Use cases presented by the expert panel on disclosure requirements for the implementation of the quantitative disclosure requirements under the Third Pillar of Basel II

Lead management: Deutsche Bundesbank (Mr Karl-Heinz Hillen)

Last update 1 December 2005

Foreword

- The following use cases for meeting the quantitative Pillar 3 disclosure requirements were developed by the expert panel on Pillar 3 disclosure requirements on the basis of a comprehensive and constructive concept developed by the Bundesverband öffentlicher Banken (Federal Association of Public Banks) with contributions by Deutsche Bank and Dresdner Bank in order to give the banking industry guidance on how to comply with the quantitative disclosure requirements. These use cases are not binding requirements but merely one possible way of showing how the Pillar 3 disclosure requirements can be implemented. They are therefore intended as recommendations by the expert panel and fundamentally reflect the minimum requirements of Pillar 3. In individual cases, disclosures over and above the minimum requirements were included in the use cases; in these cases, the relevant fields are shadowed. Fields that cannot or are not to be completed are struck through.

- The expert panel is of the opinion that the reference date for the initial disclosure of information under Pillar 3 should depend upon the date from which an institution actually begins to use the Basel II Framework to calculate its capital adequacy. Here, in turn, the reference date depends upon the date of the initial use of one of the Pillar 1 methods (Standardised Approach or IRB Approaches) to calculate credit risk. Until this transition has been made, an institution will still count as a Basel I bank, which will mean that – since Basel I has no Pillar 3 – no information under Pillar 3 disclosure requirements will be necessary.

With the implementation of the use cases, the disclosure regulations of the German Banking Act (Kreditwesengesetz) and the Solvency Directive will fundamentally complied with.

- Any queries regarding the use cases should be addressed to fachgremium-saeule3@bundesbank.de.

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Table 1 Scope of application

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Table 1b

Basel II / Pillar 3 requirement	An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities[116] within the group (a) that are fully consolidated;[117] (b) that are pro-rata consolidated;[118] (c) that are given a deduction treatment;[119] and (d) from which surplus capital is recognised[119] plus (e) that are neither consolidated nor deducted (eg where the investment is risk-weighted).
	[116] Entity = securities, insurance and other financial subsidiaries, commercial subsidiaries, significant minority equity investments in insurance, financial and commercial entities. [117] Following the listing of significant subsidiaries in consolidated accounting, eg IAS 27. [118] Following the listing of subsidiaries in consolidated accounting, eg IAS 31. [119] May be provided as an extension (extension of entities only if they are significant for the consolidating bank) to the listing of significant subsidiaries in consolidated accounting, eg IAS 27 and 32.
Approaches concerned	No restrictions

Table : ***"Consolidation matrix / Differences between supervisory and Commercial Code-based consolidation groups"***

This information may also be viewed in flow text if desired!!!

Description*	Name[1)]	Supervisory treatment				Consolidation according to an accounting standard	
		Consolidation		Deduction treatment	Risk-weighted investment-[2)]		
		Full	Pro-rata			Full	Pro-rata
CI							
	Entity A	X				X	

Table 1 Scope of application

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Table 1b

FSI							
	Entity B	X				X	
FE							
	Entity C	X					X
Insur							
	Entity G			X			
	Entity H						
Other							
	Entity I					X	

1) Only key entities should be named specifically. For less important entities, we recommend a combined description according to the institution’s specific materiality definition for each category.

2) Which are consolidated in accordance with the Commercial Code.

A brief description of the entity may also be necessary in addition to the information presented in the consolidation matrix.

Reporting frequency	Annual (Basel/Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)

Table 1 Scope of application

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Table 1b

Pillar 3 expert panel's recommendation for implementation	Can groups be formed when describing subsidiaries? Listing each individual subsidiary would not make much sense for smaller, insignificant subsidiaries (eg special purpose entities) and would lead to information overload on the part of the reader. The accounting standard according to which the relevant group statement was compiled is the reference measure for the comparison. Smaller, insignificant subsidiaries (eg special purpose entities) may be summarised. (See also paragraph 814.)
Notes	* The classification scheme in this use case corresponds to that of section 1 of the Banking Act, to which insurance companies and other entities have been added. We use the following abbreviations here: CI = credit institution (section 1 (1) of the Banking Act) FSI = financial services institution (section 1 (1a) of the Banking Act) FE = financial enterprise (section 1 (3) of the Banking Act) Insur = insurance companies within the meaning of the Insurance Supervision Act (Versicherungsaufsichtsgesetz) Other = includes all other companies not falling within one of the above categories. The possibility of recognising insurance subsidiaries' surplus capital envisaged in paragraph 33 of the Basel Framework has not been translated into European and national law; therefore, no space to list this information is needed
Outstanding issues	None

Table 1 Scope of application

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Table 1e

Basel II / Pillar 3 requirement	The aggregate amount of capital deficiencies[122] in all subsidiaries not included in the consolidation ie that are deducted and the name(s) of such subsidiaries. [122] A capital deficiency is the amount by which actual capital is less than the regulatory capital requirement. Any deficiencies which have been deducted on a group level in addition to the investment in such subsidiaries are not to be included in the aggregate capital deficiency.
Approaches concerned	No restrictions

Table : ***"Aggregate amount of all subsidiaries that are subject to a deduction treatment"***

Names of subsidiaries with a capital deficiency that are deducted	Aggregate amount of capital deficiency
	€ million
Subsidiary A	—
Subsidiary B	—
Subsidiary C	—
Subsidiary D	—
Subsidiary E	—
Subsidiary F	—
Total amount	

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.

Table 1 Scope of application

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Table 1e

Companies involved	Subsidiaries (institutions) deducted from regulatory capital
Pillar 3 expert panel's recommendation for implementation	What does "capital deficiencies" mean? According to footnote 122, "capital deficiencies" represent the differences between the companies' actual capital and the regulatory capital requirement. If the companies are not institutions, they are not subject to regulatory capital requirements and thus "capital deficiencies" cannot exist. With regard to institutions, it is necessary to define which capital requirements are meant: local capital standards relevant to the individual institution or the capital charges on a subsidiary's exposures pursuant to Basel II. "Capital deficiencies" are to be examined only for institutions which themselves are subject to capital standards. This interpretation derives from footnote 122. Local capital standards are the measure for detecting a deficit. Moreover, the expert panel does not expect a use case for this rule.
Notes	none
Outstanding issues	none

Table 1 Scope of application

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Table 1f

Basel II / Pillar 3 requirement	The aggregate amounts (eg current book value) of the firm's total interests in insurance entities, which are risk-weighted[123] rather than deducted from capital or subjected to an alternate group-wide method,[124] as well as their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction or alternate group-wide method.
	[123] See paragraph 31. Paragraph 31 Due to issues of competitive equality, some G10 countries will retain their existing risk weighting treatment as an exception to the approaches described above and introduce risk aggregation only on a consistent basis to that applied domestically by insurance supervisors for insurance firms with banking subsidiaries. The Committee invites insurance supervisors to develop further and adopt approaches that comply with the above standards. [124] See paragraph 30. Paragraph 30 A bank that owns an insurance subsidiary bears the full entrepreneurial risks of the subsidiary and should recognise on a group-wide basis the risks included in the whole group. When measuring regulatory capital for banks, the Committee believes that at this stage it is, in principle, appropriate to deduct banks' equity and other regulatory capital investments in insurance subsidiaries and also significant minority investments in insurance entities. Under this approach the bank would remove from its balance sheet assets and liabilities, as well as third party capital investments in an insurance subsidiary. Alternative approaches that can be applied should, in any case, include a group-wide perspective for determining capital adequacy and avoid double counting of capital.
Approaches concerned	No restrictions
Table :	***"Capital shares in insurance entities which are risk-weighted"***

Name of the risk-weighted	Country of	Equity interests	Aggregate current book value of the	Quantitative impact

Table 1 Scope of application

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Table 1f

insurance entity*	incorporation or residence	Ownership interest (percentage)	Voting power (percentage)	total interests, in € million	on regulatory capital,** in € million
Insurance entity A		x%	x%	—	—
Insurance entity B		y%	z%	—	—
Insurance entity C				—	—
Insurance entity D				—	—
…				—	—
Total	—	—	—		

* Total capital interests in insurance entities, which are risk-weighted and not deducted from capital or subject to an alternative method, are to be listed.

** The quantitative impact of risk-weighting total interests rather using the deduction method or an alternative method is to be indicated.

