Basel Committee
on Banking Supervision

Standards

Revised Pillar 3 disclosure requirements

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Introduction

1. Market discipline has long been recognised as a key objective[1] of the Basel Committee on Banking Supervision (hereafter the "Committee" or "BCBS"). 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.

2. The revised Pillar 3 disclosures in this document focus on regulatory measures defined in Pillar 1 of the Basel framework, which requires banks to adopt specified approaches for measuring credit, market and operational risks and their associated resulting risk-weighted assets (RWA) and capital requirements. In some instances, Pillar 3 also requires supplementary information to be disclosed to improve the understanding of underlying risks. The Committee continues to believe that a common disclosure framework based around Pillar 1 is an effective means of informing the market and allowing market participants to take informed investment decisions. However, in the wake of the 2007–09 financial crisis, it became apparent that the existing Pillar 3 framework, even after its market risk and securitisation parts were enhanced in July 2009,[2] failed to promote the identification of a bank's material risks and did not provide sufficient, and sufficiently comparable, information to enable market participants to assess a bank's overall capital adequacy and to compare it with its peers. The revised Pillar 3 disclosure requirements in this document are based on an extensive review of Pillar 3 reports, outreach with market participants and a consultation process extending from June to October 2014.[3]

3. A key goal of the revised Pillar 3 disclosures is to improve comparability and consistency of disclosures. To this end, the document introduces harmonised templates. However, it is recognised that a balance needs to be struck between the use of mandatory templates that promote consistency of reporting and comparability across banks, and the need to allow senior management sufficient flexibility to provide commentary on a bank's specific risk profile. For this reason, the revised disclosure regime introduces a "hierarchy" of disclosures; prescriptive fixed form templates are used for quantitative information that is considered essential for the analysis of a bank's regulatory capital requirements, and templates with a more flexible format are proposed for information which is considered meaningful to the market but not central to the analysis of a bank's regulatory capital adequacy. In addition, senior management may accompany the disclosure requirements in each template with a qualitative commentary that explains a bank's particular circumstances and risk profile.

1 See, for instance, BCBS, November 1995, *Public disclosure of the trading and derivatives activities of banks and securities firms*, accessible at http://www.bis.org/publ/bcbs21.htm.

2 Pillar 3 was issued in 2004 and subsequently revised in 2006 -*Basel II: International Convergence of Capital Measurement and Capital Standards: A Revised Framework - Comprehensive Version*- and in July 2009 -*Enhancements to the Basel II framework* and *Revisions to the Basel II market risk framework.* The Basel II text is referred to as the Basel framework in this document. See Annex II for references and access web links.

3 See BCBS, June 2014, *Consultative Document – Review of the Pillar 3 disclosure requirements*, accessible at http://www.bis.org/publ/bcbs286.htm.

Part 1: Guide for disclosure of Pillar 3 information

I. Scope and implementation of the revised Pillar 3 framework

Scope of application

4. The revised disclosure requirements presented in this document supersede the existing Pillar 3 disclosure requirements issued in 2004, including the amendments made in July 2009.[4] These revised requirements are an integral part of the Basel framework and they complement other disclosure requirements issued separately by the Committee, which are listed in Annex II to this document. Pillar 3 applies to internationally active banks at the top consolidated level.[5]

Implementation date

5. Authorities will enforce the disclosure requirements in this document from end-2016 (ie banks will be required to publish their first Pillar 3 report under the revised framework concurrently with their year-end 2016 financial report). The Committee encourages early adoption by individual jurisdictions.

Reporting location

6. 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 paragraphs 20–22 below. 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 (ie quarterly, semi-annual or annual) relating to prior reporting periods.

Frequency and timing of disclosures

7. The reporting frequencies for each disclosure requirement are set out in the schedule in paragraph 26 below. The frequencies vary between quarterly, semiannual and annual reporting depending upon the nature of the specific disclosure requirement.

8. 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 and/or semiannual basis must be available within five weeks after the end of the relevant quarter or semester).

Assurance of Pillar 3 data

9. 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

[4] See footnote 2 above.

[5] See paragraphs 20, 21 and 22 of the Basel framework.

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. 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

11. The Committee believes that the disclosure requirements set out below 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.

II. Guiding principles for banks' Pillar 3 disclosures

12. 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.

13. The principles are as follows:

Principle 1: Disclosures should be clear

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

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.

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.

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

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

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

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.

III. Presentation of the disclosure requirements

Templates and tables

14. The disclosure requirements are presented either in the form of templates or of 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.

15. In line with Principle 3 above, 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.[6] 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 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 RWAs those portfolios represent.

Templates with a fixed format

16. Where the format of a template is described as fixed, banks must complete the fields in accordance with the instructions given.

17. 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

[6] See scope of application field of CRD, CR4, CR5, CRE, CR9, CCR3, CCR4, MRB, MR1 and MR4.

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.

Templates/tables with a flexible format

18. 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.

19. However, where 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).

Signposting

20. 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 paragraph 21 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:

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

21. 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:

- 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 comparisons with information provided by banks disclosing the fixed format templates;
- the information contained in the signposted document is based on the same scope of consolidation as the one used in the disclosure requirement;
- the disclosure in the signposted document is mandatory; and
- 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.

22. 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

23. 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.

24. 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.

25. 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.

