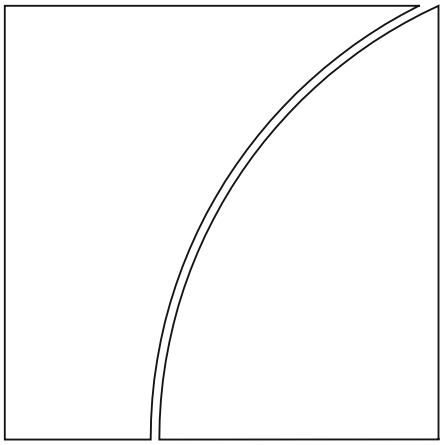
Basel Committee
on Banking Supervision



Instructions for Basel III monitoring

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Instructions for Basel III monitoring

1. Introduction

The Basel Committee on Banking Supervision ("the Committee")[1] is monitoring the impact of *Basel III: A global regulatory framework for more resilient banks and banking systems* ("the Basel III standards"), the *Basel III leverage ratio framework and disclosure requirements* ("the Basel III leverage ratio framework"), *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools* ("the Basel III LCR standards") and *Basel III: The Net Stable Funding Ratio – Consultative Document* ("Basel III NSFR standards")[2] on participating banks. The exercise will be repeated semi-annually with end-December and end-June reporting dates.

In addition to these recurring items, worksheets have been added to collect data on two ongoing policy initiatives of the Committee, ie the fundamental review of the trading book conducted by the Committee's Trading Book Group[3] and the review of the standardised approaches for operational risk and other works on operational risk that the Committee's Working Group on Operational Risk is currently undertaking.

The Committee will treat all individual bank data collected in this exercise strictly confidential and will not attribute them to individual banks.

The descriptions of data items in these instructions intend to facilitate the completion of the monitoring questionnaire and are not to be construed as an official interpretation of other documents published by the Committee.

This version of the instructions refers to versions 2.8.x of the reporting template which should be used for the 30 June 2014 reporting date. Changes compared to the previous version of the reporting template are highlighted in the Annex.

The remainder of this document is organised as follows. Sections 2 and 3 discuss general issues such as the scope of the exercise, the process and the overall structure of the quantitative questionnaire. Sections 4 to 6 discuss the worksheets for data collection on the definition of capital, the leverage ratio, liquidity and partial use, respectively. Section 7 presents the new worksheets for collecting data for the Committee's fundamental review of the trading book while Section 8 describes the worksheet for the collection of data relevant to the Committee's works on operational risk.

[1] The Basel Committee on Banking Supervision is a committee of banking supervisory authorities which was established by the central bank Governors of the Group of Ten countries in 1975. It consists of senior representatives of bank supervisory authorities and central banks from Argentina, Australia, Belgium, Brazil, Canada, China, France, Germany, Hong Kong SAR, India, Indonesia, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. It usually meets at the Bank for International Settlements (BIS) in Basel, Switzerland, where its permanent Secretariat is located.

[2] Basel Committee on Banking Supervision, *Basel III: A global regulatory framework for more resilient banks and banking systems (revised June 2011)*, June 2011, www.bis.org/publ/bcbs189.htm; Basel Committee on Banking Supervision, *Basel III leverage ratio framework and disclosure requirements*, January 2014, www.bis.org/publ/bcbs270.htm; Basel Committee on Banking Supervision, *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools*, January 2013, www.bis.org/publ/bcbs238.htm; Basel Committee on Banking Supervision, *Basel III: The Net Stable Funding Ratio – Consultative Document,* January 2014, www.bis.org/publ/bcbs271.htm.

[3] Basel Committee on Banking Supervision, *Fundamental review of the trading book – second consultative document*, October 2013, www.bis.org/publ/bcbs265.htm.

2. General

2.1 Scope of the exercise

Participation in the monitoring exercise is voluntary. The Committee expects both large internationally active banks and smaller institutions to participate in the study, as all of them will be materially affected by some or all of the revisions of the various standards. Where applicable and unless noted otherwise, data should be reported for consolidated[4] groups.

The monitoring exercise is targeted at both banks under the Basel II/III frameworks and at those still subject to Basel I.[5] However, as outlined in the remainder of these instructions some parts of the questionnaire are only relevant for banks subject to Basel II or to banks applying a particular approach. If **Basel I** figures are used, they should be calculated based on the **national implementation**, referred to as "Basel I" in this document. In some countries supervisors may have implemented additional rules beyond the 1988 Accord or may have made modifications to the Accord in their national implementation, and these should be considered in the calculation of "Basel I" capital requirements for the purposes of this exercise. If a bank has implemented **Basel II** at a particular reporting date, it should calculate capital requirements based on the **national implementation** of the Basel II framework, referred to as "Basel II" in this document. **Unless stated otherwise**, the changes to the risk-weighted asset calculation of the Basel II framework introduced in 2009 which are collectively referred to as "Basel 2.5" (*Revisions to the Basel II market risk framework*[6] ("the Revisions") and *Enhancements to the Basel II framework*[7] ("the Enhancements")) and through the Basel III framework should only be reflected if they are part of the applicable regulatory framework at the reporting date.

When providing data on Basel III, banks should also take into account the frequently asked questions on capital and counterparty risk published by the Committee.[8]

This data collection exercise should be completed on a best-efforts basis. Ideally, banks should include all their assets in this exercise. However, due to data limitations, inclusion of some assets (for example the portfolio of a minor subsidiary) may turn out to be an unsurpassable hurdle. In these cases, banks should consult their relevant national supervisor to determine how to proceed.

2.2 Filling in the data

The Basel III monitoring workbook available for download on the Committee's website is for information purposes only. While the structure of the workbooks used for the Basel III monitoring exercise is the same in all participating countries, **it is important that banks only use the workbook obtained from their respective national supervisory agency to submit their returns**. Only these workbooks are

4 This refers to the consolidation for regulatory rather than accounting purposes.

5 Basel Committee on Banking Supervision, *International convergence of capital measurement and capital standards (updated to April 1998)*, 1998, www.bis.org/publ/bcbsc111.htm.

6 Basel Committee on Banking Supervision, *Revisions to the Basel II market risk framework - updated as of 31 December 2010*, February 2011, www.bis.org/publ/bcbs193.htm.

7 Basel Committee on Banking Supervision, *Enhancements to the Basel II framework*, July 2009, www.bis.org/publ/bcbs157.htm.

8 Basel Committee on Banking Supervision, *Basel III definition of capital – Frequently asked questions*, December 2011, www.bis.org/publ/bcbs211.htm; Basel Committee on Banking Supervision, *Basel III counterparty credit risk – Frequently asked questions*, December 2012, www.bis.org/publ/bcbs237.htm.

adjusted to reflect the particularities of the regulatory frameworks in participating countries. National supervisory agencies may also provide additional instructions if deemed necessary.

Data should only be entered in the yellow and green shaded cells. There are also some pink cells which will be completed by the relevant national supervisory agency. **It is important to note that any modification to the worksheets might render the workbook unusable both for the validation of the final results and the subsequent aggregation process.**

Cell colours used in the Basel III monitoring reporting template

Colour	Worksheet	Content
Yellow	All	Input cell.
Green	Requirements	To be completed if requested by the national supervisor.
	Leverage Ratio	Additional information needed to monitor the leverage ratio and its components during the transition period, in accordance with the transitional arrangements set out in paragraphs 165 to 167 of the Basel III standards. Banks are encouraged to fill in green cells on a best-efforts basis as well.
	LCR, NSFR	To be completed if requested by the national supervisor in light of national discretion choices.
	TB	Additional information to be completed on a best efforts basis.
	OpRisk	To be completed if requested by the national supervisor.
Pink	All	To be completed by the supervisor.
White, orange	All	Calculation result. Must not be changed.

Where information is not available, the corresponding cell should be left empty. No text such as "na" should be entered in these cells. However, leaving a cell empty could trigger exclusion from some or all of the analyses if the respective item is required, ie it should be aimed at providing data for **all yellow** cells. The automated calculations in the workbook indicate whether or not a certain item can be calculated using the data provided. The national supervisor will provide guidance on which of the **green** cells should be filled in by a particular bank.

Data can be reported in the most convenient currency. The currency which has been used should be recorded in the "General Info" worksheet. Supervisors will provide the relevant exchange rate for converting the reporting currency to euros. If 1,000 or 1,000,000 currency units are used for reporting, this should also be indicated in this worksheet. When choosing the reporting unit, it should be considered that the worksheet shows all amounts as integers. The same currency and unit should be used for all amounts throughout the workbook, irrespective of the currency of the underlying exposures.

Percentages should be reported as decimals and will be converted to percentages automatically. For example, 1% should be entered as 0.01.[9]

Banks using the Basel II internal ratings-based (IRB) approaches should, where applicable, report risk-weighted assets after applying the scaling factor of 1.06 to credit risk-weighted assets.

The reporting template includes checks in several of the worksheets. If one of these checks shows "No" or "Fail", please refer to the explanatory text and the formula in the check cell and correct

[9] Depending on the regional options of the operating system used, it might be necessary to use a different decimal symbol. It might also be necessary to switch off the option "Enable automatic percent entry" in the Tools/Options/Edit dialog of Excel if percentages cannot be entered correctly.

the input data to which the check refers. An overview of the results of all checks is provided on the "Checks" worksheet.

The Committee is aware that some banks might not yet have implemented some of the models and processes required for the calculations. In such cases banks may provide quantitative data on a "best-efforts" basis. In case of doubt, they should discuss with the relevant national supervisor how to proceed. Where the approach used for the Basel III monitoring differs materially from the final implementation, this should be explained in a separate note.

Unless noted otherwise, banks should only report data for the approach they are currently using or are intending to use. Except for some instances on the "General Info" worksheet, cells provided for various approaches are in general intended to facilitate partial use and do **not** require banks to conduct alternative calculations for the same set of exposures.

2.3 Process

The Basel Committee or its Secretariat will not collect any data directly from banks. Therefore, banks in participating countries should contact their supervisory agency to discuss how the completed workbooks should be submitted. National supervisors will forward the relevant data to the Secretariat of the Basel Committee where individual bank data will be treated strictly confidential and will not be attributed to individual banks.

Similarly, banks should direct all questions related to this study, the related rules, standards and consultative documents to their national supervisory agencies. Where necessary, they will coordinate their responses through the Secretariat of the Basel Committee to provide responses that are consistent across countries. A document with responses to frequently asked questions will be maintained on the Basel Committee's website.[10]

Banks should specify any instance where they had to deviate from the instructions provided in an additional document.

2.4 Reporting date

If possible, and unless the national supervisor has provided different guidance, generally all data should be reported as of end-December or end-June, as applicable. If data availability does not allow a bank to use these reporting dates or if the financial year differs from the calendar year, suitable alternatives should be discussed with the relevant national supervisor.

2.5 Structure of the Excel questionnaire

The Excel workbook consists of 17 worksheets. All banks participating in the impact study should generally complete them. Some banks may be directed by their supervisor to complete only the capital-related part or only the liquidity-related part of the workbook. Finally, the "Checks" worksheet provides an overview of all the checks included on the other worksheets. The worksheets requiring data input are the following:

[10] www.bis.org/bcbs/qis/.

- The worksheet "General Info" is intended to capture **general information** regarding the bank, eligible capital and deductions as well as capital distribution data. This worksheet should be completed by all banks.
- The worksheet "Requirements" captures overall capital requirements and actual capital ratios. Except for some additional information on operational risk and the transitional floors which should only be filled in by banks subject to the Basel II framework, this worksheet should be completed by all banks.
- The "DefCapB3" worksheet is related to the **definition of capital**. It captures more detailed information on the Basel III definition of capital and its impact on risk-weighted assets. The "DefCapB3-MI" worksheet helps banks with the calculation of regulatory adjustments for minority interest which is an input required on the "DefCapB3" worksheet.
- The **leverage ratio** worksheet ("Leverage Ratio") captures data necessary for the calculation of the leverage ratio.
- The **liquidity** worksheets ("LCR" and "NSFR") are intended to capture key data regarding the liquidity coverage ratio and net stable funding ratio measures.
- The "TB" worksheets collect data for the Committee's QIS on the fundamental review of the trading book. **These worksheets should be completed by banks which currently use either the internal models approach or the standardised approach to market risk.**
- The "OpRisk" worksheet collects data to support the current work of the Committee on operational risk, in particular that aiming at revising the standardised approaches.

3. General information

The "General Info" worksheet gathers basic information that is needed to process and interpret the survey results. Banks only providing data for liquidity, the fundamental review of the trading book or operational risk are only required to fill in panels A and B.

3.1 General bank data (panel A)

Panel A of the "General Info" worksheet deals with bank and reporting data conventions.

Row	Column	Heading	Description
A1)	**Reporting data**		
5	C	Country code	Leave blank
6	C	Region code	Leave blank
7	C	Bank number	Leave blank
8	C	CMG-relevant	Leave blank
9	C	Data validation only	Leave blank
10	C	Bank is a single legal entity	Leave blank
11	C	Bank is a subsidiary of a banking group	Leave blank
12	C	Bank is a subsidiary with a non-EU parent (EU only)	Leave blank
13	C	Bank type	Leave blank
14	C	Bank group	Leave blank

Row	Column	Heading	Description
15	C	Bank type (numeric)	Leave blank
16	C	G-SIB surcharge	Leave blank
17	C	Domestic surcharges, CET1 capital	Leave blank
18	C	Domestic surcharges, Tier 1 capital	Leave blank
19	C	Domestic surcharges, total capital	Leave blank
20	C	Conversion rate (in euros/reporting currency)	Leave blank
21	C	Submission date (yyyy-mm-dd)	Leave blank
22	C	Use capital data	Leave blank
23	C	Comparable to the previous period	Leave blank
24	C	Use Leverage ratio data	Leave blank
25	C	Comparable to the previous period	Leave blank
26	C	Use LCR data	Leave blank
27	C	Comparable to the previous period	Leave blank
28	C	Use NSFR data	Leave blank
29	C	Comparable to the previous period	Leave blank
30	C	Use trading book boundary data	Leave blank
31	C	Comparable to the previous period	Leave blank
32	C	Use trading book SBA data	Leave blank
33	C	Comparable to the previous period	Leave blank
34	C	Use trading book default CTP data	Leave blank
35	C	Comparable to the previous period	Leave blank
36	C	Use trading book IMA risk measures data	Leave blank
37	C	Comparable to the previous period	Leave blank
38	C	Use trading book IMA backtesting/P&L data	Leave blank
39	C	Comparable to the previous period	Leave blank
40	C	Use operational risk data	Leave blank
41	C	Comparable to the previous period	Leave blank
42	C	Reporting date (yyyy-mm-dd)	Date as of which all data are reported in worksheets.

Row	Column	Heading	Description
43	C	Reporting currency (ISO code)	**Three-character** ISO code of the currency in which all data are reported (eg USD, EUR).
44	C	Unit (1, 1000, 1000000)	Units (single currency units, thousands, millions) in which results are reported.
45	C	Accounting standard	Indicate the accounting standard used.
A2)	**Approaches to credit risk**		
Banks using more than one approach to calculate risk-weighted assets for credit risk should select **all** those approaches in rows 48 to 51. However, if a bank uses the foundation IRB approach for all non-retail portfolios subject to the PD/LGD approach and the IRB approach to retail for the retail portfolio, "foundation IRB" should be selected as the only IRB approach (and additionally Basel I or the standardised approach if applicable). If an IRB bank has only a retail portfolio and no other exposures subject to a PD/LGD approach, then "advanced IRB" should be selected as the only IRB approach (and additionally Basel I or the standardised approach if applicable).			
48	C	Basel I	Indicate whether Basel I is used to calculate capital requirements for a portion of the exposures reported in this study.
49	C	Basel II/III standardised approach	Indicate whether the standardised approach of Basel II or III is used to calculate capital requirements for a portion of the exposures reported in this study.
50	C	Basel II/III FIRB approach	Indicate whether the foundation IRB approach of Basel II or III is used to calculate capital requirements for a portion of the exposures reported in this study.
51	C	Basel II/III AIRB approach	Indicate whether the advanced IRB approach of Basel II or III is used to calculate capital requirements for a portion of the exposures reported in this study.
A3)	**Accounting information**		
54	C	Accounting total assets	Total assets following the relevant accounting balance sheet (considering the regulatory consolidation).

3.2 Current capital and capital according to the national implementation of Basel III (panel B)

Panel B of the "General Info" worksheet deals with information on eligible capital and deductions. While the relevant amounts under the 2022 Basel III standards are calculated automatically based on input on the "DefCapB3" worksheet, banks should enter the capital amounts eligible at the reporting date in column C according to the national implementation of the Basel standards. This calculation should be conducted in the same way as the calculation of eligible capital for solvency reporting to the national supervisory agency at the reporting date.

The regulatory adjustments should be assigned to the tier of capital **from which they are actually taken**. For example, if a bank has not enough additional Tier 2 capital to make all those regulatory adjustments which can be made to Tier 2 capital, the adjustment should be reported as an adjustment to the relevant higher tier of capital.

Row	Column	Heading	Description
Total Common Equity Tier 1 capital			
For reporting dates on which the bank is not yet subject to Basel III, those elements of Tier 1 capital which are **not** subject to a limit under the national implementation of Basel I or Basel II should be reported in column C of these rows.			
64	C	Prior to regulatory adjustments, national rules as at reporting date	Amount of gross Common Equity Tier 1 capital. This line should not include any regulatory adjustments.

Row	Column	Heading	Description
65	C	Regulatory adjustments, national rules as at reporting date	Enter all regulatory adjustments to Common Equity Tier 1 capital elements. Banks should generally **not** report regulatory adjustments in this row that are applied to total Tier 1 capital as these should generally be reported in row 68. The only exception to this is in cases where the deductions in row 68 would otherwise exceed the Additional Tier 1 instruments reported in row 67.
Additional Tier 1 capital For reporting dates on which the bank is not yet subject to Basel III, those elements of Tier 1 capital which are subject to a limit under the national implementation of Basel I or Basel II (eg hybrid capital) should be reported in column C of these rows.			
67	C	Prior to regulatory adjustments, national rules as at reporting date	Enter the amount of gross Additional Tier 1 capital. This line should not include any regulatory adjustments.
68	C	Regulatory adjustments, national rules as at reporting date	Enter all regulatory adjustments to Additional Tier 1 capital elements. If the sum of the regulatory adjustments exceeds the amount reported in row 67 the excess should be reported in row 65 (ie the regulatory adjustments reported in row 68 must not exceed the capital reported in row 67).
Tier 2 capital			
72	C	Prior to regulatory adjustments, national rules as at reporting date	Enter the amount of gross Tier 2 capital. This line should not include any regulatory adjustments.
73	C	Regulatory adjustments, national rules as at reporting date	Enter all regulatory adjustments to Tier 2 capital elements and to total capital elements. If the sum of the regulatory adjustments exceeds the amount reported in row 72 the excess should be reported in row 68 (ie the regulatory adjustments reported in row 73 must not exceed the capital reported in row 72).
Tier 3 capital			
75	C	Tier 3 capital	Enter the amount of Tier 3 capital. For banks which are subject to Basel III at the reporting date, this cell should be 0.

3.3 Capital distribution data (panel C)

Panel C of the "General Info" worksheet deals with data on banks' income, capital distributions and capital raised. All data should be provided for the six-month period ending on the reporting date. Distributions should be reported in the period in which they are recognised on the balance sheet.

Row	Column	Heading	Description
Income			
82	C	Profit after tax	Enter the total amount of profit (loss) after tax. This should include profits attributable to minority shareholders.

Row	Column	Heading	Description
83	C	Profit after tax prior to the deduction of relevant (ie expensed) distributions below	Enter the total amount of profit (loss) after tax including profits attributable to minority shareholders, but prior to the relevant distributions listed in the section below. The **relevant** distributions are only those which were included in the income statement in such a way as to reduce profit after tax as set out in row 78 (ie items that were expensed), and thus the relevant distributions are not necessarily the sum of the items listed below. The line seeks to collect the profit after tax which would have been reported had none of the distributions listed below been paid. As such any tax impact of making such payments should also be reversed in this line.
Distributions			
85	C	Common share dividends	Enter the total common share dividend payments. The amount entered should be the amount paid in cash, not stock.
86	C	Other coupon/dividend payments on Tier 1 instruments	Enter the total coupon/dividend payments paid to other Tier 1 instruments. The amount entered should be the amount paid in cash, not stock. It should include both amounts which were reported in the income statement as an interest expense and amounts which were reported as a distribution of profits.
87	C	Common stock share buybacks	Enter the total common stock share buybacks (effective amounts).
88	C	Other Tier 1 buyback or repayment (gross)	Enter the total gross buyback or repayment of other Tier 1 instruments (effective amounts).
89	C	Discretionary staff compensation/bonuses	Enter the total amount of discretionary staff bonuses and other discretionary staff compensation. These amounts should be included if and when they result in a reduction of Tier 1 capital. For purposes of the Basel III monitoring exercise, discretionary staff bonuses and other discretionary compensation include all variable compensation to staff that the bank is not contractually obliged to make. Banks should only include such amounts if they result in a reduction in Tier 1 capital or would have resulted in an increase in Tier 1 capital if they had not been made. For example, under US GAAP, a bank is required to classify as a liability certain shares that give employees the right to require their employer to repurchase shares in exchange for cash equal to the fair value of the shares. As such discretionary compensation results in a reduction in GAAP equity and consequently Tier 1 capital, it would be included in row 83 of the "General Info" worksheet. Similarly, discretionary compensation made out of retained net income would have resulted in an increase in Tier 1 capital if it had not been made and therefore should also be included in row 83. By contrast, compensation to employees in the form of newly issued shares may in certain circumstances result in an increase in the number of outstanding shares with no change in GAAP equity and consequently no reduction in Tier 1 capital. These amounts should not be included in row 83 of the "General Info" worksheet.
90	C	Tier 2 buyback or repayment (gross)	Enter the total gross buyback or repayment of Tier 2 instruments (effective amounts).

Row	Column	Heading	Description
Capital raised (gross) Since these are cells to report newly issued capital amounts, the amounts of capital raised must always be positive or zero. Banks should apply the Basel III definition of capital in all reporting periods. **Even if Basel III is not yet in force in a jurisdiction at the reporting date, all amounts in rows 88 to 90 should be reported based on Basel III definitions, including the 13 January 2011 press release on loss absorbency at the point of non-viability.** **Profit retention should not be included in the amounts of capital raised reported in this panel.**			
92	C	CET1	Enter the total gross Common Equity Tier 1 capital issued.
93	C	Additional Tier 1	Enter the total gross Additional Tier 1 capital issued.
94	C	Tier 2	Enter the total gross Tier 2 capital issued.

4. Risk-weighted assets, exposures and eligible capital

4.1 Overall capital requirements and actual capital ratios (worksheet "Requirements")

The "Requirements" worksheet deals with overall capital requirements and actual capital ratios. **The green cells in this panel should only be filled in by banks that have been asked to do so by their supervisor.**

Row	Column	Heading	Description
A)	**Data for all banks**		
1)	**Credit risk (including CCR and non-trading credit risk)**		
In panel A1, banks have to report in column C risk-weighted assets for their exposures subject to the Basel I credit risk framework, in column D risk-weighted assets from the Basel II/III standardised approach to credit risk and in column E risk-weighted assets from the foundation or advanced internal ratings-based approach. The columns for all approaches a bank is using according to the information provided in rows 49 to 52 above must be filled in completely. For example, a bank using the IRB approach and partial use of the standardised approach must fill in both columns D and E. If a bank does not have a particular portfolio, risk-weighted assets should be reported as 0. **The sets of exposures for which RWA are reported in columns C, D and E must be mutually exclusive.** Exposures subject to the slotting criteria approach for specialised lending, settlement risk exposures (to the extent assigned to the banking book) and all other exposures subject to a fixed risk weight rather than a PD/LGD treatment (except for equity exposures where the simple risk weight approach is used and exposures reported under "other assets") should be treated as if they were subject to the standardised approach. If any such exposures exist, zeroes must be reported in all unused cells in column D of panel A1. Risk-weighted assets under the Basel 2.5/Basel III frameworks are requested in columns F (standardised approach) and G (IRB approach) except for banks which are solely subject to Basel I. For banks which have been asked by their supervisors to provide data in the green cells, risk-weighted assets reported in columns F and G must refer to the same set of exposures for which risk-weighted assets have been calculated in columns C to E. For all other banks they should refer to the same set of exposures for which risk-weighted assets have been calculated in the relevant category of the regulatory reporting system. This also applies to the rows asking for counterparty credit risk exposures specifically, although the exposure amount as such could increase from reporting date to Basel III if the Basel III CCR standards are not yet applied at the reporting date. RWA under Basel 2.5 and Basel III should reflect in particular the following changes: • **The increased asset value correlation for exposures to financial institutions subject to the IRB approach (see paragraph 102 of the Basel III document).** • **The impact of changes to the default risk capital charge for CCR.** Risk-weighted assets should reflect the 1.06 scaling factor to IRB credit risk-weighted assets where relevant and, unless noted otherwise, be calculated using the standards in place at the reporting date. Exposure amounts should reflect all credit risk mitigation if any.			

Row	Column	Heading	Description
12	C–G	Corporate (not including receivables); Counterparty credit risk exposures (not including CVA charges or charges for exposures to CCPs)	Overall risk-weighted assets for corporate (not including receivables) counterparty credit risk exposures, not including CVA capital charges or exposures to CCPs, after applying the 1.06 scaling factor to IRB credit risk-weighted assets. For columns F and G only, risk-weighted assets reported should reflect the impact of changes to the default risk capital charge for CCR. For column G only, this should also include the increased asset value correlation for exposures to financial institutions (see paragraph 102 of the Basel III document). If risk-weighted assets for counterparty credit risk cannot be reported separately, this row should be left **empty** and the risk-weighted assets should be included in the "Other exposures" row below.
12	H–J	Corporate (not including receivables); Counterparty credit risk exposures (not including CVA charges or charges for exposures to CCPs)	Of the **exposure amount** for which risk-weighted assets are reported in columns F and G of this row, the amount which is subject to the CEM (column H), the standardised method (column I) and the IMM (column J). Banks should report only the columns for the approach(es) which they plan to use after Basel III implementation and report zero in all other columns.
13	D–E	Corporate (not including receivables); Specialised lending exposures	Overall risk-weighted assets for specialised lending exposures. Exposures subject to the slotting criteria approach for specialised lending should be treated as if they were subject to the standardised approach and, therefore, be included in column D. Non-IRB banks should enter 0.
14	C–G	Corporate (not including receivables); Other exposures	Overall risk-weighted assets for other corporate exposures (not including receivables), after applying the 1.06 scaling factor to IRB credit risk-weighted assets. For columns F and G only, risk-weighted assets reported should reflect the impact of changes to the default risk capital charge for CCR if such amounts are not reported in row 12 columns F and G. For column G only, this should also include the increased asset value correlation for exposures to financial institutions (see paragraph 102 of the Basel III document).
16	C–G	Sovereign; Counterparty credit risk exposures (not including CVA charges or charges for exposures to CCPs)	Overall risk-weighted assets for sovereign counterparty credit risk exposures, not including CVA capital charges or exposures to CCPs, after applying the 1.06 scaling factor to IRB credit risk-weighted assets. For columns F and G only, risk-weighted assets reported should reflect the impact of changes to the default risk capital charge for CCR. If risk-weighted assets for counterparty credit risk cannot be reported separately, this row should be left **empty** and the risk-weighted assets should be included in the "Other exposures" row below.
16	H–J	Sovereign; Counterparty credit risk exposures (not including CVA charges or charges for exposures to CCPs)	Of the **exposure amount** for which risk-weighted assets are reported in columns F and G of this row, the amount which is subject to the CEM (column H), the standardised method (column I) and the IMM (column J). Banks should report only the columns for the approach(es) which they plan to use after Basel III implementation and report zero in all other columns.
17	C–G	Sovereign; Other exposures	Overall risk-weighted assets for other sovereign exposures, after applying the 1.06 scaling factor to IRB credit risk-weighted assets. For columns F and G only, risk-weighted assets reported should reflect the impact of changes to the default risk capital charge for CCR if such amounts are not reported in row 16 columns F and G.

Row	Column	Heading	Description
19	C–G	Bank; Counterparty credit risk exposures (not including CVA charges or charges for exposures to CCPs)	Overall risk-weighted assets for bank counterparty credit risk exposures, not including CVA capital charges or exposures to CCPs, after applying the 1.06 scaling factor to IRB credit risk-weighted assets. For columns F and G only, risk-weighted assets reported should reflect the impact of changes to the default risk capital charge for CCR. For column G only, this should also include the increased asset value correlation for exposures to financial institutions (see paragraph 102 of the Basel III document). If risk-weighted assets for counterparty credit risk cannot be reported separately, this row should be left **empty** and the risk-weighted assets should be included in the "Other exposures" row below.
19	H–J	Bank; Counterparty credit risk exposures (not including CVA charges or charges for exposures to CCPs)	Of the **exposure amount** for which risk-weighted assets are reported in columns F and G of this row, the amount which is subject to the CEM (column H), the standardised method (column I) and the IMM (column J). Banks should report only the columns for the approach(es) which they plan to use after Basel III implementation and report zero in all other columns.
20	C–G	Bank; Other exposures	Overall risk-weighted assets for other bank exposures, after applying the 1.06 scaling factor to IRB credit risk-weighted assets. For columns F and G only, risk-weighted assets reported should reflect the impact of changes to the default risk capital charge for CCR if such amounts are not reported in row 19 columns F and G. For column G only, this should also include the increased asset value correlation for exposures to financial institutions (see paragraph 102 of the Basel III document).
22	C–G	Retail; Counterparty credit risk exposures (not including CVA charges or charges for exposures to CCPs)	Overall risk-weighted assets for retail counterparty credit risk exposures, not including CVA capital charges or exposures to CCPs, after applying the 1.06 scaling factor to IRB credit risk-weighted assets. For columns F and G only, risk-weighted assets reported should reflect the impact of changes to the default risk capital charge for CCR. If risk-weighted assets for counterparty credit risk cannot be reported separately, this row should be left **empty** and the risk-weighted assets should be included in the "Other exposures" row below.
22	H–J	Retail; Counterparty credit risk exposures (not including CVA charges or charges for exposures to CCPs)	Of the **exposure amount** for which risk-weighted assets are reported in columns F and G of this row, the amount which is subject to the CEM (column H), the standardised method (column I) and the IMM (column J). Banks should report only the columns for the approach(es) which they plan to use after Basel III implementation and report zero in all other columns.
23	C–G	Retail; Other exposures	Overall risk-weighted assets for other retail exposures, after applying the 1.06 scaling factor to IRB credit risk-weighted assets. For columns F and G only, risk-weighted assets reported should reflect the impact of changes to the default risk capital charge for CCR if such amounts are not reported in row 22 columns F and G.
24	C–E, G	Equity	Overall risk-weighted assets for equity exposures, where relevant after applying the 1.06 scaling factor to IRB credit risk-weighted assets. For column G only, this should also include the increased asset value correlation for exposures to financial institutions (see paragraph 102 of the Basel III document).

Row	Column	Heading	Description
25	C–E, G	Purchased receivables	Overall risk-weighted assets for purchased receivables. For column G only, this should also include the increased asset value correlation for exposures to financial institutions (see paragraph 102 of the Basel III document).
26	C–E	Securitisations	Overall risk-weighted assets for securitisations, where relevant after applying the 1.06 scaling factor to IRB credit risk-weighted assets.
26	F–G	Securitisations	Overall risk-weighted assets for securitisations as if the Enhancements were already in place, where relevant after applying the 1.06 scaling factor to IRB credit risk-weighted assets, and separately for exposures subject to the standardised and IRB approaches. **Securitisation exposures for which Basel 2.5 introduces a deduction treatment should be entered with a 1250% risk weight as the deduction treatment will only be in place for a very short timeframe until Basel III replaces it by a 1250% risk weight.**
27	C–E	Related entities	Overall risk-weighted assets for related entities.
28	C–E	Funds/collective investment schemes	Overall risk-weighted assets for funds/collective investment schemes.
29	C–E	Other assets	Overall risk-weighted assets for other assets.
30	D	Partial use (if not assigned to a portfolio)	Overall risk-weighted assets for exposures subject to partial use of the standardised approach to credit risk if they are not assigned to a portfolio. Wherever possible, banks should report those exposures in one of the rows for a particular portfolio rather than in this row.
31	C–G	Trading book counterparty credit risk exposures (if not included above)	Overall risk-weighted assets for counterparty credit risk exposures in the trading book if the bank is not able to include them in the portfolio of the counterparty as specified above. For columns F and G only, risk-weighted assets reported should reflect the impact of changes to the default risk capital charge for CCR. For column G only, this should also include the increased asset value correlation for exposures to financial institutions (see paragraph 102 of the Basel III document).
31	H–J	Trading book counterparty credit risk exposures (if not included above)	Of the **exposure amount** for which risk-weighted assets are reported in columns F and G of this row, the amount which is subject to the CEM (column H), the standardised method (column I) and the IMM (column J). Banks should report only the columns for the approach(es) which they plan to use after Basel III implementation and report zero in all other columns.
32	C–E	Credit risk-weighted assets which the bank is unable to assign to one of the above categories	If a bank is unable to assign credit risk-weighted assets to one of the above categories even on a best-efforts basis, they should be reported in this row.
39	C	Qualifying central counterparties; Trade exposures (including client cleared trades); RWA	This includes any risk-weighted assets for trade exposures under Method 1 or Method 2, including RWA for SFT cleared through QCCPs. Of note, this includes risk-weighted assets for QCCPs subject to Method 2 where the cap of 20% of trade exposures is binding. Banks should enter a 0 in years in which this capital charge is not yet in force.

Row	Column	Heading	Description
39	F	Qualifying central counterparties; Trade exposures (including client cleared trades); RWA	This includes any risk-weighted assets for trade exposures under Method 1 or Method 2, including RWA for SFT cleared through QCCPs. Of note, this includes risk-weighted assets for QCCPs subject to Method 2 where the cap of 20% of trade exposures is binding.
39	H–J	Qualifying central counterparties; Trade exposures (including client cleared trades); Exposure amount	Of the exposure amount for which RWA are reported in cell F39, the amount which is subject to the CEM (column H), the standardised method (column I) and the IMM (column J). Banks should report only the columns for the approach(es) which they plan to use after Basel III implementation and report zero in all other columns.
40	C	Qualifying central counterparties; Default fund exposures; RWA	This includes any risk-weighted assets for default fund contributions to QCCPs. Of note, this excludes risk-weighted assets for QCCPs subject to Method 2 where the cap of 20% of trade exposures is binding. Banks should enter a 0 in years in which this capital charge is not yet in force.
40	F	Qualifying central counterparties; Default fund exposures; RWA	This includes any risk-weighted assets for default fund contributions to QCCPs. Of note, this excludes risk-weighted assets for QCCPs subject to Method 2 where the cap of 20% of trade exposures is binding.
47	C	CVA capital charge (risk-weighted asset equivalent); Advanced CVA risk capital charge	Risk-weighted asset equivalent of the advanced CVA risk capital charge (ie the advanced CVA risk capital charge times 12.5). Banks should enter a 0 in years in which this capital charge is not yet in force.
47	F	CVA capital charge (risk-weighted asset equivalent); Advanced CVA risk capital charge	Risk-weighted asset equivalent of the advanced CVA risk capital charge under Basel III as per paragraph 99 of the Basel III document (ie the advanced CVA risk capital charge times 12.5).
48	C	CVA capital charge (risk-weighted asset equivalent); Standardised CVA risk capital charge	Risk-weighted asset equivalent of the standardised CVA risk capital charge (ie the standardised CVA risk capital charge times 12.5). Banks should enter a 0 in years in which this capital charge is not yet in force.
48	F	CVA capital charge (risk-weighted asset equivalent); standardised CVA risk capital charge	Risk-weighted asset equivalent of the standardised CVA risk capital charge under Basel III as per paragraph 99 of the Basel III document (ie the standardised CVA risk capital charge times 12.5).
48	H	CVA capital charge (risk-weighted asset equivalent); standardised CVA risk capital charge	The **exposure amount** subject to the standardised CVA risk capital charge under Basel III as per paragraph 99 of the Basel III document which is externally rated.
48	I	CVA capital charge (risk-weighted asset equivalent); standardised CVA risk capital charge	The **exposure amount** subject to the standardised CVA risk capital charge under Basel III as per paragraph 99 of the Basel III document which is unrated.

2) Market risk

The green cells in panel A2 should only be filled in by banks that have been asked to do so by their supervisor and should be calculated based on the regulatory framework in place at the reporting date. If a bank does not have a particular portfolio or no trading book at all, risk-weighted assets should be reported as 0.

Furthermore, those banks which are affected by the Revisions or the Enhancements should also complete the yellow cells in column D of panel A2, assuming full implementation of the standards set out in these documents. **The data should only be filled in for reporting dates at which the Revisions or Enhancements are not yet fully in force (and therefore not yet fully reflected in the numbers provided in column C).**

For banks which have been asked by their supervisors to provide data in the green cells, the risk-weighted asset calculation for column D must refer to the same set of exposures for which risk-weighted assets have been calculated in column C. Again, if a bank does not have a particular portfolio or no trading book at all, risk-weighted assets should be

Row	Column	Heading	Description
reported as 0. If a bank cannot provide data for a certain item, the cell should be left empty and **not** be reported as 0. However, leaving a cell empty could trigger exclusion from some analyses if the respective item is required and the bank has been asked to provide the data. The yellow cells in columns E to H should be filled in by all banks.			
55	C–D	Standardised measurement method, general interest rate and equity position risk	Capital charge for general interest rate and equity position risk based on the standardised measurement method as applicable at the reporting date. The capital charge should be inclusive of all risks that enter the standardised interest rate and equity position risk capital charge.
55	G	Standardised measurement method, general interest rate and equity position risk	Amount of **exposures** for which the capital charge reported in cell D55 has been calculated.
56	C–D	Standardised measurement method, specific interest rate and equity position risk; of which	Capital charge for specific interest rate and equity position risk based on the standardised measurement method as applicable at the reporting date. The capital charge should generally be inclusive of all interest rate and equity positions that incur a standardised specific risk capital charge. However, it should **not** include the capital charges according to the standardised measurement method for exposures included in the correlation trading portfolio or the standardised approach for other securitisation exposures and n-th-to-default credit derivatives.
56	G	Standardised measurement method, specific interest rate and equity position risk; of which	Amount of **exposures** for which the capital charge reported in cell D56 has been calculated.
57	C–D	Standardised measurement method, specific risk; of which Specific interest rate risk	Capital charge for specific interest rate risk based on the standardised measurement method as applicable at the reporting date. The capital charge should generally be inclusive of all interest rate risk positions that incur a standardised specific risk capital charge. However, it should **not** include the capital charges according to the standardised measurement method for exposures included in the correlation trading portfolio or the standardised approach for other securitisation exposures and n-th-to-default credit derivatives.
57	E	Standardised measurement method, specific risk; of which Specific interest rate risk	Of the capital charge in cell D57, the capital charge for externally rated exposures.
57	F	Standardised measurement method, specific risk; of which Specific interest rate risk	Of the capital charge in cell D57, the capital charge for unrated exposures.
57	G	Standardised measurement method, specific risk; of which Specific interest rate risk	Amount of **exposures** for which the capital charge reported in cell D57 has been calculated.
57	H	Standardised measurement method, specific risk; of which Specific interest rate risk	Amount of externally rated **exposures** for which the capital charge reported in cell E57 has been calculated.
57	I	Standardised measurement method, specific risk; of which Specific interest rate risk	Amount of unrated **exposures** for which the capital charge reported in cell F57 has been calculated.

Row	Column	Heading	Description
59	C–D	Standardised measurement method, specific risk; of which Specific equity position risk	Capital charge for specific equity position risk based on the standardised measurement method as applicable at the reporting date. The capital charge should be inclusive of all equity positions that incur a standardised specific risk capital charge.
59	G	Standardised measurement method, specific risk; of which Specific equity position risk	Amount of **exposures** for which the capital charge reported in cell D59 has been calculated.
60	C–D	Standardised measurement method, foreign exchange and commodities risk; of which:	Capital charge for foreign exchange and commodities risk based on the standardised measurement method as applicable at the reporting date. The capital charge should be inclusive of all risks that enter the standardised capital charge for foreign exchange and commodities risk.
60	G	Standardised measurement method, foreign exchange and commodities risk; of which:	Amount of **exposures** for which the capital charge reported in cell D60 has been calculated.
61	C–D	Standardised measurement method, foreign exchange and commodities risk; of which: Foreign exchange risk	Of the capital charge in cells C60 and D60, respectively, the capital charge for foreign exchange risk.
61	G	Standardised measurement method, foreign exchange and commodities risk; of which: Foreign exchange risk	Amount of **exposures** for which the capital charge reported in cell D61 has been calculated.
62	C–D	Standardised measurement method, foreign exchange and commodities risk; of which: Commodities risk	Of the capital charge in cell C60 and D60, respectively, the capital charge for commodities risk.
62	G	Standardised measurement method, foreign exchange and commodities risk; of which: Commodities risk	Amount of **exposures** for which the capital charge reported in cell D62 has been calculated.
63	C–D	Internal models approach **without** the specific risk surcharge, **actual capital charge**	Capital charge for general and specific risk based on internal models. The capital charge should be inclusive of all positions that receive internal model treatment. This should only include the value-at-risk and, when applicable, the stressed value-at-risk capital requirement, and **reflect the actual multipliers**.
63	G	Internal models approach **without** the specific risk surcharge, **actual capital charge**	Amount of **exposures** for which the capital charge reported in cell D63 has been calculated.
64	C–D	Current 10-day 99% value-at-risk (**without** applying the multiplier)	Bank-wide 10-day value-at-risk inclusive of all sources of risk that are included in the value-at-risk calculation. The reported value-at-risk should not reflect any multiplier, rather the number entered in this cell should simply be the bank's estimate of the 10-day, 99% value-at-risk of the bank's trading book portfolio as of the reporting date. **Note that cell C64 must be filled in by all banks as well.** Banks should report 0 in cell C64 if they do not use the internal models approach.

Row	Column	Heading	Description
67	C–D	10-day 99% stressed value-at-risk (**without** applying the multiplier)	Bank-wide 10-day **stressed** value-at-risk inclusive of all sources of risk that are included in the stressed value-at-risk calculation. The reported stressed value-at-risk should not reflect any multiplier, rather the number entered in this cell should simply be the bank's estimate of the 10-day, 99% stressed value-at-risk of the bank's trading book portfolio as of the reporting date. **Note that cell C67 must be filled in by all banks as well.** Banks should report 0 in cell C67 for reporting dates on which this capital charge does not yet apply. Banks should also report 0 in cell C67 if they do not use the internal models approach.
70	C–D	Internal models approach, specific risk surcharge (2011 only)	Surcharge for specific risk based on a multiplier of 4.0. Accordingly, the surcharge is equivalent to one times the internally modelled specific risk capital charge. Once the Revisions are in force, banks should enter 0 in this cell.
71	C–D	Incremental risk capital charge	Capital charge for incremental risk in the trading book. Banks filling in the green cells should report 0 in cell C157 for reporting dates on which this capital charge does not yet apply. However, any incremental default risk capital charge which may be in place in some jurisdictions before the implementation of the Basel 2.5 framework should also be entered in this row.
71	G	Incremental risk capital charge	Amount of **exposures** for which the capital charge reported in cell D71 has been calculated.
72	G	Correlation trading portfolio	Amount of **exposures** in the correlation trading portfolio (ie the exposures for which the capital charge reported in cell D72 has been calculated).
73	C–D	Correlation trading portfolio; Comprehensive risk model, before application of the floor	Capital charge for exposures in the correlation trading portfolio which are subject to the comprehensive risk model, before the application of the floor. Banks filling in the green cells should report 0 in cell C73 for reporting dates on which this capital charge does not yet apply.
73	G	Correlation trading portfolio; Comprehensive risk model, before application of the floor	Amount of **exposures** for which the capital charge reported in cell D73 has been calculated.
74	E	Correlation trading portfolio; Standardised measurement method (100%) for exposures subject to the CRM	Of the capital charge in cell D74, the capital charge for externally rated exposures. Banks should enter the capital charge for either net long or net short exposures depending on which of the two determines the overall capital charge.
74	F	Correlation trading portfolio; Standardised measurement method (100%) for exposures subject to the CRM	Of the capital charge in cell D74, the capital charge for unrated exposures. Banks should enter the capital charge for either net long or net short exposures depending on which of the two determines the overall capital charge.
74	H	Correlation trading portfolio; Standardised measurement method (100%) for exposures subject to the CRM	Amount of externally rated **exposures** for which the capital charge reported in cell E74 has been calculated. Banks should enter either net long or net short exposures depending on which of the two determines the overall capital charge.
74	I	Correlation trading portfolio; Standardised measurement method (100%) for exposures subject to the CRM	Amount of unrated **exposures** for which the capital charge reported in cell F74 has been calculated. Banks should enter either net long or net short exposures depending on which of the two determines the overall capital charge.