<u>Reporting frequency</u>	Semi-annual (Basel) / annual (Brussels)
<u>First reporting period/cut-off date for publication</u>	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
<u>Companies involved</u>	Risk-weighted insurance entities
<u>Pillar 3 expert panel's recommendation for implementation</u>	What investments in insurance entities are meant by "… which are risk-weighted rather than deducted from capital or subjected to an alternate group-wide method, …"? In this context, this generally means such insurance entities in which the institution holds an ownership interest of at least 20%. Moreover, this can also mean ownership interests in insurance entities where, although the bank holds less than 20% of the capital, it can exert a key influence on the entity's business strategy. In the opinion of the expert panel, a use case for an alternative method is not conceivable for Germany.

Table 1 Scope of application

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Table 1f

Notes	None
Outstanding issues	None

Table 2 Capital structure

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Tables 2b to 2e

Basel II / Pillar 3 requirement	**(b) The amount of Tier 1 capital, with separate disclosure of** - paid-up share capital/common stock - reserves - minority interests in the equity of subsidiaries - innovative instruments[125] - other capital instruments - surplus capital from insurance companies[126] - regulatory calculation differences deducted from Tier 1 capital[127] and - other amounts deducted from Tier 1 capital, including goodwill and investments. **(c) The total amount of Tier 2 and Tier 3 capital.** **(d) Other deductions from capital.[128].** **(e) Total eligible capital.**
	[125] Innovative instruments are covered under the Committee's press release, Instruments eligible for inclusion in Tier 1 capital (27 October 1998). [126] See paragraph 33 [127] Representing 50% of the difference (when expected losses as calculated within the IRB Approach exceed total provisions) to be deducted from Tier 1 capital. [128] Including 50% of the difference (when expected losses as calculated within the IRB Approach exceed total provisions) to be deducted from Tier 2 capital.
Approaches concerned	No restrictions

Table : ***"Capital structure"***

	Reference date (€ million)
- paid-up share capital / common stock	
- Reserves	
- Minority interests in the equity of subsidiaries	
- Innovative instruments	

Table 2 Capital structure

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Tables 2b to 2e

- Other capital instruments	
- Regulatory calculation differences (only IRB)[1]	
- Other deductions	
Total Tier 1 capital	
Total Tier 2 capital and used eligible Tier 3 capital	
Other deductions[2]	
Total eligible capital	

[1] 50% of the difference (when expected losses as calculated within the IRB Approach exceed total provisions) to be deducted from Tier 1 capital.

[2] Including 50% of the difference (when expected losses as calculated within the IRB Approach exceed total provisions) to be deducted from Tier 2 capital.

Reporting frequency	Quarterly (Basel) / semi-annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	None
Notes	The possibility of recognising insurance subsidiaries' surplus capital envisaged in paragraph 33 of the Basel Framework has not been translated into European and national law; therefore, no space to list this information is needed.

Table 2 Capital structure

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Tables 2b to 2e

Outstanding issues	None

Table 3 Capital adequacy

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Tables 3b to 3e

Basel II / Pillar 3 requirement	

	(b) Capital requirements for credit risk
	- Portfolios subject to Standardised or simplified Standardised Approach, disclosed separately for each portfolio
	- Portfolios subject to the IRB Approaches, disclosed separately for each portfolio under the Foundation IRB Approach and for each portfolio under the Advanced IRB Approach
	  - Corporate (including SL not subject to supervisory slotting criteria), sovereign and bank;
	  - Residential mortgage
	  - Qualifying revolving retail[129] and
	  - Other retail
	- Securitisation exposures
	(c) Capital requirements for equity exposures in the IRB Approach
	  - Equity portfolios subject to the market-based approaches
	    - Equity portfolios subject to simple risk-weight method; and
	    - Equities in the banking book under the Internal Models Approach (for banks using IMA for banking book equity exposures)
	  - Equity portfolios subject to PD/LGD approaches
	(d) Capital requirements for market risk[130]:
	  - Standardised Approach
	  - Internal Models Approach – Trading book
	(e) Capital requirements for operational risk[130]:
	  - Basic Indicator Approach
	  - Standardised Approach
	  - Advanced Measurement Approach (AMA)

	[129] Banks should distinguish between the separate non-mortgage retail portfolios used for the Pillar 1 capital calculation (ie qualifying revolving retail exposures and other retail exposures) unless these portfolios are insignificant in size (relative to overall credit exposures) and the risk profile of each portfolio is sufficiently similar such that separate disclosure would not help users' understanding of the risk profile of the banks' retail business. [130] Capital requirements are to be disclosed only for the approaches used.
Approaches concerned	No restrictions
Table :	***"Capital requirements"***

Table 3 Capital adequacy

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Tables 3b to 3e

Credit risk	Capital requirement (€ million)
Standardised Approach	
- Corporate	
- Banks	
- Sovereign	
- Commercial real estate exposures	
- Residential real estate exposures	
- Other real estate exposures	
- Qualifying revolving retail exposures	
- Other retail exposures	
- Other	
Foundation IRB	
- Corporate (…),[1] sovereign and bank	
- Equity portfolios	
- Residential mortgage	
- Qualifying revolving retail exposures	
- Other retail exposures	
Advanced IRB	
- Corporate (…),[1] sovereign and bank	
- Equity portfolios	
- Residential mortgage	
- Qualifying revolving retail exposures	
- Other retail exposures	
Securitisation exposures	

Table 3 Capital adequacy

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Tables 3b to 3e

continuation	
Equity risks	
Equity if method retained/grandfathered	
Equity subject to the market-based approaches (IRB)	
- Simple risk-weight approach	
- Internal Models Approach	
Equity subject to PD/LGD approaches	
Market risk in the trading book	
Market risk under	
- Standardised Approach	
- Internal Models Approach	
Operational risk	
Operational risk under	
- Basic Indicator Approach	
- Standardised Approach	
- Advanced Measurement Approach (AMA)	
Total	

[1)] Including SMEs and specialised lending.

Reporting frequency	Quarterly (Basel) / semi-annual (Brussels)

Table 3 Capital adequacy

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Tables 3b to 3e

First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	None
Notes	None
Outstanding issues	None

Table 3 Capital adequacy

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Table 3f

Basel II / Pillar 3 requirement	Total and Tier 1 capital ratio[131]: - For the top consolidated group and - For significant bank subsidiaries (stand-alone or sub-consolidated depending on how the Framework is applied) [131] Including proportion of innovative capital instruments
Approaches concerned	No restrictions
Table :	***"Capital ratios"***

	Total capital ratio (percentage)	Tier 1 capital ratio (percentage)
Consolidated group		
Parent (stand-alone)		
sub-consolidated/subsidiaries		
...		
...		
…		

Reporting frequency	Quarterly (Basel) / semi-annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group / only significant banking subsidiaries are to be indicated
Pillar 3 expert panel's recommendation for	None

Table 3 Capital adequacy

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Table 3f

Notes	Significant banking subsidiaries are to be defined by the institutions themselves (using their own materiality concepts). If using the floors from the transitional arrangements results in higher capital requirements, the relevant ratio could be indicated and explained in a footnote to Table 3f.
Outstanding issues:	None

Table 4[132] Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4b

Basel II / Pillar 3 requirement	Total gross credit risk exposures,[133] plus average gross exposure[134] over the period[135] broken down by major types of credit exposure.[136]
	[133] That is, after accounting offsets in accordance with the applicable accounting regime and without taking into account the effects of credit risk mitigation techniques, eg collateral and netting. [134] Where the period end position is representative of the risk positions of the bank during the period, average gross exposures need not be disclosed. [135] Where average amounts are disclosed in accordance with an accounting standard or other requirement which specifies the calculation method to be used, that method should be followed. Otherwise, the average exposures should be calculated using the most frequent interval that an entity's systems generate for management, regulatory or other reasons, provided that the resulting averages are representative of the bank's operations. The basis used for calculating averages need be stated only if not on a daily average basis. [136] This breakdown could be that applied under accounting rules, and might, for instance, be (a) loans, commitments and other non-derivative off-balance-sheet exposures, (b) debt securities and (c) OTC derivatives.
Approaches concerned	No restrictions

Table : ***"Gross credit risk exposures, broken down by types of credit exposure"***

	Loans, commitments and other non-derivative off-balance-sheet exposures	Debt Securities	Derivatives
	Amount in € million	Amount in € million	Amount in € million
Total gross credit risk exposures			

"Gross credit risk exposures, broken down by types of credit exposure" in Tables 4c, 4d and 4e

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.