IV. Format and reporting frequency of each disclosure requirement

26. The schedule below presents a summary of the disclosure requirements, whether they are required in a fixed or flexible format. It also lists the publishing frequency associated with each template and table:

	Tables and templates*	Fixed format	Flexible format	Quarterly	Semi-annually	Annually
Part 2 – Overview of risk management and RWA	OVA – Bank risk management approach		✓			✓
	OV1 – Overview of RWA	✓		✓		
Part 3 – Linkages between financial statements and regulatory exposures	LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories		✓			✓
	LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements		✓			✓
	LIA – Explanations of differences between accounting and regulatory exposure amounts		✓			✓
Part 4 – Credit risk	CRA – General information about credit risk		✓			✓
	CR1 – Credit quality of assets	✓			✓	
	CR2 – Changes in stock of defaulted loans and debt securities	✓			✓	
	CRB – Additional disclosure related to the credit quality of assets		✓			✓
	CRC – Qualitative disclosure requirements related to credit risk mitigation techniques		✓			✓
	CR3 – Credit risk mitigation techniques – overview	✓			✓	
	CRD – Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk		✓			✓
	CR4 – Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects	✓			✓	
	CR5 – Standardised approach – exposures by asset classes and risk weights	✓			✓	
	CRE – Qualitative disclosures related to IRB models		✓			✓
	CR6 – IRB - Credit risk exposures by portfolio and PD range	✓			✓	
	CR7 – IRB – Effect on RWA of credit derivatives used as CRM techniques	✓			✓	
	CR8 – RWA flow statements of credit risk exposures under IRB	✓		✓		
	CR9 – IRB – Backtesting of probability of default (PD) per portfolio		✓			✓
	CR10 – IRB (specialised lending and equities under the simple risk weight method)		✓		✓	
Part 5 – Counterparty credit risk	CCRA – Qualitative disclosure related to counterparty credit risk		✓			✓
	CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach	✓			✓	
	CCR2 – Credit valuation adjustment (CVA) capital charge	✓			✓	
	CCR3 – Standardised approach of CCR exposures by regulatory portfolio and risk weights	✓			✓	
	CCR4 – IRB – CCR exposures by portfolio and PD scale	✓			✓	

	Tables and templates*	Fixed format	Flexible format	Quarterly	Semi-annually	Annually
	CCR5 – Composition of collateral for CCR exposure		✓		✓	
	CCR6 – Credit derivatives exposures		✓		✓	
	CCR7 – RWA flow statements of CCR exposures under the Internal Model Method (IMM)	✓		✓		
	CCR8 – Exposures to central counterparties	✓			✓	
Part 6 – Securitisation	SECA – Qualitative disclosure requirements related to securitisation exposures		✓			✓
	SEC1 – Securitisation exposures in the banking book		✓		✓	
	SEC2 – Securitisation exposures in the trading book		✓		✓	
	SEC3 – Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor	✓			✓	
	SEC4 – Securitisation exposures in the banking book and associated capital requirements – bank acting as investor	✓			✓	
Part 7 – Market risk	MRA – Qualitative disclosure requirements related to market risk		✓			✓
	MRB – Qualitative disclosures for banks using the Internal Models Approach (IMA)		✓			✓
	MR1 – Market risk under standardised approach	✓			✓	
	MR2 – RWA flow statements of market risk exposures under an IMA	✓		✓		
	MR3 – IMA values for trading portfolios	✓			✓	
	MR4 – Comparison of VaR estimates with gains/losses		✓		✓	
		20	20	4	22	14

*The shaded rows refer to tables (mostly for qualitative information) (11 in total) and the unshaded rows are templates (for quantitative information) (29 in total).

Part 2: Overview of risk management and RWA

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.[7]
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.

7 Throughout this document, "All banks" in the scope of application fields is used to refer to all banks subjected to Pillar 3 of the Basel framework, in accordance with paragraph 4 on scope of application above.

Template OV1: Overview of RWA

Purpose: Provide an overview of total RWA forming the denominator of the risk-based capital requirements. Further breakdowns of RWAs 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.
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 IMM for its equity exposures under the market-based approach, 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) (CCR)			
2	Of which standardised approach (SA)			
3	Of which internal rating-based (IRB) approach			
4	Counterparty credit risk			
5	Of which standardised approach for counterparty credit risk (SA-CCR)			
6	Of which internal model method (IMM)			
7	Equity positions in banking book under market-based approach			
8	Equity investments in funds – look-through approach			
9	Equity investments in funds – mandate-based approach			
10	Equity investments in funds – fall-back approach			
11	Settlement risk			
12	Securitisation exposures in banking book			
13	Of which IRB ratings-based approach (RBA)			
14	Of which IRB Supervisory Formula Approach (SFA)			
15	Of which SA/simplified supervisory formula approach (SSFA)			
16	Market risk			
17	Of which standardised approach (SA)			
18	Of which internal model approaches (IMM)			
19	Operational risk			
20	Of which Basic Indicator Approach			
21	Of which Standardised Approach			
22	Of which Advanced Measurement Approach			
23	Amounts below the thresholds for deduction (subject to 250% risk weight)			
24	Floor adjustment			
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)			

Definitions

RWA: risk-weighted assets according to the Basel framework and as reported in accordance with the subsequent parts of this document. 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 reporting report (ie at the end of the previous quarter).

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

Credit risk (excluding counterparty credit risk): RWA and capital requirements according to the credit risk framework reported in Part 4 ; it excludes all positions subject to the securitisation regulatory framework, including securitisation exposures in the banking book (which are reported in row 12) and capital requirements relating to a counterparty credit risk charge, which are reported in row 4.

Of which standardised approach: RWA and capital requirements according to the credit risk standardised approach.

Of which internal rating based approaches: RWA and capital requirements according to the credit risk internal-rating based (IRB) approaches (Foundation Internal Ratings-Based (FIRB) and Advanced Internal Ratings-Based (AIRB)).

Counterparty credit risk: RWA and capital charges according to the counterparty credit risk framework, as reported in Part 5.

