# Basel Committee on Banking Supervision

### LEX

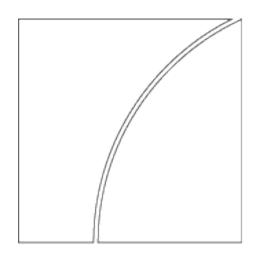
Large exposures

LEX20

### Requirements

## Version effective as of 15 Dec 2019

First version in the format of the consolidated framework.



© Bank for International Settlements 2022. All rights reserved. Downloaded on 31.01.2022 at 08:49 CET 2/3

#### 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 <u>LEX40</u>, 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 <u>LEX30</u>. Tier 1 capital for the purpose of the large exposures framework is the Tier 1 capital defined in <u>CAP10.2</u>.
- **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 <u>LEX30</u> 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 <u>LEX30</u> 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 <u>LEX30</u> and included in the scope of application, irrespective of the values of these exposures relative to the bank's Tier 1 capital.