Basel Committee on Banking Supervision

CRE

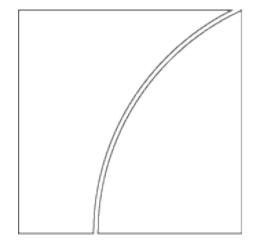
Calculation of RWA for credit risk

CRE90

Transition

Version effective as of 01 Jan 2023

First version in the format of the consolidated framework, updated to take account of the revised implementation date announced on 27 March 2020.



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Phase-in for standardised approach treatment of equity exposures

90.1 The risk weight treatment described in <u>CRE20.57</u>, excluding equity holdings referred to in <u>CRE20.59</u>, will be subject to a five-year linear phase-in arrangement from 1 January 2023. For speculative unlisted equity exposures, the applicable risk weight will start at 100% and increase by 60 percentage points at the end of each year until the end of Year 5. For all other equity holdings, the applicable risk weight will start at 100% and increase by 30 percentage points at the end of each year until the end of Year 5.

Phase-in for the removal of the internal ratings-based approach for equity exposures

- 90.2 The requirement to use the standardised approach for equity exposures CRE30.43 will be subject to a five-year linear phase-in arrangement from 1 January 2023. During the phase-in period, the risk weight for equity exposures will be the greater of:
 - (1) the risk weight as calculated using the internal ratings-based approach that applied to equity exposures prior to 1 January 2023; and
 - (2) the risk weight set for the linear phase-in arrangement under the standardised approach for credit risk (see CRE90.1 above).
- **90.3** Alternatively, supervisory authorities may require banks to apply the fully phased-in standardised approach treatment from 1 January 2023.