

BNM/RH/GL 001-32	Prudential Financial Policy Department	Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3)
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## **PART A OVERVIEW**

### **1. Introduction**

- 1.1 This guideline forms part of the Risk Weighted Capital Adequacy Framework (RWCAF) that specifies the disclosure requirements for:
- (i) credit risk under the standardised and internal rating based (IRB) approach;
  - (ii) market risk under the standardised and internal models approach; and
  - (iii) operational risk under the basic indicator or standardised approach.
- 1.2 Improved transparency in the financial markets, underpinned by high quality and timely market disclosures, will enhance market discipline, market efficiency and confidence. The Pillar 3 disclosure requirements aim to enhance transparency by setting the minimum requirements for market disclosures of information on the risk management practices and capital adequacy of banking institutions (BI). This will enable market participants to obtain key information on risk exposures, risk assessment processes, the capital structure and capital adequacy of BIs.
- 1.3 The enhanced disclosures will also contribute to Bank Negara Malaysia's (the Bank) supervisory monitoring efforts while strengthening incentives for BIs to implement robust risk management systems to identify, measure, monitor and control risks. This is achieved by requiring BIs to provide detailed information on their risk exposures and how these risks relate to capital.
- 1.4 In general, disclosures should be consistent with the scale, complexity and sophistication of a BI's approaches to risk management and capital adequacy assessments. Accordingly, more disclosures would be expected of BIs using the more sophisticated approaches under the RWCAF such as the IRB approach.

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- 1.5 The disclosures required will include qualitative and quantitative disclosures with respect to credit risk, market risk, operational risk and interest rate risk in the banking book.
- 1.6 BIs with Islamic windows and Islamic banking subsidiaries will have also to make additional disclosures on the Profit Sharing Investment Account (PSIA) and Shariah governance. These additional disclosures are specified in the ‘Capital Adequacy Framework for Islamic Banks (CAFIB) – Disclosure Requirements (Pillar 3) guideline’.
- 1.7 The disclosure requirements listed in the various tables under this guideline represent the minimum standards expected by the Bank. BIs are encouraged to make more extensive disclosures where practicable. Some illustrative examples on quantitative disclosures have been provided in the appendices as a guide and may serve as a base for BIs’ disclosures. BIs are expected to tailor the format used for disclosures to best represent their risk exposures and risk management practices. The Bank may require more extensive disclosures where warranted, to promote comparability among BIs in the same peer group or to reflect changing accounting and disclosure practices.
- 1.8 The Bank is aware that the disclosure requirements under this guideline may have similarities with other disclosure requirements such as those required under Financial Reporting Standards 7, ‘Financial Instruments: Disclosures’ (FRS 7), the Bank’s ‘Guidelines on Financial Reporting for Banking Institutions’ and listing requirements. To the extent that any of the disclosures required in this guideline are substantially similar to the abovementioned disclosure requirements, BIs may rely on those disclosure requirements to meet the requirements of this guideline.

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1.9 Where more extensive disclosures are required under FRS7 or other statutory reporting requirements, BIs shall comply with such other disclosure requirements.

## 2. Applicability

2.1 This guideline is applicable to all BIs licensed under the Banking and Financial Institutions Act 1989 (BAFIA).

## 3. Legal Provision

3.1 This guideline is issued pursuant to section 37 and section 126 of BAFIA.

## 4. Effective Date of Implementation

4.1 The full disclosure requirements under this guideline shall apply to and be published together with the annual financial reports for the annual reporting periods beginning on and after 1 January 2010 and is illustrated as follows:

<u>Financial year beginning</u>	<u>First set of full RWCAF Disclosure</u>
1 January 2010	31 December 2010
1 April 2010	31 March 2011

4.2 Thereafter BIs shall make semi-annual disclosures based on the full disclosure requirements under this guideline in accordance with paragraph 8.1.

4.3 Prior to the effective date for full disclosure requirements under this guideline, BIs shall disclose the following in the financial reports:

Annual and Half-Yearly Reports	Quarterly Reports
<ul style="list-style-type: none"> <li>Statement that the capital ratios have been computed in accordance with the RWCAF</li> </ul>	<ul style="list-style-type: none"> <li>Statement that the capital ratios have been computed in accordance with the RWCAF</li> </ul>
<ul style="list-style-type: none"> <li>Items 2 to 7 in table 2</li> </ul>	<ul style="list-style-type: none"> <li>Item 2 in table 2</li> </ul>
<ul style="list-style-type: none"> <li>Items 2 to 5 in table 3</li> </ul>	<ul style="list-style-type: none"> <li>Items 2 to 5 in table 3</li> </ul>
<ul style="list-style-type: none"> <li>Item 2 in table 5; and</li> <li>Item 5 in table 5.1 (additional disclosure requirements for BI under the IRB approach)</li> </ul>	
<ul style="list-style-type: none"> <li>Item 2 in table 7</li> </ul>	
<ul style="list-style-type: none"> <li>Item 2 in table 9</li> </ul>	

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## **PART B      GENERAL REQUIREMENTS**

### **5.      Disclosure Policy**

- 5.1      BIs must have a clearly defined disclosure policy in writing, approved by the board of directors, that addresses the approach to determining the content (including the appropriateness), materiality<sup>1</sup>, frequency of public disclosures and internal controls over the disclosure process. These internal controls must include a process for verifying and reviewing the accuracy of the disclosures.
- 5.2      The verification of disclosures must be performed by a competent independent internal party and shall cover all disclosure items required under this guideline. Such verification should ensure that the BI's disclosures are consistent with the manner in which the institution assesses and manages its risks.
- 5.3      The Bank does not require the disclosures on RWCAF to be audited by external auditors. Nevertheless, BI shall be responsible to ensure that the disclosures are accurate, complete and not misleading in any particular. An attestation to this effect shall be provided from the BI's Chief Executive Officer as part of the RWCAF disclosure. The Bank reserves the right to require an independent audit by an external auditor at the BI's expense if it has reason to believe that any disclosure is incorrect, incomplete or misleading.

### **6.      Medium and Location of Disclosure**

- 6.1      The disclosures on RWCAF shall be carried in a separate report in the annual and the half-yearly financial reports, after the notes to the financial statements. Where the disclosure requirements of this guideline are

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<sup>1</sup> Information is regarded material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making investment or other economic decisions.

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reported in the financial reports or notes to the financial statements as required by FRS 7, such disclosures are deemed to have met the requirements of this guideline.

- 6.2 In addition, the RWCAF disclosures must be made available on the BI's external website. This shall also include disclosure requirements in paragraphs 8.1 and 8.2.

