# Market Discipline Disclosure Requirements (Pillar 3)

## Rules and Guidelines

1 September 2021

CAYMAN ISLANDS MONETARY AUTHORITY

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# List of Acronyms

| Acronyms | Definition |
|---|---|
| **ABCP** | Asset-backed Commercial Paper |
| **BCBS** | Basel Committee on Banking Supervision |
| **BTCL** | Banks and Trust Companies Law |
| **CCF** | Credit Conversion Factor |
| **CCP** | Central Counterparties |
| **CCR** | Counterparty Credit Risk |
| **CIMA** | Cayman Islands Monetary Authority |
| **CRM** | Credit Risk Mitigation |
| **EAD** | Exposure at Default |
| **ECAI** | External Credit Assessment Institution |
| **IRRBB** | Interest Rate Risk in the Banking Book |
| **LCR** | Liquidity Coverage Ratio |
| **NSFR** | Net Stable Funding Ratio |
| **RWA** | Risk Weighted Assets |
| **SFT** | Security Financing Transaction |
| **SPE** | Special Purpose Entity |

## SCOPE OF APPLICATION

1. The disclosure requirements included in this document apply to all banks incorporated in the Cayman Islands and regulated by the Cayman Islands Monetary Authority ("CIMA"/ the "Authority") under the Banks and Trust Companies Law ("BTCL") as may be amended from time to time (herein after referred to as "bank(s)"), unless an exemption is granted by the Authority. Exemptions will be granted at the sole discretion of the Authority.

2. A banking group means "Cayman banking group", in relation to a licensee, as defined in the BTCL (as amended).

3. Any reference to banks also includes reference to a bank's holding company in respect of all the entities in the Cayman banking group on a consolidated basis.

4. Additionally, unless otherwise stated as recommendations, all contents of this document are requirements that applicable banks must comply with.

## INTRODUCTION

5. This document implements the disclosure requirements of Pillar 3 under the Basel II framework ("Pillar 3")[1] by summarising the applicable requirements outlined in the following documents issued by the Basel Committee on Banking Supervision ("BCBS"):

   (a) *"Pillar 3 disclosure requirements – updated framework"* issued in December 2018;
   (b) *"Pillar 3 disclosure requirements – consolidated and enhanced framework"* issued in March 2017;
   (c) "*Revised Pillar 3 disclosure requirements*" issued in January 2015;
   (d) *"Pillar 3 disclosure requirements for remuneration*" issued in July 2011;
   (e) "*International Convergence of Capital Measurement and Capital Standards – A Revised Framework*" (i.e. Basel II) issued in June 2004;

6. The implementation of Pillar 3 marks the promotion of market discipline amongst banks by increasing transparency. Increased transparency allows for independent and timely scrutiny by stakeholders (i.e. investors, analysts, financial customers and other market participants). In turn, the bank's board of directors (the "board") and senior management are aligned with the interests of stakeholders due to periodic monitoring. Furthermore, it encourages the strengthening of core business practices that mitigate the bank's exposures to risks in addition to the level of capitalisation.

7. Stakeholders influence the behaviour of the bank and discourage the bank's decision-makers from engaging in activities which may result in exposure to undue risk that undermine their interests.

8. The Pillar 3 disclosures will also improve comparability and consistency of disclosures between banks. The use of a common framework will introduce the ability of market participants to engage in meaningful comparisons between banks.

[1] Disclosure table and templates derived from the Basel's Pillar 3 disclosure requirements issued in (a)-(e) above and interpreted using the CIMA-issued measure: "Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar 1)" (February 2010).

9. In order to highlight the Authority's disclosure rules within the compendium, a rule is written in light blue and designated with the letter "R" in the right margin.

## GENERAL CONSIDERATIONS

10. The provision of meaningful information about common key risk metrics to market participants is a fundamental tenet of a sound banking system. 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. This information should be made publicly accessible and efforts put forward to centralize the relevant data. In the event the bank holding company or parent bank conforms to the Basel II standards in its home country, where requirements differ from those of the Authority the bank is to make additional disclosures for the entity under the scope of application of this measure and ensure this information is easily accessible. As this information will be relied upon by stakeholders and will also be subject to sufficient scrutiny, management should engage in prudent validation.

11. In efforts to avoid conflict with requirements under accounting standards, the Authority will aim to align the disclosure requirements to widely accepted accounting standards. The content of disclosure requirements is founded on the concept of materiality. In this regard, the Authority will align with Basel II which defines information as material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions.

12. Banks must publish their Pillar 3 disclosure reports as standalone documents and ensure that the disclosures, for the bank within the scope of application, are clearly identifiable and readily available to its users. Banks must, at a minimum, publish the Pillar 3 disclosure reports on their websites. The Authority, at its sole discretion, may require a bank to make the disclosures available through other means in addition to the website. Banks must also make available on their websites an archive of past Pillar 3 disclosure reports as per the regulatory laws and measures issued by the Authority pertaining to record retention. Where the Authority has determined that the Pillar 3 disclosures are not easily identifiable or accessible, the Authority may direct a bank to make the necessary adjustments. R R

13. Banks are required to publish annual Pillar 3 disclosure reports concurrently with audited financial statements. For disclosures that are required to be reported more frequently than annually, banks must publish these disclosures within three months of the end of the period. The Pillar 3 disclosure reports may be appended to, or form a discrete section of, a bank's financial reporting, but must be easily identifiable to users. R

14. Banks must notify the Authority when it has published its Pillar 3 disclosure reports. R

15. The reporting frequency for each disclosure requirement is set out in the table in paragraph 34. The frequencies vary between quarterly, semi-annual and annual reporting depending upon the specific disclosure requirement and the type of bank. All applicable banks are required to make disclosures annually unless otherwise instructed by the Authority within the scope of these rules and guidelines. The decision on frequency of disclosures of individual banks is at the sole discretion of the Authority. R

16. The reporting frequency for applicable banks will be based on the grouping assigned by the Authority. Banks that are assigned to Group (a) will report using the required frequencies as outlined in the table under paragraph 35, that is quarterly, semi-annually or annually. Group (a) banks will be notified by the Authority of their designations. All other banks to which these rules and guidelines are applicable will be designated under Group (b) and will report annually. The Authority, at its discretion, may change the grouping of banks and would notify these entities accordingly. R

## GUIDING PRINCIPLES

17. Pillar 3 aims to promote market discipline by requiring banks to provide meaningful regulatory information to stakeholders on a consistent and comparable basis. There are five principles that are intended to assist banks to effectively implement Pillar 3. Further, these guiding principles will ensure high quality, transparent and comparable risk disclosures so that users are better able to understand and compare between banks.