Equity positions in the banking book under the market-based approach: the amounts in row 7 correspond to RWA where the bank applies the market-based approach (simple risk-weight approach) or internal models method (IMM) approach (described in paragraphs 343–349 of the Basel framework. Where the regulatory treatment of equities is in accordance with the market-based/simple risk-weight method, the corresponding RWA are included in template CR10 and in row 7 of this template. Where the regulatory treatment of equities in the banking book is in accordance with the PD/LGD approach, the corresponding RWA and capital requirements are reported in template CR6 (portfolio Equity PD/LGD) and included in row 3 of this template. Where the regulatory treatment of equities is in accordance with the standardised approach, the corresponding RWA are reported in template CR4 and included in row 2 of this template).

Equity investments in funds - look-through approach: RWA and capital requirements calculated in accordance with paragraphs 80(ii)–80(v) of the Basel framework as of 1 January 2017.[8] There is no corresponding template in this document.

Equity investments in funds – mandate-based approach: RWA and capital requirements calculated in accordance with paragraphs 80(vi) to 80(vii) of the Basel framework as of 1 January 2017.[9] There is no corresponding template in this document.

Equity investments in funds – fall-back approach: RWA and capital requirements calculated in accordance with paragraph 80(viii) of the Basel framework as of 1 January 2017.[10] There is no corresponding template in this document.

Settlement risk: the amounts correspond to the requirements in Annex 3 of the Basel framework and the third bullet point in paragraph 90 Basel III. There is no corresponding template in this document.

Securitisation exposures in banking book: the amounts correspond to capital requirements applicable to the securitisation exposures in the banking book (Part 6 of this document). The RWA amounts must be derived from the capital requirements (they do not systematically correspond to RWA reported in SEC3 and SEC4, which are before application of the cap).

Market risk: the amounts reported in row 16 correspond to the capital requirements in the market risk framework (Part 7 of this document). It also includes capital charges for securitisation positions booked in the trading book but excludes the counterparty credit risk capital charges (reported in Part 5 of this document and row 4 of this template).

Operational risk: the amounts correspond to requirements set out in Part 8 of this document and the corresponding Pillar 1 requirements in the Basel framework.

Amounts below the thresholds for deduction (subject to 250% risk-weight):[11] the amounts correspond to items subject to a 250% risk weight according to paragraph 89 of Basel III. It includes in particular 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.

Floor adjustment: this row must be used to disclose the impact of any Pillar 1 floor adjustment 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. Floor 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]

8 See revisions to the Basel framework published in BCBS, December 2013, *Capital requirements for banks' equity investments in funds*.

9 Ibid.

10 Ibid.

11 BCBS, December 2010 (rev June 2011), *Basel III: A global regulatory framework for more resilient banks and banking systems* (accessible at http://www.bis.org/publ/bcbs189.htm), hereafter referred to as Basel III.

Amount in [OV1:3/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 [OV1:4/a] is equal to the sum of [CCR1:6/f+CCR2:4/b+CCR8:1/b+CCR8:11/b].
Amount in [OV1:7/a] is equal to the sum of [CR10/Equities exposures Simple risk-weight approach/Total RWA] + the RWA corresponding to the internal model method for equity exposures in the banking book (paragraphs 346–349 of the Basel framework)
Amount in [OV1:12/c] is equal to the sum of [SEC3:1/n + SEC3:1/o + SEC3:1/p + SEC3:1/q] + [SEC4:1/n + SEC4:1/o + SEC4:1/p + SEC4:1/q]
Amount in [OV1:17/a] is equal to [MR1:9/a]
Amount in [OV1:18/a] is equal to [MR2:8/f]

Part 3: Linkages between financial statements and regulatory exposures

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 amounts reported in banks' financial statements (rows) correspond to regulatory risk categories. (note: the sum of amounts in columns (c)–(g) may not equal the amounts in column (b) as some items may be subject to regulatory capital charges in more than one risk category.)

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 LIA. Banks are expected to provide qualitative explanation on items that are subject to regulatory capital charges in more than one risk category.

	a	b	c	d	e	f	g
	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	Not subject to capital requirements or subject to deduction from capital
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 exactly the same, columns (a) and (b) should be merged.

The breakdown of regulatory categories (c) to (f) corresponds to the breakdown prescribed in the rest of the present document, ie column (c) corresponds to the carrying values of items other than off-balance sheet items reported in Part 4 below; column (d) corresponds to the carrying values of items other than off-balance sheet items reported in Part 5 below, column (e) corresponds to carrying values of items in the banking book other than off-balance sheet items reported in Part 6 below; and column (f) corresponds to the carrying values of items other than off-balance sheet items reported in Part 7 below.

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

Note: where a single item attracts capital charges according to more than one risk category framework, it should be reported in all columns that it attracts a capital charge. As a consequence, the sum of amounts in columns (c) to (g) may be greater than the amount in column (b).

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 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 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					
4	Off-balance sheet amounts					
5	*Differences in valuations*					
6	*Differences due to different netting rules, other than those already included in row 2*					
7	*Differences due to consideration of provisions*					
8	*Differences due to prudential filters*					
9	⋮					
10	**Exposure amounts considered for regulatory purposes**					

Instructions

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

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) to (e).

The breakdown of columns in regulatory risk categories (b) to (e) corresponds to the breakdown prescribed in the rest of the document, ie column (b) credit risk corresponds to the exposures reported in Part 4 below, column (c) corresponds to the exposures reported in Part 5 below, column (d) corresponds to exposures reported in Part 6 below, and column (e) corresponds to the exposures reported in Part 7 below.