Table 4[132] Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4b

Companies involved	Depending on the bank's internal definition; the definition chosen should be explained
Pillar 3 expert panel's recommendation for implementation	How is the term "credit risk" as used in Table 4 to be defined? The disclosure criteria are, in some cases, oriented to accounting [primarily the information for letters f, g and h] and, in part, to risk analysis [letter i], which can lead to problems with their use in practice. The credit volume and the group entities to be included can therefore be defined according to the institution's internal criteria, with account being taken of the various references. The definition of gross credit risk exposures and the method of determining the valuation approaches should be explained. Where is the information content in "… average gross exposure" and what underlying frequency should be used when calculating average values? Information on the average risk volume will need to be provided only in exceptional cases. Representatives of the banking industry have explained that more major changes will be explained over time anyway.
Notes	According to footnote 132, equities are not included. The gross credit risk exposures can be defined, for instance, pursuant to section 19 (1) of the Banking Act. The total credit risk exposure pursuant to section 19 (1) of the Banking Act is also broken down in the external auditors' report. The table can be merged with Table 4(c) as appropriate.
	Since Tables 4b to 4h are based on the same body of data, it is assumed that the figures will be shown after write-downs and prior to risk mitigation (see explicit arrangement concerning Table 4b).
Outstanding issues	None

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4c

Basel II / Pillar 3 requirement	Geographic[137] distribution of exposures, broken down in significant areas by major types of credit exposure.
	[137] Geographical areas may comprise individual countries, groups of countries or regions within countries. Banks might choose to define the geographical areas based on the way the bank's portfolio is geographically managed. The criteria used to allocate the loans to geographical
Approaches concerned	No restrictions

Table : ***"Significant geographical areas, broken down by types of credit exposure "***

Significant geographical areas	Loans, commitments and other non-derivative off-balance-sheet exposures	Securities	Derivatives
	Amount in € million	Amount in € million	Amount in € million
Area 1			
Area 2			
Area 3			
Area 4			
Total			

Reporting frequency	Semi-annual (Basel) / annual (Brussels)

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4c

First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Depending on the bank's internal definition; the definition chosen should be explained
Pillar 3 expert panel's recommendation for implementation	How is the term "credit risk" as used in Table 4 to be defined? The disclosure criteria are, in some cases, oriented to accounting standards [primarily the information for letters f, g and h] and, in part, to risk analysis [letter i], which can lead to problems with their use in practice. The credit volume and the group entities to be included can therefore be defined according to the institution's internal criteria, with account being taken of the various references. The definition of gross credit risk exposures and the method of determining the valuation approaches should be explained.
Notes	Significant geographical areas are to be defined individually for each institution and should be explained for clarity.
	Since Tables 4b to 4h are based on the same body of data, it is assumed that the figures will be shown after write-downs and prior to risk mitigation (see explicit arrangement concerning Table 4b).
Outstanding issues	None

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4d

Basel II / Pillar 3 requirement	Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.
Approaches concerned	No restrictions

Table : ***"Major industries, broken down by types of credit exposure "***

Major industries	Loans, commitments and other non-derivative off-balance-sheet exposures	Securities	Derivatives
	Amount in € million	Amount in € million	Amount in € million
Industry 1			
Industry 2			
Industry 3			
Total			

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Depending on the bank’s internal definition; the definition chosen should be explained.

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4d

Pillar 3 expert panel's recommendation for implementation	How is the term "credit risk" as used in Table 4 to be defined? The disclosure criteria are, in some cases, oriented to accounting standards [primarily the information for letters f, g and h] and, in part, to risk analysis [letter i], which can lead to problems with their use in practice. The credit volume and the group entities to be included can therefore be defined according to the institution's internal criteria, with account being taken of the various references. The definition of gross credit risk exposures and the method of determining the valuation approaches should be explained.
Notes	Industries are to be defined individually for each institution and should be explained for clarity.
	Since Tables 4b to 4h are based on the same body of data, it is assumed that the figures will be shown after write-downs and prior to risk mitigation (see explicit arrangement concerning Table 4b).
Outstanding issues	None

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4e

Basel II / Pillar 3 requirement	Residual contractual maturity breakdown of the whole portfolio, [138] broken down by major types of credit exposure.
	[138] This may already be covered by accounting standards, in which case banks may wish to use the same maturity groupings used in accounting.
Approaches concerned	No restrictions

Table : ***"Residual contractual maturities"***

Maturities	Loans, commitments and other non-derivative off-balance-sheet exposures	Securities	Derivatives
	Amount in € million	Amount in € million	Amount in € million
< 1 year			
1 year - 5 years			
> 5 years to unlimited			
Total			

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4e

Companies involved	Depending on the bank’s internal definition; the definition chosen should be explained
Pillar 3 expert panel’s recommendation for implementation	How is the term “credit risk” as used in Table 4 to be defined? The disclosure criteria are, in some cases, oriented to accounting standards [primarily the information for letters f, g and h] and, in part, to risk analysis [letter i], which can lead to problems with their use in practice. The credit volume and the group entities to be included can therefore be defined according to the institution’s internal criteria, with account being taken of the various references. The definition of gross credit risk exposures and the method of determining the valuation approaches should be explained.
	Can different maturity bands be used to break down credit exposure by maturity? Owing to differences regarding the maturity structure between parts of the credit portfolio, the only sensible way to show exposure is by using different maturity bands. We recommend showing maturities only if the maturity is to be classified as a key risk factor. Maturities can be shown individually in an appropriate breakdown depending on the type of credit exposure, eg separately by loan or bill-based lending, other types of credit and derivatives. In this connection, to avoid redundancy, reference is also made to footnote 138, which allows the use of maturity groupings based on accounting standards.
Notes	Maturity groupings are to be defined individually for each institution and should be explained for clarity. The example is based on the outline in the Annex/Notes.
	Since Tables 4b to 4h are based on the same body of data, it is assumed that the figures will be shown after write-downs and prior to risk mitigation (see explicit arrangement concerning Table 4b).
Outstanding issues	None

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4f

Basel II / Pillar 3 requirement	By major industry or counterparty type • Amount of impaired loans and, if available, past due loans, provided separately [139] • Specific and general allowances and • Charges for specific allowances and charge-offs during the period. [139] Banks are encouraged also to provide an analysis of the ageing of past-due loans.
Approaches concerned	No restrictions

Table : ***"Impaired and past due loans, broken down by major industries"***

Major industries	Drawdown from impaired loans	Stock of specific allowances	Stock of general allowances	Stock of provisions	Net transfers to/dissolution of specific allowances/provisions	Charge-offs/recoveries	Past due loans
	Amount in € million	Amount in € million	Amount in € million	Amount in € million	Amount in € million	Amount in € million	Amount in € million
Retail							
Industry 2							
Industry 3							
Total							

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Depending on the bank's internal definition; the definition chosen should be explained.
Pillar 3 expert panel's recommendation for implementation	How is the term "credit risk" as used in Table 4 to be defined? The disclosure criteria are, in some cases, oriented to accounting standards [primarily the information for letters f, g and h] and, in part, to risk analysis [letter i], which can lead to problems with their use in practice. The credit volume and the group entities to be included can therefore be defined according to the institution's internal criteria, with account being taken of the various references. The definition of gross credit risk exposures and the method of determining the valuation approaches should be explained.

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4f

	How should general allowances be broken down by industry and counterparty type? It should be noted that it may not be possible to break down general allowances by the borrower's industry, region etc since general allowances are not formed for specific exposures. Where it appears reasonably possible to break down general allowances by industry and customer group, this should be shown.
	• Do specific allowances affect only credit risk or also country risk? The specific allowances relate to both the credit risk and the country risk. • How are the term "impaired loans" and the criterion "past due" defined? Impaired loans and past due loans can be defined on the basis of the accounting standards or internal definitions used. The definition chosen should be explained for clarity.
	Where Pillar 3 disclosures are published within a year, projected risk provisioning from reports within a time-frame of less than one year may be used to present the trend in risk provisioning.
Notes	According to footnote 132, equities are not included. The ageing of past-due loans will not be broken down and analysed as suggested in footnote 139.
	Since Tables 4b to 4h are based on the same body of data, it is assumed that the figures will be shown after write-downs and prior to risk mitigation (see explicit arrangement concerning Table 4b).
Outstanding issues	None

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4g

Basel II / Pillar 3 requirement	Amount of impaired loans and, if available, past due loans provided separately broken down by significant geographic areas including, if practical, the amounts of specific and general allowances related to each geographical area.[140] [140] The portion of general allowance that is not allocated to a geographical area should be disclosed separately.
Approaches concerned	No restrictions

Table : ***"Impaired and past due loans, broken down by significant geographical areas"***

Significant geographical areas	Drawdown from impaired loans	Stock of specific allowance	Stock of general allowances	Stock of provisions	Past due loans
	Amount in € million	Amount in € million	Amount in € million	Amount in € million	Amount in € million
Area 1					
Area 2					
Area 3					
Area 4					
Total					

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Depending on the bank's internal definition; the definition chosen should be explained.