***Principle 1 – Disclosures should be clear***

18. Banks must present disclosures in a form that is understandable to key stakeholders and communicated through an accessible medium. Important information to the stakeholders should be highlighted and emphasised. If there are complex issues, banks must provide explanations using simple language and define important terms. Related risk information should be organised as best as possible and disclosed together. R

19. The Authority requires, at a minimum, that all disclosures be reported in English, however a bank may also report in additional languages. The Pillar 3 disclosures may also be made available at the bank's physical location(s) and/or at the bank's principal office location. R

***Principle 2 - Disclosures should be comprehensive***

20. Disclosures must describe a bank's main activities, strategy and significant risk exposures. This must be supported by underlying data and information. Significant changes in risk exposures or otherwise between reporting periods should be disclosed together with management commentary. R

21. Disclosures are required to be both qualitative and quantitative in describing the bank's processes and procedures for identifying, measuring and managing risks. The level of detail of such disclosure should be proportionate to a bank's complexity. R

22. Disclosures must be consistent with how the bank's board and senior management assess and manage risk. Where applicable, banks should describe how senior management and the board internally manage risk and strategy. This will assist stakeholders to better understand the bank's risk appetite and tolerance. R

23. A bank must have in place a formal disclosure policy approved by the board which outlines fully its approach to market discipline. At a minimum, this must:

R

a) cover the disclosures to be made, the internal controls over the disclosure process, the frequency and location of disclosures and the quality assurance methodology for ensuring their accuracy; and

b) include a methodology for reviewing the effectiveness of the policy. R

***Principle 3 - Disclosures should be meaningful to stakeholders***

24. Disclosures must highlight current and emerging risks of the bank and describe how the risks are being managed. Further, the disclosures must describe information considered to be of interest and relevant to the stakeholders. R

25. Irrelevant information or information that does not add value to stakeholders and other users or must be removed. This is to ensure that appropriate and valuable information does not get lost in the disclosure. It is therefore necessary for senior management and the board to review disclosures to assess and conclude on what is considered "meaningful". R

***Principle 4: Disclosures should be consistent over time***

26. Disclosures must be consistent over time to enable stakeholders to identify trends the bank's risk profile across all significant aspects of its business. Any significant changes from previous reports must be highlighted and described. R

27. Banks should ensure that previous Pillar 3 disclosure reports are easily accessible and are kept in accordance with the regulatory laws and regulatory measures issued by the Authority on record retention.

***Principle 5: Disclosures should be comparable across banks***

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

## PROPRIETARY AND CONFIDENTIAL INFORMATION

29. The Authority seeks to operate in a manner that does not undermine the competitive position of its licensees, rather it seeks to provide greater symmetry of information. As a result, Pillar 3 disclosure requirements aim to 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. Banks must notify the Authority when utilising this exception. Where the Authority determines that the information can be disclosed for the purposes of these rules and guidelines, CIMA will direct a bank to amend the Pillar 3 report to include the undisclosed information and require a bank to disclose the information going forward. R

## PRESENTATION AND DISCLOSURE REQUIREMENTS

### OVERVIEW

30. The following sections set out the Authority's public disclosure requirements under Pillar 3. Where flexibility is permitted in the required tables and templates, banks are free to use a different format for their disclosures provided that all of the required information is included.

31. Disclosures under Pillar 3 must be validated. The bank's board and senior management must attest to the reliability of the information disclosed. 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, The Pillar 3 reports must be subject to the same level of internal review and internal control processes as the information provided by banks for their financial reporting. The Authority expects that at a minimum the Pillar 3 disclosures will be included in internal and external audit reviews. R

### TEMPLATES AND TABLES

32. Disclosures are presented in either a template or table format. Templates are required for quantitative data. Tables are used largely for qualitative data; however tables may also require some quantitative data inputs. Data required for tables is flexible in nature, banks are allowed to present information in their preferred format. However, banks must stand ready to justify any decision not to disclose in line with the requirements, whether on materiality or other grounds.

33. Where the format of the template is described as fixed, banks must complete all the fields in the prescribed manner. R

34. Where the format of the template is described as flexible, banks can elect to use the template as prescribed in this document or present information in a more meaningful way given the size and complexity of the bank. However, if banks elect to use their own format, they must ensure that the information provided is sufficiently granular and comparable as would have been required under the fixed format.

### SUMMARY OF FORMAT AND REPORTING FREQUENCY OF EACH DISCLOSURE REQUIREMENT

35. The table below summarises all the disclosure requirements applicable to banks outlined in the scope of application. The sections following the table provide further details on all the applicable disclosure requirements.  The shaded rows in the table indicates Pillar 3 disclosure forms that mostly requires qualitative information, and the unshaded rows are templates for quantitative information.

| | | | | Group (a) Banks | | | Groups (b) Banks |
|---|---|---|---|---|---|---|---|
| | | | | Banks instructed by CIMA to report more frequently | | | All other banks that fall within the scope of this measure |
| **Disclosures** | **Tables and Templates*** | **Format style of table or template** | | **Frequency** | | | **Frequency** |
| | | **Fixed Format** | **Flexible Format** | **Quarterly** | **Semi-annually** | **Annually** | **Annually** |
| Overview of Risk Management and Risk Weighted Assets (RWA) | OVA – Bank risk management approach | | × | | | × | x |
| | OV1 – Overview of RWA | × | | × | | | x |
| 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 | | × | | | × | x |
| | LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements | | × | | | × | x |
| | LIA – Explanations of differences between accounting and regulatory exposure amounts | | × | | | × | x |
| Capital | CAP - Details on the bank's capital, including specific capital instruments | | x | | x | | x |
| Credit Risk | CRA – General information about credit risk | | × | | | × | x |
| | CR1 – Credit quality of assets | × | | | × | | x |
| | CR2 – Changes in stock of defaulted loans and debt securities | × | | | × | | x |
| | CRB – Additional disclosure related to the credit quality of assets | | × | | | × | x |
| | CRC – Qualitative disclosure requirements related to credit risk mitigation (CRM) techniques | | × | | | × | x |
| | CR3 – CRM techniques – overview | × | | | × | | x |
| | CRD – Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk | | × | | | × | x |
| | CR4 – Standardised approach – credit risk exposure and CRM effects | × | | | × | | x |
| | CR5 – Standardised approach – exposures by asset classes and risk weights | × | | | × | | x |
| Counterparty Credit Risk | CCRA – Qualitative disclosure related to counterparty credit risk (CCR) | | × | | | × | x |

| | | | | Group (a) Banks | | | Groups (b) Banks |
|---|---|---|---|---|---|---|---|
| | | | | Banks instructed by CIMA to report more frequently | | | All other banks that fall within the scope of this measure |
| **Disclosures** | **Tables and Templates*** | **Format style of table or template** | | **Frequency** | | | **Frequency** |
| | | **Fixed Format** | **Flexible Format** | **Quarterly** | **Semi-annually** | **Annually** | **Annually** |
| | CCR1 – Analysis of counterparty credit risk exposure by approach | × | | | × | | x |
| | CCR3 – Standardised approach of CCR exposures by regulatory portfolio and risk weights | × | | | × | | x |
| | CCR5 – Composition of collateral for CCR exposure | | × | | × | | x |
| | CCR6 – Credit derivatives exposures | | × | | × | | x |
| Leverage ratio | LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure | × | | x | | | x |
| | LR2 – Leverage ratio common disclosure template | × | | x | | | x |
| Liquidity | LIQA – Liquidity risk management | | x | | | x | x |
| | LIQ1 – Liquidity Coverage Ratio (LCR) | × | | x | | | x |
| | LIQ2 – Net Stable Funding Ratio (NSFR) | × | | | x | | x |
| Securitisation | SECA – Qualitative disclosure requirements related to securitisation exposures | | × | | | × | x |
| | SEC1 – Securitisation exposures in the banking book | | × | | × | | x |
| | SEC2 – Securitisation exposures in the trading book | | × | | × | | x |
| | SEC3 – Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor | × | | | × | | x |
| | SEC4 – Securitisation exposures in the banking book and associated capital requirements - bank acting as investor | × | | | × | | x |
| Market Risk | MRA – Qualitative disclosure requirements related to market risk | | × | | | × | x |
| | MR1 – Market risk under standardised approach | × | | | × | | x |
| Operational Risk | OPR – Qualitative and quantitative disclosure requirements related to operational risk | | x | | | x | x |

| | | | | Group (a) Banks | | | Groups (b) Banks |
|---|---|---|---|---|---|---|---|
| | | | | Banks instructed by CIMA to report more frequently | | | All other banks that fall within the scope of this measure |
| **Disclosures** | **Tables and Templates*** | **Format style of table or template** | | **Frequency** | | | **Frequency** |
| | | **Fixed Format** | **Flexible Format** | **Quarterly** | **Semi-annually** | **Annually** | **Annually** |
| Interest Rate Risk in the Banking Book (IRRBB) | IRR – Qualitative and quantitative disclosure requirements related to interest rate risk in the banking book | | x | | | x | x |
| Remuneration | REM - Qualitative and quantitative disclosure requirements related to remuneration | | x | | | x | x |
| Asset encumbrance | ENC – Asset encumbrance | x | | | x | | x |

