February 14, 2020

Secretariat of the Basel Committee on Banking Supervision

Bank for International Settlements

CH-4002 Basel, Switzerland

Re: feedback in response to Consultative Document: Voluntary disclosure of sovereign exposures

Ladies and Gentlemen:

The analysis of sovereign risks, including the links between a bank and its domestic sovereign, forms an important part of the solvency assessment undertaken by Fitch Ratings' analysts, per the rating criteria.

Use of templates SOV1 and SOV2 for ratings analysis would be enriched by including a column for gross exposure amounts pre-CRM/hedging. This would allow analysts to understand the extent to which gross exposures to a sovereign are collateralised or hedged.

It would be of further use to ratings and research analysts at Fitch Ratings for templates SOV1 and SOV2 to have an additional column to understand the extent to which the sovereign exposure is held to meet liquidity buffer (HQLA) requirements. Further information could also be considered that would provide ratings analysts with insights on the consolidated group situation, e.g. in the context of resolution strategies and resolution groups, the extent to which host resolution groups need to hold foreign sovereign bonds to meet prevailing regulatory requirements.

It would be of use for the ratings analysis process for template SOV3 to state the exposure as a proportion of tier 1 capital, of the reporting bank.

Should the BCBS wish to discuss any aspect of our response in further detail, we would be pleased to make ourselves available. Please contact Alan Adkins (alan.adkins@fitchratings.com) or Monsur Hussain (monsur.hussain@fitchratings.com).

Sincerely

Alan Adkins

Head of Central Functions and Research

Financial Institutions

Fitch Ratings Limited