## **7. Comparative Information**

- 7.1 Comparative information regarding quantitative disclosures for the preceding financial year must be reported.
- 7.2 The following exceptions are permitted:
- (i) For the first time adoption and disclosure of RWCAF where there are no corresponding disclosures in the previous reporting periods; and
  - (ii) For BIs that adopt a different approach (subject to approval obtained from the Bank) to compute its regulatory capital for credit, market or operational risks from that used in the preceding reporting period.
- 7.3 Where there has been a material restatement of prior period figures, the nature of and the reason for the restatement must be also be highlighted and form part of the disclosure.

## **8. Frequency of Disclosure**

- 8.1 Full disclosure requirements under this guideline shall be made by BIs on a annual and semi-annual basis except for disclosures under paragraph 10.1 and all qualitative disclosures which may be made on an annual basis if there are no material changes in the interim reporting period.



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8.2 For quarterly reporting, BIs need only disclose a statement that the capital ratios have been computed in accordance with the RWCAF as well as item (2) in Table 2 and items (2) to (5) in Table 3.

## PART C SPECIFIC DISCLOSURE REQUIREMENTS

### 9. Specific Disclosure Requirements

9.1 The disclosure requirements under this guideline shall apply to all BIs on a consolidated<sup>2</sup> basis, unless indicated otherwise.

9.2 A BI shall disclose the information set out hereunder.

**Table 1: Scope of Application**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	The name of the banking entity at the group level which is incorporated in Malaysia to which the RWCAF framework applies. BIs should also indicate whether it offers Islamic financial services or is involved in Islamic banking operations.
	2.	An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated, (ii) that are pro-rata consolidated, (iii) equity accounted and (iv) that are given a deduction treatment.
	3.	Any restrictions or other major impediments on transfer of funds or regulatory capital within the group.
Quantitative Disclosures	4.	The names and aggregate amount of capital deficiencies <sup>3</sup> in any subsidiaries that are not included in the consolidation for regulatory purposes (i.e. that are deducted) should also be disclosed.

**Table 2: Capital Adequacy**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	A summary discussion of the BI's approach to assessing the adequacy of its internal capital levels to support current and future activities.

<sup>2</sup> As defined under the RWCAF.

<sup>3</sup> A capital deficiency is the amount by which actual capital is less than the regulatory capital requirement imposed by a regulatory authority. In the case of a locally incorporated insurance subsidiary owned by the BI, the capital deficiency to be disclosed shall be in reference to the supervisory target capital level of 130% set by the Bank pursuant to paragraph 22.1 of the Risk-Based Capital Framework for Insurers.

Type of Disclosure	Item	Disclosure Requirement
Quantitative Disclosures	2.	<p>Total Risk Weighted Capital Ratio and Tier 1 capital ratio:</p> <ul style="list-style-type: none"> <li>• On a consolidated basis, before and after payment of dividends;</li> <li>• On a global<sup>4</sup> basis, before and after payment of dividends;</li> <li>• In respect of each banking subsidiary<sup>5</sup> before and after payment of dividends; and</li> <li>• In respect of each Islamic banking subsidiary and BI's Islamic banking operations before and after payment of dividends.</li> </ul>
	3.	<p>Risk weighted assets and capital requirements for credit risk under the standardised approach:</p> <ul style="list-style-type: none"> <li>• The BI's gross credit exposure<sup>6</sup> by class of exposure, credit exposure after credit risk mitigation and netting, and the corresponding risk weighted assets under the standardised approach.</li> <li>• The amount of risk weighted assets absorbed by the PSIA<sup>7</sup>.</li> <li>• The amount of risk weighted assets after the effects of PSIA.</li> </ul> <p><b>Refer to (Appendix I)</b></p>
	4.	<p>Risk weighted assets and capital requirements for credit risk under the IRB approach:</p> <ul style="list-style-type: none"> <li>• To separately disclose each portfolio under the foundation IRB (FIRB) and advanced IRB (AIRB) approach: <ul style="list-style-type: none"> <li>▪ Sovereigns and Central Banks;</li> <li>▪ Banks, DFIs and MDBs;</li> <li>▪ Corporates (including specialised lending (SL) and corporate purchased receivables);</li> <li>▪ Residential mortgages;</li> <li>▪ Retail purchased receivables;</li> </ul> </li> </ul>

<sup>4</sup> Includes the BI's exposures in local and overseas branch operations, and Labuan banking subsidiaries, for which explicit guarantee has been provided.

<sup>5</sup> For a significant overseas subsidiary, the disclosures may be based on capital adequacy rules in the overseas jurisdiction, provided that this is disclosed in an explanatory note that includes a brief description of the basis of the calculation and the approach applied to each major risk type in the overseas jurisdiction.

<sup>6</sup> Definition of exposures in this table shall have the same definition as the various categories of exposures under the RWCAF. Gross credit exposure class shall be net of specific impairment provisions and without taking into account the effects of netting and credit risk mitigation. Gross credit exposure shall include on-balance sheet exposures and credit equivalent of off-balance sheet items.

<sup>7</sup> As specified in the Bank's 'Guidelines on the Recognition and Measurement of Profit Sharing Investment Account as Risk Absorbent'.

Type of Disclosure	Item	Disclosure Requirement
		<ul style="list-style-type: none"> <li>▪ Qualifying revolving retail exposures;</li> <li>▪ Other retail exposures;</li> <li>▪ Securitisation exposures;</li> <li>▪ Equity portfolios subject to the market based approaches; <ul style="list-style-type: none"> <li>- Equity portfolios subject to simple risk weight method; and</li> <li>- Equities in the banking book under the internal models approach (for banks using IMA for banking book equity exposures);</li> </ul> </li> <li>▪ Equity portfolios subject to PD/LGD approach;</li> <li>• Risk weighted assets absorbed by the PSIA; and</li> <li>• Risk weighted assets after the effects of PSIA.</li> </ul> <p><b>Refer to (Appendix I)</b></p>
	5.	<p>Risk weighted assets and capital requirements for market risk:</p> <ul style="list-style-type: none"> <li>• The amount of exposures in the trading book and risk weighted assets for market risk under either the Standardised or the Internal Models approach, as applicable</li> <li>• The amount of risk weighted assets absorbed by PSIA.</li> <li>• The amount of risk weighted assets after the effects of PSIA.</li> </ul> <p><b>Refer to (Appendix I)</b></p>
	6.	<p>Risk weighted assets and capital requirements for operational risk based on either the</p> <ul style="list-style-type: none"> <li>• Basic indicator approach; or</li> <li>• Standardised approach.</li> </ul> <p><b>Refer to (Appendix I)</b></p>
	7.	<p>Amount in excess of lowest threshold, risk weighted assets and capital requirements arising from Large Exposure Risk for equity holdings as specified in the Bank's 'Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment Schemes'.</p> <p><b>Refer to (Appendix I)</b></p>