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4g

Pillar 3 expert panel's recommendation for implementation	How is the term "credit risk" as used in Table 4 to be defined? The disclosure criteria are, in some cases, oriented to accounting standards [primarily the information for letters f, g and h] and, in part, to risk analysis [letter i], which can lead to problems with their use in practice. The credit volume and the group entities to be included can therefore be defined according to the institution's internal criteria, with account being taken of the various references. The definition of gross credit risk exposures and the method of determining the valuation approaches should be explained.
	How should general allowances be broken down by industry and counterparty type? It should be noted that it may not be possible to break down general allowances by the borrower's industry, region etc since general allowances are not formed for specific exposures. Where it appears reasonably possible to break down general allowances by industry and customer group, this should be shown.
	• Do specific allowances affect only credit risk or also country risk? The specific allowances relate to both the credit risk and the country risk. • How are the term "impaired exposures" and the criterion "past due" defined? Impaired exposures and past due loans can be defined on the basis of the accounting standards or internal definitions used. The definition chosen should be explained for clarity.
	Where Pillar 3 disclosures are published within a year, projected risk provisioning from reports within a time-frame of less than one year may be used to present the trend in risk provisioning.
Notes	Since Tables 4b to 4h are based on the same body of data, it is assumed that the figures will be shown after write-downs and prior to risk mitigation (see explicit arrangement concerning Table 4b).
Outstanding issues	None

Table 4[132]: Credit risk: general disclosures for all banks

Credit risk: general disclosures for all Banks

[132] Table 4 does not include equities.

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Tabelle 4h

Basel II / Pillar 3 requirement	Reconciliation of changes in the allowances for loan impairment.[141]
	[141] The reconciliation shows separately specific and general allowances; the information comprises: a description of the type of allowance; the opening balance of the allowance; charge-offs taken against the allowance during the period; amounts set aside (or reversed) for estimated probable loan losses during the period; any other adjustments (eg exchange rate differences, business combinations, acquisitions and disposals of subsidiaries), including transfers between allowances; and the closing of the allowance. Charge-offs and recoveries that have been recorded directly to the income statement should be disclosed separately.
Approaches concerned	No restrictions

Table :

"Development of allowances" 1)

	Opening balance	adjustment in the period	dissolution	Consumption	Exchange rate-related and other differences	Closing balance
	Amount in € million	Amount in € million	Amount in € million	Amount in € million	Amount in € million	Amount in € million
Specific allowances						
Provisions						
General allowances						

1) The reader is advised to see Table 4f regarding the development of direct charge-offs.

Reporting frequency	Semi-annual (Basel) / annual (Brussels)halbjährlich (Basel) / jährlich (Brüssel)

Table 4[132]: Credit risk: general disclosures for all banks

Credit risk: general disclosures for all Banks

[132] Table 4 does not include equities.

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Tabelle 4h

First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Depending on the bank's internal definition; the definition chosen should be explained.
Pillar 3 expert panel's recommendation for implementation	• Do specific allowances affect only credit risk or also country risk? The specific allowances relate to both the credit risk and the country risk. • How are the term "impaired loan" and the criterion "past due" defined? Impaired loans and past due loans can be defined on the basis of the accounting standards or internal definitions used. The definition chosen should be explained for clarity.
	Where Pillar 3 disclosures are published within a year, projected risk provisioning from reports within a time-frame of less than one year may be used to present the trend in risk provisioning
Notes	Since Tables 4b to 4h are based on the same body of data, it is assumed that the figures will be shown after write-downs and prior to risk mitigation (see explicit arrangement concerning Table 4b).
Outstanding issues	None

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4i

Basel II / Pillar 3 requirement	For each portfolio, the amount of exposures (for IRB banks, drawn plus EAD on undrawn) subject to the (1) Standardised, (2) Foundation IRB and (3) Advanced IRB Approaches.
Approaches concerned	No restrictions
Table :	***"Exposure amounts according to the chosen approaches"***

Portfolio	Exposure amount in € million
Standardised Approach - Corporate	
- Banks	
- Sovereign	
- Commercial real estate exposures	
- Residential real estate exposures	
- Other real estate exposures	
- Qualifying revolving retail exposures	
- Other retail exposures	
Total	
Foundation IRB Corporate (…),[1] sovereign and bank	
Equity portfolios	
Residential mortgage	
Qualifying revolving retail exposures	
Other retail exposures	
Total	
continuation	

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4i

Advanced IRB Corporate (…),[1] sovereign and bank	
Equity portfolios	
Residential mortgage	
Qualifying revolving retail exposures	
Other retail exposures	
Total	

[1)] Including SMEs and specialised lending

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Depending on the bank's internal definition; the definition chosen should be explained.
Pillar 3 expert panel's recommendation for implementation	What does "amount of exposures" mean? The expert panel on Pillar 3 believes that the "amount of exposures" means the amount deriving from Pillar 1; this cannot be coordinated with external accounting.

Table 4[132]: Credit risk: general disclosures for all banks

[132] Table 4 does not include equities.

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Table 4i

Notes	None
Outstanding issues	None

Table 5: Credit risk: disclosures for portfolios subject to the Standardised Approach and supervisory risk weights in the IRB Approaches[142]

[142] A de minimis exception would apply where ratings are used for less than 1% of the total loan portfolio

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Table 5b

Basel II / Pillar 3 requirement	• For exposure amounts after risk mitigation subject to the Standardised Approach, amount of a bank's outstandings (rated and unrated) in each risk bucket as well as those that are deducted; and • for exposures subject to the supervisory risk weights in the IRB Approach (HVCRE, any SL products subject to supervisory slotting criteria and equities under the simple risk weight method) the aggregate amount of a bank's outstandings in each risk bucket.
Approaches concerned	No restrictions
Table:	***"Volume of counterparty risk exposures for portfolios in the Standardised Approach and for the supervisory risk weights applicable in the IRB Approach, for each risk category "***

Risk weight (percentage)*	Aggregate amount of outstandings prior to risk mitigation	Aggregate amount of outstandings after risk mitigation	
	Standardised Approach	Standardised Approach	IRB Approaches
	Amount in € million	Amount in € million	Amount in € million
0			—
15	—	—	
20			—
35	—	—	
50			—
75			
100			
125	—	—	
150			

Table 5: Credit risk: disclosures for portfolios subject to the Standardised Approach and supervisory risk weights in the IRB Approaches[142]

[142] A de minimis exception would apply where ratings are used for less than 1% of the total loan portfolio

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Table 5b

175	—	—	
300	—	—	
350			
400	—	—	
625	—	—	
1250	—	—	
Deduction from capital			

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel’s recommendation for implementation	None
Notes	* The risk weights assumed here are illustrative risk weights. The applicable risk weights are yet to be determined by supervisors. Information is to be provided for HVCRE, SL in the Foundation IRB Approach and equity exposures under the simplified risk-weighting method. The materiality principle, which permits insignificant exposures, eg those under "Other assets”, to be disregarded, may come into play here, particularly as concerns the 0% risk weight.
Outstanding issues	None

Table 5: Credit risk: disclosures for portfolios subject to the Standardised Approach and supervisory risk weights in the IRB Approaches[142]

[142] A de minimis exception would apply where ratings are used for less than 1% of the total loan portfolio

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Table 5b

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – risk assessment*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6d (I)

Basel II / Pillar 3 requirement	For each portfolio (as defined above) except retail, present the following information across a sufficient number of PD grades (including default) to allow for a meaningful differentiation of credit risk:[148] • Total exposures (for corporate, sovereign and bank, outstanding loans and EAD on undrawn commitments;[149] for equities, outstanding amount); [148] The PD, LGD and EAD disclosures below should reflect the effects of collateral, netting and guarantees/credit derivatives, where recognised under Part 2. Disclosure of each PD grade should include the exposure-weighted-average PD for each grade. Where banks are aggregating PD grades for the purposes of disclosure, this should be a representative breakdown of the distribution of PD grades used in the IRB Approach. [149]Outstanding loans and EAD on undrawn commitments can be presented on a combined basis for these disclosures.
Approaches concerned	Foundation IRB Approach

Table:

"Aggregate credit volume, by PD grades (excluding retail)"

∅ = average

Portfolio[1)]	PD 1 0,00 - 10%*			PD 2 11 - 50%*			Default			**Total**		
	EAD in € million	∅ PD[2)] in %	∅ RW[3)] in %	EAD in € million	∅ PD[2)] in %	∅ RW[3)] in %	EAD in € million	∅ PD[2)] in %	∅ RW[3)] in %	**EAD in € million**	**∅ PD[2)] in %**	**∅ RW[3)] in %**
Corporate,[4] sovereign[5] and bank												
Equities[6)]												
Total												

* Examples of PD grades

1) Where IRB institutions use a different portfolio definition from the ones above, they are to disclose on the basis of this definition.