Row	Column	Heading	Description
76	C–D	Correlation trading portfolio; Standardised measurement method (100%) for exposures subject to the CRM; Net long exposures	**100%** of the capital charge according to the standardised measurement method for **net long** exposures in the correlation trading portfolio **which are subject** to the comprehensive risk model. Net long exposures are those which result in the bank being long credit risk. Banks filling in the green cells should report 0 in cell C76 for reporting dates on which this capital charge does not yet apply.
76	G	Correlation trading portfolio; Standardised measurement method (100%) for exposures subject to the CRM; Net long exposures	Amount of **exposures** for which the capital charge reported in cell D76 has been calculated.
77	C–D	Correlation trading portfolio; Standardised measurement method (100%) for exposures subject to the CRM; Net short exposures	**100%** of the capital charge according to the standardised measurement method for **net short** exposures in the correlation trading portfolio **which are subject** to the comprehensive risk model. Net short exposures are those which result in the bank being short credit risk. Banks filling in the green cells should report 0 in cell C77 for reporting dates on which this capital charge does not yet apply.
77	G	Correlation trading portfolio; Standardised measurement method (100%) for exposures subject to the CRM; Net short exposures	Amount of **exposures** for which the capital charge reported in cell D77 has been calculated.
78	E	Correlation trading portfolio; Standardised measurement method (100%) for exposures not subject to the CRM	Of the capital charge in cell D78, the capital charge for externally rated exposures. Banks should enter the capital charge for either net long or net short exposures depending on which of the two determines the overall capital charge.
78	F	Correlation trading portfolio; Standardised measurement method (100%) for exposures not subject to the CRM	Of the capital charge in cell D78, the capital charge for unrated exposures. Banks should enter the capital charge for either net long or net short exposures depending on which of the two determines the overall capital charge.
78	G	Correlation trading portfolio; Standardised measurement method (100%) for exposures not subject to the CRM	Amount of **exposures** for which the capital charge reported in cell D78 has been calculated.
78	H	Correlation trading portfolio; Standardised measurement method (100%) for exposures not subject to the CRM	Amount of externally rated **exposures** for which the capital charge reported in cell E78 has been calculated. Banks should enter either net long or net short exposures depending on which of the two determines the overall capital charge.
78	I	Correlation trading portfolio; Standardised measurement method (100%) for exposures not subject to the CRM	Amount of unrated **exposures** for which the capital charge reported in cell F78 has been calculated. Banks should enter either net long or net short exposures depending on which of the two determines the overall capital charge.
80	C–D	Correlation trading portfolio; Standardised measurement method (100%) for exposures not subject to the CRM; Net long exposures	Capital charge according to the standardised measurement method for **net long** exposures in the correlation trading portfolio **not subject** to the comprehensive risk model. Net long exposures are those which result in the bank being long credit risk. Banks filling in the green cells should report 0 in cell C80 for reporting dates on which this capital charge does not yet apply.

Row	Column	Heading	Description
80	G	Correlation trading portfolio; Standardised measurement method (100%) for exposures not subject to the CRM; Net long exposures	Amount of **exposures** for which the capital charge reported in cell D80 has been calculated.
81	C–D	Correlation trading portfolio; Standardised measurement method (100%) for exposures not subject to the CRM; Net short exposures	Capital charge according to the standardised measurement method for **net short** exposures in the correlation trading portfolio **not subject** to the comprehensive risk model. Net short exposures are those which result in the bank being short credit risk. Banks filling in the green cells should report 0 in cell C81 for reporting dates on which this capital charge does not yet apply.
81	G	Correlation trading portfolio; Standardised measurement method (100%) for exposures not subject to the CRM; Net short exposures	Amount of **exposures** for which the capital charge reported in cell D81 has been calculated.
82	C–D	Standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives	Overall capital charge according to the standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives. Banks filling in the green cells should report 0 in cell C82 for reporting dates on which this capital charge does not yet apply.
82	E	Standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives	Of the capital charge in cell D82, the capital charge for externally rated exposures. Banks should enter the sum of the capital charges for net long and net short exposures.
82	F	Standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives	Of the capital charge in cell D82, the capital charge for unrated exposures. Banks should enter the sum of the capital charges for net long and net short exposures.
82	G	Standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives	Amount of **exposures** for which the capital charge reported in cell D82 has been calculated.
82	H	Standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives	Amount of externally rated **exposures** for which the capital charge reported in cell E82 has been calculated. Banks should enter the sum of net long and net short exposures.
82	I	Standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives	Amount of unrated **exposures** for which the capital charge reported in cell F82 has been calculated. Banks should enter the sum of net long and net short exposures.
84	C–D	Standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives; Net long exposures	Capital charge according to the standardised measurement method for **net long** other securitisation exposures and n-th-to-default credit derivatives. Net long exposures are those which result in the bank being long credit risk. Banks filling in the green cells should report 0 in cell C84 for reporting dates on which this capital charge does not yet apply.

Row	Column	Heading	Description
84	G	Standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives; Net long exposures	Amount of **exposures** for which the capital charge reported in cell D84 has been calculated.
85	C–D	Standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives; Net short exposures	Capital charge according to the standardised measurement method for **net short** other securitisation exposures and n-th-to-default credit derivatives. Net short exposures are those which result in the bank being short credit risk. Banks filling in the green cells should report 0 in cell C85 for reporting dates on which this capital charge does not yet apply.
85	G	Standardised measurement method for other securitisation exposures and n-th-to-default credit derivatives; Net short exposures	Amount of **exposures** for which the capital charge reported in cell D85 has been calculated.
86	C–D	Other Pillar 1 requirements for market risk	Other Pillar 1 capital charges for market risk imposed by the national regulator. If no such requirements exist, 0 should be entered.
86	G	Other Pillar 1 requirements for market risk	Amount of **exposures** for which the capital charge reported in cell D86 has been calculated.
87	C–D	Market risk capital charge which the bank is unable to assign to one of the above categories	If a bank is unable to assign a portion of their market risk capital charge to one of the above categories even on a best-efforts basis, they should be reported in this row.
87	G	Market risk capital charge which the bank is unable to assign to one of the above categories	Amount of **exposures** for which the capital charge reported in cell D87 has been calculated.
3)	**Other Pillar 1 capital requirements**		
92	C	Settlement risk	Risk-weighted assets for settlement risk. The capital charge **should** be converted to risk-weighted assets.
93	C	Other Pillar 1 requirements	Risk-weighted assets for other **Pillar 1** capital requirements according to national discretion. The capital charge **should** be converted to risk-weighted assets. If no such requirements exist, 0 should be entered.
B)	**Data for Basel II/III banks**		
The following items **should only be filled in by Basel II/III banks**.			
1)	**Operational risk**		
If a particular approach to operational risk is not applicable or not used by a bank, **risk-weighted assets should be reported as 0**.			
99	C	Basic indicator approach	Risk-weighted assets for operational risk of the parts under the basic indicator approach. The capital charge **should** be converted to risk-weighted assets.
100	C	Standardised approach	Risk-weighted assets for operational risk of the parts under the standardised approach. The capital charge **should** be converted to risk-weighted assets.
101	C	Alternative standardised approach	Risk-weighted assets for operational risk of the parts under the alternative standardised approach. The capital charge **should** be converted to risk-weighted assets.

Row	Column	Heading	Description
102	C	Advanced measurement approach	Risk-weighted assets for operational risk of the parts under the advanced measurement approach. The capital charge **should** be converted to risk-weighted assets.
2)	**Data on transitional floors**		
107	C	Additional risk-weighted assets to adjust for the transitional floor	Risk-weighted assets to adjust for the transitional floor according to national implementation. If the floor is not binding, 0 should be entered.
110	C	Level of the floor according to the national implementation	Level of the floor expressed in per cent of the Basel I capital requirements (for example 95%, 90%, 80%) according to national implementation, irrespective of whether or not the floor is binding for a particular bank.
111	C	Actual CET1 capital ratio (**after** application of the transitional floor)	The CET1 capital ratio should be reported after application of the transitional floor according to national implementation. For reporting dates at which the bank is not yet subject to Basel III, the ratio based on those elements of Tier 1 capital which are not subject to a limit under the national implementation of Basel I or Basel II should be reported in this row.
112	C	Actual Tier 1 capital ratio (**after** application of the transitional floor)	The Tier 1 capital ratio should be reported after application of the transitional floor according to national implementation.
113	C	Actual total capital ratio (**after** application of the transitional floor)	The total capital ratio should be reported after application of the transitional floor according to national implementation.
3)	**Additional data on CCR RWA**		
116	C	Number of counterparties to which the ACVA is applied	The number of counterparties to which **only** the ACVA was applied.
117	C	Number of counterparties to which the SCVA is applied	The number of counterparties to which **only** the SCVA was applied.
118	C	Number of counterparties to which both the ACVA and SCVA are applied	The number of counterparties to which **both** the ACVA and SCVA were applied (partial use of IMM).
121	C	Total EAD that entered the ACVA calculation	The total EAD that was inputted into the advanced CVA calculation.
122	C	Total EAD that entered the SCVA calculation; of which	The total EAD that was inputted into the standardised CVA calculation.
123	C	Total EAD that entered the SCVA calculation; CEM	Of the exposure amount in row 207, the amount which is subject to the CEM.
124	C	Total EAD that entered the SCVA calculation; Standardised method	Of the exposure amount in row 207, the amount which is subject to the standardised method.
125	C	Total EAD that entered the SCVA calculation; IMM	Of the exposure amount in row 207, the amount which is subject to the IMM.
130	C	Number of ACVA counterparts that have actively traded credit spreads (ie liquid CDS)	The number of counterparties for whom the CDS spread was used in the advanced CVA calculation.
131	C	Number of ACVA counterparts where a proxy was used to determine a counterparty's credit spreads	The number of counterparties for whom a proxy credit spread was used in the advanced CVA calculation.
133	C	RWA from VaR component for ACVA	The RWA arising from the VaR component of the advanced CVA calculation.

Row	Column	Heading	Description
134	C	RWA from stressed VaR component for ACVA	The RWA arising from the stressed VaR component of the advanced CVA calculation.
135	C	Start of stress period used for exposure for stressed VaR component of ACVA (yyyy-mm-dd)	Start date of the three-year stress period selected for the exposure for the stressed VaR component of the advanced CVA calculation.
136	C	Start of stress period used for spreads for stressed VaR component of ACVA (yyyy-mm-dd)	Start date of the one-year stress period selected for the spreads for the stressed VaR component of the advanced CVA calculation.
138	C	Sum of CVA EADs belonging to margined exposures	The sum of EADs inputted into the CVA calculation that belong to margined exposures.
139	C	Sum of CVA EADs for CCPs (if not excluded by the national supervisor per paragraph 99 of Basel III)	The sum of EADs inputted into the CVA calculation that belong to CCPs. If CCPs are excluded by your national supervisor, leave the cell blank.
140	C	Sum of CVA EADs for repo lending EADs (if not excluded by the national supervisor per paragraph 99 of Basel III)	The sum of EADs inputted into the CVA calculation that belong to repo lending trades. **If repo lending trades are excluded by your national supervisor, leave the cell blank.**
141	C	Sum of CVA EADs belonging to non-margined exposures	The sum of EADs inputted into the CVA calculation that belong to non-margined exposures.
146	C	Did you set the full maturity adjustment to 1 while calculating Basel III RWA?	**For advanced CVA banks only:** When calculating Basel III RWAs, and in particular the default risk capital charge under IMM for OTC derivatives, was the IRB full maturity adjustment set to 1? (Yes or No)
151	C	Trade exposures; Exchange-traded derivatives (including client cleared trades) with CCPs for which Method 1 is used	EAD for exchange-traded derivatives with QCCPs for which Method 1 is used. This includes EAD for the CCP leg of client cleared trades.
151	D	Trade exposures; Exchange-traded derivatives (including client cleared trades) with CCPs for which Method 1 is used	RWA for exchange-traded derivatives with QCCPs for which Method 1 is used. This includes RWA for the CCP leg of client cleared trades.
152	C	Trade exposures; OTC derivatives (including client cleared trades) with CCPs for which Method 1 is used	EAD for OTC derivatives with QCCPs for which Method 1 is used. This includes EAD for the CCP leg of client cleared trades.
152	D	Trade exposures; OTC derivatives (including client cleared trades) with CCPs for which Method 1 is used	RWA for OTC derivatives with QCCPs for which Method 1 is used. This includes RWA for the CCP leg of client cleared trades.
153	C	Trade exposures; Securities financing transactions (including client cleared trades) with CCPs for which Method 1 is used	EAD for SFTs with QCCPs for which Method 1 is used. This includes EAD for the CCP leg of client cleared trades.
153	D	Trade exposures; Securities financing transactions (including client cleared trades) with CCPs for which Method 1 is used	RWA for SFTs with QCCPs for which Method 1 is used. This includes RWA for the CCP leg of client cleared trades.

Row	Column	Heading	Description
154	C	Trade exposures; Non-segregated initial margin with CCPs for which Method 1 is used.	EAD for non-segregated initial margin with QCCPs for which Method 1 is used. This includes EAD for the CCP leg of client cleared trades.
154	D	Trade exposures; Non-segregated initial margin with CCPs for which Method 1 is used.	RWA for non-segregated initial margin with QCCPs for which Method 1 is used. This includes RWA for the CCP leg of client cleared trades.
156	C	Prefunded default fund contributions with CCPs for which Method 1 is used.	EAD for prefunded default fund contributions for which Method 1 is used. This includes prefunded default fund contributions associated with the CCP leg of client cleared trades.
156	D	Prefunded default fund contributions with CCPs for which Method 1 is used.	RWA for prefunded default fund contributions for which Method 1 is used. This includes prefunded default fund contributions associated with the CCP leg of client cleared trades.
160	C	Trade exposures; Exchange-traded derivatives (including client cleared trades) with CCPs for which Method 2 is used	EAD for exchange-traded derivatives with QCCPs for which Method 2 is used. This includes EAD for the CCP leg of client cleared trades.
161	C	Trade exposures; OTC derivatives (including client cleared trades) with CCPs for which Method 2 is used	EAD for OTC derivatives with QCCPs for which Method 2 is used. This includes EAD for the CCP leg of client cleared trades.
162	C	Trade exposures; Securities financing transactions (including client cleared trades) with CCPs for which Method 2 is used	EAD for SFTs with QCCPs for which Method 2 is used. This includes EAD for the CCP leg of client cleared trades.
163	C	Trade exposures; Non-segregated initial margin with CCPs for which Method 2 is used	EAD for non-segregated initial margin with QCCPs for which Method 2 is used. This includes EAD for the CCP leg of client cleared trades.
165	C	Prefunded default fund contributions with CCPs for which Method 2 is used	EAD for prefunded default fund contributions for which Method 2 is used. This includes prefunded default fund contributions associated with the CCP leg of client cleared trades.
167	D	RWA for both trade exposures and default fund contributions with CCPs for which Method 2 is used.	RWA for trade exposures and prefunded default fund contributions for which Method 2 is used. This includes the trade exposures and prefunded default fund contributions associated with the CCP leg of client cleared trades.

4.2 Definition of capital

The "DefCapB3" worksheet and the "DefCapB3-MI" worksheet together collect the data necessary to calculate the definition of capital under the fully phased-in Basel III standards. To be reported in these worksheets instruments must comply with both the relevant entry criteria set out in the December 2010 Basel III standards and the 13 January 2011 press release on loss absorbency at the point of non-viability.

All data should be provided in the yellow cells in both worksheets and the **data provided should reflect the application of the final Basel III standards set out in paragraphs 49 to 90 and not the transitional arrangements set out in paragraphs 94 to 96. Furthermore, data reported on**

the "DefCapB3"worksheet should not reflect any instances where the national implementation differs from the Basel III standard.

While some additional guidance on completing the worksheets is set out below, the worksheets themselves include detailed descriptions of each item to be provided and references to the relevant paragraphs of the Basel III standards. The instructions for completing the worksheets are therefore the combination of the Basel III standards, the descriptions included in the worksheets themselves and the additional guidance below.

4.2.1 Panel A: Change in risk-weighted assets due to the application of the definition of capital (including changes related to the 10%/15% thresholds)

The data collected in panel A are the *change* in risk-weighted assets, relative to the existing national treatment, as a result of the application of the definition of capital set out in Basel III standards. Negative values should be inserted for a decline in risk-weighted assets and positive values should be inserted for an increase in risk-weighted assets. As with all other sections, banks should contact their national supervisory agency if they are unclear as to how to complete this panel.

The impact on risk-weighted assets will depend on the difference between the Basel III standards and the existing national rule. For example, if a jurisdiction currently risk weights intangibles at 250% and Bank A in this jurisdiction has $100 million of intangibles then risk-weighted assets will decline by $250 million as a result of the application of the full deduction required by the Basel III standards and so -$250 million should be reported in cell D8. By contrast if a jurisdiction currently requires the full deduction of intangibles then there will be no change in risk weighted assets due to the application of the full deduction required by the Basel III standards and zero would be reported in cell D8.

Regarding the three items subject to the threshold deduction set out in paragraphs 87 to 89 of the Basel III standards and items subject to the threshold deduction set out in paragraphs 80 to 83, panel A calculates automatically the risk weight to be applied to amounts falling below the prescribed thresholds and includes the resulting risk weighted assets in cell D17. As a consequence, **the risk-weighted assets to be included in cells D11, D12, D13 and D16 should be the decrease in risk-weighted assets that would occur, relative to the existing national treatment, if these exposures were required to be deducted in full.** For example, suppose that the existing national treatment is to risk weight all deferred tax assets at 100% and the bank has $50 million of such assets, with only $40mn of these to be deducted as a result of the application of the threshold set out in paragraphs 87 to 89. The amount to be reported in cell D11 is -$50 million. The risk weight that will be applied to the $10 million falling below the threshold will be calculated and included automatically in cell D17 from the data provided in the rest of the "DefCapB3" worksheet.

Paragraph 90 of the Basel III standards requires that four items that could be deducted 50% from Tier 1 and 50% from Tier 2 under Basel II must now be risk-weighted at 1250%. The increase in risk-weighted assets that results from the application of these standards should be reported in cells D19 to D22.

4.2.2 Panel B: Definition of capital

Panel B collects the positive elements of capital (eg issued instruments and related reserves) that meet the criteria set out in the Basel III standards for inclusion in Common Equity Tier 1, Additional Tier 1 and Tier 2.

Amounts are to be reported gross of all regulatory adjustments and follow the measurement approach that applies under the relevant accounting standards (ie reported amounts should equal the amounts reported on the balance sheet in respect of each item). This means that retained earnings and other reserves should include interim/final profits and losses to the extent that they are permitted or required to be included on the balance sheet under the prevailing accounting standards (eg if a bank reports is capital position for 30 June, this should be based on its balance sheet on 30 June, which will

reflect profits earned and losses incurred up to and including the 30 June). Similarly retained earnings and other reserves should exclude dividends only to the extent that these are required to be excluded from the relevant balance sheet under the prevailing accounting standards.

This panel combines the positive elements with the regulatory adjustments provided in panel C to calculate the fully phased-in definition of capital under Basel III.

Banks must report data on shares and capital instruments issued by the parent of the consolidated group separately from data on shares and capital instruments issued by subsidiaries of the consolidated group. Shares and capital instruments issued by the parent of the consolidated group should be reported in cells D30, D68 and D80. These cells should not include any capital that has been issued out of subsidiaries of the group irrespective of whether the capital represents equity accounted instruments that appear in the consolidated accounts as minority interest or liability accounted instruments that appear as liabilities. The only exception to this rule is where capital has been raised by the parent of the consolidated group through an SPV that meets the criteria set out in paragraph 65 of the Basel III standards. Such amounts may be included in cells D68 and D80 as appropriate.

Shares and capital instruments issued by subsidiaries[11] of the consolidated group that are held by third parties should be reported in cells D41, D69 and D81. The amount to be included in each cell should exclude amounts in accordance with the procedure set out in paragraphs 62 to 65 of the Basel III standards. The amounts to be included in cells D41, D69 and D81 should equal the amounts reported in the "DefCapB3-MI" worksheet in cells D29, D30 and D31 respectively (see further guidance on the "DefCapB3-MI" worksheet below).

4.2.3 Panel C: Regulatory adjustments

Panel C collects the data necessary to calculate the various regulatory adjustments required by paragraphs 66 to 89 of the Basel III standards. Set out below is some additional guidance on certain of the regulatory adjustments to supplement the information provided in the relevant section of the Basel III standards and the description provided in the "DefCapB3" template.

- Panel C3: Deferred tax assets. This collects the data necessary to calculate the deduction of deferred tax assets required by paragraphs 69, 70 and 87 of the Basel III standards. The netting of deferred tax assets and deferred tax liabilities in this panel should exclude deferred tax liabilities that are net against the deduction of goodwill (panel C1), intangibles (panel C2), defined benefit pension fund assets (panel C9) and mortgage servicing rights (panel C13).
- Panel C4: Investments in own shares, own Additional Tier 1 and own Tier 2 capital. This collects the data necessary to calculate the deduction of investments in own capital instruments required by paragraph 78 of the Basel III standards. The reported amounts should not include amounts that have already been netted on the balance sheet, as these amounts have already been excluded from panel B. Indirect investments has the same meaning as indirect holdings as set out in footnote 26 of the Basel III standards.
- Panels C5, C11 and C12. These panels collect the data necessary to calculate the various deductions of investments in the capital of other financial entities set out in paragraphs 79 to 89 of the Basel III standards. In these panels "outside of the scope of regulatory consolidation" has the meaning set out in footnote 29 of the Basel III standards, ie it refers to investments in entities which have not been consolidated at all or have not been consolidated in such a way as

[11] Subsidiaries includes all consolidated subsidiaries of the group, irrespective of whether they are fully owned or partially owned.

to result in their assets being included in the calculation of consolidated risk-weighted assets of the group. It therefore includes holdings of entities which have been consolidated according to the equity method. Regarding the definition of "indirect holdings" applicable in these panels, the following examples provide an illustration of its application:

- Example 1: If a bank has a holding in an index fund and the fund has holdings in the bank's own shares, a proportion of the bank's holding in the index fund will lose value equal to the loss in the value of a direct holding. Similarly, if a bank has holdings in an index fund and the fund has holdings of the common stock of financials, a proportion of the bank's holding in the index fund will lose value equal to the loss in value of a direct holding. In both these cases the proportion of the index invested in either the bank's own stock or the common stock of financial institutions should be considered an indirect holding. For example, if a bank's investment in an index is $100, and the bank's own stock accounts for 10% of the index's holdings, the bank should deduct $10.
- Example 2: If a bank enters into a guarantee or total return swap of a third party's holding of the common stock of a financial institution, the bank is considered to have an indirect holding as the bank will suffer the loss if the third party's direct holding loses its value.

- Panel C8: Row 165 of this panel collects the information to calculate the deduction, as set out in paragraph 75, of unrealised gains and losses that have resulted from changes in the fair value of all liabilities (ie both derivative and non-derivative liabilities) that are due to changes in the bank's own credit risk. Row 166 collects the amount reported in row 165 that relates to derivatives. Row 168 collects the total DVA in respect of derivatives (where DVA is defined as the difference between the value of a derivative assuming that the bank is default-risk free and the value reflecting default risk of the bank), which the consultative document published in December 2011[12] proposes to be deducted from CET1.

4.2.4 Panel D: Capital issued out of subsidiaries to third parties (paragraphs 62 to 65)

The "DefCapB3-MI" worksheet collects data on all consolidated subsidiaries of banking groups that have issued capital to third party investors. Based on this data the worksheet calculates the amount of each subsidiary's capital that will be permitted to be included in the consolidated capital of the group and the amount that will be excluded due to the application of paragraphs 62 to 65 of the Basel III standards. Annex 3 of the Basel III standards sets out an illustrative example of the treatment of capital issued out of subsidiaries.

The amounts reported in respect of each consolidated subsidiary that has issued capital instruments to third parties should reflect the application of the final standards set out in paragraphs 49 to 90 of the Basel III standards to that subsidiary and not the transitional arrangements set out in paragraphs 94 to 96.

For each subsidiary that has issued capital to third parties, the relevant data should be included in the yellow cells in the "DefCapB3-MI" worksheet. A separate column should be completed for each subsidiary. The aggregated amount to be included in consolidated capital in respect of all consolidated subsidiaries of the group is calculated automatically in cells D29, D30 and D31. These amounts should be reported in the "DefCapB3" worksheet in cells D41, D69 and D81 respectively.

[12] Basel Committee on Banking Supervision, *Application of own credit risk adjustments to derivatives*, consultative document, December 2011, www.bis.org/publ/bcbs214.htm.

5. Leverage ratio

5.1 Introduction

The "Leverage Ratio" worksheet collects data on the exposure measure of the leverage ratio (the denominator of the ratio) as defined by the Basel III leverage ratio framework.

As for other parts of the reporting template, exposures are to be reported in the worksheet on a group-wide consolidated basis for all entities which are consolidated by the bank for risk-based regulatory purposes.

Yellow cells are fundamental to the calculation of the leverage ratio based on the design agreed by the Group of Governors and Heads of Supervision on 12 January 2014 and will serve as the basis for testing during the parallel run period. The yellow cells are in (i) panel A, which covers on-balance sheet items; (ii) panel B, which covers the add-on for potential future exposure for derivatives calculated in accordance with paragraphs 19 to 21 of the Basel III leverage ratio framework and off-balance sheet items calculated in accordance with paragraph 39 of the Basel III leverage ratio framework; (iii) panel E, which includes data on the offsetting of credit derivatives in accordance with paragraphs 29 to 31 of the Basel III leverage ratio framework.

The green cells collect additional information necessary to monitor the leverage ratio and its components during the transition period. Green cells are in (i) panels A, B, and E as described above; (ii) panel C, which provides an additional breakdown of on- and off-balance sheet exposures, according to their risk weights under the Basel II framework[13]; (iii) panel D, which allows for a reconciliation of accounting standards; and (iv) panel G, which provides additional data for the purposes of the categorisation of business models.

Data on the capital measure of the leverage ratio (the numerator of the ratio) are collected in the "General Info" and "DefCapB3" worksheets.

The leverage ratio standards ensure consistency between the capital and exposure measures in the design of the leverage ratio, and paragraph 16 of the Basel III leverage ratio framework by stating that any deductions from regulatory capital may also be made from the exposure measure. However, when reporting data for the leverage ratio worksheet, banks should not make these deductions from the exposure measure as these will be made during the calculation phase, in panel F.

The worksheet should be compiled on a quarterly basis[14] by including end-of-quarter exposures (see Basel III leverage ratio framework, paragraph 53). **The data for the most recent quarter, ending as of the reporting date, should be entered in columns J through N (labelled "Reporting date"); the data for the preceding quarter should be entered in columns D through H (labelled "Previous quarter").**

5.2 On-balance sheet items (panel A)

In panel A for on-balance sheet items, there are four columns for the exposure value of derivatives, securities financing transactions (SFT) and other assets. The first three columns require, respectively, the

[13] References to the Basel II framework include the July 2009 Basel II enhancements.

[14] Since the Basel III monitoring exercise is carried out on a semiannual basis, each exercise will collect data covering the two quarters included in the relevant six-month period.

accounting value, the gross value, and – for SFT and derivatives only – the counterparty credit risk exposure according to the Basel II framework. The fourth column applies to SFT exposures only and asks for the adjusted gross SFT asset.

5.2.1 Accounting values as reported in the banks' financial statements

Column D (and J) requires data as reported in the banks' financial statements prepared in accordance with the applicable accounting standards. Data in these columns should correspond to figures as reported in the financial statements (considering the regulatory scope of consolidation). These data should be net of specific provisions and valuation adjustments and include the effects of balance sheet offsetting as a result of netting agreements and credit risk mitigation only when permitted under the applicable accounting standards.

Derivatives

Rows 10, 11 and 12 collect data on the positive fair values of derivatives, as reported on the bank's financial statement, which may reflect the effect of balance sheet offsetting as a result of netting agreements and credit risk mitigation only when permitted under the applicable accounting standards.

Securities financing transactions (SFT)[15]

Rows 16 and 17 collect data on the on-balance sheet amounts for SFTs, as reported in accordance with the applicable accounting standards separating out those agent transactions eligible for the exceptional treatment as set out in paragraphs 35 and 36 of the Basel III leverage ratio framework from all other SFT assets. Amounts may reflect the effect of balance sheet offsetting as a result of netting agreements and credit risk mitigation only when permitted under the applicable accounting standards.

5.2.2 Gross values

Column E (and K) require data to be entered using the sum of accounting values (net of specific provisions and valuation adjustments), assuming no accounting netting or credit risk mitigation effects (ie gross values).[16] Items that are not eligible for accounting netting or subject to credit risk mitigation should be the same as those reported in column D (and J).

Derivatives

Rows 10, 11 and 12 include gross value of **all** derivative exposure amounts,[17] assuming no accounting netting and no credit risk mitigation effects.

The amount of any derivatives collateral provided other than initial margin for client cleared derivative transactions with a qualifying CCP (QCCP), and eligible cash variation margin as defined in paragraphs 25 and 26 of the Basel III leverage ratio framework, where the provision of that collateral has reduced the value of the balance sheet under the applicable accounting framework should be reported

[15] SFT as defined by the Basel II framework include transactions such as repurchase agreements, reverse repurchase agreements, security lending and borrowing, and margin lending transactions, where the value of the transactions depends on the market valuations and the transactions are often subject to margin agreements.

[16] For example, if a bank is permitted to net cash collateral against the net derivatives exposure amount under the applicable accounting standards (as reported in columns D and J), then the bank must take that cash collateral out (ie gross up its exposure amount) for purposes of columns E and K.

[17] Including derivatives that are treated off-balance sheet under the applicable accounting standards.

in row 21. Similarly, the receivable assets for eligible cash variation margin *provided* in derivative transactions are to be reported in row 22 if the bank is required under the applicable accounting standard to recognise these receivable assets. Initial margin *provided* as a result of client-cleared derivative transactions with a QCCP where the bank acts as a clearing member and exempted from the leverage ratio measure in accordance with paragraph 27 of the Basel III leverage ratio framework are to be reported in row 23.

SFT

Rows 16 and 17 require SFT assets to be reported with no recognition of the accounting netting of (cash) payables against (cash) receivables as currently permitted under the applicable accounting standards separating out those agent transactions eligible for the exceptional treatment as set out in paragraphs 35 and 36 of the Basel III leverage ratio framework from all other SFT assets.

If the applicable accounting standards require a bank to recognise the security received in a SFT as an asset, the asset amount must be reported in row 24.[18] Where SFTs are treated like a sale of asset under the bank's applicable accounting framework, the exposure amount for this SFT is to be reported in row 25 as if it had been treated like a financing transaction according to subparagraphs (i) and (ii) of paragraph 33 of the Basel III leverage ratio framework.

5.2.3 Counterparty credit risk exposure after applying the regulatory netting standards

Column F (and L) requires reporting of the counterparty credit risk exposure of derivatives[19] and SFTs after applying the regulatory netting standards based on the Basel II framework (not the accounting rules for netting as applied under column D (and J)).[20] Data should not include any other credit risk mitigation effects.

Derivatives

In row 9 banks are required to report the replacement cost of their derivative positions gross of cash variation margin and using Basel II netting standards, including positions resulting from paragraph 28 of the Basel III leverage ratio framework. Collateral received should not be netted against the (net) derivatives position.[21]

If a derivatives transaction is not covered under a qualifying Basel II netting agreement, the derivative exposure amount should be reported on a gross basis, the same as the amount reported in column E (and K).

Row 13 asks for the amount of cash variation margin received and eligible for offsetting against the replacement cost portion of the derivative exposures according to paragraphs 25 and 26 of the Basel III leverage ratio framework.

Row 14 asks for the replacement cost portion of exempted trade exposures to a *qualifying* CCP (QCCP) from client-cleared derivatives transactions, where the bank acting as clearing member is not

[18] For example, under US GAAP, a security transferor must recognise a security received in a securities lending transaction as an asset if the transferor has the right to hypothecate the security but has not done so.

[19] Including derivatives that are treated off-balance sheet under the applicable accounting standards.

[20] Banks should always apply Basel II standards for netting (even if they are currently applying the Basel I framework).

[21] A net derivatives position is the (positive) difference between positive and negative fair values of derivatives in a netting set.

obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event the QCCP defaults as set out in paragraph 27 of the Basel III leverage ratio framework.

SFT

For SFT, the counterparty credit risk exposure value is determined as the total fair value amount of securities and cash lent to a counterparty for all transactions included in a qualifying Basel II netting agreement[22], less the total fair value amount of cash and securities received from the counterparty for those transactions, floored at zero.[23]

Where no qualifying Basel II netting agreement is in place, the counterparty exposure value of SFT must be calculated on a transaction by transaction basis (that is, each SFT is treated as its own netting set) as set out in in paragraph 33(ii), second bullet of the Basel III leverage ratio framework.

These amounts have to be reported in rows 16 and 17 separating out those agent transactions eligible for the exceptional treatment as set out in paragraphs 35 and 36 of the Basel III leverage ratio framework from all other SFT assets

5.2.4 Adjusted gross SFT assets

Row 17 of column G (and M) requires banks to report the adjusted gross SFT asset amounts for all SFTs other than the SFT agent transactions eligible for the exceptional treatment as set out in paragraphs 36 and 37 of the Basel III leverage ratio framework, according to paragraph 33 (i), second bullet of the Basel III leverage ratio framework.

5.2.5 Description of the data

The following table provides a description of the data to be entered in each row.

Row	Column	Heading	Description
8	D, E, J, K	Derivatives	Non entry cells: Items in rows 10 to 12 provide a breakdown of derivatives and should sum to total derivatives.
8	F, L	Derivatives	Non entry cells: The replacement costs associated with all derivatives transactions as they enter the leverage ratio exposure measure.
9	F, L	Replacement cost associated with all derivatives transactions (gross of variation margin)	The replacement cost of derivatives using Basel II netting standards, with no recognition of collateral (whether cash or non-cash), see paragraphs 19, 20, 21, 23 and 28 of the Basel III leverage ratio framework. Derivatives traded OTC, on an exchange and through a CCP should all be included.

[22] A qualifying netting agreement is a netting agreement that meets the requirements under paragraphs 173 and 174 of the Basel II framework.

[23] Banks should apply the following part of the formula as set forth in paragraph 33(ii), first bullet of the Basel III leverage ratio framework: $E^* = \max \{0, [(\sum E_i - \sum C_i]\}$.

Row	Column	Heading	Description
10	D, E, J, K	Credit derivatives (protection sold)	Positive fair values of written credit derivatives (ie where the bank is providing credit protection to a counterparty). Columns D and J must be reported on a net basis (ie reflecting the effect of netting agreements and credit risk mitigation when permitted under the applicable accounting standards); columns E and K must be reported on a gross basis.
11	D, E, J, K	Credit derivatives (protection bought)	Positive fair values of purchased credit derivatives (ie where the bank is buying credit protection from a counterparty). Columns D and J must be reported on a net basis (ie reflecting the effect of netting agreements and credit risk mitigation when permitted under the applicable accounting standards); columns E and K must be reported on a gross basis.
12	D, E, J, K	Financial derivatives	Positive fair values of financial derivatives (eg interest rates derivatives, FX and gold derivatives, equities derivatives, etc). Columns D and J must be reported on a net basis (ie reflecting the effect of netting agreements and credit risk mitigation when permitted under the applicable accounting standards); columns E and K must be reported on a gross basis.
13	F, L	Eligible cash variation margin offset against derivatives market values	Cash variation margin received eligible for offsetting against the replacement cost portion of the derivatives exposures according to paragraphs 25 and 26 of the Basel III leverage ratio framework.
14	F, L	Exempted CCP leg of client-cleared trade exposures (replacement costs)	The replacement cost portion of exempted trade exposures to a QCCP from client-cleared derivatives transactions, where the bank acting as clearing member is not obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event that the QCCP defaults, see paragraph 27 of the Basel III leverage ratio framework.
15	D, E, J, K	Securities financing transactions	Non entry cells: Items in rows 16 and 17 provide a breakdown of SFTs and should sum to total SFTs.
15	F, L	Securities financing transactions	Non entry cells: Sum of counterparty credit risk exposure of SFT covered and not covered by eligible netting agreements, see paragraph 33(ii) of the Basel III leverage ratio framework. SFT traded OTC, on an exchange and through a CCP should all be included.
15	G, M	Securities financing transactions	Non entry cells: Sum of the adjusted gross SFT assets of SFTs, see paragraph 33(i), second bullet of the Basel III leverage ratio framework. SFT traded OTC, on an exchange and through a CCP should all be included.

Row	Column	Heading	Description
16	D, E, J, K	SFT agent transactions eligible for the exceptional treatment	Only SFT agent transactions where the bank acting as agent provides an indemnity or guarantee to a customer or counterparty that is limited to the difference between the value of the security or cash the customer has lent and the value of collateral the borrower has provided are eligible for this exceptional treatment, see paragraphs 36 and 37 of the Basel III leverage ratio framework. Columns D and J must be reported net of specific provisions and valuation adjustments and include the effects of netting agreements and credit risk mitigation only as per the relevant accounting standards. Columns E and K must be reported with no recognition of accounting netting of (cash) payables against (cash) receivables as permitted under relevant accounting standards. The securities lent in a SFT that remain recognised on the balance sheet must not be included here but in row 19. The value of securities received in a SFT that are recognised as an asset under the applicable accounting standard must be reported in row 24. The securities lent in a SFT that are derecognised due to a sales accounting transaction must not be included here but in row 25. SFT traded OTC, on an exchange and through a CCP should all be included.
16	F, L	SFT agent transactions eligible for the exceptional treatment	The exposure measure of eligible SFT agent transactions calculated by applying subparagraph (ii) of paragraph 33 of the Basel III leverage ratio framework.
17	D, E, J, K	Other SFTs	SFTs other than SFT agent transactions reported in row 16. Columns D and J must be reported net of specific provisions and valuation adjustments and include the effects of netting agreements and credit risk mitigation only as per the relevant accounting standards. Columns E and K must be reported with no recognition of accounting netting of (cash) payables against (cash) receivables as permitted under relevant accounting standards. The securities lent in a SFT that remain recognised on the balance sheet must not be included here but in row 19. The value of securities received in a SFT that are recognised as an asset under the applicable accounting standard must be reported in row 24. The securities lent in a SFT that are derecognised due to a sales accounting transaction must not be included here but in row 25. SFT traded OTC, on an exchange and through a CCP should all be included.
17	F, L	Other SFTs	The counterparty credit risk exposure of all SFTs other than SFT agent transactions reported in row 16 calculated according to subparagraph (ii) of paragraph 33 of the Basel III leverage ratio framework.
17	G, M	Other SFTs	The adjusted gross SFT assets of all SFTs other than SFT agent transactions reported in row 16 calculated according to subparagraph (i) of paragraph 33 of the Basel III leverage ratio framework.

Row	Column	Heading	Description
18	E, K	Other assets	Non entry cells: Other assets as adjusted for the purposes of the leverage ratio.
19	D, E, J, K	Accounting other assets	Any other assets not specifically identified in any of the rows 8 to 17 above (ie any other accounting assets not included under derivatives or SFT items, eg accounting receivables for cash variation margin provided where recognised under operative accounting framework, liquid assets as defined under the liquidity coverage ratio, failed and unsettled transactions). This includes any instrument (including cash) borrowed or lent through an SFT when it is reported on the accounting balance sheet.
20	E, K	Adjustments to accounting other assets for the purposes of the leverage ratio	Non entry cells: adjustments to accounting other assets for the purposes of the leverage ratio.
21	E, K	Grossed-up assets for derivatives collateral provided	The amount of any derivatives collateral provided where the provision of that collateral has reduced the value of the balance sheet assets under the applicable accounting framework, see paragraph 24 of the Basel III leverage ratio framework. However, initial margin for client cleared derivative transactions with a qualifying CCP (QCCP) and eligible cash variation margin, as defined in paragraphs 25 and 26 of the Basel III leverage ratio framework, must not be included.
22	E, K	Receivables for cash variation margin provided in derivatives transactions	The receivables for eligible cash variation margin provided in derivatives transactions if the bank is required, under the applicable accounting standards, to recognise these receivables as an asset, see paragraphs 25 and 26 of the Basel III leverage ratio framework. The amount reported must also be included in the accounting other assets reported in row 19.
23	E, K	Exempted CCP leg of client-cleared trade exposures (initial margin)	The initial margin portion of exempted trade exposures to a QCCP from client-cleared derivatives transactions, where the bank acting as clearing member is not obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event that the QCCP defaults, see paragraph 27 of the Basel III leverage ratio framework. The amount reported should also be included in the accounting other assets reported in row 19.
24	E, K	Securities received in a SFT that are recognised as an asset	Securities received in a SFT that are recognised as an asset under the applicable accounting standards and therefore included in row 19, see paragraph 33 of the Basel III leverage ratio framework.
25	E, K	Adjustments for SFT sales accounting transactions	The value of securities lent in a SFT that are derecognised due to a sales accounting transaction, see paragraph 34 of the Basel III leverage ratio framework.
26	E, K	Fiduciary assets	Fiduciary assets that are included in row 19 and that meet the IAS 39 criteria for derecognition and, where applicable, IFRS 10 for deconsolidation, see footnote 4 to paragraph 15 of the Basel III leverage ratio framework.
27	D, E, F, G, J, K, L, M	Totals	This is a non data entry row.

Row	Column	Heading	Description
29	F, G, L, M	Memo item: SFT exposures to QCCPs from client-cleared transactions	The SFT exposures to QCCPs from client-cleared SFT transactions, where the bank acting as clearing member is not obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event that the QCCP defaults. These exposures must be included in rows 16 and 17.
31	E, K	Check row	This is a non data entry row. It checks that the sum of single values included in the accounting other assets is lower or equal to the accounting other assets.

5.3 Derivatives and off-balance sheet items (panel B)

In panel B for derivatives and off-balance sheet items, there are three columns. The first two columns apply to derivatives solely and require, respectively, the potential future exposure (PFE) assuming no netting or credit risk mitigation, and the PFE with Basel II netting standards. The third column refers to both derivatives and off-balance sheet items and requires the notional values of those exposures.

The PFE and notional amounts excluded from panel B according to paragraph 27 of the Basel III leverage ratio framework must be reported in row 43.

5.3.1 Potential future exposure of derivatives measured using the current exposure method without the effect of Basel II netting

Column D (and J) requires potential future exposure of all derivatives, irrespective of whether or not they are centrally cleared, as well as exposures arising from the application of paragraph 28 of the Basel III leverage ratio framework, measured using the current exposure method (CEM) without the effect of Basel II netting.[24] Data in these columns only include the add-on for potential future exposure, since the total replacement cost is already captured in the on-balance sheet panel A. Data on the add-on for derivatives having a negative fair value (thus not reported in panel A) should be included as well.

When compiling the separate line items referred to as "Credit derivatives protection sold" the following criteria should be applied: For sold CDS subject to close out, the full text of paragraph 3 of the Annex of the Basel III leverage ratio framework should be applied; therefore, the add-on should be capped at unpaid premiums. For sold CDS not subject to close out, the treatment provided by the footnote in paragraph 3 of the Annex of the Basel III leverage ratio framework should not be applied and the add-on of 5% or 10% – depending on the nature (qualifying or non-qualifying) of the reference obligation – should always be calculated.[25]

Paragraph 3 of the Annex of the Basel III leverage ratio framework should be applied to all credit derivatives, whether they are included in the banking book or in the trading book.

Data should be reported gross of any netting agreement and credit risk mitigation effect (in line with the criteria for compiling column E (and K) in panel A). All banks should calculate the potential future exposure using the current exposure method, even if they do not apply such a method under the

[24] See also Annex IV of the Basel II framework.

[25] The footnote in paragraph 3 of the Annex of the Basel III leverage ratio framework states the following: "The protection seller of a credit default swap shall only be subject to the add-on factor where it is subject to closeout upon the insolvency of the protection buyer while the underlying is still solvent. Add-on should then be capped to the amount of unpaid premiums."

counterparty credit risk framework. For derivatives traded on an exchange or through a CCP the current exposure method is always applied, irrespectively of whether or not an exposure value of zero for counterparty credit risk is attributed under the Basel II framework.

Banks may choose to not include the individual add-on amount relating to a written credit derivative which is not offset by purchased protection with the characteristics described in Section 5.6, letter (c) of the present instructions.

5.3.2 Potential future exposure of derivatives with the effect of the Basel II netting

Column E (and K) requires potential future exposure of derivatives with the effect of the Basel II netting as set out in paragraphs 8 to 11 of the Annex of the Basel III leverage ratio framework. As noted above, banks should always apply the CEM netting standards as defined in the Basel II framework, irrespective of their actual approach to credit risk. Data should not include any credit risk mitigation effect other than the said Basel II netting.

The add-on for credit derivatives should be calculated according to the full text of paragraph 3 of the Annex of the Basel III leverage ratio framework, including the footnote. This implies that the add-on of sold CDS subject to close out should be capped at unpaid premiums, while the add-on for sold CDS not subject to close out should not be included.

Paragraph 3 of the Annex of the Basel III leverage ratio framework should be applied to all credit derivatives, whether they are included in the banking book or in the trading book.

Banks may choose not to include the individual add-on amount relating to a written credit derivative which is not offset by purchased protection following the criteria described in Section 5.6, letter (c) of the present instructions.[26]

When calculating the add-on for netted transactions (A_{Net} in the formula in paragraph 10 of Annex of the Basel III leverage ratio framework) and irrespective of the treatment of the collateral by the applicable accounting standards, banks must not recognise the collateral received in the calculation of the net replacement cost.

5.3.3 Notional amounts

Column F (and L) requires banks to report the notional amounts of derivatives and off-balance sheet items.

5.3.4 Description of the data

The following table provides a description of the data to be entered in each row.

[26] In these cases, where effective bilateral netting contracts are in place, and when calculating $A_{Net}=0.4*A_{Gross}+0.6*NGR*A_{Gross}$, A_{Gross} may be reduced by the individual add-on amounts (ie notionals multiplied by the appropriate add-on factors) which relate to written credit derivatives whose notional values are included as exposures of the leverage ratio. No adjustments should be made to NGR. Where effective bilateral netting contracts are not in place, the add-on can be set to zero in order to avoid double counting. See paragraph 31 of the Basel III leverage ratio framework.

