Guideline

Title	Pillar 3 Disclosure Guideline for Small and Medium-Sized Deposit-Taking Institutions (SMSBs) (2026)
Category	Accounting and Disclosure
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Sector	Banks Trust and Loan Companies

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Files

All Pillar 3 SMSBs Templates (XLSX, 354.16 KB)

A. Overview

1. OSFI supports relevant disclosures to ensure users have access to key risk information that would enable them to gain a fundamental understanding and knowledge of small and medium-sized deposit-taking institutions' (SMSBs'[1]) activities. Many bodies recognize the importance of disclosure[2] as a key tool for decision-making and market discipline.
2. Accordingly, disclosures help OSFI to meet our mandate of protecting depositors, policyholders, and creditors by ensuring appropriate information is available for the public to understand the financial condition of Canadian federally regulated SMSBs and the risks to which they are exposed.

A1. Purpose and scope of application

3. This guideline provides OSFI's updated disclosure expectations and serves as the comprehensive source for Pillar 3 disclosure requirements for SMSBs.
4. All disclosure tables and templates expected under this guideline are available in a separate Excel workbook above. The index in the workbook:
    1. summarizes the disclosure requirements
    2. indicates whether they are required in a fixed or flexible format
    3. lists the publishing frequency associated with each table and template
5. This guideline applies to all SMSBs except for foreign bank branches, and subsidiaries of SMSBs or D-SIBs that report consolidated results to OSFI.

A2. Outcome

SMSBs continue to retain high levels of public confidence and have public disclosure practices covering their financial condition and risk management activities that are at a level of detail appropriate for SMSBs' risk profile, nature, size and complexity.

I. Guiding principles

6. OSFI has agreed upon five guiding principles for SMSBs' Pillar 3 disclosures. Pillar 3 complements OSFI's minimum risk-based capital requirements and other quantitative requirements (Pillar 1) and OSFI's supervisory review process (Pillar 2) and aims to promote market discipline by providing meaningful regulatory information to investors and other interested parties on a consistent and comparable basis.
7. The guiding principles aim to provide a firm foundation for achieving transparent, high-quality Pillar 3 risk disclosures that will enable users to better understand and compare an SMSB's business and its risks.
8. Regarding the appropriate level of disclosure for SMSBs, OSFI aims to strike a balance between facilitating the transparency of SMSBs' risks and risk management, and the level of resources required of SMSBs to provide that transparency. Accordingly, this guideline is adapted from OSFI's Pillar 3 Disclosure Guideline for D-SIBs.

Principle 1 – Disclosures should be clear

9. Disclosures should be presented in a form that is understandable to users, for example depositors, creditors, analysts, others. It should be communicated through an accessible medium. Important messages should be highlighted and easy to find. Complex issues should be explained in simple language with important terms defined. Related risk information should be presented together.

Principle 2 – Disclosures should be comprehensive

10. Disclosures should describe an SMSB's main activities and all significant risks, supported by relevant underlying data and information. Significant changes in risk exposures between reporting periods should be described, together with the corresponding responses by management.
11. The level of detail of such disclosure should be proportional to an SMSB's complexity. Approaches to disclosure should be sufficiently flexible. They should reflect how senior management and the board of directors internally assess and manage risks and strategy, helping users to better understand an SMSB's risk tolerance and appetite.

Principle 3 – Disclosures should be meaningful to users

12. Disclosures should highlight an SMSB's most significant risks and how those risks are managed, including information that is likely to receive market attention.

Principle 4 – Disclosures should be consistent over time

13. Disclosures should be consistent over time to enable users to identify trends in an SMSB's risk profile across all significant aspects of its business. Additions, deletions, and other important changes in disclosures from previous reports, including those arising from an SMSB's specific, regulatory or market developments, should be highlighted and explained.

14. The level of detail and the format of presentation of disclosures should enable users to perform meaningful comparisons of business activities, prudential metrics, risks, and risk management between SMSBs with similar characteristics.
15. OSFI expects SMSBs to present disclosures that reflect the above principles.

II. Implementation date

16. OSFI expects SMSBs to implement this guideline based on the effective date for each disclosure table and template listed in the index of the workbook. When a template is disclosed for the first time, SMSBs should provide comparative period disclosures over future reporting periods.