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 credit risk standardised approach (see paragraphs 50–89 of the Basel framework) or to the exposures at default (EAD) in the credit risk – Internal Rating Based Approach (see paragraph 308 of the Basel framework); securitisation exposures should be defined as in the securitisation framework (see paragraphs 4 and 5 of the securitisation framework;[12] counterparty credit exposures are defined as the exposure at default considered for counterparty credit risk purposes (see Annex 4 of the Basel framework); and market risk exposures correspond to positions subject to the market risk framework (see paragraph 683(i) of the Basel framework).

[12] See BCBS, Revisions to the securitisation framework, December 2014, accessible at http://www.bis.org/bcbs/publ/d303.pdf.

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 LI1) and amounts considered for regulatory purposes (as defined in 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 LI1.
(b)	Banks must explain the origins of differences between carrying values and amounts considered for regulatory purposes shown in LI2.
(c)	In accordance with the implementation of the guidance on prudent valuation,[13] banks must describe systems and controls to ensure that the valuation estimates are prudent and reliable. Disclosure must include: • 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).

[13] See paragraphs 690 to 701 of the Basel framework.

Part 4: Credit risk

The scope of the credit risk section includes items subject to the credit risk Basel framework in the strict sense, excluding:

- all positions subject to the securitisation regulatory framework, including those that are included in the banking book for regulatory purposes, which are reported in Part 6 of this document.[14]
- capital requirements relating to counterparty credit risk. These are dealt with in Part 5 of this document.[15]

I. General information about credit risk

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 template 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

[14] See paragraphs 538 to 643 and Annex 7 of the Basel framework, as well as revisions included in Basel 2.5 [*Enhancements to the Basel II framework*, *July 2009*, available at www.bis.org/publ/bcbs157.pdf] and the *Revisions to the securitisation framework* issued in December 2014 once it enters into force.

[15] See Basel framework Annex 4, and Basel III and *The standardised approach for measuring counterparty credit risk exposures* (accessible at http://www.bis.org/publ/bcbs279.htm).

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.
Content: Carrying values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation).[16]
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
		Gross carrying values of		Allowances/ impairments	Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		
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.

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

Allowances/impairments: total amount of impairments, 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.

Net values: Total gross value less allowances/impairments.

Linkages across templates

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

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

Amount in [CR1:4/a] is equal to [CR2:6/a]

[16] Subsequently in this document and unless stated otherwise, carrying values refer to values of items as they would be reported in financial statements but according to the scope of regulatory consolidation.

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.

Frequency: Semiannual.

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

Accompanying narrative: Banks are expected to 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.

		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.

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	
(a)	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.
(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 impairments.
(d)	The bank's own definition of a restructured exposure.
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 allowances and write-offs, 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.

II. Credit risk mitigation

Table CRC: Qualitative disclosure requirements related to credit risk mitigation techniques

Purpose: Provide qualitative information on the mitigation of credit risk.
Scope of application: The template 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.
(c)	Information about market or credit risk concentrations under the credit risk mitigation instruments used (ie by guarantor type, collateral and credit derivative providers).

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 SA or IRB approach is used for risk-weighted assets calculation.

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	f	g
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
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 secured by collateral: carrying amount of exposures (net of allowances/ impairments) partly or totally secured by collateral, regardless of what portion of the original exposure is secured.

Exposures secured by collateral – of which secured amount: amounts of the exposure portions, which are secured by collateral. Where the value of the collateral (meaning the amount that the collateral can be settled for) exceeds the value of the exposure, the bank must report the exposure amount (ie it does not report the over-collateralisation).

Exposures secured by financial guarantees: carrying amount of exposures (net of allowances/impairments) partly or totally secured by financial guarantees, regardless of what portion of the original exposure is guaranteed.

Exposures secured by financial guarantees – of which secured amount: amounts of the exposure portions, which are covered by the financial guarantee. Where the value of the guarantee (amount that can be obtained if the guarantee is called) is above the amount of the exposure, the bank must report the amount of the exposure, ie not to report the excess value.

Exposures secured by credit derivatives: carrying amount of exposures (net of allowances/ impairments) partly or totally secured by credit derivatives, regardless of what portion of the original exposure is secured.

Exposures secured by credit derivatives – of which secured amount: amounts of the exposure portions which are secured by the credit derivatives. Where the value of the credit derivative (amount that the credit derivative can be settled for) is above the amount of the exposure, the bank must report the amount of the exposure, ie not to report the excess value.

III. Credit risk under standardised approach

Table CRD: Qualitative disclosures 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 RWAs 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 paragraphs 99–101 of the Basel framework); 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 (CRM) 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 RWAs 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 paragraphs 79 and 80 of the Basel framework 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). From 1 January 2017 when the *Banks' equity investments in funds* framework[17] enters into force, corresponding requirements must not be reported in this template but only in OV1.

Other assets: refers to assets subject to specific risk weight as set out by paragraph 81 of the Basel framework and to significant investments in commercial entities that receive a 1250% risk weight according to paragraph 90 fourth bullet of Basel III.

Columns:

Exposures before credit conversion factors (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 RWAs 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 (PSEs)										
3	Multilateral development banks (MDBs)										
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 (both for on- and off-balance sheet amounts), therefore net of allowances and write-offs and after having applied CRM techniques and CCF but before the application of the relevant risk weights.

Past-due loans: past-due loans correspond to the unsecured portion of any loan past due for more than 90 days, as defined in paragraph 75 of the Basel framework.

Higher-risk categories: Banks must include in this row the exposures included in paragraphs 79 and 80 of the Basel framework that are not included in other regulatory portfolios (eg exposure weighted at 150% or higher risk weight reflecting the higher risks associated with these assets). Exposures reported in this row should not be reported in the rows above. From 1 January 2017 when the *Banks' equity investments in funds* framework enters into force, corresponding requirements must not be reported in this template but only in OV1.

Equity investments in funds: will become applicable from 1 January 2017 when the corresponding framework enters into force.