2) Exposure-weighted ∅ PD = $\sum_{i=1}^{n}(PD_i \cdot EAD_i) \div \sum_{i=1}^{n} EAD$

3) Exposure-weighted ∅ RW = $\sum_{i=1}^{n}(RW_i \cdot EAD_i) \div \sum_{i=1}^{n} EAD$

4) iIncluding SMEs, SL and purchased receivables.

5) Outstanding loans and undrawn commitments, after risk mitigation

6) Outstanding amounts/equities need only be disclosed here as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book.

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – risk assessment*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6d (I)

Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	Does footnote 144 ("Equities need only be disclosed here as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book"), which currently refers only to letter c of Table 6, also refer to letters d to f? Footnote 144 also relates to the disclosure of quantitative data for letters d to f.
Notes	The portfolios relevant to disclosure derive from the qualitative requirements of Table 6c.
Outstanding issues	None

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – risk assessment*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6d (II)

Basel II / Pillar 3 requirement

For each portfolio (as defined above) except retail, present the following information across a sufficient number of PD grades (including default) to allow for a meaningful differentiation of credit risk:[148]
• For banks on the IRB Advanced Approach, exposure-weighted average LGD (percentage); and • Exposure-weighted average risk weight.
[148] The PD, LGD and EAD disclosures below should reflect the effects of collateral, netting and guarantees/credit derivatives, where recognised under Part 2. Disclosure of each PD grade should include the exposure-weighted-average PD for each grade. Where banks are aggregating PD grades for the purposes of disclosure, this should be a representative breakdown of the distribution of PD grades used in the IRB Approach.

Approaches concerned

Advanced IRB Approach

Tabelle:

"Credit volume, by PD grades (excluding retail), in the Advanced IRB Approach"

∅ = average

Portfolio[1)]	PD 1 0,00 - 10%*				PD 2 11 - 50%*				Default				**Total**		
	EAD in € million	∅ LGD[2)] in %	∅ PD[3)] in %	∅ RW[4)] in %	EAD in € million	∅ LGD[2)] in %	∅ PD[3)] in %	∅ RW[4)] in %	EAD in € million	∅ LGD[2)] in %	∅ PD[3)] in %	∅ RW[4)] in %	**EAD in € million**	**∅ PD[3)] in %**	**∅ RW[4)] in %**
Corporate,[5] sovereign and bank															
Equities[6)]															
Gesamt															

* Examples of PD grades

1) Where IRB institutions use a different portfolio definition from the ones above, they are to disclose on the basis of this definition.

2) Exposure-weighted ∅ LGD = $\sum_{i=1}^{n}(LGD_i \cdot EAD_i) \div \sum_{i=1}^{n} EAD$

3) Exposure-weighted ∅ PD = $\sum_{i=1}^{n}(PD_i \cdot EAD_i) \div \sum_{i=1}^{n} EAD$

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – risk assessment*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6d (II)

[4] Exposure-weighted ∅ RW = $\sum_{i=1}^{n}(RW_i \cdot EAD_i) \div \sum_{i=1}^{n} EAD$

[5] ncluding SMEs, SL and purchased receivables.

[6]Equities need only be disclosed here as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book.

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	Does footnote 144 ("Equities need only be disclosed here as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book"), which currently refers only to letter c of Table 6, also refer to letters d to f? Footnote 144 also relates to the disclosure of quantitative data for letters d to f.
Notes	None
Outstanding issues	None

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – risk assessment*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6d (III)

Basel II / Pillar 3 requirement

For banks on the IRB Advanced Approach, amount of undrawn commitments and exposure-weighted average EAD for each portfolio.[150]

[150] Banks need only provide one estimate of EAD for each portfolio. However, where banks believe it is helpful, in order to give a more meaningful assessment of risk, they may also disclose EAD estimates across a number of EAD categories, against the undrawn exposures to which these relate.

Approaches concerned

Advanced IRB Approach

Table:

"Undrawn commitments and weighted EAD per portfolio in the Advanced IRB Approach"

Portfolio[1)]	Commitments in € million	EAD[2] in € million
Corporate,[3] sovereign and bank		
Residential mortgage		
Qualifying revolving retail exposures		
Other retail		
Total		

1) Where IRB institutions use a different portfolio definition from the ones above, they are to disclose on the basis of this definition.

2) Recognised commitments

3) Including SMEs, SL and purchased receivables.

Reporting frequency

Semi-annual (Basel) / annual (Brussels)

First reporting period/cut-off date for publication

The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – risk assessment*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6d (III)

Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	Does footnote 144 ("Equities need only be disclosed here as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book"), which currently refers only to letter c of Table 6, also refer to letters d to f? Footnote 144 also relates to the disclosure of quantitative data for letters d to f.
Notes	None
Outstanding issues	None

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – risk assessment*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6d (IV)

Basel II / Pillar 3 requirement	For each retail portfolio (as defined above), either [151] :
	• Disclosures as outlined above on a pool basis (ie same as for non-retail portfolios); or
	• Analysis of exposures on a pool basis (outstanding loans and EAD on commitments) against a sufficient number of EL grades to allow for a meaningful differentiation of credit risk.
	[151] Banks would normally be expected to follow the disclosures provided for the non-retail portfolios. However, banks may choose to adopt EL grades as the basis of disclosure where they believe this can provide the reader with a meaningful differentiation of credit risk. Where banks are aggregating internal grades (either PD/LGD or EL) for the purposes of disclosure, this should be a representative breakdown of the distribution of those grades used in the IRB Approach.
Approaches concerned	IRB Approach

Table (Alternative 1): ***"Drawings and commitments for retail portfolios"***

IRB Pool Approach

Retail IRB Approach relating to PD/LGD

∅ = average

Retail																
Portfolio[1)]	PD 1 0,00 - 10%*				PD 2 11 - 50%*				Default				**Total**			
	EAD in € million	∅ LGD[2)] in %	∅ PD[3)] in %	∅ RW[4)] in %	EAD in € million	∅ LGD[2)] in %	∅ PD[3)] in %	∅ RW[4)] in %	EAD in € million	∅ LGD[2)] in %	∅ PD[3)] in %	∅ RW[4)] in %	**EAD in € million**	**∅ LGD[2)] in %**	**∅ PD[3)] in %**	**∅ RW[4)] in %**
Residential mortgage[5)]																
Qualifying revolving retail exposures[5)]																
Other retail [5)]																
Total																

[1)] Where IRB institutions use a different portfolio definition from the ones above, they are to disclose on the basis of this definition.

[2)] Exposure-weighted ∅ LGD = $\sum_{i=1}^{n}(LGD_i \cdot EAD_i) \div \sum_{i=1}^{n} EAD$

[3)] Exposure-weighted ∅ PD = $\sum_{i=1}^{n}(PD_i \cdot EAD_i) \div \sum_{i=1}^{n} EAD$

[4)] Exposure-weighted ∅ RW = $\sum_{i=1}^{n}(RW_i \cdot EAD_i) \div \sum_{i=1}^{n} EAD$

[5)] Outstanding loans and undrawn commitments after using recognised risk mitigation techniques

Table (Alternative 2): ***Retail IRB Approach relating to EL***

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – risk assessment*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6d (IV)

Retail			
	EL-grade 1[2)]	EL-grade 2[2)]	EL-grade 3[2)]
Residential mortgage[1)]			
Qualifying revolving retail exposures [1)]			
Other retail [1)]			
Total			

[1)] Outstanding loans and undrawn commitments after using recognised credit risk mitigation techniques; EAD given in € million

[2)] Specifying the EL range used as a percentage of EAD.