Row	Column	Heading	Description
B1)	**Derivatives**		
38	E, K	Potential future exposure for derivatives entering the leverage ratio exposure measure	Non entry cell: Provides for the total PFE entering the exposure measure related to derivative transactions according to paragraphs 19 to 28 of the Basel III leverage ratio framework.
39	E, K	Derivatives	Potential future exposure of derivatives when applying the current exposure method and Basel II netting standards.
39	D, F, J, L	Derivatives	Non entry cells: Items in rows 40 to 42 provide a breakdown of derivatives which should sum up to total derivatives.
40	D, F, J, L	Credit derivatives (protection sold)	Potential future exposure with no netting or CRM (columns D and J) or notional amount (columns F and L) for credit derivatives sold subject to close out, including the full treatment set out in paragraph 3 of the Annex of the Basel III leverage ratio framework (capping add-on at unpaid premiums). Where the effective notional amount of written credit derivatives is included in the exposure measure and not offset pursuant to paragraph 30 of Basel III leverage ratio framework, banks may choose to set the individual potential future exposure amounts relating to those written credit derivatives to zero.
41	D, F, J, L	Credit derivatives (protection bought)	Potential future exposure with no netting or CRM (columns D and J) or notional amount (columns F and L) of purchased credit derivatives (ie where the bank is buying credit protection from a counterparty)
42	D, F, J, L	Financial derivatives	Potential future exposure with no netting or CRM (columns D and J) or notional amount (columns F and L) of financial derivatives.
43	D, J	Exempted CCP leg of client-cleared trade exposures (potential future exposure)	Potential future exposure using the current exposure method and assuming no netting or CRM associated with exempted CCP leg of client-cleared trade exposures (potential future exposure fulfilling the exemption criteria laid down in paragraph 27 of the Basel III leverage ratio framework).
43	E, F, K, L	Exempted CCP leg of client-cleared trade exposures (potential future exposure)	Potential future exposure of derivatives when applying the current exposure method and Basel II netting standards (columns E and K), or notional amount (columns F and L) for exempted CCP leg of client-cleared trade exposures according to paragraph 27 of the Basel III leverage ratio framework.
B2)	**Off-balance sheet items**		
45	F, L	Off-balance sheet items with a 0% CCF in the RSA; of which:	Off-balance sheet items that would be assigned a 0% credit conversion factor as defined in the standardised approach to credit risk in the Basel II framework. That is commitments that are unconditionally cancellable at any time by the bank without prior notice (UCC), or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness (see paragraph 83 of the Basel II framework and the footnote to this paragraph). Note that rows 46 and 47 do not sum up to row 45 since the latter includes commitments that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness but that are not UCCs.

Row	Column	Heading	Description
46	F, L	Unconditionally cancellable credit cards commitments	Credit cards commitments that are unconditionally cancellable at any time by the bank without prior notice (UCC) that would receive a 0% CCF under the standardised approach to credit risk. Credit card commitments that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness but that are not UCC should not be included in this row.
47	F, L	Other unconditionally cancellable commitments	Other commitments that are unconditionally cancellable at any time by the bank without prior notice, that would receive a 0% CCF under the standardised approach to credit risk. Commitments that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness but that are not UCC should not be included in this row.
48	F, L	Off-balance sheet items with a 20% CCF in the RSA	Off-balance sheet items that would be assigned a 20% credit conversion factor as defined in the standardised approach to credit risk (see paragraphs 83 and 85 of the Basel II framework and the footnote to paragraph 83).
49	F, L	Off-balance sheet items with a 50% CCF in the RSA	Off-balance sheet items that would be assigned a 50% credit conversion factor as defined in the standardised approach to credit risk (see paragraphs 83, 84(ii) and 84(iii) of the Basel II framework). This includes liquidity facilities and other commitments to securitisations incorporating the changes according to the Enhancements. That is the CCF for all eligible liquidity facilities in the securitisation framework is 50% regardless of the maturity.
50	F, L	Off-balance sheet items with a 100% CCF in the RSA	Off-balance sheet items that would be assigned a 100% credit conversion factor as defined in the standardised approach to credit risk (see paragraphs 83(i), 83 (ii), 84 and 84(i) of the Basel II framework. This includes liquidity facilities and other commitments to securitisations incorporating the changes according to the Enhancements.
51	F, L	Total off-balance sheet items	This is a non data entry row.
53	F, L	Check row	This is a non data entry row. It checks that the unconditionally cancellable commitments do not exceed the off-balance sheet items with a 0% CCF.

5.4 On- and off-balance sheet items – additional breakdown of exposures (panel C)

Panel C provides an additional breakdown for on- and off-balance sheet exposures belonging to the banking book, according to the risk weights applied under the Basel II framework.[27]

[27] Transactions subject to the treatment for counterparty credit risk (see Annex 4 of the Basel II framework) should be included irrespective of whether they are classified in the banking or in the trading book.

Banks adopting the standardised approach for credit risk should report each exposure according to the regulatory risk weight as provided by the Basel II framework (under the standardised approach or the securitisation framework).[28,29] For banks adopting the internal ratings-based approach, for exposure (other than those for which specific regulatory risk weights are provided for – eg specialised lending exposures under the supervisory slotting criteria approach, securitisations exposures with an external credit assessment, equity exposures under the simple risk weight method, etc) belonging to each borrower grade, the risk weight should be derived by dividing the risk weighted exposure obtained from the risk-weight formula or the supervisory formula (for credit risk or securitisations exposures, respectively) by the EAD after recognition of eligible credit risk mitigation techniques. Under the internal ratings-based approach, exposures classified as in default should be excluded from the rows 60 to 67 and included in row 68.

Exposures deducted from the regulatory capital should be considered as being applied a 1250% risk weight.[30]

The exposure value of on-balance sheet items (columns D and J) should correspond to the solvency-based value under the Basel II framework,[31] after recognition of eligible credit risk mitigation techniques (eg EAD for the internal ratings-based approach). Off-balance sheet items (columns E and K) should be reported as for their notional value multiplied by the regulatory CCF[32] under the Basel II framework.

The following table provides a description of the data to be entered in each row.

Row	Column	Heading	Description
59	D, E, J, K	Total on- and off-balance sheet exposures belonging to the banking book (breakdown according to the effective risk weight):	This is a non-data entry row.
60	D, E, J, K	= 0%	Exposures with effective risk weight of 0%.
61	D, E, J, K	> 0 and ≤ 12%	Exposures with effective risk weights exceeding 0% but not more than 12%.
62	D, E, J, K	> 12 and ≤ 20%	Exposures with effective risk weights exceeding 12% but not more than 20%.
63	D, E, J, K	> 20 and ≤ 50%	Exposures with effective risk weights exceeding 20% but not more than 50%.

[28] For exposures supported by credit risk mitigation techniques implying the substitution of the risk weighting of the counterparty with the risk weighting of the guarantee (eg financial collateral under the simple approach), banks should refer to the risk weight after the substitution effect.

[29] Banks currently adopting the Basel I framework should refer to the risk weights currently applied for the calculation of the credit risk capital requirement; for reporting purposes, the exposures should be mapped to the risk weights buckets as provided in this panel.

[30] Deductions from the capital base under Annex 1a part C of the Basel II framework as well as regulatory adjustments under paragraphs 66 to 88 of the Basel III standards should not be included in panel C. Exposures for which the Basel II framework allows the option of being deducted or risk weighted (eg certain securitisation exposures) should be included in panel C with a 1250% risk weight even if they are deducted from the capital base.

[31] Or under the Basel I framework, if currently applied by a bank, in which case the bank should correspondingly apply the Basel I standards for netting.

[32] The applicable CCF should be based on the approach to credit risk used by the bank (eg standardised approach or internal ratings-based approach).

Row	Column	Heading	Description
64	D, E, J, K	> 50 and ≤ 75%	Exposures with effective risk weights exceeding 50% but not more than 75%.
65	D, E, J, K	> 75 and ≤ 100%	Exposures with effective risk weights exceeding 75 but not more than 100%.
66	D, E, J, K	> 100 and ≤ 425%	Exposures with effective risk weights exceeding 100% but not more than 425%.
67	D, E, J, K	> 425 and ≤ 1250%	Exposures with effective risk weights exceeding 425% but not more than 1250%.
68	D, E, J, K	Defaulted exposures under the IRB approach	Exposures classified as in default under the internal ratings-based approach.

5.5 Reconciliation (panel D)

Panel D on reconciliation is a summary table that seeks to ensure the data is entered correctly and consistently. The reconciliation is between total accounting balance sheet exposures and total exposures after the effects of accounting netting (and other credit risk mitigation effects) have been eliminated. The non-netted values will provide a consistent comparison of exposures across accounting standards.

The following table provides a description of the data to be entered in each row.

Row	Column	Heading	Description
74	D	Accounting total assets, previous quarter	Total assets following the relevant accounting balance sheet (considering the regulatory consolidation). The figure should be the same as the total value in cell D27.
74	J	Accounting total assets, reporting date	This is a non data entry row. Total assets following the relevant accounting balance sheet (considering the regulatory consolidation) should be entered in cell C49 of the "General Info" worksheet. The figure should be the same as the total value in cell J27.
75	D, J	Check row	This is a non data entry row. It checks that the total assets figure in panel D is the same as reported in panel A.
76	D, J	Reverse out on-balance sheet netting	Enter the amount of on-balance sheet netting (ie netting of loans against deposits) following the relevant accounting standards. This figure should equal the difference between the gross (column E (and K)) and the netted figures (column D (and J)) in panel A for the other assets (row 19).
77	D, J	Reverse out derivatives netting	Enter the amount of derivatives netting following the relevant accounting standards. This figure should equal the difference between the gross (column E (and K)) and the netted figures (column D (and J)) in panel A for derivatives (row 8).
78	D, J	Reverse out SFT netting	Enter the amount of netting related to SFT following the relevant accounting standards. This figure should equal the difference between the gross (column E (and K)) and the netted figures (column D (and J)) in panel A for SFT (row 15).
79	D, J	Reverse out other netting and other adjustments	Adjustment to the accounting other assets for the purpose of the leverage ratio. This should correspond to row 20.
80	D, J	Totals	This is a non-data entry row.
81	D, J	Check row	This is a non-data entry row. It checks that the total assets figure calculated in row 80 is the same as the total of gross values in panel A (row 27).

5.6 Adjusted notional exposures for written credit derivatives (panel E)

In panel E for the additional treatment for written credit derivatives exposure[33], there are three columns.

(a) Column D (and J) requires the effective notional amounts[34] for written credit derivatives, capped at maximum potential loss as defined in paragraph 30 of the Basel III leverage ratio framework.

(b) Column E (and K) requires the effective notional amounts capped at maximum potential loss, for credit derivatives bought on the same reference name as the written credit derivatives.

(c) Column F (and L) requires the effective notional amounts capped at maximum potential loss, for credit derivatives bought on the same reference name, where in the addition the maturity of the protection bought is equal to or greater than the maturity of the protection sold.

Reference names are considered the same if the conditions in footnote 14 of the Basel III leverage ratio framework are met.

Assuming Bank A has sold credit protection on $100 of Corporate X debt for five years, and purchased credit protection on the same debt through the following transactions: (i) $40 for five years; (ii) $40 for two years; (iii) $20 for six months, and assuming Bank A has not entered in other credit derivatives transactions, the notional amounts of credit protection written and purchased under the criteria described above are the following:

	Capped notional amount	Capped notional amount (same reference name)	Capped notional amount (same reference name with no maturity mismatch)
Credit derivatives (protection sold)	100		
Credit derivatives (protection bought)	100	100	40

The following table provides a description of the data to be entered in each row.

Row	Column	Heading	Description
87	D, J	Credit derivatives:	This is a non-data entry row.
88	D, J	Credit derivatives (protection sold)	Capped notional value of written credit derivatives (ie where the bank is providing credit protection to a counterparty) as set out in paragraph 30 of the Basel III leverage ratio framework.
89	D, J	Credit derivatives (protection bought)	Capped notional value of purchased credit derivatives (ie where the bank is buying credit protection from a counterparty) as set out in paragraph 30 of the Basel III leverage ratio framework.

[33] Both credit derivatives belonging to the banking book and to the trading book should be reported.

[34] That is reflecting the true exposure of contracts that are leveraged or otherwise enhanced by the structure of the transaction as provided in footnote 13 of the Basel III leverage framework.

Row	Column	Heading	Description
89	E, K	Credit derivatives (protection bought)	Capped notional value of purchased credit derivatives (ie where the bank is buying credit protection from a counterparty) as set out in paragraph 30 of the Basel III leverage ratio framework, on the same underlying reference names as those credit derivatives written by the bank as defined in footnote 14 of the Basel III leverage ratio framework. Hence, the value should not be greater than the value entered in cell D89 (and J89) for each reference name.
89	F, L	Credit derivatives (protection bought)	Capped notional value of purchased credit derivatives (ie where the bank is buying credit protection from a counterparty) on the same underlying reference names as those credit derivatives written by the bank, where the maturity of the purchased protection is equal to or greater than the maturity of the sold protection. Hence, the value should not be greater than the value entered in cell E89 (and K89) for each reference name.
90	E, F, K, L	Credit derivatives (protection sold less protection bought)	This is a non data entry row. It calculates the difference between written and purchased credit derivatives on the same underlying reference names, for each of the two hypotheses for the offsetting as described above.
92	D, J	Check row	This is a non data entry row. It checks that the notional amount of written credit derivatives is the same as or less than that in panel B.
93	D, J	Check row	This is a non data entry row. It checks that the notional amount of purchased credit derivatives is the same as or less than that in panel B.
94	D, E, F, J, K, L	Check row	This is a non data entry row. It checks that the notional amount of purchased credit derivatives for each of the two hypotheses for the offsetting as described above is consistently filled-in.

5.7 Calculation of the leverage ratio (panel F)

Panel F provides with the calculation of the leverage ratio, on the basis of the exposures data reported in the "Leverage Ratio" worksheet as well as of other relevant data as reported in the "DefCapB3" worksheet (Tier 1 capital, regulatory adjustments).

The following table provides a description of the data to be entered in each row.

Row	Column	Heading	Description
100	D, J	Tier 1 capital	This is a non-data entry row. It includes the amount of Tier 1 capital as reported in the "DefCapB3" worksheet (numerator of the leverage ratio).
101	D, J	Total exposures	This is a non-data entry row. It calculates the total exposures to be included in the denominator of the leverage ratio (before the deduction of regulatory adjustments).
101	E, K	Data complete	This is a non data entry row. It checks that all required exposures amounts entering the leverage ratio calculation are reported in previous panels.
102	D, J	Regulatory adjustments	This is a non-data entry row. It includes the amount of regulatory adjustments from Tier 1 as reported in the "DefCapB3" worksheet.

103	D, J	Total exposures for the calculation of the leverage ratio	This is a non-data entry row. It calculates the total exposures to be used for calculating the leverage ratio.
104	D, J	Leverage ratio	This is a non-data entry row. It calculates the leverage ratio on the basis of the previous values.

5.8 Business model categorisation (panel G)

Panel G provides additional data for the purposes of the categorisation of business models. The definitions for the line items correspond as far as possible with those provided in the Basel II framework (cross references as provided below).

The following table provides a description of the data to be entered in each row.

Row	Column	Heading	Description
110	J	Total exposures; of which:	This is a non-data entry row. Rows 111, 114 and 140 provide a breakdown of total exposures.
111	J	Total trading book exposures; of which:	This is a non-data entry row. Items in rows 112 and 113 provide a breakdown of the leverage ratio exposure amount for exposures that meet the definition in paragraphs 685 to 689(iii) of the Basel II framework.
112	J	Derivatives, SFTs	Leverage ratio exposure amount for derivatives and SFT that belong to the trading book according to paragraphs 685 to 689(iii) of the Basel II framework.
113	J	Other trading book exposures	Leverage ratio exposure amount for instruments that belong to the trading book according to paragraphs 685 to 689(iii) of the Basel II framework other than derivatives and SFT.
114	J	Total banking book exposures; of which:	This is a non-data entry row. Items in rows 115 to 117 provide a breakdown of the leverage ratio exposure amount for all exposures that do not meet the definition in paragraphs 685 to 689(iii) of the Basel II framework.
115	J	Derivatives, SFTs	Leverage ratio exposure amount for derivatives and SFT.
116	J	Investments in covered bonds	Leverage ratio exposure amount for covered bonds.
117	J	Other banking book exposures; of which:	This is a non-data entry row. Items in rows 118, 125, 126, 131 and 137 provide a breakdown of the leverage exposure amount of banking book exposures other than derivatives, SFT and covered bonds.
118	J	Sovereigns; of which:	This is a non-data entry row. Leverage ratio exposure amount for exposures which meet the definition in paragraph 229 of the Basel II framework, as well as leverage ratio exposures that meet the definition of claims on domestic PSEs and of exposures to MDBs in paragraph 230 of the Basel II framework. Items in rows 119, 123 and 124 provide a breakdown of the sovereign exposures.
119	J	Public sector entities (PSEs); of which:	Leverage ratio exposure amount for exposures to PSEs referred to in paragraphs 229 and 230 of the Basel II framework.
120	J	PSE guaranteed by central government	Leverage ratio exposure amount for PSE exposures guaranteed by central government (of which item, also to be included in row 119).

Row	Column	Heading	Description
121	J	PSEs not guaranteed by central government but treated as a sovereign under paragraph 229 of the Basel II framework	Leverage ratio exposure amount for PSEs not guaranteed by central government but treated as a sovereign under paragraph 229 of the Basel II framework (of which item, also to be included in row 119).
122	J	Check row	This is a non-data entry row. It checks that the sum of the exposure amounts in rows 120 and 121 is smaller than the amount of total PSE exposures.
123	J	MDBs	Leverage ratio exposure amount for exposures to MDBs referred to in paragraphs 229 and 230 of the Basel II framework.
124	J	Other sovereign exposures	Leverage ratio exposure amount for sovereigns exposures, excluding exposures to PSEs and MDBs.
125	J	Banks	Leverage ratio exposure amount for exposures which meet the definition in paragraph 230 of the Basel II framework, excluding exposures to PSEs and MDBs.
126	J	Retail exposures; of which:	This is a non-data entry row. Items in rows 127 to 130 provide a breakdown of leverage ratio exposure amount for exposures which meet the definition in paragraphs 231 to 234 of the Basel II framework.
127	J	Residential real estate exposures	Leverage ratio exposure amount for exposures which meet the definition in the second bullet of paragraph 231 of the Basel II framework.
128	J	SME exposures	Leverage ratio exposure amount for exposures which meet the definition in the third bullet of paragraph 231 and in paragraph 232 of the Basel II framework.
129	J	Qualifying revolving retail exposures	Leverage ratio exposure amount for exposures which meet the definition in paragraph 234 of the Basel II framework.
130	J	Other retail exposures	Leverage ratio exposure amount for retail exposures other than residential real estate, SME and qualifying revolving retail exposures.
131	J	Corporate ; of which:	This is a non-data entry row. Items in rows 132 and 133 provide a breakdown of leverage ratio exposure amount for exposures which meet the definition in paragraphs 218 to 228 of the Basel II framework.
132	J	Financial	Leverage ratio exposure amount for corporate exposures which meet the definition in paragraph 102 of the Basel III framework, excluding exposures to banks.
133	J	Non-financial; of which:	This is a non-data entry row. Items in rows 134 to 136 provide a breakdown of non-financial exposures.
134	J	SME exposures	Leverage ratio exposure amount for exposures which meet the definition in paragraph 273 of the Basel II framework excluding exposures that meet the definition in paragraphs 231, third bullet, and 232.
135	J	Commercial real estate	Leverage ratio exposure amount for commercial real estate exposures which meet the definition in paragraphs 219 to 228 of the Basel II framework.
136	J	Other corporate non-financial	Leverage ratio exposure amount for non-financial corporate exposures which meet the definition in paragraphs 219 to 228 of the Basel II framework, other than SME and commercial real estate exposures.

Row	Column	Heading	Description
137	J	Other exposures (eg equity and other non-credit obligation assets); of which:	Leverage ratio exposure amount for banking book exposures other than sovereigns, banks, retail and corporate exposures.
138	J	Securitisation exposures	Leverage ratio exposure amount for securitisation exposures (of which item, also to be included in row 137).
139	J	Check row	This is a non-data entry row. It checks that the exposure amount for securitisation exposures is smaller than the amount of total other exposures.
140	J	Exposure amounts resulting from the additional treatment for credit derivatives	Leverage ratio exposure amount for capped notional amounts for credit derivatives (panel E).
141	J	Check row	This is a non-data entry row. It checks that total in row 110 equals total exposures in panels A, B and E.
143	J	Memo item: Trade finance exposures	Leverage ratio exposure amount for issued and confirmed import and export letters of credit which are short-term and self-liquidating, and similar transactions. Trade finance exposures should also be included in one of the rows 111 to 138.

Banks should report all exposure values consistent with the calculations for the purposes of the leverage ratio in the rest of this worksheet. As a result, row 110 should equal total exposures in panels A, B and E. Unless mentioned otherwise, the input rows in this panel are mutually exclusive. Rows 110, 111 114, 117, 118, 126, 131 and 133 are non-data entry rows, and rows 122, 139 and 141 include checks.

5.9 EU-specific (panel H)

This panel should only be completed by banks in the European Union.

The data item described below refers to the same exposures reported in the main leverage ratio reporting template of the Basel III Monitoring, cell K39. However, instead of applying the Current Exposure Method of the Basel II Framework, institutions shall apply the Original Exposure Method as set forth in Article 275 of the CRR, as published in the Official Journal of the European Union in June 2013, to determine the values reported in cell K149. Institutions that do not use the Original Exposure Method shall leave cell J149 blank.

The following table provides a description of the data to be entered in each row.

Row	Column	Heading	Description
149	J	Exposure value when applying the Original Exposure Method	This cell provides the leverage ratio exposure value of derivatives calculated according to the Original Exposure Method set forth in Article 275 of the CRR as published in the Official Journal of the European Union in June 2013.
150	J	Check row	This is a non-data entry row. It checks that J149 does not exceed L39.

6. Liquidity

This chapter of the Instructions regards the LCR and NSFR. The data collection is predominantly aimed at monitoring the LCR as specified in *Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools*, published by the Committee in January 2013 and the NSFR as specified in *Basel III: The Net Stable*

Funding Ratio – Consultative Document, published by the Committee in January 2014. These documents are referred to in the remainder of this chapter as the "Basel III LCR standards" and "Basel III NSFR standards", respectively.

Purpose of this exercise is to collect information that enables the Committee to monitor banks migration towards compliance with the LCR and NSFR as specified in the Basel III LCR standards and Basel III NSFR standards, respectively.

The liquidity data are collected in two templates: one for the LCR and one for the NSFR. The template for the LCR is built up the same way as the LCR section in the Basel III LCR standards.

All specifications and criteria specified in the Basel III LCR standards and the Basel III NSFR standards apply. The instructions indicate which paragraph of these documents the data requested refer to. If the instruction contradicts these documents, the standards overrule the instructions. Where the instructions provide further specification on the requested data beyond the standards, however, these instructions should be followed.

The template should be filled in on a consolidated basis following the existing scope of application set out in Part I (Scope of Application) of the Basel II framework (Basel III LCR standards paragraph 164). Consistent with all other worksheets, data for the "LCR" and "NSFR" worksheets should be reported in the most convenient currency. The currency which has been used should be recorded in the "General Info" worksheet (see Section 2.2).

6.1 Liquidity coverage ratio (LCR)

The LCR has two components:

(a) The value of the stock of high-quality liquid assets (HQLA) in stressed conditions (see sub-section 6.1.1 below); and

(b) Total net cash outflows, calculated according to the scenario parameters set by the supervisors. The term "total net cash outflows" is defined as "total expected cash outflows" (see sub-section 6.1.2 below) minus "total expected cash inflows" (see sub-section 6.1.3 below) in the specified stress scenario for the subsequent 30 calendar days (the stressed period).

6.1.1 Liquid assets (panel A)

Operational requirements (paragraphs 28 to 40 in the Basel III LCR standards)**:** All assets in the stock are subject to the following operational requirements. These operational requirements are designed to ensure that the stock of HQLA is managed in such a way that the bank can, and is able to demonstrate that it can, immediately use the stock of assets as a source of contingent funds that is available for the bank to convert into cash through outright sale or repo, to fill funding gaps between cash inflows and outflows at any time during the 30 day stress period, with no restriction on the use of the liquidity generated.

All assets in the stock should be unencumbered, per the definition below. Banks should exclude from the stock those assets that, although meeting the definition of "unencumbered" specified below, the bank would not have the operational capability to monetise to meet outflows during the stressed period. Operational capability to monetise assets requires having procedures and appropriate systems in place, including providing the function noted below with access to all necessary information to execute monetisation of any asset at any time. Monetisation of the asset must be executable, from an operational perspective, in the standard settlement period for the asset class in the relevant jurisdiction.

All assets accounted for in this section should be under the control of the function charged with managing the liquidity of the bank (eg the treasurer), meaning the function has the continuous authority, and legal and operational capability, to monetise any asset in the stock. Control must be evidenced either by maintaining assets in a separate pool managed by the function with the sole intent

for use as a source of contingent funds, or by demonstrating that the function can monetise the asset at any point in the 30 day stress period and that the proceeds of doing so are available to the function throughout the 30 day stress period without directly conflicting with a stated business or risk management strategy. For example, an asset should not be included in the stock if the sale of that asset, without replacement throughout the 30 day period, would remove a hedge that would create an open risk position in excess of internal limits.

A bank is permitted to hedge the market risk associated with ownership of the stock of liquid assets and still include the assets in the stock. If it chooses to hedge the market risk, the bank should take into account (in the market value applied to each asset) the cash outflow that would arise if the hedge were to be closed out early (in the event of the asset being sold).

In accordance with Principle 9 of the *Sound Principles* a bank "should monitor the legal entity and physical location where collateral is held and how it may be mobilised in a timely manner". Specifically it should have a policy in place that identifies legal entities, geographical locations, currencies and specific custodial or bank accounts where HQLA are held. In addition the bank should determine whether any such assets should be excluded for operational reasons and, therefore, have the ability to determine the composition of its stock on a daily basis.

Qualifying HQLA that are held to meet statutory liquidity requirements at the legal entity or sub-consolidated level (where applicable) may only be included in the stock at the consolidated level to the extent that the related risks (as measured by the legal entity's or sub-consolidated group's net cash outflows in the LCR) are also reflected in the consolidated LCR. Any surplus of HQLA held at the legal entity can only be included in the consolidated stock if those assets would also be freely available to the consolidated (parent) entity in times of stress.

In assessing whether assets are freely transferable for regulatory purposes, banks should be aware that assets may not be freely available to the consolidated entity due to regulatory, legal, tax, accounting or other impediments. Assets held in legal entities without market access should only be included to the extent that they can be freely transferred to other entities that could monetise the assets.

In certain jurisdictions, large, deep and active repo markets do not exist for eligible asset classes, and therefore such assets are likely to be monetised through outright sale. In these circumstances, a bank should exclude from the stock of HQLA those assets where there are impediments to sale, such as large fire-sale discounts which would cause it to breach minimum solvency requirements, or requirements to hold such assets, including, but not limited to, statutory minimum inventory requirements for market-making.

Banks should not include in the stock of HQLA any assets, or liquidity generated from assets, they have received under right of rehypothecation, if the beneficial owner has the contractual right to withdraw those assets during the 30 day stress period.

Assets received as collateral for derivatives transactions that are not segregated and legally able to be rehypothecated may be included in the stock of HQLA provided that the bank records an appropriate outflow for the associated risks as set out in the Basel III LCR standards paragraph 116.

As part of the stock, the liquid assets cannot be counted as cash inflows even if they mature within 30 days (ie no double-counting is allowed).

Definition of unencumbered: free of legal, regulatory, contractual or other restrictions on the ability of the bank to liquidate, sell, transfer, or assign the asset. An asset in the stock should not be pledged by the bank (either explicitly or implicitly) to secure, collateralise or credit-enhance any transaction, nor be designated to cover operational costs (such as rents and salaries). However, assets that the bank received as collateral in reverse repo and securities financing transactions can be considered as part of the stock if they are held at the bank, have not been rehypothecated, and are legally and contractually available for the bank's use. In addition, assets which qualify for the stock of HQLA that have been prepositioned or deposited with, or pledged to, the central bank or a public sector

entity (PSE) but have not been used to generate liquidity may be included in the stock. If a bank has deposited, pre-positioned or pledged Level 1, Level 2 and other assets in a collateral pool and no specific securities are assigned as collateral for any transactions, it may assume that assets are encumbered in order of increasing liquidity value in the LCR, ie assets ineligible for the LCR are assigned first, followed by Level 2B, then other Level 2 and finally Level 1. This determination must be made in compliance with any requirements, such as concentration or diversification, of the central bank or PSE.

Criteria of liquid assets: To qualify as a "high quality liquid asset", assets should be liquid in markets during a time of stress and, with the exception of Level 2B assets, ideally be central bank eligible. Such assets should generally possess the fundamental and market-related characteristics specified in paragraphs 24(i) and 24(ii) of the Basel III LCR standards. Securities that can be included in the stock of HQLA should meet the following common criteria (note that additional security-specific criteria are included in the individual line item descriptions):

- they should neither be issued by, nor be an obligation of, a financial institution[35] or any of its affiliated entities (except in the case of covered bonds and RMBS which should not be issued by the bank itself or any of its affiliated entities);
- they should be traded in large, deep and active repo or cash markets characterised by a low level of concentration;
- they should have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions; and
- with the exception of Level 2B assets, they should ideally be central bank eligible.[36]

Row	Heading	Description	Basel III LCR standards reference
A)a)	**Level 1 assets**		
6	Coins and banknotes	Coins and banknotes currently held by the bank that are immediately available to meet obligations. Deposits placed at, or receivables from, other institutions should be reported in the inflows section.	50(a)
7	Total central bank reserves; of which:	Total amount held in central bank reserves (including required reserves) including banks' overnight deposits with the central bank, and term deposits with the central bank that: (i) are explicitly and contractually repayable on notice from the depositing bank; or (ii) that constitute a loan against which the bank can borrow on a term basis or on an overnight but automatically renewable basis (only where the bank has an existing deposit with the relevant central bank). Other term deposits with central banks are not eligible for the stock of HQLA; however, if the term expires within 30 days, the term deposit could be considered as an inflow (reported in line 305).	50(b), footnote 12

[35] Financial institutions, in this context, include banks, securities firms and insurance companies.

[36] Central bank eligibility alone is not a sufficient basis for determining which assets qualify as HQLA.

Row	Heading	Description	Basel III LCR standards reference
8	part of central bank reserves that can be drawn in times of stress	Total amount held in central bank reserves and overnight and term deposits at the same central bank (as reported in line 7) which can be drawn down in times of stress. Amounts required to be installed in the central bank reserves within 30 days should be reported in line 166 of the outflows section. **Please refer to the instructions from your supervisor for the specification of this item.**	50(b), footnote 13
Securities with a 0% risk weight:			
11	issued by sovereigns	Marketable debt securities issued by sovereigns, receiving a 0% risk weight under the standardised approach to credit risk of the Basel II framework (paragraph 53).	50(c)
12	guaranteed by sovereigns	Marketable debt securities guaranteed by sovereigns, receiving a 0% risk weight under the standardised approach to credit risk of the Basel II framework (paragraph 53).	50(c)
13	issued or guaranteed by central banks	Marketable debt securities issued or guaranteed by central banks, receiving a 0% risk weight under the standardised approach to credit risk of the Basel II framework (paragraph 53).	50(c)
14	issued or guaranteed by PSEs	Marketable debt securities issued or guaranteed by public sector entities, receiving a 0% risk weight under the standardised approach to credit risk of the Basel II framework (paragraphs 57 and 58).	50(c)
15	issued or guaranteed by BIS, IMF, ECB and European Community or MDBs	Marketable debt securities issued or guaranteed by the Bank for International Settlements, the International Monetary Fund, the European Central Bank (ECB) and European Community. or multilateral development banks (MDBs), receiving a 0% risk weight under the standardised approach to credit risk of the Basel II framework (paragraphs 56 and 59).	50(c)
For non-0% risk-weighted sovereigns:			
17	sovereign or central bank debt securities issued in domestic currency by the sovereign or central bank in the country in which the liquidity risk is taken or in the bank's home country	Debt securities issued by the sovereign or central bank in the domestic currency of that country, that are not eligible for inclusion in line items 11 or 13 because of the non-0% risk weight of that country. Banks are only permitted to include debt issued by sovereigns or central banks of their home jurisdictions or, to the extent of the liquidity risk taken in other jurisdictions, of those jurisdictions.	50(d)
18	domestic sovereign or central bank debt securities issued in foreign currencies, up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations in the jurisdiction where the bank's liquidity risk is being taken	Debt securities issued by the domestic sovereign or central bank in foreign currencies (that are not eligible for inclusion in line items 11 or 13 because of the non-0% risk weight), up to the amount of the bank's stressed net cash outflows in that specific foreign currency stemming from the bank's operations in the jurisdiction where the bank's liquidity risk is being taken.	50(e)
Total Level 1 assets:			
19	Total stock of Level 1 assets	Total outright holdings of Level 1 assets plus all borrowed securities of Level 1 assets	49

Row	Heading	Description	Basel III LCR standards reference
20	Adjustment to stock of Level 1 assets	Adjustment to the stock of Level 1 assets for purpose of calculating the caps on Level 2 and Level 2B assets.	Annex 1
21	Adjusted amount of Level 1 assets	Adjusted amount of Level 1 assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 49 and the cap on Level 2B assets in line item 49.	Annex 1
A)b)	**Level 2A assets**		
Securities with a 20% risk weight:			
25	issued by sovereigns	Marketable debt securities issued by sovereigns, receiving a 20% risk weight under the standardised approach to credit risk of the Basel II framework (paragraph 53), satisfying all the conditions listed in paragraph 52(a) of the Basel III LCR standards, and not included in lines 17 or 18.	52(a)
26	guaranteed by sovereigns	Marketable debt securities guaranteed by sovereigns, receiving a 20% risk weight under the standardised approach to credit risk of the Basel II framework (paragraph 53), satisfying all the conditions listed in paragraph 52(a) of the Basel III LCR standards.	52(a)
27	issued or guaranteed by central banks	Marketable debt securities issued or guaranteed by central banks, receiving a 20% risk weight under the standardised approach to credit risk of the Basel II framework (paragraph 53), satisfying all the conditions listed in paragraph 52(a) of the Basel III LCR standards, and not included in lines 17 or 18.	52(a)
28	issued or guaranteed by PSEs	Marketable debt securities issued or guaranteed by PSEs, receiving a 20% risk weight under the standardised approach to credit risk of the Basel II framework (paragraphs 57 and 58), satisfying all the conditions listed in paragraph 52(a) of the Basel III LCR standards.	52(a)
29	issued or guaranteed by MDBs	Marketable debt securities issued or guaranteed by multilateral development banks, receiving a 20% risk weight under the standardised approach to credit risk of the Basel II framework (paragraph 59), satisfying all the conditions listed in paragraph 52(a) of the Basel III LCR standards.	52(a)
Non-financial corporate bonds:			
30	rated AA- or better	Non-financial corporate bonds (including commercial paper) (i) having a long-term credit assessment by a recognised ECAI of at least AA- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating or (ii) not having a credit assessment by a recognised ECAI but are internally rated as having a probability of default (PD) corresponding to a credit rating of at least AA-, satisfying the conditions listed in paragraph 52(b) of the Basel III LCR standards.	52(b)
Covered bonds (not self-issued):			
31	rated AA- or better	Covered bonds, not self-issued, (i) having a long-term credit assessment by a recognised ECAI of at least AA- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating or (ii) not having a credit assessment by a recognised ECAI but are internally rated as having a probability of default (PD) corresponding to a credit rating of at least AA-, satisfying the conditions listed in paragraph 52(b) of the Basel III LCR standards.	52(b)

Row	Heading	Description	Basel III LCR standards reference
Total Level 2A assets:			
32	Total stock of Level 2A assets	Total outright holdings of Level 2A assets plus all borrowed securities of Level 2A assets, after applying haircuts	52(a),(b)
33	Adjustment to stock of Level 2A assets	Adjustment to the stock of Level 2A assets for purpose of calculating the caps on Level 2 and Level 2B assets.	Annex 1
34	Adjusted amount of Level 2A assets	Adjusted amount of Level 2A assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49.	Annex 1
A)c) Level 2B assets **Please refer to the instructions from your supervisor for the specification of items in the Level 2B assets subsection.** In choosing to include any Level 2B assets in Level 2, national supervisors are expected to ensure that (i) such assets fully comply with the qualifying criteria set out Basel III LCR standards, paragraph 54; and (ii) banks have appropriate systems and measures to monitor and control the potential risks (eg credit and market risks) that banks could be exposed to in holding these assets.			
37	Residential mortgage backed securities (RMBS), rated AA or better	RMBS that satisfy all of the conditions listed in paragraph 54(a) of the Basel III LCR standards.	54(a)
38	Non-financial corporate bonds, rated BBB- to A+	Non-financial corporate debt securities (including commercial paper) rated BBB- to A+ that satisfy all of the conditions listed in paragraph 54(b) of the Basel III LCR standards.	54(b)
39	Non-financial common equity shares	Non-financial common equity shares that satisfy all of the conditions listed in paragraph 54(c) of the Basel III LCR standards.	54(c)
40	Sovereign or central bank debt securities, rated BBB- to BBB+	Sovereign or central bank debt securities, rated BBB- to BBB+, that are not already included in lines 17 or 18, per FAQ 3(a) in Basel Committee on Banking Supervision, *Frequently Asked Questions on Basel III's January 2013 Liquidity Coverage Ratio*, April 2014, www.bis.org/publ/bcbs284.htm.	BCBS FAQ 3(a)
Total Level 2B assets:			
41	Total stock of Level 2B RMBS assets	Total outright holdings of Level 2B RMBS assets plus all borrowed securities of Level 2B RMBS assets, after applying haircuts.	54(a)
42	Adjustment to stock of Level 2B RMBS assets	Adjustment to the stock of Level 2B RMBS assets for purpose of calculating the caps on Level 2 and Level 2B assets.	Annex 1
43	Adjusted amount of Level 2B RMBS assets	Adjusted amount of Level 2B RMBS assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49.	Annex 1
44	Total stock of Level 2B non-RMBS assets	Total outright holdings of Level 2B non-RMBS assets plus all borrowed securities of Level 2B non-RMBS assets, after applying haircuts.	54(b),(c)
45	Adjustment to stock of Level 2B non-RMBS assets	Adjustment to the stock of Level 2B non-RMBS assets for purpose of calculating the caps on Level 2 and Level 2B assets.	Annex 1
46	Adjusted amount of Level 2B non-RMBS assets	Adjusted amount of Level 2B non-RMBS assets used for the purpose of calculating the adjustment to the stock of HQLA due to the cap on Level 2 assets in line item 50 and the cap on Level 2B assets in line item 49.	Annex 1

Row	Heading	Description	Basel III LCR standards reference
47	Adjusted amount of Level 2B (RMBS and non-RMBS) assets	Sum of adjusted amount of Level 2B RMBS assets and adjusted amount of Level 2B non-RMBS assets	Annex 1
49	Adjustment to stock of HQLA due to cap on Level 2B assets	Adjustment to stock of HQLA due to 15% cap on Level 2B assets.	47, Annex 1
50	Adjustment to stock of HQLA due to cap on Level 2 assets	Adjustment to stock of HQLA due to 40% cap on Level 2 assets.	51, Annex 1
A)d)	**Total stock of HQLA**		
53	Total stock of HQLA	Total stock of HQLA after taking haircuts and the adjustment for the caps on Level 2 and Level 2B assets into account.	
57	Assets held at the entity level, but excluded from the consolidated stock of HQLA	Any surplus of liquid assets held at the legal entity that is excluded (ie not reported in lines above) from the consolidated stock because of reasonable doubts that they would be freely available to the consolidated (parent) entity in times of stress. Eligible liquid assets that are held by a legal entity being consolidated to meet its local LCR requirements (where applicable) can be included in the consolidated LCR to the extent that such liquid assets are used to cover the total net cash outflows of that entity, notwithstanding that the assets are subject to liquidity transfer restrictions. If the liquid assets held in excess of the total net cash outflows of the legal entity are not transferable, such surplus liquidity should be excluded from the standard and reported in this line. For practical reasons, the liquidity transfer restrictions to be accounted for in the consolidated ratio are confined to existing restrictions imposed under applicable laws, regulations and supervisory requirements. Banks should report the market value of Level 1 assets excluded in column D, the market value of Level 2A assets excluded in column E, the market value of Level 2B RMBS assets excluded in column F and the market value of Level 2B non-RMBS assets excluded in column G.	36–37, 171–172
58	of which, can be included in the consolidated stock by the time the standard is implemented	Any assets reported in row 57 but which the bank believes will, through management actions executed prior to the implementation date of the standard, meet the eligibility requirements for the stock of liquid assets.	
60	Assets excluded from the stock of HQLA due to operational restrictions	Level 1 and Level 2 assets held by the bank that are not included in the stock of HQLA (ie not reported in lines above), because of the operational restrictions noted in paragraphs 31-34 and 38-40 of the Basel III LCR standards. Banks should report the market value of Level 1 assets excluded in column D, the market value of Level 2A assets excluded in column E, the market value of Level 2B RMBS assets excluded in column F and the market value of Level 2B non-RMBS assets excluded in column G.	31–34, 38–40
61	of which, can be included in the stock by the time the standard is implemented	Any assets reported in row 60 but which the bank believes will, through management actions executed prior to the implementation date of the standard, meet the eligibility requirements for the stock of liquid assets.	

Row	Heading	Description	Basel III LCR standards reference
A)e)	**Treatment for jurisdictions with insufficient HQLA**		
Please refer to the instructions from your supervisor for the specification of this subsection.			
Some jurisdictions may not have sufficient supply of Level 1 assets (or both Level 1 and Level 2 assets) in their domestic currency to meet the aggregate demand of banks with significant exposures in this currency (note that an insufficiency in Level 2 assets alone does not qualify for the alternative treatment). To address this situation, the Committee has developed alternative treatments for the holdings in the stock of HQLA, which are expected to apply to a limited number of currencies and jurisdictions.			
Eligibility for such alternative treatment will be judged on the basis of qualifying criteria set out in Annex 2 of the Basel III LCR standards and will be determined through an independent peer review process overseen by the Committee. The purpose of this process is to ensure that the alternative treatments are only used when there is a true shortfall in HQLA in the domestic currency relative to the needs in that currency.			
There are three potential options for this treatment (line items 68 to 72). **If your supervisor intends to adopt this treatment, it is expected that they provide specific instructions to the banks under its supervision for reporting the relevant information under the option it intends to use.** To avoid double-counting, if an asset has already been included in the eligible stock of HQLA, it should not be reported under these options.			
Option 1 – Contractual committed liquidity facilities from the relevant central bank, with a fee			
These facilities should not be confused with regular central bank standing arrangements. In particular, these facilities are contractual arrangements between the central bank and the commercial bank with a maturity date which, at a minimum, falls outside the 30-day LCR window. Further, the contract must be irrevocable prior to maturity and involve no ex-post credit decision by the central bank.			
Such facilities are only permissible if there is also a fee for the facility which is charged regardless of the amount, if any, drawn down against that facility and the fee is set so that banks which claim the facility line to meet the LCR, and banks which do not, have similar financial incentives to reduce their exposure to liquidity risk. That is, the fee should be set so that the net yield on the assets used to secure the facility should not be higher than the net yield on a representative portfolio of Level 1 and Level 2 assets, after adjusting for any material differences in credit risk.			
68	Option 1 – Contractual committed liquidity facilities from the relevant central bank	Only include the portion of facility that is secured by available collateral accepted by the central bank, after haircut specified by the central bank. **Please refer to the instructions from your supervisor for the specification of this item.**	58
Option 2 – Foreign currency HQLA to cover domestic currency liquidity needs			
For currencies that do not have sufficient HQLA, supervisors may permit banks that evidence a shortfall of HQLA in the domestic currency (which would match the currency of the underlying risks) to hold HQLA in a currency that does not match the currency of the associated liquidity risk, provided that the resulting currency mismatch positions are justifiable and controlled within limits agreed by their supervisors.			
To account for foreign exchange risk associated with foreign currency HQLA used to cover liquidity needs in the domestic currency, such liquid assets should be subject to a minimum haircut of 8% for major currencies that are active in global foreign exchange markets. For other currencies, supervisors should increase the haircut to an appropriate level on the basis of historical (monthly) exchange rate volatilities between the currency pair over an extended period of time. If the domestic currency is formally pegged to another currency under an effective mechanism, the haircut for the pegged currency can be lowered to a level that reflects the limited exchange rate risk under the peg arrangement. Haircuts for foreign currency HQLA used under Option 2 would apply only to HQLA in excess of a threshold specified by supervisors which is not greater than 25% that are used to cover liquidity needs in the domestic currency.			
70	Level 1 assets	Subject to the limit mentioned above, the aggregate amount of the excess of Level 1 assets in a given foreign currency or currencies that can be used to cover the associated liquidity need of the domestic currency. **Please refer to the instructions from your supervisor for the specification of this item.**	59
71	Level 2 assets	Subject to the limit mentioned above, the aggregate amount of the excess of Level 2 assets in a given foreign currency or currencies that can be used to cover the associated liquidity need of the domestic currency. **Please refer to the instructions from your supervisor for the specification of this item.**	59

Row	Heading	Description	Basel III LCR standards reference
Option 3 – Additional use of Level 2 assets with a higher haircut This option addresses currencies for which there are insufficient Level 1 assets, as determined by the qualifying principles and criteria, but where there are sufficient Level 2A assets. In this case, supervisors may choose to allow banks that evidence a shortfall of liquid assets in the domestic currency (to match the currency of the liquidity risk incurred) to hold additional Level 2A assets in the stock. These additional Level 2A assets should be subject to a minimum 20% – ie 5% higher than the 15% haircut applicable to Level 2A assets that are included in the 40% cap. Any Level 2B assets held by the bank would remain subject to the cap of 15%, regardless of the amount of other Level 2 assets held.			
72	Option 3 – Additional use of Level 2 assets with a higher haircut	Assets reported in lines 25 to 31 that are **not** counted towards the regular stock of HQLA because of the cap on Level 2 assets. **Please refer to the instructions from your supervisor for the specification of this item.**	62
Total usage of alternative treatment			
73	Total usage of alternative treatment (post-haircut) before applying the cap	Sum of the usage of alternative treatment should be equal to total outright holdings and all borrowed securities under different options. **Please refer to the instructions from your supervisor for the specification of this item.**	
74	Cap on usage of alternative treatment	**Please refer to the instructions from your supervisor for the specification of this item.**	
75	Total usage of alternative treatment (post-haircut) after applying the cap	The lower of the cap and eligible alternative treatment (post-haircut) before applying the cap. **Please refer to the instructions from your supervisor for the specification of this item.**	
A)f)	**Total stock of HQLA plus usage of alternative treatment**		
78	Total stock of HQLA plus usage of alternative treatment	Sum of stock of HQLA and usage of alternative treatment after cap.	