## Overview of Risk Management and Risk Weighted Assets (RWA)

**Table OVA: Bank risk management approach**

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**Purpose:** Description of the bank's strategy and how senior management and the board 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:** Mandatory for all applicable banks.

**Content:** Qualitative information.

**Frequency:** Annually.

**Format:** Flexible. Banks can disclose the required information in their preferred format.

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**General consideration**

Banks must describe their risk management framework objectives and policies. Some of the content the Authority expects to be disclosed are:

(a) How the business model determines and interacts with the overall risk profile of the bank and how the risk profile of the bank interacts with the risk tolerance and appetite that has been approved by the board.

(b) Information with respect to their risk governance structure such as the responsibilities and delegation of authority within the bank. Further, banks should disclose all departments involved in the risk management process and explain how the departments interact with each other.

(c) Channels of communication, to describe and enforce the risk culture within the bank. For example, banks should describe how they communicate risk thresholds and breaches of these thresholds or procedures to raise and share risk issues between business lines and risk functions.

(d) Description of the process of risk information reporting provided to the board and senior management.

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

(f) 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.

(g) Qualitative information on the bank's stress testing methodology, such as, but not limited to, the scenarios and assumptions used.

**Template OV1: Overview of RWA**

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**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:** Mandatory for all applicable banks.

**Content:** Risk-weighted assets and capital requirements under Pillar 1.

**Frequency:** Group (a) banks: Quarterly. Group (b) banks: Annually.

**Format:** Fixed. Banks must disclose information using the template below.

**Accompanying narrative**: Banks are expected to identify and explain the drivers behind differences in reporting periods T (current Pillar 3 reporting period) and T-1 (previous Pillar 3 reporting period) where these differences are significant.

**Instructions:** Explanations and definitions of each line item of the Table OVA and Template OV1 can be found in Appendix 1.

---

| | | a | b | c |
|---|---|---|---|---|
| | | RWA | | Minimum capital requirements |
| | | T | T-1 | T |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | | | |
| 2 | Securitisation exposures | | | |
| 3 | Counterparty credit risk | | | |
| 4 | Of which: current exposure method | | | |
| 5 | Of which: standardized method | | | |
| 6 | Market risk | | | |
| 7 | Of which: Equity risk | | | |
| 8 | Operational risk | | | |
| 9 | Of which: Basic Indicator Approach | | | |
| 10 | Of which: Standardised Approach | | | |
| 11 | Of which: Alternative Standardised | | | |
| 12 | Total (1+2+3+6+8) | | | |

## 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.

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**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 a 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:** Mandatory for all applicable banks.

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

**Frequency:** Annually.

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

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

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**Instructions**

**Rows**

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

**Columns**

(b) 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, i.e. column (c) corresponds to the carrying values of items other than off-balance sheet items reported in the Credit Risk section below; column (d) corresponds to the carrying values of items other than off-balance sheet items reported in the Counterparty Credit Risk section below, column (e) corresponds to the carrying values of items in the banking book other than off-balance sheet items reported in the Securitisation section below; and column (f) corresponds to the carrying values of items other than off-balance sheet items reported in the Market Risk section below. Column (g) includes amounts not subject to capital requirements according to the Authority's 'Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar I)' or subject to deductions from regulatory capital.

(c) 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).

| | 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 Items | | | | | | | |
| Items in the course of collection from other banks | | | | | | | |
| Investments – Held-to-maturity | | | | | | | |
| Financial assets 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 | | | | | | | |
| Other assets | | | | | | | |
| **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 | | | | | | | |
| Other liabilities | | | | | | | |
| **Total liabilities** | | | | | | | |

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

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**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:** Mandatory for all applicable 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 9).

**Frequency:** Annually.

**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 below.

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**Instructions**

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

(b) Off-balance sheet amounts include the 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).

(c) The breakdown of columns in the regulatory risk categories (b) to (e) corresponds to the breakdown prescribed in the rest of the document, i.e. column (b) corresponds to the exposures reported in the Credit Risk section below, column (c) corresponds to the exposures reported in the Counterparty Credit Risk section below, column (d) corresponds to exposures reported in the Securitisation section below, and column (e) corresponds to the exposures reported in the Market Risk section below.

(d) 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 to the exposure amount applied in the credit risk standardised approach; securitisation exposures should be defined as in the securitisation framework; counterparty credit exposures are defined as the exposure at default considered for counterparty credit risk purposes; and market risk exposures correspond to positions subject to the market risk framework. These exposure amounts are all according to the Authority's 'Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar I)'.

**Template LI2**

| | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| | | | Items subject to: | | | |
| | | Total | 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** | **Exposure amounts considered for regulatory purposes** | | | | | |

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

---

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

**Scope of application:** Mandatory for all applicable banks.

**Content:** Qualitative information.

**Frequency:** Annually.

**Format:** Flexible. Banks can present this disclosure in a format of their preference.

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**General Considerations**

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

(a) Explain the origins of any significant differences between the amounts in columns (a) and (b) in LI1.

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

(c) Describe systems and controls to ensure that the valuation estimates are prudent and reliable. Disclosure must include:

  (i) Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used.

  (ii) Description of the independent price verification process.

  (iii) Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).

## Capital

**Table CAP:** Details on the bank's capital, including specific capital instruments

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**Purpose:** Provide details on the bank's capital, including specific capital instruments**.**

**Scope of application:** Mandatory for all applicable banks.

**Content:** Quantitative and qualitative information.

**Frequency:** Group (a) banks: Semi-annually Group (b) banks: Annually.

**Format:** Flexible. Banks can present this disclosure in a format of their preference.

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**General considerations**

Banks are required to update these disclosures whenever a new capital instrument is issued and included in capital and whenever there is a redemption, conversion/write-down or other material change in the nature of an existing capital instrument.

