

Background

Since the financial crisis, regulators and standard setters have focused on enhanced risk disclosure as a key area of improvement to restore confidence in the banking industry. The Enhanced Disclosure Task Force (EDTF) was established by the Financial Stability Board in May 2012 to establish fundamental disclosure principles, recommendations and leading practices to enhance risk disclosures of banks. On October 29, 2012, the EDTF published its report, “Enhancing the Risk Disclosures of Banks”, which sets forth 7 fundamental disclosure principles and 32 recommendations around improving risk disclosures. Many recommendations are supported by illustrative leading practices and examples of risk disclosures from selected banks to facilitate implementation and comparability.

The EDTF report is not prescriptive in terms of the location of risk information (e.g., annual reports, audited financial statements, separate reports, or websites). Rather, it recommends that entities present all related risk information together in any report. Where this is not practicable, an index or an aid to help users locate risk disclosures is recommended.

Below is an index that includes the recommendations as published by the EDTF and can be used as a guide to locate the 32 EDTF disclosures presented in the [2013 Annual Report](#), which includes both Management’s Discussion and Analysis and the Financial Statements, (2013 AR), or the [Q4, 2013 Supplemental Financial Information package](#) (Q4 2013 SI).

Guide to the implementation of EDTF recommendations

Type of risk	Disclosure	Report Name(s) and Page Number(s)
General		
1	Present all related risk information together in any particular report.	See below for location of disclosures.
2	Define the bank’s risk terminology and risk measures and present key parameter values used.	2013 AR: 70-73
3	Describe and discuss top and emerging risks.	2013 AR: 67-69
4	Once the applicable rules are finalized, outline plans to meet each new key regulatory ratio.	2013 AR: 63; 68; 96 <i>Quantitative disclosures will be provided in the future once the applicable rules are finalized.</i>
Risk Governance and Risk Management Strategies / Business Model		
5	Summarize prominently the bank’s risk management organization, processes and key functions.	2013 AR: 71-73
6	Provide a description of the bank’s risk culture, and how procedures and strategies are applied to support the culture.	2013 AR: 70

Type of risk	Disclosure	Report Name(s) and Page Number(s)
7	Describe the key risks that arise from the bank's business models and activities, the bank's risk appetite in the context of its business models and how the bank manages such risks.	2013 AR: 62; 74-75; 82; 84; 86; 91-92
8	Describe the use of stress testing within the bank's risk governance and capital frameworks.	2013 AR: 73
Capital Adequacy and Risk Weighted Assets		
9	Provide minimum Pillar 1 capital requirements, including capital surcharges for G-SIBs and the application of counter-cyclical and capital conservation buffers.	2013 AR: 57-59 Q4 2013 SI: 53-54; 57-58
10	Summarize information contained in the composition of capital templates adopted by the Basel Committee to provide an overview of the main components of capital, including capital instruments and regulatory adjustments.	Q4 2013 SI: 53-55
11	Present a flow statement of movements since the prior reporting date in regulatory capital.	Q4 2013 SI: 56
12	Qualitatively and quantitatively discuss capital planning within a more general discussion of management's strategic planning.	2013 AR: 58-60; 99
13	Provide granular information to explain how risk-weighted assets (RWAs) relate to business activities and related risks.	2013 AR: 62 Q4 2013 SI: 5-9
14	Present a table showing the capital requirements for each method used for calculating RWAs for credit risk and disclose information about significant models used.	2013 AR: 75; 77-78; 84-85 Q4 2013 SI: 52
15	Tabulate credit risk in the banking book showing average probability of default (PD) and LGD as well as exposure at default (EAD), total RWAs and RWA density for Basel asset classes and major portfolios within the Basel asset classes at a suitable level of granularity based on internal ratings grades. For non-retail banking book credit portfolios, internal rating grades and PD bands should be mapped against external credit ratings and the number of PD bands presented should match the number of notch-specific ratings used by credit rating agencies.	2013 AR: 76-80
16	Present a flow statement that reconciles movements in RWAs for the period for each RWA risk type.	2013 AR: 61

Type of risk	Disclosure	Report Name(s) and Page Number(s)
17	Provide a narrative putting Basel Pillar 3 back-testing requirements into context.	2013 AR: 85; 90 Q4 2013 SI: 45-47; 50; 52 <i>Additional quantitative information will be implemented in future disclosures.</i>
Liquidity		
18	Describe how the bank manages its potential liquidity needs and provide a quantitative analysis of the components of the liquidity reserve held to meet these needs.	2013 AR: 91-94
Funding		
19	Summarize encumbered and unencumbered assets in a tabular format by balance sheet categories, including collateral received that can be re-hypothecated or otherwise redeployed.	2013 AR: 95; 183
20	Tabulate consolidated total assets, liabilities and off-balance sheet commitments by remaining contractual maturity at the balance sheet date.	2013 AR: 96-98
21	Discuss the bank's funding strategy, including key sources and any funding concentrations.	2013 AR: 95-96
Market Risk		
22	Provide information that facilitates users' understanding of the linkages between line items in the balance sheet and the income statement with positions included in the traded market risk disclosures (using the bank's primary risk management measures such as Value at Risk (VaR)) and non-traded market risk disclosures.	2013 AR: 83
23	Provide further qualitative and quantitative breakdowns of significant trading and non-trading market risk factors that may be relevant to the bank's portfolios beyond interest rates, foreign exchange, commodity and equity measures.	2013 AR: 85-88
24	Provide qualitative and quantitative disclosures that describe significant market risk measurement model limitations, assumptions, validation procedures, use of proxies, changes in risk measures and models through time and descriptions of the reasons for back-testing exceptions, and how these results are used to enhance the parameters of the model.	2013 AR: 84-85

Type of risk	Disclosure	Report Name(s) and Page Number(s)
25	Provide a description of the primary risk management techniques employed by the bank to measure and assess the risk of loss beyond reported risk measures and parameters.	2013 AR: 85
Credit Risk		
26	Provide information that facilitates users' understanding of the bank's credit risk profile, including any significant credit risk concentrations.	2013 AR: 43-56; 74-82; 146-149; 156-159; 189-192 Q4 2013 SI: 22-35; 39-50 <i>Additional quantitative information will be implemented in future disclosures.</i>
27	Describe the policies for identifying impaired or non-performing loans, including how the bank defines impaired or non-performing, restructured and returned-to-performing (cured) loans as well as explanations of loan forbearance policies.	2013 AR: 47; 123-124
28	Provide a reconciliation of the opening and closing balances of non-performing or impaired loans in the period and the allowance for loan losses.	2013 AR: 147-148 Q4 2013 SI: 25; 28 <i>Further enhancements for more granular breakdowns in the continuity tables will be made in future disclosures.</i>
29	Provide a quantitative and qualitative analysis of the bank's counterparty credit risk that arises from its derivative transactions.	2013 AR: 80-81; 152; 156-159 Q4 2013 SI: 39-40
30	Provide qualitative information on credit risk mitigation, including collateral held for all sources of credit risk.	2013 AR: 81
Other Risks		
31	Describe 'other risk' types based on management's classifications and discuss how each one is identified, governed, measured and managed.	2013 AR: 88-90; 99-101
32	Discuss publicly known risk events related to other risks.	2013 AR: 67-69

The Bank will continue to enhance our disclosures, as necessary.