Other assets: refers to assets subject to specific risk weight set out by paragraph 81 of the Basel framework and to significant investment in commercial entities that receive a 1250% risk-weight according to paragraph 90, fourth bullet, of Basel III.

IV. Credit risk under internal risk-based approaches

Table CRE: Qualitative disclosures 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 AIRB or FIRB 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 RWAs 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)	For each of the portfolios, the bank must indicate the part of EAD within the group (in percentage of total EAD) covered by standardised, FIRB and AIRB approach and the part of portfolios that are involved in a roll-out plan.
(f)	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.
(g)	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); and where applicable: (ii) 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) credit conversion factors, 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 FIRB or the AIRB 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 FIRB and AIRB 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	EL	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 FIRB approach: (i) Sovereign; (ii) Banks; (iii) Corporate; (iv) Corporate – Specialised Lending; (v) Equity (PD/LGD methods described in paragraphs 350–358 of Basel II and paragraph 90, second bullet, of Basel III); (vi) Purchased receivables, and the following prudential portfolios for the AIRB approach: (i) Sovereign; (ii) Banks; (iii) Corporate; (iv) Corporate – Specialised Lending; (v) Equity (PD/LGD method as described in paragraphs 350–358 of Basel II and paragraph 90, second bullet, of Basel III); (vi) Retail – qualifying revolving (QRRE); (vii) Retail – Residential mortgage exposures; (viii) Retail – SME; (ix) Other retail exposures; (x) Purchased receivables. Information on FIRB and AIRB 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 preconversion 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 paragraphs 375–379 of the Basel framework;

Provisions: provisions calculated according to paragraph 380 of the Basel framework.

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 AIRB and/or FIRB 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 may supplement the template with a narrative commentary to explain the effect of credit derivatives on the bank's RWAs.

		a	b
		pre-credit derivatives RWA	Actual RWA
1	Sovereign – FIRB		
2	Sovereign – AIRB		
3	Banks – FIRB		
4	Banks – AIRB		
5	Corporate – FIRB		
6	Corporate – AIRB		
7	Specialised lending – FIRB		
8	Specialised lending – AIRB		
9	Retail – qualifying revolving (QRRE)		
10	Retail – residential mortgage exposures		
11	Retail –SME		
12	Other retail exposures		
13	Equity – FIRB		
14	Equity – AIRB		
15	Purchased receivables – FIRB		
16	Purchased receivables – AIRB		
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 risk-weighted assets (RWA) determined under an IRB approach.

Scope of application: The template is mandatory for banks using the AIRB and/or FIRB 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 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
		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 AIRB and/or FIRB approaches. Where a bank makes use of a FIRB approach for certain exposures and an AIRB 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 RWAs covered by the models for which backtesting results are shown here for each of the bank's regulatory portfolios.

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 FIRB 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 AIRB approach:

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

External rating equivalent: one column has to be filled in for each rating agency authorised for prudential purposes in the jurisdictions where the bank operates;

Weighted average PD: the same as reported in template CR6;

Arithmetic average PD by obligors: PD within range by number of obligor within the range;

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.

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	RW	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	RW	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 paragraphs 377–379 of the Basel framework.

PF: Project finance

OF: Object finance

CF: Commodities finance

IPRE: Income producing real estate

Part 5: Counterparty credit risk

The counterparty credit risk section includes all exposures in the banking book and trading book that are subject to a counterparty credit risk charge, including the CVA capital charges and charges applied to exposures to central counterparties (CCPs).[18]

Table CCRA: Qualitative disclosure related to counterparty credit risk

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

[18] The relevant sections of the Basel framework is in Annex 4 of the Basel framework, as amended and supplemented by:

- BCBS, December 2010 (rev June 2011), *Basel III: A global regulatory framework for more resilient banks and banking systems* (Basel III), accessible at http://www.bis.org/publ/bcbs189.htm);
- BCBS, July 2012, *Capital requirements for bank exposures to central counterparties* (interim rules), accessible at http://www.bis.org/publ/bcbs227.htm (until 31 December 2016).
- BCBS, March 2014, *The standardised approach for measuring counterparty credit risk exposures* (accessible at http://www.bis.org/publ/bcbs279.htm); and
- BCBS, April 2014, *Capital requirements for bank exposures to central counterparties - final standard.*

Template CCR1: Analysis of counterparty credit risk (CCR) exposure 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	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives) [19]				1.4		
2	Internal Model Method (for derivatives and SFTs)						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	VaR for SFTs						
6	**Total**						

Definitions

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 Current Exposure Method is described under the Basel framework, Annex 4, paragraph 92(i). The replacement cost under the standardised approach for measuring counterparty credit risk exposures is described in *The standardised approach for measuring counterparty credit risk exposures* (see footnote 18).

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 Current Exposure Method is described in Basel framework, Annex 4, paragraph 92(i). The potential future exposure for the standardised approach is described in *The standardised approach for measuring counterparty credit risk exposures*.

Effective Expected Positive Exposure (EEPE) 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 Annex 4, paragraph 2E).

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 paragraph 9 of Annex 4 (as supplemented by Basel III in paragraph 105) and specific wrong-way adjustments (see Annex 4, paragraph 58).

[19] Standardised approach (SA-CCR) for measuring exposure at default for counterparty credit risk will be applicable from 1 January 2017. Before it enters into force, banks should report in row 1 information corresponding to the Current Exposures Method and the Standardised Method which will become obsolete once the SA-CCR enters into force; see BCBS, March 2014, *The standardised approach for measuring counterparty credit risk exposures*, accessible at http://www.bis.org/publ/bcbs279.htm.

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 paragraphs 98–103 of Annex 4 of the Basel framework.

