Reporting Standard ARS 180.0

Counterparty Credit Risk

Objectives of this Reporting Standard

This Reporting Standard requires an authorised deposit-taking institution to submit information to APRA relating to counterparty credit risk exposures.

It includes *Reporting Form ARF 180.1 Standardised – Counterparty Credit Risk and CVA Risk, Reporting Form ARF 180.2 IRB – Counterparty Credit Risk and CVA Risk* and *Reporting Form ARF 226.0 Margining and risk mitigation for non-centrally cleared derivatives* and associated instructions and should be read in conjunction with *Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk, Prudential Standard APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk, Prudential Standard APS 180 Capital Adequacy: Counterparty Credit Risk* and *Prudential Standard CPS 226 Margining and risk mitigation for non-centrally cleared derivatives*.

Authority

1.   This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Purpose

2.   Information collected in *Reporting Form ARF 180.1 Standardised – Counterparty Credit Risk and CVA Risk, Reporting Form ARF 180.2 IRB – Counterparty Credit Risk and CVA Risk* and *Reporting Form ARF 226.0 Margining and risk mitigation for non-centrally cleared derivatives* is used by APRA for the purpose of prudential supervision. It may also be used by the Reserve Bank of Australia (RBA) and the Australian Bureau of Statistics (ABS).

Application

3.   This Reporting Standard applies to all authorised deposit-taking institutions (ADIs) other than providers of purchased payment facilities and Restricted ADIs. This Reporting Standard may also apply to the non-operating holding company (NOHC) of an ADI (refer to paragraph 6).

Commencement

4.   This Reporting Standard applies for reporting periods commencing on or after 1 July 2019.

Information required

5.   An ADI to which this Reporting Standard applies must submit to APRA the information required by this Reporting Standard designated for an ADI at Level 1, as set out in paragraph 7, for each reporting period.

6.   If an ADI to which this Reporting Standard applies is part of a Level 2 group, the ADI must also submit to APRA the information required by this Reporting Standard designated for an ADI at Level 2, as set out in paragraph 7, for each reporting period unless the ADI is a subsidiary of an authorised NOHC. If the ADI is a subsidiary of an authorised NOHC, the ADI's immediate parent NOHC must provide APRA with the information required by this Reporting Standard designated for an ADI at Level 2, as set out in paragraph 7, for each reporting period. In doing so, the immediate parent NOHC must comply with this Reporting Standard (other than paragraph 5) as if it were the relevant ADI.

7.   An ADI must complete a separate reporting form for each reporting consolidation level specified for the class of ADI in the table below.

Reporting form	Class of ADI to which reporting form applies	Reporting consolidation
180.1 Standardised – Counterparty Credit Risk and CVA Risk	Locally incorporated standardised ADI (other than a provider of purchased payment facilities or a Restricted ADI)	Level 1 and Level 2
180.2 IRB – Counterparty Credit Risk and CVA Risk	IRB ADI	Level 1 and Level 2
226 Margining and risk mitigation for non-centrally cleared derivatives	Locally incorporated ADI (other than a provider of purchased payment facilities or a Restricted ADI)	Level 2 or, where not applicable, Level 1

Method of submission

8.   The information required by this Reporting Standard must be submitted to APRA in electronic format using the 'Direct to APRA' application or by a method (i.e, a web-based solution) notified by APRA, in writing, prior to submission.

Note: the 'Direct to APRA' application software (also known as 'D2A') may be obtained from APRA.

Reporting periods and due dates

9.   Subject to paragraphs 10 and 11, an ADI to which this Reporting Standard applies must provide the information required by this Reporting Standard within 28 calendar days after the end of each quarter based on the ADI's financial year (within the meaning of the *Corporations Act 2001*).

10.   APRA may, by notice in writing, vary the reporting periods or specified reporting periods for a particular ADI to require it to provide the information required by this Reporting Standard more frequently, or less frequently, having regard to:

      (a)   the particular circumstances of the ADI;

      (b)   the extent to which the information is required for the purposes of the prudential supervision of the ADI; and

      (c)   the requirements of the RBA or the ABS.

11.   APRA may grant an ADI an extension of a due date, in writing, in which case the new due date for the provision of the information will be the date on the notice of extension.

Quality control

12.   All information submitted by an ADI under this Reporting Standard must be the product of processes and controls that have been reviewed and tested by the external auditor of the ADI. *Guidance Statement GS 012 Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions*, issued by the Auditing and Assurance Standards Board, provides guidance on the scope and nature of the review and testing required from external auditors.[1] This review and testing must be done on an annual basis or more frequently if necessary to enable the external auditor to form an opinion on the accuracy and reliability of the information.

13.   All information submitted by an ADI under this Reporting Standard must be subject to systems, processes and controls developed by the ADI for the internal review and authorisation of that information. These systems, processes and controls must assure the completeness and reliability of the information submitted.

Authorisation

14.   When an officer or agent of an ADI submits information under this Reporting Standard and uses the D2A application, or other method notified by APRA, it will be necessary for the officer or agent to digitally sign the relevant information using a digital certificate or other digital identity credential acceptable to APRA.

Minor alterations to forms and instructions

15.   APRA may make minor variations to:

      (a)   a form that is part of this Reporting Standard, and the instructions to such a form, to correct technical, programming or logical errors, inconsistencies or anomalies; or

      (b)   the instructions to a form, to clarify their application to the form

      without changing any substantive requirement in the form or instructions.

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[1]   Pursuant to section 227B of the *Australian Securities and Investments Commission Act 2001*.

16. If APRA makes such a variation it will notify, in writing, each ADI that is required to report under this Reporting Standard.

17. APRA may determine, in writing, that an individual ADI of one class of ADI is to be treated, for the purposes of this Reporting Standard, as though it was an ADI of another class of ADI.

Interpretation

18. In this Reporting Standard:

ADI means an authorised deposit-taking institution within the meaning of the Banking Act.

ADI reporting category has the meaing given in *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection.*

APRA means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*.

Authorised NOHC has the meaning given in the Banking Act.

Banking Act means the *Banking Act 1959*.

Branch of a foreign bank means a foreign ADI as defined in the Banking Act.

Central counterparty (CCP) means a clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, becoming the buyer to every seller and the seller to every buyer. A CCP becomes counterparty to trades with market participants through novation, an open offer system, or another legally binding arrangement. For the purposes of the capital framework, a CCP is a financial institution.

Credit conversion factor (CCF) means the percentage value used to convert an off-balance sheet exposure into an on-balance sheet equivalent (i.e. the credit equivalent amount). CCFs are generally pre-defined in the form and correspond to the CCFs detailed in Attachment E of *Prudential Standard APS 180 Capital Adequacy: Counterparty Credit Risk* (APS 180) for market-related off-balance sheet exposures. Where CCFs have not been pre-defined in the form, the ADI does not need to report a CCF as more than one CCF may have been used in relation to that exposure type (see the section below for column 5 Credit equivalent amount).

Credit equivalent amount (CEA) means the on-balance sheet equivalent of an off-balance sheet exposure. These include all market-related transactions held in the banking and trading books that give rise to off-balance sheet credit risk and are eligible for the current exposure method. Refer to Attachment E of APS 180 for details of how to calculate CEAs for various types of transactions under the current exposure method.

Credit rating grade has the meaning given in *Prudential Standard APS 001 Definitions* (APS 001).

Current exposure means, for each type of market-related off-balance sheet exposure, the sum of the positive mark-to-market value (or replacement cost) of each individual contract within each classification.

Derivative has the meaning given in *Prudential Standard CPS 226 Margining and risk mitigation for non-centrally cleared derivatives* (CPS 226).

Eligible bilateral netting agreement has the meaning given in paragraph 9 of Attachment H of *Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk* (APS 112).

Exchange traded derivative means a derivative that is transacted directly through an organised, licensed and regulated exchange.

External Credit Assessment Institution (ECAI) has the meaning given in APS 001.

Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. The fair value should be able to be determined through observation of similar transactions, quoted market prices, independent valuations or if there is no readily observable market, through the ability to liquidate the investment or through assessing the net present value of future cash flows.

Immediate parent NOHC means an authorised NOHC, or a subsidiary of an authorised NOHC, that is an immediate parent NOHC within the meaning of APS 001.

IRB ADI means an ADI with approval from APRA to use an internal ratings-based (IRB) approach to credit risk.

Level 1 has the meaning given in APS 001.

Level 2 has the meaning given in APS 001.

Locally incorporated means incorporated in Australia or in a State or Territory of Australia, by or under a Commonwealth, State or Territory law.

Long settlement transaction means a transaction where a counterparty undertakes to receive or deliver a security, a commodity, or a foreign exchange amount against cash, other financial instruments, or commodities at a contractually specified settlement or delivery date that is more than the lesser of (i) the market standard for the particular instrument, and (ii) five business days after the date on which the parties enter into the transaction.

Netting means the process under a netting agreement of combining all relevant outstanding transactions between two counterparties and reducing them to a single net sum for a party to either pay or receive (refer to Attachment H of APS 112).

Notional principal amount means the face value or gross amount of a given off-balance sheet transaction and not the fair value. Absolute values should be reported.

Non-centrally cleared derivative has the meaning given in CPS 226.

Number of counterparties means the total number (count) of counterparties, each as a separate legal entity, with a non-zero notional principal amount in each credit rating grade.

Off-balance sheet exposures means exposures that need to be converted to a CEA before they can be risk-weighted. Prior to the adoption of International Financial Reporting Standards (IFRS) for reporting periods beginning on or after 1 January 2005, some items, e.g. derivatives for accounting purposes, were treated as off-balance sheet. After the adoption of IFRS some of these items for accounting purposes were brought on-balance sheet. For the purposes of this Reporting Standard, continue to report items that were off-balance sheet before the adoption of IFRS as off-balance sheet.

Over-the-counter (OTC) derivative transaction means a customised, privately negotiated, risk-shifting agreement, the value of which is derived from the value of an underlying asset.

Potential future exposure, for the purposes of ARF 180.1, means the amount calculated to reflect the potential for the credit exposure of a market-related contract to exceed the current credit exposure over time. This is calculated under either the adjusted current exposure method (detailed in Attachment E of APS 180) or the standardised approach to counterparty credit risk (detailed in Attachment D of APS 180). Generally, the potential future exposure amount is a derived field in ARF 180.1. In some cases, however, the amount must be entered by the ADI. Under the current exposure method, the potential future exposure amount for some off-balance sheet exposure types may consist of several discrete exposures, each potentially attracting different CCFs. The ADI must, by reference to Attachment E of APS 180, determine the appropriate CCF(s) to be applied to the exposure(s) to calculate the potential future exposure amount for that off-balance sheet exposure type and report the total as a single potential future exposure amount in ARF 180.1.