**Table 1 – Scope**

| | | |
|---|---|---|
| **Qualitative Disclosures** | (a) | The name of the top corporate entity in the group to which these rules and guidelines apply. |
| | (b) | An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are pro-rate consolidated; (c) that are given a deduction treatment; and (d) from which surplus capital is recognized; plus (e) that are neither consolidated nor deducted (e.g. where the investment is risk –weighted). |
| | (c) | Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group. |
| **Quantitative Disclosures** | (d) | The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group. |
| | (e) | The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the name(s) of such subsidiaries. |
| | (f) | The aggregate amounts (e.g. current book value) of the firm's total interests in insurance entities, which are risk-weighted rather than deducted from capital or subjected to an alternate group-wide method, as well as their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction or alternate group-wide method. |

### Table 2 – Capital Structure

| | | |
|---|---|---|
| **Qualitative Disclosures** | (a) | Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments. |
| **Quantitative Disclosures** | (b) | The amount of Tier 1 capital, with separate disclosure of:<br>• Paid-up share capital/common stock;<br>• Reserves;<br>• Minority interests in the equity of subsidiaries;<br>• Qualifying innovative instruments;<br>• Other capital instruments;<br>• Surplus capital from insurance companies;<br>• Regulatory calculation differences deducted from Tier 1 capital;<br>• Other amounts deducted from Tier 1 capital, including goodwill; and<br>• Investments. |
| | (c) | The total amount of Tier 2 and Tier 3 capital. |
| | (d) | Other deductions from capital. |
| | (e) | Total eligible capital. |

### Table 3- Capital adequacy

| | | |
|---|---|---|
| **Qualitative Disclosures** | (a) | A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities. |
| **Quantitative Disclosures** | (b) | Capital requirements for credit risk:<br>• Portfolios subject to standardised or simplified standardised approach, disclosed separately for each portfolio; and<br>• Securitisation exposures. |
| | (c) | Capital requirements for market risk:<br>• Standardised Approach. |
| | (d) | Capital requirements for operational risk:<br>• Basic Indicator Approach;<br>• Standardised Approach; and<br>• Alternative Standardised Approach. |
| | (e) | Total and Tier 1 capital ratio:<br>• For the top consolidated group; and<br>• For significant bank subsidiaries (stand alone or sub-consolidated). |

## 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:** Mandatory for all applicable banks.

**Content:** Qualitative information.

**Frequency**: Annually.

**Format**: Flexible. Banks are able to present these disclosures in a format of their preference.

---

**General considerations**

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

(a) How the business model translates into the components of the bank's credit risk profile;

(b) Criteria and approach used for defining the 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; and

(e) Scope and main content of the reporting on credit risk exposure and on the credit risk management function to senior management and the board.

**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:** Mandatory for all applicable banks.

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

**Frequency**: Group (a) banks: Semi-annually. Group (b) banks: Annually.

**Format**: Fixed. A more granular breakdown of asset classes is optional but rows 1 to 4 as defined below are mandatory for all applicable banks.

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

**Instructions:** Definitions for certain terms can be found in Appendix 2.

---

| | | 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*** | | | | |

Linkages across templates

i. Amount in [CR1:1/d] is equal to the sum [CR3:1/a] + [CR3:1/b].
ii. Amount in [CR1:2/d] is equal to the sum [CR3:2/a] + [CR3:2/b].
iii. Amount in [CR1:4/a] is equal to [CR2:6/a]

**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:** Mandatory for all applicable banks.

**Content:** Carrying values.

**Frequency**: Group (a) banks: Semi-annually. Group (b) banks: Annually.

**Format**: Fixed.

**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.

**Instructions:** Definitions for certain terms can be found in Appendix 2.

---

| | | 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)** | |

**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:** Mandatory for all applicable banks.

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

**Frequency**: Annually.

**Format**: Flexible. Banks are able to disclose information in their preferred format.

---

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; and

(d) The bank's own definition of a restructured exposure and a forborne exposure.

**Quantitative disclosures**

(a) Breakdown of exposures by geographical areas, industry and residual maturity;

(b) 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;

(c) Ageing analysis of accounting past-due exposures; and

(d) Breakdown of restructured exposures between impaired and not impaired exposures.

## CREDIT RISK MITIGATION

**Table CRC**: Qualitative disclosure requirements related to Credit Risk Mitigation ("CRM") techniques

---

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

**Scope of application:** Mandatory for all applicable banks.

**Content**: Qualitative information.

**Frequency**: Annually.

**Format**: Flexible. Banks can present information in their preferred format.

---

Banks must provide the following disclosures:

(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; and

(c) Information about market or credit risk concentrations under the CRM instruments used (i.e. by guarantor type, collateral and credit derivative providers).

**Template CR3**: Credit risk mitigation techniques – overview

---

**Purpose**: Disclose the extent of use of CRM techniques.

**Scope of application:** Mandatory for all applicable banks.

**Content:** Carrying values. Banks must include all CRM techniques used to reduce capital requirements and disclose all secured exposures.

**Frequency**: Group (a) banks: Semi-annually. Group (b) banks: Annually.

**Format**: Fixed. 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.

**Instructions:** Definitions for certain terms can be found in Appendix 2.

---

| | | 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 | | | | | | | |

## CREDIT RISK - 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**: Mandatory for all applicable banks.

**Content:** Qualitative information.

**Frequency:** Annually.

**Format:** Flexible. Banks can present information in their preferred format.

---

Banks must disclose the following information:

(a) Names of the external credit assessment institutions (ECAIs) used by the bank, and the reasons for any changes over the reporting period;

(b) The asset classes for which each ECAI is used;

(c) A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book.

**Template CR4**: Standardised approach – credit risk exposure and 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:** Mandatory for all applicable banks.

**Content:** Regulatory exposure amounts.

**Frequency**: Group (a) banks: Semi-annually. Group (b) banks: Annually.

**Format**: Fixed. The columns and rows cannot be altered.

**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.

**Instructions:** Definitions for certain terms can be found in Appendix 2.

---

| | | 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 | Past-due exposures | | | | | | |
| 11 | Higher-risk categories | | | | | | |
| 12 | Other assets | | | | | | |
| 13 | **Total** | | | | | | |

**Template CR5:** Standardised approach – exposures by asset class and risk

**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 the standardised approach).

**Scope of application:** Mandatory for all applicable banks.

**Content:** Regulatory exposure values.

**Frequency**: Group (a) banks: Semi-annually. Group (b) banks: Annually.

**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.

**Instructions:** Definitions for certain terms can be found in Appendix 2.

| | | 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 exposure amount (post CCF and post-CRM) |
| 1 | Sovereigns and their central banks | | | | | | | | | | |
| 2 | Non-central government public sector entities | | | | | | | | | | |
| 3 | Multilateral development banks | | | | | | | | | | |
| 4 | Banks | | | | | | | | | | |
| 5 | Securities firms | | | | | | | | | | |
| 6 | Corporates | | | | | | | | | | |
| 7 | Regulatory retail portfolios | | | | | | | | | | |
| 8 | Secured by residential property | | | | | | | | | | |
| 9 | Secured by commercial real estate | | | | | | | | | | |
| 10 | Past-due loans | | | | | | | | | | |
| 11 | Higher-risk categories | | | | | | | | | | |
| 12 | Other assets | | | | | | | | | | |
| 13 | Total | | | | | | | | | | |

## COUNTERPARTY CREDIT RISK

**Table CCRA**: Qualitative disclosure related to counterparty credit risk ("CCR")

---

**Purpose**: Describe the main characteristics of CCR management (e.g. operating limits, use of guarantees and other CRM techniques, impacts of own credit downgrading).

**Scope of application:** Mandatory for all applicable banks.

**Content:** Qualitative information.

**Frequency**: Annually.

**Format**: Flexible. Banks can present the information in their preferred format.

---

Banks must provide the following information:

(a) Risk management objectives and policies related to CCR;

(b) The method used to assign the operating limits defined in terms of internal capital for counterparty credit exposures and for central counterparties ("CCP") exposures, if applicable;

(c) Policies relating to guarantees and other risk mitigants and assessments concerning CCR, including exposures towards CCPs, if applicable;

(d) Policies with respect to wrong-way risk exposures; and

(e) The impact in terms of the amount of collateral that the bank would be required to provide given a credit rating downgrade.

