

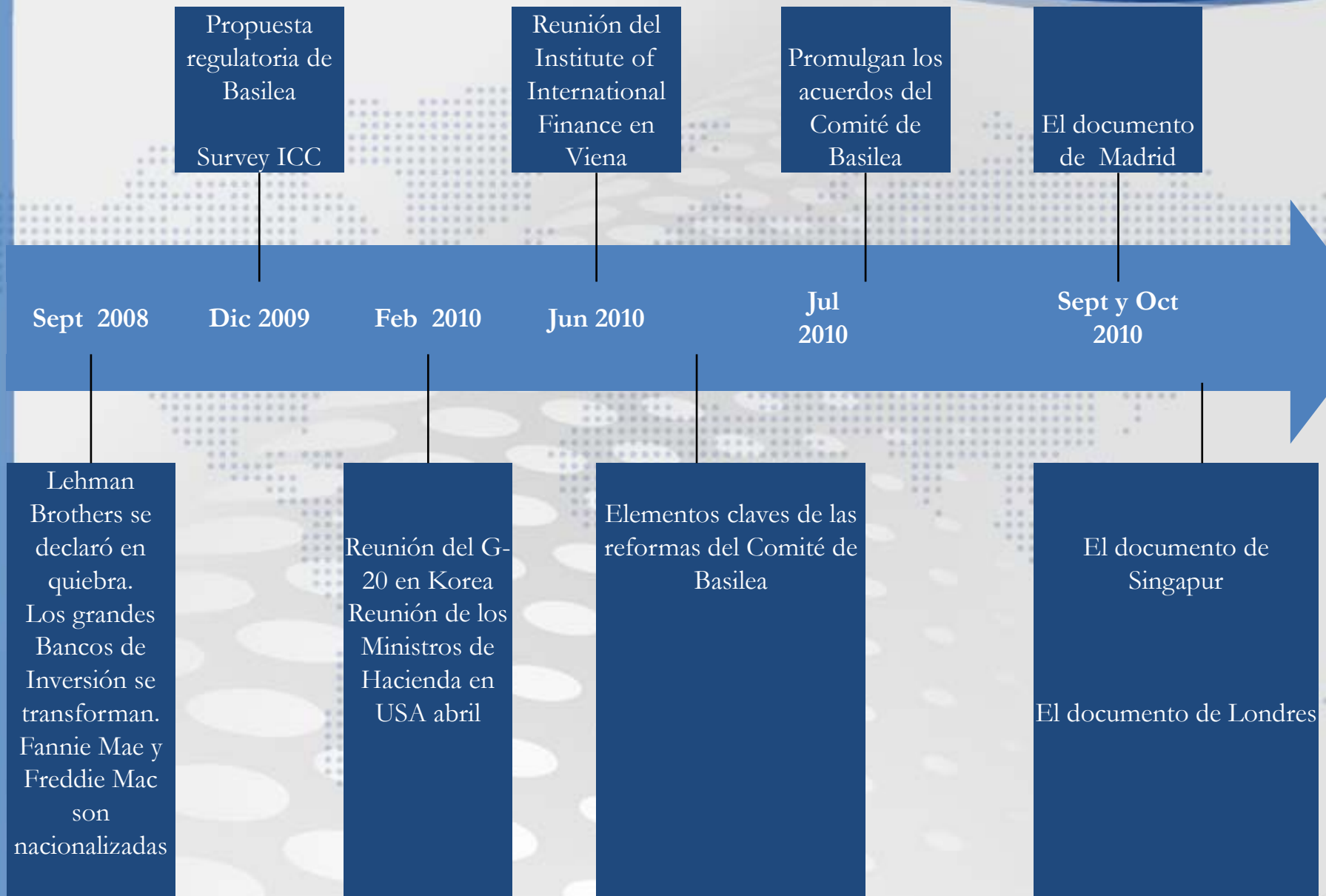
BASILEA III

y su impacto en la regulación

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Milestones of Basel III



The four main processes of a risk management system

Step 1 – Risk measurement

"How much capital is at risk in the whole bank?"

