

Basel Committee on Banking Supervision

LEX

Large exposures

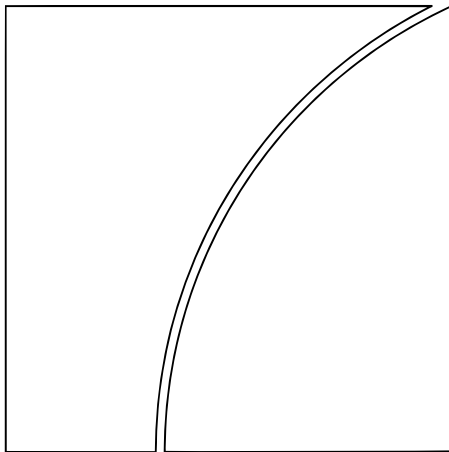
LEX20

Requirements

This chapter establishes limits on large exposures, relative to a bank's Tier 1 capital, and regulatory reporting requirements.

Version effective as of 15 December 2019

First version in the format of the consolidated framework.



BANK FOR INTERNATIONAL SETTLEMENTS

This document has been generated on 21/09/2026 based on the Basel Framework data available on the BIS website (www.bis.org).

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Minimum requirement - the large exposure limit

20.1

The sum of all the exposure values of a bank to a single counterparty or to a group of connected counterparties must not be higher than 25% of the bank's Tier 1 capital at all times. However, as explained in [LEX40](#), this figure is set at 15% for a global systemically important bank's (G-SIB's) exposures to another G-SIB.

20.2

The exposures must be measured as specified in [LEX30](#). Tier 1 capital for the purpose of the large exposures framework is the Tier 1 capital defined in [CAP10.2](#).

20.3

Breaches of the limit, which must remain the exception, must be communicated immediately to the supervisor and must be rapidly rectified.

Regulatory reporting

20.4

Banks must report to the supervisor the exposure values before and after application of the credit risk mitigation techniques. Banks must report to the supervisor:

1. all exposures with values measured as specified in [LEX30](#) equal to or above 10% of the bank's Tier 1 capital (ie meeting the definition of a large exposure in [LEX10.8](#));
2. all other exposures with values measured as specified in [LEX30](#) without the effect of credit risk mitigation being taken into account equal to or above 10% of the bank's Tier 1 capital;
3. all the exempted exposures with values equal to or above 10% of the bank's Tier 1 capital; and
4. their largest 20 exposures to counterparties measured as specified in [LEX30](#) and included in the scope of application, irrespective of the values of these exposures relative to the bank's Tier 1 capital.