**Template CCR1**: Analysis of CCR exposure by approach

---

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

**Scope of application:** Mandatory for all applicable banks.

**Content:** Regulatory exposures, RWA and parameters used for RWA calculations for all exposures subject to the CCR framework (excluding Credit Valuation Adjustments (CVA) charges or exposures cleared through a CCP). Banks should report information corresponding to the Current Exposures Method or the Standardised Method in row 1 or row 2, respectively.

**Frequency**: Group (a) banks: Semi-annually. Group (b) banks: Annually.

**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.

---

| | | Total Replacement cost / Mark-to-market | Add-on Potential future exposure (PFE) | EAD post-CRM | RWA |
|---|---|---|---|---|---|
| 1 | Current Exposure Method (CEM) | | | | |
| 2 | Standardised Method | | | | |
| 3 | Simple Approach for credit risk mitigation (for SFTs) | | | | |
| 4 | Comprehensive Approach for credit risk mitigation (for SFTs) | | | | |
| 5 | Total | | | | |

***EAD post-CRM:*** Exposure at Default. This refers to the amount relevant for the capital requirements calculation having applied CRM techniques, credit valuation adjustments and specific wrong-way adjustments.

---

**Template CCR3:** CCR exposures by regulatory portfolio and risk weights

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

**Scope of application:** The disclosure is mandatory for all applicable banks 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**: Group (a) banks: Semi-annually. Group (b) banks: Annually.

**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 | 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 | | | | | | | | | |
| Multilateral development banks | | | | | | | | | |
| Banks | | | | | | | | | |
| Securities firms | | | | | | | | | |
| Corporates | | | | | | | | | |
| Regulatory retail portfolios | | | | | | | | | |
| Other assets | | | | | | | | | |
| **Total** | | | | | | | | | |

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

**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, if applicable.

**Scope of application:** Mandatory for all applicable 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:** Group (a) banks: Semi-annually. Group (b) banks: Annually.

**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** | | | | | | |

***Segregated:*** refers to collateral which is held in a bankruptcy-remote manner.

***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:** Mandatory for all applicable banks.

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

**Frequency**: Group (a) banks: Semi-annually. Group (b) banks: Annually.

**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) | | |

## LEVERAGE RATIO

**Template LR1:** Summary comparison of accounting assets vs leverage ratio exposure measure

---

**Purpose**: To reconcile the total assets in the published financial statements with the leverage ratio exposure measure.

**Scope of application:** Mandatory for all applicable banks.

**Content:** Quantitative information.

**Frequency**: Group (a) banks: Quarterly. Group (b) banks: Annually.

**Format**: Fixed.

**Accompanying narrative:** Banks are required to disclose and detail the source of material differences between their total balance sheet assets (net of on-balance sheet derivative and securities financing transaction (SFT) assets), as reported in their financial statements and their on-balance sheet exposures as set out in row 1 of Template LR2, and their leverage ratio exposure measure.

---

| | | a |
|---|---|---|
| 1 | Total consolidated assets as per published financial statements | |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | |
| 3 | Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference | |
| 4 | Adjustments for temporary exemption of central bank reserves (if applicable) | |
| 5 | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure | |
| 6 | Adjustments for regular way purchases and sales of financial assets subject to trade date accounting | |
| 7 | Adjustments for eligible cash pooling transactions | |
| 8 | Adjustments for derivative financial instruments | |
| 9 | Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending) | |
| 10 | Adjustment for off balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | |
| 11 | Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital | |
| 12 | Other adjustments | |
| 13 | **Leverage ratio exposure measure** | |

**Linkages across templates**
[LR1:13/a] is equal to [LR2:24/a]

**Template LR2:** Leverage ratio common disclosure

**Purpose**: To describe the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements and buffers.

**Scope of application:** Mandatory for all applicable banks.

**Content:** Quantitative information.

**Frequency**: Group (a) banks: Quarterly. Group (b) banks: Annually.

**Format**: Fixed.

**Accompanying narrative:** Describe the key factors that have had a material impact on the leverage ratio for this reporting period compared with the previous reporting period.

| | | a | b |
|---|---|---|---|
| | | T | T-1 |
| **On-balance sheet exposures** | | | |
| 1 | On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral) | | |
| 2 | Gross up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework | | |
| 3 | (Deductions of receivable assets for cash variation margin provided in derivatives transactions) | | |
| 4 | (Adjustment for securities received under securities financing transactions that are recognised as an asset) | | |
| 5 | (Specific and general provisions associated with on balance sheet exposures that are deducted from Basel III Tier 1 capital) | | |
| 6 | (Asset amounts deducted in determining Basel III Tier 1 capital and regulatory adjustments) | | |
| 7 | **Total on balance sheet exposures** (excluding derivatives and SFTs) (sum of rows 1 to 6) | | |
| **Derivative exposures** | | | |
| 8 | Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting) | | |
| 9 | Add on amounts for potential future exposure associated with *all* derivatives transactions | | |
| 10 | (Exempted central counterparty (CCP) leg of client cleared trade exposures) | | |
| 11 | Adjusted effective notional amount of written credit derivatives | | |
| 12 | (Adjusted effective notional offsets and add on deductions for written credit derivatives) | | |
| 13 | **Total derivative exposures** (sum of rows 8 to 12) | | |
| **Securities financing transaction exposures** | | | |
| 14 | Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions | | |
| 15 | (Netted amounts of cash payables and cash receivables of gross | | |

| | | | |
|---|---|---|---|
| | SFT assets) | | |
| 16 | Counterparty credit risk exposure for SFT assets | | |
| 17 | Agent transaction exposures | | |
| 18 | **Total securities financing transaction exposures** (sum of rows 14 to 17) | | |
| **Other off-balance sheet exposures** | | | |
| 19 | Off-balance balance sheet exposure at gross notional amount | | |
| 20 | (Adjustments for conversion to credit equivalent amounts) | | |
| 21 | (Specific and general provisions associated with off balance sheet exposures deducted in determining Tier 1 capital) | | |
| 22 | **Off-balance sheet items** (sum of rows 19 to 21) | | |
| **Capital and total exposures** | | | |
| 23 | **Tier 1 capital** | | |
| 24 | **Total exposures (sum of rows 7, 13, 18 and 22)** | | |
| **Leverage ratio** | | | |
| 25 | **Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)** | | |
| 25a | Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) | | |
| 26 | **National minimum leverage ratio requirement** | | |
| 27 | **Applicable leverage buffers** | | |

## LIQUIDITY

**Table LIQA:** Liquidity risk management

---

**Purpose**: Provides details about the soundness of a bank's liquidity risk management framework and liquidity position.