Provider of purchased payment facilities means an ADI that is subject to a condition on its authority under section 9 of the Banking Act confining the banking business that the ADI is authorised to carry on to providing purchased payment facilities.

Qualifying CCP (QCCP) means an entity that is licensed to operate as a CCP (including a licence granted by way of confirming an exemption), and is permitted by the CCP's regulator/supervisor to operate as such with respect to the products offered. The entity must be based and prudentially supervised in a jurisdiction where the relevant regulator/overseer has established, and publicly indicated that it applies to the CCP on an ongoing basis, domestic rules and regulations that are consistent with the Committee on Payment and Settlement Systems and International Organization of Securities Commissions (CPSS-IOSCO) *Principles for Financial Market Infrastructures*. In order for a CCP to be a QCCP, it must also calculate or make available the necessary data to allow for the calculation of an ADI's default fund capital charge.

Reporting period means a period mentioned in paragraph 9 or, if applicable, as varied under paragraph 10.

Restricted ADI means an ADI that holds a Restricted ADI licence.

Restricted ADI licence means authorisation under section 9 of the Banking Act to conduct banking business for a limited period with specific requirements and restrictions.

Securities financing transactions (SFTs) means transactions such as repurchase agreements, reverse repurchase agreements, and securities lending and borrowing transactions where the value of the transactions depends on the market valuation of securities and the transactions are typically subject to margin agreements.

Standardised ADI means an ADI that does not have approval from APRA to use an IRB approach to credit risk.

Subsidiary has the meaning given in the *Corporations Act 2001*.

Trade exposure means an exposure a clearing member or a client of a clearing member has to a CCP reflecting a measure of the current mark-to-market value (replacement cost) and the potential future exposure arising from OTC derivative transactions, exchange traded derivative transactions, SFTs and long settlement transactions. Trade exposure is calculated on a bilateral basis, and must include the initial margin posted by an ADI, as well as any variation margin due to the ADI from the CCP that has not yet been received.

19. Unless the contrary intention appears, a reference to an Act, Prudential Standard, Reporting Standard, Australian Accounting Standard or Auditing Standard is a reference to the instruments as in force from time to time.

20. Where this Reporting Standard provides for APRA to exercise a power or discretion, this power or discretion is to be exercised in writing.

ARF_180_1: Standardised - Counterparty Credit Risk and CVA Risk

Australian Business Number   **Institution Name**

Reporting Period   **Scale Factor**

Reporting Consolidation

Level 1 / Level 2

Section A: Bilateral exposures

1   Derivative exposures

	Notional principal amount - margined (1)	Notional principal amount - unmargined (2)	Credit conversion factor % (3)	Potential future exposure (4)	Current exposure (5)	Credit equivalent amount (6)	RWE (7)
1.1 Interest rate contracts							
1.1.1 Residual maturity 1 year or less							
1.1.2 Residual maturity > 1 year to 5 years							
1.1.3 Residual maturity > 5 years							
1.1.4 Contracts with residual maturity > 1 year that are subject to a CCF floor							
1.1.5 Contracts with multiple exchanges of principal							
1.1.6 Counterparty credit risk							
1.1.7 Total							

1.2 Foreign exchange and gold contracts

1.2.1 Residual maturity 1 year or less			▨	▨		▨	
1.2.2 Residual maturity > 1 year to 5 years			▨	▨		▨	
1.2.3 Residual maturity > 5 years			▨	▨		▨	
1.2.4 Contracts with multiple exchanges of principal							
1.2.5 Counterparty credit risk							
1.2.6 Total							▨

1.3 Equity contracts

1.3.1 Residual maturity 1 year or less			▨	▨		▨	
1.3.2 Residual maturity > 1 year to 5 years			▨	▨		▨	
1.3.3 Residual maturity > 5 years			▨	▨		▨	
1.3.4 Contracts with multiple exchanges of principal							
1.3.5 Counterparty credit risk							
1.3.6 Total							▨

1.4 Precious metal contracts (other than gold)

1.4.1 Residual maturity 1 year or less			▨	▨		▨	
1.4.2 Residual maturity > 1 year to 5 years			▨	▨		▨	
1.4.3 Residual maturity > 5 years			▨	▨		▨	

1.4.4   Contracts with multiple exchanges of principal

1.4.5   Counterparty credit risk

1.4.6   Total

1.5   Other commodity contracts (other than precious metals)

1.5.1   Residual maturity 1 year or less

1.5.2   Residual maturity > 1 year to 5 years

1.5.3   Residual maturity > 5 years

1.5.4   Contracts with multiple exchanges of principal

1.5.5   Counterparty credit risk

1.5.6   Total

1.6   Other market-related contracts

1.6.1   Residual maturity 1 year or less

1.6.2   Residual maturity > 1 year to 5 years

1.6.3   Residual maturity > 5 years

1.6.4   Contracts with multiple exchanges of principal

1.6.5   Counterparty credit risk

1.6.6   Total

1.7   Total RWE for bilateral derivative exposures

2   Securities financing transactions

Credit rating grade (1)	Number of counterparties (2)	Notional principal amount (3)	Adjusted exposure amount (4)	RWE (5)
Credit rating grade 1				
Credit rating grade 2				
Credit rating grade 3				
Credit rating grade 4				
Credit rating grade 5				
Credit rating grade 6				
Unrated				

2.1   Total RWE for
        bilateral SFTs

Section B: Exposures to central counterparties

3   Derivative exposures

Risk weight (1)	Notional principal amount (2)	Trade exposure (3)	RWE (4)
0			
0.02			
0.04			

3.1   Total RWE for centrally
        cleared derivatives

4 Securities financing transactions

Risk weight (1)	Notional principal amount (2)	Trade exposure (3)	RWE (4)
0			
0.02			
0.04			

4.1 Total RWE for centrally cleared SFTs

5 Default fund contribution to a qualifying central counterparty

Name of central counterparty (1)	K_QCCP (2)	DF_ADI (3)	DF_CM (4)	DF_CCP (5)	K_ADI (6)

5.1 Other qualifying central counterparties

5.2 Total QCCP default fund capital charge

6 Trade exposure RWE and default fund contribution to a non-qualifying central counterparty

Name of central counterparty (1)	Trade exposure (2)	Trade exposure RWE (3)	Prefunded default fund contribution (4)	Unfunded default fund contribution (5)	Default fund RWE (6)

6.1 Other non-qualifying central counterparties					
6.2 Total					

Section C: CVA risk capital charge

7 CVA risk capital charge

7.1 Approach for calculating CVA risk capital charge

Approach
Simplified approach
Standardised formula

	Rating grade weighting (1)	CVA capital formula component 1 (2)	CVA capital formula component 2 (3)	CVA capital formula component 3 (4)	Derived quantity 1 (5)	Derived quantity 2 (6)
7.2 CVA capital charge components, credit rating grade = 1						
7.3 CVA capital charge components, credit rating grade = 2						
7.4 CVA capital charge components, credit rating grade = 3						
7.5 CVA capital charge components, credit rating grade = 4 or unrated						
7.6 CVA capital charge components, credit rating grade = 5						
7.7 CVA capital charge components, credit rating grade = 6						

7.8 Total CVA capital charge components		
7.9 Total CVA capital charge (standardised formula)		
7.10 Total CVA RWE (simplified approach)		
7.11 Total CVA RWE		

Section D: Summary

8 Market related off-balance sheet exposures

8.1 Bilateral exposures - default risk RWE	
8.2 CCP trade exposure RWE	
8.3 CCP default fund RWE	
8.4 CVA RWE	

9 Securities financing transaction exposures

9.1 Total SFT trade exposure RWE	
9.1.1 Bilateral SFT RWE	
9.1.2 Centrally cleared SFT RWE	

Reporting Form ARF 180.1

Standardised – Counterparty Credit Risk and CVA Risk

Instructions

These instructions are designed to assist in the completion of *Reporting Form ARF 180.1 Standardised – Counterparty Credit Risk and CVA Risk*. This form captures the counterparty credit risk exposures of a **standardised ADI**. In completing this form, **ADIs** should refer to APS 180.

Terms highlighted in **bold italics** are defined in paragraph 18 of this Reporting Standard.

Reporting entity

This form must be completed at **Level 1** and **Level 2** by each **locally incorporated standardised ADI**, except for an **ADI** that is a **provider of purchased payment facilities** or a **restricted ADI**.

If an **ADI** is a **subsidiary** of an **authorised NOHC**, the report at **Level 2** must be submitted by the **ADI's immediate parent NOHC**.

Reporting basis and units of measurement

Report all items on ARF 180.1 in accordance with Australian Accounting Standards unless otherwise specified.

Items on ARF 180.1 must be completed as at the last day of the stated **reporting period** (i.e. the relevant quarter).

All items must be reported in Australian dollars (AUD) and in millions of dollars rounded to one decimal place for an **ADI reporting category B** and whole dollars with no decimal place for an **ADI reporting category A**.

An **immediate parent NOHC** must complete this form in AUD and in accordance with the same units as its **subsidiary ADI**.

Amounts denominated in foreign currency must be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates*.

Scope

The risk-weighting process used for measuring the off-balance sheet credit exposures of a **locally incorporated standardised ADI** covers all or part of the **off-balance sheet exposures** of the **ADI**, including both market-related and non-market related transactions that are subject to the standardised approach to credit risk, except the following specifically excluded items:

(a)   securitisation exposures, which are subject to the requirements of *Prudential Standard APS 120 Securitisation* (APS 120); and

(b)   items subject to capital requirements under *Prudential Standard APS 116 Capital Adequacy: Market Risk* (APS 116). However, the trading book exposures that expose the *ADI* to counterparty credit risk must be included in this form.

A *standardised ADI* is required to report the components of its credit valuation adjustment (CVA) risk capital charge through this form.

Specific instructions

Section A: Bilateral exposures

Item 1 and item 2 collect data in relation to *OTC derivative transactions*, *SFTs* and *long settlement transactions* that are not centrally cleared. For the purpose of this section, a *long settlement transaction* must be treated as an *OTC derivative transaction*. An *ADI* may net claims and obligations arising from market-related contracts across both the banking and trading books with a single counterparty if covered by an *eligible bilateral netting agreement*.

