

PILLAR 3 : Appendix 1 - Scope of application

ANNEX XI

DISCLOSURE	COMPULSORY = 1 OPTIONAL = 2	CONSISTENT WITH ACCOUNTS = 1 No = 2	ALREADY DISCLOSED = 1 No = 2	EASY TO INTRODUCE = 1 No = 2	CONFIDENTIALITY ISSUE = 2 No = 1
Top corporate entity submitted to requirements	1	NA	1	1	1
Sub-consolidated entities submitted to requirements	1	1	2	1	1
Non consolidated entities and banking group's percentage interest in the voting shares of those	1	1	2	1	1
Methods of regulatory treatment of the non consolidated entities	1	2	2	1	2
Differential impact of other methods than deduction, for the aforementioned	1	2	2	1	2
Surplus capital coming from the aforementioned	1	2	2	1	2
% interest in the voting shares of entities pro rata consolidated or given the deduction treatment	1	1	2	1	2
Deduction from Tier 1 & 2 for unconsolidated entities	1	2	2	1	2
Aggregate amount deducted from capital for material commercial entities	1	2	2	1	2
Deductions from each of Tier 1 & 2 capital for such commercial entities	2	2	2	1	1

PILLAR 3 » : Appendix 2 - Capital, compulsory disclosure

ANNEX XII

DISCLOSURE	CONSISTENT WITH ACCOUNTS = 1 No = 2	ALREADY DISCLOSED = 1 No = 2	EASY TO INTRODUCE = 1 No = 2	CONFIDENTIALITY ISSUE = 2 No = 1
Paid-up share capital / common stock	1	1	1	1
Disclosed reserves	1	1	1	1
Minority interests in the equity of subsidiaries	1	1	1	1
Innovative Tier 1 instruments, grandfathered	2	2	1	1
Innovative Tier 1 instruments, not grandfathered	2	2	1	1
Goodwill and other amounts deducted from Tier One	1	2	1	1
Total amount of Tier 2 and Tier 3	2	2	1	1
Deductions from Tier 1 and Tier 2 capital	2	2	1	1
Overall eligible capital	2	2	1	1

PILLAR 3 » : Appendix 2 - Capital, optional disclosure

ANNEX XII – cont.

DISCLOSURE	CONSISTENT WITH ACCOUNTS = 1 No = 2	ALREADY DISCLOSED = 1 No = 2	EASY TO INTRODUCE = 1 No = 2	CONFIDENTIALITY ISSUE = 2 No = 1
Detail of « material » Tier 2	2	2	1	1
Total Tier 3	1	2	1	1
<u>For both sets of disclosure :</u>				
<i>Maturity, including call features</i>	2	2	1	2
<i>Level of seniority</i>	2	2	1	2
<i>Step-up</i>	2	2	2	2
<i>Interest or dividend deferrals, and any cumulative characteristics</i>	2	2	2	2
<i>use of SPVs</i>	2	2	1	2
<i>Discussion of key trigger events</i>	2	2	2	2
<i>Fair value and terms of embedded derivatives</i>	2	2	2	2

PILLAR 3 : Appendix 3, parts 1 and 2 - Credit risk disclosures

1. Disclosures applicable to all institutions

- quantitative - compulsory,

total unweighted credit exposures before and after recognised credit risk mitigation

- *loans and commitments,*
- *for derivatives, replacement value, positive MtM,*
- *for IRB banks, weighted exposure computed through the conversion of the capital charge into the notional underlying,*
- *geographical breakdown,*
- *sectoral breakdown,*
- *maturity breakdown,*
- *past due, impaired loans broken down per counterparty type, industry sector, and linked provisions, losses, and recoveries.*

- qualitative – compulsory

- structure, management and organisation of the credit risk management function
- strategies, objectives and management policies of the credit risk,
- disclosure on techniques and methods used for the management of impaired loans,
- definition of non performing loans,
- definition of types of provisions and trigger events for their activation,

- optional

- average of exposure over period,
- more detailed breakdown of type of exposure,
- description of risk concentrations,
- maturity breakdown per portfolio,
- more detail on non performing loans
- description of scoring tools used.

2. Information to be provided in the standardised approach

- qualitative – compulsory

- selected ratings agencies and reasons for changing the selection,
- type of risk for which a rating agency is selected,
- alignment of scales with « buckets ».

- quantitative- compulsory

- percentage of outstanding in each « bucket » covered by each rating agency (including average rate of default of each institution for each category of rated credits (and unrated ones too), with a definition of default.