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	Does footnote 144 ("Equities need only be disclosed here as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book"), which currently refers only to letter c of Table 6, also refer to letters d to f? Footnote 144 also relates to the disclosure of quantitative data for letters d to f.

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – risk assessment*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6d (IV)

Notes	[145] In both the qualitative disclosures and quantitative disclosures that follow, banks should distinguish between the qualifying revolving retail exposures and other retail exposures unless these portfolios are insignificant in size (relative to overall credit exposures) and the risk profile of each portfolio is sufficiently similar such that separate disclosure would not help users' understanding of the risk profile of the banks' retail business.
Outstanding issues	None

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – historical results*

* In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6e

Basel II / Pillar 3 requirement	Actual losses (eg charge-offs and specific provisions) in the preceding period for each portfolio (as defined above) and how this differs from past experience. A discussion of the factors that impacted on the loss experience in the preceding period – for example, has the bank experienced higher than average default rates, or higher than average LGDs and EADs.
Approaches concerned	IRB Approaches

Table: ***"Actual loan losses"***

Portfolio[1)]	Losses t_0 in € million	Losses $_{t-1}$ in € million	Change in € million	Notes[2]
Corporate,[3] sovereign and bank				
Equities[4)]				
Residential mortgage				
Qualifying revolving retail exposures				
Other retail				
Total				——

1) Where IRB institutions use a different portfolio definition from the ones above, they are to disclose on the basis of this definition.

2) Only significant changes are to be explained; significance is defined individually for each bank.

3) Including SMEs, SL and purchased receivables.

4) Equities need only be disclosed here as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book.

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	Does footnote 144 ("Equities need only be disclosed here as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book"), which currently refers only to letter c of Table 6, also refer to letters d to f? Footnote 144 also relates to the disclosure of quantitative data for letters d to f.

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – historical results*

* In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6e

Notes	It is at the discretion of the bank to define "actual losses", ie the sum of the specific allowances used, recoveries and charge-offs/provisions, or the sum of transfers to and closing of specific allowances, charge-offs/provisions and recoveries. The definition chosen is to be given.
Outstanding issues	None

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – historical results*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6f

Basel II / Pillar 3 requirement	Banks' estimates against actual outcomes over a longer period.[152] At a minimum, this should include information on estimates of losses against actual losses in each portfolio (as defined above) over a period sufficient to allow for a meaningful assessment of the performance of the internal rating processes for each portfolio.[153] Where appropriate, banks should further decompose this to provide analysis of PD and, for banks on the Advanced IRB Approach, LGD and EAD outcomes against estimates provided in the quantitative risk assessment disclosures above.[154]
	[152] These disclosures are a way of further informing the reader about the reliability of the information provided in the "quantitative disclosures: risk assessment" over the long run. The disclosures are requirements from year-end 2009; in the meantime, early adoption would be encouraged. The phased implementation is to allow banks sufficient time to build up a longer run of data that will make these disclosures meaningful. [153] The Committee will not be prescriptive about the period used for this assessment. Upon implementation, it might be expected that banks would provide these disclosures for as long run of data as possible – for example, if banks have 10 years of data, they might choose to disclose the average default rates for each PD grade over that 10-year period. Annual amounts need not be disclosed. [154] Banks should provide this further decomposition where it will allow users greater insight into the reliability of the estimates provided in the 'quantitative disclosures: risk assessment'. In particular, banks should provide this information where there are material differences between the PD, LGD or EAD estimates given by banks compared to actual outcomes over the long run. Banks should also provide explanations for such differences.
Approaches concerned	IRB Approaches

Table: ***"Estimates of losses and actual loan losses"***

Portfolio[1)]	Losses in t_o		Losses in t_{-1}		Losses in t_{-2}		Losses in $t_{-...}$		Losses in t_{-n}	
	EL* in € million	Actual loss in € million	EL* in € million	Actual loss in € million	EL* in € million	Actual loss in € million	EL* in € million	Actual loss in € million	EL* in € million	Actual loss in € million
Corporate,[2] sovereign and bank										
Equities[3)]										
Residential mortgage										
Qualifying revolving retail exposures										
Other retailAndere Retailforderungen										
Total										

* EL = Expected loss for exposures not in default in traditional lending business (ie excluding securities in the banking book, derivatives et al).

[1)] Where IRB institutions use a different portfolio definition from the ones above, they are to disclose on the basis of this definition.
[2)] Including SMEs, SL and purchased receivables.
[3)] Equities need only be disclosed as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book.

Reporting frequency	Semi-annual (Basel) / annual (Brussels)

Table 6: Credit risk: disclosures for portfolios subject to IRB Approaches – historical results*

*In this section of the Framework, disclosures marked with an asterisk are conditions for use of a particular approach or methodology for the calculation of regulatory capital.

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Table 6f

First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	Does footnote 144 ("Equities need only be disclosed here as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book"), which currently refers only to letter c of Table 6, also refer to letter e? Footnote 144 also relates to the disclosure of quantitative data for letters e and f.
Notes	It is at the discretion of the bank to define "actual losses", ie the sum of the specific allowances used, recoveries and charge-offs/provisions, or the sum of transfers to and closing of specific allowances, charge-offs/provisions and recoveries. The definition chosen is to be given.
	It is up to each bank to individually define the longer time-span (number of periods). Banks are requested to explain their calculation methods in order to verify the information on PDs, LGDs and EADs. Furthermore, they are requested to develop suitable forms of presentation that are oriented to their internal procedures and can also be published in due course in order to validate PDs in lending business.
Outstanding issues	None

Table 7: Credit risk mitigation: disclosures for Standardised and IRB Approaches[155,156]

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Tables 7b + 7c

Basel II / Pillar 3 requirement	For each separately disclosed credit risk portfolio under the Standardised and/or Foundation IRB Approach, the total exposure (after, where applicable, on- or off-balance sheet netting) that is covered by eligible financial collateral and other eligible IRB collateral after the application of haircuts. [157]
	[155] At a minimum, banks must give the disclosures below in relation to credit risk mitigation that has been recognised for the purposes of reducing capital requirements under this Framework. Where relevant, banks are encouraged to give further information about mitigants that have not been recognised for that purpose. [156] Credit derivatives that are treated, for the purposes of this Framework, as part of synthetic securitisation structures should be excluded from the credit risk mitigation disclosures and included within those relating to securitisation. [157] If the comprehensive approach is applied, where applicable, the total exposure covered by collateral after haircuts should be reduced further to remove any positive adjustments that were applied to the exposure, as permitted under Part 2.
Approaches concerned	Standardised Approach/IRB Approaches

Table:

"Aggregate amount of collateralised exposures (excluding securitisations)" [1)]

Portfolio	Financial collateral [2)]	Other/physical collateral[3)4)]	Guarantees and credit derivatives[5)]
	in Mio €	in Mio €	in Mio €
Corporate,[6] sovereign and bank			
Equities[7)]			
Residential mortgage			
Qualifying revolving retail exposures			
Other retail			
Total			

[1)] If different credit risk measurement approaches are applied, each approach should be presented separately.

[2)] Applicable to: Standardised Approach and Foundation IRB Approach.

Table 7: Credit risk mitigation: disclosures for Standardised and IRB Approaches[155,156]

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Tables 7b + 7c

[3)] Applicable to: Foundation IRB Approach.

[4)] Means all other collateral that is not included under financial collateral or guarantees and credit derivatives.

[5)] Applicable to: Standardised Approach and both IRB Approaches.

[6)] Including SMEs, SL and purchased receivables.

[7)] Equities need only be disclosed as a separate portfolio where the bank uses the PD/LGD approach for equities held in the banking book.

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	None
Notes	Where institutions use different portfolio definitions from the ones above, these definitions are to be used as the basis for disclosures.
Outstanding issues	None

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Table 8d

Basel II / Pillar 3 requirement	The total outstanding exposures securitised by the bank and subject to the securitisation framework (broken down into traditional/synthetic) by exposure type.[159,160,161]
	[159] For example, credit cards, home equity, auto, etc. [160] Securitisation transactions in which the originating bank does not retain any securitisation exposure should be shown separately but need only be reported for the year of inception. [161] Where relevant, banks are encouraged to differentiate between exposures resulting from activities in which they act only as sponsors, and exposures that result from all other bank securitisation activities that are subject to the securitisation framework.
Approaches concerned	Standardised Approach and IRB Approaches

Table:

"Total outstanding exposures securitised"

Portfolio[1)]	**Outstanding exposures**
	in € million
Traditional securitisations	
- Credit cards	
- Home equity	
- Auto	
- Instalment loans	
- etc.	
Synthetic securitisations	
- Credit cards	
- Home equity	
- Auto	
- Instalment loans	
- etc.	