An *ADI* must include in Section A centrally cleared *OTC derivative transactions*, *SFTs*, *long settlement transactions* and *exchange traded derivative* transactions that are required to be treated as bilateral transactions under Attachment B of APS 180.

Item 1	Enter values for bilateral (i.e. non-centrally cleared) *OTC derivative transactions* using the CEM in item 1.1 to item 1.6.
	For the purpose of completing this item, examples of market-related off-balance sheet transactions include:
	(a) interest rate contracts – single currency interest rate swaps, basis swaps, forward rate agreements, interest rate futures, interest rate options purchased and any other instruments of a similar nature;
	(b) foreign exchange contracts (including contracts involving gold) – cross-currency swaps (including cross-currency interest rate swaps), forward foreign exchange contracts, currency futures, currency options purchased, hedge contracts and any other instruments of a similar nature;
	(c) equity contracts – swaps, forwards, purchased options and similar derivative contracts based on individual equities or equity indices;
	(d) precious metal contracts (other than gold) – swaps, forwards, purchased options and similar derivative contracts based on precious metals such as silver, platinum and palladium;
	(e) other commodity contracts (other than precious metals) – swaps, forwards, purchased options and similar derivative contracts based on energy contracts, agricultural contracts, base metals (such as aluminium, copper and zinc) and any other non-precious metal commodity contracts; and

(f)   other market-related contracts – other contracts covering other items that give rise to credit risk, including credit derivatives. Credit derivative transactions in the trading book are classified as market-related off-balance sheet transactions.

Item 1.1.4 Contracts with residual maturity > 1 year that are subject to a **CCF** floor.

For contracts that are structured to settle outstanding exposures following specified payment dates and where the terms are reset such that the mark-to-market value of the contract is zero on these specified dates, the residual maturity should be set equal to the time until the next reset date. In the case of interest rate contracts with these features with a remaining maturity of more than one year, the **CCF** to be applied is subject to a floor of 0.5 per cent even if there are reset dates of a shorter maturity. Such interest rate contracts are to be reported in this item.

Items 1.1.5, 1.2.4, 1.3.4, 1.4.4, 1.5.4 & 1.6.4 Contracts with multiple exchanges of principal

For contracts with multiple exchanges of principal, the **CCFs** are to be multiplied by the number of remaining payments (i.e. exchanges of principal) still to be made under the contract.

Items 1.1.6, 1.2.5, 1.3.5, 1.4.5, 1.5.5 & 1.6.5 Counterparty credit risk

An **ADI** must use the **potential future exposure** add-on factors in the calculation of the counterparty credit risk charge for single name credit default swaps and single name total-rate-of-return swaps in the trading book, as detailed in Attachment E of APS 180.

Item 1.7 is a derived field calculated as the sum of all the totals in items 1.1 to 1.6.

Report the **notional principal amount** for margined contracts in column 1, where a margined contract is one where there is exchange of variation margin with zero threshold. Where a transaction does not meet these conditions, or where it is unclear as to whether a transaction meets these conditions, the transaction must be treated as unmargined. Bilateral transactions with a one-way margining agreement in favour of an **ADI's** counterparty (that is, where an **ADI** posts, but does not collect, variation margin) must be treated as unmargined transactions.

Report the **notional principal amount** for unmargined contracts in column 2, where unmargined contracts are defined above.

Column 3 is a derived field equal to the **CCF** for the relevant contract type and residual maturity, as set out in Table 8 of Attachment E of APS 180.

Derive or report the **potential future exposure** amount in column 4. The **potential future exposure** is derived according to Attachment E of APS 180.

	Report the *current exposure* amount in column 5.
	Derive or report the *credit equivalent amount* in column 6. *Credit equivalent amount* is derived according to Attachment E of APS 180.
	Report the risk-weighted exposure (RWE) amount in column 7, calculated by multiplying the *CEA* of a transaction by the risk weight applicable to the counterparty or type of assets as detailed in Attachment A of APS 112. The RWE amount should be reported on an after-credit risk mitigation (CRM) basis.

Item 2	Enter values for bilateral (i.e. non-centrally cleared) *SFTs* in item 2.
	Report in column 1 the long term *credit rating grades* according to Attachment F of APS 112. An *ADI* must report each long term *credit rating grade* only once.
	For each of the long term *credit rating grades* in column 1, report the *number of counterparties* of the same *credit rating grade* in column 2.
	For each of the long term *credit rating grades* in column 1, report the total *notional principal amount* of all transactions with counterparties of the same *credit rating grade* in column 3. Absolute values should be reported.
	For each of the long term *credit rating grades* in column 1, report the adjusted exposure amount of all transactions with counterparties of the same *credit rating grade* in column 4. The adjusted exposure amount is calculated by multiplying the *notional principal amount* of a particular transaction by the relevant *CCF* and adjusting for the effects of any haircuts, eligible collateral and netting. Refer to Attachment G of APS 112 for *SFTs* not covered by an *eligible bilateral netting agreement* and Attachment H of APS 112 for *SFTs* covered by an *eligible bilateral netting agreement*.
	For each of the long term *credit rating grades* in column 1, report the RWE amount in column 5, calculated by multiplying the adjusted exposure amount by the risk weight applicable to the counterparty or type of assets as detailed in Attachment B of APS 112. The RWE amount should be reported on an after-CRM basis.
	Item 2.1 is a derived field, calculated as the sum of column 5.

Section B: Exposures to central counterparties

Item 3 and item 4 collect data in relation to *OTC derivative transactions* and *exchange traded derivative* transactions, *SFTs* and *long settlement transactions* that are cleared with a *QCCP*. For the purpose of this section, a *long settlement transaction* must be treated as an *OTC derivative transaction*. An *ADI* must not include in this section centrally cleared transactions, including *exchange traded derivative* transactions, which are required to be treated as bilateral transactions under Attachment B of APS 180.

Item 5 collects data in relation to default fund contribution to a QCCP.

Item 6 collects data in relation to transactions that are cleared with a non-qualifying CCP and default fund contributions.

Item 3	In column 1, report the eligible risk weight (0%, 2%, or 4%). An **ADI** must report each eligible risk weight only once.
	For each of the eligible risk weights in column 1, report the **notional principal amount** under column 2 and **trade exposures** under column 3 for centrally cleared **OTC derivative transactions** eligible for that risk weight according to Attachment B of APS 180. An **ADI** must include exposures only to **QCCPs** here.
	Column 4 is calculated as:
	$$RWE = Risk\ weight \times Trade\ exposure$$
	Item 3.1 is a derived field calculated as the sum of column 4.

Item 4	In column 1, report the eligible risk weight (0%, 2%, or 4%). An **ADI** must report each eligible risk weight only once.
	For each of the eligible risk weights in column 1, report the **notional principal amount** under column 2 and **trade exposures** under column 3 for centrally cleared **SFTs** eligible for that risk weight according to Attachment B of APS 180. An **ADI** must include exposures only to **QCCPs** here.
	Column 4 is calculated as:
	$$RWE = Risk\ weight \times Trade\ exposure$$
	Item 4.1 is a derived field calculated as the sum of column 4.

Item 5	This item must be completed if the reporting **ADI** is a clearing member to a **QCCP**.
	In column 1 enter as a character string the name of the five largest **QCCPs** ranked by the **ADI's** capital requirement on default fund contribution only (i.e. excluding **trade exposure**). Each name should only appear once.
	Report in column 2 the K_{QCCP} of this **CCP** calculated in accordance with paragraph 7 of Attachment C of APS 180.
	Report in column 3 the prefunded default fund contributions provided by the **ADI** to this **CCP**.
	Report in column 4 the total prefunded default fund contributions from all clearing members of this **CCP**.

	Report in column 5 the prefunded own resources of this **CCP** that are contributed to the default water fall, where these are junior or *pari passu* to prefunded member contributions.
	If columns 2 to 5 are populated, column 6 is calculated from columns 2 to 5 as follows:
	$$\max\left\{K\_QCCP \times \left(\frac{DF\_ADI}{DF\_CCP + DF\_CM}\right); 0.16\% \times DF\_ADI\right\}$$
	If, due to jurisdictional differences in the implementation schedule of SA-CCR, columns 2 to 5 cannot be populated, report the default fund capital charge in column 6 directly and leave columns 2 to 5 blank.
	Report in item 5.1 the total K_{ADI} for counterparties not listed as the top five.
	Item 5.2 is a derived field calculated as the sum of item 5 column 6 and item 5.1 column 6.

Item 6	In column 1 enter as a character string the name of the five largest non-qualifying **CCP** exposures, ranked by the **ADI's** total capital requirement with this **CCP** (i.e. including both the **trade exposure** and default fund exposure). Each name should only appear once.
	Report in column 2 the **trade exposure** with this **CCP** and any exposure to the **ADI's** clients, calculated in accordance with Attachment A of APS 180. For item 6.1, report the total **trade exposure** amount of exposures with **CCPs** not listed as the top five.
	Report in column 3 the total RWE calculated by multiplying the **trade exposure** by the risk-weight applicable to the counterparty or type of assets as detailed in Attachments A and B of APS 112. For item 6.1, report the total **trade exposures** RWE with **CCPs** not listed as the top five.
	Columns 4 to 5 must be completed if an **ADI** is a clearing member to a non-qualifying **CCP**.
	Report in column 4 the value of prefunded default fund contribution with this **CCP**. For item 6.1, report the total prefunded default fund contribution with **CCPs** not listed as the top five.
	Report in column 5 the value of the proportion (specified by **APRA**) of unfunded default fund contribution with this **CCP**. For item 6.1, report the total unfunded default fund contribution with **CCPs** not listed as the top five.
	Item 6 and item 6.1, column 6 is a derived field, calculated from columns 4 and 5 as 1250% × [pre-funded default fund contribution + unfunded default fund contribution].
	Item 6.2 column 3 is a derived field calculated as the sum of item 6 column 3 and item 6.1 column 3.

| | Item 6.2 column 6 is a derived field calculated as the sum of item 6 column 6 and item 6.1 column 6. |

Section C: CVA risk capital charge

Item 7 collects data in relation to CVA risk capital charge. Report all applicable CVA risk capital charge in this item.

