

Background

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.

Below is an index that includes the recommendations as published by the EDTF and can be used as a guide to locate the EDTF disclosures presented in the [2nd Quarter 2014 Report to Shareholders](#) (Q2 2014 RTS) or the [2nd Quarter 2014 Supplemental Financial Information package](#) (Q2 2014 SI). For certain EDTF recommendations where there were no significant changes since the prior year, disclosures are located in the [2013 Annual Report](#) (2013 AR).

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.	Q2 2014 RTS: 28-29; 39 <i>Quantitative disclosures will be provided in future quarters.</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
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

Type of risk	Disclosure	Report Name(s) and Page Number(s)
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.	Q2 2014 RTS: 28 Q2 2014 SI: 59-60; 63-64
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.	Q2 2014 SI: 59-61
11	Present a flow statement of movements since the prior reporting date in regulatory capital.	Q2 2014 SI: 62
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 Q2 2014 SI: 5-8
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 Q2 2014 SI: 58
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.	Q2 2014 SI: 46-51
16	Present a flow statement that reconciles movements in RWAs for the period for each RWA risk type.	Q2 2014 RTS: 29-30
17	Provide a narrative putting Basel Pillar 3 back-testing requirements into context.	2013 AR: 85; 90 Q2 2014 SI: 45-53; 55-56; 58
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.	Q2 2014 RTS: 35-37

Type of risk	Disclosure	Report Name(s) and Page Number(s)
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.	Q2 2014 RTS: 38; 86
20	Tabulate consolidated total assets, liabilities and off-balance sheet commitments by remaining contractual maturity at the balance sheet date.	Q2 2014 RTS: 40-42
21	Discuss the bank's funding strategy, including key sources and any funding concentrations.	Q2 2014 RTS: 39
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.	Q2 2014 RTS: 32
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 Q2 2014 RTS: 33-34
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
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

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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 Q2 2014 RTS: 21-27; 73-76 Q2 2014 SI: 21-34; 39-56
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 Q2 2014 RTS: 73
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.	Q2 2014 RTS: 74-75 Q2 2014 SI: 24; 27
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 Q2 2014 SI: 38-39
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 Q2 2014 RTS: 86

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