Purpose: monitoring total risk at a corporate level, verifying capital adequacy



Step 2 – Risk control

"What is the maximum risk limit for each unit?"

Purpose: preventing a bank from taking excessive risks/settings fair limits for each business unit



Step 3 – Risk-adjusted performance measurement

"How much return on capital at risk has been generated?"

Purpose: enabling top management to evaluate performance on a risk–return basis

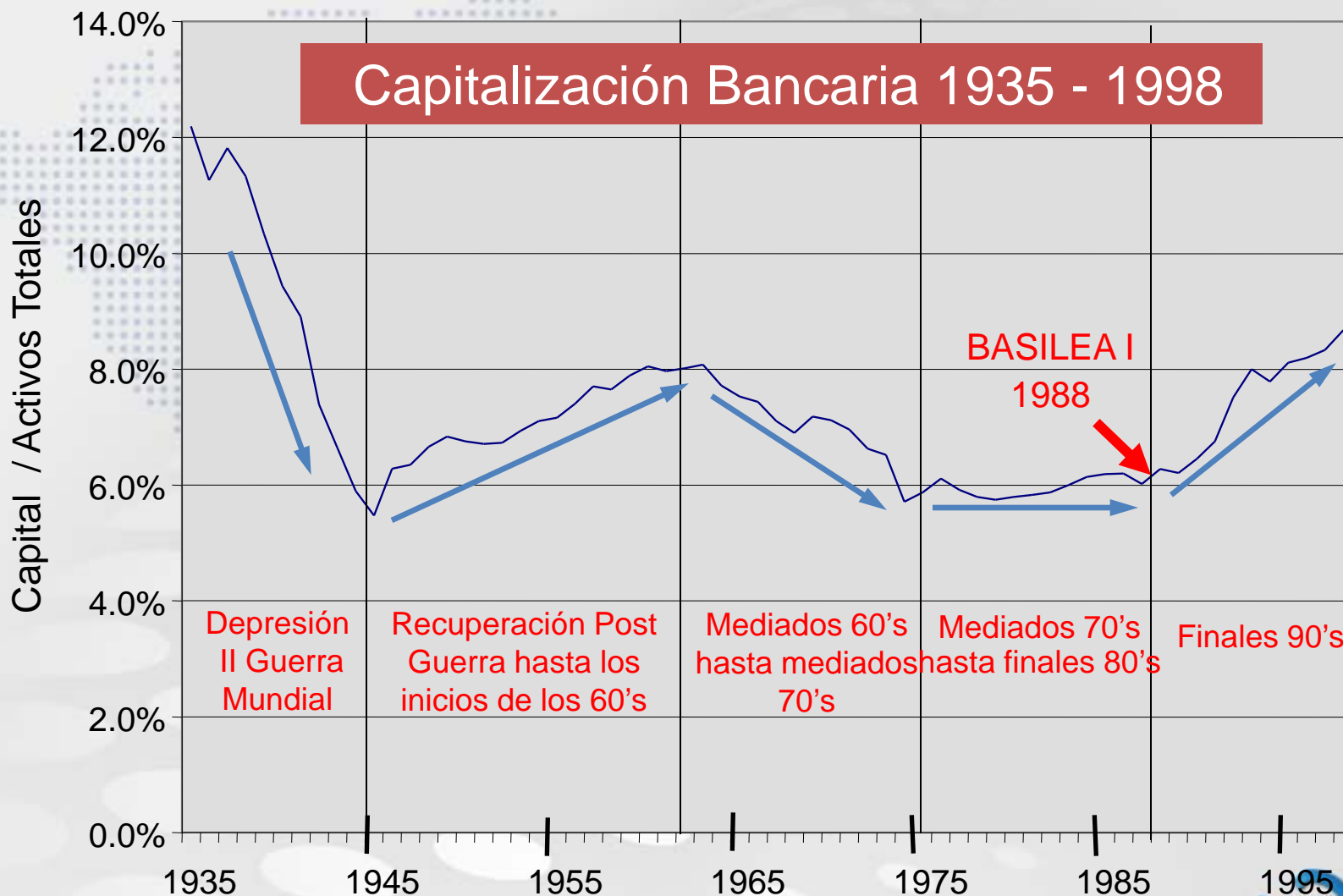


Step 4 – Capital-at-risk allocation

"How much capital at risk should be granted to each unit next year?"

