

Credit and counterparty credit risks: IRB approach to capital requirements

Draft Version of July 2022

ID	Label	Legal references and comments
Columns		
01	Own estimates of LGD and/or credit conversion factors	CRE30.33 of the Basel Framework. YES shall be reported when the bank has received approval to apply A-IRB and thus to use own estimates of LGD and/or credit conversion factors for the corresponding asset class / reporting category. Otherwise NO. For reporting categories where A-IRB is not available this cell is crossed-out.
02	Internal rating system	CRE36.9 and 36.10 of the Basel Framework. In case the reporting bank applies a unique rating system or is able to report according to an internal master scale these will be used. In any other case, the different rating systems should be merged and ordered according to the following criteria: Obligor grades or pools of the different rating systems should be pooled together and ordered from the lower PD assigned to each obligor grade or pool to the higher.
02	PD assigned to the obligor grade or pool	CRE36.77 to 36.82 of the Basel Framework. For each individual grade or pool the PD assigned to the specific obligor grade or pool should be reported.
03	Original exposure pre conversion factors	CRE32.29 and 32.62 of the Basel Framework. Exposure value without considering value adjustments and provisions, conversion factors and the effect of credit risk mitigation techniques, except in the case of funded credit protection in the form of master netting agreements. . For derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions, the original exposure will correspond to the exposure value for counterparty credit risk calculated according to the methods laid down in CRE50 to CRE55 of the Basel Framework. The effect of funded credit protection in the form of master netting agreements shall be included. By contrast, the effect of on-balance-sheet netting must be reported under «credit risk mitigation techniques taken into account in LGD estimates».
04	Of which: on-balance	
05	Of which: off-balance	
06	Of which: counterparty credit risk	
07	Exposure after conversion factors	According to CRE36.89 of the Basel Framework, EAD for an on-balance sheet or off-balance sheet item is defined as the expected gross exposure. This implies that the effect of CRM techniques must be taken into account after application of the relevant credit conversion factor to off-balance sheet items. For corporate, sovereign and bank exposures: CRE32.31 to 32.36 of the Basel Framework. For retail exposures: CRE32.63 to 32.67 of the Basel Framework. For defaulted assets, the exposure should be reported net of provisions (see CAO art. 77 par. 4).

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08-11	Credit risk mitigation (CRM) techniques with substitution effects on the exposure	<p>Credit risk mitigation techniques that have an impact on the EAD via the substitution of exposures across different counterparties (and possibly different asset classes).</p> <p>Substitution effect reducing exposure amount (–): Negative amounts are to be reported in col. 08 to 10 (where column 10 is the sum of columns 08 and 09).</p> <p>Substitution effect increasing exposure amount (+): Positive amounts are to be reported in column 11.</p>
08	Guarantees	<p>When own estimates of LGD are not used: CRE32.21 to 32.26, CRE32.60 to 32.61 and CRE36.112 of the Basel Framework.</p> <p>When own estimates of LGD are used: CRE32.21 to 32.22, CRE32.27 to 32.28, CRE32.60 and 32.61, and CRE36.100 to 36.109 of the Basel Framework. The nominal amount of the guarantee should be reported. Guarantees will be reported in column 08 when the adjustment is not made in the LGD. When the adjustment is made in the LGD column 16 shall be used.</p>
09	Credit derivatives	<p>When own estimates of LGD are not used: CRE32.21 to 32.26, CRE32.60 to 32.61 and CRE36.112 of the Basel Framework.</p> <p>When own estimates of LGD are used: CRE32.21 to 32.26, CRE32.60 and 32.61 and CRE36.112 of the Basel Framework. The nominal amount of the credit derivative should be reported. Credit derivatives will be reported in column 09 when the adjustment is not made in the LGD. When the adjustment is made in the LGD column 17 shall be used.</p>
10	Total outflows (–)	<p>Total outflows are the sum of columns 08 and 09.</p> <p>Outflows correspond to the covered part of the original exposure after conversion factors that is deducted from the obligor's reporting category and, when relevant, risk weight or obligor grade or pool.</p>
11	Total inflows (+)	<p>This amount is subsequently assigned to the protection provider's reporting category and, when relevant, risk weight or obligor grade or pool. This amount will be considered as an inflow into the protection provider's reporting category and, when relevant, risk weights or obligor grades or pools.</p> <p>Inflows and outflows within the same reporting categories and, when relevant, risk weights, obligor grades or pools should also be considered.</p>
12	Exposure after conversion factors and after CRM substitution effects	Exposure after conversion factors and after taking into account outflows and inflows due to «credit risk mitigation (CRM) techniques with substitution effects on the exposure». This column thus reflects the exposure assigned in the "final" corresponding exposure category and obligor grade or pool.
13	Of which: on-balance	
14	Of which: off-balance	
15	Of which: counterparty credit risk (CCR)	

