



Template FSA078 - Pillar 2 Concentration Minimum data requirements & Template FSA079 - Pillar 2 Concentration Additional data requirements

Section 1: Firm minimum data requirements (FSA078)

1. For the assessment of single name, sector and geographic (international) concentration risk firms are required to provide (i) the total RWA and (ii) calculate the HHI of the portfolios within scope (see Section 2) for each of the concentration risk types. RWAs should be calculated based on the approach used to calculate the Credit Risk Requirement (CRR), i.e. Standardised, Foundation IRB or Advanced IRB. For Counterparty Credit Risk (CCR) exposures the CVA component of the capital requirements should be excluded from the RWA estimate. For Central Counterparty (CCP) exposures the Default Fund Contribution (DFC) should be included in both the EAD and RWA
2. The HHI is calculated as:

$$HHI = \frac{\sum w(i)^2}{(\sum w(i))^2}$$

where

$w(i)$ represents

- *Single name concentration risk*: the total credit risk RWA of a single counterparty aggregated to ultimate Group parent level;
- *Sector concentration risk*: the total credit risk RWA per defined sector (see Table 1);
- *Geographic (international) concentration risk*: the total credit risk RWA per defined economic region (see Table 2).

Section 2: Portfolios in scope

3. Single name concentration risk: Wholesale credit (non-retail) portfolio exposures across both banking and trading book excluding inter-group transfers, securitisations and defaulted assets. RWAs should be aggregated to ultimate Group Parent level. Investment trusts should be included as single exposure; any diversification within the trust
4. Sector concentration risk: Wholesale credit (non-retail) portfolio exposures across both banking and trading book excluding inter-group transfers, sovereigns, housing associations and defaulted assets. RWAs should be aggregated according to the following sector breakdown:

Table 1: Sector Breakdown

Agriculture, Forestry & Fishing
Construction
Finance Industry
Real Estate
Manufacturing
Mining and Quarrying
Retail / Wholesale trade
Business Services & Other
Transport, Utility & Storage

5. Geographic (International) concentration risk: Wholesale and retail credit portfolio exposures across both banking and trading book excluding Residential Mortgages on The Standardised Approach and defaulted assets. RWAs should be aggregated according to the following regional breakdown based on the country of origination of the exposure:



Table 2: Geographic Regional Breakdown

United Kingdom
North America
South America, Latin America & Caribbean
Euro area
Eastern Europe & Central Asia
East Asia & Pacific
South Asia
Middle East & North Africa
Sub-Saharan Africa

Section 3: Additional information

6. All firms are required to provide additional information as specified in FSA079 to facilitate supervisory judgement and peer comparisons.