6.1.2 Outflows, Liquidity Coverage Ratio (LCR) (panel B1)

This section calculates the total expected cash outflows in the LCR stress scenario for the subsequent 30 calendar days. They are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by the rates at which they are expected to run off or to be drawn down (Basel III LCR standards paragraph 69).

Where there is potential that an item could be reported in multiple outflow categories, (eg committed liquidity facilities granted to cover debt maturing within the 30 calendar day period), a bank only has to assume up to the maximum contractual outflow for that product (Basel III LCR standards paragraph 72).

Row	Heading	Description	Basel III LCR standards reference
a)	**Retail deposit run-off**		
Retail deposits are defined as deposits placed with a bank by a natural person. Deposits from legal entities, sole proprietorships and partnerships are captured in wholesale deposit categories. Retail deposits reported in lines 88 to 105 include demand deposits and term deposits maturing in or with a notice period up to 30 days. Term deposits with a residual contractual maturity greater than 30 days which may be withdrawn within 30 days without entailing a significant withdrawal penalty materially greater than the loss of interest, should be considered to mature within the 30-day horizon and should also be included in lines 88 to 105 as appropriate. If a portion of the term deposit can be withdrawn without incurring such a penalty, only that portion should be treated as a demand deposit. The remaining balance of the deposit should be treated as a term deposit. Notes, bonds and other debt securities sold exclusively to the retail market and held in retail accounts can be reported in the appropriate retail deposit category (Basel III LCR standards paragraph 110). To be treated in this manner, it is not sufficient that the debt instruments are specifically designed and marketed to retail customers. Rather there should be limitations placed such that those instruments cannot be bought and held by parties other than retail customers. Per paragraph 76 of the Basel III LCR standards, an "effective deposit insurance scheme" refers to a scheme (i) that guarantees that it has the ability to make prompt payouts, (ii) for which the coverage is clearly defined and (iii) of which public awareness is high. The deposit insurer in an effective deposit insurance scheme has formal legal powers to fulfil its mandate and is operationally independent, transparent and accountable. A jurisdiction with an explicit and legally binding sovereign deposit guarantee that effectively functions as deposit insurance can be regarded as having an effective deposit insurance scheme.		
84	Total retail deposits; of which	Total retail deposits as defined above.	73–84
85	Insured deposits; of which:	The portion of retail deposits that are fully insured by an effective deposit insurance scheme.	75–78
86	in transactional accounts; of which:	Total insured retail deposits in transactional accounts (eg accounts where salaries are automatically credited).	75, 78
87	eligible for a 3% run-off rate; of which:	The amount of insured transactional retail deposits that are in jurisdictions where the supervisor chooses to apply a 3% run-off rate given the deposits are fully insured by an effective deposit insurance scheme that meets the conditions outlined in paragraph 78 of the Basel III LCR standards. **Please refer to the instructions from your supervisor for the specification of these items.**	78
88	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 87, the amount that **are** in the reporting bank's home jurisdiction.	78
89	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 87, the amount that **are not** in the reporting bank's home jurisdiction.	78
90	eligible for a 5% run-off rate; of which:	The amount of insured transactional retail deposits that are in jurisdictions where the supervisor does **not** choose to apply a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	75
91	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 90, the amount that **are** in the reporting bank's home jurisdiction.	75
92	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 90, the amount that **are not** in the reporting bank's home jurisdiction.	75
93	in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:	Total insured retail deposits in non-transactional accounts where the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	75, 78

Row	Heading	Description	Basel III LCR standards reference
94	eligible for a 3% run-off rate; of which:	The amount of insured non-transactional established relationship retail deposits that are in jurisdictions where the supervisor chooses to apply a 3% run-off rate given the deposits are fully insured by an effective deposit insurance scheme that meets the conditions outlined in paragraph 78 of the Basel III LCR standards. **Please refer to the instructions from your supervisor for the specification of these items.**	78
95	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 94, the amount that **are** in the reporting bank's home jurisdiction.	78
96	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 94, the amount that **are not** in the reporting bank's home jurisdiction.	78
97	eligible for a 5% run-off rate; of which:	The amount of insured non-transactional established relationship retail deposits that are in jurisdictions where the supervisor does not choose to apply a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	75
98	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 97, the amount that **are** in the reporting bank's home jurisdiction.	75
99	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 97, the amount that **are not** in the reporting bank's home jurisdiction.	75
100	in non-transactional and non-relationship accounts	Insured retail deposits in non-transactional accounts where the customer does **not** have another relationship with the bank that would make deposit withdrawal highly unlikely.	79
101	Uninsured deposits	The portion of retail deposits that are non-maturing or mature within 30 days that are not fully insured by an effective deposit insurance scheme (ie all retail deposits not reported in lines 88 to 100, excluding any deposits included in lines 103 to 105).	79
102	Additional deposit categories with higher run-off rates as specified by supervisor	Other retail deposit categories, as defined by the supervisor. These amounts should **not** be included in the lines above.	79
103	Category 1	As defined by supervisor	79
104	Category 2	As defined by supervisor	79
105	Category 3	As defined by supervisor	79
106	Term deposits (treated as having >30 day remaining maturity); of which	Retail deposits with a residual maturity or withdrawal notice period greater than 30 days where the depositor has no legal right to withdraw deposits within 30 days, or where early withdrawal results in a significant penalty that is materially greater than the loss of interest.	82–84
107	With a supervisory run-off rate	As defined by supervisor.	84
108	Without supervisory run-off rate	All other term retail deposits treated as having > 30 day remaining maturity as defined in line 106.	82

Row	Heading	Description	Basel III LCR standards reference
b) Unsecured wholesale funding run-off			
Unsecured wholesale funding is defined as liabilities and general obligations that are raised from non-natural persons (ie legal entities, including sole proprietorships and partnerships) and are **not** collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution, excluding derivatives. Wholesale funding included in the LCR is defined as all funding that is callable within the LCR's 30-day horizon or that has its earliest possible contractual maturity date within this horizon (such as maturing term deposits and unsecured debt securities) as well as funding with an undetermined maturity. This includes all funding with options that are exercisable at the investor's discretion within the 30-day horizon. It also includes funding with options exercisable at the bank's discretion where the bank's ability not to exercise the option is limited for reputational reasons. In particular, where the market expects certain liabilities to be redeemed before their legal final maturity date and within the 30-day horizon, such liabilities should be included in the appropriate outflows category. **Small business customers** Unsecured wholesale funding provided by small business customers consists of deposits and other extensions of funds made by non-financial small business customers. "Small business customers" are defined in line with the definition of loans extended to small businesses in paragraph 231 of the Basel II framework that are managed as retail exposures and are generally considered as having similar liquidity risk characteristics to retail accounts, provided the total aggregated funding raised from the small business customer is less than €1 million (on a consolidated basis where applicable) (Basel III LCR standards paragraph 90). "Aggregated funding" means the gross amount (ie not netting any form of credit extended to the legal entity) of all forms of funding (eg deposits or debt securities or similar derivative exposure for which the counterparty is known to be a small business customer) (Basel III LCR standards footnote 41). Applying the limit on a consolidated basis means that where one or more small business customers are affiliated with each other, they may be considered as a single creditor such that the limit is applied to the total funding received by the bank from this group of customers (Basel III LCR standards footnote 41). Where a bank does not have any exposure to a small business customer that would enable it to use the definition under paragraph 231 of the Basel II framework, the bank may include such a deposit in this category provided that the total aggregate funding raised from the customer is less than €1 million (on a consolidated basis where applicable) and the deposit is managed as a retail deposit. This means that the bank treats such deposits in its internal risk management systems consistently over time and in the same manner as other retail deposits, and that the deposits are not individually managed in a way comparable to larger corporate deposits. Term deposits from small business customers with a residual contractual maturity of greater than 30 days which can be withdrawn within 30 days without a significant withdrawal penalty materially greater than the loss of interest should be considered to fall within the 30-day horizon and should also be included in lines 117 to 134 as appropriate. If a portion of the term deposit can be withdrawn without incurring such a penalty, only that portion should be treated as a demand deposit. The remaining balance of the deposit should be treated as a term deposit.		
112	Total unsecured wholesale funding		85–111
113	Total funding provided by small business customers; of which:	Total small business customer deposits as defined above.	89–92
114	Insured deposits; of which:	The portion of deposits or other forms of unsecured wholesale funding which are provided by non-financial small business customers and are non-maturing or mature within 30 days that are fully insured by an effective deposit insurance scheme.	89, 75–78
115	in transactional accounts; of which:	Total insured small business customer deposits in transactional accounts (eg accounts where salaries are paid out from).	89, 75, 78
116	eligible for a 3% run-off rate; of which:	The amount of insured transactional small business customer deposits that are in jurisdictions where the supervisor chooses to apply a 3% run-off rate given the deposits are fully insured by an effective deposit insurance scheme that meets the conditions outlined in paragraph 78 of the Basel III LCR standards. **Please refer to the instructions from your supervisor for the specification of these items.**	89, 78

Row	Heading	Description	Basel III LCR standards reference
117	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 116, the amount that **are** in the reporting bank's home jurisdiction.	89, 78
118	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 116, the amount that **are not** in the reporting bank's home jurisdiction.	89, 78
119	eligible for a 5% run-off rate; of which:	The amount of insured transactional small business customer deposits that are in jurisdictions where the supervisor does not choose to apply a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	89, 75
120	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 119, the amount that **are** in the reporting bank's home jurisdiction.	89, 75
121	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 119, the amount that **are not** in the reporting bank's home jurisdiction.	89, 75
122	in non-transactional accounts with established relationships that make deposit withdrawal highly unlikely; of which:	Total insured small business customer deposits in non-transactional accounts where the customer has another relationship with the bank that would make deposit withdrawal highly unlikely.	89, 75, 78
123	eligible for a 3% run-off rate; of which:	The amount of insured non-transactional established relationship small business customer deposits that are in jurisdictions where the supervisor chooses to apply a 3% run-off rate given the deposits are fully insured by an effective deposit insurance scheme that meets the conditions outlined in paragraph 78 of the Basel III LCR standards. **Please refer to the instructions from your supervisor for the specification of these items.**	89, 78
124	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 123, the amount that **are** in the reporting bank's home jurisdiction.	89, 78
125	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 123, the amount that **are not** in the reporting bank's home jurisdiction.	89, 78
126	eligible for a 5% run-off rate; of which:	The amount of insured non-transactional established relationship small business customer deposits that are in jurisdictions where the supervisor does not choose to apply a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	89, 75
127	are in the reporting bank's home jurisdiction	Of the deposits referenced in line 126, the amount that **are** in the reporting bank's home jurisdiction.	89, 75
128	are not in the reporting bank's home jurisdiction	Of the deposits referenced in line 126, the amount that **are not** in the reporting bank's home jurisdiction.	89, 75
129	in non-transactional and non-relationship accounts	Insured small business customer deposits in non-transactional accounts, where the customer does not have another relationship with the bank that would make deposit withdrawal highly unlikely.	89, 79
130	Uninsured deposits	The portion of small business customer deposits that are non-maturing or mature within 30 days, that are not fully insured by an effective deposit insurance scheme (ie all small business customer deposits not reported in lines 117 to 129, excluding any reported in lines 132 to 134).	89, 79
131	Additional deposit categories with higher run-off rates as specified by supervisor	Other small business customer deposits, as defined by supervisor. Amounts in these categories should not be included in the lines above.	89, 79
132	Category 1	As defined by supervisor.	89, 79

Row	Heading	Description	Basel III LCR standards reference
133	Category 2	As defined by supervisor.	89, 79
134	Category 3	As defined by supervisor.	89, 79
135	Term deposits (treated as having >30 day maturity); of which:	Small business customer deposits with a residual maturity or withdrawal notice period of greater than 30 days where the depositor has no legal right to withdraw deposits within 30 days, or if early withdrawal is allowed, would result in a significant penalty that is materially greater than the loss of interest.	92, 82-84
136	With a supervisory run-off rate	As defined by supervisor.	92, 84
137	Without supervisory run-off rate	All other term small business customer deposits treated as having > 30 day remaining maturity as defined in line 135.	92, 82

Unsecured wholesale funding generated by clearing, custody and cash management activities ("operational deposits"):

Reported in lines 141 to 154 are portions of deposits and other extensions of funds from financial and non-financial wholesale customers (excluding deposits less than €1 million from small business customers which are reported in lines 117 to 137) generated out of clearing, custody and cash management activities ("operational deposits"). These funds may receive a 25% run-off factor only if the customer has a substantive dependency with the bank and the deposit is required for such activities.

Qualifying activities in this context refer to clearing, custody or cash management activities that meet the following criteria:

- The customer is reliant on the bank to perform these services as an independent third party intermediary in order to fulfil its normal banking activities over the next 30 days. For example, this condition would not be met if the bank is aware that the customer has adequate back-up arrangements.
- These services must be provided under a legally binding agreement to institutional customers.
- The termination of such agreements shall be subject either to a notice period of at least 30 days or significant switching costs (such as those related to transaction, information technology, early termination or legal costs) to be borne by the customer if the operational deposits are moved before 30 days.

Qualifying operational deposits generated by such an activity are ones where:

- The deposits are by-products of the underlying services provided by the banking organisation and not sought out in the wholesale market in the sole interest of offering interest income.
- The deposits are held in specifically designated accounts and priced without giving an economic incentive to the customer (not limited to paying market interest rates) to leave any excess funds on these accounts. In the case that interest rates in a jurisdiction are close to zero, it would be expected that such accounts are non-interest bearing.

Any excess balances that could be withdrawn and would still leave enough funds to fulfil these clearing, custody and cash management activities do not qualify for the 25% factor. In other words, only that part of the deposit balance with the service provider that is proven to serve a customer's operational needs can qualify as stable. Excess balances should be treated in the appropriate category for non-operational deposits. If banks are unable to determine the amount of the excess balance, then the entire deposit should be assumed to be excess to requirements and, therefore, considered non-operational.

Deposits arising out of correspondent banking or from the provision of prime brokerage services (as defined in Basel III LCR standards footnote 42) should not be reported in these lines rather as non-operational deposits in lines 157 to 164 as appropriate (Basel III LCR standards paragraph 99) and lines 170 and 172, respectively.

A clearing relationship, in this context, refers to a service arrangement that enables customers to transfer funds (or securities) indirectly through direct participants in domestic settlement systems to final recipients. Such services are limited to the following activities: transmission, reconciliation and confirmation of payment orders; daylight overdraft, overnight financing and maintenance of post-settlement balances; and determination of intra-day and final settlement positions. (Basel III LCR standards, paragraph 101)

A custody relationship, in this context, refers to the provision of safekeeping, reporting, processing of assets or the facilitation of the operational and administrative elements of related activities on behalf of customers in the process of their transacting and retaining financial assets. Such services are limited to the settlement of securities transactions, the transfer of contractual payments, the processing of collateral, and the provision of custody related cash management services. Also included are the receipt of dividends and other income, client subscriptions and redemptions. Custodial services can furthermore extend to asset and corporate trust servicing, treasury, escrow, funds transfer, stock transfer

Row	Heading	Description	Basel III LCR standards reference
and agency services, including payment and settlement services (excluding correspondent banking), and depository receipts. (Basel III LCR standards, paragraph 102) A cash management relationship, in this context, refers to the provision of cash management and related services to customers. Cash management services, in this context, refers to those products and services provided to a customer to manage its cash flows, assets and liabilities, and conduct financial transactions necessary to the customer's ongoing operations. Such services are limited to payment remittance, collection and aggregation of funds, payroll administration, and control over the disbursement of funds. (Basel III LCR standards, paragraph 103)			
138	Total operational deposits; of which:	The portion of unsecured operational wholesale funding generated by clearing, custody and cash management activities as defined above.	93–104
139	provided by non-financial corporates	Such funds provided by non-financial corporates. Funds from small business customers that meet the requirements outlined in paragraphs 90 and 91 of the Basel III LCR standards should not be reported here but are subject to lower run-off rates in rows 117 to 130.	93–104
140	insured, with a 3% run-off rate	The portion of such funds provided by non-financial corporates that **are** fully covered by an effective deposit insurance scheme that meets the conditions outlined in paragraph 78 of the Basel III LCR standards and are in jurisdictions where the supervisor chooses to prescribe a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	104
141	insured, with a 5% run-off rate	The portion of such funds provided by non-financial corporates that **are** fully covered by an effective deposit insurance scheme but that are not prescribed a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	104
142	uninsured	The portion of such funds provided by non-financial corporates that **are not** fully covered by an effective deposit insurance scheme.	93–103
143	provided by sovereigns, central banks, PSEs and MDBs	Such funds provided by sovereigns, central banks, PSEs and multilateral development banks.	93–104
144	insured, with a 3% run-off rate	The portion of such funds provided by sovereigns, central banks, PSEs and multilateral development banks that **are** fully covered by an effective deposit insurance scheme that meets the conditions outlined in paragraph 78 of the Basel III LCR standards and are in jurisdictions where the supervisor chooses to prescribe a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	104
145	insured, with a 5% run-off rate	The portion of such funds provided by sovereigns, central banks, PSEs and multilateral development banks that **are** fully covered by an effective deposit insurance scheme but that are not prescribed a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	104
146	uninsured	The portion of such funds provided by sovereigns, central banks, PSEs and multilateral development banks that **are not** fully covered by an effective deposit insurance scheme.	93–103
147	provided by banks	Such funds provided by banks.	93–104

Row	Heading	Description	Basel III LCR standards reference
148	insured, with a 3% run-off rate	The portion of such funds provided by banks that **are** fully covered by an effective deposit insurance scheme that meets the conditions outlined in paragraph 78 of the Basel III LCR standards and are in jurisdictions where the supervisor chooses to prescribe a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	104
149	insured, with a 5% run-off rate	The portion of such funds provided by banks that **are** fully covered by an effective deposit insurance scheme but that are not prescribed a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	104
150	uninsured	The portion of such funds provided by banks that **are not** fully covered by an effective deposit insurance scheme.	93–103
151	provided by other financial institutions and other legal entities	Such funds provided by financial institutions (other than banks) and other legal entities.	93–104
152	insured, with a 3% run-off rate	The portion of such funds provided by financial institutions (other than banks) and other legal entities that **are** fully covered by an effective deposit insurance scheme that meets the conditions outlined in paragraph 78 of the Basel III LCR standards and are in jurisdictions where the supervisor chooses to prescribe a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	104
153	insured, with a 5% run-off rate	The portion of such funds provided by financial institutions (other than banks) and other legal entities that **are** fully covered by an effective deposit insurance scheme but that are not prescribed a 3% run-off rate. **Please refer to the instructions from your supervisor for the specification of these items.**	104
154	uninsured	The portion of such funds provided by financial institutions (other than banks) and other legal entities that **are not** fully covered by an effective deposit insurance scheme.	93–103
Non-operational deposits in lines 157 to 164 include all deposits and other extensions of unsecured funding not included under operational deposits in lines 141 to 154, excluding notes, bonds and other debt securities, covered bond issuance or repo and secured funding transactions (reported below). Deposits arising out of correspondent banking or from the provision of prime brokerage services (as defined in the Basel III LCR standards, footnote 42) should **not** be included in these lines (Basel III LCR standards, paragraph 99). Customer cash balances arising from the provision of prime brokerage services, including but not limited to the cash arising from prime brokerage services as identified in Basel III LCR standards, paragraph 99, should be considered separate from any required segregated balances related to client protection regimes imposed by national regulations, and should not be netted against other customer exposures included in this standard. These offsetting balances held in segregated accounts are treated as inflows in Basel III LCR standards, paragraph 154 and should be excluded from the stock of HQLA (Basel III LCR standards, paragraph 111).			
155	Total non-operational deposits; of which	The portion of unsecured wholesale funding not considered as "operational deposits" as defined above.	105–109
156	provided by non-financial corporates; of which:	Total amount of such funds provided by non-financial corporates.	107–108
157	where entire amount is fully covered by an effective deposit insurance scheme	Amount of such funds provided by non-financial corporates where the entire amount of the deposit **is** fully covered by an effective deposit insurance scheme.	108
158	where entire amount is not fully covered by an effective deposit insurance scheme	Amount of such funds provided by non-financial corporates where the entire amount of the deposit **is not** fully covered by an effective deposit insurance scheme.	107

Row	Heading	Description	Basel III LCR standards reference
159	provided by sovereigns, central banks, PSEs and MDBs; of which:	Such funds provided by sovereigns, central banks (other than funds to be reported in line item 166), PSEs, and multilateral development banks.	107-108
160	where entire amount is fully covered by an effective deposit insurance scheme	Amount of such funds provided by sovereigns, central banks, PSEs and MDBs where the entire amount of the deposit **is** fully covered by an effective deposit insurance scheme.	108
161	where entire amount is not fully covered by an effective deposit insurance scheme	Amount of such funds provided by sovereigns, central banks, PSEs and MDBs where the entire amount of the deposit **is not** fully covered by an effective deposit insurance scheme.	107
162	provided by members of institutional networks of cooperative (or otherwise named) banks	An institutional network of cooperative (or otherwise named) banks is a group of legally autonomous banks with a statutory framework of cooperation with common strategic focus and brand where specific functions are performed by central institutions or specialised service providers. Central institutions or specialised central service providers of such networks should report in this line the amount of deposits placed by network member institutions (that are not reported in line items 149 or 150 and that are) (a) due to statutory minimum deposit requirements which are registered at regulators or (b) in the context of common task sharing and legal, statutory or contractual arrangements so long as both the bank that has received the monies and the bank that has deposited participate in the same institutional network's mutual protection scheme against illiquidity and insolvency of its members. Deposits from network member institutions that are neither included in line items 149 or 150, nor placed for purposes as referred to in letters (a) and (b) above, are to be reported in line items 163 or 164. Banks that are not the central institutions or specialised central service provider of such network should report zero in this line.	105
163	provided by other banks	Such funds provided by other banks, not reported in line 162.	109
164	provided by other financial institutions and other legal entities	Such funds provided by financial institutions other than banks and by other legal entities not included in the categories above. Funding from fiduciaries, beneficiaries, conduits and special purpose vehicles and affiliated entities should also be reported here.	109
Notes, bonds and other debt securities issued by the bank are included in line 165 regardless of the holder, unless the bond is sold exclusively in the retail market and held in retail accounts (including small business customers treated as retail), in which case the instruments can be reported in the appropriate retail or small business customer deposit category in lines 88 to 108 or lines 117 to 137, respectively. Outflows on covered bonds should be reported in line 228.			
165	Unsecured debt issuance	Outflows on notes, bonds and other debt securities, excluding on bonds sold exclusively to the retail or small business customer markets, and excluding outflows on covered bonds.	110
166	Additional balances required to be installed in central bank reserves	Amounts to be installed in the central bank reserves within 30 days. Funds reported in this line should not be included in line 160 or 161. **Please refer to the instructions from your supervisor for the specification of this item.**	Extension of 50(b)

Row	Heading	Description	Basel III LCR standards reference
169	Of the non-operational deposits reported above, amounts that could be considered operational in nature but per the standards have been excluded from receiving the operational deposit treatment due to:		
170	correspondent banking activity	Amounts in accounts with a clearing, custody or cash management relationship but which have been excluded from the operational deposit category because the account is a correspondent banking account. Correspondent banking refers to arrangements under which one bank (correspondent) holds deposits owned by other banks (respondents) and provides payment and other services in order to settle foreign currency transactions (eg so-called nostro and vostro accounts used to settle transactions in a currency other than the domestic currency of the respondent bank for the provision of clearing and settlement of payments).	99, footnote 42
172	prime brokerage services	Amounts in accounts with a clearing, custody or cash management relationship but which have been excluded from the operational deposit category because the account holder is a prime brokerage client of the reporting institution. Prime brokerage is a package of services offered to large active investors, particularly hedge funds.	99, footnote 42
174	excess balances in operational accounts that could be withdrawn and would leave enough funds to fulfil the clearing, custody and cash management activities	Amounts in accounts with a clearing, custody or cash management relationship but which have been excluded from the operational deposit category because these funds are excess balances and could be withdrawn and would leave enough funds to fulfil the clearing, custody and cash management activities.	96

c) Secured funding run-off

Secured funding is defined as those liabilities and general obligations that are collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution. In this section any transaction in which the bank has received a collateralised loan in cash, such as repo transactions, expiring within 30 days should be reported. Collateral swaps where the bank receives a collateralised loan in the form of other assets than cash, should not be reported here, but in panel C below.

Additionally, collateral lent to the bank's customers to effect short positions should be treated as a form of secured funding. A customer short position in this context describes a transaction where a bank's customer sells a security it does not own, and the bank subsequently obtains the same security from internal or external sources to make delivery into the sale. Internal sources include the bank's own inventory of collateral as well as rehypothecatable Level 1 or Level 2 collateral held in other customer margin accounts. The contingent risk associated with non-contractual obligations where customer short positions are covered by other customers' collateral that does not qualify as Level 1 or Level 2 should be reported in line 264. External sources include collateral obtained through a securities borrowing, reverse repo, or like transaction.

If the bank has deposited both liquid and non-liquid assets in a collateral pool and no assets are specifically assigned as collateral for the secured transaction, the bank may assume for this monitoring exercise that the assets with the lowest liquidity get assigned first: assets that are not eligible for the stock of liquid assets are assumed to be assigned first. Only once all those assets are fully assigned should Level 2B assets be assumed to be assigned, followed by Level 2A assets. Only once all Level 2 assets are assigned should Level 1 assets be assumed to be assigned.

A bank should report all outstanding secured funding transactions with remaining maturities within the 30 calendar day stress horizon, including customer short positions that do not have a specified contractual maturity. The amount of funds raised through the transaction should be reported in column D ("amount received"). The value of the underlying collateral extended in the transaction should be reported in column E ("market value of extended collateral"). Both

Row	Heading	Description	Basel III LCR standards reference
values are needed to calculate the caps on Level 2 and Level 2B assets and both should be calculated at the date of reporting, not the trade or settlement date of the transaction. **Please refer to the instructions from your supervisor for the specification of items related to Level 2B assets in this subsection.**			
178	Transactions conducted with the bank's domestic central bank; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days. In column E: The market value of the collateral extended on these transactions.	114–115
179	Backed by Level 1 assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 1 assets. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
180	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 175, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 1 assets where these assets would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (if they were not already securing the particular transaction in question), because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115
182	Backed by Level 2A assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 2A assets. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
183	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 182, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2A assets where these assets would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
185	Backed by Level 2B RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 2B RMBS assets. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115

Row	Heading	Description	Basel III LCR standards reference
186	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 185, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
188	Backed by Level 2B non-RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by Level 2B non-RMBS assets. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
189	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 188, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
191	Backed by other assets	In column D: Amount raised on secured funding or repo transactions with the bank's domestic central bank that mature within 30 days and are backed by all other assets (ie other than Level 1 or Level 2 assets). In column E: The market value of the other asset collateral extended on these transactions.	114–115
192	Transactions not conducted with the bank's domestic central bank and backed by Level 1 assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 1 assets.	114–115
193	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 192, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 1 assets where these assets would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (if they were not already securing the particular transaction in question), because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 1 asset collateral extended on these transactions.	114–115

Row	Heading	Description	Basel III LCR standards reference
195	Transactions not conducted with the bank's domestic central bank and backed by Level 2A assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 2A assets. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
196	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 195, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2A assets where these assets would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2A asset collateral extended on these transactions.	114–115
198	Transactions not conducted with the bank's domestic central bank and backed by Level 2B RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 2B RMBS assets. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
199	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 198, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B RMBS asset collateral extended on these transactions.	114–115
201	Transactions not conducted with the bank's domestic central bank and backed by Level 2B non-RMBS assets; of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by Level 2B non-RMBS assets. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
202	Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with domestic sovereign, multilateral development banks or domestic PSEs that are backed by Level 2B non-RMBS assets. PSEs that receive this treatment should be limited to those that are 20% or lower risk weighted. In column E: The market value of collateral extended on these transactions.	114–115

Row	Heading	Description	Basel III LCR standards reference
203	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 202, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
205	Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with counterparties other than domestic sovereign, multilateral development banks or domestic PSEs with a 20% risk weight that are backed by Level 2B non-RMBS assets. In column E: The market value of collateral extended on these transactions.	114–115
206	Transactions involving eligible liquid assets	In column D: Of the amount reported in line 205, that which is raised in secured funding or repo transactions that mature within 30 days and are backed by Level 2B non-RMBS assets where these assets would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (if they were not already securing the particular transaction in question) because: (i) they would be held unencumbered; and (ii) they would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column E: The market value of the Level 2B non-RMBS asset collateral extended on these transactions.	114–115
208	Transactions not conducted with the bank's domestic central bank and backed by other assets (non-HQLA); of which:	In column D: Amount raised in secured funding or repo transactions that are not conducted with the bank's domestic central bank and that mature within 30 days and are backed by other assets (non-HQLA). In column E: The market value of the other (non-HQLA) asset collateral extended on these transactions.	114–115
209	Counterparties are domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with domestic sovereign, multilateral development banks or domestic PSEs that are backed by other assets (non-HQLA). PSEs that receive this treatment should be limited to those that are 20% or lower risk weighted. In column E: The market value of collateral extended on these transactions.	114–115
210	Counterparties are not domestic sovereigns, MDBs or domestic PSEs with a 20% risk weight; of which:	In column D: Secured funding transactions with counterparties other than domestic sovereign, multilateral development banks or PSEs that are backed by other assets (non-HQLA). In column E: The market value of collateral extended on these transactions.	114–115

Row	Heading	Description	Basel III LCR standards reference
d)	**Additional requirements**		
214	Derivatives cash outflow	Banks should calculate, in accordance with their existing valuation methodologies, expected contractual derivative cash inflows and outflows. Cash flows may be calculated on a net basis (ie inflows can offset outflows) by counterparty, only where a valid master netting agreement exists. The sum of all net cash outflows should be reported here. The sum of all net cash inflows should be reported in line 316. Banks should exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements (to be reported in line 222) or falls in value of collateral posted (reported in line 217 and line 218). Options should be assumed to be exercised when they are 'in the money' to the option buyer. Where derivative payments are collateralised by HQLA, cash outflows should be calculated net of any corresponding cash or collateral inflows that would result, all other things being equal, from contractual obligations for cash or collateral to be provided to the bank, if the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the collateral is received. This is in line with the principle that banks should not double count liquidity inflows and outflows. **Note that cash flows do not equal the marked-to-market value, since the marked-to-market value also includes estimates for contingent inflows and outflows and may include cash flows that occur beyond the 30-day horizon.** It is generally expected that a positive amount would be provided for both this line item and line 316 for institutions engaged in derivatives transactions.	116, 117
215	Increased liquidity needs related to downgrade triggers in derivatives and other financing transactions	The amount of collateral that would need to be posted for or contractual cash outflows generated by any downgrade up to and including a 3-notch downgrade of the bank's long-term credit rating. Triggers linked to a bank's short-term rating should be assumed to be triggered at the corresponding long-term rating in accordance with published ratings criteria. The impact of the downgrade should consider impacts on all types of margin collateral and contractual triggers which change rehypothecation rights for non-segregated collateral.	118
216	Increased liquidity needs related to the potential for valuation changes on posted collateral securing derivative and other transactions:		119
217	Cash and Level 1 assets	Current market value of relevant collateral posted as margin for derivatives and other transactions that, if they had been unencumbered, would have been eligible for inclusion in line items 6 to 18.	

Row	Heading	Description	Basel III LCR standards reference
218	For other collateral (ie all non-Level 1 collateral)	Current market value of relevant collateral posted as margin for derivatives and other transactions other than those included in line item 217 (all non-Level 1 collateral). This amount should be calculated net of collateral received on a counterparty basis (provided that the collateral received is not subject to restrictions on reuse or rehypothecation). Any collateral that is in a segregated margin account can only be used to offset outflows that are associated with payments that are eligible to be offset from that same account.	
219	Increased liquidity needs related to excess non-segregated collateral held by the bank that could contractually be called at any time by the counterparty	The amount of non-segregated collateral that the reporting institution currently has received from counterparties but could under legal documentation be recalled because the collateral is in excess of that counterparty's current collateral requirements.	120
220	Increased liquidity needs related to contractually required collateral on transactions for which the counterparty has not yet demanded the collateral be posted	The amount of collateral that is contractually due from the reporting institution, but for which the counterparty has not yet demanded the posting of such collateral.	121
221	Increased liquidity needs related to contracts that allow collateral substitution to non-HQLA assets	The amount of HQLA collateral that can be substituted for non-HQLA without the bank's consent that has been received to secure transactions and that has not been segregated (eg otherwise included in HQLAs, as secured funding collateral or in other bank operations).	122
222	Increased liquidity needs related to market valuation changes on derivative or other transactions	Any potential liquidity needs deriving from full collateralisation of mark-to-market exposures on derivative and other transactions. Unless its national supervisor has provided other instructions, banks should calculate any outflow generated by increased needs related to market valuation changes by identifying the largest absolute net 30-day collateral flow realised during the preceding 24 months, where the absolute net collateral flow is based on both realised outflows and inflows. Inflows and outflows of transactions executed under the same master netting agreement can be treated on a net basis.	123
223	Loss of funding on ABS and other structured financing instruments issued by the bank, excluding covered bonds	Balances of term asset-backed securities and other structured financing instruments, excluding covered bonds (which should be reported in line 228), issued by the bank that mature in 30 days or less. To the extent that sponsored conduits/SPVs are required to be consolidated under liquidity requirements, their assets and liabilities should be taken into account.	124

Row	Heading	Description	Basel III LCR standards reference
224	Loss of funding on ABCP, conduits, SIVs and other such financing activities; of which:	All funding on asset-backed commercial paper, conduits, securities investment vehicles and other such financing facilities maturing or returnable within 30 days. Banks having structured financing facilities that include the issuance of short-term debt instruments, such as asset backed commercial paper, should report the potential liquidity outflows from these structures. These include, but are not limited to, (i) the inability to refinance maturing debt, and (ii) the existence of derivatives or derivative-like components contractually written into the documentation associated with the structure that would allow the "return" of assets in a financing arrangement, or that require the original asset transferor to provide liquidity, effectively ending the financing arrangement ("liquidity puts") within the 30-day period. Where the structured financing activities are conducted through a special purpose entity (such as a special purpose vehicle, conduit or SIV), the bank should, in determining the HQLA requirements, look through to the maturity of the debt instruments issued by the entity and any embedded options in financing arrangements that may potentially trigger the "return" of assets or the need for liquidity, irrespective of whether or not the SPV is consolidated.	125
225	debt maturing ≤ 30 days	Portion of the funding specified in line 224 maturing within 30 days.	125
226	with embedded options in financing arrangements	Portion of the funding specified in line 224 **not** maturing within 30 days but with embedded options that could reduce the effective maturity of the debt to 30 days or less.	125
227	other potential loss of such funding	Portion of the funding specified in line 224 that is not included in line 225 or 226.	125
228	Loss of funding on covered bonds issued by the bank	Balances of covered bonds, issued by the bank that mature in 30 days or less.	124

Credit and liquidity facilities are defined as explicit contractual agreements or obligations to extend funds at a future date to retail or wholesale counterparties. For the purpose of the standard, these facilities only include contractually irrevocable ("committed") or conditionally revocable agreements to extend funds in the future (Basel III LCR standards, paragraph 126).

Unconditionally revocable facilities that are unconditionally cancellable by the bank (in particular, those without a precondition of a material change in the credit condition of the borrower) are excluded from this section and should be reported in lines 250 to 262, as appropriate (Basel III LCR standards, paragraph 126).

The currently undrawn portion of these facilities should be reported. The reported amount may be net of any HQLAs eligible for the stock of HQLAs, if the HQLAs have already been posted as collateral by the counterparty to secure the facilities or that are contractually obliged to be posted when the counterparty will draw down the facility (eg a liquidity facility structured as a repo facility), if the bank is legally entitled and operationally capable to re-use the collateral in new cash raising transactions once the facility is drawn, and there is no undue correlation between the probability of drawing the facility and the market value of the collateral. The collateral can be netted against the outstanding amount of the facility to the extent that this collateral is not already counted in the stock of HQLAs (Basel III LCR standards, paragraph 127).

A liquidity facility is defined as any committed, undrawn back-up facility that would be utilised to refinance the debt obligations of a customer in situations where such a customer is unable to rollover that debt in financial markets (eg pursuant to a commercial paper programme, secured financing transactions, obligations to redeem units, etc).

The amount of a commitment to be treated as a liquidity facility is the amount of the currently outstanding debt issued by the customer (or proportionate share, if a syndicated facility) maturing within a 30 day period that is backstopped by the facility. The portion of a liquidity facility that is backing debt that does not mature within the 30-day window is excluded from the scope of the definition of a facility. Any additional capacity of the facility (ie the remaining commitment) would be treated as a committed credit facility and should be reported as such.

General working capital facilities for corporate entities (eg revolving credit facilities in place for general corporate and/or working capital purposes) will not be classified as liquidity facilities, but as credit facilities.

Row	Heading	Description	Basel III LCR standards reference
Notwithstanding the above, any facilities provided to hedge funds, money market funds and special purpose funding vehicles, for example SPEs (as defined in the Basel III LCR standards, paragraph 125) or conduits, or other vehicles used to finance the banks own assets, should be captured in their entirety as a liquidity facility and reported in line 239. For that portion of financing programs that are captured in the Basel III LCR standards, paragraphs 124 and 125 (ie are maturing or have liquidity puts that may be exercised in the 30-day horizon), banks that are providers of associated liquidity facilities do not need to double count the maturing financing instrument and the liquidity facility for consolidated programs.			
229	Undrawn committed credit and liquidity facilities to retail and small business customers	Balances of undrawn committed credit and liquidity facilities extended by the bank to natural persons and small business customers, as defined above.	131(a)
230	Undrawn committed credit facilities to		
231	non-financial corporates	Balances of undrawn committed credit facilities extended by the bank to non-financial institution corporations (excluding small business customers). The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to non-financial corporates.	131(b)
232	sovereigns, central banks, PSEs and MDBs	Balances of undrawn committed credit facilities extended by the bank to sovereigns, central banks, PSEs, multilateral development banks and any other entity not included in other drawdown categories. The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to sovereigns, central banks, PSEs, multilateral development banks.	131(b)
233	Undrawn committed liquidity facilities to		
234	non-financial corporates	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by non-financial institution corporations (excluding small business customers) maturing within a 30 day period that is backstopped by the facility. Any 'additional capacity' of liquidity facilities (as defined above) provided to non-financial corporates should not be reported here, rather should be reported in line 231.	131(c)
235	sovereigns, central banks, PSEs and MDBs	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by sovereigns, central banks, PSEs, or multilateral development banks maturing within a 30 day period that is backstopped by the facility. Any 'additional capacity' of liquidity facilities (as defined above) provided to sovereigns, central banks, PSEs, or multilateral development banks should not be reported here, rather should be reported in line 232.	131(c)
236	Undrawn committed credit and liquidity facilities provided to banks subject to prudential supervision	Balances of undrawn committed credit and liquidity facilities extended to banks that are subject to prudential supervision.	131(d)

Row	Heading	Description	Basel III LCR standards reference
237	Undrawn committed credit facilities provided to other FIs	Balances of undrawn committed credit facilities extended by the bank to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries). The amount reported in this line should also include any 'additional capacity' of liquidity facilities (as defined above) provided to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries).	131(e)
238	Undrawn committed liquidity facilities provided to other FIs	The amount of undrawn committed liquidity facilities should be the amount of currently outstanding debt (or proportionate share if a syndicated facility) issued by to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries) maturing within a 30 day period that is backstopped by the facility. Any 'additional capacity' of liquidity facilities (as defined above) provided to other financial institutions (including securities firms, insurance companies, fiduciaries and beneficiaries) should not be reported here, rather should be reported in line 237.	131(f)
239	Undrawn committed credit and liquidity facilities to other legal entities	Balances of undrawn committed credit and liquidity facilities extended to other legal entities, including hedge funds, money market funds and special purpose funding vehicles, for example SPEs (as defined in the Basel III LCR standards, paragraph 125) or conduits, or other vehicles used to finance the banks own assets (not included in lines 229 to 238).	131(g)
Other contractual obligations to extend funds			
241	Other contractual obligations to extend funds to:	Any contractual lending obligations not captured elsewhere in the standard.	132-133
242	financial institutions	Any contractual lending obligations to financial institutions not captured elsewhere.	132
243	retail clients	The full amount of contractual obligations to extend funds to retail clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 302).	133
244	small business customers	The full amount of contractual obligations to extend funds to small business customers within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 303).	133
245	non-financial corporates	The full amount of contractual obligations to extend funds to non-financial corporate clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 304).	133
246	other clients	The full amount of contractual obligations to extend funds to other clients within the next 30 calendar days (not netted for the assumed roll-over on the inflows in line 310).	133
247	retail, small business customers, non-financials and other clients	The amounts of contractual obligations to extend funds to retail, small business customers, non-financial corporate and other clients within the next 30 calendar days (lines 243 to 246) are added up in this line. The roll-over of funds that is implicitly assumed in the inflow section (lines 302, 303, 304 and 310) are then subtracted. If the result is positive, it is included here as an outflow in column H. Otherwise, the outflow included here is zero.	133

Row	Heading	Description	Basel III LCR standards reference
Other contingent funding obligations (treatment determined by national supervisor) These contingent funding obligations may be either contractual or non-contractual and are not lending commitments. Non-contractual contingent funding obligations include associations with, or sponsorship of, products sold or services provided that may require the support or extension of funds in the future under stressed conditions. Non-contractual obligations may be embedded in financial products and instruments sold, sponsored, or originated by the institution that can give rise to unplanned balance sheet growth arising from support given for reputational risk considerations (Basel III LCR standards, paragraph 135). Stressed conditions in this context refer to the scenario as described in paragraph 19 of the Basel III LCR standards. Banks should report the full amount of any exposure and national supervisors should set appropriate outflow rates for their jurisdictions.			
254	Non-contractual obligations related to potential liquidity draws from joint ventures or minority investments in entities	Non contractual contingent funding obligations related to potential liquidity draws from joint ventures or minority investments in entities, which are not consolidated per paragraph 164 of the Basel III LCR standards, where there is the expectation that the bank will be the main liquidity provider when the entity is in need of liquidity. The amount included should be calculated in accordance with the methodology agreed by the bank's supervisor. **Please refer to the instructions from your supervisor for the specification of this item.**	137
255	Unconditionally revocable "uncommitted" credit and liquidity facilities	Balances of undrawn credit and liquidity facilities where the bank has the right to unconditionally revoke the undrawn portion of these facilities.	140
256	Trade-finance related obligations (including guarantees and letters of credit)	Trade finance instruments consist of trade-related obligations directly underpinned by the movement of goods or the provision of services. Amounts to be reported here include items such as: • outstanding documentary trade letters of credit, documentary and clean collection, import bills, and export bills; and • outstanding guarantees directly related to trade finance obligations, such as shipping guarantees. Lending commitments, such as direct import or export financing for non-financial corporate firms, are excluded from this treatment and reported in lines 229 to 239.	138, 139
257	Guarantees and letters of credit unrelated to trade finance obligations	The outstanding amount of letters of credit issued by the bank and guarantees unrelated to trade finance obligations described in line 255.	140
258	Non-contractual obligations:		
259	Debt-buy back requests (incl related conduits)	Potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities. In case debt amounts qualify for both line 259 and line 263, please enter them in just one of these lines.	140
260	Structured products	Structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs).	140
261	Managed funds	Managed funds that are marketed with the objective of maintaining a stable value such as money market mutual funds or other types of stable value collective investment funds etc.	140
262	Other non-contractual obligations	Any other non-contractual obligation not entered above.	140

Row	Heading	Description	Basel III LCR standards reference
263	Outstanding debt securities with remaining maturity > 30 days	For issuers with an affiliated dealer or market maker, there may be a need to include an amount of the outstanding debt securities (unsecured and secured, term as well as short term) having maturities greater than 30 calendar days, to cover the potential repurchase of such outstanding securities. In case debt amounts qualify for both line 259 and line 263, please enter them in just one of these lines.	140
264	Non contractual obligations where customer short positions are covered by other customers' collateral	Amount of contingent obligations related to instances where banks have internally matched client assets against other clients' short positions where the collateral does not qualify as Level 1 or Level 2, and the bank may be obligated to find additional sources of funding for these positions in the event of client withdrawals. Instances where the collateral qualifies as Level 1 or Level 2 should be reported in the appropriate line of the secured funding section (lines 192 to 206).	140
265	Bank outright short positions covered by a collateralised securities financing transaction	Amount of the bank's outright short positions that are being covered by collateralised securities financing transactions. Such short positions are assumed to be maintained throughout the 30-day period and receive a 0% outflow. The corresponding collateralised securities financing transactions that are covering such short positions should be reported in lines 291 to 296 or 406 to 430.	147
266	Other contractual cash outflows (including those related to unsecured collateral borrowings and uncovered short positions)	Any other contractual cash outflows within the next 30 calendar days should be captured in this standard, such as such as outflows to cover unsecured collateral borrowings, uncovered short positions, dividends or contractual interest payments, **with explanation given in an accompanying note to your supervisor** as to what comprises the amounts included in this line. This amount should exclude outflows related to operating costs.	141, 147

6.1.3 Inflows, Liquidity Coverage Ratio (LCR) (panel B2)

Row	Heading	Description	Basel III LCR standards reference
Total expected contractual cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in under the scenario up to an aggregate cap of 75% of total expected cash outflows (Basel III LCR standards, paragraph 69). Items must not be double counted – if an asset is included as part of the "stock of HQLA" (ie the numerator), the associated cash inflows cannot also be counted as cash inflows (ie part of the denominator) (Basel III LCR standards, paragraph 72). When considering its available cash inflows, the bank should only include contractual inflows (including interest payments) from outstanding exposures that are fully performing and for which the bank has no reason to expect a default within the 30-day time horizon (Basel III LCR standards, paragraph 142). Pre-payments on loans (not due within 30 days) should not be included in the inflows. Contingent inflows are not included in total net cash outflows (Basel III LCR standards, paragraph 142).			