- recommendations

- Those are general remarks on the need to properly document choices and decisions, and to disclose these elements to the public.

Pillar 3 : Market discipline – Appendix 3 : credit risk – internal rating

	Type of requested information	Mandatory or optional	Compliance with the Committee's objectives : High Medium Low	Information already requested by rating agencies Y / N	Information already available or not Y / N	Costs generated by the disclosure = / + / ++ / +++	If the information is available, is it already disclosed Y / N	Drawbacks to disclosure ? Y / N
Q U A L I T A T I V E	The regulatory authorities must accept the method	Mandatory	Consistent with what was made for market internal models (regulation 95-02 of the CRBF – French Banking Regulation Committee- art. 2.3)					
	For each portfolio, indicate if the LGD and the EAD were deducted from internal estimations or from vectors provided by the regulatory authorities	Mandatory	H	Y	N	+	N	N
	Description of the method used for the estimation and validation of the PD (LGD and EAD)	Mandatory	H	Y	N	++	N	Y
	Data used for the estimation of the model	Mandatory	H	N	N	++	N	Y
	Explanation of the internal ratings structure and the connection with external ratings	Mandatory	H	N	N	+++	N	Y
	Type of requested information	Mandatory or optional	Compliance with the Committee's objectives : High Medium Low	Information already requested by rating agencies Y / N	Information already available or not Y / N	Costs generated by the disclosure = / + / ++ / +++	If the information is available, is it already disclosed Y / N	Drawbacks to disclosure ? Y / N
	Credit risk mitigation control and recognition process	Mandatory	H	N	N	+++	N	Y

	Type of requested information	Mandatory or optional	Compliance with the Committee's objectives : High Medium Low	Information already requested by rating agencies Y / N	Information already available or not Y / N	Costs generated by the disclosure = / + / ++ / +++	If the information is available, is it already disclosed Y / N	Drawbacks to disclosure ? Y / N
	Default probability definition used (+LGD and EAD) and positioning with respect to the standard definition	Mandatory	H	N	N	+++	N	Y
	Information concerning the transitional period	Mandatory	M	N	N	++	N	Y
Q U A N T I T A T I V E (P a r t I)	% of the nominal amount covered by the ratings method Tab3.III.1	Mandatory	Moyen	N	N	+++	N	Y

	Type of requested information	Mandatory or optional	Compliance with the Committee's objectives : High Medium Low	Information already requested by rating agencies Y / N	Information already available or not Y / N	Costs generated by the disclosure = / + / ++ / +++	If the information is available, is it already disclosed Y / N	Drawbacks to disclosure ? Y / N
	For each portfolio : - PD (and LGD) hypothesis retained for each PD (and LGD) criterion - for each basket of PD (or segment), the nominal amount at risk before and after the credit risk mitigation - (for variable exposure credit , give EAD hypothesis used for the evaluation, the nominal amount, the estimated EAD, before and after risk mitigation for each segment of PG-PLD) Tab3.III.2	Mandatory	H	N	N	+++	N	Y
	Weighted average maturity and granularity dispersion Tab3.III.3	Mandatory	H	N	N	+++	N	Y
	Debtor's distribution with external ratings with respect to internal PD categories (ratings) Tab 3.III.4	Mandatory	L	N	N	++	N	Y
Q U A N T I T A T I V E (P art II)	For each portfolio and each PD (LGD criterion) : - default number - current amount exposed to default - (current average LGD and other current LGD dispersion succinct statistics - last year default number - additional information concerning past failures Tab3.III.5	Mandatory	Fort	N	N	+++	N	Y

	Type of requested information	Mandatory or optional	Compliance with the Committee's objectives : High Medium Low	Information already requested by rating agencies Y / N	Information already available or not Y / N	Costs generated by the disclosure = / + / ++ / +++	If the information is available, is it already disclosed Y / N	Drawbacks to disclosure ? Y / N
Q U A N T I T A T I V E (P art II)	For each portfolio and each PD (LGD criterion) : - number of banking commitments that have experienced one failure - nominal amount and drawn default	Mandatory	H	N	N	+++	N	Y
	In the advanced approach, for each portfolio, indicate EAD dispersion succinct statistics and the weighted exposure Tab3.III.6	Mandatory	L	N	N	+++	N	Y
	For each portfolio : - the number of borrowers and - the borrowers dispersion according to the ratings criteria for the last 3 years Tab3.III.7 - dispersion of the ratings transfers for the last 3 years - in the advanced approach, ratings transferred dispersion weighted with nominal amounts and EAD for the last 3 years Tab3.III.8	Mandatory	H	N	N	++	N	N
	When the bank uses its own LGD estimations : - a comparison between the economic capital, the current amount of capital and the minimum requested capital - succinct indications of the economic capital distributed to the main categories of activities Tab3.III.9	Mandatory	L	N	N	++	N	Y

