



KOREA FEDERATION OF BANKS

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Basel Committee on Banking Supervision
Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel
Switzerland

E-mail: baselcommittee@bis.org

Subject: KFB comments on *A Revised Basel III Leverage ratio framework and disclosure requirements*

Dear Sir or Madam,

The Korea Federation of Banks (KFB) is a bankers' association that represents and promotes the interests of the Korean banking industry as a whole. Our membership comprises banks, both domestic and international, operating in Korea.

Thank you for providing the opportunity to industry stakeholders to comment on the "*A Revised Basel III Leverage ratio framework and disclosure requirements*". Having sufficient understanding of the background behind this consultation paper, the KFB and our member banks have reviewed the paper. The following are our comments on the document.

In regard to Computation and disclosure requirement

The Basel III leverage ratio is to be calculated using the average of the monthly leverage ratios over the quarter (on a consolidated basis). Banks must disclose both the Basel III leverage ratio (based on the average of the monthly leverage ratios over the quarter) and the end-of-period leverage ratio and provide an explanation for any material differences between the two ratios.

Leverage ratio common disclosure template (excerpt)

Leverage Ratios	
20	End of period leverage ratio (end of reporting period value)
21	Basel III leverage ratio (avg of the monthly leverage ratios over the quarter)

Computation of the Basel III leverage ratio requires monthly consolidated account statements, but in practice it is difficult to collect monthly consolidated statements. Under current regulations, Korean banks make quarterly consolidated settlements of accounts and their settlement systems are on a quarterly basis.

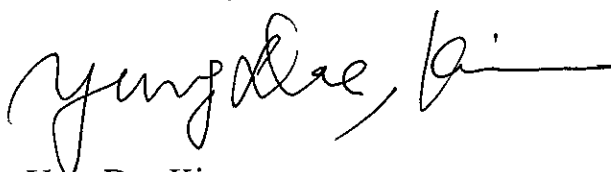
Though disclosed quarterly, the Basel III leverage ratio involves the average of the monthly leverage ratios, therefore banks will have the burden of creating consolidated financial statements every month for disclosure.

Since leverage ratios are intended to complement the BIS capital adequacy ratio, their computation should not be any more burdensome than the computation of the BIS capital adequacy ratio.

To alleviate the burden on banks and ensure operational efficiency, we suggest that the computation and disclosure of leverage ratios follow the same quarterly basis as the BIS capital adequacy ratio.

Thank you for providing industry stakeholders with the opportunity to comment on the BCBS's "*A Revised Basel III Leverage ratio framework and disclosure requirements*". The KFB and its members shall continue to closely follow future developments regarding this work stream. If you have any questions whatsoever about the comments we made, please do not hesitate to contact us.

Yours sincerely,



YungDae Kim
Vice Chairman
Korea Federation of Banks