Item 7	Item 7.1 Approach for calculating the CVA risk capital charge
	An **ADI** that has permission from **APRA** to calculate its CVA risk capital charge using the simplified approach should input 'simplified approach', otherwise it should input 'standardised formula'. An **ADI** using the simplified approach must report zeroes in rows 7.2 to 7.7.
	Items 7.2 to 7.7 correspond to long term **credit rating grades** according to Attachment F of APS 112.
	Column 2 CVA capital formula component 1
	(i) An **ADI** without eligible CVA hedges according to Attachment A of APS 180:
	For each **credit rating grade** report the values $M_i D_i Exposure_i^{total}$, summed over all counterparties (summed over all i's) with that **credit rating grade**:
	$$\sum_i M_i D_i Exposure_i^{total}$$
	(ii) An **ADI** with eligible CVA hedges according to Attachment A of APS 180:
	For each rating grade report the values $M_i D_i Exposure_i^{total} - M_i^{hedge} D_i^{hedge} B_i$ summed over all counterparties (i.e. summed over all i's) with that **credit rating grade**:
	$$\sum_i M_i D_i Exposure_i^{total} - M_i^{hedge} D_i^{hedge} B_i$$
	Where $M_i, D_i, Exposure_i^{total}, M_i^{hedge}, D_i^{hedge}, B_i$ are as defined in paragraph 17 of Attachment A of APS 180. The CVA charge imposed on a clearing member **ADI** for transacting with a **CCP** on behalf of its clients must also be included.
	Note that for multiple netting sets, the amount $M \times D \times Exposure^{total}$ is to be summed over all netting sets.
	Column 3 CVA capital formula component 2

To be completed by an **ADI** with eligible credit default swap (CDS) index hedges; otherwise left blank. For each **credit rating grade**, report the sum of the following calculation being the sum of all index exposures (i.e. summed over all ind's) mapped to that **credit rating grade**:

$$\sum_{ind} M_{ind} D_{ind} B_{ind}$$

Where M_{ind}, D_{ind} and B_{ind} are as defined in paragraph 17 of Attachment A of APS 180.

Column 4 CVA capital formula component 3

(i)   An **ADI** without eligible CVA hedges according to Attachment A of APS 180:

For each **credit rating grade** report the square root of the sum of the squares of the values $M_i D_i Exposure_i^{total}$ summed over all counterparties (i.e. summed over all i's) with that **credit rating grade**:

$$\sqrt{\sum_i \left[\left(M_i D_i Exposure_i^{total}\right)^2\right]}$$

(ii) An **ADI** with eligible CVA hedges according to Attachment A of APS 180:

For each **credit rating grade** report the square root of the sum of the squares of the values $M_i D_i Exposure_i^{total} - M_i^{hedge} D_i^{hedge} B_i$, summed over all counterparties (summed over all i's) with that **credit rating grade**:

$$\sqrt{\sum_i \left[\left(M_i D_i Exposure_i^{total} - M_i^{hedge} D_i^{hedge} B_i\right)^2\right]}$$

Where $M_i, D_i, Exposure_i^{total}, M_i^{hedge}, D_i^{hedge}, B_i$ are as defined in paragraph 17 of Attachment A of APS 180.

Note that the amount in column 4 is an AUD amount, and so should be entered in units according to the class of **ADI**, as set out under the reporting basis and units of measurement of these reporting instructions.

Column 5 Derived quantity 1, calculated from columns 1, 2, and 3 as:

$$Rating\ grade\ weighting \times [0.5 \\ \times CVA\ capital\ formula\ component\ 1 \\ - CVA\ capital\ formula\ component\ 2]$$

Column 6 Derived quantity 2, calculated from columns 1 and 4 as:

$$Risk\ grade\ weighting \times CVA\ capital\ formula\ component\ 3 \times \sqrt{0.75}$$

	Item 7.8 column 5 – Total CVA capital charge components: Derived field calculated as the sum of values in column 5 from rows 7.2 to 7.7. Item 7.8 column 6 – Total CVA capital charge components: Derived field calculated as the square root of the sum of the square of values in derived quantity 2 (column 6) from rows 7.2 to 7.7. Item 7.9 column 6 – Total CVA capital charge (standardised formula): Derived field calculated from row 7.8 as: $$2.33\sqrt{(Derived\ quantity\ 1)^2 + (Derived\ quantity\ 2)^2}$$ Item 7.10 column 6 – Total CVA RWE (simplified approach): Derived field equal to the value of item 1.7 (bilateral exposures). Item 7.11 column 6 – Total CVA RWE: Derived field calculated from items 7.9 (column 6) and 7.10 (column 6) depending on whether 'standardised formula' or 'simplified approach' is selected in 7.1. If 'standardised formula' then calculated as 12.5 × [item 7.9 (column 6)] If 'simplified approach' then calculated as item 7.10 (column 6)

Section D: Summary

Item 8	Item 8.1 is a derived field equal to the value of item 1.7. Item 8.2 is a derived field equal to the sum of item 3.1 and item 6.2 column 3. Item 8.3 is a derived field equal to the sum of item 6.2 column 6 and 12.5 × item 5.2. Item 8.4 is a derived field equal to the value of item 7.11.

Item 9	Item 9.1 is a derived field equal to the sum of items 9.1.1 to 9.1.2. Item 9.1.1 is a derived field equal to the value of item 2.1. Item 9.1.2 is a derived field equal to the value of item 4.1.

ARF_180_2: IRB - Counterparty Credit Risk and CVA Risk

Australian Business Number

Institution Name

Reporting Period

Scale Factor

Millions to one decimal place

Reporting Consolidation

Level 1 / Level 2

Section A: IRB bilateral exposures

1   Derivative exposures - AIRB or FIRB

PD % (1)	Number of counterparties (2)	Notional principal amount (3)	Replacement cost excluding all collateral (4)	Replacement cost with eligible collateral (5)	Scaled IR AddOn (6)	Scaled FX AddOn (7)	Scaled CR AddOn (8)

PD % (1)	Scaled EQ AddOn (9)	Scaled CMDTY AddOn (10)	Potential future exposure (11)	EAD (12)	Incurred CVA loss (13)	Weighted average LGD (14)	Weighted average maturity (15)	RWE (16)

1.1   Total RWE

2   Securities financing transactions - AIRB or FIRB

PD %	Number of counterparties	Notional principal amount	Adjusted exposure amount	Weighted average LGD	Weighted average maturity	RWE

(1)	(2)	(3)	(4)	(5)	(6)	(7)

2.1   Total RWE

3   Derivative exposures - supervisory slotting

Slotting category (1)	Number of counterparties (2)	Notional principal amount (3)	Replacement cost excluding all collateral (4)	Replacement cost with eligible collateral (5)	Scaled IR AddOn (6)	Scaled FX AddOn (7)	Scaled CR AddOn (8)
Strong
Good
Satisfactory
Weak
Default

Slotting category (1)	Scaled EQ AddOn (9)	Scaled CMDTY AddOn (10)	Potential future exposure (11)	EAD (12)	Incurred CVA loss (13)	RWE (14)
Strong
Good
Satisfactory
Weak
Default

3.1   Total RWE

4   Securities financing transactions - supervisory slotting

Slotting category (1)	Number of counterparties (2)	Notional principal amount (3)	Adjusted exposure amount (4)	RWE (5)
Strong				
Good				
Satisfactory				
Weak				
Default				

4.1   Total RWE

Section B: Other IRB and non-IRB bilateral exposures

5   Derivative exposures

Exposure type (1)	Number of counterparties (2)	Notional principal amount (3)	Replacement cost excluding all collateral (4)	Replacement cost with eligible collateral (5)	Scaled IR AddOn (6)	Scaled FX AddOn (7)	Scaled CR AddOn (8)
Other IRB							
Non-IRB							

Exposure type (1)	Scaled EQ AddOn (9)	Scaled CMDTY AddOn (10)	Potential future exposure (11)	EAD (12)	Incurred CVA loss (13)	RWE (14)

Other IRB						
Non-IRB						

5.1 Total RWE

6   Securities financing transactions

Exposure type (1)	Number of counterparties (2)	Notional principal amount (3)	Adjusted exposure amount (4)	RWE (5)
Other IRB				
Non-IRB				

6.1 Total RWE

Section C: Exposures to central counterparties

7   Derivative exposures

Name of central counterparty (1)	Risk weight (2)	Notional principal amount (3)	Trade exposure (4)	RWE (5)	Total collateral posted (6)
	0				
	0.02				
	0.04				

7.1 Other central counterparties

Risk weight (1)	Notional principal amount (2)	Trade exposure (3)	RWE (4)	Total collateral posted (5)
0				
0.02				
0.04				

7.2 Total RWE for centrally cleared derivatives			
7.2.1 As a clearing member ADI: exposures eligible for a 0% risk weight			
7.2.2 As a clearing member ADI: exposures eligible for a 2% risk weight			
7.2.3 As a clearing member ADI: exposures eligible for a 4% risk weight			

8 Securities financing transactions

Name of central counterparty (1)	Risk weight (2)	Notional principal amount (3)	Trade exposure (4)	RWE (5)	Total collateral posted (6)
	0				
	0.02				
	0.04				

8.1 Other central counterparties

Risk weight (1)	Notional principal amount (2)	Trade exposure (3)	RWE (4)	Total collateral posted (5)
0				
0.02				
0.04				

8.2 Total RWE for centrally cleared SFTs

9 Default fund contribution to a qualifying central counterparty

Name of central counterparty (1)	K_QCCP (2)	DF_ADI (3)	DF_CM (4)	DF_CCP (5)	K_ADI (6)

9.1 Other qualifying central counterparties

9.2 Total QCCP default fund capital charge

10 Trade exposure RWE and default fund contribution to a non-qualifying central counterparty

Name of central counterparty (1)	Trade exposure (2)	Trade exposure RWE (3)	Prefunded default fund contribution (4)	Unfunded default fund contribution (5)	Default fund RWE (6)

10.1 Other qualifying central counterparties					
10.2 Total					

Section D: CVA risk capital charge

11 CVA risk capital charge

	Rating grade weighting (1)	CVA capital formula component 1 (2)	CVA capital formula component 2 (3)	CVA capital formula component 3 (4)	Derived quantity 1 (5)	Derived quantity 2 (6)
11.1 CVA capital charge components, credit rating grade = 1						
11.2 CVA capital charge components, credit rating grade = 2						
11.3 CVA capital charge components, credit rating grade = 3						
11.4 CVA capital charge components, credit rating grade = 4 or unrated						

11.5 CVA capital charge components, credit rating grade = 5					
11.6 CVA capital charge components, credit rating grade = 6					
11.7 Total CVA capital charge components					
11.8 Total CVA capital charge					

Section E: Summary

12 Market related off-balance sheet exposures

12.1 Bilateral exposures - IRB default risk RWE (including supervisory slotting)

12.2 Bilateral exposures - Other IRB and Non-IRB default risk RWE

12.3 CCP trade exposure RWE

12.4 CCP default fund RWE

12.5 CVA RWE

13 Securities financing transaction exposures

13.1 Total SFT trade exposure RWE

    13.1.1 Bilateral SFT - IRB RWE (including supervisory slotting)

    13.1.2 Bilateral SFT - Other IRB and Non-IRB RWE

    13.1.3 Centrally cleared SFT RWE

Reporting Form ARF 180.2

IRB – Counterparty Credit Risk and CVA Risk

Instructions

These instructions are designed to assist in the completion of *Reporting Form ARF 180.2 IRB — Counterparty Credit Risk and CVA Risk*. This form captures the counterparty credit risk exposures of an IRB ADI. In completing this form, ADIs should refer to APS 180.