Pillar 3 : Market discipline Appendix 3 : credit risk - risk mitigation

	Type of requested information	Mandatory or optional	Compliance with the Committee's objectives : High Medium Low	Information already requested by rating agencies Y / N	Information already available or not Y/N	Costs generated by the disclosure = / + / ++ / +++	If the information is available, is it already disclosed Y / N	Drawbacks to disclosure ? Y / N
Q U A L I T A T I V E	Describe the institutions that are behind the strategy and the collateral management process, the internal collateral recognition policies, the maturity	Mandatory	L	N	N	++	N	Y
	Provide information towards strategy and non doubtful credits control process and the management of pledges and derivatives required for collateral transactions	Mandatory	M	N	N	++	N	Y
	Describe the institutions in charge of strategy and A/L clearing contracts management process	Recommended	L	N	N	++	N	Y
Q U A N T I T A T I V E	Indicate the overall exposure, the exposed amount guaranteed by collateral and A/L clearing, the weighted risks before collateral and clearing agreements effects. By risk weight or internal risk criterion Tab3.IV.1	Mandatory	H	N	N	+++	N	N

	Type of requested information	Mandatory or optional	Compliance with the Committee's objectives : High Medium Low	Information already requested by rating agencies Y / N	Information already available or not Y/N	Costs generated by the disclosure = / + / ++ / +++	If the information is available, is it already disclosed Y / N	Drawbacks to disclosure ? Y / N
	Exposed amount covered by pledges / credit derivatives and Weighted Risks before and after impact of pledges / credit derivatives Tab3.IV.2	Mandatory	L	N	N	+++	N	Y
	Type of prudential calculation used	Mandatory	H	Y	Y	++	Y	N
	Net exposed amount Tab3.IV.3 Total amount recovered each year by collateral transactions	Recommended	L	N	N	+++	N	N
Q U A N T I T A T I V E	Exposed amount for each type of eligible collateral, by geographical area Tab3.IV.4	Recommended	L	N	N	+++	N	N
	A/L clearing covering credits and deposits by weighted risk (to be disclosed for each category of counterparties) Tab3.IV.5	Recommended	H	Y	N	++	N	N
	Overall exposure covered by pledges / credit derivative by region and/or sector (for each region/sector) Tab3.IV.6	Recommended	H	Y	N	++	N	N
	Information about pledges / credit derivative providers	Recommended	L	N	N	++	N	Y

Appendix 4 – MARKET RISKS

<u>The Standardised Approach</u>	Type of information requested	Mandatory or optional ¹	Compliance with the Committee's objectives ? (High / Medium / Low)	Already requested by rating agencies ? Y / N	Data available or not ? Y / N	Cost of disclosure (from + to +++)	If available, already disclosed ? Y / N	Drawbacks to disclosure ? Y / N	Commentaries
1. Qualitative disclosure	Specify which portfolios are covered by the standardised approach	Mandatory	H	N	Y	=	N	N	Define « portfolio » : keep a high level of aggregation (i.e. « activity »)
	Movement of portfolios between the standardised approach and the IMA	Optional	H	N	Y	=	N	N	
	Specify for which portfolios which of the methods from the standardised approach is used	Mandatory	H	N	Y	=	N	N	
2. Quantitative disclosure : required information for risk assessment	The levels of market risks in terms of capital requirements for interest rate risk, equity position risk, foreign exchange risk and commodity risk	Mandatory	H	N	Y	=	N	N	SG Annual Report : ERC global Market Risk.
	If applicable, specified for different risk categories and portfolios	Optional	H/M	N	Y	=	N	N	Amounts disclosed must be limited to very aggregated levels.
	The level and variability of profits and losses on positions covered by the disclosures	Optional	H	N	Y/N	++	N	N	
	The capital charge for positions in options	Mandatory	M	N	Y	=	N	N	

¹ Optional means that the information is disclosed only if it is considered « relevant » in order to understand the risks of the institution.