Purpose: efficient management of shareholder capital

Evolución Histórica de Basilea I



REGULATORY CAPITAL AND THE EVOLUTION TOWARD BASEL II

$$\frac{RC}{\sum_{i=1}^n A_i \times RW_i} \geq 8\%$$

COMPONENTS OF REGULATORY CAPITAL

Regulatory Capital Component	Eligible Components	Main Constraints (further restrictions may be defined at the national level)
Tier 1	<ul style="list-style-type: none"> • Paid-up ordinary shares and perpetual noncumulative preference shares • Disclosed reserves 	<ul style="list-style-type: none"> • Goodwill has to be deducted from Tier 1
Tier 2	<ul style="list-style-type: none"> • Undisclosed reserves • Revaluation reserves • General provisions/general loan-loss reserves • Hybrid capital instruments (e.g., cumulative preference shares) • Unsecured subordinated term debt (with original maturity greater than 5 years) 	<ul style="list-style-type: none"> • Total Tier 2 is limited to 100% of Tier 1 (i.e., at least 50% of total capital should be Tier 1 capital) • For latent revaluation reserves deriving from securities evaluated at cost in the balance sheet, only 55% of the difference between market value and historical cost book value may be considered • General provisions and general loan-loss reserves may account for at most 1.25% of weighted risk assets • Subordinated term debt is limited to a maximum of 50% of Tier 1. Moreover, an amortization factor of 20% per year will be applied when maturity falls below 5 years
Tier 3	<ul style="list-style-type: none"> • Unsecured subordinated debt (with original maturity of at least 2 and less than 5 years) 	<ul style="list-style-type: none"> • Tier 3 can be used only to cover market risk and has to be limited to 250% of Tier 1 used to cover market risks (i.e, at least 28.5% of the MRCR for market risk must be covered by Tier 1 capital)

Source: Basel Committee (2006a).

Minimum Capital Requirements The Main Changes Introduced by Basel II

$$\begin{aligned} RC &\geq \text{MRCR}_{\text{credit}} + \text{MRCR}_{\text{market}} + \text{MRCR}_{\text{operational}} \\ &= 8\% \cdot \sum_{i=1}^n \text{RWA}(\text{SF}) + \text{MRCR}_{\text{market}} + \text{MRCR}_{\text{operational}} \end{aligned}$$

$$\frac{RC}{\sum_{i=1}^n \text{RWA}_i(\text{SF}) + 12.5 \cdot \text{MRCR}_{\text{market}} + 12.5 \cdot \text{MRCR}_{\text{operational}}} \geq 8\%$$

Impact of the New Basel II Accord on Minimum Regulatory Capital for Credit Risk

	Group	Standardized Approach	Foundation IRB Approach	Advanced IRB Approach	Most Likely Approach
Average change in total minimum required capital relative to Basel I Accord (%)	G-10 Group 1 banks	1.7	-1.3	-7.1	-6.8
	G-10 Group 2 banks	-1.3	-12.3	-26.7	-11.3
	CEBS Group 1 banks	-0.9	-3.2	-8.3	-7.7
	CEBS Group 2 banks	-3.0	-16.6	-26.6	-15.4
Average change in Tier 1 required capital relative to Basel I Accord (%)	G-10 Group 1 banks	1.8	-4.0	-11.0	-10.6
	G-10 Group 2 banks	-1.2	-14.0	-26.2	-12.9
	CEBS Group 1 banks	-0.5	-4.7	-9.5	-8.9
	CEBS Group 2 banks	-2.6	-16.4	-26.1	-15.1

Source: Basel Committee (2006b).