**Table 3: Capital Structure**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	Summary information on the terms and conditions of the main features of all capital instruments, including

Type of Disclosure	Item	Disclosure Requirement
		innovative, non-innovative, complex or hybrid capital instruments.
Quantitative Disclosures	2.	The amount of Tier 1 capital on a global and consolidated basis, with separate disclosure of: <ul style="list-style-type: none"> <li>• Paid up share capital;</li> <li>• Reserves, including retained earnings;</li> <li>• Minority interests in subsidiaries;</li> <li>• Innovative instruments;</li> <li>• Non-innovative instruments;</li> <li>• Other capital instruments;</li> <li>• Other amounts deducted from Tier 1 capital, including goodwill.</li> </ul>
	3.	The components and total amount of Tier 2 capital on a global and consolidated basis subject to the permitted limit.
	4.	Other deductions from capital on a global and consolidated basis.
	5.	Total eligible capital on a global and consolidated basis.

## 10. Risk Management

10.1 In general, for each type of risk, a BI must describe its risk management objectives and policies including:

- (i) Strategies and processes for managing those risks;
- (ii) The structure and organisation of the relevant risk management function, including the title or position of board and senior management members that oversee risk management;
- (iii) The scope and nature of risk reporting and measurement systems;
- (iv) Policies for hedging and mitigating risk, strategies and processes for monitoring the continuing effectiveness of hedges and mitigants; and
- (v) A general description of the internal capital adequacy assessment process<sup>8</sup> including a description of the methodologies used.

<sup>8</sup> As specified in the 'RWCAF (Basel II) – Supervisory Review Process (Pillar 2)'.

10.2 In addition, BIs shall disclose the following additional information for the different risks as described below.

**Table 4: Credit Risk (General Disclosure)<sup>9</sup>**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	In addition to the general disclosures required under paragraph 10.1, the following shall be disclosed: <ul style="list-style-type: none"> <li>• Definitions of past due and impaired loans; and</li> <li>• Description of approaches followed for the determination of individual and collective impairment provisions.</li> </ul>
Quantitative Disclosures	2.	Geographic <sup>10</sup> distribution of credit exposures, broken down in significant areas by major types of gross credit exposure.
	3.	Distribution of exposures by sector or economic purpose, broken down by major types of gross credit exposures.
	4.	Residual contractual maturity breakdown by major types of gross credit exposures.
	5.	For each sector or economic purpose: <ul style="list-style-type: none"> <li>• Amount of impaired loans, advances and financing and past due loans, provided separately;</li> <li>• Individual and collective impairment provisions; and</li> <li>• Charges for individual impairment provision and write offs during the period.</li> </ul>
	6.	Amount of impaired loans, advances and financing, and past due loans provided separately and broken down by significant geographic areas. The amounts of individual and collective impairment provision related to each geographical area <sup>11</sup> .
	7.	Reconciliation of changes to loan impairment provisions <sup>12</sup> .

<sup>9</sup> Table 4 does not apply to equities and securitisation exposures.

<sup>10</sup> This may comprise of individual countries, groups of countries or states within a country. BIs may choose to define the geographical areas based on the way the portfolio is geographically managed. The criteria to allocate loans to geographical areas should be specified.

<sup>11</sup> The portion of collective impairment provision that is not allocated to a geographical area should be disclosed separately.

<sup>12</sup> The reconciliation should show separately, individual and collective impairment provisions and the information disclosed should comprise a description of the type of impairment provision, the opening balance of the impairment provision, charge offs taken against the impairment provision during the period, amounts set aside for estimated probable loan losses during the period, any other adjustments including transfers between impairment provisions and the closing balance of the impairment provision. Charge offs and recoveries that have been taken directly to the income statement should be disclosed separately.

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**Table 5: Credit Risk (Disclosures for portfolios under the Standardised Approach)**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	For portfolios under the standardised approach: <ul style="list-style-type: none"> <li>Names of ECAs used, plus reasons for any changes;</li> <li>Types of exposure for which each ECAI is used;</li> <li>A description of the process used to map ECAI issuer ratings or comparable ECAI issue ratings, as the case may be, to a BI's exposures in the banking book; and</li> <li>Where applicable, the alignment of the alphanumerical scale of each ECAI used with the relevant risk weights.<sup>13</sup></li> </ul>
Quantitative Disclosures	2.	Disclosure by risk weights (including deducted exposures) of: <ul style="list-style-type: none"> <li>All rated and unrated exposure amounts after risk mitigation; <b>Refer to (Appendix II)</b></li> <li>Credit exposures under Specialised Financing/Investment subject to supervisory slotting criteria. <b>Refer to (Appendix II)</b></li> </ul>
	3.	Disclosure of rated and unrated exposures according to ratings by ECAs. <b>Refer to (Appendices IIIa to IIIc)</b>

**Table 5.1: Credit Risk (Disclosures for portfolios under the IRB Approach)**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	Statement that the Bank had approved the BI's adoption of the IRB approach.
	2.	Explanation and review of the following: <ul style="list-style-type: none"> <li>Structure of internal rating systems and its relation with external ratings;</li> <li>Circumstances where internal estimates are used other than for IRB capital purposes;</li> <li>Process for managing and recognising credit risk mitigation; and</li> <li>Controls in respect of the rating system including discussions on independence, accountability and rating systems review.</li> </ul>
	3.	Description of the internal ratings process, provided separately for the following portfolios: <ul style="list-style-type: none"> <li>Sovereigns and Central Banks;</li> </ul>

<sup>13</sup> This information should be disclosed if standard risk weights used are different from the RWCAF, in the case of overseas subsidiaries where the overseas regulator uses a different risk weight for rating by its local ECAs.