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Table 8d

Total	

[1] Example portfolios

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for	None
Notes	Only those own exposures securitised by the bank as the originator need to be included. The Annex to the use cases for Table 8 includes a sample calculation developed by Dresdner Bank in order to explain in greater detail the assignment of individual securitisation items to the Pillar 3 requirements; moreover, this represents a further appropriate form of presenting securitisations.
Outstanding issues	None

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Table 8e

Basel II / Pillar 3 requirement

For exposures securitised by the bank and subject to the securitisation framework:[161]
- amount of impaired/past due assets securitised; and
- losses recognised by the bank during the current period[162]

broken down by exposure type.

[161] Where relevant, banks are encouraged to differentiate between exposures resulting from activities in which they act only as sponsors, and exposures that result from all other bank securitisation activities that are subject to the securitisation framework.

[162] For example, charge-offs/allowances (if the assets remain on the bank's balance sheet) or write-downs of I/O strips and other residual interests.

Approaches concerned

Standardised Approach and IRB Approaches

Table:

"Impaired and past due assets securitised and losses recognised by the bank during the current period"

Portfolio[2)]	Outstanding amounts[1)]	
	Impaired/past due[3)] in € million	Losses[4)] in € million
Credit cards		
Home equity		
Auto		
Instalment loans		
etc.		
Total		

[1)] Period to be presented is the business year (analogous to Table 4h)

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Table 8e

[2)] Example portfolios

[3)] The information to be disclosed relates to the quality of securitised lending. The internal information structures underlying the individual securitisations may serve as a basis for the quality assessment.

[4)] Need for charge-offs/allowances for retained risks

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	Only those own exposures securitised by the bank as the originator need to be included. The information to be disclosed relates to the quality of securitised lending. The internal information structures underlying the individual securitisations may serve as a basis for the quality assessment.
Notes	The Annex to the use cases for Table 8 includes a sample calculation developed by Dresdner Bank in order to explain in greater detail the assignment of individual securitisation items to the Pillar 3 requirements; moreover, this represents a further appropriate form of presenting securitisations.
Outstanding issues	None

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Table 8f

Basel II / Pillar 3 requirement	Aggregate amount of securitisation exposures retained or purchased[163] broken down by exposure type.[159]
	[163] Securitisation exposures, as noted in Part 2, Section IV, include, but are not restricted to, securities, liquidity facilities, other commitments and credit enhancements such as I/O strips, cash collateral accounts and other subordinated assets. [159] For example, credit cards, home equity, auto, etc.
Approaches concerned	All approaches

Table: ***"Aggregate amount of securitisation exposures retained or purchased"***

Securitisation exposures	**Outstanding amounts[1] in the Standardised Approach**	**Outstanding amounts[1] in the IRB Approach**
	in € million	in € million
On-Balance-Sheet Items		
Loans		
Credit Enhancements		
Investments in ABS		
Other On-Balance-Sheet Items		
Sum On-Balance-Sheet Items		
Off-Balance-Sheet Items		
Liquidity Facilities		
Derivatives		
Off-Balance-Sheet items resulting from synthetic transactions		
Other Off-Balance-Sheet Items		

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Table 8f

Sum Off-Balance-Sheet Items (		

[1)] Retained or purchased amounts according to the definition of exposure in Part 2, Section IV of the Basel Revised Framework.

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	None
Notes	(a) Both retained securitisation exposures from own exposures securitised by the bank as the originator and securitisation exposures related to external assets (sponsors/investors) are to be included. (b) The exposure amounts are deemed to be the starting values for determining the capital charge in the relevant securitisation approach according to Part 2, Section IV of the Basel Revised Framework; for instance, in the Standardised Approach, the book value of the assets after deduction of specific allowances; in the IRB Approach, amounts owed (prior to the deduction of specific allowances); for interest and foreign exchange derivatives as well as sureties and guarantees, the credit equivalent amounts; for credit derivatives, the nominal hedging volume. (c)A further breakdown by type of exposure (see footnote 159: credit cards, home equity, auto etc) in a matrix will make the presentation very complex and is only a suggestion. In this regard, qualitative information may, as appropriate, also be regarded as sufficient.

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Table 8f

	The Annex to the use cases for Table 8 includes a sample calculation developed by Dresdner Bank in order to explain in greater detail the assignment of individual securitisation items to the Pillar 3 requirements; moreover, this represents a further appropriate form of presenting securitisations.
Outstanding issues	None

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Tables 8g und 8i (I)

Basel II / Pillar 3 requirement	
	(g) Aggregate amount of securitisation exposures retained or purchased[163] and the associated IRB capital charges for these exposures broken down into a meaningful number of risk weight bands. Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital should be disclosed separately by type of underlying asset.
	(i) Banks using the Standardised Approach are also subject to disclosures (g) and (h), but should use the capital charges for the Standardised approach.
	[163] Securitisation exposures, as noted in Part 2, Section IV, include, but are not restricted to, securities, liquidity facilities, other commitments and credit enhancements such as I/O strips, cash collateral accounts and other subordinated assets.

Approaches concerned: All approaches

Table: ***"Capital charges for securitisation exposures retained or purchased, broken down into risk weight bands"***

Risk weight bands	**Retained / purchased securitisation exposures**		
	Exposure amount[1)]	Capital charges, Standardised Approach[2)]	Capital charges, IRB Approach[3)]
	in € million	in € million	in € million
≤10%			
>10% ≤ 20%			
>20 ≤ 50%			

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Tables 8g und 8i (I)

>50 ≤ 100%			
>100 ≤ 650%			
1250% / Deduction			
Total			

1) Assessment base / Exposure at default (EAD)

2) Information relating to Table 8i

3) Information relating to Table 8g

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	None
Notes	The risk weights provided here as examples can also be merged to form other meaningful risk weight bands.
	The table can be expanded to include a breakdown by type of exposure and, regarding deductions, by the type of underlying asset.

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Tables 8g und 8i (I)

	In some cases, it may make sense to divide the information into two tables (amounts in the Standardised Approach and amounts in the IRB Approach), which would make it clear which exposure amounts are being allocated to which capital charges for each risk weight band.
	The Annex to the use cases for Table 8 includes a sample calculation developed by Dresdner Bank in order to explain in greater detail the assignment of individual securitisation items to the Pillar 3 requirements; moreover, this represents a further appropriate form of presenting securitisations.
Outstanding issues	None

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Tables 8h und 8i (II)

Basel II / Pillar 3 requirement	**(h)** For securitisations subject to the early amortisation treatment, the following items by underlying asset type for securitised facilities: • the aggregate drawn exposures attributed to the seller's and investors' interests; • The aggregate IRB capital charges incurred by the bank against its retained (ie the seller's) shares of the drawn balances and undrawn lines; and • The aggregate IRB capital charges incurred by the bank against the investor's shares of drawn balances and undrawn lines. **(i)** Banks using the Standardised Approach are also subject to disclosures (g) and (h), but should use the capital charges for the Standardised Approach.
Approaches concerned	All approaches

Table: ***"Securitisations subject to the early amortisation treatment"***

Portfolio	Drawn amounts[1]		Aggregate amounts[2]		Capital charges, Standardised Approach[3]		Capital charges, IRB Approach[4]	
	Originator's share	Investor's share	Originator's share	Investor's share	Originator's share	Investor's share	Originator's share	Investor's share
	in € million	in € million	in € million	in € million	in € million	in € million	in € million	in € million
Retail committed								
Retail uncommitted								
Non-retail committed								
Non-retail uncommitted								
Total								

[1] Assessment base / Exposure at default (EAD)
[2] Drawn and undrawn exposures
[3] Information relating to Table 8i
[4] Information relating to Table 8h

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Tables 8h und 8i (II)

Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for	None
Notes	The table covers only those banks that, as originators, securitise their own exposures. As regards the portfolio types "retail committed" (not cancellable at any time) and "retail uncommitted" (cancellable at any time), the table can be enlarged to include a more detailed breakdown by type of underlying asset (credit card, home equity, auto, instalment loans …).
	In some cases, it may make sense to divide the information into two tables (amounts in the Standardised Approach and amounts in the IRB Approach), which would make it clear which exposure amounts are being allocated to which capital charges for each portfolio.
	The Annex to the use cases for Table 8 includes a sample calculation developed by Dresdner Bank in order to explain in greater detail the assignment of individual securitisation items to the Pillar 3 requirements; moreover, this represents a further appropriate form of presenting securitisations.
Outstanding issues	None

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Table 8j

Basel II / Pillar 3 requirement	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.
Approaches concerned	All approaches

Tabelle: ***"Securitisation activity in the current year"***

Portfolio	Securitisation activity in the current year		
	Exposure[1]		Gains/losses on traditional transactions
	Traditional	Synthetic	
	in € million	in € million	in € million
Credit cards			
Home equity			
Auto			
Instalment loans			
etc.			
Total			

[1] Assessment base / Exposure at default (EAD)

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.