Standardised CVA capital charge: the amount of the standardised capital charge calculated according to paragraph 104 of Annex 4 of the Basel framework 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 paragraph 9 of Annex 4 of the Basel framework (as supplemented by Basel III in its paragraph 105) and of the specific wrong-way adjustments (see Annex 4, paragraph 58), 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 RWAs 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 period and the key drivers of such changes.

	a	b	c	d	e	f	g	h	i
Risk weight*,** / Regulatory portfolio*	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns									
Non-central government public sector entities (PSEs)									
Multilateral development banks (MDBs)									
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 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 AIRB or FIRB 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.

		a	b	c	d	e	f	g
	PD scale	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 FIRB approach: (i) Sovereign; (ii) Banks; (iii) Corporate; and the following prudential portfolios for the AIRB approach: (i) Sovereign; (ii) Banks; (iii) Corporate. The information on FIRB and AIRB 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 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;

RW density: Total risk-weighted assets 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 the counterparty credit risk 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 and whether or not the collateral is posted to a CCP.
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 to explain any significant changes 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

Segregated refers to collateral which is held in a bankruptcy-remote manner according to the description included in paragraphs 200–203 of the *Capital requirements for bank exposures to central counterparties*, April 2014.

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

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 Internal Model 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 Internal Model Method 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 FX 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 (once it becomes applicable, ie from 1 January 2017).
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 QCCPs (total)**		
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3	(i) 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 paragraphs 192–203 of *Capital requirements for bank exposures to central counterparties*, April 2014.

EAD post-CRM: exposure at default. The amount relevant for the capital requirements calculation, having applied CRM techniques, credit valuation adjustments according to paragraph 9 of Annex 4 of the Basel framework (as supplemented by Basel III, paragraph 105) and specific wrong-way adjustments (see Annex 4, paragraph 58).

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 CPSS-IOSCO *Principles for Financial Market Infrastructures*. See BCBS, *Capital requirements for bank exposures to central counterparties*, April 2014, 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.

Segregated refers to collateral which is held in a bankruptcy-remote manner according to the description included in paragraphs 200–203 of the *Capital requirements for bank exposures to central counterparties,* April 2014.

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

Part 6: Securitisation

The scope of the securitisation[20] section:

- covers all securitisation exposures[21] in Table SEC-A and in templates SEC1 and SEC2;
- focuses on banking book securitisation exposures subject to capital charges according to the securitisation framework in templates SEC 3 and SEC 4; and
- excludes capital charges related to securitisation positions in the trading book that are reported in Part 7 – Market risk.

Only securitisation exposures that meet the criteria for risk transfer recognition are disclosed in templates SEC3 and SEC4. 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.

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

[20] Unless stated otherwise, all terms used in this part are used consistently with the definitions in the Basel framework. A revised Credit risk - securitisation framework was issued in December 2014 (see BCBS, *Revisions to the securitisation framework*, 11 December 2014) and will come into effect in January 2018, whereas the present Revised Pillar 3 disclosure requirements will come into effect for 2016 year-end reports. For Pillar 3 reports issued from year-end 2016 to 2018, banks must refer to the applicable securitisation framework, ie to 538 to 643 and Annex 7 of the Basel framework; as well as revisions related to securitisation included in Basel 2.5. As of January 2018, banks must refer to the revised framework.

[21] 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 tranched cover as described in paragraph 199 of the Basel II framework. 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.

	entities, the type of risks assumed and the types of risks retained.
(b)	The bank must provide a list of: • special purpose entities (SPEs) where the bank acts as sponsor[22] (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; • 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; and • a list of entities to which the bank provides implicit support and the associated capital impact for each of them (as required in paragraphs 551 and 564 of the securitisation framework).
(c)	Summary of the bank's accounting policies for securitisation activities.[23]
(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.
(e)	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 ECAIs 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; and • the exposure type to which the internal assessment process is applied; and stress factors used for determining credit enhancement levels, by exposure type.[24]
(f)	Banks must describe the use of internal assessment other than for IAA capital purposes.

I. Quantitative disclosure - description of a bank's securitisation exposures

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.

22 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.

23 Where relevant, banks are expected to distinguish securitisation exposures from re-securitisation exposures.

24 For example, credit cards, home equity, auto, and securitisation exposures detailed by underlying exposure type and security type (eg RMBS, CMBS, ABS, CDOs) etc.

		a	b	c	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	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*" (see definition in footnote 22 above) 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	e	f	g	i	j	k
		Bank acts as originator			Bank acts as sponsor			Banks acts as investor		
		Traditional	Synthetic	Sub-total	Traditional	Synthetic	Sub-total	Traditional	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*" (see definition in footnote 22 above) 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 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.

II. Quantitative disclosure – calculation of capital requirements

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 values, risk-weighted assets and capital requirements. This template contains securitisation exposures only where the risk transference recognition criteria are met.
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 jurisdiction 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	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA	IRB SFA	SA/SSFA	1250%
1	**Total exposures**																	
2	Traditional securitisation																	
3	Of which securitisation																	
4	Of which retail underlying																	
5	Of which wholesale																	
6	Of which re-securitisation																	
7	Of which senior																	
8	Of which non-senior																	
9	Synthetic securitisation																	
10	Of which securitisation																	
11	Of which retail underlying																	
12	Of which wholesale																	
13	Of which re-securitisation																	

14	Of which senior																	
15	Of which non-senior																	

Definitions

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

Columns (f) to (q) correspond to regulatory approach used. SA method covers both RBA and "look-through" approach to senior exposures (paragraphs 566–605 of the Basel framework). Banks that are in jurisdictions that do not use credit ratings in their rules must report the amount under the alternative ("SSFA") to credit rating approach used.