III. Disclosure requirements for SMSBs, by segmentation category

17. OSFI's disclosure requirements for SMSBs are determined by SMSB segmentation category.[3] See the index in the workbook for disclosure requirements for each category of SMSB.

Existing OSFI disclosure requirements still in force

18. OSFI's existing disclosure requirements for liquidity principles continue to be in force.[4]

Disclosures related to specific business activities

19. Disclosure requirements related to securitization[5] and counterparty credit risk are expected only if the SMSB engaged in those activities during the reporting period and/or has such exposures at the end of the reporting period.
20. Quantitative disclosure requirements for Category I SMSBs related to operational risk are expected only if the SMSB has been approved by OSFI to use the standardized approach for operational risk.[6]
21. Disclosures related to crypto-asset exposures are expected only if the SMSB engaged in those activities during the reporting period and/or has such exposures at the end of the reporting period.

Market risk disclosures

22. Disclosure requirements related to market risk and credit valuation adjustment risk are expected only if the SMSB is designated by OSFI to apply the market risk framework in CAR Guideline Chapters 8 and 9.

Disclosure of SMSB segmentation category

23. All SMSBs (other than those exempt per section III of this guideline) should include disclosure of their respective segmentation category as part of their Pillar 3 disclosures.

OSFI's financial data websites

24. All SMSBs (other than those exempt per section III of this guideline) are expected to provide in their Pillar 3 disclosures a link to OSFI's financial data for banks (or trust companies, or loan companies) website[7], as appropriate, to alert readers to additional information available.
25. Category II and Category III SMSBs may provide the link to OSFI's financial data for banks (or trust companies, or loan companies) website, as appropriate, in place of the disclosure requirement for modified template CC1 – Composition of regulatory capital.

IV. Frequency of reporting

26. The reporting frequency varies depending upon the nature of the specific disclosure requirement per the index in the workbook. On an ongoing basis after implementation, OSFI expects SMSBs to adhere to this guideline for frequency and format of reporting. SMSBs may provide Pillar 3 reporting on a more frequent basis than is required by this guideline. To alert users of the Pillar 3 Report of varying frequencies, SMSBs are expected to explain in Q1, Q2 and Q3 reports that full qualitative disclosures are provided annually, at year-end.

V. Disclosure format

27. Tables and templates listed in the index of the workbook of this guideline are designated as either fixed format or flexible format. Templates must be completed with quantitative data in accordance with the definitions provided. Tables generally relate to qualitative requirements, but quantitative information is also required in some instances.
28. SMSBs are expected to follow the disclosure format designated by this guideline, which are:

Fixed format

29. Fixed format templates should be completed in accordance with the OSFI-prescribed instructions for each template and located in a separate Pillar 3 report. If a row or column in a template is not considered relevant or meaningful to users (for example, containing a nil balance), SMSBs may delete the specific row or column, while keeping the numbering of subsequent rows or columns for ease of reference.
30. SMSBs may also add extra sub-rows and sub-columns to provide additional granularity. The numbering of prescribed rows and columns in the template must not be altered.

Flexible format

31. Flexible format tables and templates allow SMSBs to present the required information either in the format provided in this document or in a format that better suits the SMSB. The information provided must be comparable to and at a similar level of granularity as required by this guideline.
32. SMSBs can disclose flexible format tables and templates in a separate document other than in a Pillar 3 report, for example in the management discussion and analysis, financial statement notes or supplemental information. They must clearly indicate in the Pillar 3 report where the disclosure requirements have been published.

Limited disclosure exceptions

33. OSFI believes that the disclosure requirements strike an appropriate balance between the need for meaningful disclosure and the protection of proprietary and confidential information. In exceptional cases,

disclosure of certain items required by this guideline may contravene its legal obligations by making public information that is proprietary or confidential in nature.

34. In such cases, an SMSB does not need to disclose those specific items but must disclose more general information about the subject matter of the requirement instead. It must also explain in the narrative commentary to the disclosure requirement the fact that the specific items of information have not been disclosed and the reasons for this.

VI. Qualitative narrative to accompany the disclosure requirements (Applicable to Category I SMSBs, only)

35. SMSBs are expected to supplement the quantitative information provided in both fixed and flexible templates with a narrative commentary. The commentary should explain at least any significant changes between reporting periods and any other issues that management considers to be of interest to users. The form taken by this additional narrative is at the SMSB's discretion.
36. Disclosure of additional quantitative and qualitative information provides market participants with a broader picture of an institution’s risk position and promotes market discipline.