Terms highlighted in *bold italics* are defined in paragraph 18 of this Reporting Standard.

Reporting entity

This form must be completed at *Level 1* and *Level 2* by an *IRB ADI* only.

If an *IRB ADI* is a *subsidiary* of an *authorised NOHC*, the report at *Level 2* must be submitted by the *ADI's immediate parent NOHC*.

Reporting basis and units of measurement

Report all items on ARF 180.2 in accordance with Australian Accounting Standards unless otherwise specified.

Items on ARF 180.2 must be completed as at the last day of the stated *reporting period* (i.e. the relevant quarter).

All items must be reported in Australian dollars (AUD) and in millions of dollars rounded to one decimal place.

An *immediate parent NOHC* must complete this form in AUD and in accordance with the same units as its *subsidiary ADI*.

Amounts denominated in foreign currency must be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates*.

IRB ADIs must report under ARF 180.2 all counterparty credit risk exposures, including exposures for which the *ADI* adopts the standardised approach to credit risk under APS 112.

Scope

The risk-weighting process used for measuring the off-balance sheet credit exposures of an *ADI* covers all or part of an *IRB ADI's off-balance sheet exposures*, including both market-related and non-market related transactions that are subject to the IRB approach to credit risk and the standardised approach to credit risk, except the following specifically excluded items:

(a)   securitisation exposures, which are subject to the requirements of APS 120; and

(b)   items subject to capital requirements under APS 116. However, the trading book exposures that expose the *ADI* to counterparty credit risk are to be included in this form.

IRB ADIs are required to report the components of their CVA risk capital charge through this form.

Specific instructions

Section A: IRB bilateral exposures

This section applies to only those exposures for which an ***IRB ADI*** adopts an IRB approach to credit risk.

Item 1 and item 2 collect data in relation to ***OTC derivative transactions***, ***SFTs*** and ***long settlement transactions*** that are subject to the AIRB or FIRB approach and are not centrally cleared. Items 3 and 4 collect data in relation to ***OTC derivative transactions***, ***SFTs*** and ***long settlement transactions*** that are subject to the supervisory slotting approach and are not centrally cleared.

For the purpose of this section, a ***long settlement transaction*** must be treated as an ***OTC derivative transaction***. An ***ADI*** may net claims and obligations arising from market-related contracts across both the banking and trading books with a single counterparty if covered by an ***eligible bilateral netting agreement***.

An ***ADI*** must include in Section A centrally cleared ***OTC derivative transactions***, ***SFTs***, ***long settlement transactions***, and ***exchange traded derivative*** transactions that are required to be treated as bilateral exposures under Attachment B of APS 180.

Item 1	Enter values for bilateral (i.e. non-centrally cleared) ***OTC derivative transactions*** subject to the AIRB or FIRB approach in item 1.
	In column 1 report the assigned probability of default (PD), as a percentage rounded to two decimal places, of each obligor grade. Where PDs are bucketed and there are multiple assigned PDs within a bucket, ***ADIs*** are to report the exposure weighted average PD of the bucket.
	A PD of 100 per cent is to be assigned to all defaulted exposures.
	Report in column 2 the total number (count) of counterparties of the same PD, each as a separate legal entity, with a non-zero ***notional principal amount***.
	In column 3 report the total ***notional principal amount*** of all transactions with counterparties of the same PD. Absolute values should be reported.
	For each PD in column 1, report the replacement cost excluding all collateral in column 4. Replacement cost excluding all collateral is the sum of the total positive market value of transactions across all netting sets with counterparties of the same PD. Mathematically:
	$\sum_{i \in C} \max(V_i, 0)$ where:
	V_i = the total current market value of all transactions within netting set i.

C = all netting sets of counterparties of the same PD.

Report the replacement cost with eligible collateral in column 5. For each PD, report the sum of replacement costs across all netting sets with counterparties of the same PD. Mathematically:

$$\sum_{i \in C} \text{RC}_i$$

where:

RC_i = the replacement cost for margined or unmargined netting set i, detailed in paragraphs 8 to 10 of Attachment D of APS 180.

C = all netting sets of counterparties of the same PD.

Report under column 6, column 7, column 8, column 9, column 10, respectively, interest rate, foreign exchange, credit, equity and commodity derivatives potential future exposure. Mathematically:

$$\sum_{i \in C} m_i \times AddOn_i^a$$

where:

m_i = the multiplier as defined in paragraph 13 of Attachment D of APS 180 for the ith netting set.

$AddOn_i^a$ = the add-on factor for asset class a as defined in paragraph 14 and 15 of Attachment D of APS 180 for the ith netting set.

C = the set containing all netting sets of counterparties of the same PD.

Column 11 is a derived field, calculated from columns 6 to 10 as:

$$Scaled\ IR\ AddOn + Scaled\ FX\ AddOn + Scaled\ CR\ AddOn \\ + Scaled\ EQ\ AddOn + ScaledCMDTY\ AddOn$$

Column 12 is a derived field, calculated from columns 5 and 11 as:

$$1.4 \times (Replacement\ cost\ with\ eligible\ collateral \\ + Potential\ future\ exposure)$$

In column 13, report the sum of the adjustment for incurred CVA write-down, detailed in paragraph 11 of Attachment A of APS 180, for counterparties of the same PD.

In column 14, report the exposure weighted average LGD, as a percentage rounded to two decimal places, for exposures allocated to each assigned PD in the relevant rows. Mathematically:

$$\frac{\sum_i LGD_i \times EAD_i}{\sum_i EAD_i}$$

where:

| | LGD_i = the LGD associated with the ith exposure allocated to the assigned PD.

EAD_i = the EAD associated with the ith exposure allocated to the assigned PD (determined using the standardised approach for measuring counterparty credit risk exposures (SA-CCR)).

In column 15 report the exposure weighted average effective maturity (M), in years rounded to one decimal place, for exposures allocated to each assigned PD in the relevant rows. Mathematically

$$\frac{\sum_i M_i \times EAD_i}{\sum_i EAD_i}$$

where:

M_i = the maturity associated with the ith exposure allocated to the assigned PD.

EAD_i = the EAD associated with the ith exposure allocated to the assigned PD (determined using the SA-CCR).

Report the RWE amount in column 16, calculated in accordance with Attachment A of APS 113. The RWE amount should be reported on an after-CRM basis. Report the sum of RWE for exposures allocated to each assigned PD in the relevant rows.

Item 1.1 is a derived field, calculated as the sum of column 16. |

| **Item 2** | Enter values for bilateral (i.e. non-centrally cleared) **SFTs** subject to the AIRB or FIRB approach in item 2.

In column 1 report the assigned PD, as a percentage rounded to two decimal places, of each obligor grade. Where PDs are bucketed and there are multiple assigned PDs within a bucket, **ADIs** are to report the exposure weighted average PD of the bucket.

A PD of 100 per cent is to be assigned to all defaulted exposures.

Report in column 2 the total number (count) of counterparties of the same PD, each as a separate legal entity, with a non-zero **notional principal amount**.

In column 3 report the total **notional principal amount** of all transactions with counterparties of the same PD. Absolute values should be reported.

In column 4 report the adjusted exposure amount of all transactions with counterparties of the same PD. The adjusted exposure amount is calculated by multiplying the **notional principal amount** of a particular transaction by the relevant **CCF** and adjusting for the effects of any haircuts, eligible collateral and netting. Refer to Attachment G of APS 112 for **SFTs** not |

	covered by an *eligible bilateral netting agreement* and Attachment H of APS 112 for *SFTs* covered by an *eligible bilateral netting agreement*. In column 5, report the exposure weighted average LGD, as a percentage rounded to two decimal places, for exposures allocated to each assigned PD in the relevant rows. Mathematically: $$\frac{\sum_i LGD_i \times EAD_i}{\sum_i EAD_i}$$ where: LGD_i = the LGD associated with the ith exposure allocated to the assigned PD. EAD_i = the EAD associated with the ith exposure allocated to the assigned PD (determined according to Attachment B of APS 113). In column 6 report the exposure weighted average effective maturity (M), in years rounded to one decimal place, for exposures allocated to each assigned PD in the relevant rows. Mathematically $$\frac{\sum_i M_i \times EAD_i}{\sum_i EAD_i}$$ where: M_i = the maturity associated with the ith exposure allocated to the assigned PD. EAD_i = the EAD associated with the ith exposure allocated to the assigned PD (determined according to Attachment B of APS 113). Report the RWE amount in column 7, calculated in accordance with Attachment A of APS 113. The RWE amount should be reported on an after-CRM basis. Report the sum of RWE for exposures allocated to each assigned PD in the relevant rows. Item 2.1 is a derived field, calculated as the sum of column 7 of item 2.

Item 3	Enter values for bilateral (i.e. non-centrally cleared) ***OTC derivative transactions*** subject to the supervisory slotting approach in item 3. Report in column 1 the supervisory slotting categories according to APS 113. An ***ADI*** must report each supervisory slotting category only once. For each supervisory slotting category in column 1, report the ***number of counterparties*** with the same slotting category in column 2.

For each supervisory slotting category in column 1, report the total **notional principal amount** of all transactions with counterparties of the same slotting category in column 3. Absolute values should be reported.

For each supervisory slotting category in column 1, report the replacement cost excluding all collateral in column 4. Replacement cost excluding all collateral is the sum of the total positive market value of transactions across all netting sets with counterparties of the same slotting category. Mathematically:

$$\sum_{i \in C} \max(V_i, 0)$$

where:

V_i = the total **current market value** of all transactions within netting set *i*.

C = all netting sets of counterparties of the same slotting category.