Row	Heading	Description	Basel III LCR standards reference
a) Secured lending including reverse repos and securities borrowing Secured lending is defined as those loans that the bank has extended and are collateralised by legal rights to specifically designated assets owned by the borrowing institution, which the bank use or rehypothecate for the duration of the loan, and for which the bank can claim ownership to in the case of default by the borrower. In this section any transaction in which the bank has extended a collateralised loan in cash, such as reverse repo transactions, expiring within 30 days should be reported. Collateral swaps where the bank has extended a collateralised loan in the form of other assets than cash, should not be reported here, but in panel C below. A bank should report all outstanding secured lending transactions with remaining maturities within the 30 calendar day stress horizon. The amount of funds extended through the transaction should be reported in column D ("amount extended"). The value of the underlying collateral received in the transactions should be reported in column E ("market value of received collateral"). Both values are needed to calculate the caps on Level 2 and Level 2B assets and both should be calculated at the date of reporting, not the date of the transaction. Note that if the collateral received in the form of Level 1 or Level 2 assets is not rehypothecated and is legally and contractually available for the bank's use it should be reported in the appropriate lines of the stock of HQLA section (lines 11 to 40) as well as in this subsection (see paragraph 31 of the Basel III LCR standards). **Please refer to the instructions from your supervisor for the specification of items related to Level 2B assets in this subsection.**			
274	Reverse repo and other secured lending or securities borrowing transactions maturing ≤ 30 days	All reverse repo or securities borrowing transactions maturing within 30 days, in which the bank has extended cash and obtained collateral.	145–146
275	Of which collateral **is not** re-used (ie is not rehypothecated) to cover the reporting institution's outright short positions	Such transactions in which the collateral obtained is not re-used (ie is not rehypothecated) to cover the reporting institution's outright short positions. If the collateral is re-used, the transactions should be reported in lines 291 to 296.	145–146
276	Transactions backed by Level 1 assets	All such transactions in which the bank has obtained collateral in the form of Level 1 assets. These transactions are assumed to roll-over in full, not giving rise to any cash inflows. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
277	Transactions involving eligible liquid assets	Of the transactions backed by Level 1 assets, those where the collateral obtained is reported in panel Aa of the "LCR" worksheet as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
279	Transactions backed by Level 2A assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2A assets. These are assumed to lead to a 15% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146

Row	Heading	Description	Basel III LCR standards reference
280	Transactions involving eligible liquid assets	Of the transactions backed by Level 2A assets, those where the collateral obtained is reported in panel Ab of the "LCR" worksheet as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146
282	Transactions backed by Level 2B RMBS assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2B RMBS assets. These are assumed to lead to a 25% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
283	Transactions involving eligible liquid assets	Of the transactions backed by Level 2B RMBS assets, those where the collateral obtained is reported in panel Ac of the "LCR" worksheet as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
285	Transactions backed by Level 2B non-RMBS assets; of which:	All such transactions in which the bank has obtained collateral in the form of Level 2B non-RMBS assets. These are assumed to lead to a 50% cash inflow due to the reduction of funds extended against the collateral. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146
286	Transactions involving eligible liquid assets	Of the transactions backed by Level 2B non-RMBS assets, those where the collateral obtained is reported in panel Ac of the "LCR" worksheet as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146
288	Margin lending backed by non-Level 1 or non-Level 2 collateral	Collateralised loans extended to customers for the purpose of taking leveraged trading positions ("margin loans") made against non-HQLA collateral. These are assumed to lead to a 50% cash inflow. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146
289	Transactions backed by other collateral	All such transactions (other than those reported in line 287) in which the bank has obtained collateral in another form than Level 1 or Level 2 assets. These are assumed not to roll over and therefore lead to a 100% cash inflow. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146

Row	Heading	Description	Basel III LCR standards reference
290	Of which collateral is re-used (ie is rehypothecated) to cover the reporting institution's outright short positions	If the collateral obtained in these transactions **is** re-used (ie rehypothecated) to cover the reporting institution's outright short positions that could be extended beyond 30 days, it should be assumed that the transactions will be rolled-over and will not give rise to any cash inflows. This reflects the need to continue to cover the short position or to repurchase the relevant securities. Institutions should only report reverse repo amounts in these cells where it itself is short the collateral. If the collateral is not re-used, the transaction should be reported in lines 275 to 289.	145–146
291	Transactions backed by Level 1 assets	All such transactions in which the bank has obtained collateral in the form of Level 1 assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 1 collateral received in these transactions.	145–146
292	Transactions backed by Level 2A assets	All such transactions in which the bank has obtained collateral in the form of Level 2A assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2A collateral received in these transactions.	145–146
293	Transactions backed by Level 2B RMBS assets	All such transactions in which the bank has obtained collateral in the form of Level 2B RMBS assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B RMBS collateral received in these transactions.	145–146
294	Transactions backed by Level 2B non-RMBS assets	All such transactions in which the bank has obtained collateral in the form of Level 2B non-RMBS assets. In column D: The amounts extended in these transactions. In column E: The market value of the Level 2B non-RMBS collateral received in these transactions.	145–146
295	Margin lending backed by non-Level 1 or non-Level 2 collateral	Collateralised loans extended to customers for the purpose of taking leveraged trading positions ("margin loans") made against non-HQLA collateral. In column D: The amounts extended in these transactions. In column E: The market value of the collateral received in these transactions.	145–146
296	Transactions backed by other collateral	All such transactions (other than those reported in line 295) in which the bank has obtained collateral in another form than Level 1 or Level 2 assets. In column D: The amounts extended in these transactions. In column E: The market value of collateral received in these transactions.	145–146

b) Other inflows by counterparty

Contractual inflows (including interest payments and instalments) due in ≤ 30 days from fully performing loans, not reported in lines 276 to 296. These include maturing loans that have already been agreed to roll over. The agreed roll-over should also be reported in lines 242 to 246 as appropriate.

Inflows should only be taken at the latest possible date, based on the contractual rights available to counterparties. For revolving credit facilities, this assumes that the existing loan is rolled over and that any remaining balances are treated in the same way as a committed facility according to Basel III LCR standards, paragraph 131.

Inflows from loans that have no specific maturity (ie have non-defined or open maturity) should not be included; therefore, no assumptions should be applied as to when maturity of such loans would occur. An exception to this, as noted below, would be minimum payments of principal, fee or interest associated with an open maturity loan, provided

Row	Heading	Description	Basel III LCR standards reference
that such payments are contractually due within 30 days.			
302	Retail customers	All payments (including interest payments and instalments) from retail customers on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, eg required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	153
303	Small business customers	All payments (including interest payments and instalments) from small business customers on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, eg required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	153
304	Non-financial corporates	All payments (including interest payments and instalments) from non-financial corporates on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, eg required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	154
305	Central banks	All payments (including interest payments and instalments) from central banks on fully performing loans. Central bank reserves (including required reserves) including banks' overnight deposits with the central bank, and term deposits with the central bank that: (i) are explicitly and contractually repayable on notice from the depositing bank; or (ii) that constitute a loan against which the bank can borrow on a term basis or on an overnight but automatically renewable basis (only where the bank has an existing deposit with the relevant central bank), should be reported in lines 7 or 8 and not here. If the term of other deposits (not included in lines 7 or 8) expires within 30 days, it should be included in this line.	154
306	Financial institutions, of which	All payments (including interest payments and instalments) from financial institutions on fully performing loans not reported in lines 276 to 296 that are contractually due within the 30-day horizon. Only contractual payments due should be reported, eg required minimum payments of principal, fee or interest, and not total loan balances of undefined or open maturity.	154
307	operational deposits	All deposits held at other financial institutions for operational activities, as outlined in the Basel III LCR standards, paragraphs 93 to 104, such as for clearing, custody, and cash management activities.	156
308	deposits at the centralised institution of an institutional network that receive 25% run-off	For banks that belong to a cooperative network as described in paragraphs 105 and 106 of the Basel III LCR standards, this item includes all (portions of) deposits (not included in line item 307) held at the centralised institution in the cooperative banking network that are placed (a) due to statutory minimum deposit requirements which are registered at regulators, or (b) in the context of common task sharing and legal, statutory or contractual arrangements. These deposits receive a 25% run-off at the centralised institution.	157

Row	Heading	Description	Basel III LCR standards reference
309	all payments on other loans and deposits due in ≤ 30 days	All payments (including interest payments and instalments) from financial institutions on fully performing unsecured and secured loans, that are contractually due within the 30-day horizon, and the amount of deposits held at financial institutions that is or becomes available within 30 days, and that are not included in lines 307 or 308. Banks may also recognise in this category inflows from the release of balances held in segregated accounts in accordance with regulatory requirements for the protection of customer trading assets, provided that these segregated balances are maintained in Level 1 or Level 2 assets. This inflow should be calculated in line with the treatment of other related outflows and inflows covered in this standard.	154
310	Other entities	All payments (including interest payments and instalments) from other entities (including sovereigns, multilateral development banks, and PSEs) on fully performing loans that are contractually due within 30 days, not included in lines 302 to 309.	154
c)	**Other cash inflows**		
316	Derivatives cash inflow	Banks should calculate, in accordance with their existing valuation methodologies, expected contractual derivative cash inflows and outflows. Cash flows may be calculated on a net basis (ie inflows can offset outflows) by counterparty, only where a valid master netting agreement exists. The sum of all net cash inflows should be reported here. The sum of all net cash outflows should be reported in line 214. Banks should exclude from such calculations those liquidity requirements that would result from increased collateral needs due to market value movements (to be reported in line 222) or falls in value of collateral posted (reported in line 217 and line 218). Options should be assumed to be exercised when they are 'in the money' to the option buyer. Where derivatives are collateralised by HQLA, cash inflows should be calculated net of any corresponding cash or contractual collateral outflows that would result, all other things being equal, from contractual obligations for cash or collateral to be posted by the bank, given these contractual obligations would reduce the stock of HQLA. This is in line with the principle that banks should not double count liquidity inflows and outflows. **Note that cash flows do not equal the marked-to-market value, since the marked-to-market value also includes estimates for contingent inflows and outflows and may include cash flows that occur beyond the 30-day horizon.** It is generally expected that a positive amount would be provided for both this line item and line 214 for institutions engaged in derivatives transactions.	158, 159
317	Contractual inflows from securities maturing ≤ 30 days and not included anywhere above	Contractual inflows from securities, including certificates of deposit, maturing ≤ 30 days that are not already included in any other item of the LCR framework, provided that they are fully performing (ie no default expected). Level 1 and Level 2 securities maturing within 30 days should be included in the stock of liquid assets in panel A, provided that they meet all operational and definitional requirements outlined in the Basel III LCR standards.	155

Row	Heading	Description	Basel III LCR standards reference
318	Other contractual cash inflows	Any other contractual cash inflows to be received ≤ 30 days that are not already included in any other item of the LCR framework. Inflow percentages should be determined as appropriate for each type of inflow by supervisors in each jurisdiction. Cash inflows related to non-financial revenues are **not** to be included, since they are not taken into account in the calculation of LCR. Any non-contractual contingent inflows should not be reported, as they are not included in the LCR. **Please provide your supervisor with an explanatory note on any amounts included in this line.**	160
Cap on cash inflows In order to prevent banks from relying solely on anticipated inflows to meet their liquidity requirement, and also to ensure a minimum level of HQLA holdings, the amount of inflows that can offset outflows is capped at 75% of total expected cash outflows as calculated in the standard. This requires that a bank must maintain a minimum amount of stock of HQLA equal to 25% of the total net cash outflows (Basel III LCR standards, paragraph 144).			
324	Cap on cash inflows	The cap on cash inflows is equal to 75% of total cash outflows.	69, 144
325	Total cash inflows after applying the cap	The amount of total cash inflows after applying the cap is the lower of the total cash inflows before applying the cap and the level of the cap.	69, 144

6.1.4 Collateral swaps (panel C)

Any transaction maturing within 30 days in which non-cash assets are swapped for other non-cash assets, should be reported in this panel. "Level 1 assets" in this section refers to Level 1 assets other than cash. **Please refer to the instructions from your supervisor for the specification of items related to Level 2B assets in this subsection.**

Row	Heading	Description	Basel III LCR standards reference
330	Collateral swaps maturing ≤ 30 days	Any transaction maturing within 30 days in which non-cash assets are swapped for other non-cash assets.	48, 113, 146, Annex 1
331	Of which the borrowed assets are not re-used (ie are not rehypothecated) to cover short positions	Such transactions in which the collateral obtained is not re-used (ie is not rehypothecated) in transactions to cover short positions. If the collateral is re-used, the transaction should be reported in lines 406 to 430.	48, 113, 146, Annex 1
332	Level 1 assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for other Level 1 assets (borrowed).	48, 113, 146, Annex 1

Row	Heading	Description	Basel III LCR standards reference
333	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LCR" worksheet (which should also be reported in E333), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (which is the value that should be reported in D333), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
335	Level 1 assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
336	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LCR" worksheet (which should also be reported in E336), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (which is the value that should be reported in D336), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
338	Level 1 assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
339	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E339), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (which is the value that should be reported in D339), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
341	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1

Row	Heading	Description	Basel III LCR standards reference
342	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E342), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (which is the value that should be reported in D342), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
344	Level 1 assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 1 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
345	Involving eligible liquid assets	Of the transactions where Level 1 assets are lent and other assets are borrowed, those where: (i) the Level 1 collateral lent would otherwise qualify to be reported in panel Aa of the "LCR" worksheet (value to be reported in D345), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E345).	48, 113, 146, Annex 1
347	Level 2A assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
348	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LCR" worksheet (which should also be reported in E348), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (which is the value that should be reported in D348), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
350	Level 2A assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2A assets (borrowed).	48, 113, 146, Annex 1

Row	Heading	Description	Basel III LCR standards reference
351	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LCR" worksheet (which should also be reported in E351), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (which is the value that should be reported in D351), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
353	Level 2A assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
354	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E354), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (which is the value that should be reported in D354), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
356	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
357	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E357), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (which is the value that should be reported in D357), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
359	Level 2A assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2A assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1

Row	Heading	Description	Basel III LCR standards reference
360	Involving eligible liquid assets	Of the transactions where Level 2A assets are lent and other assets are borrowed, those where: (i) the Level 2A collateral lent would otherwise qualify to be reported in panel Ab of the "LCR" worksheet (which is the value that should be reported in D360), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E360).	48, 113, 146, Annex 1
362	Level 2B RMBS assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
363	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LCR" worksheet (which should also be reported in E363), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D363), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
365	Level 2B RMBS assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
366	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LCR" worksheet (which should also be reported in E366), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D366), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
368	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1

Row	Heading	Description	Basel III LCR standards reference
369	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E369), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D369), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
371	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
372	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E372), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D372), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
374	Level 2B RMBS assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
375	Involving eligible liquid assets	Of the transactions where Level 2B RMBS assets are lent and other assets are borrowed, those where: (i) the Level 2B RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D375), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E375).	48, 113, 146, Annex 1
377	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1

Row	Heading	Description	Basel III LCR standards reference
378	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LCR" worksheet (which should also be reported in E378), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D378), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
380	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
381	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LCR" worksheet (which should also be reported in E381), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D381), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
383	Level 2B non-RMBS assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
384	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and RMBS assets are borrowed, those where: (i) the RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E384), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D384), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
386	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1

Row	Heading	Description	Basel III LCR standards reference
387	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E387), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D387), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards).	48, 113, 146, Annex 1
389	Level 2B non-RMBS assets are lent and other assets are borrowed; of which:	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
390	Involving eligible liquid assets	Of the transactions where Level 2B non-RMBS assets are lent and other assets are borrowed, those where: (i) the Level 2B non-RMBS collateral lent would otherwise qualify to be reported in panel Ac of the "LCR" worksheet (which is the value that should be reported in D390), if they were not already securing the particular transaction in question (ie would be unencumbered and would meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards); **and** (ii) the collateral borrowed is non-Level 1 and non-Level 2 assets (which is the value that should be reported in E390).	48, 113, 146, Annex 1
392	Other assets are lent and Level 1 assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
393	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 1 assets are borrowed, those where: (i) the Level 1 collateral borrowed is reported in panel Aa of the "LCR" worksheet (which should also be reported in E393), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D393).	48, 113, 146, Annex 1
395	Other assets are lent and Level 2A assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
396	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2A assets are borrowed, those where: (i) the Level 2A collateral borrowed is reported in panel Ab of the "LCR" worksheet (which should also be reported in E396), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D396).	48, 113, 146, Annex 1

Row	Heading	Description	Basel III LCR standards reference
398	Other assets are lent and Level 2B RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
399	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2B RMBS assets are borrowed, those where: (i) the Level 2B RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E399), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D399).	48, 113, 146, Annex 1
401	Other assets are lent and Level 2B non-RMBS assets are borrowed; of which:	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
402	Involving eligible liquid assets	Of the transactions where other assets are lent and Level 2B non-RMBS assets are borrowed, those where: (i) the Level 2B non-RMBS collateral borrowed is reported in panel Ac of the "LCR" worksheet (which should also be reported in E402), as the assets meet the operational requirements for HQLA as specified in paragraphs 28 to 40 of the Basel III LCR standards; **and** (ii) the collateral lent is non-Level 1 and non-Level 2 assets (which is the value that should be reported in D402).	48, 113, 146, Annex 1
404	Other assets are lent and other assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
405	Of which the borrowed assets are re-used (ie are rehypothecated) in transactions to cover short positions	If the collateral obtained in these transactions is re-used (ie rehypothecated) to cover short positions that could be extended beyond 30 days, it should be assumed that the transactions will be rolled-over and will not give rise to any cash inflows. This reflects the need to continue to cover the short position or to repurchase the relevant securities. If the collateral is not re-used, the transaction should be reported in lines 332 to 404.	48, 113, 146, Annex 1
406	Level 1 assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for other Level 1 assets (borrowed).	48, 113, 146, Annex 1
407	Level 1 assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
408	Level 1 assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
409	Level 1 assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
410	Level 1 assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 1 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1

Row	Heading	Description	Basel III LCR standards reference
411	Level 2A assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
412	Level 2A assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for other Level 2A assets (borrowed).	48, 113, 146, Annex 1
413	Level 2A assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
414	Level 2A assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
415	Level 2A assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 2A assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
416	Level 2B RMBS assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
417	Level 2B RMBS assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
418	Level 2B RMBS assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
419	Level 2B RMBS assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
420	Level 2B RMBS assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 2B RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
421	Level 2B non-RMBS assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
422	Level 2B non-RMBS assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1
423	Level 2B non-RMBS assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
424	Level 2B non-RMBS assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for other Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
425	Level 2B non-RMBS assets are lent and other assets are borrowed	Such transactions in which the bank has swapped Level 2B non-RMBS assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1
426	Other assets are lent and Level 1 assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 1 assets (borrowed).	48, 113, 146, Annex 1
427	Other assets are lent and Level 2A assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2A assets (borrowed).	48, 113, 146, Annex 1

Row	Heading	Description	Basel III LCR standards reference
428	Other assets are lent and Level 2B RMBS assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B RMBS assets (borrowed).	48, 113, 146, Annex 1
429	Other assets are lent and Level 2B non-RMBS assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for Level 2B non-RMBS assets (borrowed).	48, 113, 146, Annex 1
430	Other assets are lent and other assets are borrowed	Such transactions in which the bank has swapped other assets than Level 1 or Level 2 assets (lent) for other assets than Level 1 or Level 2 assets (borrowed).	48, 113, 146, Annex 1

6.2 Net Stable Funding Ratio (NSFR)

The Net Stable Funding Ratio has been developed to ensure a stable funding profile in relation to the characteristics of the composition of an institution's assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. This metric establishes a minimum level of stable funding based on the liquidity characteristics of an institution's on- and off-balance sheet items over a one year horizon.

The NSFR is defined as the ratio of the amount of available stable funding to the amount of required stable funding. *Available* stable funding is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of such funding *required* of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet exposures.

Banks should report their NSFR using the same scope of application as for the Liquidity Coverage Ratio.

The template asks banks to allocate their liabilities and capital as reported on their balance sheet to the specific Available Stable Funding (ASF) categories outlined below. Banks should allocate the assets reported on their balance sheet to specific Required Stable Funding (RSF) categories according to:

(i) their remaining maturity;

(ii) whether they are unencumbered or encumbered; and,

(iii) if they are encumbered, the duration of the encumbrance.

Treatment of securities financing transactions

Use of balance sheet and accounting treatments should generally result in banks **excluding,** from their assets, securities which they have borrowed in securities financing transactions (such as reverse repos and collateral swaps) where they do not have beneficial ownership. In contrast, banks should **include** securities they have lent in securities financing transactions (such as repos or collateral swaps) where they retain beneficial ownership.

Banks should also not include any securities they have received through collateral swaps if these securities do not appear on their balance sheets.

Where banks have encumbered securities in repos or other securities financing transactions, but have retained beneficial ownership and those assets remain on the bank's balance sheet, the bank should allocate such securities to the appropriate RSF category.

Treatment of encumbrance

In accordance with the principle that a bank cannot derive liquidity benefit from assets that they have encumbered, banks are required to identify whether specific assets have been encumbered – separately for transactions related to central bank liquidity operations and for transactions with counterparties other than central banks – and for what duration. For each category of assets, banks should report in separate lines the balances of encumbered and unencumbered assets in the appropriate column, depending on the residual maturity of the asset.

Further details of how encumbrance is to be reported are included at the start of section 6.2.2.

Treatment of derivatives payables and derivatives receivables

A bank will usually have both net derivatives liabilities (ie payables) and net derivative assets (ie receivables) on its balance sheet. Banks should calculate these balances according to regulatory netting rules, and not accounting rules, and it is these net figures that should be reported on the Basel III monitoring template.

Although reported separately in the Basel III monitoring template to aid reconciliation, they will be taken into account on a **net basis** in calculating the NSFR. That is to say, any reported net payable will be deducted from any reported net receivable and the outcome allocated 100% RSF if a net receivable position or 0% ASF if a net payable position.

6.2.1 Available stable funding (panel A)

The available amount of stable funding is calculated by first assigning the **carrying value** (ie **prior to the application of any ASF factors)** of an institution's capital and liabilities to the categories below, which are also listed in Table 1, page 5 of the Basel III NSFR standards[37]. Carrying value represents the amount at which a liability or equity instrument is recorded before the application of any regulatory deductions, filters or other adjustments.

Some amendments have been made to the definitions in the Basel III NSFR standards to take into account the collection of data in quarterly buckets.

- Institutions should report all capital and liabilities to the appropriate columns based on maturity.
- When determining the maturity of an instrument, investors are assumed to redeem a call option at the earliest possible date. For funding with options exercisable at the bank's discretion, banks should assume that they will be exercised at the earliest possible date unless the bank can demonstrate to their supervisor's satisfaction that the bank would not exercise this option under any circumstances. For long-dated liabilities, only the portion of cash flows falling at or beyond the six-month and one-year time horizons should be treated as having an effective residual maturity of six months or more and one year or more, respectively.
- For retail and small business customers the same methodology for determining maturity should be followed in the NSFR as in the LCR.
- Deposits with a fixed term should be allocated to the appropriate maturity bucket; non-maturity (demand) deposits should be reported in the column for less than three months.

[37] www.bis.org/publl/bcbs271.htm.

Row	Heading	Description	Basel III NSFR standards reference (unless otherwise noted)
6	Tier 1 and 2 capital (Basel III 2022), before the application of capital deductions and excluding the proportion of Tier 2 instruments with residual maturity of less than one year	The total amount of regulatory capital, before the application of capital deductions, as defined in paragraph 49 of the Basel III capital standards, excluding the proportion of Tier 2 instruments with residual maturity of less than one year. Amounts reported here should only include amounts after transitional arrangements have expired under fully implemented Basel III standards (ie as in 2022). Standards governing Tier 1 and Tier 2 capital are described in the Basel III capital standards.	18(a)
8	Capital instruments not included above with an effective residual maturity of one year or more	The total amount of any capital instrument not included in line 6 that has an effective residual maturity of one year or greater excluding any instruments with explicit or embedded options that, if exercised, would reduce the expected maturity to less than one year.	18(b)
9	"Stable" (as defined in the LCR) demand and/or term deposits from retail and small business customers	"Stable" non-maturity (demand) deposits and/or term deposits (as defined in the LCR in paragraphs 75 to 78) provided by retail customers and small business customers. Term deposits, regardless of the residual contractual maturity, which may be withdrawn early without entailing a withdrawal penalty significantly greater than the loss of interest should be reported in the <3 month column.	18(c), 19
11	"Less stable" (as defined in the LCR) demand and/or term deposits from retail and small business customers	"Less stable" (as defined in the LCR in paragraphs 79 to 81) non-maturity (demand) deposits and/or term deposits provided by retail and small business customers. Term deposits, regardless of the residual contractual maturity, which may be withdrawn early without entailing a withdrawal penalty significantly greater than the loss of interest should be reported in the <3 month column.	18(c), 20
13	Unsecured funding from non-financial corporates	Unsecured wholesale funding, non-maturity deposits and/or term deposits provided by non-financial corporates (excluding small business customers).	18(c), 21(a)
14	Of which is an operational deposit (as defined in the LCR)	Banks should report the portion of unsecured wholesale deposits provided by non-financial corporates with operational relationships, as defined in the LCR.	93–104 (Basel III LCR standards)
15	Of which is a non-operational deposit (as defined in the LCR)	Banks should report the portion of unsecured wholesale deposits provided by non-financial corporates without operational relationships, as defined in the LCR.	107-108 (Basel III LCR standards)
16	Of which is non-deposit unsecured funding	Banks should report any non-deposit unsecured wholesale funding provided by non-financial corporates.	
20	Unsecured funding from central banks	Unsecured wholesale funding, non-maturity deposits and/or term deposits provided by central banks.	18(c), 21(d), 22(a)
21	Of which is an operational deposit (as defined in the LCR)	Banks should report the portion of unsecured wholesale deposits provided by central banks with operational relationships, as defined in the LCR.	93–104 (Basel III LCR standards)
22	Of which is a non-operational deposit (as defined in the LCR)	Banks should report the portion of unsecured wholesale deposits provided by central banks without operational relationships, as defined in the LCR.	107-108 (Basel III LCR standards)

Row	Heading	Description	Basel III NSFR standards reference (unless otherwise noted)
23	Of which is non-deposit unsecured funding	Banks should report any non-deposit unsecured wholesale funding provided by central banks.	
25	Unsecured funding from sovereigns, PSEs, MDBs and NDBs	Unsecured wholesale funding, non-maturity deposits and/or term deposits provided by sovereigns, multilateral development banks (MDBs) and national development banks (NDBs) and PSEs. Banks should include in this line unsecured funding received from the Bank for International Settlements, the International Monetary Fund and the European Commission.	18(c), 21(c)
26	Of which is an operational deposit (as defined in the LCR)	Banks should report the portion of unsecured wholesale deposits provided by sovereigns, PSEs, MDBs and NDBs with operational relationships, as defined in the LCR.	93–104 (Basel III LCR standards)
27	Of which is a non-operational deposit (as defined in the LCR)	Banks should report the portion of unsecured wholesale deposits provided by sovereigns, PSEs, MDBs and NDBs without operational relationships, as defined in the LCR.	107-108 (Basel III LCR standards)
28	Of which is non-deposit unsecured funding	Banks should report any non-deposit unsecured wholesale funding provided by sovereigns, PSEs, MDBs and NDBs.	
32	Unsecured funding from other legal entities (including financial corporates and financial institutions)	The total amount of unsecured borrowings and liabilities (including term deposits) not reported in rows 13 to 28, comprising funding from other legal entities (including financial corporates and financial institutions (other than members of institutional network of cooperative banks)).	18(c), 21(d), 22(a)
33	Of which is an operational deposit (as defined in the LCR)	Banks should report the total amount of unsecured wholesale deposits provided by other legal entities with operational relationships, as defined in the LCR.	93–104 (Basel III LCR standards)
34	Of which is a non-operational deposit (as defined in the LCR)	Banks should report the total amount of unsecured wholesale deposits provided by other legal entities without operational relationships, as defined in the LCR.	109 (Basel III LCR standards)
35	Of which is non-deposit unsecured funding	Banks should report any non-deposit unsecured wholesale funding provided by other legal entities (including financial corporates and financial institutions). Banks should report here any non-deposit unsecured wholesale funding for which a counterparty cannot be determined (and is thus not reported in lines 16, 23, and/or 28).	

Row	Heading	Description	Basel III NSFR standards reference (unless otherwise noted)
39	Statutory minimum deposits from members of an institutional network of cooperative banks	Banks should report the total amount of deposits received from members of their institutional network of cooperative banks that qualify for a run-off rate of 25% in the LCR according to paragraph 105(a) of the Basel III LCR standards – ie they are "due to statutory minimum deposit requirements, which are registered at regulators". In accordance with footnote 7 of the Basel III NSFR standards, such deposits should also be allocated to an underlying funding source. Banks should report the underlying funding source in lines 288 to 305, and the total balance reported in those lines should equal the balance reported here. Any deposits from members of their institutional network of cooperative banks that are operational deposits according to paragraphs 93 to 104 of the Basel III LCR standards or other deposits from members of their institutional networks of cooperative networks would be reported in line 41 "Other deposits from members of an institutional network of cooperative banks".	105(a) (Basel III LCR standards), footnote 7
41	Other deposits from members of an institutional network of cooperative banks	Banks should report any deposits from members of their institutional network of cooperative banks that are operational deposits according to paragraphs 93 to 104 of the Basel III LCR standards or other deposits from members of their institutional networks of cooperative networks that are not included in line 39.	
42	Secured borrowings and liabilities (including secured term deposits): of which are from:	The total amount of secured borrowings and liabilities (including term deposits). Secured funding is defined as those liabilities and general obligations that are collateralised by legal rights to specifically designated assets owned by the borrowing institution in the case of bankruptcy, insolvency, liquidation or resolution.	18(c), 23
43	Retail and small business customers	The amount of secured borrowings and liabilities (including term deposits) from retail and small business customers.	
44	Non-financial corporates	The amount of secured borrowings and liabilities (including term deposits) from non-financial corporates.	
45	Central banks	The amount of secured borrowings and liabilities (including term deposits) from central banks.	
46	Sovereigns/PSEs/MDBs/NDBs	The amount of secured borrowings and liabilities (including term deposits) from sovereigns/PSEs and multilateral and national development banks.	
47	Other legal entities (including financial corporates and financial institutions)	The amount of secured borrowings and liabilities (including term deposits) from other legal entities (including financial corporates and financial institutions).	

Row	Heading	Description	Basel III NSFR standards reference (unless otherwise noted)
48	Net derivatives payables	All derivatives payables and receivables, irrespective of the derivatives' maturity, should be reported net by counterparty as stated in "Treatment of derivatives payables and receivables" at the start of Section 6.2. Banks should report here the sum of the replacement cost of the netting sets with a negative value (net of cash variation margin posted).	22(c)
50	Deferred tax liabilities (DTLs)	The amount of deferred tax liabilities, reported according to the nearest possible date in which such liabilities could be realised.	22(b)
51	Minority interest	The amount of minority interest, reported according to the term of the instrument, usually in perpetuity.	22(b)
52	All other liability and equity categories not included above	All other liabilities of the institution (not otherwise reported in above categories) should be accounted for in this row at their carrying value. The value of short positions and open maturity positions should be reported in the < 3 month column. Note: deductions from capital should not be included in the amount reported in this line item, and should instead be reported according to the instructions in the relevant asset categories in panel B.	22(a), 22(b), 18(c)

6.2.2 Required stable funding (panel B)

The amount of required stable funding (RSF) is measured using assumptions on the broad characteristics of the liquidity risk profile of an institution's assets and off-balance sheet exposures. The amount of required stable funding is calculated by first assigning the **carrying** value of an institution's assets to the categories below, which are also listed in Table 2, page 9 of the Basel III NSFR standards. The amount assigned to each category is then multiplied by an RSF factor and the total RSF is the sum of the weighted amounts added to the amount of off-balance sheet activity (or potential liquidity exposure) multiplied by its associated RSF factor.

The RSF factor applied to the reported values of each asset or off-balance sheet exposure is intended to approximate the amount of a particular asset that would have to be funded, either because it will be rolled over or because it could not be monetised through sale or used as collateral in a secured borrowing transaction over the course of one year without significant expense. Under the standard, such amounts are expected to be supported by stable funding.

In completing this section of the template banks should allocate the assets recorded on their balance sheet to the appropriate RSF category.

Treatment of encumbrance

Where indicated, banks should report assets according to:

(i) whether they are encumbered or unencumbered; and,

(ii) if they are encumbered, according to the period of encumbrance.

In determining encumbrance where it is not tied to specific assets, eg the encumbrance is allocated against a pool of assets that includes different RSF categories, the bank should assume that the highest RSF factor assets are encumbered first.

Where a bank has rehypothecated assets in which it has both positions it owns outright and borrowed positions, a bank should assume it has encumbered the borrowed securities first, unless it has an internal process for making this allocation, or it has applied a different methodology for determining the encumbrance of positions in the LCR. For example, if for the LCR the bank assumes positions held outright are encumbered before borrowed positions in order to recognise inflows from maturing borrowed positions, then the bank must use an equivalent approach for these transactions in the NSFR. For their encumbered assets, banks should first report their value in the appropriate column **according to residual maturity** at the carrying value on the balance sheet, and not the value assigned to it for the purposes of the encumbrance transaction. If the bank is required to over-collateralise transactions, for example due to the application of haircuts, or to achieve a desired credit-rating on a funding instrument, then these excess assets should be reported as encumbered.

The bank should then report that same value **according to the period of encumbrance** in the same column of the appropriate row beneath. Banks should consider whether specific assets have a term of encumbrance that is longer than the maturity of the asset, eg where in practice there is a requirement to encumber additional assets at the contracted maturity date of the currently encumbered asset. For example, if debt is secured on loans of a shorter maturity and the bank will be required to pledge additional collateral to maintain appropriate collateralisation levels, as may be the case with mortgage-backed securities.

For example, if a bank had securities that had a value of 50 with a residual maturity of 10 months, 25 of which were encumbered for two months, and 25 of which were encumbered for seven months, it would complete the template as follows:

	Amount				
	< 3 months	**≥ 3 months to < 6 months**	**≥ 6 months to < 9 months**	**≥ 9 months to < 1 year**	**≥1 year**
Loans to non-financial corporate clients with residual maturities less than one year					
Unencumbered					
Encumbered for central bank liquidity operations; of which:					
Encumbered for periods < 6 months				25	
Encumbered for periods ≥ 6 months to < 1 year				25	
Encumbered for periods ≥ 1 year					

Row	Heading	Description	Basel III NSFR standards reference
B)	**Required stable funding**		
The required amount of stable funding is calculated by first assigning the **carrying value** of an institution's assets to the categories below, which are also listed in Table 2, page 9 of the Basel III NSFR standards. The amount assigned to each category is to be multiplied by an RSF factor and the total RSF is the sum of the weighted amounts. Of note, definitions in the NSFR mirror those in the LCR, unless otherwise specified. In addition, for purposes of calculating the NSFR, HQLA is defined as all HQLA (defined in LCR paragraphs 24 to 54) without regard to LCR operational requirements (defined in LCR paragraphs 28 to 43) and LCR caps on Level 2 and Level 2B assets that may limit the ability of some HQLA to be included as eligible HQLA in the calculation of the LCR. Assets that are deducted from capital should be reported in the relevant asset categories below. *Treatment of maturity* • Institutions should allocate all assets to the appropriate columns based on their residual maturity or liquidity value. • When determining the maturity of an instrument, investors are assumed to exercise any option to extend maturity. • Asset maturities should be treated at their residual maturity or amortisation schedules rather than behavioural maturities. For amortising loans, the portion that comes due within the one-year horizon can be treated in the "less than one year" residual maturity category.		
B1)	**On-balance sheet items**		
61	Coins and banknotes	Coins and banknotes currently held and immediately available to meet obligations. Banks should not report loans to counterparties in this row.	29(a)
62	Total central bank reserves	Total amount held in central bank reserves (including required and excess reserves) including banks' overnight deposits with the central bank, and term deposits with the central bank that: (i) are explicitly and contractually repayable on notice from the depositing bank; or (ii) that constitute a loan against which the bank can borrow on a term basis or on an overnight but automatically renewable basis (only where the bank has an existing deposit with the relevant central bank).	29(b)
63	Of which are central bank reserves which can be drawn in times of stress	Total amount held in central bank reserves and overnight and term deposits at the same central bank (as reported in line 62) which can be drawn down in times of stress. **Please refer to the instructions from your supervisor for the specification of this item.**	
67	Short-term unsecured instruments and transactions with outstanding maturities of less than one year, of which are:	Banks should report the balances of short-term unsecured instruments with outstanding maturities of less than one year. Such instruments include but are not limited to: short-term government and corporate bills, notes, and obligations; commercial paper; negotiable CDs; bankers' acceptances; money market mutual funds. **Banks should not report in this row any central bank reserves, Level 1, Level 2A and Level 2B assets, unsecured interbank and other money market placements (eg federal funds or eurocurrencies sold) or instruments in default. These are reported elsewhere on the template.**	32(d)
68	Unencumbered	Banks should report in this row all such **unencumbered** instruments and transactions in the appropriate column according to their residual maturity.	
69	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** instruments and transactions that result from central bank liquidity operations in the appropriate column according to their residual maturity.	

Row	Heading	Description	Basel III NSFR standards reference
70	encumbered for < 6 months	For each cell containing instruments that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
71	encumbered for ≥ 6 months to < 1 year		
72	encumbered for ≥ 1 year		
73	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** instruments and transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
74	encumbered for < 6 months	For each cell containing instruments that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
75	encumbered for ≥ 6 months to < 1 year		
76	encumbered for ≥ 1 year		
77	Securities held where the institution has an offsetting reverse repurchase transaction when the security on each transaction has the same unique identifier (eg ISIN number or CUSIP) and such securities are reported on the balance sheet of the reporting institution	This category is only applicable for jurisdictions whereby accounting standards would require both the reverse repo transaction and the collateral to be reported on-balance sheet. Where this is the case, banks should report in this row, any securities reported on their balance sheet that are borrowed in reverse repurchase transactions. Reverse repo transactions that appear on their balance sheets as secured cash loans and deposits placed should not be reported in this line, rather should be reported in row 87 if the counterparty is a bank subject to prudential supervision or in row 97, if the counterparty is another type of financial entity. Securities in default should not be reported in this row, rather these should be reported in line 364.	
78	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	
79	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** securities that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
80	encumbered for < 6 months	For each cell containing instruments that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
81	encumbered for ≥ 6 months to < 1 year		
82	encumbered for ≥ 1 year		
83	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** securities from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
84	encumbered for < 6 months	For each cell containing instruments that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
85	encumbered for ≥ 6 months to < 1 year		
86	encumbered for ≥ 1 year		

Row	Heading	Description	Basel III NSFR standards reference
87	Loans to banks subject to prudential supervision that are not renewable	Loans to banks subject to prudential supervision that are not renewable. Non-performing loans should not be reported in this row, rather these should be reported in line 258. Deposits held at banks subject to prudential supervision for operational purposes should not be reported here and should instead be reported in line 137.	29(c), 32(c), 35(c)
88	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
89	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** loans that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
90	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
91	encumbered for ≥ 6 months to < 1 year		
92	encumbered for ≥ 1 year		
93	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** loans from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
94	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
95	encumbered for ≥ 6 months to < 1 year		
96	encumbered for ≥ 1 year		
97	Loans to financial entities (other than banks subject to prudential supervision) that are not renewable	Loans to financial entities (other than banks subject to prudential supervision) that are not renewable. Non-performing loans should not be reported in this row, rather these should be reported in line 258. Deposits held at financial institutions (other than banks subject to prudential supervision) for operational purposes should not be reported here and instead should be reported in line 137.	32(e), 35(c)
98	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
99	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** loans that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
100	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
101	encumbered for ≥ 6 months to < 1 year		
102	encumbered for ≥ 1 year		

Row	Heading	Description	Basel III NSFR standards reference
103	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** loans from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
104	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
105	encumbered for ≥ 6 months to < 1 year		
106	encumbered for ≥ 1 year		
107	Securities eligible for Level 1 of the LCR stock of liquid assets	Securities that, if unencumbered, would qualify as Level 1 liquid assets according to paragraph 50 of the Basel III LCR standards. Securities that would otherwise qualify according to that paragraph, but are excluded for operational or other reasons, are reported in this row. Coins and banknotes, and central bank reserves should be reported in lines 61 and 62 respectively and not in this row. Securities in default should not be reported in this row, rather these should be reported in line 258.	30
108	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	
109	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** securities that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
110	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
111	encumbered for ≥ 6 months to < 1 year		
112	encumbered for ≥ 1 year		
113	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** securities from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
114	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
115	encumbered for ≥ 6 months to < 1 year		
116	encumbered for ≥ 1 year		
117	Securities eligible for Level 2A of the LCR stock of liquid assets	Securities that, if unencumbered, would qualify as Level 2A liquid assets, according to paragraph 52 of the Basel III LCR standards. Securities that would otherwise qualify according to that paragraph, but are excluded for exceeding the 40% cap, or for operational or other reasons, are reported in this row. Securities in default should not be reported in this row, rather these should be reported in line 258.	31
118	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	

Row	Heading	Description	Basel III NSFR standards reference
119	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** securities that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
120	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
121	encumbered for ≥ 6 months to < 1 year		
122	encumbered for ≥ 1 year		
123	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** securities from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
124	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
125	encumbered for ≥ 6 months to < 1 year		
126	encumbered for ≥ 1 year		
127	Securities eligible for Level 2B of the LCR stock of liquid assets	Securities that, if unencumbered, would qualify as Level 2B liquid assets, according to paragraph 54 of the Basel III LCR standards. Securities that would otherwise qualify according to that paragraph, but are excluded for exceeding the 15% or 40% caps, or for operational or other reasons, are reported in this row. Securities in default should not be reported in this row, rather these should be reported in line 258.	32(a)
128	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	
129	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** securities that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
130	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
131	encumbered for ≥ 6 months to < 1 year		
132	encumbered for ≥ 1 year		
133	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** securities from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
134	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
135	encumbered for ≥ 6 months to < 1 year		
136	encumbered for ≥ 1 year		
137	Deposits held at financial institutions for operational purposes	Deposits held at financial institutions, including banks subject to prudential supervision, for operational purposes, as defined in LCR paragraphs 93 to 104.	32(d)

Row	Heading	Description	Basel III NSFR standards reference
138	Unencumbered	Banks should report in this row all such **unencumbered** deposits in the appropriate column according to their residual maturity.	
139	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** deposits that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
140	encumbered for < 6 months	For each cell containing deposits that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
141	encumbered for ≥ 6 months to < 1 year		
142	encumbered for ≥ 1 year		
143	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** deposits.	
144	encumbered for < 6 months	For each cell containing deposits that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
145	encumbered for ≥ 6 months to < 1 year		
146	encumbered for ≥ 1 year		
147	Loans to non-financial corporate clients with a residual maturity of less than one year	Loans to non-financial corporate clients having a residual maturity of less than one year. Non-performing loans should not be reported in this row, rather these should be reported in line 258. Performing loans to non-financial corporate clients with a residual maturity of less than one year and with a greater than 35% risk weight under the Basel II standardised approach for credit risk should be reported in this category and not in line 207.	32(e)
148	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
149	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** loans in the appropriate column according to their residual maturity.	
150	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
151	encumbered for ≥ 6 months to < 1 year		
152	encumbered for ≥ 1 year		
153	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** loans from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
154	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
155	encumbered for ≥ 6 months to < 1 year		
156	encumbered for ≥ 1 year		

Row	Heading	Description	Basel III NSFR standards reference
157	Loans to central banks with a residual maturity of less than one year	Loans to central banks having a residual maturity of less than one year that do not qualify to meet local reserve requirements. Balances (including term placements) that qualify toward reserve requirements should be considered as "reserves with the central bank" and reported in row 62, even if these balances are in excess of the required level of reserves. Non-performing loans should not be reported in this row, rather these should be reported in line 258. Performing loans to central banks with a residual maturity of less than one year and a greater than 35% risk weight under the Basel II standardised approach for credit risk should be reported in this category and not in line 207.	32(e)
158	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
159	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** loans that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
160	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
161	encumbered for ≥ 6 months to < 1 year		
162	encumbered for ≥ 1 year		
163	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** loans from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
164	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
165	encumbered for ≥ 6 months to < 1 year		
166	encumbered for ≥ 1 year		
167	Loans to sovereigns, PSEs, MDBs and NDBs with a residual maturity of less than one year	Loans to sovereigns, PSEs, MDBs and NDBs having a residual maturity of less than one year. Loans to the Bank for International Settlements, the International Monetary Fund and the European Commission should also be reported in this row. Non-performing loans should not be reported in this row, rather these should be reported in line 258. Performing loans to sovereigns, PSEs, MDBs and NDBs with a residual maturity of less than one year and a greater than 35% risk weight under the Basel II standardised approach for credit risk should be reported in this category and not in line 207.	32(e)
168	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
169	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** loans that result from central bank liquidity operations in the appropriate column according to their residual maturity.	