VII. Location of disclosures

37. Ideally the Pillar 3 report should be published concurrently with the SMSB’s financial reporting for the corresponding period, even if the SMSB does not disclose financial reporting to the public. SMSBs are expected to make every effort to provide timely Pillar 3 reporting such that it be made publicly available as soon as practicable after quarter or year-end and no later than 90 days after quarter or year-end as applicable.
38. The Pillar 3 report should be easily located by users, such as in a standalone document, appended to or part of a discrete section of the SMSB’s financial reporting.
39. Pillar 3 disclosures should be publicly available, such as on a website. SMSBs should have an ongoing archive of all Pillar 3 disclosures relating to prior reporting periods.

40. SMSBs are expected to ensure public access to previously issued Pillar 3 disclosures for a minimum of 12 months; where investor information is made available for longer periods, the same archive period should be used for Pillar 3 disclosures.
41. For Category I SMSBs: to facilitate ease of locating disclosures, Category I SMSBs should provide a reference index that maps the tables and templates to their specific location. This index should include the template title, name of document referenced, specific page number or paragraph referenced and web link where relevant. For instances where entire, or portions of, certain tables or templates are not disclosed, explanations should be provided.

Signposting

42. Subject to OSFI discretion, SMSBs may disclose the templates and tables in a document separate from their Pillar 3 reports. Examples include the annual report or published regulatory reports. To do so, all of the following criteria need to be met:
    1. the disclosure in the signposted document is mandatory
    2. the information contained in the signposted document:
        1. is equivalent in terms of presentation and content to that required in the fixed template
        2. allows users to make meaningful comparison with information provided by SMSBs disclosing the fixed format templates
        3. is based on the same scope of consolidation as the one used in the disclosure requirement
43. In such circumstances, the SMSB must signpost clearly in its Pillar 3 report where the disclosure requirements have been published. This signposting in the Pillar 3 report must include:
    1. the title and number of the disclosure requirement
    2. the full name of the separate document in which the disclosure requirement has been published
    3. a web link, where relevant
    4. the page and paragraph number of the separate document where the disclosure requirements can be located
44. SMSB's can only make use of signposting to another document if the level of assurance on the reliability of data in the separate document is equivalent to, or greater than, the internal assurance level required for the

Pillar 3 report.

VIII. Compliance with Pillar 3

45. The Pillar 3 information disclosed must be subject, at a minimum, to the same level of internal review and internal control process as the information provided for their financial reporting. For example, the level of assurance must be the same as for information provided within the management discussion and analysis part of the annual financial statements.
46. The internal audit function should review compliance with this guideline on initial application and, subsequently, on a periodic basis. The initial review should be conducted within one year after implementation of this guideline. Subsequent reviews should be conducted on a periodic basis consistent with the SMSB's normal reporting verification cycle.
47. Issues of non-compliance with this guideline will be addressed by OSFI on a case-by-case basis through bilateral discussions with the SMSB.

Footnotes

1 For the purposes of this Guideline, SMSBs are banks (including federal credit unions), bank holding companies, federally regulated trust companies, and federally regulated loan companies that have not been designated by OSFI as domestic systemically important banks (D-SIBs). This includes subsidiaries of SMSBs or D-SIBs that are banks (including federal credit unions), federally regulated trust companies or federally regulated loan companies.

2 For example, the Financial Stability Board considers disclosure of key importance. For additional information please see the FSB's Enhanced Disclosure Task Force reports.

3 For an explanation of OSFI's segmentation of SMSBs, see OSFI's SMSBs Capital and Liquidity Requirements, section entitled "Segmentation of SMSBs."

4 See links to existing OSFI disclosure requirements for SMSBs still in force:

- OSFI Guideline on Liquidity Principles (B-6)

5 For an explanation of "Securitization", see OSFI's SMSBs Capital and Liquidity Requirements, section entitled "Securitization Exposures."

6 For an explanation of "Operational Risk", see OSFI's SMSBs Capital and Liquidity Requirements, section entitled "Operational Risk."

7 OSFI's financial data website.