Table 8: Securitisation: disclosure for Standardised and IRB Approaches

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Table 8j

Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	None
Notes	The table covers only those banks that, as originators, securitise their own exposures.
	The Annex to the use cases for Table 8 includes a sample calculation developed by Dresdner Bank in order to explain in greater detail the assignment of individual securitisation items to the Pillar 3 requirements; moreover, this represents a further appropriate form of presenting securitisations.
Outstanding issues	None

Table 9: Market risk: disclosures for banks using the Standardised Approach[164]

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Table 9b

Basel II / Pillar 3 requirement	The capital requirements for: • interest rate risk; • equity position risk; • foreign exchange risk; and • commodity risk.
	[164] The Standardised Approach here refers to the "standardised measurement method" as defined in the Market Risk Amendment (of 1996).
Approaches concerned	Market risk for banks using the standardised method

Table :

"Capital requirements for market risk"

Market risk	Capital requirements
	in € million
Interest rate risk	
Equity position risk	
Foreign exchange risk	
Commodity risk	
Total	

Reporting frequency	Semi-annual (Basel) / annual (Brussels)

Table 9: Market risk: disclosures for banks using the Standardised Approach[164]

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Table 9b

First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	None
Notes	None
Outstanding issues	None

Table 10: Market risk: disclosures for banks using the Internal Models Approach (IMA) for trading portfolios

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Table 10d

Basel II / Pillar 3 requirement	For trading portfolios under the IMA: • aggregate value at risk (VaR) • the high, mean and low VaR values over the reporting period and period-end; and • a comparison of VaR estimates with actual gains/losses experienced by the bank, with analysis of important “outliers” in backtest results.
Approaches concerned	Trading portfolios for banks using the Internal Models Approach (IMA)

Table : ***"Overview of the VaR of trading portfolios "***

Trading portfolios	Period-end VaR	VaR values over the reporting period		
		High	Low	Reporting periods, average
	in € million	in € million	in € million	in € million
Aggregate VaR				

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)

Pillar 3 expert panel's recommendation for implementation	The expert panel believes that the chart form commonly used in the risk report presents a proper picture of a comparison of VaR values with actual daily portfolio value changes. Outliers are to be explained.
Notes	The table also contains non-trading-book foreign exchange risk and commodity price risk.
Outstanding issues	None

Table 12: Equities: disclosures for banking book positions

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Tables 12b und 12c

Basel II / Pillar 3 requirement	**(b)** Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.
	(c) The types and nature of investments, including the amount that can be classified as • publicly traded • privately held.
Approaches concerned	All approaches

Table: ***"Valuation approaches for equities"***

Groups of equities[1)]	Comparison		
	Book value	Fair value	Share value
	in € million	in € million	in € million
Equity group A			
publicly traded			
Equity group B			
publicly traded			
Equity group ...			
publicly traded			

Table 12: Equities: disclosures for banking book positions

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Tables 12b und 12c

Equity group n			
publicly traded			

[1)] Equity groups to be formed individually by institutions.

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	It may be assumed that the share value and fair value will generally not differ from one another. The book value can be given as the fair value if the latter is not calculated for either internal or external purposes. Equity groups can be defined, for instance, according to • type of instrument (stocks, shares in private limited companies) • industry or • balance sheet classification.
Notes	None
Outstanding issues	None

Table 12: Equities: disclosures for banking book positions

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Tables 12d und 12e

Basel II / Pillar 3 requirement	**(d)** The cumulative realised gains (losses) arising from sales and liquidations in the reporting period.
	(e) • Total unrealised gains (losses),[165] • Total latent revaluation gains (losses),[166] • any amounts of the above included in Tier 1 and/or Tier 2 capital.
	[165] Unrealised gains (losses) recognised in the balance sheet but not through the profit and loss account. [166] Unrealised gains (losses) not recognised either in the balance sheet or through the profit and loss account.

Approaches concerned	All approaches

Table: ***"“Realised and unrealised gains/losses from equities” (German Commercial Code)***

	Realised gains/losses from sales/liquidations[1)]	Latent revaluation gains/losses[2)]	
		Total	Amounts included in Tier 2 capital
	in € million	in € million	in € million
Total			

[1)] Information relating to Table 12d

Table 12: Equities: disclosures for banking book positions

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Tables 12d und 12e

[2] Information relating to Table 12e in conjunction with footnote 166; institutions that do not include latent revaluation gains in Tier 2 capital are still required to disclose total latent revaluation gains. In determining total latent revaluation gains, for individual equities, the book value can be given as the fair value if the latter is not calculated for either internal or external purposes.

"Realised and unrealised gains/losses from equities" (IAS)

	Realised gains/losses from sales/liquidations[1]	Unrealised revaluation gains/losses[2]		
		Total	Amount included in	
			Tier 1 capital	Tier 2 capital
	in € million	in € million	in € million	in € million
Total				

[1] Information relating to Table 12d

[2] Information relating to Table 12d

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)

Table 12: Equities: disclosures for banking book positions

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Tables 12d und 12e

Pillar 3 expert panel's recommendation for implementation	None
Notes	Latent or unrealised revaluation gains/losses are to be shown on balance and based on the accounting standard used (IAS, German Commercial Code) provided that there are no offsetting hedge accounting gains and losses. Here, the effects of converting to and from foreign currencies etc also have to be noted.
Outstanding issues	None

Table 12: Equities: disclosures for banking book positions

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Table 12f

Basel II / Pillar 3 requirement	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirements.
Basel II approaches involved	
Table:	***"Equities with their capital charges"***

Equity groups subject to grandfathering provisions	Book value	Capital requirement
	in € million	in € million
Equity group A		
Equity group B		
Equity group ...		
Equity group n		
Total		

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.

Table 12: Equities: disclosures for banking book positions

-Last update 1 Sep 2005

Table 12f

Companies involved	Supervisory consolidation group (New Principle I)
Pillar 3 expert panel's recommendation for implementation	None
Notes	Only those equities that are eligible for grandfathering are to be listed in Table 12f. The capital charge for all equities, broken down by supervisory calculation method, is given in Table 3 "Capital Adequacy". The breakdown of equities may be oriented to the relevant definitions for equity exposures in Pillar 1. The reference date for the grandfathering option is 31 December 2007; this transitional arrangement will expire on 31 December 2017.
Outstanding issues	None

Table 13: Interest rate risk in the banking book (IRRBB)

-Last update 1 Sep 2005

Table 13b

Basel II / Pillar 3 requirement	The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).
Basel II approaches involved	

Table: ***"Interest rate risk in the banking book"***

Currency[1)]	Interest rate risk	
	Shock 1 (+/- x bp)	
	in € million	
	Decline in earnings	Increase in earnings
Currency A		
Currency B		
Currency ...		
Currency n		
Total		

[1)] Breakdown by currency only as relevant

Reporting frequency	Semi-annual (Basel) / annual (Brussels)
First reporting period/cut-off date for publication	The reference date for the initial disclosure of the quantitative information under Pillar 3 corresponds to the end of the initial reporting period, which begins after the transition of the supervisory reporting system to the Pillar 1 rules of Basel II / Bruessels new. The reference date for the initial disclosure should be set in the light to the reporting frequencies given in the use-cases.
Companies involved	Supervisory consolidation group (New Principle I)

Table 13: Interest rate risk in the banking book (IRRBB)

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Table 13b

Pillar 3 expert panel's recommendation for implementation	None
Notes	The value of the interest rate shock chosen can differ from the Basel Pillar 2 requirement (200 basis points). If an interest rate shock different from that defined by Basel is assumed by an individual institution, this is to be given.
Outstanding issues	None