Type of Disclosure	Item	Disclosure Requirement
		<ul style="list-style-type: none"> <li>• Banks, DFIs and MDBs;</li> <li>• Corporates (including specialised lending (SL) not subject to supervisory slotting criteria and corporate purchased receivables);</li> <li>• Residential mortgages;</li> <li>• Retail purchased receivables;</li> <li>• Qualifying revolving retail exposures;</li> <li>• Other retail exposures;</li> <li>• Securitisation exposures; and</li> <li>• Equity portfolios subject to the PD/LGD approach</li> </ul> <p>The description should include, for each portfolio:</p> <ul style="list-style-type: none"> <li>• The types of exposure included in the portfolio;</li> <li>• The definitions, methods and data for examination and validation of PD, and (for retail portfolios and portfolios under the AIRB approach) LGD and EAD.</li> </ul> <p>BIs must provide a description of permitted deviations from the reference definition of default where material, including the broad segments of the portfolios affected by such deviations<sup>14</sup>.</p>
Quantitative Disclosures	4.	<p>For exposures subject to the supervisory risk weights in IRB (e.g. specialised lending exposures subject to the supervisory slotting criteria and equities under the simple risk weight method), the aggregate amount of exposures outstanding in each bucket.</p> <p><b>Refer to (Appendix III d)</b></p>
	5.	<p>i) For each portfolio (as defined in item 3 above) except for retail, present the following information across a sufficient number of PD grades (including default) to allow for a meaningful differentiation of credit risk:</p> <ul style="list-style-type: none"> <li>• Total exposures;</li> <li>• For BIs on AIRB, exposure weighted average LGD; and</li> <li>• Exposure-weighted average risk weights</li> </ul> <p>ii) For BIs on AIRB, amount of undrawn commitments and exposure-weighted average EAD for each portfolio.</p> <p>iii) For each retail portfolio, either:</p> <ul style="list-style-type: none"> <li>• Disclosures as outlined above on a pool basis; or</li> <li>• Analysis of exposures on a pool basis (outstanding loans and EAD on commitments) against a</li> </ul>

<sup>14</sup> BIs would have to demonstrate to the Bank that the deviations will not materially affect the accuracy of the estimates generated by the BI's rating system.



Type of Disclosure	Item	Disclosure Requirement
		sufficient number expected loss (EL) range to allow for a meaningful differentiation of credit risk. BI may choose either approach for disclosure. <b>Refer to (Appendix IIIe and IIIf)</b>
	6.	BI must disclose actual losses (e.g. write offs and impairment provisions) in the preceding period for each portfolio and how this differs from past experience, including an explanation of factors that affected the loss experienced in the preceding period. For example, reasons for higher than average default rates or higher than average LGDs and EADs experienced during the year.
	7. <sup>15</sup>	On an annual basis, analysis of actual outcome against internal estimates over a sufficient period to facilitate assessment of the reliability of the estimates used by the BI. At a minimum, this should include an analysis for each portfolio. <ul style="list-style-type: none"> <li>Where appropriate, the BI should provide a detailed analysis of PD, and for BIs on AIRB, LGD and EAD outcomes against estimates provided in the quantitative risk assessment disclosures above. In particular, a BI should provide this information where there are material differences between the PD, LGD or EAD estimates made by the BI as compared to actual outcomes over the long run. The BI should also provide explanations for material differences.</li> </ul>

**Table 6: Credit Risk Mitigation Disclosures<sup>16</sup>**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	The general qualitative disclosure requirement with respect to CRM required under paragraph 10.1 shall include: <ul style="list-style-type: none"> <li>Policies and processes for, and indication of the extent to which the BI makes use of, on and off-balance sheet netting;</li> <li>Policies and processes for collateral valuation and management;</li> <li>A description of the main types of collateral taken by the BI;</li> </ul>

<sup>15</sup> This requirement is exempted only for the first time adoption and disclosure of RWCAF as there were no corresponding estimates made during the previous reporting year.

<sup>16</sup> Credit derivatives that are treated as part of synthetic securitisation structures should be excluded from the credit risk mitigation disclosures and included within those relating to securitisation.

Type of Disclosure	Item	Disclosure Requirement
		<ul style="list-style-type: none"> <li>The main types of guarantor/credit derivative counterparty and their creditworthiness; and</li> <li>Information about (market or credit) risk concentrations within the mitigation taken.</li> </ul>
Quantitative Disclosures	2.	<p>For each separately disclosed category of exposures<sup>17</sup> including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by:</p> <ul style="list-style-type: none"> <li>Eligible guarantees and credit derivatives; and</li> <li>Eligible collateral after haircuts, allowed under the RWCAF. <b>Refer to (Appendix IV)</b></li> </ul>

**Table 7: General Disclosure for Off-balance Sheet exposures and Counterparty Credit Risk (CCR)**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	<p>In relation to general disclosures required under paragraph 10.1, a BI shall disclose:</p> <ul style="list-style-type: none"> <li>Credit limits for counterparty credit exposures for OTC derivative transactions, repo-style transactions<sup>18</sup> and credit derivative contracts booked in its trading and banking book;</li> <li>The policies for securing collateral and establishing credit reserves;</li> <li>A discussion of the impact of the amount of collateral the BI would have to provide given a credit rating downgrade.</li> </ul>
Quantitative Disclosures	2.	<p>BIs shall disclose:</p> <ul style="list-style-type: none"> <li>The principal amount, the gross positive fair value of contracts, credit equivalent amount, and risk weighted asset of derivative contracts; and</li> <li>The principal amount, credit equivalent amount and risk weighted asset of off-balance sheet items.</li> </ul> <p><b>Refer to (Appendix V)</b></p>
	3.	<p>Credit derivative transactions that create exposures to CCR (notional value) segregated between use for own credit portfolio and in its intermediation activities, and</p>

<sup>17</sup> Definition of exposures in this table shall have the same definition as the various categories of exposures under the RWCAF.

<sup>18</sup> Includes lending of a BI's securities or the posting of securities as collateral, including instances where these arise out of repo-style transactions. (i.e. repurchase/reverse repurchase and securities lending/borrowing transactions).

Type of Disclosure	Item	Disclosure Requirement
		showing the distribution of the credit derivatives products used <sup>19</sup> , broken down further by protection bought and sold within each product group.

**Table 8: Securitisation Disclosures under the Standardised Approach**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures (banking and trading book positions)	1.	In addition to the general disclosures required under paragraph 10.1, BIs should include a discussion of: <ul style="list-style-type: none"> <li>• The BI's objectives in relation to securitisation activity, including the extent to which these activities transfer credit risk of the underlying securitised exposures away from the BI to other entities;</li> <li>• The nature of other risks (e.g. liquidity risk) inherent in securitised assets;</li> <li>• The roles played by the BI in the securitisation process<sup>20</sup> and an indication of the extent of the BI's involvement in each of them;</li> <li>• A description of the processes in place to monitor changes in the credit and market risk of securitisation exposures (e.g. how the behaviour of the underlying assets impacts securitisation exposures); and</li> <li>• A description of the BI's policy governing the use of credit risk mitigation to mitigate the risks retained through securitisation exposures.</li> </ul>
	2.	A list of: <ul style="list-style-type: none"> <li>• The types of special purpose vehicles (SPVs) that the BI, as sponsor<sup>21</sup>, uses to securitise third party exposures. Indicate whether the BI has exposure to these SPVs, either on or off-balance sheet; and</li> <li>• Affiliated entities i) that the BI manages or advises and ii) that invest either in the securitisation exposures that the BI has securitised or in SPVs that the BI sponsors.</li> </ul>
	3.	Summary of the BI's accounting policies for securitisation activities, including: <ul style="list-style-type: none"> <li>• whether the transactions are treated as sales or</li> </ul>

<sup>19</sup> This could be credit default swaps, total return swaps, credit options and others.