Row	Heading	Description	Basel III NSFR standards reference
170	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below according to the term of encumbrance. Attention is drawn to the worked example at the start of this section.	
171	encumbered for ≥ 6 months to < 1 year		
172	encumbered for ≥ 1 year		
173	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** loans from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
174	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
175	encumbered for ≥ 6 months to < 1 year		
176	encumbered for ≥ 1 year		
177	Residential mortgages of any maturity that would qualify for the 35% or lower risk weight under the Basel II standardised approach for credit risk	Residential mortgages of any maturity that would qualify for the 35% or lower risk weight under the Basel II standardised approach for credit risk. Non-performing residential mortgages should not be reported in this row, rather these should be reported in line 258.	32(e), 33(a)
178	Unencumbered	Banks should report in this row all such **unencumbered** mortgages in the appropriate column according to their residual maturity.	
179	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** mortgages that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
180	encumbered for < 6 months	For each cell containing residential mortgages that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
181	encumbered for ≥ 6 months to < 1 year		
182	encumbered for ≥ 1 year		
183	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** mortgages from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
184	encumbered for < 6 months	For each cell containing residential mortgages that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below according to the term of encumbrance. Attention is drawn to the worked example at the start of this section.	
185	encumbered for ≥ 6 months to < 1 year		
186	encumbered for ≥ 1 year		

Row	Heading	Description	Basel III NSFR standards reference
187	Other loans, excluding loans to financial institutions, with a residual maturity of one year or greater, that would qualify for the 35% or lower risk weight under the Basel II standardised approach for credit risk	Include balances of all other loans, excluding loans to financial institutions, with a residual maturity of one year or more, that would qualify for the 35% or lower risk weight under the Basel II standardised approach for credit risk. Non-performing loans should not be reported in this row, rather these should be reported in line 258.	33(b)
188	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
189	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** loans that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
190	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
191	encumbered for ≥ 6 months to < 1 year		
192	encumbered for ≥ 1 year		
193	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** loans from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
194	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
195	encumbered for ≥ 6 months to < 1 year		
196	encumbered for ≥ 1 year		
197	Loans to retail and small business customers (excluding residential mortgages reported above) with a residual maturity of less than one year	Loans to retail (eg natural persons) and small business customers (as defined in the LCR) having a residual maturity of less than one year. Non-performing loans should not be reported in this row, rather these should be reported in line 258. Performing loans to retail and small business customers with a residual maturity less than one year with a greater than 35% risk weight under the Basel II standardised approach for credit risk should also be reported in this category and not in line 207.	32(e)
198	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
199	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** loans that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
200	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
201	encumbered for ≥ 6 months to < 1 year		
202	encumbered for ≥ 1 year		

Row	Heading	Description	Basel III NSFR standards reference
203	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** loans from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
204	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
205	encumbered for ≥ 6 months to < 1 year		
206	encumbered for ≥ 1 year		
207	Performing loans with risk weights greater than 35% (except loans to financial institutions and loans reported in above categories)	Performing loans, not captured by one of the above categories, with a greater than 35% risk weight under the Basel II standardised approach for credit risk, excluding loans to financial institutions. Non-performing loans should not be reported in this row, rather these should be reported in line 258.	32(e), 34(a)
208	Unencumbered	Banks should report in this row all such **unencumbered** loans in the appropriate column according to their residual maturity.	
209	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** loans that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
210	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
211	encumbered for ≥ 6 months to < 1 year		
212	encumbered for ≥ 1 year		
213	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** loans from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
214	encumbered for < 6 months	For each cell containing loans that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
215	encumbered for ≥ 6 months to < 1 year		
216	encumbered for ≥ 1 year		
217	Non-HQLA exchange traded equities	Exchange traded equities that do not qualify as Level 2B assets. This includes exchange traded FI equities as well as exchange traded non-FI equities that do not meet all of the requirements outlined in paragraph 54(c) of the Basel III LCR standards. Amounts related to non-HQLA exchange traded equities that are deducted from capital should not be reported here, rather should be reported in the ≥ 1 year column in row 261.	34(b)
218	Unencumbered	Banks should report in this row all such **unencumbered** equities in the appropriate column according to their residual maturity.	
219	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** equities that result from central bank liquidity operations in the appropriate column according to their residual maturity.	

Row	Heading	Description	Basel III NSFR standards reference
220	encumbered for < 6 months	For each cell containing equities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
221	encumbered for ≥ 6 months to < 1 year		
222	encumbered for ≥ 1 year		
223	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** equities from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
224	encumbered for < 6 months	For each cell containing equities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
225	encumbered for ≥ 6 months to < 1 year		
226	encumbered for ≥ 1 year		
227	Non-HQLA securities not in default	Securities that are not eligible for HQLA treatment as defined by Basel III LCR standards, other than non-HQLA exchange traded equities, which should be reported in line 217, and which are not in default. Securities in default should not be reported in this row, rather these should be reported in line 258.	34(b)
228	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	
229	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** securities that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
230	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
231	encumbered for ≥ 6 months to < 1 year		
232	encumbered for ≥ 1 year		
233	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** securities from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
234	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
235	encumbered for ≥ 6 months to < 1 year		
236	encumbered for ≥ 1 year		
237	Gold	Total balance of gold should be reported in the ≥ 1 year maturity column.	34(b)
238	Unencumbered	Banks should report in this row all such **unencumbered** gold.	
239	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** gold that result from central bank liquidity operations.	
240	encumbered for < 6 months	For each cell containing gold that has been encumbered, banks should **in addition** allocate them to a cell in one of the	

Row	Heading	Description	Basel III NSFR standards reference
241	encumbered for ≥ 6 months to < 1 year	three rows directly below according to the term of encumbrance. Attention is drawn to the worked example at the start of this section.	
242	encumbered for ≥ 1 year		
243	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** gold from transactions conducted with counterparties other than central banks.	
244	encumbered for < 6 months	For each cell containing gold that has been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
245	encumbered for ≥ 6 months to < 1 year		
246	encumbered for ≥ 1 year		
247	Physical traded commodities other than gold	Total balance of physical traded commodities (other than gold) should be reported in the ≥ 1 year maturity column.	34(b)
248	Unencumbered	Banks should report in this row all such **unencumbered** physical traded commodities (other than gold).	
249	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** physical traded commodities (other than gold) that result from central bank liquidity operations.	
250	encumbered for < 6 months	For each cell containing physical traded commodities (other than gold) that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
251	encumbered for ≥ 6 months to < 1 year		
252	encumbered for ≥ 1 year		
253	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** physical traded commodities (other than gold) from transactions conducted with counterparties other than central banks.	
254	encumbered for < 6 months	For each cell containing instruments that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
255	encumbered for ≥ 6 months to < 1 year		
256	encumbered for ≥ 1 year		
257	Net derivatives receivables	All derivatives payables and receivables, irrespective of the derivatives' maturity, should be reported net by counterparty as stated in "*Treatment of derivatives payables and receivables*" at the start of Section 6.2. Banks should report here the sum of the replacement cost of the netting sets with a positive value (net of cash variation margin received).	22(c), 35(b)
258	Defaulted securities and non-performing loans	All defaulted securities and non-performing loans should be reported in this line and **not** in one of the above categories.	35(c)
259	Intangibles	Intangible assets including, but not limited to, goodwill and mortgage servicing rights. Intangible assets deducted from capital should be reported here.	35(c)
260	Deferred tax assets (DTAs)	The amount of deferred tax assets, reported according to the nearest possible date in which such liabilities could be realised. DTAs deducted from capital should be reported here.	35(c)

Row	Heading	Description	Basel III NSFR standards reference
261	All other assets not included in above categories that qualify for 100% treatment	Include the carrying value of all other assets not included in the above categories. Note that all deductions from capital that have not already been reported in lines 259 or 260 should be reported here.	35(c)
B2)	**Off-balance sheet items**		
266	Irrevocable and conditionally revocable liquidity facilities	Balances of undrawn committed liquidity facilities extended by the bank that are either irrevocable or conditionally revocable.	38
267	Irrevocable and conditionally revocable credit facilities	Balances of undrawn committed credit facilities extended by the bank that are either irrevocable or conditionally revocable.	38
268	Unconditionally revocable liquidity facilities	Balances of undrawn liquidity facilities where the bank has the right to unconditionally revoke the undrawn portion of these facilities.	38
269	Unconditionally revocable credit facilities	Balances of undrawn credit facilities where the bank has the right to unconditionally revoke the undrawn portion of these facilities.	38
270	Trade finance-related obligations (including guarantees and letters of credit)	Balances of trade finance-related obligations (including guarantees and letters of credit)	38
271	Guarantees and letters of credit unrelated to trade finance obligations	Balances of guarantees and letters of credit unrelated to trade finance obligations.	38
272	Non-contractual obligations, such as:		
273	Debt-buy back request (incl related conduits)	Potential requests for debt repurchases of the bank's own debt or that of related conduits, securities investment vehicles and other such financing facilities.	38
274	Structured products	Structured products where customers anticipate ready marketability, such as adjustable rate notes and variable rate demand notes (VRDNs).	38
275	Managed funds	Managed funds that are marketed with the objective of maintaining a stable value such as money market mutual funds or other types of stable value collective investment fund, etc.	38
276	Other non-contractual obligations	Other non-contractual obligations not entered above.	38
277	All other off balance-sheet obligations not included in the above categories	All other off balance-sheet obligations not reported in lines 266 to 276 above. **Please refer to the instructions from your supervisor for the specification of this item.**	38

6.2.3 For completion only by central institutions of networks of cooperative (or otherwise named) banks (panel D)

Panel D collects data on available stable funding for central institutions of networks of cooperative (or otherwise named) banks applying the treatment in footnote 7 of the Basel III NSFR standards for deposits from members of their network.

- The reporting institution must be the centralised institution of a cooperative network which has supervisory approval to use this treatment. **All other banks should leave this section blank.**

- This section should only be used to report deposits that qualify for the 25% run-off in the LCR according to paragraph 105 (a) of the Basel III LCR standards, ie stable deposits from cooperative banks that are required by law to be placed at the central organisation and are legally constrained within the cooperative bank network as "minimum deposit requirements". It should not be used to report other deposits from members of institutional networks placed at the centralised institutions for other reasons, including paragraphs 93 to 104 and 105(b) of the Basel III LCR standards.
- The total amount of funding reported in this section should be equal to that reported in line 39 above.
- Also, if there are certain assets that are required to be held with the funds from these minimum deposit requirements, the bank would assign the same ASF factor as the RSF factor of the corresponding assets. Banks should inform their supervisors if such requirements exist.
- This section should be completed according to the proportion of the underlying deposits at the depositing institution.

Row	Heading	Description	Basel III NSFR standards reference
288–305	Categories are identical to those reported in Panel A	Definitions are identical to rows 6 to 52 with the exception of rows 42 to 47 where all secured borrowings and liabilities may be reported and, unlike the first panel, there is no qualification on the type of assets used as collateral.	

6.2.4 Supplementary information (panel E)

Row	Heading	Description	Basel III NSFR standards reference
313	RMBS eligible for Level 2B of the LCR stock of liquid assets	RMBS that, if unencumbered, would qualify as Level 2B liquid assets, according to paragraph 54(a) of the Basel III LCR standards. Securities that would otherwise qualify according to that paragraph, but are excluded for exceeding the 15% or 40% caps, or for operational or other reasons, are reported in this row. **Note that amounts reported here should also be reported in line 127 (Level 2B assets).**	
314	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	
315	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** securities that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
316	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of section 6.2.2.	
317	encumbered for ≥ 6 months to < 1 year		
318	encumbered for ≥ 1 year		

Row	Heading	Description	Basel III NSFR standards reference
319	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** securities from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
320	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
321	encumbered for ≥ 6 months to < 1 year		
322	encumbered for ≥ 1 year		
323	Corporate debt securities rated BBB- to BBB+, eligible for Level 2B of the LCR stock of liquid assets	Non-financial corporate debt securities rated BBB- to BBB+ that, if unencumbered, would qualify as Level 2B liquid assets, according to paragraph 54(b) of the Basel III LCR standards. Securities that would otherwise qualify according to that paragraph, but are excluded for exceeding the 15% or 40% caps, or for operational or other reasons, are reported in this row. **Note that amounts reported here should also be reported in line 127 (Level 2B assets).**	
324	Unencumbered	Banks should report in this row all such **unencumbered** securities in the appropriate column according to their residual maturity.	
325	Encumbered for central bank liquidity operations; of which:	Banks should report in this row all such **encumbered** securities that result from central bank liquidity operations in the appropriate column according to their residual maturity.	
326	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of section 6.2.2.	
327	encumbered for ≥ 6 months to < 1 year		
328	encumbered for ≥ 1 year		
329	Encumbered with counterparties other than central banks; of which:	Banks should report in this row all such **encumbered** securities from transactions conducted with counterparties other than central banks in the appropriate column according to their residual maturity.	
330	encumbered for < 6 months	For each cell containing securities that have been encumbered, banks should **in addition** allocate them to a cell in one of the three rows directly below **according to the term of encumbrance**. Attention is drawn to the worked example at the start of this section.	
331	encumbered for ≥ 6 months to < 1 year		
332	encumbered for ≥ 1 year		

7. Trading book

7.1 Introduction

The Committee has published draft standards for a revised market risk framework in its second consultative document on the fundamental review of the trading book[38] (in the remainder of this section referred to as "CP2") which have been developed by the Committee's Trading Book Group. The Committee now intends to assess the quantitative impact the new framework will have on capital requirements. Therefore, eight additional worksheets have been included in the Basel III monitoring reporting template:

- The worksheet "TB boundary TP" captures data for a test portfolio exercise on the revised trading book boundary and should be filled in by all banks participating in the trading book exercise.
- The worksheets "TB SBA – current" and "TB SBA – revised" capture data on the sensitivities-based approach under the current and revised boundaries and should be filled in by all banks participating in the trading book exercise.
- The worksheet "TB Default CTP" captures data on banks' correlation trading portfolios. All the banks having a CTP should complete this worksheet, irrespective of whether this CTP is large or not. Banks without a CTP should leave the worksheet completely empty.
- The four "TB IMA" worksheets should be filled in by those banks participating in the trading book exercise currently using the internal model approach (IMA). In particular,
  - Worksheet "TB IMA general" captures market risk capital charges according to the current standards under both the current and the new boundaries, the capital charges according to the proposed standards under both the current and the new boundaries, characteristics of banks' trading desks, an assessment of the impact of a potential revocation of some desks, data on non-modellable risk factors and answers to closed-form questions;
  - Worksheet "TB IMA JiLP" captures characteristics of each desk relevant for the definition and calibration of exposure thresholds for jumps in liquidity premia;
  - Worksheet "TB IMA risk measures – stress" collects data on risk measures by desk and an assessment of the calibration to a period of stress; and
  - Worksheet "TB IMA backtesting – P&L" captures data on backtesting and P&L.

CP2 proposed a revised boundary between the banking book and the trading book. **On the above-mentioned worksheets, unless otherwise noted, all calculations should be based on this revised boundary.**

As for the rest of the Basel III monitoring exercise, participation in the QIS on the fundamental review of the trading book is voluntary. The Committee expects in particular large internationally active banks to participate in the study. Participation of small and medium-sized banking institutions is also encouraged, as all of the banking institutions will likely be affected by some or all of the revisions to the reform being considered. The worksheets on the fundamental review of the trading book should be completed on a best-efforts basis. The Committee is aware that given the standards are currently at the

[38] Basel Committee on Banking Supervision, *Fundamental review of the trading book – second consultative document*, October 2013, Annex 1, www.bis.org/publ/bcbs265.htm.

stage of a consultative document, banks will most likely not be able to rely on production-quality systems to the extent this is the case for the data requests on the Basel III reforms.

For the trading book-related worksheets, and for those worksheets only, the reporting date is **29 August 2014**. The submissions date to the supervisors is the same as the submission date for the other worksheets.

7.2 The revised boundary

7.2.1 Overview

CP2 proposed a revised boundary and new risk measurement methods for the trading book. Both of these changes are likely to impact trading book capital charges. In addition, the revised boundary could also have an impact on banking book capital charges.

The four possible scenarios to test the impact of, and interaction between, the revised boundary and the risk measures under the revised standardised and models-based approaches are as follows:

Combinations of boundaries and risk measures

	Current risk measure	Future risk measure
Current boundary	CC	FC
Revised boundary (CP2)	CR	FR

In the QIS the Committee will analyse:

- The isolated impact of the revised risk measures (difference between FC and CC). CC and FC would be calculated exactly.
- The isolated impact on the size of the trading book, based on the change from the current to the revised boundary (difference between FR and FC). Importantly, only the trading book effect of the revised boundary will be measured, while the scope and design of the banking book QIS remains unchanged. The estimated change in trading book capital charges will be calculated assuming the supervisor does not object to deviations from the presumptive list as justified by the bank. Banks will be asked to list explicitly the instruments that it has included in the banking book together with a reasoning why the banks expect that these instruments can be included in the banking book despite the "general presumption" that these should be in the trading book. Moreover, banks will be asked to give an indication about the size of the positions from the presumption list which they do not include in the trading book.

Additionally trading book/banking book arbitrage opportunities will be tested using supervisory-defined test portfolios for equities, corporates, sovereigns and securitisations. The test tries to measure the standalone effect (capital charge for the supervisory-defined test portfolios) of certain portfolios being assigned to the trading book or to the banking book. The resulting numbers should be based on the actual definition of the boundary with regard to the bank-specific portfolios and the test portfolios allocated (a) to the trading book and (b) to the banking book.

- The worksheet "TB boundary TP" in the reporting template should be completed by all banks participating in the trading book QIS, as described in detail in Section 7.2.2 below.
- The separate "TestPortfolio" workbook contains the worksheets "Boundary TP Equities", "Boundary TP Sovereign", "Boundary TP Corporates" and "Boundary TP Securitisations" which include basic static information about the instruments in the test portfolios. ISIN/Cusip, currency and quantity are given, the remaining information needed to calculate IMA and SBA capital charges should be estimated individually by the participating banks. The bank should use their own market data (eg prices, exchange rates), apply the mappings to the risk buckets

based on their individual assumptions and use these data to calculate the respective capital charges.

7.2.2 "TB boundary TP" worksheet

The "TB boundary TP" worksheet requests information with regard to capital requirements for specified test portfolios (TP) based on bank-internal calculations. For these calculations the portfolios specified in the worksheets "Boundary TP Equities", "Boundary TP Sovereigns", "Boundary TP Corporates", "Boundary TP Securitisations" of the separate "TestPortfolio" workbook should be used. Banks are requested to calculate the capital requirements for the individual test portfolios and for the overall boundary test portfolio. Banks are requested to assume that the test portfolio would be (a) in the trading book and (b) in the banking book, and to calculate the respective capital charges. To calculate trading book capital requirements banks should use the standards specified in CP2 as well as the additional documentation provided in the annexes of this document and are requested to separate between default risk and non-default risk capital charges. To calculate banking book capital charges banks should use banking book standards as specified in Basel II and III. For securitisations the new standards proposed in the consultative paper issued in December 2013 should be used. To calculate capital requirements in the banking book for QIS purposes, banks should use the same advanced approach which they use for the majority of their exposures in the relevant portfolio. Banks should inform their supervisor in the QIS about which advanced approach they use.

The treatment of interest rate risk hedges for CVA risk in the market risk capital charges is currently under discussion. Two alternatives are currently being discussed: (a) the inclusion of these positions in the calculation of market risk capital charges; and (b) the exclusion of these positions from the calculation of market risk capital charges. Data on the impact of the respective choices will be collected on panel D of this worksheet.

Row	Column	Heading	Description
A)	**Calculation of capital requirements (standalone, standardised)**		
• All capital charges should be calculated for the individual portfolios "Boundary TP Equities", "Boundary TP Sovereigns", "Boundary TP Corporates", "Boundary TP Securitisations" and for the overall boundary TP.			
6–10	C	Trading book; Capital charge non-default	Portfolio non–default risk capital charge using the standardised approach.
6–10	D	Trading book; Capital charge default	Portfolio default risk capital charge using the standardised approach.
6–10	E	Banking book; Capital charge	Portfolio capital charge using the standardised approach. If choices within the banking book are possible these should be executed in the same way as in the current banking book of the individual bank.
B)	**Calculation of capital requirements (standalone, internal models/advanced)**		
• All capital charges should be calculated for the individual portfolios "Boundary TP Equities", "Boundary TP Sovereigns", "Boundary TP Corporates", "Boundary TP Securitisations" and for the overall boundary TP, reflecting current partial use of the individual bank and supervisory imposed partial use as described in CP2 (all securitisations have to be treated under the standardised approach). • To reflect bank individual and supervisory imposed partial use correctly, a division between internal models/advanced on the one hand and standardised on the other hand is incorporated in the spread sheet. • If banks have full use the standardised cells should be left empty except 21 E, F and I which have to be filled because of the supervisory imposed partial use. • If banks have exposures subject to partial use, they need to analyse for which exposures/risks in the supervisory test portfolios they have supervisory approval to use internal models/advanced approaches and fill the internal model/advanced and standardised cells accordingly. • As an advanced charge for securitisation is neither envisaged under the new trading book framework nor under the new banking book approach, columns C, D, G and H in row 21 are shaded grey. Securitisation exposures have to be treated under the standardised approach only.			

Row	Column	Heading	Description
18–22	C	Trading book; Internal Models; Capital charge non-default	Portfolio non–default risk capital charge (includes ES and capital charge for non-modellable risk factors) using the internal models approach.
18–22	D	Trading book; Internal Models; Capital charge default	Portfolio default risk capital charge using the internal models approach.
18–22	E	Trading book; Standardised; Capital charge non-default	Portfolio non–default risk capital charge using the standardised approach.
18–22	F	Trading book; Standardised; Capital charge default	Portfolio default risk capital charge using the standardised approach.
18–22	G	Banking book; Advanced; Capital charge	Portfolio capital charge using an advanced approach. If choices within the banking book are possible these should be executed in the same way as in the current banking book of the individual bank.
18–20	H	Banking book; Advanced; Approach used	Banks should specify which advanced approaches (eg F-IRB or AIRB; PD/LGD or market based) were used for the respective portfolios.
18–22	I	Banking book; Standardised; Capital charge	Portfolio capital charge using the standardised approach. If choices within the banking book are possible these should be executed in the same way as in the current banking book of the individual bank.
C)	**Quantitative information about deviations from the presumption list**		
Paragraph 11 of CP2 includes a presumption that certain instruments are held in the trading book. It is important to get an idea about the possible deviations from this list both with regard to size and to reasoning for the deviation. Therefore some quantitative information is collected in the reporting template. Because of the limitations of an Excel worksheet with regards to explanatory text, information about the reasons for the deviations is requested **in a separate Word file**. As the reasons might be different for the different instruments listed in paragraph 11 of CP2, please provide reasoning for each subcategory (a, b, d–g).[39]			
29–34	C	Market value (assigned to trading book), net	Sum of market values of all of the respective instruments from the presumption list which have been assigned to the trading book.
29–34	D	Market value (assigned to trading book), positive	Sum of market values of all of the respective instruments from the presumption list with positive market value which have been assigned to the trading book.
29–34	E	Market value (assigned to trading book), negative	Sum of market values of all of the respective instruments from the presumption list with negative market value which have been assigned to the trading book. **Please enter as a negative number.**
29–34	F	Market value (assigned to banking book), net	Sum of market values of all of those respective instruments from the presumption list which have been assigned to the banking book.
29–34	G	Market value (assigned to banking book), positive	Sum of market values of all of those respective instruments from the presumption list with positive market value which have been assigned to the banking book.
29–34	H	Market value (assigned to banking book), negative	Sum of market values of all of those respective instruments from the presumption list with negative market value which have been assigned to the banking book. **Please enter as a negative number.**

[39] c) is expected to be deleted from the text (see Annex 4).

Row	Column	Heading	Description
D)	**Quantitative information about CVA interest rate hedges included in the trading book**		
39	C	Estimated RWA impact	Estimated RWA effect if interest rate hedges for CVA which are currently included in the calculation of the market risk capital charges for QIS purposes are removed from the calculation of the market risk capital charges. If Banks have not included interest rate hedges for CVA in their calculation of market risk capital charges, they should state "0" here.

7.3 The sensitivities-based approach

During this QIS, the Committee will assess the merits of the sensitivities-based approach. The same worksheet should be filled in under each definition of the boundary: the current one and the revised one.

7.3.1 Notations regarding delta risk

In what follows, the collected data points are referred to following the same notations as in the draft standards in Annex 3. Additional notations are introduced in this section.

Sum of squared weighted sensitivities (∑WS2)

The data point ∑WS2 is defined as $\sum_k WS_k^2$ according to the notations as outlined in the draft standards in Annex 3.

Cross sum of weighted sensitivities (∑rho+ and ∑rho-)

Within a bucket, two correlation parameters are defined, $\rho_{kl}^{(+)}$ for same sign weighted sensitivities, and $\rho_{kl}^{(-)}$ for different sign weighted sensitivities. Therefore, on the right side of the K_b formula below the square root can be re-written as follows:

$$\sum_k \sum_{k \neq l} \rho_{kl} WS_k WS_l = \rho_{kl}^{(+)} \left(\sum_k \sum_{k \neq l} 1_{WS_k WS_l > 0} WS_k WS_l \right) + \rho_{kl}^{(-)} \left(\sum_k \sum_{k \neq l} 1_{WS_k WS_l < 0} WS_k WS_l \right)$$

That being said, two more data points will be gathered within each bucket:

- ∑rho+, the cross sum of same sign weighted sensitivities is defined as $\sum_k \sum_{k \neq l} 1_{WS_k WS_l > 0} WS_k WS_l$; and
- ∑rho-, the cross sum of different signs weighted sensitivities is defined as $\sum_k \sum_{k \neq l} 1_{WS_k WS_l < 0} WS_k WS_l$.

7.3.4 Worksheet "TB SBA"

Panel A: General interest rate risk (GIRR)

Panel A gathers information on the SBA, at the bank-wide level, for GIRR. 35 of the most prominent currencies have been listed. All the other currencies should be treated in the "Others" category, in line 36, and regarded as only one currency. Banks having significant positions in the "others" category (significant being defined as those cases when the capital for the bucket "Others" represents more than 10% of the sum of the capital charges for the 36 buckets) should document, through a separate qualitative document, which currencies are included in the "Others" category.

Row	Column	Heading	Description
All information should be provided using the **current/revised** definition of the trading book banking book boundary, depending on the name of the worksheet (respectively "TB SBA – current" or "TB SBA – revised").			
6–36	F	Delta risk; Kb	This data point is defined as K_b according to the notations on delta risks as outlined in the draft standards in Annex 3, for the bucket defined in column B. For instance, line 6 corresponds to the bucket USD.
6–36	G	Delta risk; Sb	Sensitivity S_b according to the notations on delta risks as outlined in the draft standards in Annex 3.
6–36	H to R	$S_k^{(+)}$	Those data points are defined as the sum of the *positive* sensitivities to risk factor *k* (cf paragraph 8.a of the draft standards in Annex 3), *ie pre-risk weighting*.
6–36	S to AC	$S_k^{(-)}$	Those data points are defined as the sum of the *negative* sensitivities to risk factor *k* (cf paragraph 8.a of the draft standards in Annex 3), *ie pre-risk weighting*. It is worth reminding here that no negative numbers should be reported in the templates. As a consequence, those numbers should be reported as *positive*.
6–36	AD to AN	CVR_k	Those data points are defined as the *net curvature risk exposure* to risk factor *k* (cf paragraph 10.c of the draft standards in Annex 3).
6–36	AO to AY	$VR_k^{(+)}$	Those data points are defined as the *sum of the positive vega risk exposures* to risk factor *k* (cf paragraph 11.b of the draft standards in Annex 3).
6–36	AZ to BJ	$VR_k^{(-)}$	Those data points are defined as the *sum of the negative vega risk exposures* to risk factor *k* (cf paragraph 11.b of the draft standards in Annex 3).
38	F, AD, AO	Capital charge	Capital charge for delta risk, curvature risk and Vega risk.
40	F	Total GIRR capital charge	Total capital charge for GIRR risk factors.

Panel B: Credit spread risk (CSR)

Panel B1 gathers information on the SBA, at the bank-wide level, for CSR for non-securitisations.

Row	Column	Heading	Description
All information should be provided using the **current/revised** definition of the trading book banking book boundary, depending on the name of the worksheet (respectively "TB SBA – current" or "TB SBA – revised").			
48–60	F	Delta risk; Kb	This data point is defined as K_b according to the notations on delta risks as outlined in the draft standards in Annex 3.
48–59	G	Delta risk; Sb	Sensitivity S_b according to the notations on delta risks as outlined in the draft standards in Annex 3.
48–60	H	Delta risk; ∑WS2	Sum of squared weighted sensitivities $\sum_k WS_k^2$ according to the notations as outlined in the draft standards in Annex 3.
48–59	I–L	Delta risk; Same name/ Different names ∑rho+/∑rho-	Cross sum of weighted sensitivities distributed according to the following characteristics: • Same name vs different names • Same sign vs different signs
48–60	M	Curvature risk; Kb	K_b according to the notations on curvature risks as outlined in the draft standards in Annex 3.
48–59	N	Curvature risk; Sb	Sensitivity S_b according to the notations on curvature risks as outlined in the draft standards in Annex 3.

Row	Column	Heading	Description
48–60	O	Vega risk; Kb	K_b according to the notations on vega risks as outlined in the draft standards in Annex 3.
48–59	P	Vega risk; Sb	Sensitivity S_b according to the notations on vega risks as outlined in the draft standards in Annex 3.
60	I, J	–	Cross sum of weighted sensitivities assigned to the residual bucket, respectively of the same sign (column I) and different signs (column J).
62	F, M, O	Capital charge	Capital charge for delta risk, curvature risk and Vega risk.
64	F	Total CSR (non-securitisation) capital charge	Total capital charge for CSR (non-securitisation) risk factors.

Panel B.2.a is intended to gather information on the SBA, at the bank-wide level, for CSR for securitisation – correlation trading portfolio. The data points are defined similarly to panel B.1.

Panel B.2.b is intended to gather information on the SBA, at the bank-wide level, for CSR for securitisation – non-correlation trading portfolio. The data points are defined similarly to panel B.1.

Panel C: Equity risk

Panel C is intended to gather information on the SBA, at the bank-wide level, for equity risk.

Row	Column	Heading	Description
All information should be provided using the **current/revised** definition of the trading book banking book boundary, depending on the name of the worksheet (respectively "TB SBA – current" or "TB SBA – revised").			
109–119	F	Delta risk; Kb	This data point is defined as K_b according to the notations on delta risks as outlined in the draft standards in Annex 3.
109–118	G	Delta risk; Sb	Sensitivity S_b according to the notations on delta risks as outlined in the draft standards in Annex 3.
109–119	H	Delta risk; ∑WS2	Sum of squared weighted sensitivities $\sum_k WS_k^2$ according to the notations as outlined in the draft standards in Annex 3.
109–119	I	Delta risk; ∑rho+	Cross sum of same sign weighted sensitivities is defined as $\sum_k \sum_{k \neq l} 1_{WS_k WS_l > 0} WS_k WS_l$.
109–119	J	Delta risk; ∑rho-	Cross sum of different signs weighted sensitivities is defined as $\sum_k \sum_{k \neq l} 1_{WS_k WS_l < 0} WS_k WS_l$.
109–119	K	Curvature risk; Kb	K_b according to the notations on curvature risks as outlined in the draft standards in Annex 3.
109–118	L	Curvature risk; Sb	Sensitivity S_b according to the notations on curvature risks as outlined in the draft standards in Annex 3.
109–119	M	Vega risk; Kb	K_b according to the notations on vega risks as outlined in the draft standards in Annex 3.
109–118	N	Vega risk; Sb	Sensitivity S_b according to the notations on vega risks as outlined in the draft standards in Annex 3.
121	F, K, M	Capital charge	Capital charge for delta risk, curvature risk and Vega risk.
123	F	Total equity risk capital charge	Total equity capital charge.

Panel D: Commodity risk

Panel D is intended to gather information on the SBA, at the bank-wide level, for commodity risk.

Row	Column	Heading	Description
All information should be provided using the **current/revised** definition of the trading book banking book boundary, depending on the name of the worksheet (respectively "TB SBA – current" or "TB SBA – revised").			
130–140	F	Delta risk; Kb	This data point is defined as K_b according to the notations on delta risks as outlined in the draft standards in Annex 3.
130–140	G	Delta risk; Sb	Sensitivity S_b according to the notations on delta risks as outlined in the draft standards in Annex 3.
130–140	H	Delta risk, ∑WS2	Sum of squared weighted sensitivities $\sum_k WS_k^2$ according to the notations as outlined in the draft standards in Annex 3.
130–140	I–T	Delta risk; ∑rho+	Cross sum of same sign weighted sensitivities is defined as $\sum_k \sum_{k \neq l} 1_{WS_k WS_l > 0} WS_k WS_l$, split according to the maturity/location/grade characteristics of the two positions
130–140	U–AF	Delta risk; ∑rho-	Cross sum of different signs weighted sensitivities is defined as $\sum_k \sum_{k \neq l} 1_{WS_k WS_l < 0} WS_k WS_l$, split according to the maturity/location/grade characteristics of the two positions
130–140	AG	Curvature risk; Kb	K_b according to the notations on curvature risks as outlined in the draft standards in Annex 3.
130–140	AH	Curvature risk; Sb	Sensitivity S_b according to the notations on curvature risks as outlined in the draft standards in Annex 3.
130–140	AI	Vega risk; Kb	K_b according to the notations on vega risks as outlined in the draft standards in Annex 3.
130–140	AJ	Vega risk; Sb	Sensitivity S_b according to the notations on vega risks as outlined in the draft standards in Annex 3.
142	F, AG, AI	Capital charge	Capital charge for delta risk, curvature risk and Vega risk.
144	F	Total commodity risk capital charge	Total commodity capital charge.

Panel E: Foreign exchange risk

Panel E is intended to gather information on the SBA, at the bank-wide level, for foreign exchange risk.

Row	Column	Heading	Description
All information should be provided using the **current/revised** definition of the trading book banking book boundary, depending on the name of the worksheet (respectively "TB SBA – current" or "TB SBA – revised").			
150–180	F	Delta risk; Kb	This data point is defined as K_b according to the notations on delta risks as outlined in the draft standards in Annex 3.
150–180	G	Delta risk; Sb	Sensitivity S_b according to the notations on delta risks as outlined in the draft standards in Annex 3.
150–180	H	Delta risk; ∑WS2	Sum of squared weighted sensitivities $\sum_k WS_k^2$ according to the notations as outlined in the draft standards in Annex 3.
150–180	I	Delta risk; ∑rho(=$\sum rho^+ + \sum rho^-$)	Sum of the cross sums of weighted sensitivities.
150–180	J	Curvature risk; Kb	K_b according to the notations on curvature risks as outlined in the draft standards in Annex 3.
150–180	K	Curvature risk; Sb	Sensitivity S_b according to the notations on curvature risks as outlined in the draft standards in Annex 3.
150–180	L	Vega risk; Kb	K_b according to the notations on vega risks as outlined in the draft standards in Annex 3.

Row	Column	Heading	Description
150–180	M	Vega risk; Sb	Sensitivity S_b according to the notations on vega risks as outlined in the draft standards in Annex 3.
182	F, J, L	Capital charge	Capital charge for delta risk, curvature risk and Vega risk.
184	F	Total foreign exchange capital charge	Total foreign exchange capital charge.

7.3.5 Default risk (non-securitisations)

Data on non-securitisations excludes hedges of CTP, which are to be included in default risk (securitisation). The data to be reported in the first three panels F.1 a), b) and c) are notional amounts in each category before offsetting at the obligor level, notional amounts in each category after offsetting at the obligor level within each sub-category only, jump-to-default (JTD) loss amounts after offsetting (netting) at the obligor level, using the LGD as in the SBA standard (equity instruments and non-senior debt instruments are assigned an LGD of 100%; senior debt instruments are assigned an LGD of 75%) and amount of the capital charge. The notional position data in the table are exposures to obligors to which the bank has net long JTD exposures, and separately, exposures to obligors to which the bank has net short JTD exposures. In this framework, offsetting (netting) of long vs short positions is performed only when the long/short exposures are to the same obligor.

The compilation of the JTD data for the table involves two steps, (a) the determination of net JTD exposure of each obligor, and (b) aggregating the obligor level JTD amounts by credit quality and asset category. Only the result of the second step is required for panel F1 c).

The first step entails the collection of exposures by obligor and calculating the net JTD loss for each obligor using the standardised LGD ratios (100% for equity and 75% for debt). Once the net JTD amount for each obligor are determined, in the second step the obligor level JTD amounts are aggregated by credit quality and asset class and reported in panel F1 c).

The data to be reported in the two panels F.1 d) and e) are JTD loss amounts after offsetting (netting) at the obligor level, using LGD sets as 60% for senior debt instruments (panel F1 d)) and LGD sets as 40% for senior debt instruments (panel F1 e)).

(1.a) Determination of net JTD exposure to an obligor

The procedure for determination of the net JTD exposure to an obligor involves the calculation of the JTD amount for each position or instrument with exposure to an obligor using the expression

JTD(long)=Max [LGD × notional – MtM loss, 0]

JTD(short)=Min [LGD × notional – MtM gain, 0]

Where JTD long (short) has positive (negative) value, and MtM loss (gain) has positive (negative) value.

The JTD amounts for long positions and short positions are then offset or netted against each other to arrive at the net JTD amount with respect to the obligor, as in the example in the following table.

Obligor	Instrument	Credit quality	Amount	MtM loss	LGD	JTD
XYZ corp	Equity (short)	BBB	-50		1	-50.0
XYZ corp	Corp debt (long)	BBB	70	10	0.75	42.5
Net JTD for the obligor						-7.5

Calculation notes:

- JTD = max [LGD x Notional – MtM loss, 0] (in the case of a long positions, see Annex 3 for the case of short positions).
- MtM loss is the loss (or gain) on the position relative to notional (face value) (eg in the case of a long position, MtM loss = notional amount of position - market value of position). (The deduction of MtM loss is required because the LGD is applied to the notional amount.)
- Net JTD = JTD long – absolute value of JTD short.
- For equities, the notional amount is the market value.
- In this example, the long position has a positive sign and the short position has a negative sign.
- In this example, for simplicity, all exposures are of greater than one-year maturity and the maturity adjustment in paragraph 150 of CP2 is not required. If a short position were of less than one year maturity, then the notional amount and MtM loss would be reduced by the maturity adjustment as described in paragraph 150.

The convention for determining long/short direction is exposure to the underlying name; a long position is that in which a default by the obligor would result in a loss. Options should be reported on a bond equivalent basis.

(1.b) Allocate obligor level net JTD amounts by credit quality and asset category

To populate panel F1, the obligor level JTD amounts are aggregated by credit quality and asset class. Aggregation by credit quality and asset class is performed separately for longs and shorts. Offsetting (netting) of longs vs shorts is performed only at the obligor level as in (1.a) above.

Row	Column	Heading	Description
Panel F.1. Summary instructions for reporting of positions for default risk (non-securitisations)			
194–202	F–Q	a) Notional amount in each category before offsetting at the obligor level under each category / Y / Z	Fill in the sum of the notional amount in each category before offsetting in the relevant column depending on whether the position is long or short (Y) and on the type of the underlying (Z). The categories are • Corporate credit • Sovereign credit • Municipalities and local authorities Y will take the values • Long • Short Z will take the values: • Equity and non-senior debt • Senior debt In the summation of positions it is allowed to offset according to paragraph 148 in CP2.

Row	Column	Heading	Description
210–218	F–Q	b) Notional amount in each category after offsetting at the obligor level within each sub-category only, under each category / Y / Z	Fill in the sum of the notional amount in each category after offsetting in the relevant column depending on whether the position is long or short (Y) and on the type of the underlying (Z). The categories are • Corporate credit • Sovereign credit • Municipalities and local authorities Y will take the values • Long • Short Z will take the values: • Equity and non-senior debt • Senior debt In the summation of positions it is allowed to offset according to paragraph 148 in CP2.
226–234	F–Q	c) Net long and net short JTD amount in each category after offsetting at the obligor level (with LGD as in the SBA standard) under each category / Y / Z	Fill in the sum of the amounts of the positions in the same credit quality category in the relevant column depending on whether the position is long or short (Y) and on the type of the underlying (Z). The categories are • Corporate credit • Sovereign credit • Municipalities and local authorities Y will take the values • Long • Short Z will take the values: • Equity and non-senior debt • Senior debt In the summation of positions it is allowed to offset according to paragraph 148 in CP2.
247	I, M, Q	Capital charge	Capital charge for corporate, sovereign and local authorities.
257–265	F–Q	d) JTD amount in each category after offsetting at the obligor level with LGD of 60% for debt instruments under each category / Y / Z	Fill in the sum of the amounts of the positions in the same credit quality category in the relevant column depending on whether the position is long or short (Y) and on the type of the underlying (Z). The categories are • Corporate credit • Sovereign credit • Municipalities and local authorities Y will take the values • Long • Short Z will take the values: • Equity and non-senior debt • Senior debt In the summation of positions it is allowed to offset according to paragraph 148 in CP2.

Row	Column	Heading	Description
273–281	F–Q	e) JTD amount in each category after offsetting at the obligor level with LGD of 40% for debt instruments under each category / Y / Z	Fill in the sum of the amounts of the positions in the same credit quality category in the relevant column depending on whether the position is long or short (Y) and on the type of the underlying (Z). The categories are • Corporate credit • Sovereign credit • Municipalities and local authorities Y will take the values • Long • Short Z will take the values: • Equity and non-senior debt • Senior debt In the summation of positions it is allowed to offset according to paragraph 148 in CP2.

The capital amount in rows 247 and 249 is calculated automatically.

7.3.6 Default risk (securitisations)

The data to be reported in panel F.2 are the size of exposures after offsetting (netting) at the tranche and security level and the amount of the capital charge. The offsetting (netting) procedure is similar to that for panel F.1 (non-securitisations) but is more restrictive. Positions in the correlation trading portfolio (CTP) should be reported separately in the "TB Default CTP" worksheet and should not be reported here.

Example 1:

- Long position in the equity tranche of an ABCP asset pool and short position in the equity tranche of another ABCP asset pool.
- Offsetting (netting) is not allowed; the long amount should be reported under long positions for that asset class, and the short position reported separately.

Example 2:

- Long equity exposure to CDX IG series 18, and short mezzanine exposure to CDX IG series 18 (same index series, but different tranches).
- Offsetting (netting) is not allowed in this case.

7.3.7 The panels for non-correlation trading portfolio exposures

On the worksheet "TB SBA", there is one panel per asset class. Each panel collects the above defined variables. The headings of each table are explicit on where each data point should be reported.

Row	Column	Heading	Description
Table F.2. Summary instructions for default risk (securitisations)			
289–297	F–AC	Long positions / amount of position under each asset class / X / Y	Fill in the notional amounts in the relevant column depending on assets class (X) and tranche (Y). X will take the values: • ABCP • Auto loans/leases • CMBS • Credit cards • Corporates – excluding CTP • RMBS • SME • Others Y will take the values: • Senior • Mezzanine • Equity
304–312	F–AC	Short positions / amount of position under each asset class / X / Y	Fill in the notional amounts in the relevant column depending on assets class (X) and tranche (Y). X will take the values: • ABCP • Auto loans/leases • CMBS • Credit cards • Corporates – excluding CTP • RMBS • SME • Others Y will take the values: • Senior • Mezzanine • Equity

7.3.8 The worksheet for CTP exposures ("TB Default CTP")

The data to be reported in this worksheet are the size of exposures after offsetting (netting) as specified for the correlation trading portfolio section of Annex 3. The offsetting (netting) procedure is similar to that for panel F.1 of the "TB SBA" worksheets (default risk non-securitisations) but is more restrictive.

This section is only for reporting of index tranches and bespoke products in the correlation trading portfolio. Exotic securitised corporate exposures such as CDO-squared or leveraged super senior products should be reported under securitised corporate products in the "TB SBA" worksheet, panel F.2.

Example 1:

- Long position in the equity tranche of the CDX NA IG and short position in the equity tranche of the iTraxx Europe IG.
- Offsetting (netting) is not allowed; the long and short amounts should be reported separately under long and short positions of the respective indices.

Example 2:

- Long position in the equity tranche CDX NA IG series 16 and short position in the equity tranche of the CDX NA IG Series 19.
- Offsetting (netting) is not allowed; the long and short amounts should be reported separately under long and short equity positions in the CDX NA IG.

Example 3:

- Long equity exposure to CDX NA IG series 18, and short mezzanine exposure to CDX NA IG series 18 (same index series, but different tranches).
- Offsetting (netting) is not allowed, the long and short amounts should be reported separately under their respective long and short tranches in the CDX NA IG.

Example 4:

- Long index tranche positions to CDX NA IG series 18 comprising $3 in the 0–3% tranche, $4 in the 3–7% tranche, $3 in the 7–10% tranche, $15 in the 10–15% tranche, $15 in the 15–30% tranche, and $70 in the 30–100% tranche, and short position in the (non-tranched) index CDX NA IG series 18 of $100.
- Offsetting (netting) is allowed, since the positions are a perfect replication (same index and same series, and the tranche positions completely span the entire tranche structure).

Description of panels

There is one panel per asset class. Each panel collects the above-defined variables. The headings of each table are explicit on where each data point should be reported.