	Specified for different risk categories and portfolios	Optional	M	N	Y	=	N	N	
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<u>The Internal Models Approach</u>	Type of information requested	Mandatory or optional	Compliance with the Committee's objectives ? (High / Medium / Low)	Already requested by rating agencies ? Y / N	Data available or not ? Y / N	Cost of disclosure (from + to +++)	If available, already disclosed ? Y / N	Drawbacks to disclosure ? Y / N	Commentaries
Qualitative disclosure : General information on methodology and key input	(Partial) acceptances of the IMA by the supervisor	Mandatory	H	N	Y	=	Y	N	SG mentions in its annual report that its model has been approved for the bulk part of its activities, without giving more details.
	Specify which portfolios are covered by the IMA	Mandatory	H	N	Y	=	N	N	
	Movement of portfolios between the IMA and the standardised approach	Optional	H	N	Y	=	N	N	
	General overview of (changes in) the characteristics of the internal models used	Mandatory	H	Y	Y	=	Y	N	
	If applicable, special attention for the treatment of non-linear risks, specific risk and even risk.	Optional	H	Y	Y	=	Y	N	
	Description of the stress test program	Mandatory	H	Y	Y	=	Y	Y	Stress tests are not standardised between banks (various segments, various scenarios, correlation between markets are not accounted within the same framework). Their interpretation and their use to compare banking groups between them should be especially tricky.

	The (potential) application of stress test results	Optional	H	N	Y	=	N	N	
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The Internal Models Approach

	Type of information requested	Mandatory or optional	Compliance with the Committee's objectives ? (High / Medium / Low)	Already requested by rating agencies ? Y / N	Data available or not ? Y / N	Cost of disclosure (from + to +++)	If available, already disclosed ? Y / N	Drawbacks to disclosure ? Y / N	Commentaries
Quantitative : disclosure	The level and variability of market risks in terms of value at risk specified in IMA	Optional	H	Y	Y	=	Y	N	SG publishes this indicator for the entire internal VaR perimeter, approved or not.
	If applicable, specified for different risk categories and portfolios	Mandatory	H	Y/N	Y	=	Y / N	Y	Idem. In SG's annual report, it is not stated for each portfolio.
	The level and variability of profits and losses on the « IMA » positions	Optional	H	N	N	++	N	N	For some activities, it is difficult for us to have daily profit/losses series today. This situation should be amended until the implementation of the Pillar 3. Is it a real or a hypothetical profit ?
	Back tests results on an aggregated level	Mandatory	H	N	Y	++	N	Y	Cf. commentaries on profit/losses.
	If applicable, specified for different regions and/or portfolios	Optional	M	N	Y	++	N	Y	<i>Activities</i> and <i>regions</i> must be kept at a high level of aggregation
	Description and quantification of important « outliers » in the back test	Optional	H	N	Y	++	N	Y	

EVALUATION CHART OF THE PROPOSALS OF THE BASLE COMMITTEE**APPENDIX 6 : INTEREST RATE RISK IN THE BANKING BOOK**

Requested information	Mandatory or optional ?	Compliance with the Committee's objectives ? (High / Medium / Low)	Already requested by rating agencies ? Y / N	Data available or not ? Y / N	Cost of disclosure (from + to +++)	If available, already disclosed ? Y / N	Drawbacks to disclosure ? Y / N
1. Qualitative							
(i) Description of the organisation	Mandatory	H	+ or -	Y	+	A little	N
+ sensitivity analysis	Optional	H	N	A little	++	N	Y
(ii) Risk type							
Overall description	Mandatory	H	+ or -	Y	+	A little	N
Portfolio with hidden options	Idem	H	N	Y	+	A little	No if qualitative and general ; Yes if quantified
Hedge	Idem	M	N	Y	+	A little	
(iii) Internal measurement system (description)	Idem	H	N	Y	+	N	
(iv) Method of integration of the typical scenario	Idem	M	N	N	+++	N	Y
+ other stress scenarios	Optional	M	N		+++	N	Y

Requested information	Mandatory optional ?	Compliance with objectives ?	Already asked by rating agencies ?	Data available or not ?	Cost of disclosure (from + to +++)	If available, already disclosed ?	Drawbacks to disclosure ?
2. Quantitative							
(i) Size of the shock for each currency	Optional	M	N	N	+++	N	Y
(ii) to (v) results of the calculation	Idem	M	N	N	+++	N	Y
(vi) internal limits	Idem	M	N	N	+++	N	Y Y
(vii) derivatives notional	Idem	L	N	Y	+	N	Y
Id. for other stress scenarios	Optional	M	N	N	+++	N	Y Y
3. Back testing	If applicable	M	N	N	+++	N	Y

(a) excluding our general methods objections