<sup>20</sup> E.g. originator, investor, servicer, provider of credit enhancement, sponsor, liquidity provider, swap provider or protection provider.

<sup>21</sup> A BI would generally be considered a 'sponsor' if it, in fact or in substance, managed or advises the programme, places securitised into the market, or provides liquidity and/or credit enhancements. The programme may include, for example ABCP conduit programmes and structured investment vehicles.

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Type of Disclosure	Item	Disclosure Requirement
		financings; <ul style="list-style-type: none"> <li>• recognition of gain on sale;</li> <li>• methods and key assumptions for valuing retained or purchased positions, including any significant changes in methods and key assumptions since the last reporting period and the impact of such changes;</li> <li>• treatment of synthetic securitisations if this is not covered by other accounting policies;</li> <li>• how exposures intended to be securitised (e.g. in the pipeline or warehouse) are valued and whether they are recorded in the banking book or in the trading book; and</li> <li>• policies for recognising liabilities on the balance sheet for arrangements that could require the BI to provide financial support for securitised assets.</li> </ul>
	4.	Names of ECAIs used for securitisations and the types of securitisation exposure for which each agency is used.
	5.	An explanation of significant changes to any of the quantitative information (e.g. amounts of assets intended to be securitised, movement of assets between banking book and trading book) since the last reporting period.
Quantitative Disclosures (trading and banking book positions)	6.	The total outstanding exposures securitised <sup>22</sup> by the BI, broken down into traditional/synthetic securitisation by exposure type, <sup>23 24</sup> and shown separately for securitisations of third-party exposures for which the BI acts only as sponsor. <b>Refer to (Appendix VI)</b>
	7.	For exposures securitised by the BI and defined under the Securitisation Framework <sup>25</sup> : <ul style="list-style-type: none"> <li>• The amount of impaired/past due assets securitised; and</li> <li>• Losses recognised by the BI during the current period<sup>26</sup> broken down by exposure type. <b>Refer to (Appendix VI)</b></li> </ul>

<sup>22</sup> Exposure securitised in this context include underlying exposures originated by the BI, whether generated by the BI or purchased into the balance sheet from third parties and third party exposures included in sponsored schemes. Securitisation transactions (including exposures originally on the BI's balance sheet and underlying exposures acquired by the BI from third party) in which the originating BI does not retain any securitisation exposure should be shown separately but need only be reported for the year of inception.

<sup>23</sup> By type of underlying asset (e.g. credit cards, mortgage loans, auto, etc.)

<sup>24</sup> BIs are required to disclose and differentiate securitisation exposures where the BI is an originating bank and exposures where the BI was not involved as an originating bank.

<sup>25</sup> BIs are required to disclose exposures regardless of whether there is a capital charge under Pillar 1.

<b>BNM/RH/GL 001-32</b>	<b>Prudential Financial Policy Department</b>	<b>Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3)</b>	<b>Page 19/37</b>
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Type of Disclosure	Item	Disclosure Requirement
	8.	Summary of current year's securitisation activity, including the amount of exposures securitised (by exposure type) and recognised gain or loss on sale by asset type. <b>Refer to (Appendix VII)</b>
Quantitative Disclosures (banking book positions)	9.	Aggregate amount of on and off-balance sheet securitisation exposures retained or purchased <sup>27</sup> , broken down by: <ul style="list-style-type: none"> <li>• exposure type;</li> <li>• meaningful number of risk weight bands; and</li> <li>• exposures and credit enhancements that are deducted entirely from capital.</li> </ul> <b>Refer to (Appendix VIII)</b>
	10.	For securitisations subject to the early amortisation treatment, the following items by underlying asset type for securitised facilities: <ul style="list-style-type: none"> <li>• the aggregate drawn exposures attributed to the seller's and investors' interests;</li> <li>• the aggregate capital charges incurred by the BI against its retained (i.e. the seller's) shares of the drawn balances and undrawn lines; and</li> <li>• the aggregate capital charges incurred by the BI against the investor's shares of drawn balances and undrawn lines.</li> </ul> <b>Refer to (Appendix VIII)</b>
Quantitative Disclosures (trading book positions)	11.	BI should disclose separately the aggregate amount of securitisation exposures retained or purchased subject to market risk capital charge and the corresponding risk weighted asset broken down by exposure type. <b>Refer to (Appendix IX)</b>

**Table 9: Market Risk (Disclosures for portfolios under the Standardised Approach)**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	The general qualitative disclosures required under paragraph 10.1, including the portfolios covered by the standardised approach.
Quantitative	2.	The risk weighted assets and capital requirements

<sup>26</sup> E.g. charge offs/allowances (if the assets remain on the bank's balance sheet) or write downs of interest-only strips and other residual interests.

<sup>27</sup> Securitisation exposures include but are not restricted to, securities, liquidity facilities, other commitments and credit enhancement such as interest-only strips, cash collateral accounts and other subordinated assets.

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Type of Disclosure	Item	Disclosure Requirement
Disclosures		<p>disclosed separately for:</p> <ul style="list-style-type: none"> <li>• Interest rate risk/benchmark rate risk;</li> <li>• Equity position risk;</li> <li>• Foreign exchange risk;</li> <li>• Commodity risk;</li> <li>• Options risk; and</li> <li>• Inventory risk</li> </ul> <p><b>Refer to (Appendix I)</b></p>

**Table 10: Market Risk Disclosures under the Internal Models Approach (IMA) for Trading Book Portfolio**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	<p>The general qualitative disclosures required under paragraph 10.1, including:</p> <ul style="list-style-type: none"> <li>• the portfolios covered by the IMA; and</li> <li>• methodology employed to comply with the 'Prudent Valuation Guidance' for positions held in the trading book.</li> </ul>
	2.	<p>Portfolios covered by the IMA which have been approved by the Bank for the purpose of computing the market risk capital charge.</p>
	3.	<p>For each portfolio covered by the IMA:</p> <ul style="list-style-type: none"> <li>• The characteristics of the models used;</li> <li>• A description of stress testing applied to the portfolio; and</li> <li>• A description of the approach used for back-testing/validating the accuracy and consistency of the internal models and modelling processes.</li> </ul>
Quantitative Disclosures	4.	<p>For trading portfolios under the IMA:</p> <ul style="list-style-type: none"> <li>• The high, mean and low VaR values over the reporting period and at period end; and</li> <li>• A comparison of VaR estimates with actual gains/losses experienced by the BI, with analysis of important 'outliers' in back-testing results.</li> </ul>