For each supervisory slotting category in column 1, report the replacement cost with eligible collateral in column 5. Replacement cost with eligible collateral is the sum of replacement costs across all netting sets with counterparties of the same slotting category. Mathematically:

$$\sum_{i \in C} RC_i$$

where:

RC_i = the replacement cost for margined or unmargined netting set *i*, detailed in paragraphs 8 to 10 of Attachment D of APS 180.

C = all netting sets of counterparties of the same slotting category.

For each supervisory slotting category in column 1, report under columns 6, 7, 8, 9 and 10, respectively, interest rate, foreign exchange, credit, equity and commodity derivatives potential future exposure add-ons. Mathematically:

$$\sum_{i \in C} m_i \times AddOn_i^a$$

where:

m_i = the multiplier as defined in paragraph 13 of Attachment D of APS 180 for the ith netting set.

$AddOn_i^a$ = the add-on factor for asset class a as defined in paragraphs 14 and 15 of Attachment D of APS 180 for the ith netting set.

C = the set containing all netting sets of counterparties of the same slotting category.

Column 11 is a derived field, calculated from columns 6 to 10 as

<table>
<tr><td></td><td>

$$Scaled\ IR\ AddOn + Scaled\ FX\ AddOn + Scaled\ CR\ AddOn$$
$$+ Scaled\ EQ\ AddOn + ScaledCMDTY\ AddOn$$

Column 12 is a derived field, calculated from columns 5 and 11 as

$$1.4 \times (Replacement\ cost\ with\ eligible\ collateral$$
$$+ Potential\ future\ exposure)$$

In column 13, report the sum of the adjustment for incurred CVA write-down, detailed in paragraph 11 of Attachment A of APS 180, for counterparties of the same slotting category.

For each supervisory slotting category in column 1, report the RWE amount in column 14, calculated by multiplying EAD by the risk weight applicable to the counterparty or type of assets as detailed in Attachment B of APS 112. The RWE amount should be reported on an after-CRM basis.

Item 3.1 is a derived field, calculated as the sum of column 14.

</td></tr>
</table>

<table>
<tr><td>**Item 4**</td><td>

Enter values for bilateral (i.e. non-centrally cleared) **SFTs** subject to the supervisory slotting approach in item 4.

Report in column 1 the supervisory slotting categories in accordance with APS 113. An **ADI** must report each slotting category only once.

For each supervisory slotting category in column 1, report the **number of counterparties** with the same slotting category in column 2.

For each supervisory slotting category in column 1, report the total **notional principal amount** of all transactions with counterparties of the same slotting category in column 3. Absolute values should be reported.

For each supervisory slotting category in column 1, report the adjusted exposure amount of all transactions with counterparties of the same slotting category in column 4. The adjusted exposure amount is calculated by multiplying the **notional principal amount** of a particular transaction by the relevant **CCF** and adjusting for the effects of any haircuts, eligible collateral and netting. Refer to Attachment G of APS 112 for **SFTs** not covered by an eligible netting agreement and Attachment H of APS 112 for **SFTs** covered by an eligible netting agreement.

For each supervisory slotting category in column 1, report the RWE amount in column 5, calculated by multiplying the adjusted exposure amount by the risk weight applicable to the counterparty or type of assets as detailed in Attachment B of APS 112. The RWE amount should be reported on an after-CRM basis.

Item 4.1 is a derived field, calculated as the sum of column 5.

</td></tr>
</table>

Section B: Other IRB and non-IRB bilateral exposures

This section applies to any residual IRB exposures that are neither AIRB/FIRB nor supervisory slotting and those operations for which an *IRB ADI* adopts the standardised approach to credit risk.

Item 5 and 6 collect data in relation to *OTC derivative transactions*, *SFTs* and *long settlement transactions* that are not centrally cleared. For the purpose of this section, a *long settlement transaction* must be treated as an *OTC derivative transaction*. An *ADI* may net claims and obligations arising from market-related contracts across both the banking and trading books with a single counterparty if covered by an *eligible bilateral netting agreement*.

An *ADI* must include in Section B centrally cleared *OTC derivative transactions*, *SFTs*, and *long settlement transactions*, and *exchange traded derivative* transactions that are required to be treated as bilateral exposures under Attachment B of APS 180.

Item 5	Enter values for bilateral (i.e. non-centrally cleared) *OTC derivative transactions* in item 5. An ADI should aggregate reported values by exposure type entered in column 1.
	In column 1, indicate whether the exposure uses the standardised approach 'Non-IRB' or residual IRB exposures that are neither AIRB/FIRB nor supervisory slotting 'Other IRB'.
	For the exposure type in column 1, report the **number of counterparties** in column 2.
	For the exposure type in column 1, report the total **notional principal amount** in column 3. Absolute values should be reported.
	For the exposure type in column 1, report the replacement cost excluding all collateral in column 4. Replacement cost excluding all collateral is the sum of the total positive market value of transactions across all netting sets. Mathematically: $$\sum_{i \in C} \max(V_i, 0)$$ where: V_i = the total **current market value** of all transactions within netting set i. C = netting sets.
	For the exposure type in column 1, report the replacement cost with eligible collateral in column 5. Replacement cost with eligible collateral is the sum of replacement costs across all netting sets. Mathematically: $$\sum_{i \in C} RC_i$$

	where:
	RC_i = the replacement cost for margined or unmargined netting set i, detailed in paragraphs 8 to 10 of Attachment D of APS 180.
	C = netting sets.
	For the exposure type in column 1, report under columns 6, 7, 8, 9 and 10, respectively, interest rate, foreign exchange, credit, equity and commodity derivatives potential future exposure add-ons. Mathematically:
	$$\sum_{i \in C} m_i \times AddOn_i^a$$
	where:
	m_i = the multiplier as defined in paragraph 13 of Attachment D of APS 180 for the ith netting set.
	$AddOn_i^a$ = the add-on factor for asset class a as defined in paragraphs 14 and 15 of Attachment D of APS 180 for the ith netting set.
	C = netting sets.
	Column 11 is a derived field, calculated from columns 6 to 10 as
	$$Scaled\ IR\ AddOn + Scaled\ FX\ AddOn + Scaled\ CR\ AddOn \\ + Scaled\ EQ\ AddOn + ScaledCMDTY\ AddOn$$
	Column 12 is a derived field, calculated from columns 5 and 11 as
	$$1.4 \times (Replacement\ cost\ with\ eligible\ collateral \\ + Potential\ future\ exposure)$$
	In column 13, report the sum of the adjustment for incurred CVA write-down, detailed in paragraph 11 of Attachment A of APS 180.
	For the exposure type in column 1, report the RWE amount in column 14, calculated by multiplying EAD by the risk weight applicable to the counterparty or type of assets as detailed in APS 112 or APS 113. The RWE amount should be reported on an after-CRM basis.
	Item 5.1 is a derived field, calculated as the sum of column 14.

Item 6	Enter values for bilateral (i.e. non-centrally cleared) *SFTs* in item 6. An ADI should aggregate reported values by exposure type entered in column 1.
	In column 1 indicate whether the exposure uses the standardised approach 'Non-IRB' or residual IRB exposures that are neither AIRB/FIRB nor supervisory slotting 'Other IRB'.

	For the exposure type in column 1, report the **number of counterparties** in column 2.
	For the exposure type in column 1, report the total **notional principal amount** in column 3. Absolute values should be reported.
	For the exposure type in column 1, report the adjusted exposure amount in column 4. The adjusted exposure amount is calculated by multiplying the **notional principal amount** of a particular transaction by the relevant **CCF** and adjusting for the effects of any haircuts, eligible collateral and netting. Refer to Attachment G of APS 112 for **SFTs** not covered by an eligible netting agreement and Attachment H of APS 112 for **SFTs** covered by an eligible netting agreement.
	For the exposure type in column 1, report the RWE amount in column 5, calculated by multiplying the adjusted exposure amount by the risk weight applicable to the counterparty or type of assets as detailed in APS 112 or APS 113. The RWE amount should be reported on an after-CRM basis.
	Item 6.1 is a derived field, calculated as the sum of column 5.

Section C: Exposures to central counterparties

Item 7 and item 8 collect data in relation to **OTC derivative transactions** and **exchange traded derivative** transactions, **SFTs** and **long settlement transactions** that are cleared with a **QCCP**. For the purpose of this section, a **long settlement transaction** must be treated as an **OTC derivative transaction**. An **ADI** must not include in this section centrally cleared transactions, including **exchange traded derivative** transactions, which are required to be treated as bilateral transactions under Attachment B of APS 180.

Item 9 collects data in relation to default fund contribution to a **QCCP**.

Item 10 collects data in relation to transactions that are cleared with a non-qualifying **CCP** and default fund contributions.

Item 7	Enter data for **OTC derivative transactions** and **exchange traded derivative** transactions with a **QCCP** in item 7.
	In column 1 enter as a character string the name of the five largest **QCCPs** ranked by the **ADI's** capital requirement on **trade exposure** only, for centrally cleared derivatives only (i.e. excluding any default fund capital charge).
	An **ADI** can report the same counterparty name in column 1 up to three times for exposures eligible for a 0%, 2% or 4% risk weight. That is, item 7 cannot exceed 15 rows.

In column 2 enter 0%, 2% or 4% for exposures eligible for the respective risk weights for each **CCP**. Refer to Attachment B of APS 180 for risk weight eligibility.

For each counterparty and risk weight combination, report the total **notional principal amount** of exposures with the named **CCP** in column 3.

For each **CCP** and risk weight combination, enter the total **trade exposure amount** with the named **CCP** in column 4. The reporting **ADI** must calculate a **trade exposure** to a **QCCP** in accordance with Attachment B of APS 180.

Column 5 is a derived field calculated as:

$$RWE = Risk\ weight \times Trade\ exposure$$

For each counterparty named in column 1, report total exposures arising from collateral posted to the named **CCP** in column 6. An **ADI** may aggregate exposures arising from collateral posted across risk weight categories reported in column 2. Accordingly, an **ADI** may report the value next to any of the three risk weight categories for each named counterparty.

The interpretation of exposures arising from collateral posted is detailed in paragraph 24 of Attachment B of APS 180.

Item **7.1** relates to information on **OTC derivative transactions** and **exchange traded derivative** transactions with **QCCPs** not listed as the top five.

In column 1 enter 0%, 2% or 4% for exposures eligible for the respective risk weights. Refer to Attachment B of APS 180 for risk weight eligibility.