Row	Column	Heading	Description
9–49	D–G	Long / Short positions in standard indices under each instrument class / X / Y	Fill in the notional amounts in the relevant column depending on index (X) and tranche (Y). X will take the values: • CDX North America IG • iTraxx Europe IG • Other regions IG • Loan indices • All other indices Y will take the values: • Indicated granular tranches in the tables • Standardised tranche groups, Equity/Mezzanine/Senior, in the tables.
9–49	L–O	Long / Short positions in bespoke products under each instrument class / X / Y	Fill in the notional amounts in the relevant column depending on asset class (X) and tranche (Y). X will take the values: • North America • Europe • Other regions • Loans • Other Y will take the values: • Standardised tranche groups, Equity/Mezzanine/Senior, in the tables.

Row	Column	Heading	Description
57–61	D–O	Long / Short positions in indices under each instrument class / X / Y	Fill in the notional amounts in the relevant column depending on asset class (X) and tranche (Y). X will take the values: • CDX North America IG • iTraxx Europe IG • Other regions IG • Loan indices • Other indices Y will take the values: • Index positions • Index option positions
69–105	D–G	Long / Short positions in each rating class X	Fill in the notional amounts in the relevant column depending on rating class (X): • AAA, AA, A, BBB, BB, B, CCC, Unrated, Defaulted

7.4 The internal models approach

7.4.1 General instructions regarding the computation of expected shortfalls (ES)

The Trading Book Group has appreciated the merits of the comments received during the consultation following the publication of CP2, relating to the incorporation of varying liquidity horizons. In light of those comments, the CP2 approach based on varying liquidity horizons will not be used in this QIS. Instead, participating banks should scale up a base liquidity horizon ES to the longer liquidity horizons.

- For the scaling of ES to the liquidity horizon, ES should be calculated at a base liquidity horizon T of 10 days with full revaluation. If a bank decides not to calculate a 10-day ES with full revaluation, it must describe its approach, and provide elements on the robustness of the approximations used. For example, if the bank calculated the base horizon ES using a one-day horizon and scaled the ES to 10 days, the bank must indicate that it did not use a 10-day full revaluation ES, and it must also describe the reason why it used its approach to ES.
- The scaling approach is the following:

$$ES = \sqrt{\left(ES_T\left(Q_1\right)\cdot\sqrt{\frac{LH_1}{T}}\right)^2 + \sum_{j>1}\left(ES_T\left(Q_j\right)\cdot\sqrt{\frac{\left(LH_j - LH_{j-1}\right)}{T}}\right)^2}$$

  Where

  – *ES:* the regulatory liquidity-adjusted expected shortfall on a given portfolio;

  – $ES_T(\cdot)$*:* the expected shortfall at horizon *T* on that given portfolio assuming only the set of risk factors are simulated (all the other risk factors are assumed to remain constant);

  – Q_j*:* the subset of risk factors whose liquidity horizons are at least as long as LH_j according to the table on page 16 of CP2. For example, Q_1 is the entire set of the risk factors of the given portfolio.

  – LH_j*:* the liquidity horizon *j*. Pro memoria, we have the following table:

j	LH_j
1	10
2	20
3	60
4	120
5	250

7.4.2 General instructions regarding the trading desks

The "trading desks" are defined in paragraphs 21 to 24 of Annex 1 of CP2. There is no maximum number of trading desks in the standards, but for the purpose of the collection of data by desk in the QIS banks will have to report information regarding only 100 of their trading desks.

Those 100 trading desks should be those having the most material impact on market risk. The materiality of such impact is defined as the contribution to the portfolio-level expected shortfall. For instance, if x% of the expected shortfall is attributable to desk X, y% to desk Y, and x > y, then X is considered as having a more material impact on the market risks than Y.

If a bank has defined less than 100 trading desks, for instance say 50, then it should report those 50 desks in the first 50 lines and leave the remaining lines blank.

It is not a requirement that the desks should be ordered in a particular manner; however, it is important that the desk referred to as #1 in one template be the same as the one reported as #1 in another template.

For the purpose of the risk measures by desk (worksheet "TB IMA risk measures – stress", panels A to C) and the worksheet "TB IMA backtesting – P&L", banks should report the required measurement for "all other desks" on the line immediately below the 100 most material trading desks lines.

Please note that data should be reported for the 100 most material desks excluding securitisations (as securitisations are not allowed to be treated under the IMA). For example, a desk classified as "Domestic structured products" or "Global structured products" should not include securitisations for IMA QIS purposes.

7.4.3 Worksheet "TB IMA general"

Panel A: Current market risk charge

Panel A gathers information on the current market risk charge. Columns C to F of this panel are similar to columns D and G in panel A2 of the "Requirements" worksheet. However, columns C and D capture data for the current definition of the boundary but for the 29 August 2014 date of the trading book QIS while columns E and F capture the data under the revised definition of the boundary at the later reporting date. Except for the different boundaries and reporting dates, the same description as above in Section 4.1 applies also to this panel.

Panel B: Revised market risk capital charge

Panel B gathers information on the revised market risk charge, at the bank-wide level.

Row	Column	Heading	Description
All information should be provided using the **current** definition of the trading book banking book boundary in **column C**, and using the **revised** definition of the boundary in **column D**.			
40	C, D	General interest rate risk	Capital requirements as defined in paragraph 100 of Annex 1 of CP2.
41	C, D	Credit spread risk: non-securitisations	Capital requirements as defined in paragraph 110 of Annex 1 of CP2.
42	C, D	Credit spread risk: securitisation	Capital requirements as defined in paragraph 123 of Annex 1 of CP2.
43	C, D	Equity risk	Capital requirements as defined in paragraph 130 of Annex 1 of CP2.
44	C, D	Commodity risk	Capital requirements as defined in paragraph 136 of Annex 1 of CP2.
45	C, D	Foreign exchange risk	Capital requirements as defined in paragraph 145 of Annex 1 of CP2.
46	C, D	Default risk: non-securitisations	Capital requirements as defined in paragraph 155 of Annex 1 of CP2.
47	C, D	Default risk: securitisations	Capital requirements as defined in paragraphs 156 to 162 of Annex 1 of CP2.
50–52	C, D	Expected Shortfall at the trading book level	Computations as described in paragraph 181 (d) of Annex 1 of CP2.
54–56	C, D	At the risk factor class level: interest rate risk	Computations as described in paragraphs 188 and 189 of Annex 1 of CP2.
58–60	C, D	At the risk factor class level: credit spread risk	Computations as described in paragraphs 188 and 189 of Annex 1 of CP2.
62–64	C, D	At the risk factor class level: equity risk	Computations as described in paragraphs 188 and 189 of Annex 1 of CP2.
66–68	C, D	At the risk factor class level: commodity risk	Computations as described in paragraphs 188 and 189 of Annex 1 of CP2.
70–72	C, D	At the risk factor class level: foreign exchange risk	Computations as described in paragraphs 188 and 189 of Annex 1 of CP2.
74	C, D	SES, of which: Interest rate non-modellable risk factors	Computations as described in paragraph 189 of Annex 1 of CP2.
75	C, D	SES, of which: Credit spread non-modellable risk factors	Computations as described in paragraph 189 of Annex 1 of CP2.
76	C, D	SES, of which: Equity non-modellable risk factors	Computations as described in paragraph 189 of Annex 1 of CP2.
77	C, D	SES, of which: Commodity non-modellable risk factors	Computations as described in paragraph 189 of Annex 1 of CP2.
78	C, D	SES, of which: Foreign-Exchange non-modellable risk factors	Computations as described in paragraph 189 of Annex 1 of CP2.
79	C, D	Assumed rho parameter	To be left blank
80	C, D	Internal models approach, default charge	Computations as described in paragraph 186 of Annex 1 of CP2.

Panel C: Detailed description of each desk

In order for the Committee to better understand the desk structure defined by the banks, panel C gathers both the name internally used of each of the 100 most material desks, and the mapping of those desks to the list entitled "stylised example of 'trading desk' structure" defined in the first consultative

document of the fundamental review of the trading book.[40] Hereafter, and in the templates, this list is referred to as "regulatory trading desks".

Row	Column	Heading	Description
86–185	C	Description (name internally used)	The text reported here should be the name internally used for referring to that desk.
86–185	F	Regulatory trading desk	One item in the list box those cells contain should be selected. The list comes from the "stylised example of 'trading desk' structure". The item selected should be the one which best describes the reported trading desk.

Panel D: Assessment of the impact of a potential revocation of some desks

Panel D will gather data on the potential impact on the capital requirements of the new level at which the internal models will be authorised, namely the trading desks level. For that purpose, banks should conduct two desk revocation assessments.

The first exercise should be based on assuming that some desks trading vanilla products fail to pass the backtesting and P&L attribution, and are consequently removed from the internal model. Those desks should be the ones mapped to the **"Domestic cash equity"** regulatory trading desk in panel C. If the bank does not have any desk corresponding to this regulatory trading desk, then it should report the same capital requirements as reported in panel B for the revised boundary.

The second exercise should be based on assuming that some desks trading exotic products fail to pass the backtesting and P&L attribution, and are consequently removed from the internal model. Those desks should be the ones mapped to the **"Global structured products"** regulatory trading desk in panel C. If the bank does not have any desk corresponding to this regulatory trading desk, then it should report the same capital requirements as reported in panel B for the revised boundary.

Row	Column	Heading	Description
D) 1) Revocation of vanilla desks			
190	C	Standardised measurement method	Capital requirements computed on the bank wide portfolio for which no internal model has been approved, and excluding the "Domestic cash equity" desks.
191	C	Internal models approach, expected shortfall at the portfolio level	Unconstrained expected shortfall, as defined in paragraph 187 of Annex 1 of CP2, excluding the "Domestic cash equity" desks from the models authorisation.
192	C	Sum of the stressed scenarios of the NMRF	Sum of the stressed scenario losses due to the NMRF.
193	C	Internal models approach, sum of the expected shortfalls at the asset class level	Sum of the partial expected shortfall charges, as defined in paragraph 188 of Annex 1 of CP2, excluding the "Domestic cash equity" desks from the models authorisation.
194	C	Internal models approach, default charge	Capital requirements for default risk computed on the bank wide portfolio for which the internal model approach has been approved, but excluding the "Domestic cash equity" desks.

[40] Basel Committee on Banking Supervision, *Fundamental review of the trading book – consultative document*, May 2012, p 33, www.bis.org/publ/bcbs219.htm.

Row	Column	Heading	Description
D) 2) Revocation of exotic desks			
198	C	Standardised measurement method	Capital requirements computed on the bank wide portfolio for which no internal model has been approved, and excluding the "Global structured products" desks.
199	C	Internal models approach, expected shortfall at the portfolio level	Unconstrained expected shortfall, as defined in paragraph 187 of Annex 1 of CP2, excluding the "Global structured products" desks from the models authorisation.
200	C	Sum of the stressed scenarios of the NMRF	Sum of the stressed scenario losses due to the NMRF.
201	C	Internal models approach, sum of the expected shortfalls at the asset class level	Sum of the partial expected shortfall charges, as defined in paragraph 188 of Annex 1 of CP2, excluding the "Fixed income/currency Global structured products" desks from the models authorisation.
202	C	Internal models approach, default charge	Capital requirements for default risk computed on the bank wide portfolio for which the internal model approach has been approved, but excluding the "Global structured products" desks.

Panel E: Non-modellable risk factors

The capitalisation of non-modellable risk factors is described in paragraph 190 of Annex 1 of CP2. The definition of non-modellable risk factors is set out within paragraph 183 (c) in the same Annex. The first table on panel E gathers information on the results of the stress scenarios and the total number of non-modellable risk factors.

The second table on panel E gathers information on the five non-modellable risk factors for which the result of the stress scenario is the highest loss (compared with the other non-modellable risk factors). By "non-modellable risk factor 1", it is intended the one for which the scenario result is the highest over all the non-modellable risk factors; by "non-modellable risk factor 2", it is intended the one for which the scenario result is the second highest; and so on so forth. The name internally used of this risk factor is to be reported, together with the result of the stress scenario on this risk factor. Banks are also asked to map those risk factors to their predominant asset class.

Row	Column	Heading	Description
206	C	Sum of capital charges resulting from stress scenarios across all non-modellable risk factors	Sum of capital charges resulted from all the stress scenarios in the overall portfolio.
207	C	Total number of non-modellable risk factors	Total number of non-modellable risk factors in the overall portfolio.
210–214	C	Non-modellable risk factor X; Description (name internally used)	Name, as internally used, of the non-modellable risk factor.
210–214	F	Non-modellable risk factor X; Result of the stress scenario	Result of the stress scenario.
210–214	G	Non-modellable risk factor X; "Predominant risk class"	Map the non-modellable risk factor to its predominant risk class, picking it from a list box.

Panel F: Closed form questions

The Committee will circulate to banks up to 100 closed form questions in due course. For each question, a set of up to 100 answers will be available. Banks will have to pick in the list the answer relevant to them.

Row	Column	Heading	Description
219–318	C	Answer	Banks should pick in the list the answer relevant to them (as defined in due course by a document to be sent by the Committee).

7.4.4 Worksheet "TB IMA JiLP"

As mentioned in CP2, following the QIS the Committee will explore options for defining and then calibrating the exposure thresholds for jumps in liquidity premia ("JiLP"). The calibration could include regression-type analyses of how current desk capital to exposure ratios vary with various desk characteristics, combined with expert judgement. The calibration could focus on setting prudent limits where indicators of complexity and illiquidity have high levels.

Row	Column	Heading	Description
5–104	D	Predominant risk class	The broad risk class from the following which represents the largest proportion of risk in the desk: interest rates; FX; credit; equities; commodities.
5–104	E	Additional predominant risk class 1	The broad risk class from the following which represents the largest proportion of risk in the desk after the "predominant risk class" reported in column D: interest rates; FX; credit; equities; commodities.
5–104	F	Additional predominant risk class 2	The broad risk class from the following which represents the largest proportion of risk in the desk after the "predominant risk class" reported in column D and the "additional predominant risk class 1" reported in column E: interest rates; FX; credit; equities; commodities.
5–104	G	Proportion of ES for predominant risk class	Proportion of ES for predominant risk class expressed in per cent (computed based on asset class ES).
5–104	H	Proportion of ES for additional predominant risk class 1	Proportion of ES for additional predominant risk class 1 reported in column E expressed in per cent (computed based on asset class ES).
5–104	I	Proportion of ES for additional predominant risk class 2	Proportion of ES for additional predominant risk class 2 reported in column F expressed in per cent (computed based on asset class ES).

Row	Column	Heading	Description
5–104	J	Net MV	Net market value of the portfolio traded at the desk.
5–104	K	Potential future exposure	The total regulatory potential future exposure measure (as defined in the SA-CCR method[41]) for all instruments on the desk, calculated as if the bank were the counterparty – that is, to calculate the bank's exposure to the underlying positions, not to the counterparty. For example, if a bank owns a stock then the potential future exposure is the potential loss the bank would sustain due to a reduction in value of that equity according to regulatory specification.
5–104	L	Notional amount	The total gross notional for all instruments on the desk. For example, for an interest rate swap, the notional value of the underlying instrument on which the swap is based.
5–104	M	Gross positive notional amount	Total notional amount of positions in which the firm has a long exposure with respect to the underlying risk factor.
5–104	N	Gross negative notional amount	Total notional amount of positions in which the firm has a short exposure with respect to the underlying risk factor.
5–104	O	Distribution of level 1 of trading desk	The percentage of total assets categorised as level 1 according to international accounting standards.
5–104	P	Distribution of level 2 of trading desk	The percentage of total assets categorised as level 2 according to international accounting standards.
5–104	Q	Distribution of level 3 of trading desk	The percentage of total assets categorised as level 3 according to international accounting standards.
5–104	R	Number of NMRF	Number of non-modellable risk factors on that particular desk
5–104	S	Proportion of NMRF capital charge	Ratio of the sum of the stressed scenario losses due to the NMRF of that desk divided by the sum of the stressed scenario losses due to all the NMRF the bank has.
5–104	T	Proportion of linear products	The percentage of the asset value of instruments held by the desk whose value moves in proportion to the value an underlying exposure compared with instruments whose value changes non-linearly. For example, bonds, equities and swaps will often be linear and options will usually be non-linear.
5–104	U	Proportion of vanilla products	According to the bank's own determination, the percentage of the asset value of instruments on the desk which are vanilla, or of a type which is generally standard and broadly understood and traded in the market, compared with instruments which the desk considers to be exotic.
5–104	V	Average holding period for the positions	The average holding period for the positions of instruments on the desk in days, calculated either using actual holding period of current positions or using maximum holding period imposed on the desk.
5–104	W	Proportion of single-name underlying	The proportion of instruments on the desk which represent exposures to specific companies, consumers, commodities or local authorities, compared with exposures to indexes or governments.

[41] Basel Committee on Banking Supervision, *The standardised approach for measuring counterparty credit risk exposures,* March 2014 (rev April 2014), www.bis.org/publ/bcbs279.htm.

Row	Column	Heading	Description
5–104	X	Look-back period	Number of days available to estimate stressed ES for reduced risk factors (average, max, min).

7.4.5 Worksheet "TB IMA risk measures – stress"

Generally all risk measures should be reported as positive numbers, except if the risk measure value is actually a gain.

Panels A to C: Risk measures by desk

The worksheet "TB IMA risk measures – stress" contains three panels to capture data on risk measures by desk. In each of those three panels, banks are required to provide computations for the following three measures (where appropriate for each trading desk): liquidity-adjusted expected shortfall (ES), incremental default risk (IDR), and revised standardised approach (STD).

Those measures are to be provided at the trading desk level, and should therefore consider each trading desk as a separate entity, allowing for neither hedging nor diversification benefit with other trading desks.

Row	Column	Heading	Description
4	D–N	Date	The first date, T, should be the reporting date (usually 29/08/2014) The following columns (from E to N) are for the banks to report the date on additional reporting dates (that should be posterior to the reporting date). The exact date is asked there in order to account for the fact that some days might be open for trading in some jurisdictions but not in others.
A) ES computations by desk – liquidity adjusted ES including NMRF			
8–108	D–N	Liquidity adjusted ES	This risk measure is defined in paragraph 183 (d) of Annex 1 of CP2: *the desk-level expected shortfall (ES) plus the sum of capital requirements emerging from the stress scenario add-ons under the non-modellable risk factors framework. The ES calculated for the desk should factor in varying liquidity horizons in risk factors, but be defined before any regulatory multipliers (eg those imposed as a result of poor backtesting performance).*
B) IDR computations by desk			
112–212	D–N	IDR computations by desk	Computations as described in paragraph 186 of Annex 1 of CP2, with the exception that default correlations may be based on either equity prices or credit spreads – however credit spreads are only permitted to be used if there is insufficient equity price data..
C) Revised standardised approach computations by desk			
216–316	D–N	Revised standardised approach computations by desk	This risk measure is defined in Section C of Annex 1 of CP2

Panel D: Calibration to a period of stress

Panel D is intended to capture the impact of the new framework for capturing stress through the scaling of the current expected shortfall computed based on a reduced number of risk factors, as described in paragraph 181 (d) to (f) of Annex 1 of CP2.

As described in paragraph 189 of Annex 1 of CP2, such scaling is also applied at the asset class level, which is why six tables are gathered in this panel: one regarding the overall trading book, and five regarding each of the five broad asset classes.

Row	Column	Heading	Description
D)1) – D)6) Assessment of the calibration to a period of stress for the overall trading book			
321–325 etc	D		Those numbers are picked from panel B of the "TB IMA general" worksheet.
321–325 etc	E–N		The instructions for columns E to N replicate those for panel B of the "TB IMA general" worksheet.

7.4.6 Worksheet "TB IMA backtesting – P&L"

Panel A: Backtesting

The backtesting framework is described in the Appendix B of Annex 1 of CP2. For its purpose, two one-day risk measures are to be gathered at the desk level: a 97.5% VaR and a 99% VaR. In addition, two profit and losses for each desk should be gathered:

- The hypothetical P&L (ie using changes in portfolio value that would occur were end-of-day positions to remain unchanged) excluding credit valuation adjustments.
- The actual profit and loss of each desk, with the impact of fees and commissions removed and excluding credit valuation adjustments.

Please note that the definition of actual profit and loss differs from the current definition, where fees, commissions, and net interest income are to be removed.

Row	Column	Heading	Description
4	D–AU	Date	The first date, T, should be the reporting date (usually 29/08/2014. The following columns (from E to AU) are for the banks to report date on additional reporting dates (that should be posterior to the reporting date). The exact date is asked there in order to account for the fact that some days might be open for trading in some jurisdictions but not in others.
9–109	D–AU	Desk-level VaR 97.5%	Banks should report here the one-day VaR with a 97.5% confidence interval.
113–213	D–AU	Desk-level VaR 99%	Banks should report here the one-day VaR with a 99% confidence interval.
217–317	D-AU	Hypothetical P&L at desk level	Banks should report here their hypothetical one-day profit and loss using changes in portfolio value that would occur were end-of-day positions to remain unchanged.
321–421	D–AU	Actual P&L at desk level	Banks should report here their actual one-day profit and loss with the impact of fees and commissions removed

Panel B: Theoretical P&L

The P&L attribution framework is described in Appendix B of Section D of Annex 1 of CP2. For assessing its impact, and given the data already gathered in panel A, panel B focuses on the theoretical P&L.

Row	Column	Heading	Description
425–525	D–AU	Theoretical P&L at desk level	Banks should report their risk-theoretical P&L (ie the daily desk-level P&L that would be produced by the risk management model conditional on a realisation of all relevant risk factors that enter the model).

8. Operational risk

The "OpRisk" worksheet collects data to support the current work of the Committee on operational risk, in particular that aiming at revising the standardised approaches and at comparing the capital figures of AMA banks.

The Committee expects that large internationally active banks, as well small and medium-sized banking institutions' participate to the exercise, as all of the banking institutions will likely be affected by some or all of the works being carried out.

The "OpRisk" worksheet collects data on seven panels: balance sheet and other items (panel A), income statement (panel B), operational risk losses (panel C), fraud losses in credit area (panel D), gross income and operational risk losses by business lines (panel E), capital requirements (panel F) and capital calculation (panel G).

Panels from A to F should be completed by all the banks on a best effort basis, regardless the method adopted for regulatory purposes (ie AMA, TSA/ASA, BIA). Panel G should be filled by AMA banks only. If the information is not available or not applicable, the corresponding cell should be left empty.

As for other parts of the QIS template, the data in the "OpRisk" worksheet should be reported on a group-wide consolidated basis as of for all entities which are consolidated by the bank for risk-based regulatory purposes.

Data should be reported in the most convenient currency (to be recorded in the "General Info" worksheet) as of end-December of the reference years. For each reference year, year T refers to the fiscal years closed in the period from end-September T to end-June T+1. For example the reference year 2012 encompasses all the fiscal years closed between end-September 2012 and end-June 2013.

Structural breaks in the time series of data, due to mergers, acquisitions or disposal of assets, should be limited as much as possible, for example by restoring on a pro-forma basis the consolidated information of the entities before the merger.

Example of data reporting in case of a merger

On 1 January 2012, bank A (the participant for QIS) merges (or acquires the majority of ownership and take into the consolidation) bank B. Bank B is not the participant for QIS. The fiscal year end of bank A and bank B is 31 December. If bank A does not add any modification, none of the submitted data (financial figures in panel A and B, loss related data in panel C and D, and capital requirement in panel F) includes bank B's data in and before F Y 2011 but it includes bank B's data in and after FY 2012.

The bank A should submit data as follows:

1. If bank A can capture all the data (financial figures, loss related data and capital requirement) of bank B over certain fiscal years, the bank A is supposed to merge its figures and bank B's figures for those fiscal years. For example, if bank B has collected internal loss data in and after FY 2008 (of course, bank B already had financial figures and capital requirement for those periods), the bank A is supposed to submit data as follows:

For FY 2004 to 2007, bank A's data (not include bank B's data).

For FY 2008 to 2011, the aggregated data for bank A and bank B.

For FY 2012 to 2013, the bank A's data (include the former bank B's data)

2. If bank A can capture only financial figures and capital requirement of bank B over certain fiscal years but cannot capture internal loss data for certain fiscal years, bank A is supposed to **not** merge its figures and bank B's figures for those fiscal years. For example, if bank B has not collected internal loss data (bank B had financial figures and capital requirement for those periods), the bank A is supposed to submit data as follows;

For FY 2004 to 2011, bank A's data (not include bank B's data).

For FY 2012 to 2013, bank A's data (include the former bank B's data).

8.1 Panel A: "Balance sheet and Other Items"

Panel A collects information on specific items of the Balance Sheet and a few other items.

Row	Column	Heading	Description
7	D–M	Number of employees	Headcount of employees. The number should include temps and outsourced resources but not consultants.
8	D–M	Total assets	Total on-balance sheet assets.
9	D–M	Interest-earning assets	Total on-balance sheet assets generating interest income.
10	D–M	Interest-bearing liabilities	Total on-balance sheet liabilities bearing interest expenses.

8.2 Panel B: "Income statement"

Panel B collects information on specific items of the Income statement.

Row	Column	Heading	Description	Typical sub-items
14	D–M	Gross income	Gross income as defined in paragraph 650 of the Basel II framework. The definition used for regulatory purposes or as defined by the relevant national supervisor should be adopted (for instance, in EU the "Relevant Indicator" definition should be used).	
15	D–M	Interest income	Interest income coming from all financial assets, both primary financial instruments (included either in trading or non-trading books) and hedge accounting derivatives, as well as other interest income.	Interest income from Loans and Advances, Available For Sales, Held to Maturity. Fair Value Option, Held for Trading Interest income from hedge accounting derivatives Other interest income
16	D–M	Interest expenses	Interest expense coming from all financial liabilities, both primary financial instruments (included either in trading or non-trading books) and hedge accounting derivatives, as well as other interest expenses.	Interest expenses from deposits Interest expenses from debt securities issued Interest expenses from hedge accounting derivatives Other interest expenses

Row	Column	Heading	Description	Typical sub-items
17	D–M	Fee and commission income	Income received for providing fee-based advices and services referring to both on-balance and off-balance sheet activities. The item includes income received by the bank as outsourcer of financial services.	Fee and commission income from: • Securities (issuance/ origination or reception/ transmission/execution of orders on behalf of customers) • Clearing and settlement • Asset management • Custody • Fiduciary transactions • Payment services • Structured finance • Servicing from securitisation activities • Loan commitments and guarantees given • Foreign transactions
18	D–M	Fee and commission expenses	Expenses paid for receiving fee-based advices and services referring to both on-balance and off-balance sheet activities. The item includes outsourcing fees paid by the bank for the supply of financial services (eg clearing and settlement, custody, etc.) but not outsourcing fees paid for the supply of non-financial services (ie logistical, IT, human resources)	Fee and commission expenses from: • Clearing and settlement • Custody • Servicing fees for securitisation activities • Loan commitments and guarantees received • Foreign transactions
19	D–M	Net profit (loss) on financial operations (trading book)	To distinguish trading from non-trading books items, the boundary definition that is currently in force at regional or national level should be followed. Therefore in this template the criteria envisaged by the second consultative document on the fundamental review of the trading book should not be considered	Net gains/losses on financial assets and liabilities held for trading (derivatives, debt securities, equity securities, loans and advances, short positions, other assets and liabilities) Net gains/losses on financial assets or liabilities measured at fair value through profit or loss Realised net gains/losses on financial assets and liabilities not measured at fair value through profit or loss (available for sale financial assets, loans and advances, held to maturity investments, financial liabilities measured at amortized cost) Net gains and losses from hedge accounting Net exchange differences
20	D–M	Net profit (loss) on financial operations (non-trading book)		

Row	Column	Heading	Description	Typical sub-items
21	D–M	Other operating income	Income from ordinary banking operations not classified in other BI's items but of similar nature	Rental income from investment properties Income from financial leasing and operating leasing Gains from non-recurrent assets and disposal group classified as held for sale not qualifying as discontinued operations (IFRS 5.37)
22	D–M	Other operating expenses	Expenses and losses from i) ordinary banking operations not classified in other BI's items but of similar nature; ii) operational risk events (not provisioned for in advance)	Expenses for financial leasing and operating leasing Losses from non-recurrent assets and disposal group classified as held for sale not qualifying as discontinued operations (IFRS 5.37) Direct charges to the P&L and costs incurred as a consequence of operational risk events (eg fines, penalties and litigation settlements), which have not been provisioned for in advance
23	D–M	Dividend income	Dividend income from investment in stocks and funds not consolidated in the bank's financial statements, including that from non-consolidated subsidiaries, associates and joint ventures.	
24	D–M	Administrative expenses	Expenses related to general operations and overall administration of a bank's businesses	Staff expenses, including salaries, pension and similar benefits Outsourcing fees paid for the supply of non-financial services (ie logistical, IT, human resources) Other administrative expenses, including expenses for IT, utilities, telephone, travel, office supplies, postage, etc.

The following sub-items should not contribute to any of the items requested in panel B:

- Income and expenses from insurance or reinsurance business;
- Premium paid and reimbursement/payment received for insurance or reinsurance policies purchased;
- Recovery of taxes debited to customers;
- Expenses on share capital repayable on demand;
- Net gains/losses on derecognition of financial assets, non-financial assets, liabilities not measured at fair value through profit or loss;
- Depreciation/amortisation (eg on properties, tangible assets, intangible assets);
- Provisions/reversal of provisions (eg on pensions, commitments and guarantees given, legal issues);

- Impairment/reversal of impairment (eg on financial assets, non-financial assets, investments in subsidiaries, joint ventures and associates);
- Negative goodwill recognised in profit or loss;
- Share of the profit or loss of investments in subsidiaries, joint ventures and associates;
- Income tax, corporate tax (tax based on profits, including those current tax and deferred tax).

8.3 Panel C: "Operational risk losses"

Panel C collects aggregated data on the number and amount of operational risk losses above specific thresholds (ie cumulative data above the thresholds), at the whole bank and split by event types. Only data of adequate quality should be included in this panel. The following criteria should be adopted for the purposes of data treatment and reporting:

- Operational risk losses boundaries with credit risk should not be reported.
- If (first party and/or third party) fraud losses in the credit area as described in panel D are considered as operational risk losses, these should also be included in panel C.
- The losses should be reported on the basis of the discovery date or accounting date of the loss event.
- The losses caused by a common operational risk event or by multiple events linked to a single root-event should be grouped and reported as a single loss.
- In each reporting year, the loss adjustments of single or linked events discovered (accounted) since 1 January 2004 should be reported.
- Data should be gross of any recoveries due to insurance and other risk mitigants.

Row	Column	Heading	Description
29–32, 44–47, 59–62, 74–77, 89–92, 104–107, 119–122, 134–137	D–M	Number of loss events ≥ € 10,000 € 20,000 € 100,000 € 1,000,000	Number of internal loss events greater than or equal to: € 10,000; € 20,000; € 100,000; € 1,000,000 in the reference year. The data should be reported for the whole bank and split by event type. The total number of internal loss events from the threshold value to infinite should be reported.
34–37, 49–52, 64-67, 79–82, 94–97, 109–112, 124–127, 139–142	D–M	Total amount of losses ≥ € 10,000 € 20,000 € 100,000 € 1,000,000	Total amount of internal losses greater than or equal to: € 10,000; € 20,000; € 100,000; € 1,000,000 in the reference year. The data should be reported for the whole bank and split by event type. The total amount of internal losses from the threshold value to infinite should be reported.
39, 54, 69, 84, 99, 114, 129, 144	D–M	Maximum loss (in this year)	Maximum single internal loss in the reference year. The data should be reported for the whole bank and split by event type.

Row	Column	Heading	Description
40, 55, 70, 85, 100, 115, 130, 145	D–M	Sum of the five largest losses	Sum of the five largest internal losses in the reference year. The data should be reported for the whole bank and split by event type.
41, 56, 71, 86, 101, 116, 131, 146	D–M	Up to date sum of the five largest losses	Sum of the five largest internal losses between 2004 and the reference year (including 2004 and the reference year). The data should be reported for the whole bank and split by event type.
43, 58, 73, 88, 103, 118, 133, 148	D–M	Threshold applied in loss data collection	Minimum threshold applied in the collection of the internal losses. In case there are different thresholds for loss data collection, the highest applicable threshold should be reported.

8.4 Panel D: "Fraud losses in credit area"

In this panel the data on fraud losses in the credit area should be reported. These losses are those caused by fraud events, either first party or third party (see the definition provided below), occurred in a credit process or credit product.

The information gathered in panel D is crucial to guarantee higher consistency on the data on operational risk losses collected under panel C. Indeed it is intention of the Committee to understand how fraud losses in the credit area are classified and treated for operational risk purposes. Rows 152 and 153 of this panel serve to create a link of the information between panels C and D. The following situations apply:

- If the bank considers both first party frauds and third party frauds in credit area as operational risk losses – ie should this bank adopt an AMA, it would include these losses into the AMA regulatory capital – these losses should contribute to the figures in panel C and the bank should indicate "Yes" in the pertinent cells in rows 152 and 153;
- If the bank considers first party frauds and third party frauds as boundaries with credit risk – ie should this bank adopt an AMA, it would exclude these losses from the AMA regulatory capital – these losses should not contribute to the figures in panel C and the bank should indicate "No" in the pertinent cells in rows 152 and 153;
- If the bank considers either first party frauds or third party frauds as operational risk losses (boundaries with credit risk) – ie should this bank adopt an AMA, it would include these losses into (excluded these losses from) the AMA regulatory capital – these losses should contribute (not contribute) to the figures in panel C and the bank should indicate "Yes" ("No") in the pertinent cells in rows 152 and 153.

A criterion of relevance should be used, such that if the majority of (first party and/or third party) fraud losses in credit area are considered (not considered) as operational risk losses and hence they are included (not included) into panel C, the cell should be put to "Yes" ("No").

Irrespective of the answers provided in rows 152 and 153, the data on the "number" and "amount" of fraud losses in credit area above specific thresholds (rows 154 to 178) and on the "thresholds" adopted for their collection (rows 184 and 185) should be reported on a best effort basis by all the banks, provided that the data are available and of adequate quality.

The abovementioned criteria for the treatment and reporting of the operational risk losses in panel C should be also applied to panel D. Moreover:

- "First party fraud" means a fraud that is committed by an individual or group of individuals on their own account with no intention of repayment of the loss caused. A first party fraud generally occurs when the party misrepresents its financial abilities on the application forms. Any fraud which is initiated at a later stage of the lifecycle of a credit relationship, such as the misstatement of financial reports, when it is used to prolong or to extend an existing credit product does not fall within this definition;
- "Third party fraud" means a fraud that is committed by means of use of a person's identity, such as the use of false identification documents, without the knowledge of the person whose identity is used to commit the fraud. The fraudster can be an individual without a business relationship with the institution (external fraud) or an employee (internal fraud) and can involve existing client relationships (client is unaware) or new client relationships (real identity of client is unknown). If there is any active involvement of an existing client in the fraud, this is treated as first party fraud.

Row	Column	Heading	Description
152	D–M	Connection with panel C. Are first party fraud losses in credit area included in panel C?	Indicate if the first party fraud losses in the credit area have been reported in panel C.
153	D–M	Connection with panel C. Are third party fraud losses in credit area included in panel C?	Indicate if the third party fraud losses in the credit area have been reported in panel C.
154–156, 158–160, 162–164	D–M	Number of loss events ≥ € 10,000 € 100,000 € 1,000,000	Number of fraud loss events in the credit area greater than or equal to: € 10,000; € 100,000; € 1,000,000 in the reference year. The data should be reported on aggregate basis and split by first party frauds and third party frauds. The total number of fraud loss events from the threshold value to infinite should be reported.
167–169, 171–173, 175–177	D–M	Total amount of losses ≥ € 10,000 € 100,000 € 1,000,000	Total amount of fraud losses in the credit area greater than or equal to: € 10,000; € 100,000; € 1,000,000 in the reference year. The data should be reported on aggregate basis and split by first party frauds and third party frauds. The total amount of fraud losses from the threshold value to infinite should be reported.
180–182	D-M	Maximum loss (in this year)	Maximum single fraud loss in the credit area in the reference year. The data should be also distinguished by first party frauds and third party frauds.
184–185	D–M	Threshold applied in loss data collection	Minimum threshold applied in the collection of the first party frauds or third party frauds in the credit area. In case there are different thresholds for fraud losses collection, the highest applicable threshold should be indicated.

8.5 Panel E: "Gross income and operational risk losses by business lines"

Panel E collects information on the gross income and on the aggregate number and amount of operational risk losses, split by business lines. **This panel should be completed only if requested by the national supervisory agency.**

The abovementioned criteria for the treatment and reporting of the operational risk losses in panel C should be also applied to panel E.

Row	Column	Heading	Description
190, 198, 206, 214, 222, 230, 238, 246	I–M	Gross Income	Gross Income apportioned to the pertinent business line in the reference year.
191–192, 199–200, 207–208, 215–216, 223–224, 231–232, 239–240, 247–248	I–M	Number of loss events ≥ € 10,000 € 100,000	Number of internal loss events greater than or equal to: € 10,000; € 100,000; in the reference year. The data should be split by business line. The total number of internal loss events from the threshold value to infinity should be reported.
194–195, 202–203, 210–211, 218–219, 226–227, 234–235, 242–243, 250–251	I–M	Total amount of losses ≥ € 10,000 € 100,000	Total amount of internal losses greater than or equal to: € 10,000; € 100,000; in the reference year. The data should be split by business line. The total amount of internal losses from the threshold value to infinity should be reported.
197, 205, 213, 221, 229, 237, 245, 253	I–M	Maximum loss (in this year)	Maximum single internal loss in the reference year. The data should be split by business line.

8.6 Panel F: "Capital requirements"

Panel F collects specific information on the capital requirements for regulatory purposes.

Row	Column	Heading	Description
257	G–M	Approach to operational risk (Basel II/III)	Approach to operational risk used at the consolidated level at the reference end-year.
259	G–M	RWA for operational risk (after application of the regulatory add-ons and before application of the transitional floors): Basic Indicator Approach (BIA)	Risk-weighted assets for operational risk (after application of the regulatory add-ons and before application of the transitional floors, where applicable) of the parts under the Basic Indicator Approach for the year-ends from 2007 to 2013. The capital charge should be converted to risk-weighted assets.

Row	Column	Heading	Description
260	G–M	RWA for operational risk (after application of the regulatory add-ons and before application of the transitional floors): Standardised Approach (TSA)	Risk-weighted assets for operational risk (after application of the regulatory add-ons and before application of the transitional floors, where applicable) of the parts under the Standardised Approach for the year-ends from 2007 to 2013. The capital charge should be converted to risk-weighted assets.
261	G–M	RWA for operational risk (after application of the regulatory add-ons and before application of the transitional floors): Alternative Standardised Approach (ASA)	Risk-weighted assets for operational risk (after application of the regulatory add-ons and before application of the transitional floors, where applicable) of the parts under the Alternative Standardised Approach for the year-ends from 2007 to 2013. The capital charge should be converted to risk-weighted assets.
262	G–M	RWA for operational risk (after application of the regulatory add-ons and before application of the transitional floors); of which: Advanced Measurement Approaches (AMA)	Risk-weighted assets for operational risk (after application of the regulatory add-ons and before application of the transitional floors, where applicable) of the parts under the Advanced Measurement Approach for the year-ends from 2007 to 2013. The capital charge should be converted to risk-weighted assets.
263	G–M	Regulatory add-ons	Risk-weighted assets of the parts under the Advanced Measurement Approach for the year-ends from 2007 to 2013 corresponding to the regulatory add-ons that have been applied by the supervisory agency.
265	G–M	Total risk-weighted assets (after application of the regulatory add-ons and before application of the transitional floors)	Risk-weighted assets for Pillar 1 risks (after application of the regulatory add-ons and before application of the transitional floors, where applicable) for the year-ends from 2007 to 2013. The capital charge should be converted to risk-weighted assets.

8.7 Panel G: "Capital calculation"

Panel G collects additional data related to the capital calculation performed through internal-based models. The panel should be filled by AMA banks only.

Row	Column	Heading	Description
271	L–M	AMA RWA (before application of the regulatory add-ons and before recognition of expected losses, diversification, insurance and other risk mitigants): At the regulatory percentile (99.9%)	Risk-weighted assets for operational risk at the 99.9% percentile (before application of the regulatory add-ons and before recognition of expected losses, diversification, insurance and other risk mitigants) for the parts under the Advanced Measurement Approach for the year-ends 2012 and 2013. The capital charge should be converted to risk-weighted assets.
272	L–M	AMA RWA (before application of the regulatory add-ons and before recognition of expected losses, diversification, insurance and other risk mitigants): At the 99% percentile	Risk-weighted assets for operational risk at the 99% percentile (before application of the regulatory add-ons and before recognition of expected losses, diversification, insurance and other risk mitigants) for the parts under the Advanced Measurement Approach for the year-ends 2012 and 2013. The capital charge should be converted to risk-weighted assets.

Row	Column	Heading	Description
273	L–M	AMA RWA (before application of the regulatory add-ons and before recognition of expected losses, diversification, insurance and other risk mitigants): At the 97.5% percentile	Risk-weighted assets for operational risk at the 97.5% percentile (before application of the regulatory add-ons and before recognition of expected losses, diversification, insurance and other risk mitigants) for the parts under the Advanced Measurement Approach for the year-ends 2012 and 2013. The capital charge should be converted to risk-weighted assets.
274	L–M	AMA RWA (before application of the regulatory add-ons and before recognition of expected losses, diversification, insurance and other risk mitigants): At the 95% percentile	Risk-weighted assets for operational risk at the 95% percentile (before application of the regulatory add-ons and before recognition of expected losses, diversification, insurance and other risk mitigants) for the parts under the Advanced Measurement Approach for the year-ends 2012 and 2013. The capital charge should be converted to risk-weighted assets.
277	L–M	AMA RWA reduction (at the regulatory percentile of 99.9%) due to: Expected Losses	Risk-weighted assets reduction computed at the 99.9% percentile due to expected losses of the parts under the Advanced Measurement Approach for the year-ends 2012 and 2013. Only banks whose reduction has been recognised by the supervisory agency should fill this cell.
278	L–M	AMA RWA reduction (at the regulatory percentile of 99.9%) due to: Diversification	Risk-weighted assets reduction computed at the 99.9% percentile due to diversification of the parts under the Advanced Measurement Approach for the year-ends 2012 and 2013. Only banks whose reduction has been recognised by the supervisory agency should fill this cell.
279	L–M	AMA RWA reduction (at the regulatory percentile of 99.9%) due to: Insurance and other risk mitigants	Risk-weighted assets reduction computed at the 99.9% percentile due to insurance and other risk mitigants of the parts under the Advanced Measurement Approach for the year-ends 2012 and 2013. Only banks whose reduction has been recognised by the supervisory agency should fill this cell.

Annex 1: Changes compared to versions 2.7.x of the reporting template

Compared to the versions 2.7.x of the reporting template which were used for reporting of data as of 31 December 2013, the following main changes have been implemented:

- The worksheets for the QIS on the fundamental review of the trading book and the "OpRisk" worksheet have been added.
- The worksheets "TBHPE", "IRRBB", "CSRBB" and "Partial Use" have been removed.
- The items from panel D on the "General Info" worksheet have been moved to a separate "Requirements" worksheet.
- Some additional market risk exposure information is collected in column G of panel A2 of the "Requirements" worksheet. Furthermore, banks are now requested to provide a breakdown for FX and commodities risk subject to the standardised approach to market risk (rows 61 and 62 of the "Requirements" worksheet).
- A new row 40 has been inserted on the "LCR" worksheet.
- The instructions for rows 48 and 257 of the "NSFR" worksheet have been amended.

Annex 2: Tentative schedule for upcoming Basel III monitoring exercises

Basel III monitoring as of end-June 2014[1]	
September 2014	Deadline for data submission to national supervisors.
March 2015	Publication of results

[1] Or equivalent in countries with financial years which differ from the calendar year.

Basel III monitoring as of end-December 2014[1]	
early February 2015	Circulation of Basel III monitoring reporting templates to banks. In addition to the current reporting template, this exercise is expected to include worksheets to assess the impact of the new standardised approach to credit risk as well as interest rate and credit spread risks in the banking book.
end-March 2015	Deadline for data submission to national supervisors.
September 2015	Publication of results

[1] Or equivalent in countries with financial years which differ from the calendar year.

Annex 3: 'Sensitivity based approach' draft Accord text

C. Market Risk – The Standardised Approach

1. General provisions

1. The standardised approach must be calculated by all banks and reported to supervisors [monthly]. In addition all banks must calculate, and have the ability to produce to their supervisors, the standard rules calculations on demand.

2. If no explicit approach is set out for a particular instrument, a bank should apply the rules and principles in this section by analogy, and should do so in a way that results in a prudent capitalisation of risk.

3. The standardised approach uses sensitivities as inputs (apart from default risk). Risk factors and sensitivities must meet the definition provided within Section 3. Sensitivities must be computed by banks in accordance with the sensitivity validation standards described in Section 4.

4. Sensitivities are used as inputs into aggregation formulae which are intended to recognise hedging and diversification benefits of positions in different risk factors within an asset class. Risk weights and correlations are prescribed by the Committee. Their values are provided in Section 5.

2. Structure of the Standardised Approach

5. The standardised approach capital requirement is the simple sum of the delta, curvature, and vega requirements for GIRR, CSR (non-securitisations), CSR (securitisations), equity, commodity and FX risks, plus the requirements for default risk (non-securitisations) and default risk (securitisations).

6. This section sets out the framework for calculating capital requirements for delta, curvature and vega risks. The framework for calculating default risk capital requirements is set out in Section 6.

7. Prior to applying the calculations in this section, positions in identical instruments should be fully offset. Instruments, including the underlying instruments of derivative instruments or repo-style transactions are considered identical when they have the same contractual parameters. This is irrespective of whether the underlying instrument is purchased or sold according to the derivative instruments or repo-style transaction and whether the counterparties of the derivative instruments or repo-style transaction coincide or differ.

