

Basel Committee on Banking Supervision

LEX

Large exposures

LEX20

Requirements

**Version effective as of
15 Dec 2019**

First version in the format of the consolidated
framework.



BANK FOR INTERNATIONAL SETTLEMENTS

Minimum requirement – the large exposure limit

- 20.1** The sum of all the exposure values of a bank to a single counterparty or to a group of connected counterparties must not be higher than 25% of the bank's Tier 1 capital at all times. However, as explained in [LEX40](#), this figure is set at 15% for a global systemically important bank's (G-SIB's) exposures to another GSIB.
- 20.2** The exposures must be measured as specified in [LEX30](#). Tier 1 capital for the purpose of the large exposures framework is the Tier 1 capital defined in [CAP10.2](#).
- 20.3** Breaches of the limit, which must remain the exception, must be communicated immediately to the supervisor and must be rapidly rectified.

Regulatory reporting

- 20.4** Banks must report to the supervisor the exposure values before and after application of the credit risk mitigation techniques. Banks must report to the supervisor:
- (1) all exposures with values measured as specified in [LEX30](#) equal to or above 10% of the bank's Tier 1 capital (ie meeting the definition of a large exposure in [LEX10.8](#));
 - (2) all other exposures with values measured as specified in [LEX30](#) without the effect of credit risk mitigation being taken into account equal to or above 10% of the bank's Tier 1 capital;
 - (3) all the exempted exposures with values equal to or above 10% of the bank's Tier 1 capital; and
 - (4) their largest 20 exposures to counterparties measured as specified in [LEX30](#) and included in the scope of application, irrespective of the values of these exposures relative to the bank's Tier 1 capital.