Report in column 2 the total **notional principal amount** of exposures eligible for the reported risk weight.

Report in column 3 the total **trade exposure amount** for exposures eligible for the reported risk weight. The reporting **ADI** must calculate a **trade exposure** to a **QCCP** in accordance with Attachment B of APS 180.

Column 4 is a derived field calculated as:

$$RWE = Risk\ weight \times Trade\ exposure$$

In column 5, report total exposures arising from collateral posted to **CCPs** not listed as the top five. An **ADI** may aggregate exposures arising from collateral posted across risk weight categories reported in column 1. Accordingly, an **ADI** may report the value next to any of the three risk weight categories.

Item 7.2 column 2 is a derived field calculated as the sum of item 7 column 3 and item 7.1 column 2.

Item 7.2 column 3 is a derived field calculated as the sum of item 7 column 4 and item 7.1 column 3.

	Item 7.2 column 4 is a derived field calculated as the sum of item 7 column 5 and item 7.1 column 4.
	Of all centrally cleared derivatives, items 7.2.1 to 7.2.3 relate to transactions where the reporting *ADI* is clearing as a clearing member only (i.e. excluding those clearing as a client with another clearing member).
	In column 2 enter the *notional principal amount* of exposures eligible for a 0% (item 7.2.1), 2% (item 7.2.2) and 4% (item 7.2.3) risk weight, respectively.
	In column 3 enter the *trade exposure*, detailed in Attachment B of APS 180, eligible for a 0% (item 7.2.1), 2% (item 7.2.2) and 4% (item 7.2.3) risk weight, respectively.
	Column 4 for items 7.2.1 to 7.2.3 is calculated as $$RWE = Trade\ exposure \times RW$$ where $RW \in \{0\%, 2\%, 4\%\}$

Item 8	Enter data for *SFTs* with a *QCCP* in item 8.
	In column 1 enter as a character string the name of the five largest *QCCPs* ranked by the *ADI's* capital requirement on *trade exposure* only, for centrally cleared *SFTs* only (i.e. excluding default fund capital charge).
	An *ADI* can report the same counterparty name in column 1 up to three times for exposures eligible for a 0%, 2% or 4% risk weight. That is, item 8 cannot exceed 15 rows.
	In column 2 enter 0%, 2% or 4% per cent for exposures eligible for the respective risk weights for each counterparty. Refer to Attachment B of APS 180 for risk weight eligibility.
	For each counterparty and risk weight combination, report the total *notional principal amount* of exposures with the named *CCP* in column 3.
	For each counterparty and risk weight combination, enter the total *trade exposure* amount with the named *CCP* in column 4. The reporting *ADI* must calculate a *trade exposure* to a *QCCP* in accordance with Attachment B of APS 180.
	Column 5 is a derived field calculated as $$RWE = Risk\ weight \times Trade\ exposure$$
	For each counterparty named in column 1, report total exposures arising from collateral posted to the named *CCP* in column 6. An *ADI* may aggregate exposures arising from collateral posted across risk weight

	categories reported in column 2. Accordingly, an **ADI** may report the value next to any of the three risk weight categories for each named counterparty. The interpretation of exposures arising from collateral posted is detailed in paragraph 24 of Attachment B of APS 180. Item 8.1 relates to information on **SFTs** with **QCCPs** not listed as the top five. In column 1 enter 0%, 2% or 4% per cent for exposures eligible for the respective risk weights. Refer to Attachment B of APS 180 for risk weight eligibility. Report in column 2 the total **notional principal amount** of exposures eligible for the reported risk weight. Report in column 3 the total **trade exposure** amount for exposures eligible for the reported risk weight. The reporting **ADI** must calculate a **trade exposure** to a **QCCP** in accordance with Attachment B of APS 180. Column 4 is a derived field calculated as: $$RWE = Risk\ weight \times Trade\ exposure$$ In column 5, report total exposures arising from collateral posted to **CCPs** not listed as the top five. An **ADI** may aggregate exposures arising from collateral posted across risk weight categories reported in column 1. Accordingly, an **ADI** may report the value next to any of the three risk weight categories. Item 8.2 is a derived field calculated as the sum of item 8 column 5 and item 8.1 column 4.

Item 9	This item must be completed if the reporting **ADI** is a clearing member to a **QCCP**. In column 1 enter as a character string the name of the five largest **QCCPs** ranked by the **ADI's** capital requirement on default fund contribution only (i.e. excluding **trade exposure**). Each name should only appear once. Report in column 2 the K_{QCCP} of this **CCP** calculated in accordance with paragraph 7 of Attachment C of APS 180. Report in column 3 the prefunded default fund contributions provided by the **ADI** to this **CCP**. Report in column 4 the total prefunded default fund contributions from all clearing members of this **CCP**. Report in column 5 the prefunded own resources of this **CCP** that are contributed to the default water fall, where these are junior or *pari passu* to prefunded member contributions.

If columns 2 to 5 are populated, column 6 is calculated from columns 2 to 5 as follows:

$$\max\left\{K\_QCCP \times \left(\frac{DF\_ADI}{DF\_CCP + DF\_CM}\right); 0.16\% \times DF\_ADI\right\}$$

If, due to jurisdictional differences in the implementation schedule of SA-CCR, columns 2 to 5 cannot be populated, report the default fund capital charge in column 6 directly and leave columns 2 to 5 blank.

Report in item 9.1 the total K_{ADI} for counterparties not listed as the top five.

Item 9.2 is a derived field calculated as the sum of item 9 column 6 and item 9.1 column 6.

Item 10	In column 1 enter as a character string the name of the five largest non-**QCCP** exposures, ranked by the **ADI's** total capital requirement with this **CCP** (i.e. including both the **trade exposure** amount and default fund exposure). Each name should only appear once.

Report in column 2 the **trade exposure** with this **CCP** and any exposure to the **ADI's** clients, calculated in accordance with Attachment A of APS 180. For item 10.1, report the total **trade exposure** amount of exposures with **CCPs** not listed as the top five.

Report in column 3 the total RWE calculated by multiplying the **trade exposure** by the risk weight applicable to the counterparty or type of assets as detailed in Attachment B of APS 112. An **ADI** must apply the standardised risk-weighting methodology of APS 112 regardless of whether the **ADI** has approval to use an IRB approach to credit risk under APS 113. For item 10.1, report the total **trade exposure** RWE with **CCPs** not listed as the top five.

Columns 4 to 6 must be completed if an **ADI** is a clearing member to a non-**QCCP**.

Report in column 4 the value of prefunded default fund contributions with this **CCP**. For item 10.1, report the total prefunded default fund contributions with **CCPs** not listed as the top five.

Report in column 5 the value of the proportion (specified by **APRA**) of unfunded default fund contribution with this **CCP**. For item 10.1, report the total unfunded default fund contribution with **CCPs** not listed as the top five.

Column 6 is a derived field, calculated from columns 4 and 5 as 1250% × [Prefunded default fund contribution + Unfunded default fund contribution]

Item 10.2 column 3 is a derived field calculated as the sum of item 10 column 3 and item 10.1 column 3.

	Item 10.2 column 6 is a derived field calculated as the sum of item 10 column 6 and item 10.1 column 6.

Section D: CVA risk capital charge

Item 11 collects data in relation to CVA risk capital charge. Report all applicable CVA risk capital charge in this item.

Item 11	Items 11.1 to 11.6 correspond to long term *credit rating grades* according to Attachment F of APS 112.
	Column 2 CVA capital formula component 1:
	(i) An *ADI* without eligible CVA hedges according to Attachment A of APS 180:
	For each *credit rating grade* report the values $M_i D_i Exposure_i^{total}$, summed over all counterparties (i.e. summed over all i's) with that *credit rating grade*:
	$$\sum_i M_i D_i Exposure_i^{total}$$
	(ii) An *ADI* with eligible CVA hedges according to Attachment A of APS 180:
	For each *credit rating grade* report the values $M_i D_i Exposure_i^{total} - M_i^{hedge} D_i^{hedge} B_i$ summed over all counterparties (i.e. summed over all i's) with that *credit rating grade*:
	$$\sum_i M_i D_i Exposure_i^{total} - M_i^{hedge} D_i^{hedge} B_i$$
	Where $M_i, D_i, Exposure_i^{total}, M_i^{hedge}, D_i^{hedge}, B_i$ are as defined in paragraph 17 of Attachment A of APS 180. The CVA charge imposed on a clearing member *ADI* for transacting with a *CCP* on behalf of its clients must also be included.
	Note that for multiple netting sets, the amount $M \times D \times Exposure^{total}$ is to be summed over all netting sets.
	Column 3 CVA capital formula component 2:
	To be completed by an *ADI* with eligible CDS index hedges; otherwise left blank. For each *credit rating grade*, report the sum of the following calculation being the sum of all index exposures (i.e. summed over all ind's) mapped to that *credit rating grade*:
	$$\sum_{ind} M_{ind} D_{ind} B_{ind}$$

Where M_{ind}, D_{ind} and B_{ind} are as defined in paragraph 17 of Attachment A of APS 180.

Column 4 CVA capital formula component 3:

(i) An **ADI** without eligible CVA hedges according to Attachment A of APS 180:

For each **credit rating grade** report the square root of the sum of the squares of the values $M_i D_i Exposure_i^{total}$ summed over all counterparties (i.e. summed over all i's) with that **credit rating grade**:

$$\sqrt{\sum_i \left[\left(M_i D_i Exposure_i^{total}\right)^2\right]}$$

(ii) An **ADI** with eligible CVA hedges according to Attachment A of APS 180:

For each **credit rating grade** report the square root of the sum of the squares of the values $M_i D_i Exposure_i^{total} - M_i^{hedge} D_i^{hedge} B_i$, summed over all counterparties (summed over all i's) with that **credit rating grade**:

$$\sqrt{\sum_i \left[\left(M_i D_i Exposure_i^{total} - M_i^{hedge} D_i^{hedge} B_i\right)^2\right]}$$

Where $M_i, D_i, Exposure_i^{total}, M_i^{hedge}, D_i^{hedge}, B_i$ are as defined in paragraph 17 of Attachment A of APS 180.

Note that the amount in column 4 is an AUD amount, and so should be entered in units set out under the reporting basis and units of measurement of these reporting instructions.