**Scope of application:** Mandatory for all applicable banks.

**Content:** Qualitative and quantitative information.

**Frequency**: Annually.

**Format**: Flexible. Banks are able to present these disclosures in a format of their preference.

---

| **Qualitative disclosures** | |
|---|---|
| (a) | Governance of liquidity risk management, including risk tolerance; structure and responsibilities for liquidity risk management; internal liquidity reporting; and communication of liquidity risk strategy, policies and practices across business lines and with the board of directors. |
| (b) | Funding strategy, including policies on diversification in the sources and tenor of funding, and whether the funding strategy is centralised or decentralised. |
| (c) | Liquidity risk mitigation techniques. |
| (d) | An explanation of how stress testing is used. |
| (e) | An outline of the bank's contingency funding plans. |

| **Quantitative disclosures** | |
|---|---|
| (a) | Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank. |
| (b) | Concentration limits on collateral pools and sources of funding (both products and counterparties). |
| (c) | Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity. |
| (d) | Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps. |

**Template LIQ1:** Liquidity Coverage Ratio (LCR)

**Purpose**: Outlines the details of a bank's cash outflows and cash inflows, as well as its available high-quality liquid assets (HQLA), as measured and defined according to the LCR standard.

**Scope of application:** Mandatory for all applicable banks obligated to report their LCR as per the Rules and Guidelines on Liquidity Risk Management.

**Content:** Quantitative information. Data must be presented as simple averages of daily observations over the previous quarter (i.e. the average calculated over a period of, typically, 90 days) in the prescribed currency.

**Frequency**: Group (a) banks: Quarterly. Group (b) banks: Annually.

**Format**: Fixed.

**Accompanying narrative:** Banks must publish the number of data points used in calculating the average figures in the template. In addition, banks should provide sufficient qualitative discussion to facilitate understanding of its LCR calculation, including[2]:

- the main drivers of their LCR results and the evolution of the contribution of inputs to the LCR's calculation over time;
- intra-period changes as well as changes over time;
- the composition of HQLA;
- concentration of funding sources;
- currency mismatch in the LCR; and
- other inflows and outflows in the LCR calculation that are not captured in the LCR common template but which the institution considers to be relevant for its liquidity profile.

| | | a | b |
|---|---|---|---|
| | | **Total unweighted value** (average) | **Total weighted value** (average) |
| **High-quality liquid assets** | | | |
| 1 | Total HQLA | | |
| **Cash outflows** | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | | |
| 3 | Stable deposits | | |
| 4 | Less stable deposits | | |
| 5 | Unsecured wholesale funding, of which: | | |
| 6 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | | |
| 7 | Non-operational deposits (all counterparties) | | |
| 8 | Unsecured debt | | |

[2] where significant to the LCR

| | | | |
|---|---|---|---|
| 9 | Secured wholesale funding | | |
| 10 | Additional requirements, of which: | | |
| 11 | Outflows related to derivative exposures and other collateral requirements | | |
| 12 | Outflows related to loss of funding on debt products | | |
| 13 | Credit and liquidity facilities | | |
| 14 | Other contractual funding obligations | | |
| 15 | Other contingent funding obligations | | |
| **16** | **TOTAL CASH OUTFLOWS** | | |
| | | | |
| **Cash inflows** | | | |
| 17 | Secured lending (e.g. reverse repos) | | |
| 18 | Inflows from fully performing exposures | | |
| 19 | Other cash flows | | |
| **20** | **TOTAL CASH INFLOWS** | | |
| | | | **Total adjusted value** |
| 21 | Total HQLA | | |
| 22 | Total net cash outflows | | |
| 23 | Liquidity Coverage Ratio (%) | | |

**Template LIQ2:** Net Stable Funding Ratio ("NSFR")

---

**Purpose**: Describe the bank's NSFR and selected details of its NSFR components.

**Scope of application:** Mandatory for all applicable banks obligated to report their NSFR as per the Rules and Guidelines on Liquidity Risk Management.

**Content:** Quantitative. Data must be presented as quarter-end observations in the prescribed currency.

**Frequency**: Group (a) banks: Semi-annually. Group (b) banks: Annually.

**Format**: Fixed.

**Accompanying Narrative:**
Banks should provide a sufficient qualitative discussion on the NSFR to facilitate an understanding of the results and the accompanying data. For example, where significant, banks could discuss:
(a) the drivers of their NSFR results and the reasons for intra-period changes as well as the changes over time (e.g. changes in strategies, funding structure, circumstances); and
(b) the composition of the bank's interdependent assets and liabilities and to what extent these transactions are interrelated.

---

| | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| | | Unweighted value by residual maturity | | | | |
| | | No maturity | < 6 months | 6 months to < 1 year | ≥ 1 year | Weighted value |
| **Available stable funding (ASF) item** | | | | | | |
| 1 | Capital: | | | | | |
| 2 | *Regulatory capital* | | | | | |
| 3 | *Other capital instruments* | | | | | |
| 4 | Retail deposits and deposits from small business customers: | | | | | |
| 5 | *Stable deposits* | | | | | |
| 6 | *Less stable deposits* | | | | | |
| 7 | Wholesale funding: | | | | | |
| 8 | *Operational deposits* | | | | | |
| 9 | *Other wholesale funding* | | | | | |
| 10 | Liabilities with matching interdependent assets | | | | | |
| 11 | Other liabilities: | | | | | |
| 12 | *NSFR derivative liabilities* | | | | | |
| 13 | *All other liabilities and equity not included in the above categories* | | | | | |
| 14 | **Total ASF** | | | | | |
| **Required stable funding (RSF) item** | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 15 | Total NSFR high-quality liquid assets (HQLA) | | | | | |
| 16 | Deposits held at other financial institutions for operational purposes | | | | | |
| 17 | Performing loans and securities: | | | | | |
| 18 | *Performing loans to financial institutions secured by Level 1 HQLA* | | | | | |
| 19 | *Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions* | | | | | |
| 20 | *Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:* | | | | | |
| 21 | *With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk* | | | | | |
| 22 | *Performing residential mortgages, of which:* | | | | | |
| 23 | *With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk* | | | | | |
| 24 | *Securities that are not in default and do not qualify as HQLA, including exchange-traded equities* | | | | | |
| 25 | Assets with matching interdependent liabilities | | | | | |
| 26 | Other assets: | | | | | |
| 27 | *Physical traded commodities, including gold* | | | | | |
| 28 | *Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs* | | | | | |
| 29 | *NSFR derivative assets* | | | | | |
| 30 | *NSFR derivative liabilities before deduction of variation margin posted* | | | | | |
| 31 | *All other assets not included in the above categories* | | | | | |
| 32 | Off-balance sheet items | | | | | |
| 33 | **Total RSF** | | | | | |
| 34 | **Net Stable Funding Ratio (%)** | | | | | |

- No data should be entered in the dark cells.
- Figures entered for each RSF line item should include both unencumbered and encumbered amounts.

## SECURITISATION

**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:** Mandatory for all applicable banks with securitisation exposures.

**Content:** Qualitative information.

**Frequency:** Annually.

**Format:** Flexible. Banks are allowed to present information in their preferred format.

---

**Qualitative disclosures**

Banks must describe their risk management objectives and policies for securitisation activities and main features of these activities. 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.

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

(2) The bank must provide a list of:

- (a) all special purpose entities (SPEs) where the bank acts as sponsor (but not as an originator such as an Asset Backed Commercial Paper (ABCP) conduit), indicating whether the bank consolidates the SPEs into its scope of regulatory consolidation;

- (b) 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

- (c) entities to which the bank provides implicit support and the associated capital impact for each of them.

(3) Summary of the bank's accounting policies for securitisation activities.

(4) If applicable, the names of ECAIs used for securitisations and the types of securitisation exposure for which each agency is used.

**Template SEC1**: Securitisation exposures in the banking book

---

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

**Scope of application:** Mandatory for all applicable 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:** Group (a) banks: Semi-annually. Group (b) banks: Annually.