Changes in Minimum Capital Requirements Deriving from Moving to More Advanced Approaches (%)

Group	From Standardized to Foundation IRB Approach	From Foundation IRB to Advanced IRB Approach
G-10 Group 1 banks	-13.3	-5.1
G-10 Group 2 banks	-8.1	-6.6
CEBS Group 1 banks	-13.5	-6.8
CEBS Group 2 banks	-12.4	-6.7

Source: Basel Committee (2006b).

QUÉ FALLÓ?

- 1. El nivel y la calidad del capital. En lugar de conservar el 8% de capital fuerte como protección frente a los riesgos, muchos bancos solían mantener un 2%. Y si tenemos en cuenta que los ajustes reguladores, como el fondo de comercio, se deducen del capital de Nivel 1 o de Nivel 2, aún era posible que los bancos mantuvieran niveles de capital ordinario tangible Incluso menores.**
- 2. El conjunto de normas de capital que regula las posiciones en la cartera de negociación. Los bancos habían acumulado ingentes posiciones ilíquidas en esas carteras. El régimen basado en el VaR con un horizonte de 10 días.**

PROPÓSITOS DE BASILEA III

- 1. Mayores aumentos de capital.**
- 2. Política prudencial y una dimensión macroprudencial para hacer frente a los riesgos sistémicos.**
- 3. Disciplina de Mercado.**
- 4. Promoción de prácticas rigurosas de gestión del riesgo y una divulgación adecuada.**
- 5. Reducir el riesgo sistémico.**
- 6. Conceder suficiente tiempo para una transición suave hacia el nuevo régimen.**

PRINCIPALES ELEMENTOS DE BASILEA III

- 1. Definición del Capital.**
 - 1.1. Participaciones Minoritarias.**
 - 1.2. Inversiones en otras Instituciones Financieras.**
 - 1.3. Permiso para utilizar las NIIF cuando difieran de los GAAP.**
 - 1.4. Riesgo de Crédito de Contraparte.**
 - 1.5. Coeficiente de Apalancamiento.**
 - 1.6. Colchones reguladores, provisiones y ciclicidad del mínimo.**
 - 1.7. Bancos Sistémicos, capital contingente y recargo de capital.**
 - 1.8. Estándar de liquidez internacional.**

Annex 1

Calibration of the Capital Framework

Capital requirements and buffers (all numbers in percent)

	Common Equity (after deductions)	Tier 1 Capital	Total Capital
Minimum	4.5	6	8
Conservation buffer	2.5		
Minimum plus conservation buffer	7	8.5	10.5
Countercyclical buffer range*	0 – 2.5		

* Common equity or other fully loss absorbing capital

Annex 2: Phase-in arrangements (shading indicates transition periods)

(all dates are as of 1 January)

	2011	2012	2013	2014	2015	2016	2017	2018	As of 1 January 2019
Leverage Ratio	Supervisory monitoring		Parallel run 1 Jan 2013 – 1 Jan 2017 Disclosure starts 1 Jan 2015					Migration to Pillar 1	
Minimum Common Equity Capital Ratio			3.5%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Capital Conservation Buffer						0.625%	1.250%	1.875%	2.500%
Minimum common equity plus capital conservation buffer			3.50%	4.0%	4.5%	5.125%	5.75%	6.375%	7.0%
Phase-in of deductions from CET1 (including amounts exceeding the limit for DTAs, MSRs and financials)				20%	40%	60%	80%	100%	100%
Minimum Tier 1 Capital			4.5%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum Total Capital			8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Minimum Total Capital plus conservation buffer			8.0%	8.0%	8.0%	8.625%	9.25%	9.875%	10.5%
Capital instruments that no longer qualify as non-core Tier 1 capital or Tier 2 capital			Phased out over 10 year horizon beginning 2013						
Liquidity coverage ratio	Observation period begins					Introduce minimum standard			
Net stable funding ratio		Observation period begins						Introduce minimum standard	

Muchas gracias

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