Column 5 Derived quantity 1, calculated from columns 1, 2, and 3 as:

$$Rating\ grade\ weighting \times [0.5 \\ \times CVA\ capital\ formula\ component\ 1 \\ - CVA\ capital\ formula\ component\ 2]$$

Column 6 Derived quantity 2, calculated from columns 1 and 4 as:

$$Risk\ grade\ weighting \times CVA\ capital\ formula\ component\ 3 \times \sqrt{0.75}$$

Item 11.7 column 5 – Total CVA capital charge components:

Derived fields calculated as the sum of values in column 5 from rows 11.1 to 11.6.

Item 11.7 column 6 – Total CVA capital charge components:

	Derived field calculated as the square root of the sum of the square of values in column 6 from rows 11.1 to 11.6.
	Item 11.8 column 6 – Total CVA capital charge:
	Derived field calculated from row 11.7 as :
	$$2.33\sqrt{(\text{Derived quantity } 1)^2 + (\text{Derived quantity } 2)^2}$$

Section E: Summary

Item 12	Item 12.1 is a derived field equal to the sum of item 1.1 and item 3.1.
	Item 12.2 is a derived field equal to the value of item 5.1.
	Item 12.3 is a derived field equal to the sum of item 7.2 column 4 and item 10.2 column 3.
	Item 12.4 is a derived field equal to the sum of item 10.2 column 6 and 12.5 × item 9.2.
	Item 12.5 is a derived field equal to the value of 12.5 × item 11.8.

Item 13	Item 13.1 is a derived field equal to the sum of items 13.1.1 to 13.1.3.
	Item 13.1.1 is a derived field equal to the sum of item 2.1 and 4.1.
	Item 13.1.2 is a derived field equal to the value of item 6.1.
	Item 13.1.3 is a derived field equal to the value of item 8.2.

ARF_226_0: Margining and risk mitigation for non-centrally cleared derivatives

Australian Business Number	**Institution Name**

Reporting Period	**Scale Factor**

Reporting Consolidation

Level 1 / Level 2

1   Aggregate month-end average notional amount

	For the margining group **(1)**	**For the Level 1 or 2 ADI** **(2)**
1.1 March		
1.2 April		
1.3 May		
1.4 Average		

2   Exchange of margins

	CPS226 compliant CSA for VM **(1)**	**CPS226 compliant CSA for IM** **(2)**
2.1 Number of covered counterparties		
2.2 Number of covered counterparties with margin exchanged		

3   Exemptions from margin requirements

	Number of covered counterparties **(1)**	**Aggregate notional amount** **(2)**
3.1 Jurisdictions not permitting required safe-keeping of initial margin		
3.2 Doubtful netting agreement enforceability		
3.3 Questionable collateral arrangement enforceability		
3.4 Below three billion qualifying level		

4   Collateral fair value for non-centrally cleared derivatives

4.1 Total variation margin collected	
4.1.1 Cash collateral	
4.1.2 Government debt securities	
4.1.3 Other debt securities	
4.1.4 Gold bullion	
4.1.5 Equities	
4.1.6 Other	
4.2 Total variation margin posted	
4.2.1 Cash collateral	
4.2.2 Government debt securities	
4.2.3 Other debt securities	
4.2.4 Gold bullion	
4.2.5 Equities	
4.2.6 Other	
4.3 Total initial margin and independent amount collected	
4.3.1 Cash collateral	
4.3.2 Government debt securities	
4.3.3 Other debt securities	
4.3.4 Gold bullion	
4.3.5 Equities	
4.3.6 Other	
4.4 Total initial margin and independent amount posted	
4.4.1 Cash collateral	
4.4.2 Government debt securities	
4.4.3 Other debt securities	
4.4.4 Gold bullion	
4.4.5 Equities	
4.4.6 Other	

Reporting Form ARF 226.0

Margining and risk mitigation for non-centrally cleared derivatives

Instructions

These instructions are designed to assist in the completion of *Reporting Form ARF 226.0 Margining and risk mitigation for non-centrally cleared derivatives*. This form captures information relating to an ADI's margining and risk mitigation practices for non-centrally cleared derivatives. In completing this form, ADIs should refer to CPS 226.

Terms highlighted in ***bold italics*** are defined in paragraph 18 of this Reporting Standard.

Reporting entity

This form must be completed at ***Level 2***, or where not applicable, ***Level 1***, by each ***locally incorporated ADI***, except for an ***ADI*** that is a ***branch of a foreign bank*** or a ***provider of purchased payment facilities*** or a ***restricted ADI***.

If an ***ADI*** is a ***subsidiary*** of an ***authorised NOHC***, the report at ***Level 2*** must be submitted by the ***ADI's immediate parent NOHC***.

Reporting basis and units of measurement

Report all items on ARF 226.0 in accordance with Australian Accounting Standards unless otherwise specified.

Items on ARF 226.0 must be completed as at the last day of the stated ***reporting period*** (i.e. the relevant quarter) ***d***.

All items must be reported in Australian dollars (AUD) and in millions of dollars rounded to one decimal place for an ***ADI reporting category B*** and whole dollars with no decimal place for an ***ADI reporting category A***.

An ***immediate parent NOHC*** must complete this form in AUD and in accordance with the same units as its ***subsidiary ADI***.

Amounts denominated in foreign currency must be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates*.

Specific instructions

Item 1	For the March quarter, report nil in items 1.2 and 1.3. For the June quarter, report the relevant amounts in items 1.1, 1.2, and 1.3. Items 1.1 to 1.3 are expected to remain unchanged for September and December quarters.

Report in column 1 the total notional amount of outstanding *non-centrally cleared derivative* transactions for the margining group as at 31 March (item 1.1), 30 April (item 1.2) and 31 May (item 1.3) of the reporting year. The total notional amount is the aggregate of all outstanding *non-centrally cleared derivative* transactions across all entities within the margining group. Refer to CPS 226 for the definition of margining group. The calculation of the notional amounts must include physically settled foreign exchange forwards and swaps. Intra-group transactions (transactions between two counterparties within the same margining group) are excluded from the calculation unless otherwise required by *APRA*.

Report in column 2 the total notional amount of outstanding *non-centrally cleared derivative* transactions for the *Level 2* group (or *Level 1* if not applicable) as at 31 March (item 1.1), 30 April (item 1.2) and 31 May (item 1.3) of the reporting year. The total notional amount is the aggregate of all outstanding *non-centrally cleared derivative* transactions across all entities within the *Level 2* group (or *Level 1* if not applicable). The calculation of the notional amounts must include physically settled foreign exchange forwards and swaps. Intra-group transactions (transactions between two counterparties within the same margining group) are excluded from the calculation unless otherwise required by *APRA*.

Item 1.4 is a derived field, calculated as the simple average of items 1.1, 1.2 and 1.3.

| **Item 2** | Item 2.1 – report the total number of covered counterparties with CPS 226 compliant Credit Support Annexes (CSAs) for variation margin in column 1 and CPS 226 compliant CSAs for initial margin in column 2 as at the reporting date. |
| | Item 2.2 – report the total number of covered counterparties with a non-zero amount of variation margin exchanged under a CPS 226 compliant CSA in column 1 as at the reporting date. Report the total number of covered counterparties with a non-zero amount of initial margin posted or received under a CPS 226 compliant CSA in column 2 as at the reporting date. |

| **Item 3** | Item 3.1 – for new *non-centrally cleared derivative* transactions entered into on or after 1 March 2017 where initial margin is not posted or collected because the reporting *ADI* or its counterparty is incorporated, and operating, in a legal jurisdiction that does not permit it or its counterparty to satisfy the requirements in paragraph 25 of CPS 226 in relation to that transaction, report the number of covered counterparties in column 1 and |

	the aggregate notional amount of *non-centrally cleared derivative* transactions with those covered counterparties in column 2.

Item 3.2 – for new *non-centrally cleared derivative* transactions entered into on or after 1 March 2017 where variation margin is not exchanged and initial margin is not posted or collected because there is doubt as to the enforceability of the netting agreement upon insolvency or bankruptcy of the counterparty, report the number of covered counterparties in column 1 and the aggregate notional amount of *non-centrally cleared derivative* transactions with those covered counterparties in column 2.

Item 3.3 – for new *non-centrally cleared derivative* transactions entered into on or after 1 March 2017 where variation margin is not exchanged and initial margin is not posted or collected because collateral arrangements are questionable or not legally enforceable upon default of the counterparty, report the number of covered counterparties in column 1 and the aggregate notional amount of *non-centrally cleared derivative* transactions with those covered counterparties in column 2.

Item 3.4 – for new *non-centrally cleared derivative* transactions entered into on or after 1 March 2017 where variation margin is not exchanged because the covered counterparty did not belong to a margining group whose aggregate month-end average notional amount of *non-centrally cleared derivative* transactions for the relevant reference period exceeded the qualifying level of AUD 3 billion, report the number of covered counterparties in column 1 and the aggregate notional amount of *non-centrally cleared derivative* transactions with those covered counterparties in column 2. |

Item 4	Report the aggregate *fair value* of all collateral collected as variation margin (item 4.1), collateral posted as variation margin (item 4.2), collateral collected as initial margin or independent amount (item 4.3), and collateral posted as initial margin or independent amount (item 4.4). For clarity, this should be the *fair value* amount prior to the application of haircuts.

For items 4.1.1, 4.1.4, 4.1.5, 4.2.1, 4.2.4, 4.2.5, 4.3.1, 4.3.4, 4.3.5, 4.4.1, 4.4.4 and 4.4.5, refer to paragraph 45 of CPS 226 for definitions of the collateral types.

For items 4.1.2, 4.2.2, 4.3.2, and 4.4.2, government debt securities include eligible debt securities per paragraph 45 of CPS 226 issued by Commonwealth, State and Territory governments in Australia (including State and Territory central borrowing authorities); central, state and regional governments in other countries; the RBA; central banks in other |

| | countries; and the international banking agencies and multilateral development banks.

For items 4.1.3, 4.2.3, 4.3.3 and 4.4.3, include other eligible debt securities as per paragraph 45 of CPS 226 issued by bodies other than those included in column 2, covered bonds rated by an *ECAI* with a *credit rating grade* of either three (or better), and senior securitisation exposures rated by an *ECAI* with a *credit rating grade* of one.

Item 4.1.6 is a derived field equal to item 4.1 less the sum of items 4.1.1 to 4.1.5

Item 4.2.6 is a derived field equal to item 4.2 less the sum of items 4.2.1 to 4.2.5

Item 4.3.6 is a derived field equal to item 4.3 less the sum of items 4.3.1 to 4.3.5

Item 4.4.6 is a derived field equal to item 4.4 less the sum of items 4.4.1 to 4.4.5 |