**Table 11: Operational Risk Disclosures**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	<p>In addition to the general qualitative disclosure requirement in paragraph 10.1, the approach adopted by</p>

	the BI for its operational risk capital assessment.
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**Table 12: Equities (Disclosures for Banking Book Positions)**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	In addition to the general qualitative disclosures required under paragraph 10.1, the following shall be disclosed:- <ul style="list-style-type: none"> <li>• Differentiation between holdings on which capital gains are expected and those held for other objectives including for relationship and strategic reasons; and</li> <li>• Policies on valuation and accounting of equity holdings in the banking book. This includes the accounting treatments and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.</li> </ul>
Quantitative Disclosures	2.	The types and nature of investments, including the amount that can be classified as: <ul style="list-style-type: none"> <li>• Publicly traded; and</li> <li>• Privately held.</li> </ul>
	3.	The cumulative realised gains (losses) arising from sales and liquidations in the reporting period.
	4.	Gains or Losses <ul style="list-style-type: none"> <li>• Total unrealised gains/(losses)<sup>28</sup></li> </ul>
	5.	An analysis of equity investments by appropriate equity groupings and risk weighted assets, consistent with the BI's risk management practices.

**Table 13: Disclosure for Interest Rate Risk/Rate of Return Risk in the Banking Book (IRR/RORBB)**

Type of Disclosure	Item	Disclosure Requirement
Qualitative Disclosures	1.	In addition to the general qualitative disclosures required under paragraph 10.1, the following shall be disclosed: <ul style="list-style-type: none"> <li>• The nature of the IRR/RORBB and key assumptions, including assumptions regarding loan prepayments and behaviour of non-maturity deposits, and frequency of the IRR/RORBB measurement.</li> </ul>
Quantitative Disclosures	2.	The increase or decline in earnings and economic value (and any other relevant measure used by management) for upward and downward rate shocks which are consistent with shocks applied in the BI's stress test for

<sup>28</sup> Unrealised gains/(losses) recognised under 'other comprehensive income'.

<b>BNM/RH/GL 001-32</b>	<b>Prudential Financial Policy Department</b>	<b>Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3)</b>	<b>Page 22/37</b>
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Type of Disclosure	Item	Disclosure Requirement
		measuring IRR/RORBB, broken down by various currencies where relevant. <b>Refer to (Appendix X)</b>



**PART D APPENDICES**

**Appendix I. Illustrative Disclosure on Capital Adequacy under the Standardised Approach**

Item	Exposure Class	Gross Exposures / EAD before CRM		Net Exposures / EAD after CRM	Risk Weighted Assets	Risk Weighted Assets Absorbed by PSIA	Total Risk Weighted Assets after effects of PSIA	Minimum Capital Requirement at 8%
1.0	<b>Credit Risk</b>							
1.1	<b>Exposures under the Standardised Approach</b>							
	<i>On-Balance Sheet Exposures</i>							
	Corporate							
	Regulatory Retail							
	Other Assets...							
	Defaulted Exposures							
	Total for On- Balance Sheet Exposures							
	<i>Off-Balance Sheet Exposures</i>							
	OTC Derivatives							
	Credit Derivatives							
	Off-balance sheet exposures other than OTC derivatives or credit derivatives							
	Defaulted Exposures							
	Total Off- Balance Sheet Exposures							
	Total On and Off- Balance Sheet Exposures							
1.2	<b>Exposures under the IRB Approach<sup>29</sup></b>							
	<i>On-Balance Sheet Exposures</i>							
	Sovereigns/Central Banks							
	Banks, DFIs and MDBs							
	Corporate							
	Residential Mortgage							
	Retail Purchased Receivables							
	Qualifying Revolving Retail Exposures							
	Other Retail							
	Securitisation							
	Equity (specify approach)							
	Defaulted Exposures							
	Total On- Balance Sheet Exposures							
	<i>Off-Balance Sheet Exposures</i>							
	Off-balance sheet exposures other than OTC derivatives or credit derivatives							
	Defaulted Exposures							
	Total Off- Balance Sheet Exposures							
	Total On and Off- Balance Sheet Exposures							
	Total (Exempted Exposures and Exposures under the IRB Approach)							
2.0	Large Exposure Risk Requirement							
3.0	Market Risk (specify approach)	Long Position	Short Position					
	Interest Rate Risk							
	Foreign Currency Risk							
	Equity Risk							
	Commodity Risk							
	Inventory Risk							
	Options Risk							
4.0	Operational Risk (specify approach)							
5.0	Total RWA and Capital Requirements							

<sup>29</sup> Applicable only to BIs under the IRB approach



### Appendix IIIa. Illustrative Disclosures on Rated Exposures<sup>30</sup> according to Ratings by ECAIs<sup>31</sup>

Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A to A3	BBB1 to BB3	B to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Rating & Investment Inc <sup>32</sup>	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
<b>On and Off-Balance-Sheet Exposures</b>						
<b>Credit Exposures (using Corporate Risk Weights)</b>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
Insurance Cos, Securities Firms & Fund Managers						
Corporates						
<b>Total</b>						

Exposure Class	Short term Ratings of Banking Institutions and Corporate by Approved ECAIs					
	Moody's	P-1	P-2	P-3	Others	Unrated
	S&P	A-1	A-2	A-3	Others	Unrated
	Fitch	F1+,F1	F2	F3	B to D	Unrated
	RAM	P-1	P-2	P-3	NP	Unrated
	MARC	MARC-1	MARC-2	MARC-3-	MARC-4	Unrated
	Rating & Investment Information Inc	a-1+,a-1	a-2	a-3	b,c	Unrated
<b>On and Off-Balance-Sheet Exposures</b>						
Banks, MDBs and FDIs						
<b>Rated Credit Exposures (using Corporate Risk Weights)</b>						
Public Sector Entities (applicable for entities risk weighted based on their external ratings as corporates)						
Insurance Cos, Securities Firms & Fund Managers						
Corporates						
<b>Total</b>						

<sup>30</sup> Rated exposures shall also include exposures covered by guarantors/credit derivatives which have been rated by ECAIs.

<sup>31</sup> BIs should only disclose information on ECAIs which were used for assigning risk weights to the relevant exposures.

<sup>32</sup> External credit assessments by Rating and Investment Information, Inc. on Islamic debt securities are not recognised by the Bank in determining the risk weights for exposures to the asset classes listed in these appendices.