8. The following step by step approach to capture delta risk should be separately applied to each asset class (apart from default risk):

(a) Find a net sensitivity across instruments to each risk factor *k*, which are defined in Sections 3a and 3b for each asset class. First, positive sensitivities to that risk factor should be summed separately from negative sensitivities. The smaller in magnitude of these summed sensitivities should be multiplied by a 0.95 disallowance factor to capture basis risk. The resulting sensitivities should then be offset to determine a net sensitivity to the risk factor. The sensitivities for credit spread risk (CSR) securitisations are computed separately from the sensitivities for credit spread risk (CSR) non-securitisations. For the correlation trading portfolio (defined in paragraph 23), the disallowance factor is decreased to 0.80 for the credit spread risk factors in order to capture not only basis risk but also correlation risks.

(b) Weight the net sensitivity to each risk factor k by the corresponding risk weight RW_k according to the bucketing structure for each asset class set out in Section 5.

$$WS_k = RW_k s_k$$

(c) Weighted sensitivities should then be aggregated within each bucket. The buckets and correlation parameters applicable to each asset class are set out in Section 5.

$$K_b = \sqrt{\sum_k WS_k^2 + \sum_k \sum_{k \neq l} \rho_{kl} WS_k WS_l}$$

(d) Capital charges should then be aggregated across buckets within each asset class. The correlation parameters, γ_{bc}, applicable to each asset class are set out in Section 5.

$$Delta\,Risk\,Charge = \sqrt{\sum_b K_b^2 + \sum_b \sum_{c \neq b} \gamma_{bc} S_b S_c} + K_{residual}$$

where $S_b = \sum_{k=1}^{K} WS_k$ for all risk factors in bucket b and $S_c = \sum_{k=1}^{K} WS_k$ for all risk factors in bucket c.

9. Instruments that are options or include an option, including a prepayment option, (instruments subject to optionality) are subject to additional capital requirements for (i) curvature risk and (ii) vega risk. Instruments not subject to optionality are not subject to curvature risk.

10. The following step by step approach to capture curvature risk should be separately applied to each asset class (apart from default risk):

(a) For GIRR and CSR risk factors, the curvature risk exposure with respect to risk factor k is computed for each instrument i using the following formula:

$$CVR_{ik} = -\min\left[\begin{array}{l}\left(V\left(x_k + {RW_k}/{10000}\right) - V\left(x_k\right)\right) - RW_k \cdot \Delta_{ik} \\ \left(V\left(x_k - {RW_k}/{10000}\right) - V\left(x_k\right)\right) - RW_k \cdot \Delta_{ik}\end{array}\right]$$

where:

- $V(x_k)$ is the price of the instrument depending on the relevant risk factor k;
- x_k is the current level of risk factor k;
- Δ_{ik} is the delta of the instrument with respect to risk factor k, defined as the first derivative with respect to the change in the option value from a one basis point change in risk factor k, with any other risk factor or pricing parameter used for determining the price of the instrument remaining assumed unchanged;
- RW_k is the absolute shift applicable to risk factor k, as set out in Section 5.

For equity, commodity and FX risk factors, the curvature risk exposure is computed for each instrument i with respect to the risk factor k using the following formula:

$$CVR_{ik} = -\min\left[\begin{array}{l}\left(V\left(x_k\left(1 + {RW_k}/{100}\right)\right) - V\left(x_k\right)\right) - RW_k \cdot \Delta_{ik} \\ \left(V\left(x_k\left(1 - {RW_k}/{100}\right)\right) - V\left(x_k\right)\right) - RW_k \cdot \Delta_{ik}\end{array}\right]$$

where:

- $V(x_k)$ is the price of the instrument depending on risk factor k;

- x_k is the current level of risk factor *k;*
- Δ_{ik} is the delta of the instrument with respect to risk factor *k*, defined as the first derivative with respect to the change in the option value from a one percentage point change in the risk factor *k*, with any other risk factor or pricing parameter used for determining the price of the instrument remaining assumed unchanged;
- RW_k is the relative shift applicable to risk factor *k*, as set out in Section 5.

(b) If the price of an option depends on several risk factors, the curvature risk is determined separately for each risk factor. However, in the case of an option which depends on the level of a traded index, banks can consider the traded index as a risk factor on its own. In this case the index is assigned to the bucket with the largest risk weight for any constituent part of the index. If the maximum risk weight is shared by constituents from different bucket, the index is assigned to the bucket with the lowest bucket number.

(c) For each risk factor, compute the net curvature risk exposure using the following formula:

$$CVR_k = \sum_i CVR_{ik}$$

(d) The curvature risk exposure should then be aggregated within each bucket using the following formula:

$$K_b = \sqrt{max\left(0, \sum_k max\left(CVR_k, 0\right)^2 + \sum_k \sum_{k \neq l} \rho_{kl} CVR_k CVR_l \psi\left(CVR_k, CVR_l\right)\right)}$$

where:

- $\psi(x,y)$ is a function that takes the value 0 if *x* and *y* have both negative signs. In all other cases $\psi(x,y)$ takes the value of 1;
- ρ_{ij} is the assumed correlation determined according to Section 5.

(e) Capital charges should then be aggregated across buckets within each asset class.

$$Curvature\,Risk\,Charge = \sqrt{max\left(0, \sum_b K_b^2 + \sum_b \sum_{c \neq b} \gamma_{bc} S_b S_c \psi\left(S_b S_c\right)\right)} + K_{residual}$$

where

- $S_b = \sum_{k=1}^{K} CVR_k$ for all risk factors in bucket *b* and $S_c = \sum_{k=1}^{K} CVR_k$ for all risk factors in bucket *c*.
- $\psi(x,y)$ is a function that takes the value 0 if *x* and *y* have both negative signs. In all other cases $\psi(x,y)$ takes the value of 1;
- the correlation parameters γ_{bc} applicable to each asset class are set out in Section 5.

11. The following step by step approach to capture vega risk exposure should be separately applied to each asset class (apart from default risk):

(a) The vega risk exposure for each instrument *i* to risk factor *k* is estimated using the formula:

$$VR_{ik} = 0.25 \cdot \left(\frac{s_{ik}}{\sum_{\kappa} s_{i\kappa}}\right) \cdot \left(\frac{dVi}{d\sigma_k} \cdot \sigma_k\right)$$

where:

- σ_k is the implied volatility of the risk factor *k;*

- $dV_i/d\sigma_k$ is the sensitivity of the price of the instrument *i* with respect to the implied volatility σ_i *(ie "vega");*
- $s_{ik}/\sum_\kappa s_{i\kappa}$ is the ratio of the sensitivity to the risk factor *k* as a proportion of the sum of the sensitivities of the instrument *i* to the other risk factors across all asset classes;
- the coefficient of 0.25 reflects the assumption of a 25% shock to the implied volatility of the instrument.

(b) Find a net vega risk exposure VR_k across instruments *i* to each risk factor *k*, which are defined in Sections 3a and 3b. First, positive risk exposures to that risk factor should be summed separately from negative risk exposures. The smaller in magnitude of these summed risk exposures should be multiplied by a 0.90 disallowance factor to capture basis risk. The resulting risk exposures should then be offset to determine a net risk exposure to the risk factor.

(c) The vega risk exposure should then be aggregated within each bucket. The buckets and correlation parameters applicable to each asset class are set out in Section 5.

$$K_b = \sqrt{\sum_k VR_k^2 + \sum_k \sum_{k \neq l} \rho_{kl} VR_k VR_l}$$

(d) Capital charges should then be aggregated across buckets within each asset class. The correlation parameters applicable to each asset class are set out in Section 5.

$$Vega\ Risk\ Charge = \sqrt{\sum_b K_b^2 + \sum_b \sum_{c \neq b} \gamma_{bc} S_b S_c} + \mathrm{K}_{residual}$$

where $S_b = \sum_{k=1}^{K} VR_k$ for all risk factors in bucket *b* and $S_c = \sum_{k=1}^{K} VR_k$ for all risk factors in bucket *c*.

3. Definition of the risk factors and the sensitivities

(a) Definition of the risk factors

12. **The GIRR risk factors** are the 10 yields at the following vertices, for each currency: 0.25 years, 0.5 years, 1 year, 2 years, 3 years, 5 years, 10 years, 15 years, 20 years and 30 years.

The relevant yield curve is the yield curve of the currency in which an instrument is denominated.

For a given currency, only one risk-free yield curve should be used.

The GIRR risk factors also include a flat inflation rate for each currency. When at least one contractual payment obligation depends on an inflation rate, the inflation rate for the relevant currency is used as a risk factor.

13. **The CSR non-securitisation risk factors** are five credit spreads for each issuer at each of the following vertices: 1 year, 2 years, 3 years, 5 years and 10 years.

For a given name, only one credit spread curve should be used. This should be the credit spread curve that the given name has the greatest sensitivity to.

14. **The CSR securitisation risk factors** are five credit spreads for each issuer/tranche at each of the following vertices: 1 year, 2 years, 3 years, 5 years and 10 years.

For non-correlation trading portfolio securitisation instruments, sensitivities should be computed to the tranche.

For correlation trading portfolio, sensitivities should be computed to the underlying names.

For a given name/tranche, only one credit spread curve should be used. This should be the credit spread curve that the given name/tranche has the greatest sensitivity to.

15. **The equity risk factors** are all the equity prices: each equity price is a risk factor.

16. **The commodity risk factors** are all the commodity prices: each commodity price is a risk factor.

17. **The FX risk factors** are all the exchange rates between the currency in which an instrument is denominated and the reporting currency.

(b) Definition of "sensitivity"

18. The following sections define the sensitivity *S* that should be used by banks as input into the standardised framework. The forward difference is specified in each section for illustrative purposes:

For GIRR and CSR:

$$s = V\left(x + 1\,\text{bp}\right) - V\left(x\right)$$

For equity, commodity, and FX risk:

$$s = V\left(x + 1\% \cdot x\right) - V\left(x\right)$$

where:

- *S* is the sensitivity to the risk factor *x*
- *V(x)* is the value of the instrument, given the value of the risk factor *x*

19. However, where appropriate to comply with the validation standards and the "use test" set out in Section 4, banks may also make use of the central or backward difference methods:

For GIRR and CSR:

$$s = V\left(x + 0.5\,\text{bp}\right) - V\left(x - 0.5\,\text{bp}\right)$$
$$s = V\left(x\right) - V(x - 1\,\text{bp})$$

For equity, commodity and FX risk:

$$s = V\left(x + 0.5\% \cdot x\right) - V\left(x - 0.5\% \cdot x\right)$$
$$s = V\left(x\right) - V(x - 1\% \cdot x)$$

20. **For GIRR risk factors, the sensitivity is defined as the PV01.**

The PV01 of an instrument *i* with respect to tenor *t* of the risk free curve *r* (ie the sensitivity of instrument *i* with respect to the risk factor r_t) is defined as:

$$s_{i,r_t} = V_i\left(r_t + 1\,\text{bp}, cs_t\right) - V_i\left(r_t, cs_t\right)$$

with

- r_t : the risk-free interest rate at tenor *t*
- cs_t : the credit spread at tenor *t*
- V_i : the market value of an instrument *i* as a function of the risk-free interest rate and credit spread curve
- 1bp: 1 basis point, ie 0.0001 or 0.01%.

For the interest rate risk factors, "market rates" (and not "zero coupon rates") should be used to construct the risk-free yield curve, consistent with the validation standards and use test set out in Section 4.

21. **For CSR non-securitisation risk factors, the sensitivity is defined as the CS01.**

The CS01 of an instrument with respect to tenor *t* is defined as:

$$s_{i,cs_t} = V_i\left(r_t,\ cs_t + 1\text{bp}\right) - V_i\left(r_t,\ cs_t\right)$$

22. **For CSR securitisation and nth-to-default risk factors, the sensitivity is defined as the CS01.**

If all the following criteria are met, the position is deemed to be part of the "correlation trading portfolio" (CTP), and the CS01 (as defined for CSR (non-securitisations) above) should be computed with respect to the names underlying the securitisation or nth-to-default instrument:

- The positions are not re-securitisation positions, nor derivatives of securitisation exposures that do not provide a pro-rate share in the proceeds of a securitisation tranche
- All reference entities are single-name products, including single-name credit derivatives, for which a liquid two-way market exists[42], including traded indices on these reference entities.
- The instrument does not reference an underlying that would be treated as a retail exposure, a residential mortgage exposure, or a commercial mortgage exposure under the standardised approach to credit risk.
- The instrument does not reference a claim on a special purpose entity

If any of these criteria are not met, the position is deemed to be non-CTP, and then the CS01 should be calculated with respect to the spread of the instrument rather than the spread of the underlying of the instruments.

23. **For equity risk factors, the sensitivity is defined as follows:**

The value change of an instrument with respect to a 1 percentage point relative change of the equity price:

$$s_{ik} = V_i\left(EQ_k + 1\% \cdot EQ_k\right) - V_i\left(EQ_k\right)$$

with

- *k:* a given equity
- EQ_k : the market value of equity *k*
- V_i : the market value of instrument *i* as a function of the price of equity *k*

24. **For commodity risk factors, the sensitivity is defined as follows:**

The value change of an instrument with respect to a 1 percentage point relative change of the commodity price:

$$s_{ik} = V_i\left(CTY_k + 1\% \cdot CTY_k\right) - V_i\left(CTY_k\right)$$

[42] A two-way market is deemed to exist where there are independent bona fide offers to buy and sell so that a price reasonably related to the last sales price or current bona fide competitive bid and offer quotations can be determined within one day and settled at such price within a relatively short time conforming to trade custom.

with

- *k:* a given commodity
- CTY_k : the market value of commodity *k*
- V_i : the market value of instrument *i* as a function of the price of commodity *k*

25. **For FX risk factors, the sensitivity is defined as follows:**

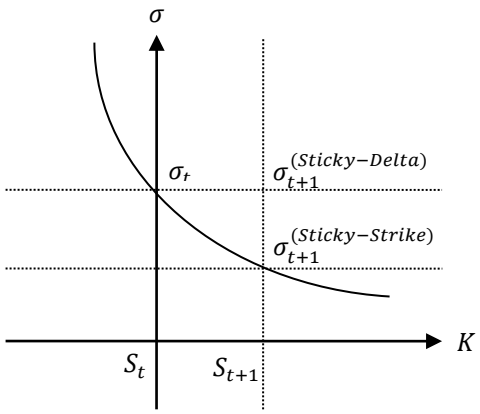
The value change of an instrument with respect to a 1 percentage point relative change of the FX rate:

$$s_{ik} = V_i\left(FX_k + 1\% \cdot FX_k\right) - V_i\left(FX_k\right)$$

with

- *k:* a given currency
- FX_k : the spot exchange rate between currency *k* and the reporting currency
- V_i : the market value of instrument *i* as a function of the exchange rate *k*

26. When computing a first order sensitivity for instruments subject to optionality, banks should assume that the implied volatility remains constant, consistent with a "sticky delta" approach. This concept is illustrated in the following graph:



With:

- σ : the implied volatility
- t : the reporting date
- S : the underlying price
- K : the strike price

4. Sensitivity validation standards

27. [Will be incorporated after the QIS, and will include some form of "use test"]

5. Prescribed risk weights and correlations

(a) General interest rate risk (GIRR)

(1) Risk weights

28. Each risk-free yield curve (exposures in a given currency) is considered to be a separate bucket.

29. The risk weights RW_k are set out in the following table:

Risk weights per vertex

0.25yr	0.5yr	1yr	2yr	3yr	5yr	10yr	15yr	20yr	30yr
160	160	150	125	115	100	100	100	100	100

The risk weight for any currency's inflation rate is 150 bp.

(2) Correlations

30. The first correlation matrix below for risk exposures with same signs should be used for ρ_{kl} under the following conditions:

(a) *k* and *l* are vertices on the same risk-free yield curve

(b) weighted sensitivities or risk exposures have the same sign

Correlations for aggregated weighted sensitivities or risk exposures with the same sign

	0.25yr	0.5yr	1yr	2yr	3yr	5yr	10yr	15yr	20yr	30yr
0.25yr	-	95%	85%	75%	65%	55%	45%	40%	40%	35%
0.5yr	95%	-	90%	75%	70%	65%	50%	45%	45%	40%
1yr	85%	90%	-	90%	85%	75%	60%	50%	50%	50%
2yr	75%	75%	90%	-	95%	90%	75%	65%	60%	60%
3yr	65%	70%	85%	95%	-	95%	80%	75%	70%	65%
5yr	55%	65%	75%	90%	95%	-	90%	85%	75%	70%
10yr	45%	50%	60%	75%	80%	90%	-	95%	90%	85%
15yr	40%	45%	50%	65%	75%	85%	95%	-	100%	100%
20yr	40%	45%	50%	60%	70%	75%	90%	100%	-	100%
30yr	35%	40%	50%	60%	65%	70%	85%	100%	100%	-

For aggregated weighted sensitivities or risk exposures with the same sign the correlation between the inflation rate and any yield for the same currency is 40%.

31. The second correlation matrix below for risk exposures with different signs should be used for ρ_{kl} under the following conditions:

(a) *k* and *l* are vertices on the same risk-free yield curve

(b) weighted sensitivities or risk exposures have different signs

Correlations for aggregated weighted sensitivities or risk exposures with different signs

	0.25yr	0.5yr	1yr	2yr	3yr	5yr	10yr	15yr	20yr	30yr
0.25yr	-	90%	70%	55%	50%	40%	25%	20%	15%	15%
0.5yr	90%	-	85%	70%	60%	45%	35%	25%	20%	15%
1yr	70%	85%	-	80%	75%	60%	45%	35%	30%	20%
2yr	55%	70%	80%	-	90%	75%	55%	40%	40%	40%
3yr	50%	60%	75%	90%	-	85%	60%	50%	50%	45%
5yr	40%	45%	60%	75%	85%	-	75%	60%	60%	50%
10yr	25%	35%	45%	55%	60%	75%	-	85%	75%	65%
15yr	20%	25%	35%	40%	50%	60%	85%	-	85%	70%
20yr	15%	20%	30%	40%	50%	60%	75%	85%	-	70%
30yr	15%	15%	20%	40%	45%	50%	65%	70%	70%	-

For aggregated weighted sensitivities or risk exposures with different signs the correlation between the inflation rate and any yield for the same currency is 20%.

32. The parameter γ_{bc}=0.5 should be used for aggregating across different currencies.

(b) Credit spread risk (CSR): non-securitisations

(1) Risk weights

33. Sensitivities or risk exposures should first be assigned to a bucket according to the following table:

Bucket number	Credit quality	Sector
1	Investment grade (IG)	Sovereigns including central banks
2		Financials including government-backed financials
3		Basic materials, energy, industrials
4		Consumer
5		Technology, telecommunications
6		Health care, utilities, local government, government-backed corporates (non-financial)
7	High yield (HY) & non-rated (NR)	Sovereigns including central banks
8		Financials including government backed financials
9		Basic materials, energy, industrials
10		Consumer
11		Technology, telecommunications
12		Health care, utilities, local government, government-backed corporates (non-financial)
Residual		

34. The same risk weight should be used for all vertices (1yr, 2yr, 3yr, 5yr, 10yr), according to bucket, as set out in the following table:

Bucket number	Risk weight
1	250
2	500
3	350
4	300
5	250
6	200
7	1,000
8	1,200
9	900
10	1,000
11	900
12	600
Residual	1,200

(2) Correlations

35. The correlation parameters ρ_{kl} applying to sensitivity or risk exposure pairs within the same bucket are set out in the following table:

	Same name	Different name
Aggregate sensitivities have the same sign	90%	40%
Aggregate sensitivities have different signs	60%	10%
Residual bucket: aggregate sensitivities have the same sign	100%	
Residual bucket: aggregate sensitivities have different signs	0%	

36. The correlation parameters γ_{bc} applying to sensitivity or risk exposure pairs across different non-residual buckets is set out in the following table:

Bucket	1	2	3	4	5	6	7	8	9	10	11	12
1	-	10%	20%	25%	20%	15%	20%	15%	20%	20%	20%	15%
2	10%	-	5%	15%	20%	5%	10%	15%	5%	15%	0%	30%
3	20%	5%	-	20%	25%	5%	10%	15%	0%	25%	0%	40%
4	25%	15%	20%	-	25%	5%	10%	15%	0%	25%	5%	40%
5	20%	20%	25%	25%	-	5%	15%	20%	10%	20%	20%	15%
6	15%	5%	5%	5%	5%	-	10%	15%	5%	20%	10%	30%
7	20%	10%	10%	10%	15%	10%	-	25%	15%	20%	15%	20%
8	15%	15%	15%	15%	20%	15%	25%	-	20%	20%	20%	15%
9	20%	5%	0%	0%	10%	5%	15%	20%	-	25%	15%	15%
10	20%	15%	25%	25%	20%	20%	20%	20%	25%	-	15%	20%
11	20%	0%	0%	5%	20%	10%	15%	20%	15%	15%	-	15%
12	15%	30%	40%	40%	15%	30%	20%	15%	15%	20%	15%	-

(c) Credit spread risk (CSR): securitisations

37. Sensitivities to credit spread risk arising from the correlation trading portfolio are treated as a separate portfolio, for which the same bucket structure and risk weights apply as the ones of the credit spread risk (CSR) non-securitisations framework, but for which the correlation structure of the credit spread risk (CSR) non-securitisations is modified in a conservative fashion.

Namely, the correlations (both those in paragraph 35 and those in the paragraph 36) are shifted as follows: the CSR non-securitisation correlation parameter applicable to two same-sign sensitivities arising from the correlation trading portfolio will be multiplied by 1.5, and the CSR non-securitisation correlation parameter applicable to two different-sign sensitivities arising from the correlation trading portfolio will be multiplied by 0.5.

38. Sensitivities to credit spread risk arising from non-correlation trading portfolio securitisation positions are treated according to the risk weights and correlations specified in the next paragraphs.

(1) Risk weights

39. The same risk weight structure as the credit spread risk (CSR) non-securitisations applies to the sensitivities arising from the correlation trading portfolio.

40. Sensitivities or risk exposures should first be assigned to a bucket according to the following table:

Bucket number	Credit quality	Sector
1	Investment grade (IG)	RMBS/CMBS
2		Credit card ABS
3		Auto ABS
4	High yield (HY) & non-rated (NR)	RMBS/CMBS
5		Credit card ABS
6		Auto ABS
7	Residual	

41. For non-CTPs, the risk weights are set out in the following table:

Bucket number	Risk weight
1	800
2	1,300
3	900
4	3,000
5	5,000
6	3,600

42. If it is not possible to allocate a sensitivity or risk exposure to one of these buckets (for example, because data on categorical variables is not available), then the position must be allocated to a "residual bucket". The risk weights for the residual bucket are as follows:

Bucket number	Risk weight
7	5,000

(2) Correlations

43. For the other buckets, the correlation parameters ρ_{kl} applying to sensitivity or risk exposure pairs within the same bucket are set out in the following table:

	Same underlying names (more than 80% overlap in notional terms)	Different underlying names (less than 80% overlap in notional terms)
Aggregate sensitivities have the same sign	100%	80%
Aggregate sensitivities have different signs	40%	0%
Residual bucket: aggregate sensitivities have the same sign	100%	
Residual bucket: aggregate sensitivities have different signs	0%	

44. The correlation parameters γ_{bc} applying to sensitivity or risk exposure pairs across different buckets is set out in the following table:

	Sensitivities or risk exposures with the same sign	Sensitivities or risk exposures with different signs
Non-residual bucket to non-residual bucket	0%	0%

(d) Equity risk

(1) Risk weights

45. Sensitivities or risk exposures should first be assigned to a bucket according to the buckets defined in the following table:

Bucket number	Size	Region	Sector
1	Large	Emerging markets	Consumer, utilities
2			Telecommunications, industrials
3			Basic materials, energy
4			Financial, technology
5		Developed markets	Consumer, utilities
6			Telecommunications, industrials
7			Basic materials, energy
8			Financial, technology
9	Small	Emerging markets	All sectors
10		Developed markets	All sectors

46. "Large" is defined as a market capitalisation equal to or greater than USD 2 billion and "small" is defined as a market capitalisation of less than USD 2 billion.

47. "Market capitalisation" is defined as the sum of the market capitalisations of the same legal entity or group of legal entities across all stock markets globally.

48. The developed markets are defined as: Canada, US, Mexico, the euro area, the non-euro area western European countries (the United Kingdom, Norway, Sweden, Denmark, and Switzerland), Japan, Oceania (Australia and New Zealand), Singapore and Hong Kong.

49. The sectors definition is the one generally used in the market. When allocating an equity position to a particular bucket, the bank must prove that the equity issuer's most material activity indeed corresponds to the bucket's definition. Acceptable proofs might be external providers' information, or internal analysis.

50. For multinational multi-sector equity issuers, the allocation to a particular bucket must be done according to the most material region and sector the issuer operates in.

51. If it is not possible to allocate a position to one of these buckets (for example, because data on categorical variables is not available) then the position must be allocated to a "residual bucket". Risk weights should be assigned to each notional position as in the following table:

Bucket number	Risk weight
1	55
2	60
3	45
4	55
5	30
6	35
7	40
8	50
9	70
10	50
Residual bucket	70

(2) Correlations

52. The correlation parameters ρ_{kl} applying to sensitivity or risk exposure pairs within the same bucket are set out in the following table:

Bucket number	Same sign	Different sign
1	20%	10%
2	20%	15%
3	25%	15%
4	30%	20%
5	20%	10%
6	30%	15%
7	35%	20%
8	35%	20%
9	15%	5%
10	25%	10%
Residual bucket	100%	-100%

53. The correlation parameters γ_{bc} applying to sensitivity or risk exposure pairs across different non-residual buckets are set out in the following table:

Buckets	1	2	3	4	5	6	7	8	9	10
1	-	15%	15%	15%	10%	10%	10%	10%	10%	10%
2	15%	-	15%	15%	10%	10%	10%	10%	10%	10%
3	15%	15%	-	15%	10%	10%	10%	10%	10%	10%
4	15%	15%	15%	-	10%	10%	10%	10%	10%	10%
5	10%	10%	10%	10%	-	20%	20%	20%	10%	15%
6	10%	10%	10%	10%	20%	-	20%	20%	10%	15%
7	10%	10%	10%	10%	20%	20%	-	20%	10%	15%
8	10%	10%	10%	10%	20%	20%	20%	-	10%	15%
9	10%	10%	10%	10%	10%	10%	10%	10%	-	10%
10	10%	10%	10%	10%	15%	15%	15%	15%	10%	-

54. The correlation parameters applying to sensitivity or risk exposure pairs across the non-residual buckets and the residual one are set out in the following table:

	Sensitivities with the same sign	Sensitivities with different signs
Non-residual bucket to residual bucket	100%	-100%

(e) Commodity risk

(1) Risk weights

55. The risk weights depend on the commodity type; they are set out in the following table:

Bucket	Commodity	Risk weight
1	Coal	30
2	Crude oil	35
3	Electricity	60
4	Freight	80
5	Metals	40
6	Natural gas	45
7	Precious metals (incl gold)	20
8	Other	50
9	Grains & oilseed	35
10	Livestock & dairy	25
11	Softs and other agriculturals	35

(2) Correlations

56. The correlation parameters ρ_{kl} applying to sensitivity or risk exposure pairs within the same bucket are set out in the following table:

Maturity difference less than six months

	Same location, same grade	Same location, different grade	Different location, same grade	Different location, different grade
Same sign	90%	70%	70%	50%
Different sign	80%	60%	60%	40%

Maturity difference from six months to one year

	Same location, same grade	Same location, different grade	Different location, same grade	Different location, different grade
Same sign	80%	60%	60%	40%
Different sign	70%	50%	50%	30%

Maturity difference more than one year

	Same location, same grade	Same location, different grade	Different location, same grade	Different location, different grade
Same sign	70%	50%	50%	30%
Different sign	60%	40%	40%	20%

"Location" refers to the delivery location of the commodity and "grade" refers to the contract grade of the instrument.[43] Where a minimum correlation of at least 0.95 between price movements in two commodities can be clearly established over a minimum period of at least one year, they may be considered to have the same location and grade (this has no effect on their maturity difference).

[43] Sometimes known as the "basis grade" or "par grade". This is the minimum accepted standard that a deliverable commodity must meet to be accepted as deliverable against the contract. Where this is not specified for a position, a proxy contract should be used.

57. The correlation parameters γ_{bc} applying to sensitivity or risk exposure pairs across different non-residual buckets are set out in the following table:

Buckets	1	2	3	4	5	6	7	8	9	10	11
1	-	35%	5%	20%	20%	25%	15%	0%	25%	10%	20%
2	35%	-	5%	45%	45%	15%	30%	0%	35%	5%	35%
3	5%	5%	-	0%	5%	0%	15%	0%	0%	5%	5%
4	20%	45%	0%	-	25%	0%	10%	0%	15%	0%	15%
5	20%	45%	5%	25%	-	5%	25%	0%	25%	10%	35%
6	25%	15%	0%	0%	5%	-	5%	0%	15%	0%	10%
7	15%	30%	15%	10%	25%	5%	-	0%	15%	0%	20%
8	0%	0%	0%	0%	0%	0%	0%	-	0%	0%	0%
9	25%	35%	0%	15%	25%	15%	15%	0%	-	5%	30%
10	10%	5%	5%	0%	10%	0%	0%	0%	5%	-	10%
11	20%	35%	5%	15%	35%	10%	20%	0%	30%	10%	-

(f) Foreign exchange risk

(1) Risk weights

58. A unique risk weight equal to 15% applies to all the FX sensitivities or risk exposures.

(2) Correlations

59. A unique correlation ρ_{kl} equal to 0.6 applies to all the pairs of FX sensitivities or risk exposures.

6. Capitalisation of default risk

60. The capital requirement for default risk is the sum of the requirements for default risk of non-securitisations and default risk of securitisations. The methodology for calculating these requirements is set out in the following sections.

61. For the CTP, default risk for securitisation includes non-securitisation hedges. These hedges are to be removed from the default risk non-securitisation calculations

(g) Default risk (non-securitisations)

62. The following steps should be followed by a bank calculating a capital charge for default risk (non-securitisations). Within each asset class category a capital charge is calculated as described in the following procedure. The categories for this purpose are corporates, sovereigns, local governments/ municipalities, and securitisations (see also Section H). The procedure involves determining jump-to-default loss amounts by applying loss-given-default risk weights to positions, determining hedging and offsetting benefit, and applying default risk weights.

63. For the capitalisation of jump to default risk, the representation of positions uses notional amounts and market values. This approach is different from the use of credit spread sensitivities in the capitalisation of credit spread risk. The default risk capital charge is intended to capture stress events in the tail of the default distribution which are not captured by credit spread shocks in mark-to-market risk. The use of credit spread sensitivities would underestimate the loss from jump-to-default, because credit spreads are a measure of the expected loss from default, which by definition is less severe that the default loss in the tail of the default distribution, and it is the default severity in the tail of the default distribution that is covered by the default risk capital charge (see CP2 page 11). Similarly, for credit

options, a use of the delta equivalent to represent positions for default risk would underestimate the loss at default, because the definition of an option's delta employs an expected value calculation with respect to the entire default distribution which by its nature is an underestimate of the risk of default loss in the tail of the default distribution.

64. The starting point in the calculation of the capital charge described below is the notional amount and mark-to-market loss already taken on a credit position. The notional amount is used to determine the loss of principal at default, and the mark-to-market loss is used to determine the net loss so as to not double count the mark-to-market loss already recorded in P&L. For all instruments, the notional amount in the JTD equation below is the notional amount of the instrument relative to which the loss of principal is determined. For instance, the notional amount of a bond would be the face value, while for credit derivatives, the notional amount of a CDS contract or a put option on a bond would be the notional amount of the derivative contract. In the case of a call option on a bond, however, the notional amount to be used in the JTD equation would be zero (since, in the event of default, the call option would not be exercised). In this case, a jump to default would extinguish the call option's value and this loss would be captured through the MtM gain/loss term in the JTD equation. The table below provides an illustration of the use of notional amounts and market values in the JTD equation.

Examples of components in the JTD equation

Instrument	Notional	Bond Equivalent Market Value	MtM Loss
Bond	Face value of the bond	Market value of the bond	Face value - Market value
CDS	Notional of the CDS	Notional of CDS - MtM value of CDS	MtM value of CDS
Sold put option on a bond	Notional of the option	Strike amount - MtM of the option	Notional - (strike - MtM of option)
Bought call option on a bond	0	MtM of the option	-MtM of the option

The bond equivalent market value is an intermediate step in determining MtM Loss for derivative instruments.

MtM Loss = Notional - Bond Equivalent Market Value

JTD = max[LGD x Notional - MtM Loss, 0] ; in the case of a long position (see definition below for case of short position).

In the expressions above, MtM of CDS and options in absolute values.

Strike amount of bond option in terms of bond price (not the yield).

With this representation of the MtM Loss for a sold put option, a lower strike results in a lower JTD loss.

65. The determination of long/short direction of positions should be on the basis of long or short with respect to the underlying credit exposure. Specifically, a long position is one in which the default of the underlying obligor results in a loss. In the case of derivative contracts, long/short direction is determined by whether the contract has long or short exposure to the underlying credit exposure as defined in the previous sentence (ie not bought/sold option, and not bought/sold CDS). Thus, a sold put option on a bond is a long credit exposure, since a default would result in a loss to the seller of the option.

(1) Risk weight exposures based on LGD of asset class

66. Loss-given-default risk weights (LGD) are assigned to positions to determine the jump-to-default (JTD) loss amount. The jump-to-default (JTD) amount is determined by the LGD, notional amount (or face value) and mark-to-market loss (or gain) already taken on the position.

$$\text{JTD(long)} = \text{Max}\ [\ \text{LGD} \times \text{notional} - \text{MtM loss}, 0\ ]$$

$$\text{JTD(short)} = \text{Min}\ [\ \text{LGD} \times \text{notional} - \text{MtM gain}, 0\ ]$$

Where *MtM loss (or gain)* is the mark-to-market loss *(or gain)* already taken on the exposure, and *notional* is the bond equivalent notional (or face value) of the position. In the equations, notional of a long (short) position is recorded as a positive (negative) value, while MtM loss (gain) is recorded as a positive (negative) value (ie the negative of the cumulative P&L of the position).

67. Equity instruments and non-senior debt instruments are assigned an LGD of 100%. Senior debt instruments are assigned an LGD of 75%.

(2) Offset exposures to the same obligor

68. The JTD amount of long positions and the JTD amount of short positions to the same obligor may be offset, where the short position has the same or lower seniority relative to the long (for example, a short position in an equity may offset a long position in a bond, but a short position in a bond cannot offset a long position in the equity). Short positions with a maturity less than the capital horizon (equal to one year) should be weighted by the ratio of their maturity relative to the capital horizon. For example, with the one-year capital horizon, a three-month short position would be weighted so that its benefit against long positions would be reduced to one quarter of the position size. Finally, the offsetting may result in net long JTD amounts and net short JTD amounts. The net long and net short JTD amounts are aggregated separately as described below.

(3) Discount the net short positions by the ratio of long to gross long and short JTD amounts

Sum the net long JTD amounts

69. A simple sum of the net long JTD amounts must be calculated, where the summation is across the credit quality categories (ie rating bands). The aggregated amount is used in the numerator and denominator of the expression of the *WtS*.

Sum the net short JTD amounts

70. A simple sum of the net short JTD amounts must be calculated, where the summation is across the credit quality categories (ie rating bands). The aggregated amount is used in the denominator of the expression of the *WtS*.

Derive the WtS ratio

71. The net short positions must be multiplied by the weighting term *WtS* which is the ratio of long to gross long and short JTD amounts.

$$WtS = \frac{\sum JTD_{long}}{\sum JTD_{long} + \sum \left| JTD_{short} \right|}$$

Where the summation is across the credit quality categories (ie rating bands), and the jump-to-default (JTD) amount is as specified above.

(4) Assign default risk weights according to credit quality of underlying name

72. Default risk weights are assigned to credit quality categories (ie rating bands), as in the following table:

Credit quality category	Default risk weight
AAA	0.5%
AA	2%
A	3%
BBB	6%
BB	15%
B	30%
CCC	50%
Unrated	15%
Defaulted	100%

73. For government paper[44] that is denominated in a domestic currency and funded by the bank in the same currency, at national discretion a lower default risk weight may be applied.

(5) Calculate the capital requirement for each asset class category

74. The overall capital charge for each asset class category (eg corporate debt) should then be calculated as the sum of the risk-weighted long positions less the discounted risk-weighted short positions, which recognises hedging:

$$\text{Capital Charge for each asset class category} = \sum RW\ long - WtS \times \sum RW\ short$$

where the summation is across the credit quality subcategories (ie rating bands), the weighting term (WtS) is as defined in step 3, while RW long is the risk-weighted long positions, and RW short is the risk-weighted short positions.

$$\text{RW long} = \text{Default risk weight} \times JTD_{long}$$

$$\text{RW short} = \text{Default risk weight} \times |JTD_{short}|$$

where Default Risk Weight is as in the table above, and JTD_{long} and JTD_{short} are as specified in step 1, and the multiplication is within each credit quality category (ie rating band).

(6) Calculate the overall capital requirement for default risk

75. No hedging is recognised across different asset class categories. Therefore, the total capital charge for default risk must be calculated as a simple sum of the asset class category level capital charges. For example, no hedging or diversification is recognised across corporate and sovereign debt, and the total capital charge is the sum of the corporate capital charge and the sovereign capital charge. The categories are corporates, sovereigns, local governments/municipalities, and securitisations.

(h) Default risk (securitisations)

76. For default risk (securitisations), the same approach should be followed as for default risk (non-securitisations). However, the default risk weights will differ by tranche (instead of by credit quality category), and additional constraints will apply to the recognition of offsetting and hedging. For the correlation trading portfolio (CTP), further specific treatment of offsetting and hedging is specified in the

[44] Government paper includes sovereign bonds as well as Treasury bills and other short-term instruments. It also includes, at national discretion, local and regional governments subject to a 0% credit risk weight in the banking book under the Basel II framework.

CTP subsection below. As is the case for default risk (non-securitisations), offsetting refers to the netting of exposures (where a short position may be subtracted in full from a long position), while hedging refers to the application of a partial hedge benefit (where the long and short positions do not fully offset).

77. For the purposes of offsetting and hedging in this section, positions in underlying names or a non-tranched index position may be decomposed proportionately into the equivalent replicating tranches that span the entire tranche structure. When underlying names are used in this way, they must be removed from the non-securitisations default risk treatment.

Constraints on offsetting for securitisations

78. For default risk (securitisations) the definition of the same "obligor" for the purposes of offsetting is limited to a specific tranche and underlying asset pool. This means that:

- No offsetting is permitted across securitisations of different asset pools, even if the tranche is the same.
- No offsetting is permitted across tranches of the same asset pool.

79. Offsetting will be allowed across different maturities of the same asset pool or index, subject to the same restriction for positions of less than one year as described above for non-securitisations. For securitisations of mixed categories pools, the security may be allocated into the relevant categories in proportions determined by the proportionate composition of the underlying mixed pool. After the decomposition, the offsetting rules would apply as in any other case.

Constraints on hedging for securitisations

80. For default risk (securitisations) the hedging benefit recognised under step (3) of the default risk framework is constrained as follows:

- A hedging benefit is allowed within regions. No hedging benefit between long and short exposures across regions is allowed, except for corporates. For example, in the case of ABS no hedging of North America vs Europe, or Europe vs Asia is allowed.
- No hedging is permitted across asset classes (such as ABS vs RMBS).
- Hedging is allowed among corporate securitised exposures, within tranche groups across regions.
- Hedging is allowed within tranche groups: equity, mezzanine and senior – as defined below.

  See the section below for offsetting and hedging treatment in the correlation trading portfolio.

Default risk weights for securitisations

81. [*The risk weights will be based on the proposed risk weights in the corresponding treatment for the Banking Book, which will be released in a separate Basel Committee publication. Adjustments will be made to avoid double counting due to the maturity adjustment since migration risk will be captured in the credit spread charge.*]

82. For the purpose of offsetting and hedging benefit between long and short positions, the following tranche structure will be used unless otherwise specified:[45]

- **Equity:** any tranche with detachment point less than or equal to 10%.
- **Mezzanine:** any tranche with attachment point >10% and detachment point < 30%.
- **Senior:** any tranche with attachment point equal to or greater than 30%.
- For a tranche that overlaps the attachment/detachment points above, the tranche should be decmposed proportionately into the above standard tranches.

Correlation trading portfolio

83. The approach for the capital charge for CTP follows the same procedure as default risk (non-securitisations) by first determining the net long and net short exposures after permissible offsetting, and then application of risk weights and a hedging benefit discount to arrive at the capital charge. (The risk weight terms and the hedging benefit discount ratio for CTP are to be determined.)

Allocation of exposures by index and tranche

84. As in the case of default risk (non-securitisations), long and short exposures should be reported from the perspective of long or short the underlying credit.

85. Notional amounts should correspond to the remaining principal amount in the underlying asset pools.

86. Exposures to index tranches and bespoke tranches should be assigned to the closest current attachment point (the current attachment point in terms of the remaining exposures in the pool). Non-standard tranches should be mapped to the closest attachment points of the best-matching category.

87. Nth to default products should be treated as tranched products with attachment and detachment points defined as:

- Attachment point = (N–1)/Total Names,
- Detachment point = N/Total Names,

where Total Names is the total number of names in the underlying basket or pool.

88. Index and bespoke products should be allocated to the categories in the table below. For a bespoke product that spans the indicated categories, the exposure amount may be allocated into the indicated categories in proportions determined by the proportionate composition of the underlying pool.

[45] This specification of the equity and mezzanine distinction is determined by the need to capture the risk of jump-to-default at the default severity of the banking book (the 99.9th percentile of the default distribution). At this extreme default severity, a 0–3% tranche and a 3–7% tranche have similar exposures to default risk.

Index products	Bespoke products
CDX North America IG	North America
iTraxx Europe IG	Europe
Other regions IG	Other regions
Loan indices	Loans
All other indices	Other

Offsetting and determination of net long and net short amounts for CTP

89. Exposures that are otherwise identical except for maturity may be offset as described in the section on default risk (non-securitisations). Specifically exposures longer than the capital horizon (one year) may be fully offset, but in the case of a longer than one year vs less than one year exposures, the offset benefit of the less than one year exposure must be reduced as described above.[46]

90. For index products, for the exact same index family (eg CDX NA IG), series (eg series 18), and tranche (eg 0–3%), positions should be offset (netted) across maturities (subject to the offsetting allowance as described above).

91. Long/short exposures that are perfect replications through decomposition may be offset as follows. For long/short positions in index tranches, and indices (non-tranched), if the exposures are to the exact same series of the index, then offsetting is allowed by decomposition. For instance, long positions in the various tranches that when combined perfectly replicate a position in the index series can be offset against a short position in the index series if all the positions are to the exact same index and series (eg CDX NA IG series 18). Long/short positions in indices and single name constituents in the index may also be offset by decomposition. For instance, single name long positions that perfectly replicate an index may be offset against a short position in the index. When a perfect replication is not possible, then offsetting is not allowed. Where the long/short positions are otherwise equivalent except for a residual component, the net amount must show the residual exposure. For instance, a long position in an index of 125 names, and short positions of the appropriate replicating amounts in 124 of the names, would result in a net long position in the missing 125th name of the index.

92. Different tranches of the same index or series may not be offset (netted), different series of the same index may not be offset, and different index families may not be offset.

Hedging benefit and calculation of capital charge for CTP

93. For the CTP capital charge, the same approach should be followed as for default risk (non-securitisations) but with risk weights specified for CTP. The net long or net short positions from the netting procedure above should be assigned risk weights for CTP (to be specified), and with hedging benefit of short positions determined by the weighting term for short positions (WtS value for CTP to be specified).

94. [*The risk weights for CTP will be aligned with proposed corresponding treatment of securitisations for the Banking Book, which will be released in a separate Basel Committee publication. Adjustments may be made to adapt the treatment to CTP and to avoid double counting due to the maturity adjustment since migration risk will be captured in the credit spread charge.*]

[46] Since the capital horizon is one year, the default loss within in the one year horizon from long vs short exposures longer than one year will fully offset regardless of the maturity difference of the products. For longer than one-year vs less than one year exposures, however, the default loss only partially offsets.

Annex 4: Envisaged changes to the draft Accord text with respect to the trading book banking book boundary

After publication of CP2 the industry comments were thoroughly discussed within the TBG. Moreover additional work was performed and as a result some changes are envisaged which should make the boundary clearer and should help for purposes of the QIS. It is important to state that because the discussion in the TBG is still on-going this list of possible changes is neither complete nor final. It is the current best estimate which should be used as a basis for the QIS. Furthermore some FAQs will be published for the QIS.

- Paragraph 9 will be amended: Any instrument in the correlation trading portfolio must be included in the trading book.
- A definition of net short risk position (paragraph 10) will be included: A bank will have a net short risk position for equity risk in the banking book, if the present value of the banking book increases when an equity price decreases
- Presumptive list (paragraph 11):
    - Clarify that general presumptions apply only for instruments which are not yet assigned to trading book or banking book according to paragraphs 9, 10 and 13.
    - Instrument resulting from underwriting activities will be deleted from the list
    - Clarify that standalone options are presumed to be assigned to the trading book. This presumption does not hold for embedded options. An instrument (eg loan) may be assigned to the banking book even when it features an embedded option (eg prepayment option or cap on interest rate).
- The following instruments will be added to the list in paragraph 13
    - Retail and SME credit
    - instrument held for the purpose of micro-hedging risks resulting from positions in the above instrument types
- The following will be added to paragraph 27: If an instrument is reclassified to now be an accounting trading asset or liability there is a presumption (paragraph 11(a)) that this instrument is in the trading book; therefore in this case an automatic switch without approval of the supervisor is acceptable.
- Paragraph 30 will be redrafted: The market risk capital charges apply to all covered instruments and to instruments in the banking book which bear foreign exchange and commodities risk. For the banking book instruments the market risk capital charges only apply to foreign exchange and commodities risk.