Columns (e), (i), (m) and (q) refer to items subject to a 1250% risk weight according to paragraph 90, first bullet point, of Basel III.

Capital charge after cap refers to capital charge after application of the cap as described in paragraphs 594 and 610 of the securitisation framework

Of note, after entering into force of the revised securitisation framework in January 2018, the following replacements should be made:

IRB RBA (including IAA) columns should be used for IRBA (and the column headers modified accordingly).

IRB SFA columns should be used for ERBA and IAA (and the column headers modified accordingly).

SA/SSFA columns should be used for SA (and the column headers modified accordingly).

1250% columns will also be used for items subject to 1250% due to inability of the bank concerned to apply the IRBA, ERBA, IAA or SA to the items (see paragraph 42 of the revised securitisation framework).

Capital charge after cap will refer to capital charge after application of the cap as described in paragraphs 88–93 of the revised securitisation framework.

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 values, risk-weighted assets and capital requirements. This template contains securitisation exposures only where the risk transference recognition criteria are met.

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 jurisdiction 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	p	q
		Exposure values (by RW bands)					Exposure values (by regulatory approach)				RWA (by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%	IRB RBA (including IAA)	IRB SFA	SA/SSFA	1250%
1	**Total exposures**																	
2	Traditional securitisation																	
3	Of which securitisation																	
4	Of which retail underlying																	
5	Of which wholesale																	
6	Of which re-securitisation																	
7	Of which senior																	
8	Of which non-senior																	
9	Synthetic securitisation																	
10	Of which securitisation																	
11	Of which retail underlying																	
12	Of which wholesale																	
13	Of which re-securitisation																	
14	Of which senior																	
15	Of which non-senior																	

Definitions

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

Columns (f) to (q) correspond to regulatory approach used. SA method covers both RBA and "look-through" approach (paragraphs 566–605 of the Basel framework). Banks that are in jurisdictions that do not use credit ratings in their rules must report the amount under the alternative ("SSFA") to credit rating approach used.

Columns (e), (i), (m) and (q) refer to items subject to a 1250% risk-weight according to paragraph 90, first bullet point, of Basel III.

Capital charge after cap refers to capital charge after application of the cap as described in paragraphs 594 and 610 of the securitisation framework.

Of note, after entering into force of the revised securitisation framework in January 2018, the following replacements should be made:

IRB RBA (including IAA) columns should be used for IRBA (and the column headers modified accordingly).

IRB SFA columns should be used for ERBA and IAA (and the column headers modified accordingly).

SA/SSFA columns should be used for SA (and the column headers modified accordingly).

1250% columns will also be used for items subject to 1250% due to inability of the bank concerned to apply the IRBA, ERBA, IAA or SA to the items (see paragraph 42 of the revised securitisation framework).

Capital charge after cap will refer to capital charge after application of the cap as described in paragraphs 88–93 of the revised securitisation framework.

Part 7: Market risk

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.[25] 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 Part 5 – Counterparty credit risk.

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 paragraph 683(i) of the Basel framework.
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.
(c)	Scope and nature of risk reporting and/or measurement systems.

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, stressed VaR, IRC, CRM) 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, stressed VaR, IRC, Comprehensive Risk Measure).
Content: Qualitative information.
Frequency: Annually.
Format: Flexible.

25 See paragraphs 683 (i) to (v) of the Basel framework.

(B) 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 stressed VaR models. Where applicable, banks must also describe the main activities and risks not included in VaR/stressed VaR 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/stressed VaR) is used for all entities with market risk exposure.
(c)	General description of the models (VaR/stressed VaR).
(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 stressed VaR models.
(e)	For VaR models, banks must specify:
(e) (i)	Data updating frequency;
(e) (ii)	Length of the data period that is used to calibrate the model. Describe the weighting scheme that is used (if any);
(e) (iii)	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.
(e) (iv)	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?)
(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.

(C) 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 paragraph 718(xciii) of the Basel framework);[26]
(d)	Approach used in the validation of the models.

[26] See *Revisions to the Basel II market risk framework* accessible at http://www.bis.org/publ/bcbs158.htm.

(D) 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) (i)	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) (ii)	Information used to calibrate the parameters of the base correlation: LGD pricing of the tranches (constant or stochastic);
(a) (iii)	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);
(b)	Approach used to determine liquidity horizons;
(c)	Methodology used to achieve a capital assessment that is consistent with the required soundness standard;
(d)	Approach used in the validation of the models.

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 RWAs 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**	

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.

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	Stressed VaR	IRC	CRM	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 driven by 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 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 CRM:* 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/CRM. 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	
Stressed VaR (10 day 99%)		
5	Maximum value	
6	Average value	
7	Minimum value	
8	Period end	
Incremental Risk Charge (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)	

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).

Stressed VaR 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 the standardised measurement method (paragraph 718(xcv) of the *Revisions to the Basel II market risk framework* as modified by the 18 June 2010 adjustment, www.bis.org/press/p100618.htm).

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 Annex 10a part II of the Basel framework.

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.