**Format:** Flexible. Banks may in particular modify the breakdown and order proposed in rows if another breakdown (e.g. 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.

**Instructions:** Definitions for certain terms can be found in Appendix 4.

---

| | | 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)<br>– of which | | | | | | | | | |
| 2 | residential mortgage | | | | | | | | | |
| 3 | credit card | | | | | | | | | |
| 4 | other retail exposures | | | | | | | | | |
| 5 | re-securitisation | | | | | | | | | |
| 6 | Wholesale (total)<br>– of which | | | | | | | | | |
| 7 | loans to corporates | | | | | | | | | |
| 8 | commercial mortgage | | | | | | | | | |
| 9 | lease and receivables | | | | | | | | | |
| 10 | other wholesale | | | | | | | | | |
| 11 | re-securitisation | | | | | | | | | |

**Template SEC2**: Securitisation exposures in the trading book

---

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

**Scope of application:** Mandatory for all applicable 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**: Group (a) banks: Semi-annually. Group (b) banks: Annually.

**Format**: Flexible. Banks may in particular modify the breakdown and order proposed in rows if another breakdown (e.g. 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.

**Instructions:** Definitions for certain terms can be found in Appendix 4.

---

| | | 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)<br>– of which | | | | | | | | | |
| 2 | residential mortgage | | | | | | | | | |
| 3 | credit card | | | | | | | | | |
| 4 | other retail exposures | | | | | | | | | |
| 5 | re-securitisation | | | | | | | | | |
| 6 | Wholesale (total)<br>- of which | | | | | | | | | |
| 7 | loans to corporates | | | | | | | | | |
| 8 | commercial mortgage | | | | | | | | | |
| 9 | lease and receivables | | | | | | | | | |
| 10 | other wholesale | | | | | | | | | |
| 11 | re-securitisation | | | | | | | | | |

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

---

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

**Scope of application:** Mandatory for all applicable 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**: <u>Group (a) banks:</u> Semi-annually. <u>Group (b) banks:</u> Annually.

**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 | g | h | i | j | k |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Exposure values (by RW bands) | | | | | Exposures 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 | SA/SSFA | 1250% | SA/SSFA | 1250% | 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 | | | | | | | | | | | |

**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:** Mandatory for all applicable banks having securitisation exposures as an 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:** Group (a) banks: Semi-annually. Group (b) banks: Annually.

**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 | g | h | i | j | k |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Exposure values (by RW bands) | | | | | Exposures 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 | SA/SSFA | 1250% | SA/SSFA | 1250% | 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 | | | | | | | | | | | |

## MARKET RISK

**Table MRA**: Qualitative disclosure requirements related to market risk

---

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

**Scope of application:** Mandatory for all applicable banks that are subject to a market risk capital requirement for their trading activities.

**Content:** Qualitative information.

**Frequency:** Annually.

**Format:** Flexible. Banks are allowed to present information in their preferred format.

---

**General consideration**

Banks must describe their risk management objectives and policies for market risk (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; 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.

**Template MR1**: Market risk under the standardised approach

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

**Scope of application:** Mandatory for applicable banks.

**Content:** Risk-weighted assets.

**Frequency:** Group (a) banks: Semi-annually. Group (b) banks: Annually.

**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** | |

## Operational Risk

**Table OPR**: Qualitative and quantitative disclosure requirements related to operational risk

---

**Purpose:** Provide a description of the risk management objectives and policies concerning operational risk and to disclose operational risk regulatory capital requirements and aggregate operational losses incurred both in the current period and historical period.

**Scope of application:** Mandatory for all applicable banks.

**Content:** Qualitative and quantitative information.

**Frequency:** Annually.

**Format:** Flexible. Banks are allowed to present information in their preferred format.

---

**Qualitative disclosures**

(a) Banks are required to describe their risk management objectives and policies, including:
- (i) strategies and processes;
- (ii) the structure and organisation of the operational risk management and control function;
- (iii) the scope and nature of operational risk reporting and/or measurement systems; and
- (iv) policies for hedging, transferring and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/transfers/mitigants.

**Quantitative disclosures**

(b) Quantitative disclosures expected from the banks include:
- (i) Risk exposure (by business line if available);
- (ii) The operational risk capital charge as a % of minimum regulatory capital; and
- (iii) Operational losses (in total or by business line if available).

## INTEREST RATE RISK IN THE BANKING BOOK

**Table IRR**: Qualitative and quantitative disclosure requirements related to interest rate risk in the banking book (IRRBB)

---

**Purpose:** Provide a description of the bank's risk management objectives and policies concerning IRRBB and changes in economic value of equity and net interest income under each of the prescribed interest rate shock scenarios.

**Scope of application:** Mandatory for all applicable banks that are subject to IRRBB.

**Content:** Qualitative and quantitative information. The bank must report for the current period and for the previous period for quantitative information.

**Frequency:** Annually.

**Format:** Flexible. Banks are allowed to present information in their preferred format.

---

**Qualitative disclosures**

Banks are required to describe their risk management objectives and policies, including:

a) A description of how the bank defines IRRBB for purposes of risk control and measurement;
b) A description of the bank's overall IRRBB management and mitigation strategies;
c) The periodicity of the calculation of the bank's IRRBB measures, and a description of the specific measures that the bank uses to gauge its sensitivity to IRRBB;
d) A description of the interest rate shock and stress scenarios that the bank uses to estimate changes in the economic value and in earnings
e) The scope and nature of risk reporting and/or measurement systems;
f) Policies for hedging and/or mitigating IRRBB as well as the associated accounting treatment and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants; and
g) A description of key assumptions, including assumptions regarding loan prepayments and behaviour of non-maturity deposits, and any other assumptions.

**Quantitative disclosure**

Bank's should report the increase/(decline) in net interest income or economic value of equity (or relevant measure used by management) for upward and downward interest rate shock scenarios according to management's method for measuring IRRBB, broken down by currency (as relevant).

## Remuneration

**Table REM**: Qualitative and quantitative disclosure requirements related to remuneration

---

**Purpose:** The Authority believes that incorporating the Basel II Pillar 3 disclosure requirements on remuneration will support effective market discipline and will allow market participants to assess the quality of the compensation practices and the quality of support for a bank's strategy and risk posture. The requirements have been designed to be sufficiently granular and detailed to allow meaningful assessments by market participants of a bank's compensation practices, while not requiring disclosure of sensitive or confidential information.

**Scope of application:** Mandatory for all applicable banks. However, the Authority acknowledges that due to the size and complexity of some banks, some of the disclosure requirements may be exempted on the grounds that the information may not be material or is confidential. Banks must however obtain approval from the Authority for any such exemption.