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16-21	Credit risk mitigation techniques taken into account in LGD estimates	<p>When own estimates of LGD are not used: CRE32.8 to 32.14, CRE36.128 to 36.145, and CreO-FINMA art. 111.</p> <p>When own estimates of LGD are used:</p> <ul style="list-style-type: none"> Regarding unfunded credit protection, for exposures to central government and central banks, banks and corporates: CRE32.21 to 32.22, CRE32.27 to 32.28. For retail exposures, CRE32.60 and 32.61. Regarding funded credit protection collateral taken into account in the LGD estimates according to CRE36.83 to 36.88 of the Basel Framework.
16	Guarantees	See column 08.
17	Credit derivatives	See column 09.
18	Eligible financial collateral	For trading book operations includes financial instruments and commodities eligible for trading book exposures. Credit linked notes and on-balance sheet netting are treated as cash collateral.
19-21	Other eligible collateral	When own estimates of LGD are not used: CRE32.8 to 32.14, CRE36.128 to 36.145, and CreO-FINMA art. 111 .
19	Real estate	When own estimates of LGD are used: financial collateral taken into account in the LGD estimates according to CRE36.84 to 36.86 of the Basel Framework. The amount to be reported should be the estimated market value of the collateral. For the definition of eligible receivables see CRE36.133.
20	Other physical collateral	Consideration of other recognised physical collateral requires FINMA approval pursuant to CreO-FINMA art. 111 par. 3.
21	Receivables	
22	Exposure weighted average LGD (%)	All the impact of CRM techniques on LGD values should be considered. For defaulted exposures, see CAO art. 77 par. 4 . For these exposures, the amount of specific provisions in proportion to total exposure should be used as best estimate for the LGD values.
23	Exposure weighted average maturity value (days)	CRE32.44 to 32.55 of the Basel Framework and CreO-FINMA art. 113–114.
24	Risk weighted exposure amount	CRE31 and CAO art. 77 par. 4; and CreO-FINMA art. 105–108.
	Memorandum items	
25	Expected loss amount	CRE35.2 and 35.3 and CreO-FINMA art. 118 .
26	Value adjustments and provisions	CRE35.4 and CreO-FINMA art. 115 .
Rows		
03	On-balance sheet items	Assets referred to in CAO art. 49 par. 1 let. a not included in any other category below.