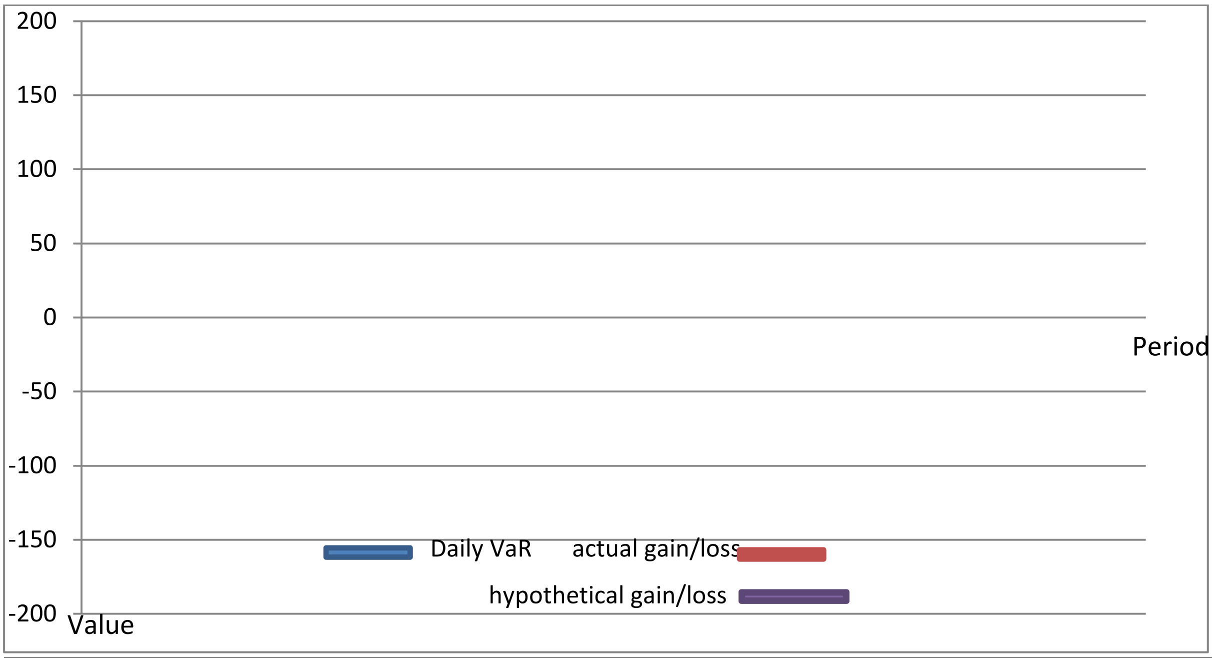
Frequency: Semiannual.

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 P&L and hypothetical P&L (developed in accordance with paragraphs 18 to 20 of Annex 10a part II of the Basel framework).

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.



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.

Part 8: Operational risk *(unchanged)*

Operational risk

Qualitative disclosures	(a)	In addition to the general qualitative disclosure requirement (paragraph 824), the approach(es) for operational risk capital assessment for which the bank qualifies.
	(b)	Description of the advanced measurement approaches for operational risk (AMA), 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 AMA, 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.

Part 9: Interest rate risk in the banking book *(unchanged)*

Interest rate risk in the banking book (IRRBB)

Qualitative disclosures	(a)	The general qualitative disclosure requirement (paragraph 824), including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behaviour of non-maturity deposits, and frequency of IRRBB measurement.
Quantitative disclosures	(b)	The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).

Annex I

Abbreviations

ABCP	Asset-backed commercial paper
AIRB	Advanced IRB
AMA	Advanced measurement approaches
CCF	Credit conversion factor
CCP	Central counterparty
CCR	Counterparty credit risk
CR	Credit risk
CRM	Credit risk mitigation
CVA	Credit valuation adjustment
EAD	Exposure at default
ECA	Export credit agency
ECAI	External credit assessment institution
EL	Expected loss
ERBA	External Ratings Based Approach
FIRB	Foundation IRB
HVCRE	High-volatility commercial real estate
IAA	Internal assessment approach
IMM	Internal Models Method
IPRE	Income-producing real estate
IRB	Internal ratings-based
IRBA	Internal ratings-based advanced approach
IRBF	Internal ratings-based foundation approach
IRC	Incremental risk charge
LGD	Loss-given-default
MDB	Multilateral development bank
MR	Market risk
OF	Object finance
PD	Probability of default
PF	Project finance
PSE	Public sector entity
QCCP	Qualifying central counterparty
QRRE	Qualifying revolving retail exposures
RBA	Ratings-based approach
RWA	Risk-weighted assets
SA	Standardised approach
SEC	Securitisations
SFA	Supervisory formula approach
SL	Specialised lending
SME	Small- and medium-sized enterprises
SPE	Special purpose entity
SSFA	Simplified supervisory formula approach

Annex II

BCBS disclosure publications superseded by this document and remaining in force

Previous BCBS publications whose disclosure parts are superseded by this document

- *Basel II: International Convergence of Capital Measurement and Capital Standards: A Revised Framework – Comprehensive Version*,[27] June 2006 – part IV – Market discipline – paragraphs 808–826 are superseded by this document
- *Enhancements to the Basel II framework*,[28] July 2009 – part *Revisions to Pillar 3 (Market discipline)* is superseded by this document
- *Revisions to the Basel II market risk framework*,[29] July 2009 – paragraph 23 is superseded by this document

Other BCBS disclosure publications remaining in force (not superseded by this document)

- *Pillar 3 disclosure requirements for remuneration, (July 2011);*[30]
- *Composition of capital disclosure requirements (June 2012);*[31]
- *Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement (July 2013);*[32]
- *Liquidity coverage ratio disclosure standards (January 2014);*[33] and
- *Basel III leverage ratio framework and disclosure requirements (January 2014).*[34]

27 Accessible at http://www.bis.org/publ/bcbs128.htm.

28 Accessible at http://www.bis.org/publ/bcbs157.htm.

29 Accessible at http://www.bis.org/publ/bcbs158.htm.

30 Accessible at http://www.bis.org/publ/bcbs197.htm.

31 Accessible at http://www.bis.org/publ/bcbs221.htm.

32 Accessible at http://www.bis.org/publ/bcbs255.htm.

33 Accessible at http://www.bis.org/publ/bcbs272.htm.

34 Accessible at http://www.bis.org/publ/bcbs270.htm.