**Content:** Qualitative and quantitative information.

**Frequency:** Annually.

**Format:** Flexible. Banks are allowed to present information in their preferred format.

---

The table below highlights the disclosure requirements on remuneration that the Authority requires a bank to include in its Pillar 3 disclosures. Banks should not only disclose these requirements but also ensure that they articulate how these complement the risk management framework.

| | | |
|---|---|---|
| **Qualitative disclosures** | (a) | Information relating to the bodies that oversee remuneration. Disclosures should include:<br>• Name, composition and mandate of the main body overseeing remuneration.<br>• External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.<br>• A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.<br>• A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group. |
| | (b) | Information relating to the design and structure of remuneration processes. Disclosures should include:<br>• An overview of the key features and objectives of the remuneration policy.<br>• Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made, reasons for the changes and their impact on remuneration.<br>• A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee. |

| | | |
|---|---|---|
| | (c) | Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include:<br>• An overview of the key risks that the bank takes into account when implementing remuneration measures.<br>• An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed).<br>• A discussion of the ways in which these measures affect remuneration.<br>• A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration. |
| | (d) | Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include:<br>• An overview of main performance metrics for bank, top-level business lines and individuals.<br>• A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.<br>• A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak including criteria for determining weak performance metrics. |
| | (e) | Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance. Disclosures should include:<br>• A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.<br>• A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw-back arrangements. |
| | (f) | Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms. Disclosures should include:<br>• An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms).<br>• A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description of the factors that determine the mix and their relative importance. |
| **Quantitative disclosures** | (g) | Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its members. |
| | (h) | • Number of employees having received a variable remuneration award during the financial year.<br>• Number and total amount of guaranteed bonuses awarded during the financial year.<br>• Number and total amount of sign-on awards made during the financial year.<br>• Number and total amount of severance payments made during the financial year. |
| | (i) | • Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.<br>• Total amount of deferred remuneration paid out in the financial year. |
| | (j) | Breakdown of amount of remuneration awards for the financial year to show:<br>• fixed and variable.<br>• deferred and non-deferred.<br>• different forms used (cash, shares and share-linked instruments, other forms). |
| | (k) | Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw-backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:<br>• Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.<br>• Total amount of reductions during the financial year due to ex post explicit adjustments. |

## Asset Encumbrance

**Template ENC**: Asset encumbrance

---

**Purpose:** To provide the amount of encumbered and unencumbered assets.

**Scope of application:** Mandatory for all applicable banks.

**Content:** Quantitative information. Carrying amount for encumbered and unencumbered assets on the balance sheet using period-end values. Banks must use the specific definition of "encumbered assets" as follows: Encumbered assets are assets that the bank is restricted or prevented from liquidating, selling, transferring or assigning due to legal, regulatory, contractual or other limitations. When the optional column on central bank facilities is used, encumbered assets exclude central bank facilities. The definition of "encumbered assets" in Template ENC is different than that under the Liquidity Coverage Ratio for on-balance sheet assets. Specifically, the definition of "encumbered assets" in Template ENC excludes the aspect of asset monetisation. For an unencumbered asset to qualify as high-quality liquid assets, the LCR requires a bank to have the ability to monetise that asset during the stress period such that the bank can meet net cash outflows.

**Frequency:** Group (a) banks: Semi-annually. Group (b) banks: Annually.

**Format:** Fixed. Banks should always complete columns (a), (c) and (d).

**Accompanying narrative:** Banks are expected to supplement the template with a narrative commentary to explain (i) any significant change in the amount of encumbered and unencumbered assets from the previous disclosure; (ii) as applicable, any definition of the amounts of encumbered and/or unencumbered assets broken down by types of transaction/category; and (iii) any other relevant information necessary to understand the context of the disclosed figures. When a separate column for central bank facilities is used, banks should describe the types of assets and facilities included in this column.

---

| | a | b | c | d |
|---|---|---|---|---|
| | Encumbered assets | [Optional] Central Bank Facilities | Unencumbered assets | Total |
| The assets on the balance sheet would be disaggregated; there can be as much disaggregation as desired | | | | |
| | | | | |
| | | | | |
| | | | | |

## APPENDIX 1 – RISK MANAGEMENT AND RWA DEFINITIONS

### Template OV1: Overview of RWA

1. **RWA:** risk-weighted assets as defined in 'Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar I)'.

2. **RWA (T-1):** risk-weighted assets as reported in the previous Pillar 3 report (for example, at the end of the previous quarter for group (a) banks and prior year for group (b) banks).

3. **Capital requirement T:** Pillar 1 capital requirements at the reporting date.

4. **Credit risk (excluding counterparty credit risk):** RWA and capital requirements according to the credit risk minimum requirements in 'Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar I)'. This line item excludes all positions subject to the securitisation regulatory framework, including securitisation exposures in the banking book and capital requirements relating to a counterparty credit risk charge.

5. **Securitisation exposures**: the amounts correspond to capital requirements applicable to the bank's securitisation exposures. The RWA amounts must be derived from the capital requirements.

6. **Counterparty credit risk:** RWA and capital charges according to the counterparty credit risk minimum requirements in 'Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar I)'.

7. **Market risk:** the amounts correspond to the capital requirements in the market risk section of 'Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar I)'.

8. **Equity risk**: the amounts in this row correspond to the capital requirements in the equity risk section of 'Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar I)'.

9. **Operational risk:** the amounts correspond to requirements set out in the operational risk section of 'Rules, Conditions and Guidelines on Minimum Capital Requirements (Pillar I)'.

## APPENDIX 2 – CREDIT RISK DEFINITIONS

### Template CR1: Credit quality of assets

1. **Gross carrying values**: on- and off-balance sheet items that give rise to a credit risk exposure. 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 CCF or 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 CRM technique.

2. **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.

3. **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.

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

5. **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.

6. **Net values**: Total gross value less allowances/impairments.

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

7. **Defaulted exposure:** such exposures must be reported net of write-offs and gross of (i.e. ignoring) allowances/impairments.

8. **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.

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

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

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

### Template CR3: Credit risk mitigation techniques – overview

12. **Exposures unsecured - carrying amount:** carrying amount of exposures (net of allowances/impairments) that do not benefit from a credit risk mitigation technique.
13. **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.

14. **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 (i.e. it does not report the over-collateralisation).

15. **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.

16. **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, i.e. not to report the excess value.

17. **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.

18. **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, i.e. not to report the excess value.

### Template CR4: Standardised approach – credit risk exposure and CRM effects

**Rows:**

19. **Higher-risk categories**: Banks must include the exposures that are not included in other regulatory portfolios (e.g. exposure weighted at 150% or higher risk weights reflecting the higher risks associated with these assets).

20. **Other assets:** refers to assets subject to a specific risk weight.

**Columns:**

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

22. **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.
23. **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.

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

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

25. **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.

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

27. **Higher-risk categories:** Banks must include in this row the exposures included in the Basel framework that are not included in other regulatory portfolios (e.g. 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.

28. **Other assets:** refers to assets subject to specific risk weight set out by paragraph 81 of the Basel framework.

## APPENDIX 3 – COUNTERPARTY CREDIT RISK DEFINITIONS

### Template CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

1. **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).

2. **Potential Future Exposure:** any potential increase in exposure between the present and up to the end of the margin period of risk.

3. **EAD post-CRM:** exposure at default. This refers to the amount relevant for the capital requirements calculation having applied CRM techniques.

## APPENDIX 4 – LEVERAGE DEFINITIONS

### Template LR1: Summary comparison of accounting assets vs leverage ratio exposure measure

1. **SFTs:** transactions such as repurchase agreements, reverse repurchase agreements, securities lending and borrowing, and margin lending transactions, where the value of the transactions depends on market valuations and the transactions are often subject to margin agreements.

## APPENDIX 5 – SECURITISATION DEFINITIONS

### Template SEC1: Securitisation exposures in the banking book and Template SEC2: Securitisation exposures in the trading book

1. 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).

2. When "the bank acts as sponsor" the securitisation exposures include exposures to commercial paper conduits to which the bank provides programme-wide enhancements, liquidity and other facilities.

3. 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.

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

5. **Synthetic transactions:** if the bank has purchased protection it must report the net exposure amounts to which it is exposed under columns originator/sponsor (i.e. 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.

6. **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.