credit derivatives after consideration of the shares of the exposure already secured by other mitigation mechanisms expected to be called beforehand in the event of a loss, without considering overcollateralisation.

Template CCR5 - illustration

99.3 The case below illustrates the cash and security legs of two securities lending transactions in Template CCR5:

- (1) Repo on foreign sovereign debt with \$50 cash received and \$55 collateral posted
- (2) Reverse repo on domestic sovereign debt with \$80 cash paid and \$90 collateral received

| | e | f |
|--------------------------|---|---------------------------------|
| | Collateral used in securities financing transactions (SFTs) | |
| | Fair value of collateral received | Fair value of posted collateral |
| Cash - domestic currency | | 80 |
| Cash - other currencies | 50 | |
| Domestic sovereign debt | 90 | |
| Other sovereign debt | | 55 |
| - | | |
| Total | 140 | 135 |

Template MR2 – illustration

99.4 The table below shows how for Template MR2, the bank may add an additional row for regulatory adjustment in order to provide the reconciliation required as well as the key drivers' amounts, if the derived risk-weighted assets (RWA) from the capital requirement is calculated from the 60-day average.

| | | a | b | c | d |
|----|--|---------------------------------------|---------------------------------------|---------------------------------------|------------------|
| | | Value-at-risk (VaR) | VaR | VaR | VaR |
| | | Case 1 | Case 2 | Case 3 | Case 4 |
| 1 | RWA at previous quarter-end | 60-day average | End-of-day value | 60-day average | End-of-day value |
| a | Regulatory adjustment | Δ 60-day average/end of period | | Δ 60-day average/end of period | |
| b | RWA at previous quarter-end (end of day) | End-of-day value | | End-of-day value | |
| 2 | Movement in risk levels | | | | |
| 3 | Model updates/changes | | | | |
| 4 | Methodology and policy | | | | |
| 5 | Acquisitions and disposals | | | | |
| 6 | Foreign exchange movement | | | | |
| 7 | Others | | | | |
| 8a | <i>RWA at end of reporting period (end of day)</i> | End-of-day value | End-of-day value | | |
| 8b | Regulatory adjustment | Δ 60-day average/end of period | Δ 60-day average/end of period | | |
| 8c | RWA at end of reporting period | 60-day average | 60-day average | End-of-day value | End-of-day value |