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04	Off-balance sheet items	Items included in CAO art. 53 except those giving rise to counterparty credit risk according to CRE51.4 (namely, securities financing transactions, derivatives and long settlement transactions, and contractual cross product netting).
05	Securities financing transactions	CAO art. 49 par. 1 let. b. Securities financing transactions (SFT) as defined in CRE50.13 of the Basel Framework.
06	Derivatives and long settlement transactions	CAO art. 49 par. 1 let. b. Derivatives (CRE51.4) and long settlement transactions (see also CRE50.12).
07	From contractual cross product netting	CAO art. 49 par. 1 let. b. Exposures that due to the existence of a contractual cross-product netting (as defined in CRE 53.61 of the Basel Framework) cannot be assigned to either securities financing transactions or derivatives and long settlement transactions.
08-18	Specialised lending slotting criteria	CRE33.2 to 33.7 of the Basel Framework , as well as CreO-FINMA art. 106. This only applies to the corporate exposures classified in the reporting category 04.
12	Of which: "strong exposures"	CRE33.4 and CreO-FINMA art. 104 par. 4 .
20	Dilution risk: Total purchased receivables	CRE34.1 to 34.9.
21-N	Exposures assigned to obligor grades or pool	For exposures to corporates, institutions and central governments and central banks see CRE36.11 to 36.12. For retail exposures see CRE36.16. Where the institution uses a large number of grades or pools, a reduced number of grades or pools to be reported may be agreed with the competent authorities.
	Of which: Receivables	Exposures for credit risk of purchased receivables are to be reported by obligor grades or pools. Exposures for dilution risk of purchased receivables will be reported in row «dilution risk: total purchased receivables».
100	Defaulted assets	CAO art. 77 par. 4

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Reporting categories		Legal references and comments
[P/C] _CRIRB_01	Sovereigns	CRE30.17 and CreO-FINMA art. 100 .
[P/C] _CRIRB_02	Banks	(F-IRB) CRE30.18 and CreO-FINMA art. 101 : In this worksheet only exposures to banks and securities firms subject to equivalent banking regulation and supervision should be reported.
[P/C] _CRIRB_03	Public Sector Entities and Multilateral Development Banks	(F-IRB) PSEs and MDBs that fall under the definition of CRE30.18
[P/C] _CRIRB_04	Corporates – Specialised Lending	(F-IRB or A-IRB) CRE30.7–8 and CreO-FINMA art. 99 par. 2 .
[P/C] _CRIRB_05	Corporates – Financial Institutions	(F-IRB) CRE30.6 and CreO-FINMA art. 99 par. 1 : Exposures to financial institutions treated as corporates
[P/C] _CRIRB_06	Corporates – SMEs	(F-IRB or A-IRB) CRE30.6 and CRE31.8, and CreO-FINMA art. 99 par. 1 : Exposures to ("non-financial") corporates that benefit from the firm-size adjustment for SMEs in the risk weight function (CRE31.8-9)
[P/C] _CRIRB_07	Corporates - non-financial large corporates with annual revenues > 500 million Euro	(F-IRB) CRE30.6 and CreO-FINMA art. 99 par. 1 : Exposures to ("non-financial") corporates belonging to consolidated groups with annual revenues greater than €500 million
[P/C] _CRIRB_08	Corporates - mid-market non-financial corporates	(F-IRB or A-IRB) Positions against corporates that do not fall into any of the aforementioned reporting categories for corporates.
[P/C] _CRIRB_09	Retail – Secured by real estate	CRE30.20 and CreO-FINMA art. 102 to 103 .
[P/C] _CRIRB_10	Retail – Qualifying revolving	CRE 30.24 and CreO-FINMA art. 102 to 103 .
[P/C] _CRIRB_11	Retail – Other retail	CRE30.23 and CreO-FINMA art. 102 to 103 .
[P/C] _CRIRB_12 to 15	BIS-Standardised approach to capital requirements hypothetically applied to IRB exposures secured by real estate that map into the SA category:	
[P/C] _CRIRB_12	Self-used residential real estate exposures (incl. Construction loans and land acquisition loans, and incl. up to 1 buy-to-let unit)	See Notes for [P/C] _CRSABIS_10
[P/C] _CRIRB_13	Other residential real estate exposures (incl. Construction	See Notes for [P/C] _CRSABIS_11

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	loans and land acquisition loans)	
[P/C]_CRIRB_14	Self-used commercial real estate exposures (incl. Construction loans and land acquisition loans)	See Notes for [P/C]_CRSABIS_12
[P/C]_CRIRB_15	Other commercial real estate exposures (incl. Construction loans and land acquisition loans)	See Notes for [P/C]_CRSABIS_13

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