

Credit Valuation Adjustment (CVA) risk

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Definition of CVA according to CAO art. 48 par. 3

Treatment according to CAO art. 77g to 77j, and CreO-FINMA art. 153 to 154.

ID	Label	Legal references and comments
Rows		
1	Simplified approach for CVA	CAO art. 77i
1.1	Total	In col. 6 banks must report total RWA under the Simplified-CVA approach according to CAO art. 77i.
1.2	Aggregate gross notional amount of non-centrally cleared derivatives	Banks making use of this simplified approach must report in col. 4 the aggregate gross notional amount of non-centrally cleared derivatives, which must not be larger than CHF 125bn (CAO art. 77i).
2	Reduced basic approach for CVA	CAO art. 77h par. 1 let. a This table is to be completed by banks having part or all their RWA for CVA risk measured according to the reduced BA-CVA. The template should be completed with only the amounts obtained from the netting sets which are under the reduced BA-CVA. (CAO art. 77j par. 2, MAR 50.8)
2.1	Aggregation of systematic components of CVA risk	In col. 5 banks must report RWA under perfect correlation assumption ($\sum cSCVA_c$) as per MAR 50.14.
2.2	Aggregation of idiosyncratic components of CVA risk	In col. 5 banks must report RWA under zero correlation assumption ($\sqrt{\sum cSCVA_c^2}$) as per MAR 50.14.
2.3	Total	Col. 6 shows total RWA under the reduced BA-CVA RWA, ie $K_{reduced}$ as per [MAR50.14] multiplied by 12.5 and $DS_{BA-CVA} = 0.65$.
3	Full basic approach for CVA	CAO art. 77h par. 1 let. b CreO-FINMA art. 153 to 154 This table is to be completed by banks having part or all their RWA for CVA risk measured according to the full version of the BA-CVA. The template should be fulfilled with the amounts obtained from the netting sets which are under the (full or reduced) BA-CVA.
2.1	Aggregation of systematic components of CVA risk	See above 2.1
2.2	Aggregation of idiosyncratic components of CVA risk	See above 2.2
3.3	K reduced	In col. 06: $K_{reduced}$ as per MAR50.14 multiplied by 12.5 and $DS_{BA-CVA} = 0.65$
3.4	K hedged	In col. 06: K_{hedged} as per MAR50.21 multiplied by 12.5 and $DS_{BA-CVA} = 0.65$
3.5	Total	$= 0.25 * [RWA_K \text{ reduced (row 3.1)}] + 0.75 * [RWA_K \text{ hedged (row 3.2)}]$ Col. 6 shows the total RWA under the full BA-CVA RWA calculated with the above formula (ie K full as per MAR50.20 multiplied by 12.5 and $DS_{BA-CVA} = 0.65$).
4	Advanced approach for CVA (A-CVA)	CAO art. 77g par. 2c and par. 3, as well as art. 77j This table is to be completed by banks having part or all their RWA for CVA risk measured according to the A-CVA, and it should be fulfilled with only the RWA obtained under the A-CVA. If banks combine the A-CVA with the BA-CVA, they should also complete table 2 or 3 above. (NB: in the Basel standards MAR50 this is denominated "Standardised Approach for CVA (SA-CVA)").

4.1	Interest rate risk	12.5 * Delta and Vega capital requirements calculated separately for each of the six risk classes, except for counterparty credit spread risk, for which there is no vega capital requirement (see MAR 50.42-43, 50.45).
4.2	Foreign exchange risk	
4.3	Reference credit spread risk	
4.4	Equity risk	
4.5	Commodity risk	
4.6	Counterparty credit spread risk	
4.7	Total (sum of rows 4.1 to 4.6)	In col. 5 banks must report the number of counterparties Col. 6 shows the total RWA for A-CVA.

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