**Appendix IIIb. Illustrative Disclosures on Rated Exposures according to Ratings by ECAIs**

Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<b>On and Off-Balance-Sheet Exposures</b>							
Sovereigns and Central Banks							
<b>Total</b>							

Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to B3	C1 to D	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	C+ to D	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to C	Unrated
<b>On and Off-Balance-Sheet Exposures</b>							
Banks, MDBs and FDIs							
<b>Total</b>							

### Appendix IIIc. Illustrative Disclosures on Securitisation according to Ratings by ECAIs

Exposure Class	Ratings of Securitisation by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3	B1 and below	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ and below	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ and below	Unrated
	RAM	AAA to AA3	A1 to A3	BBB1 to BBB3	BB1 to BB3	B1 and below	Unrated
	MARC	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ and below	Unrated
	Rating & Investment Inc	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ and below	Unrated
<b>On and Off-Balance-Sheet Exposures</b>							
Securitisation							
<b>Total</b>							

Exposure Class	Short Term Ratings of Securitisation by Approved ECAIs				
	Moody's	P-1	P-2	P-3	Others or Unrated
	S&P	A-1	A-2	A-3	Others or Unrated
	Fitch	F1+,F1	F2	F3	Others or Unrated
	RAM	P-1	P-2	P-3	NP
	MARC	MARC-1	MARC-2	MARC-3	MARC-4
	Rating & Investment Inc	a-1+,a-1	a-2	a-3	b,c
<b>On and Off-Balance-Sheet Exposures</b>					
Securitisation					
<b>Total</b>					

<b>BNM/RH/GL 001-32</b>	<b>Prudential Financial Policy Department</b>	<b>Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3)</b>	<b>Page 28/37</b>
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**Appendix III.d. Illustrative Examples on Exposures Subject to the  
Supervisory Risk Weights under the IRB Approach**

**Specialised Lending Exposures under the Supervisory Slotting Criteria**

<b><u>Supervisory Categories / Risk Weights</u></b>	<b>Strong or 70%</b>	<b>Good or 90%</b>	<b>Satisfactory or 115%</b>	<b>Weak or 250%</b>	<b>Default or 0%</b>
Specialised Lending Exposure					
Project Finance					
Object Finance					
Commodities Finance					
Income Producing Real Estate					
Risk Weighted Assets					

<b><u>Supervisory Categories / Risk Weights</u></b>	<b>Strong or 95%</b>	<b>Good or 120%</b>	<b>Satisfactory or 140%</b>	<b>Weak or 250%</b>	<b>Default or 0%</b>
Specialised Lending Exposure					
High Volatility Commercial Real Estate					
Risk Weighted Assets					

**Equities under the Simple Risk Weight Approach**

<b><u>Supervisory Risk Weights For Equities under the Simple Risk Weight Approach</u></b>	<b>300%</b>	<b>400%</b>
Types of Equities		
Quoted Equities		
Unquoted Equities		
Risk Weighted Assets		

**Appendix IIIe. Illustrative Examples on Exposures under the IRB Approach by Risk Grade or PD Band<sup>33</sup>**

<b>PD Range or BI's internal Risk Grading of Non Retail Exposures</b>	<b>AAA &lt;A+ or 0&lt;0.03%</b>	<b>A+ to &lt;BBB or 0.03&lt;0.16%</b>	<b>BBB to &lt;BB+ or 0.16% &lt;0.51%</b>	<b>BB+ &lt; B+ or 0.51 &lt;3.49%</b>	<b>B+ &lt; CCC or 3.49 &lt;10.09%</b>	<b>CCC or 10.09. &lt;100%</b>	<b>Default or 100%</b>
<b>Total Non Retail Exposures (EAD)</b>							
Sovereign							
Bank							
Corporate...							
<b>Total Exposure</b>							
<b>Undrawn Commitments</b>							
Sovereign							
Bank							
Corporate...							
<b>Total Undrawn Commitments</b>							
<b>Exposure Weighted Average LGD (%)</b>							
Sovereign							
Bank							
Corporate...							
<b>Exposure Weighted Average Risk Weight (%)</b>							
Sovereign							
Bank							
Corporate...							

<b>PD Range of Retail Exposure</b>	<b>0&lt;0.11%</b>	<b>0.11&lt;0.30%</b>	<b>0.30% &lt;0.5%</b>	<b>0.51 &lt;3.49%</b>	<b>3.49 &lt;10.09%</b>	<b>10.09. &lt;100%</b>	<b>Default or 100%</b>
<b>Total Retail Exposure (EAD)</b>							
Residential Mortgage							
Qualifying Revolving Retail							
Other Retail. ...							
<b>Total Exposure</b>							
<b>Undrawn Commitments</b>							
Residential Mortgage							
Qualifying Revolving Retail							
Other Retail. ...							
<b>Total Undrawn Commitments</b>							
<b>Exposure Weighted Average LGD (%)</b>							
Residential Mortgage							
Qualifying Revolving Retail							
Other Retail. ...							
<b>Exposure Weighted Average Risk Weight (%)</b>							
Residential Mortgage							
Qualifying Revolving Retail							
Other Retail. ...							

<sup>33</sup> The PD range and risk grades are for illustrative purposes only. BIs should disclose the appropriate PD range and risk grades applicable to their own internal estimates.

**Appendix IIIf. Illustrative Example on Retail Exposures under the IRB Approach by Expected Loss Range<sup>34</sup>**

<b>EL% Range of Retail Exposure</b>	<b>Up to 0.10%</b>	<b>&gt;0.10 to 0.20%</b>	<b>&gt;0.20% to 0.5%</b>	<b>&gt;0.50 to 1.00.%</b>	<b>&gt;1.00% to 30.0%</b>	<b>&gt;30.0 to &lt;100%</b>	<b>100%</b>
<u>Total Retail Exposure (EAD)</u>							
Residential Mortgage							
Qualifying Revolving Retail							
Other Retail. ...							
<u>Total Exposure</u>							
<u>Undrawn Commitments</u>							
Residential Mortgage							
Qualifying Revolving Retail							
Other Retail. ...							
<u>Undrawn Commitments</u>							
<u>Exposure Weighted Average Risk Weight (%)</u>							
Residential Mortgage							
Qualifying Revolving Retail							
Other Retail. ...							

<sup>34</sup> The EL range is for illustrative purposes only. BIs should disclose the appropriate EL range applicable to their own internal estimates.



**Appendix IV. Illustrative Disclosure on Credit Risk Mitigation**

Exposure Class	Exposures before CRM	Exposures Covered by Guarantees /Credit Derivatives	Exposures Covered by Eligible Financial Collateral	Exposures Covered by Other Eligible Collateral
<b><i>Credit Risk</i></b>				
<i>On-Balance Sheet Exposures</i>				
<b>Sovereigns/Central Banks</b>				
<b>Public Sector Entities</b>				
<b>Banks, Development Financial Institutions &amp; MDBs</b>				
<b>Insurance Cos, Securities Firms &amp; Fund Managers</b>				
<b>Corporates</b>				
<b>Regulatory Retail</b>				
<b>Residential Mortgages</b>				
<b>Higher Risk Assets</b>				
<b>Other Assets</b>				
<b>Specialised Financing/Investment</b>				
<b>Equity Exposure</b>				
<b>Securitisation Exposures</b>				
<b>Defaulted Exposures</b>				
<b>Total for On- Balance Sheet Exposures</b>				
<i>Off-Balance Sheet Exposures<sup>35</sup></i>				
<b>OTC Derivatives</b>				
<b>Credit Derivatives</b>				
<b>Off-Balance sheet exposures other than OTC derivatives or credit derivatives</b>				
<b>Defaulted Exposures</b>				
<b>Total for Off- Balance Sheet Exposures</b>				
<b>Total On and Off- Balance Sheet Exposures</b>				

<sup>35</sup> Credit equivalent of off-balance sheet items.

## Appendix V. Illustrative Disclosure on Off-Balance Sheet and Counterparty Credit Risk

Description	Principal Amount	Positive Fair Value of Derivative Contracts	Credit Equivalent Amount	Risk Weighted Assets
<b>Direct Credit Substitutes</b>				
Transaction related contingent items				
Short Term Self Liquidating trade related contingencies				
Assets sold with recourse				
Forward Asset Purchases				
Obligations under an on-going underwriting agreement				
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions. (i.e. repurchase / reverse repurchase and securities lending / borrowing transactions.				
<b>Foreign exchange related contracts</b>				
One year or less				
Over one year to five years				
Over five years				
<b>Interest/Profit rate related contracts</b>				
One year or less				
Over one year to five years				
Over five years				
<b>Equity related contracts</b>				
One year or less				
Over one year to five years				
Over five years				
<b>Gold and Other Precious Metal Contracts</b>				
One year or less				
Over one year to five years				
Over five years				
<b>Other Commodity Contracts</b>				
One year or less				
Over one year to five years				
Over five years				
<b>Credit Derivative Contracts</b>				
One year or less				
Over one year to five years				
Over five years				
<b>OTC Derivative transactions and credit derivative contracts subject to valid bilateral netting agreements</b>				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year				
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year				
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness				
Unutilised credit card lines				
Off-balance sheet items for securitisation exposures				
Off-balance sheet exposures due to early amortisation provisions				
<b>Total</b>				

**Appendix VI. Illustrative Disclosure on Securitisation (Trading and Banking Book)**

Underlying Asset	Total Exposures Securitised	Past Due	Impaired	Gains/Losses Recognised during the period
<b>TRADITIONAL SECURITISATION (indicate trading or banking book exposures)</b>				
<b><u>Originated by the Banking Institution</u></b>				
Exposure type (e.g. type of underlying assets)				
<i>sub-total</i>				
<b><u>Securitisation of Third Party exposures where the BI acts only as a Sponsor</u></b>				
Exposure type				
<i>sub-total</i>				
<b>TOTAL (TRADITIONAL SECURITISATION)</b>				
<b>SYNTHETIC SECURITISATION (indicate trading or banking book exposures)</b>				
<b><u>Originated by the Banking Institution</u></b>				
Exposure type				
<i>sub-total</i>				
<b><u>Securitisation of Third Party exposures where the BI acts only as a Sponsor</u></b>				
Exposure type				
<i>sub-total</i>				
<b>TOTAL (SYNTHETIC SECURITISATION)</b>				
<b>TOTAL (TRADITIONAL &amp; SYNTHETIC SECURITISATION)</b>				

**Appendix VII. Illustrative Disclosure: Summary of Current Year's Securitisation Activities (Trading and Banking Book)**

Underlying Asset	Amount	Recognised Gains or Loss on Sale
Banking Book		
Residential mortgage		
Commercial loans		
Credit cards...		
Trading Book		
Corporate Bonds...		
Total		



## Appendix IX. Illustrative Disclosure on Securitisation under the Standardised Approach for Trading Book Exposures

Securitisation Exposures by Exposure Type	Total Exposure Value of Positions Purchased or Retained	Exposures subject to deduction	General Risk Charge	Specific Risk Charge	Risk Weighted Assets
<b>TRADITIONAL SECURITISATION</b>					
<b>Originated by Third Party</b>					
<i>On Balance Sheet by Exposure Type (e.g. type of underlying assets)</i>					
<i>Off-Balance Sheet by Exposure Type</i>					
<i>sub-total</i>					
<b>Originated by Banking Institution</b>					
<i>On Balance Sheet by Exposure Type</i>					
<i>Off- Balance Sheet by Exposure Type</i>					
<i>sub-total</i>					
<b>Securitisation subject to Early Amortisation</b>					
<b>Seller's Interest</b>					
<i>On Balance Sheet by Exposure Type</i>					
<i>Off- Balance Sheet by Exposure Type</i>					
<b>Investor's Interest</b>					
<i>On Balance Sheet by Exposure Type</i>					
<i>Off- Balance Sheet by Exposure Type</i>					
<i>sub-total</i>					
<b>TOTAL (TRADITIONAL SECURITISATION)</b>					
<b>SYNTHETIC SECURITISATION</b>					
<b>Originated by Third Party</b>					
<i>On Balance Sheet by Exposure Type</i>					
<i>Off- Balance Sheet by Exposure Type</i>					
<i>sub-total</i>					
<b>Originated by Banking Institution</b>					
<i>On Balance Sheet by Exposure Type</i>					
<i>Off- Balance Sheet by Exposure Type</i>					
<i>sub-total</i>					
<b>Securitisation subject to Early Amortisation</b>					
<b>Seller's Interest</b>					
<i>On Balance Sheet by Exposure Type</i>					
<i>Off- Balance Sheet by Exposure Type</i>					
<b>Investor's Interest</b>					
<i>On Balance Sheet by Exposure Type</i>					
<i>Off- Balance Sheet by Exposure Type</i>					
<i>sub-total</i>					
<b>TOTAL (SYNTHETIC SECURITISATION)</b>					
<b>TOTAL (TRADITIONAL &amp; SYNTHETIC SECURITISATION)</b>					

**Appendix X. Illustrative Disclosure: Disclosure on Market Risk – Interest Rate Risk/Rate of Return Risk in the Banking Book**

Type of Currency	Impact on Positions as at Reporting Period	
	(xxx basis points) Parallel Shift	
	Increase/(Decline) in Earnings	Increase/(Decline) in Economic Value
Currency A		
Currency B		
Currency...		
Total		